



Farm loan waiver

December 27, 2018



2019 Market Strategy



Domestic macros to triumph over political uncertainty

Market Strategy 2019

1	Market Outlook – Domestic macros to triumph over political uncertainty
2	CY18 – marked by flurry of events impacting equities return across the globe
3	Catalyst for declines in 2018 ebbing; EMs to perform relatively better
4	Domestic GDP– Investments to steer growth as consumption remains stable
5	Domestic macroeconomic variables in sweet spot
6	Political realignment ahead of elections, crude to remain a risk
7	Sectoral Outlook
8	Top Picks for Strategy 2019

Domestic macros to triumph over political uncertainty...

CY18 can be conveniently termed as a rollercoaster ride for equities as a flurry of factors ensured that “uncertainty” remained a key theme across the globe. On the global front, during 2018, US fiscal stimulus & trade war increased US asset appeal vs. other assets. However, trade wars dented global GDP growth. Moreover, a surge in crude oil prices along with escalating trade wars kept current account balances on weakening trend for most key emerging markets pushing their currencies lower and resulting in record FII outflows of ~US\$42 billion

However, as we move towards 2019, the catalysts for declines in 2018 seem to be ebbing. While US economic growth is likely to normalise to trend levels of ~2%, emerging markets, including India, are expected to remain on a healthy growth trajectory. The trade war rhetoric also seems to be fading out as US and China have indicated a truce. Most importantly, crude has cooled off and is expected to remain in a range as US oil production is likely to keep the supply side of equation strong despite Opec production cuts. Amid the above-mentioned background, we expect domestic macro to be a key catalyst for market performance in 2019.

Domestic growth momentum to remain upbeat...

On the domestic GDP front, a common thread in both FY19E and FY20E growth is strong traction from gross fixed capital formation (GFCF), especially on the government front. The private consumption lever is likely to remain stable whereas government consumption is likely to moderate. We expect GDP growth to be around 7.3% in FY20E. We also notice signs of a private capex recovery on the back of demand supply drivers (sharp improvement in capacity utilisation & order book), improvement in balance sheet and a favourable business environment. This lends us comfort that an improvement in GFCF is sustainable, going forward.

...amid benign macroeconomic factors

Trade deficit is likely to hit a decadal high of US\$193 billion in FY19 but then subside to US\$180 billion in FY20 as we expect the benefits of relatively lower crude oil prices to flow in FY20. Soft food and lower crude are likely to keep inflation at ~4%, comfortably within RBI's range. Domestic financial savings are likely to increase, going forward, in 2019 as higher real interest rate aided by low inflation will attract household savings into financial instruments.

Political realignments/coalition equations remains key risk...

Amid the domestic macro stability, one of the key risks for the market would be the possibility of a weak and unstable coalition government, which could slow down economic growth, as seen historically. Another risk factor is on the crude front, where a further supply disruption from Venezuela, political instability and uncertainty in some of the Middle East and North Africa (MENA) regions, along with stricter sanctions on Iran by the US can be potential threats to oil supply.

Market Outlook

Nifty earnings CAGR of 18.5% in FY18-20E

The last four quarters have been phenomenal for the oil & gas as well as metals space primarily driven by an increase in commodity price globally with consequent higher double digit topline as well as bottomline growth. However, we would highlight that ex-commodity space; topline and PAT growth at Sensex companies (ex-banks) has also been encouraging, specifically in the capital goods, FMCG space and lately in the IT pack. This depicts more structural legs to the earnings recovery, which is broad based and has the potential to sustain, going forward.

We expect the Nifty to witness a healthy 18.5% earnings CAGR in FY18-20E. Earnings growth will be led by index heavy banking & NBFC space amid resolution of stressed assets and supported by defensives sectors.

Valuing Nifty at 19x FY20E EPS to arrive at fair value of 12100

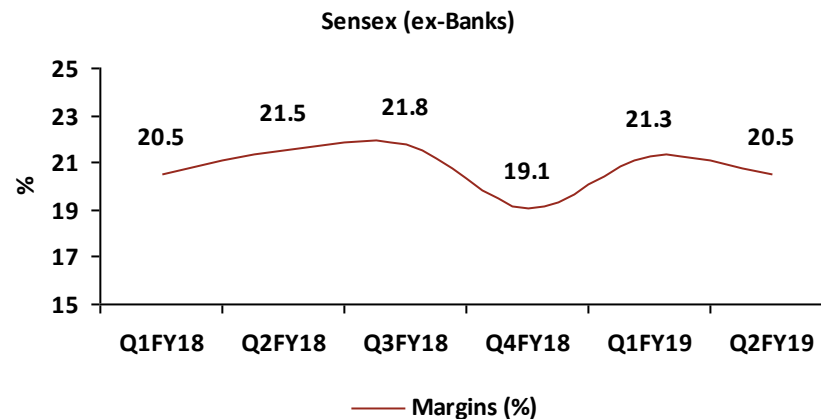
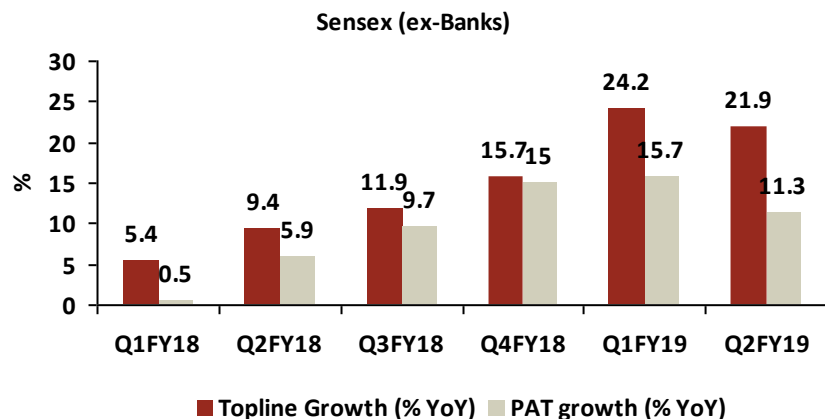
Indian markets look undervalued vs. their global counterparts as currently we are in the midst of strong a corporate earnings recovery primarily led by improving asset quality in the banking & NBFC space. In other markets, earnings growth looks muted or faces uncertainties like Brexit (UK). Domestically, our two year earnings CAGR is pegged at 18.5% with consequent PEG ratio at 0.9x vs. global average of 1.8x.

Our long term (14 years), across cycles, one year forward P/E multiple works out to 15.2x with corresponding standard deviation placed at 2.6x. With average + 2 standard deviation placed at 20.3x (cap) we are comfortably placed in valuing the Nifty at 19.0x, which is ~average + 1.5 standard deviation. Therefore, we, assign a P/E multiple of 19.0x on FY20E EPS of ₹ 636, to arrive at a fair value of 12,100 for the Nifty.

Stock Picks for 2019

Company	CMP (₹)	Target Price (₹)	Upside (%)
Apollo Hospitals	1240	1440	16
Astral Poly Technik	1116	1250	12
City Union Bank	185	225	22
Grindwell Norton	542	625	15
Jyothy Lab	201	240	20
Ramco Cements	641	760	19
Somany Ceramics	324	410	27

Sustenance of double digit, broad base bottomline growth encouraging



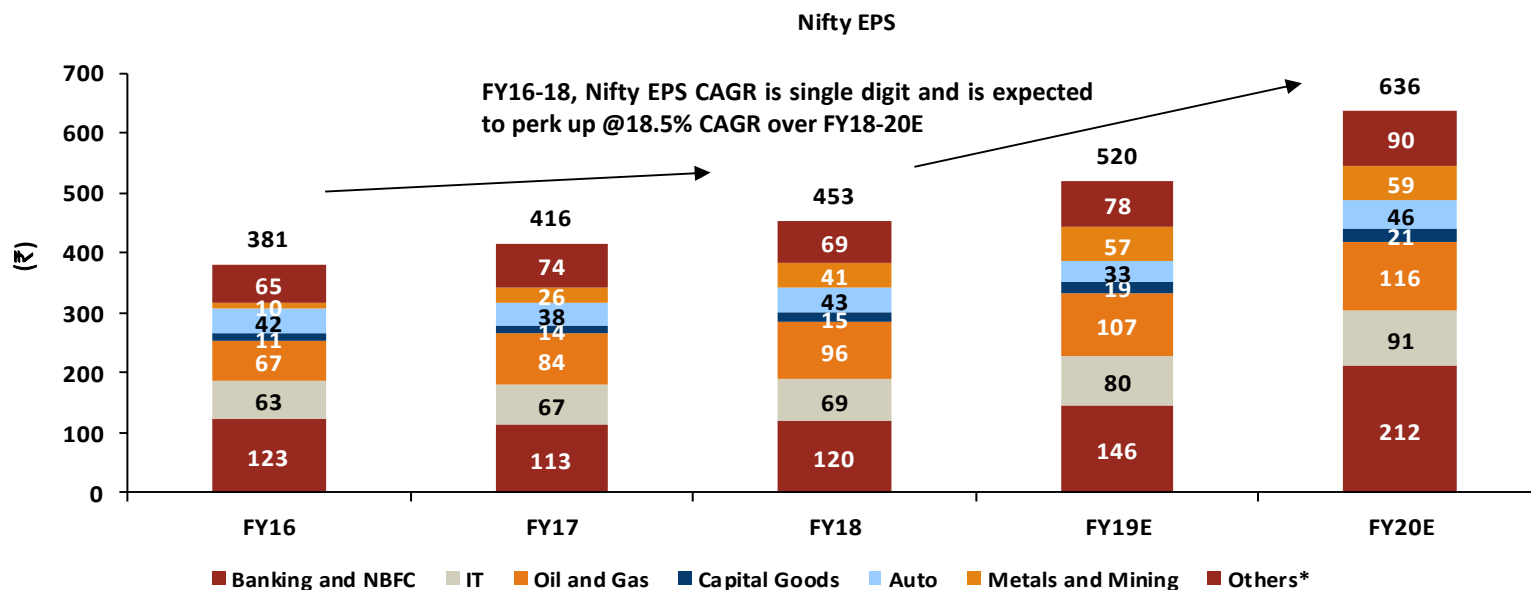
Sector	YoY Topline Growth (%)					
	Q1FY18	Q2FY18	Q3FY18	Q4FY18	Q1FY19	Q2FY19
Capital goods	-3.0	12.9	23.5	32.2	52.1	55.1
Metals	9.6	6.4	14.9	19.0	18.0	4.5
Auto	1.7	6.4	14.4	10.4	25.6	22.5
Oil & Gas	1.0	1.9	10.1	11.1	18.8	21.3
FMCG	23.9	16.8	8.7	14.0	13.9	13.3
Others	12.6	20.0	8.3	1.8	9.3	9.0
Power	-13.7	-8.4	2.8	4.5	12.2	17.1
IT	7.5	5.1	-5.8	-2.0	16.4	4.3
Pharma	-7.9	-5.8	-7.3	-2.8	-5.7	-3.8
Aggregate	5.4	9.4	11.9	15.7	24.2	21.9

Sector	YoY PAT Growth (%)					
	Q1FY18	Q2FY18	Q3FY18	Q4FY18	Q1FY19	Q2FY19
Capital goods	9.7	30.7	48.4	5.0	43.1	28.4
Metals	50.6	31.9	32.9	129.1	35.2	88.3
Auto	8.0	8.9	29.0	7.9	-32.1	-40.0
Oil & Gas	-2.5	0.7	21.8	24.1	20.6	34.7
FMCG	14.6	8.8	8.6	11.2	13.1	14.4
Others	13.2	146.3	5.7	-12.8	-4.3	-37.0
Power	-62.6	-42.4	0.1	23.4	3.4	3.4
IT	12.8	15.2	-3.7	-0.6	13.5	12.5
Pharma	-38.1	-31.8	-39.1	4.5	LP	PL
Aggregate	0.5	5.9	9.7	15.0	15.7	11.3

The last four quarters have been phenomenal for the oil & gas as well as metals space primarily driven by an increase in commodity price globally with consequent higher double digit topline as well as bottomline growth. However, we would highlight that ex-commodity space; topline and PAT growth at Sensex companies (ex-banks) has also been encouraging, specifically in the capital goods, FMCG space and lately in the IT pack. This depicts more structural legs to the earnings recovery, which is broad based and has the potential to sustain, going forward.

Source: Capitaline, ICICI Direct Research

Index earnings to stage impressive 18.5% CAGR in FY18-20E



Sector	Index Weight	YoY Growth (%)		FY18-20E CAGR
		FY19E	FY20E	
Banking and NBFC	37.3%	21.9	45.4	33.1%
IT	13.7%	16.7	13.4	15.0%
Oil and Gas	13.0%	11.8	8.8	10.3%
FMCG	8.2%	14.4	10.7	12.5%
Auto	7.1%	-23.5	38.0	2.7%
Capital Goods	4.0%	20.8	14.5	17.6%
Metals and Mining	4.0%	37.5	3.9	19.5%
Pharma	3.2%	42.7	39.4	41.0%
Power	2.1%	14.5	8.2	11.3%
Telecom	1.4%	-64.3	-48.1	-57.0%
Others	6.0%	15.2	23.3	19.2%
Total	100.0%	14.7	22.3	18.5%

Earnings growth will be led by index heavy banking & NBFC space amid resolution of stressed assets and further supported by defensive sectors.

We assign a P/E multiple of 19.0x on FY20E EPS of ₹ 636, to arrive at a fair value of 12,100 for the Nifty

Sensex & Nifty Target			
	FY18	FY19E	FY20E
Nifty EPS (Rs./share)	453	520	636
Growth (%)		14.7%	22.3%
Earnings CAGR over FY18-20E			18.5x
Target Multiple (~1.0x PEG)			19.0x
Nifty Target (using 20E EPS)			12100
Potential Upside			13%

Source: Capitaline, ICICI Direct Research

Valuation: India still cheap vs. major markets globally tracking PEG Ratio

India vs. other major markets globally

Index	Country	Two year			One year forward			
		earnings CAGR	RoE	Dividend Yield	P/B Ratio	EV/EBITDA	P/E Ratio	PEG Ratio
Dow Jones	US	7.0	26.8	2.9	3.1	9.9	12.7	1.8
S&P 500	US	9.8	20.0	2.5	2.5	9.2	13.4	1.4
FTSE 100	UK	17.6	11.0	5.3	1.5	6.9	11.2	0.6
Dax	Germany	3.8	11.6	4.0	1.3	6.4	10.8	2.8
Nikkei	Japan	3.5	10.4	2.4	1.3	7.5	12.5	3.6
Hang Sang	China	-0.1	12.7	4.2	1.1	7.8	9.8	-168.7
Average (Ex China)		8.3	16.0	3.4	1.9	8.0	12.1	2.0
Nifty	India	18.5	15.7	1.8	2.4	9.3	15.9	0.9

Studying the data, Indian markets look undervalued vs. their global counterparts as currently we are in the midst of strong a corporate earnings recovery primarily led by improving asset quality in the banking & NBFC space. In other markets, earnings growth looks muted or faces uncertainty like Brexit (UK).

Domestically, our two year earnings CAGR is pegged at 18.5% with consequent PEG ratio at 0.9x vs. global average of 1.8x.

Domestic market PEG Analysis

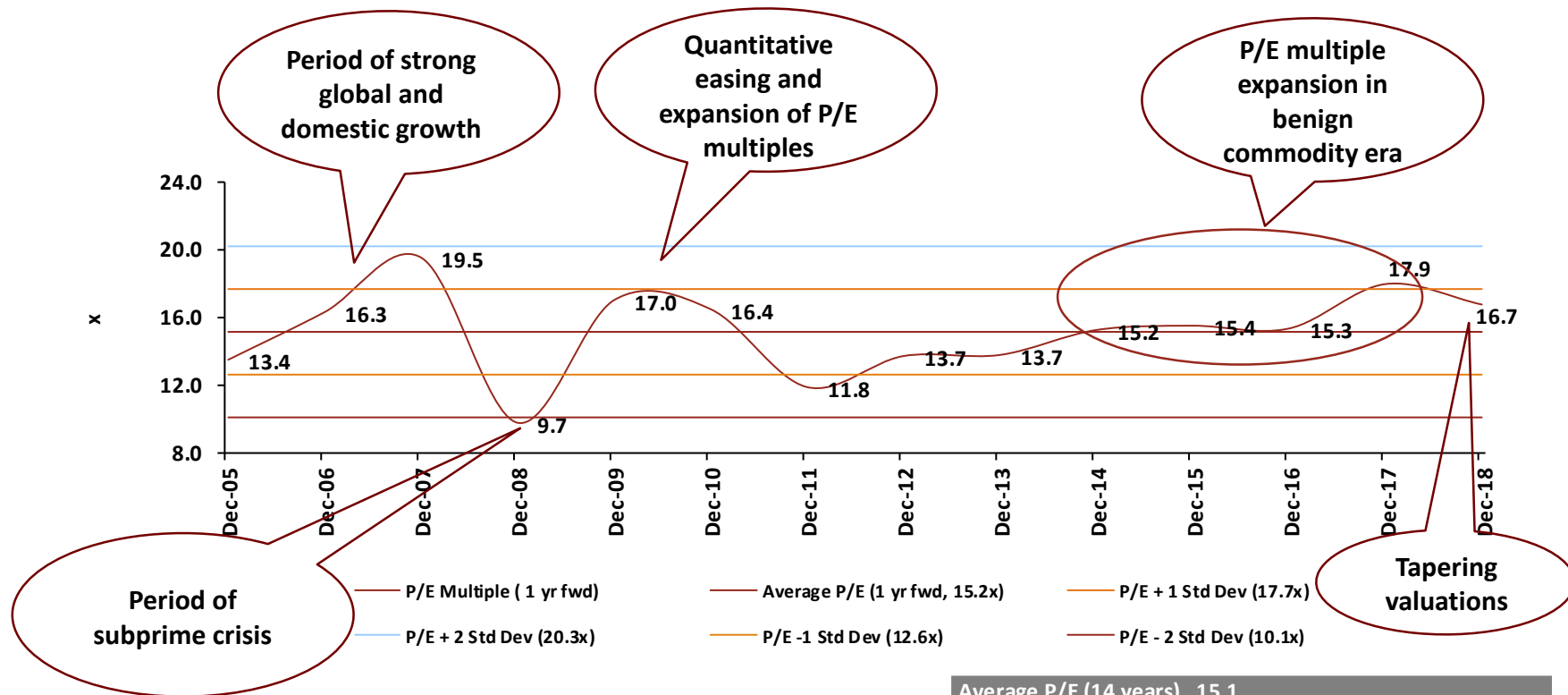
	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Nifty EPS	226.4	284.0	243.8	256.7	319.5	345.4	355.1	404.2	386.8	377.5	415.8	453.0	520.0	636.0
YoY Growth (%)		25.4	-14.2	5.3	24.5	8.1	2.8	13.8	-4.3	-2.4	10.1	8.9	14.8	22.3
1 yr fwd P/E Ratio	14.6	14.5	11.3	16.4	15.4	12.9	13.0	14.1	16.2	15.3	16.9	16.8		
PEG Ratio	0.6	-1.0	2.1	0.7	1.9	4.6	0.9	-3.3	-6.7	1.5	1.9	1.1		

It has been observed that, during the periods of double digit earnings growth on one year forward basis (FY08, 11, 14, 17, 19); domestic markets traded at an average PEG ratio of 1.0x (FY07, 10, 13, 16, 18) which is in tandem with the P/E multiple that we have assigned to our index fair value target i.e. 1x PEG for ~19% Earnings growth over FY18-20E.

Source: Capitaline, ICICI Direct Research

P/E multiple and MCap/GDP provide quintessential margin of safety

Domestic market P/E multiple (one year forward)

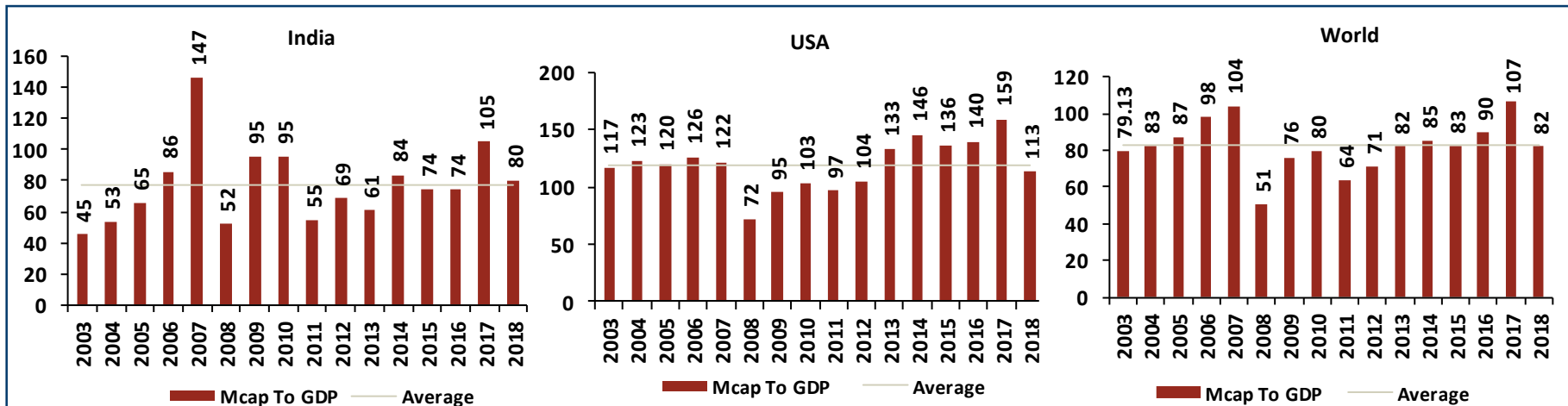


Our long term (14 years), across cycles, one year forward P/E multiple works out to 15.2x with corresponding standard deviation placed at 2.6x. With average + 2 standard deviation placed at 20.3x (cap) we are comfortably placed in valuing Nifty at 19.0x which is ~average + 1.5 standard deviation.

Average P/E (14 years)	15.1		
Std Dev P/E (14 years)	2.5		
P/E Multiple Assumption	Nifty Target	Potential Upside	
Average + 1 Std	17.7	11260	5%
Average + 1.5 Std	19.0	12100	13%
Average + 2 Std	20.2	12850	20%

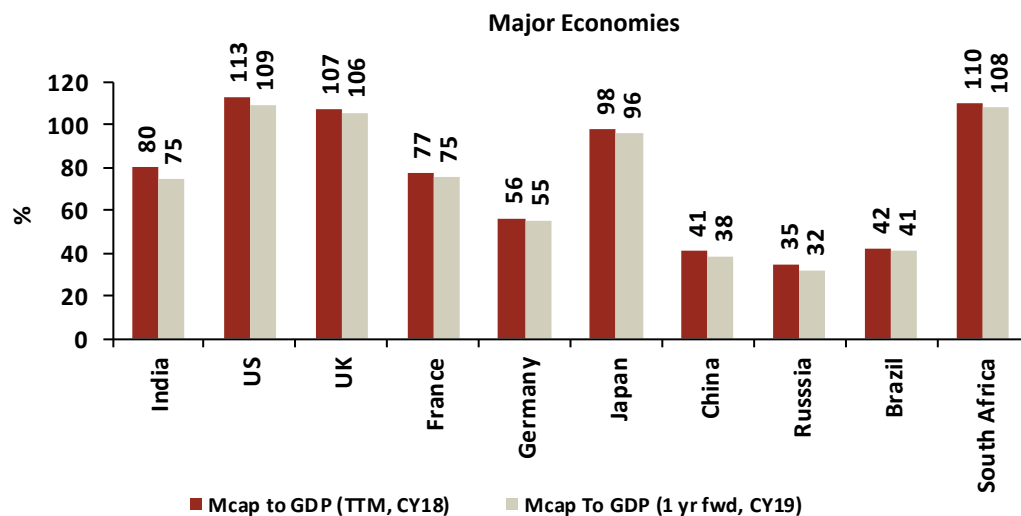
Source: Bloomberg, ICICI Direct Research

P/E multiple and MCap/GDP provide quintessential margin of safety



Considering the historic data using the most popular valuation parameter i.e. Buffet indicator, domestic as well as global markets seem to be approaching towards their mean values, thereby resting the fear of irrational exuberance. India's MCap to GDP ratio as of CY18E is expected at 80% vs. long period average of 78%. The same for US is at 113% & 119% while for the world market it is at 82% & 83%, respectively.

Going forward, incorporating the growth prospects, domestically, we seem to be well placed with India's stock market MCap quoting at 80% on a TTM GDP basis and 75% on next year GDP assumptions. Hence, India is not overvalued and certainly well below the vulnerable mark i.e. 100%



Source: Bloomberg, ICICI Direct Research

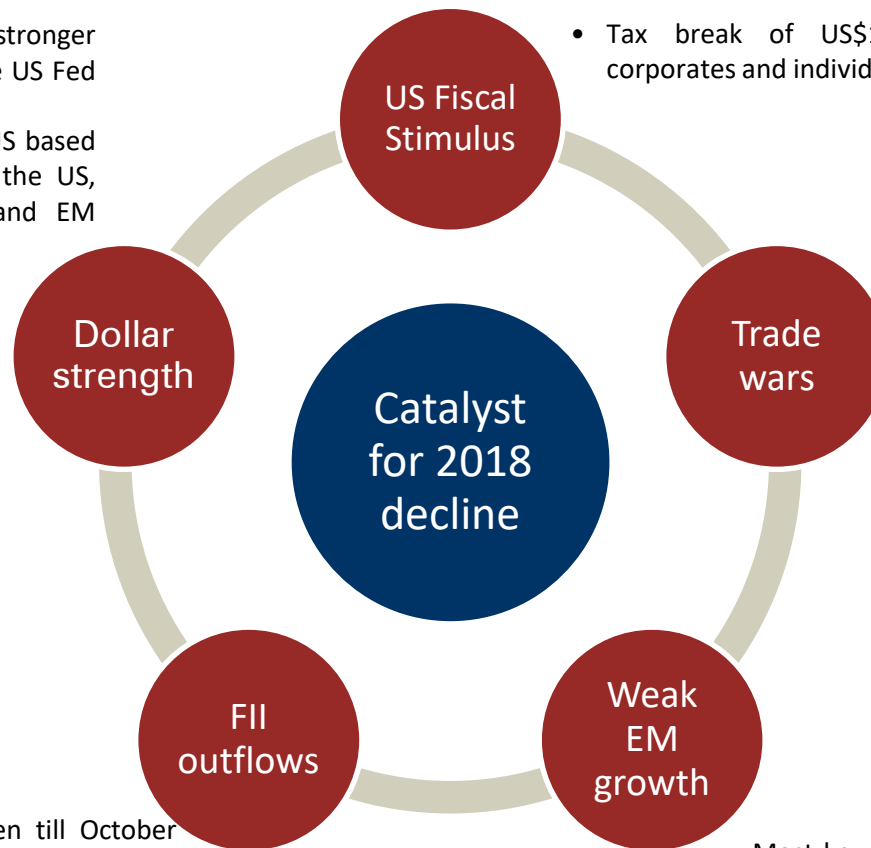
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US fiscal stimulus led growth & trade war increased US asset appeal

- US fiscal stimulus triggered stronger GDP growth and also made the US Fed more hawkish
- This led to sharp repricing of US based assets as money moved into the US, making the dollar stronger and EM assets weaker

- Tax break of US\$1 trillion to corporates and individuals



- To prevent leakage of growth (via imports) largest trade deficit countries were targeted
- China accounts for 50% of the US\$600 billion trade deficit
- Failure to balance trade, pushed US to retaliate via tariffs

- Strong FII outflows were seen till October 2018. Largest outflows were seen from countries impacted by trade wars & crude price surge . Eg. India
- FIIs' outflows were mainly visible in equity segment

- Most key EMs were impacted by trade wars (part of China supply chain) or direct US trade partner
- Surge in crude prices also dented macros, including GDP growth for many key crude importing Ems incl. India

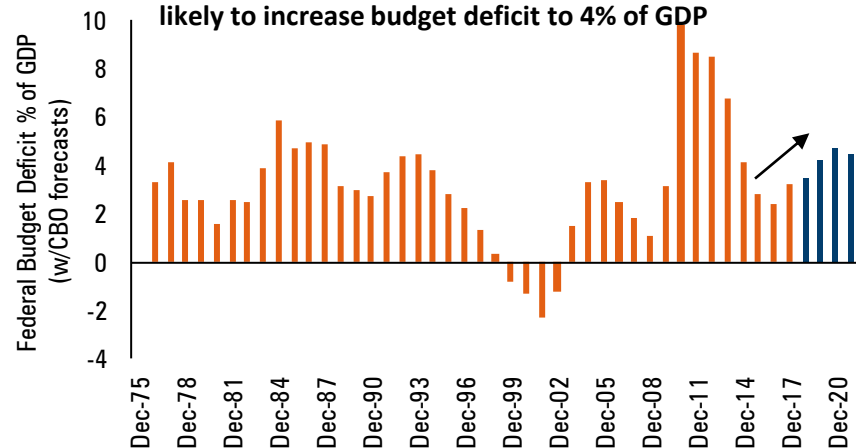
Source:: Bloomberg, ICICI Direct Research

US fiscal stimulus inflates US growth but trade wars dent global GDP growth...

Trade deficit in focus as it deflates positive impact of fiscal stimulus

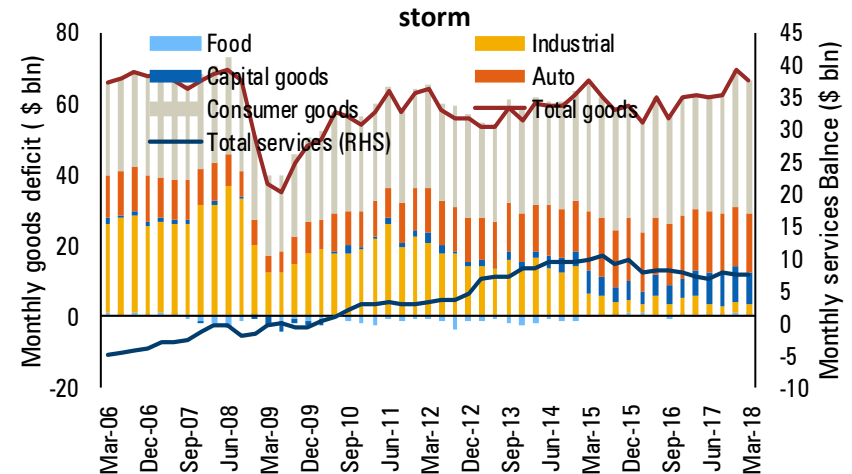
- With a change of guard at the White House, the key election policy initiative of fiscal stimulus took the centre stage. The intent was to push US GDP growth higher via increased production
- However, with most US merchandise production being import driven, the positive effect of stimulus was getting funnelled out (visible through ballooning trade deficit of 2.5%)
- Hence, the US government targeted China, Mexico, Canada, Germany and Japan (accounting for 75% US merchandise deficit). The trade deficit with China was more pronounced as in the trailing decade, China trade deficit ballooned at CAGR of 5%. Hence, the current spate of trade wars is mainly focused on US-China (which accounts for 40% of total world GDP)
- Since the start of 2018, the US administration has been actively targeting China to balance this trade deficit and has imposed tariffs

US fiscal stimulus of over US\$1 trillion via massive spending, tax cuts likely to increase budget deficit to 4% of GDP

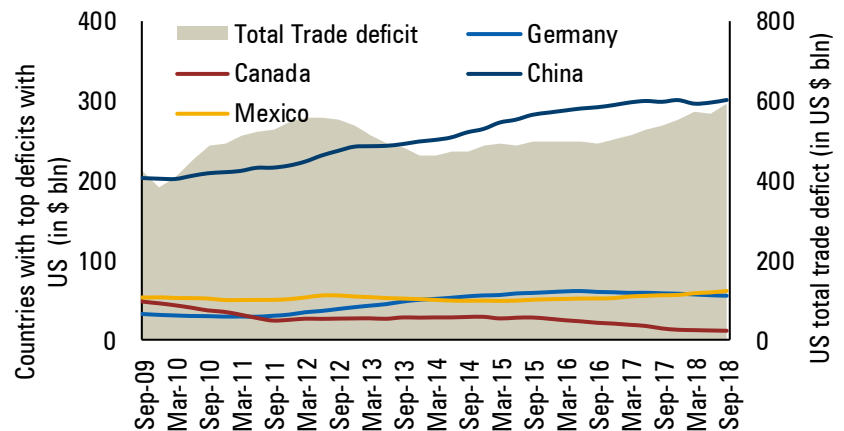


Source:: Bloomberg, ICICI Direct Research

Ballooning trade deficit fully explained by merchandise deficit. China is largest merchandise exporters and, hence, in eye of trade tariff storm

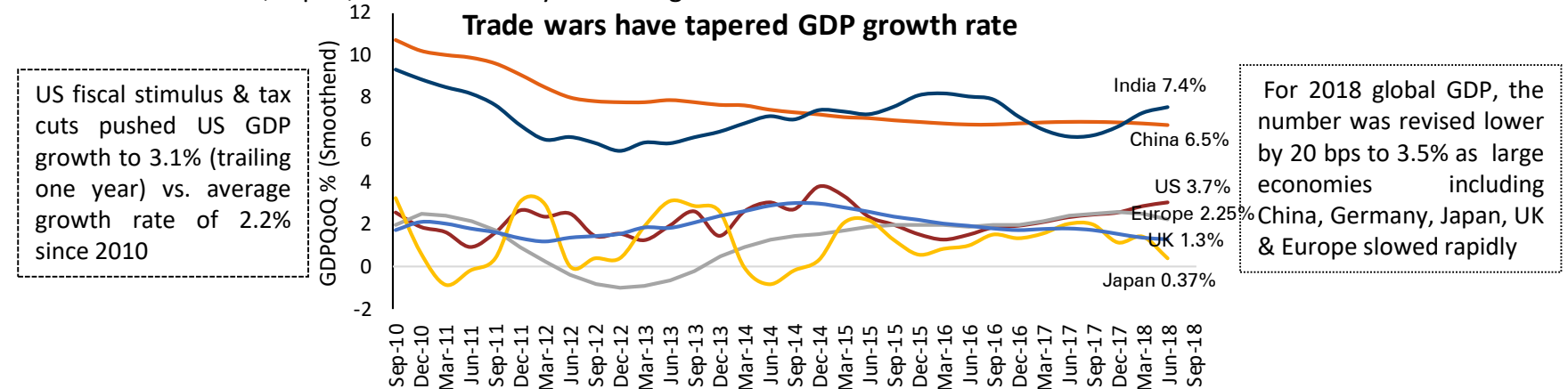


Since 2008, deficit with China has zoomed to over 40% of total trade deficit at a 5% CAGR while deficit with others have remained stable

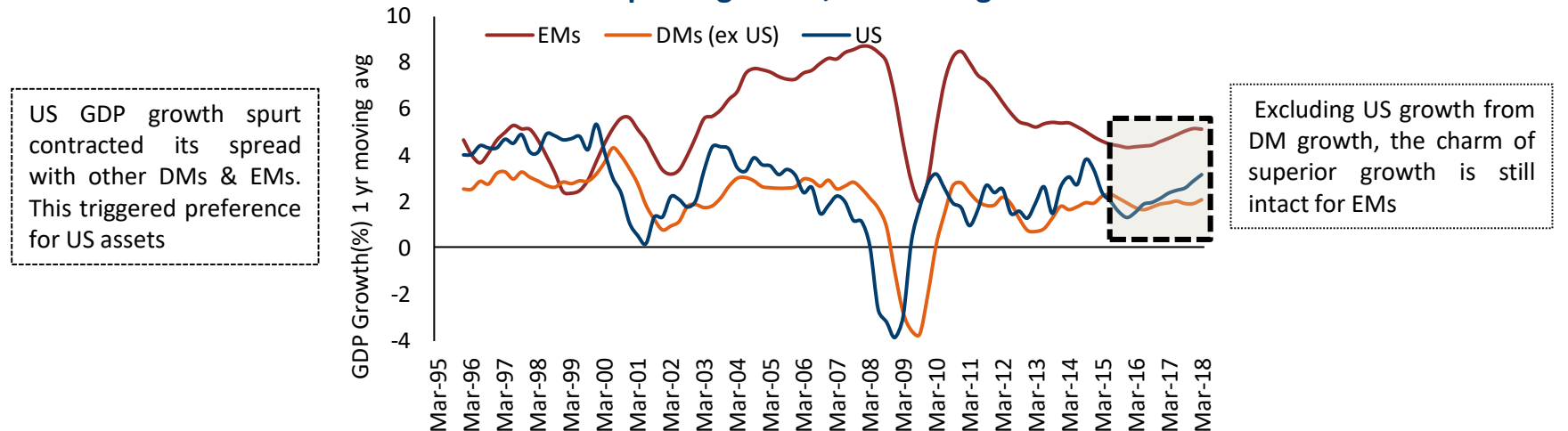


US fiscal stimulus inflates US growth but trade wars dent global GDP growth...

The US, on the back of fiscal stimulus, witnessed strong GDP growth of 3.7%. However, GDP growth remained weak in all major developed & emerging markets. The decline in the large economies ranged from 10 bps to 90 bps. The slowdown in exporting economies like China, Japan, Taiwan & Malaysia was higher.



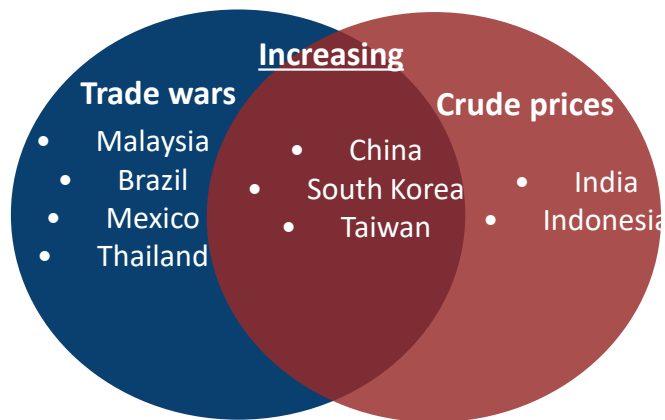
GDP numbers improving for US, while EM growth remains stable



Source:: Bloomberg, ICICI Direct Research

Surge in crude oil prices & escalating trade wars weakened the current account balances for most key EMs

In 2018, largest EMs witnessed macro deterioration as a combination of higher crude prices and trade wars weighed on growth prospects. This resulted in a weakening current account balance of average ~120 bps in the largest EMs

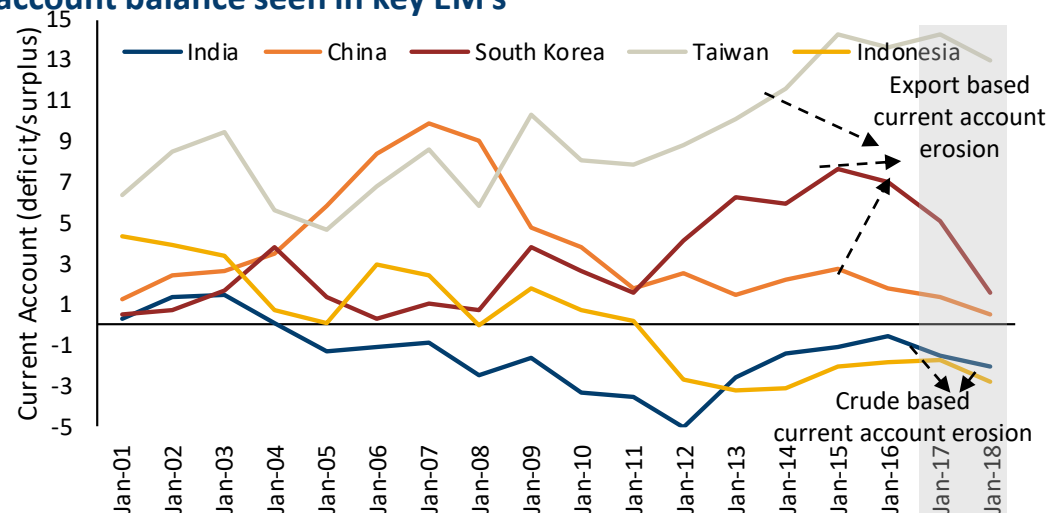


- China, as a key EM (>40% weight in most key EM indices), was impacted by a trade war with the US & also by higher crude prices. GDP growth, as a result, declined over 30 bps to 6.5%. It also adversely impacted its supply chain, which is spread across Asia
- Macro deterioration led to weakening balance of payment.

Note : Above mentioned countries has almost 90% weight in MSCI EM

Deteriorating current account balance seen in key EM's

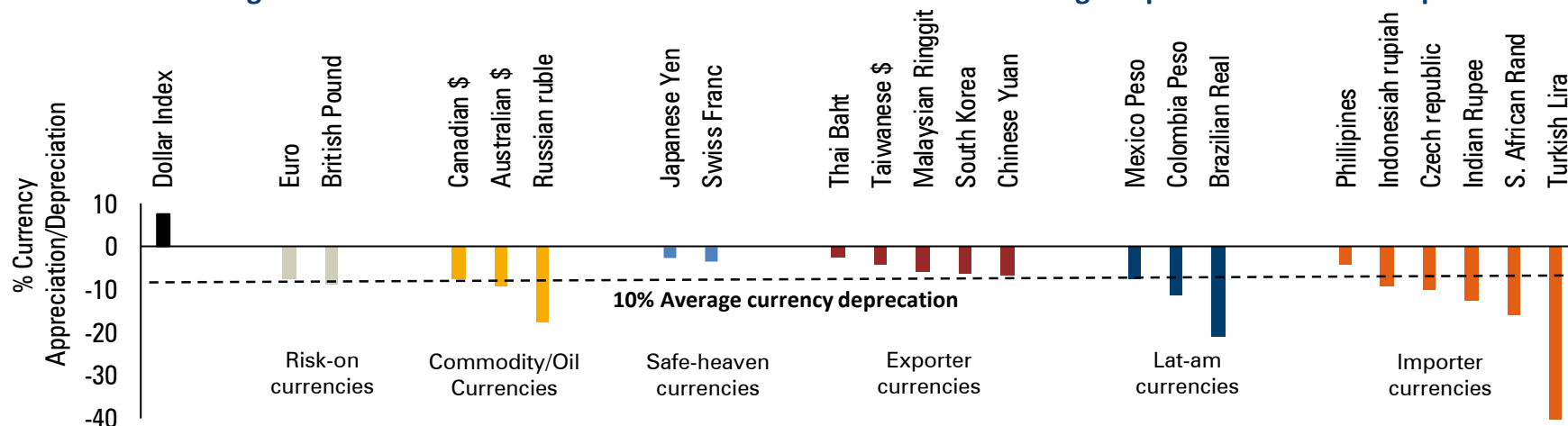
- Since the start of 2017, current account balances in key EMs has deteriorated by an average of 120 bps
- Current account surplus EMs (China, Taiwan & South Korea) saw erosion on the back of export slowdown (in the backdrop of trade wars)
- Current account deficit EMs, especially India and Indonesia, saw deterioration mainly in October 2017-October 2018, impacted by sharp price surge in key import "crude"



Source: Bloomberg, ICICI Direct Research

US\$ strength pushes DM, EMs currencies lower, tarnish their asset class

Dollar strength leads to weakness across all DM & EM currencies with average depreciation of ~1000 bps



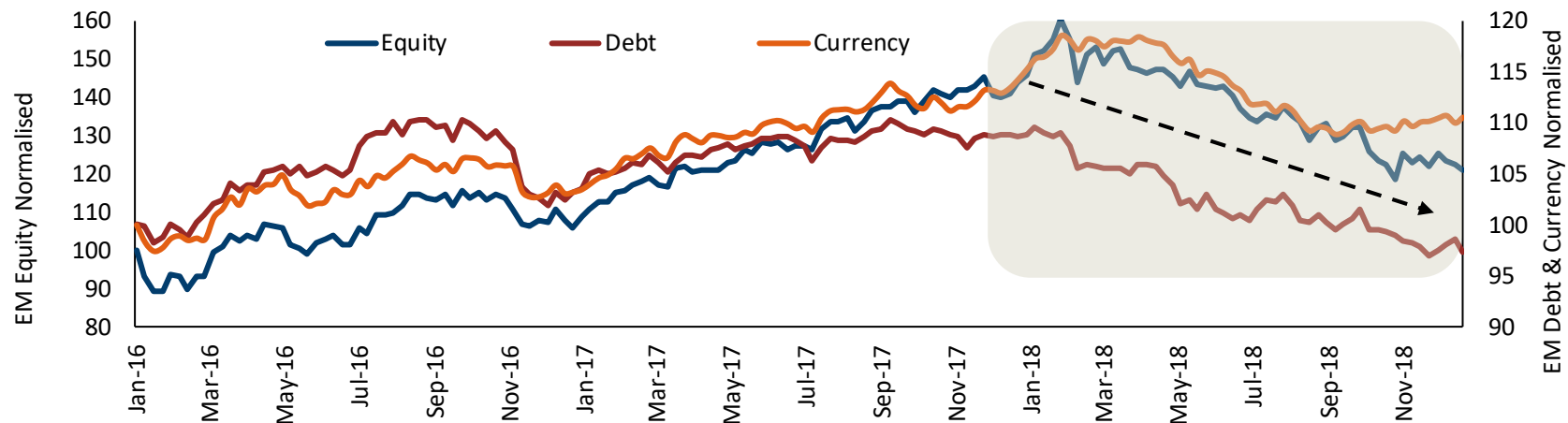
Dollar strength mainly driven by US rate divergence and higher US GDP growth

- For the better part of 2018, fund flow traction into US asset classes was driven by fiscal stimulus (over US\$1 trillion) driven higher GDP growth and increasing US rates (100 bps hike in 2018)
- This led to outflows from other risk assets, including EMs into US asset classes. As per exchange traded fund (ETFs) data, US\$60 billion moved out from EM equities while US\$20 billion exited EM bonds. Outflow from EMs led to weakness in their respective currencies
- In 2018, the US\$ rose over 6% while DM currencies weakened by a similar magnitude. However, the decline in other EM currencies was higher, especially wherein macro variables saw a sharper decline. For example, crude induced rupee to decline by 10% in H12018.

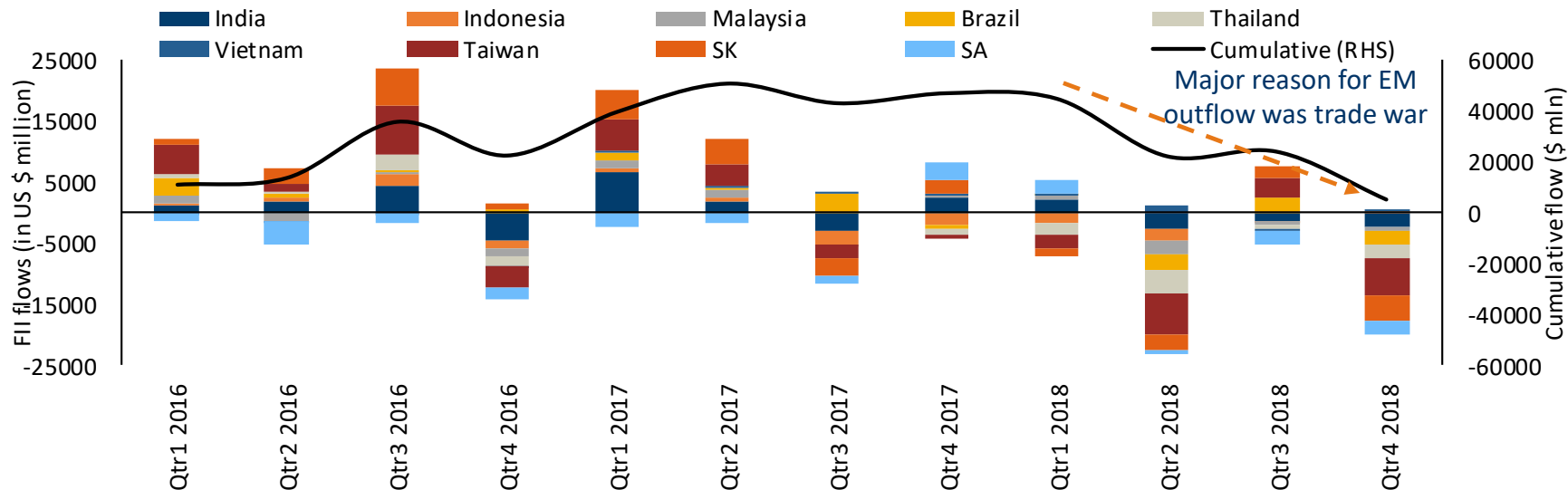
Source: Bloomberg, ICICI Direct Research

Underperformance of EM assets triggers FII equity outflows of ~\$42 billion...

In 2018, EM assets witnessed decline with largest decline seen in equity (-20%) while debt and currency also fell ~10%



FII's selling US\$42 billion, led to EM equity fall of 20% in 2018



Source:: Bloomberg, ICICI Direct Research

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Catalyst for declines in 2018 ebbing

US growth to normalise to trend levels

- Earnings growth to normalise at sub ~10% rate
- US economy likely to fall to its historical trend growth of 2%
- Fiscal stimulus effects fade out quickly as seen in Reagan era

Trade wars to ebb

- US-China trade war in a 90 day truce mode. Trade optics suggests meaningful progress on some issues
- US MCA agreement nearing agreement. This will aid trade rift between Canada, Mexico & US
- Deals reached with South Korea & Japan

Crude to remain at comfortable level

- Increasing US oil production to keep supply side of equation strong
- Despite Opec+ production cut of 1.2 million bpd, global oil supplies to remain healthy
- Oil to remain in \$55-70 range, to comfort India

Key risk variables are stabilising and, in turn, cementing recovery hopes for 2019

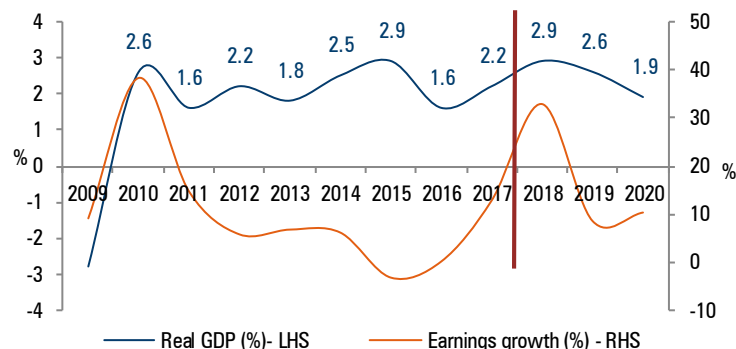
Source: Opec, ICICI Direct Research

US economic growth to normalise to lower level to its historical trend growth

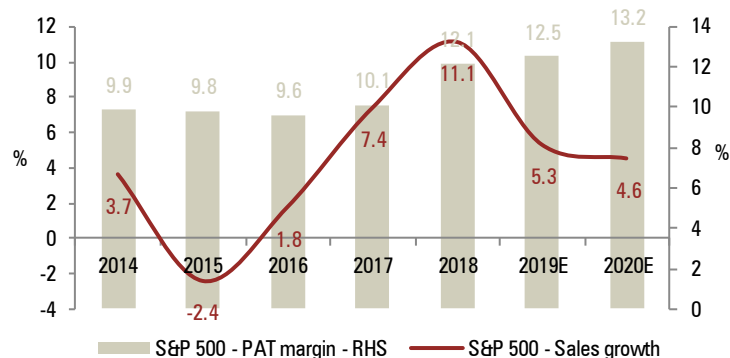
Trump's fiscal stimulus is expected to have a limited impact on stimulating US economy. In 2019, 2020, earnings growth trajectory is likely to normalise to sub 10% (vs. current 33% after factoring in 14% tax cut). Similarly, GDP is likely to fall near its historical trend growth of ~2% by 2020.

Spurt in GDP & earnings due to fiscal stimulus is expected to be a temporary phenomena

Trump corporate tax rate cut from 35% to 21% in 2017, US GDP expected to grow at 2.5% in 2017-20, S&P 500 earnings at ~16.8% CAGR



Corporate tax cuts boosted profits in 2018; earnings growth in future is expected to slow down despite record profit margin



During 1981-86, the Reagan era saw fiscal stimulus in the form of individual and corporate tax cuts that temporarily boosted the US economy (after the short-term spurt, the GDP & EPS growth fell).

US GDP grew at 3.8% CAGR in 1986-89 supported by economic tailwinds & declining interest rates. Consequently, earnings grew at a robust 17.4% CAGR during the same period.

Currently, with expectations of GDP growth at 2.5% CAGR over the next couple of years and sub 10% projected corporate earnings despite record profit margins courtesy tax rate cut, the US economy and stock markets seem to be in a consolidation mode.

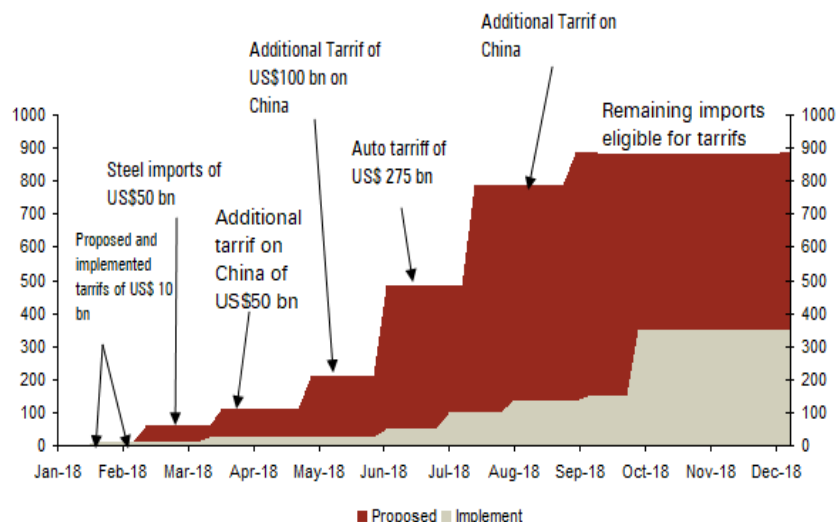
A moderation in GDP growth & slowdown in corporate earnings could dent the US asset class appeal. This trend could reverse flows into other risk assets, including EMs.

Source: Bloomberg, ICICI Direct Research

Trade wars showing signs of cooling off

The tariffs imposed on goods (~US\$350 billion) is far less than what has been proposed (~US\$890 billion). We believe tariffs are used more as a negotiating tool with the recent truce on trade war also signalling towards the tariff war cooling off. Further, signing of the US-Mexico-Canada Agreement and reduction of trade tension with EU and other countries is expected to have a positive impact on the global economy.

Far fewer tariffs implemented than proposed (in US\$ billion)



As seen in the above chart, the implementation of tariffs is far less than what was announced by the US. Hence, we believe tariffs are being used more as a negotiation tool

We believe the truce is based on the US refraining from further imposition of tariffs with China committing to a more reformative, increased purchase of US goods and working on forced technology transfer, intellectual property protection, non-tariff barriers, cyber intrusions and cyber theft, services and agriculture

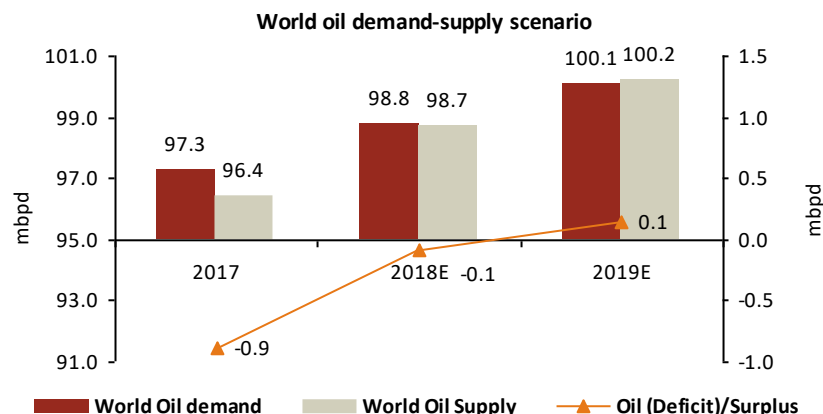
Progress of other trade of US with its trading partners

Deals with other trading partners	Key Contentions	What is negotiated	Outcome
Mexico and Canada	1) Widening trade deficit with Mexico. 2) Opening of dairy sector in Canada.	All Major dispute resolved	1) Issue relating to tariffs on steel & aluminum is still pending. 2) Worry of Trade tariff behind us
European Union (EU)	1) EU deficit with US is US\$101 billion in 2017. 2) Imbalance on auto trade	EU managed to avert the U.S. tariffs in exchange for boosting purchases from U.S.	Still work in progress however, the steps are in the right direction.
South Korea	1) Trade deficit of US\$21 bn.	All the key issues have been negotiated	Deal has been ratified by both parties.
Japan	1) Trade deficit stood at US\$63 bn	Both countries have launched bilateral negotiation	Major dispute is expected to be solved through negotiation

Source: Bloomberg, US Census Bureau, USITC, USTR, ICICIdirect.com Research

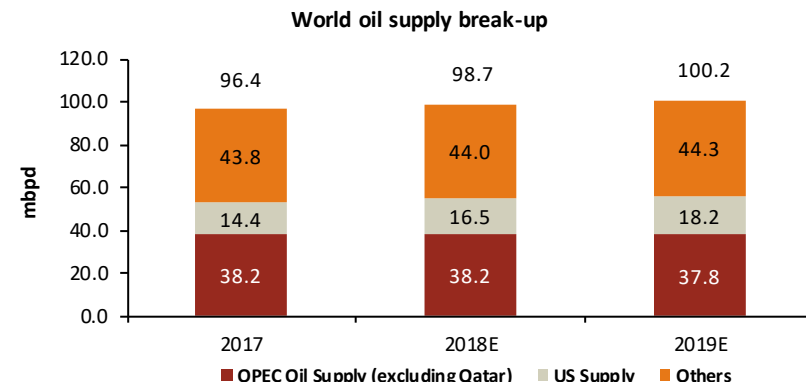
Adequate supply to balance oil markets – Offers comfort to India

Despite oil production cuts announced by Opec and its allies by 1.2 million barrels per day (mbpd), global oil markets will remain at a marginal surplus in 2019. An increase in oil production from the US and easing of sanctions on Iran will keep the oil demand-supply situation largely balanced against deficit expected during Q3CY18. Hence, we expect a marginal oil surplus at 0.1 mbpd in 2019 against deficit of 0.1 mbpd in 2018.

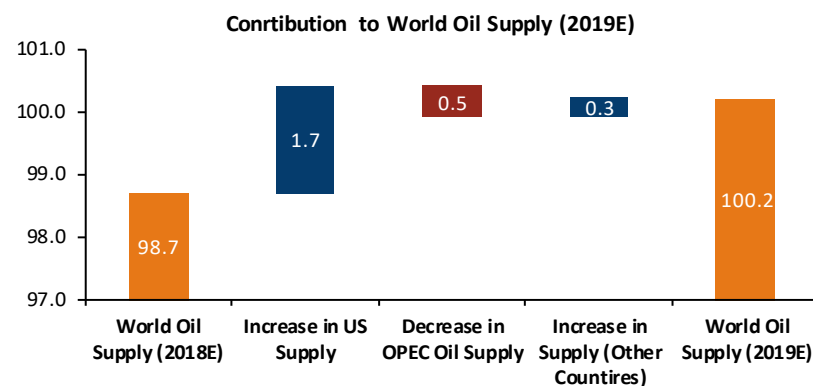


Opec's oil supply will decline by ~0.5 mbpd YoY to 37.8 mbpd in 2019. Production cuts from current levels, sanctions on Iran & supply disruption in Venezuela, etc, will all play an important role in determining Opec supply

Opec oil & NGL supply (excluding Qatar)			
mbpd	2017	2018E	2019E
Saudi Arabia	10.0	10.3	10.4
Iraq	4.4	4.5	4.6
UAE	2.9	3.0	3.1
Iran	3.8	3.6	3.1
Libya	0.8	1.0	1.0
Venezuela	1.9	1.3	1.1
Others incl. NGLs	14.4	14.5	14.6
Total	38.2	38.2	37.8



Incremental supply from the US by 1.7 mbpd will ensure adequate world oil supply of 100.2 mbpd against demand of 100.1 mbpd in 2019. Hence, we assume oil prices in the range of \$55-70 per barrel in 2019 against ~\$75 per barrel in Q3CY18. Lower oil prices will cushion India's macroeconomic variables like inflation, trade deficit, exchange rates, etc and will put the Indian economy on a strong footing.



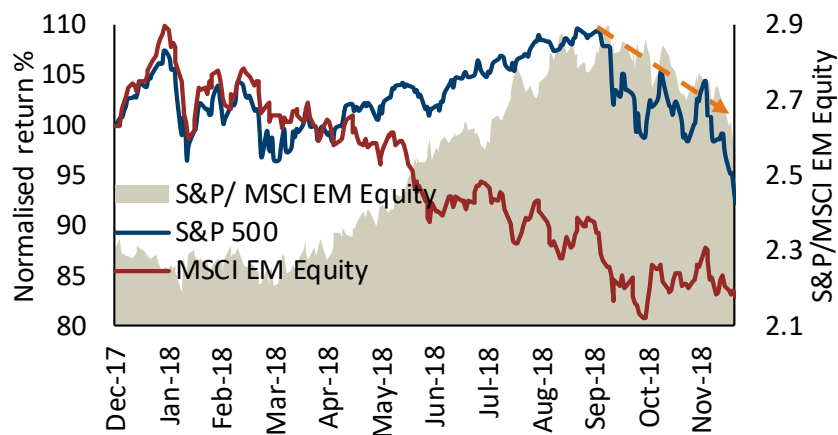
Source: Opec, ICICI Direct Research

EM performance already gaining traction since November 2019

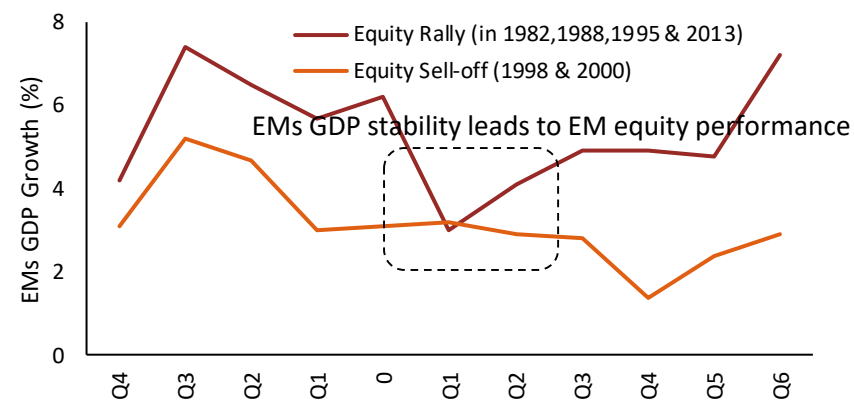
In the trailing four decades, divergence episodes between S&P and MSCI EM has been a common phenomenon. After six months of divergence, the convergence trend has commenced. Sustainability of EM recovery is dependent on GDP growth stability in coming quarters.

Divergence Episodes	Start Date	End Date	Calendar Days	Returns (%)			Rally post (%)		
				S&P 500	MSCI EM	Divergence	Convergence (in Month)	EM	S&P 500
1982	8-Mar-82	13-Oct-82	219	28	-17	45	13	22	19
1987	19-Oct-87	5-Jan-88	78	15	-21	36	13	28	15
1994	22-Sep-94	8-Mar-95	167	5	-32	37	4	24	16
1994	13-Jul-95	16-Nov-95	126	6	-14	20	19	31	49
1997	7-Jul-97	12-Jan-98	189	3	-38	41	3	23	17
1998	8-Apr-98	6-Jul-98	89	5	-22	27	2	-29	-17
2000	7-Mar-00	1-Sep-00	178	12	-18	30	3	-20	-9
2013	9-Jan-13	24-Jun-13	166	8	-18	26	4	17	8
2013	15-Oct-13	11-Mar-14	147	10	-7	17	5	14	7
2014	25-Aug-14	26-Dec-14	123	5	-12	17	4	9	0
2018	1-Apr-18	2-Oct-18	184	9	-14	23	Current	-7	-14

EM underperformance has ebbed since October 2018 with S&P/MSCI EM price ratio gaining over 11%, with stability in EM assets



Recovery/stability in EM GDP growth holds key: historically strong GDP growth trends have yielded strong returns & vice versa



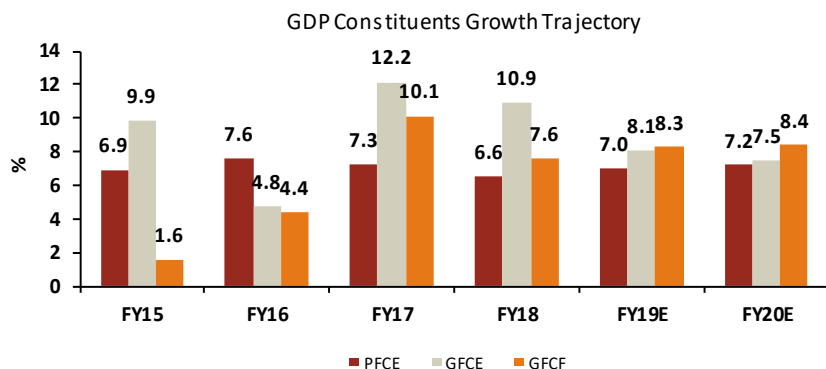
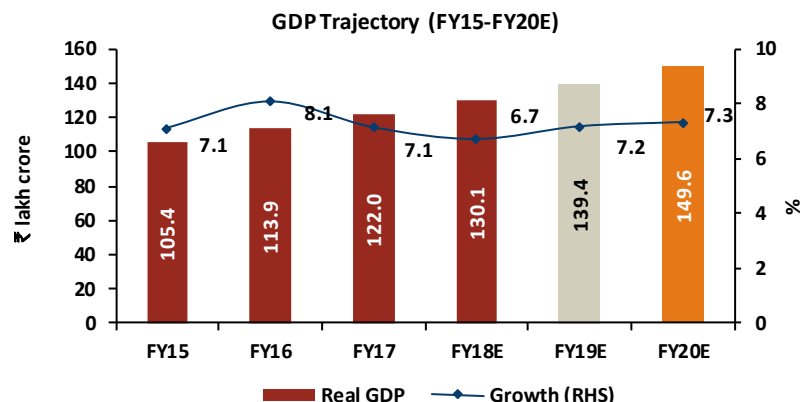
Source:: Bloomberg, ICICI Direct Research

Market Strategy 2019

1	Market Outlook – Domestic macros to triumph over political uncertainty
2	CY18 – marked by flurry of events impacting equities return across the globe
3	Catalyst for declines in 2018 ebbing; EM's to perform relatively better
4	Domestic GDP– Investments to steer growth as consumption remains stable
5	Domestic macroeconomic variables in sweet spot
6	Political realignment ahead of elections, crude to remain a risk
7	Sectoral Outlook
8	Top Picks for Strategy 2019

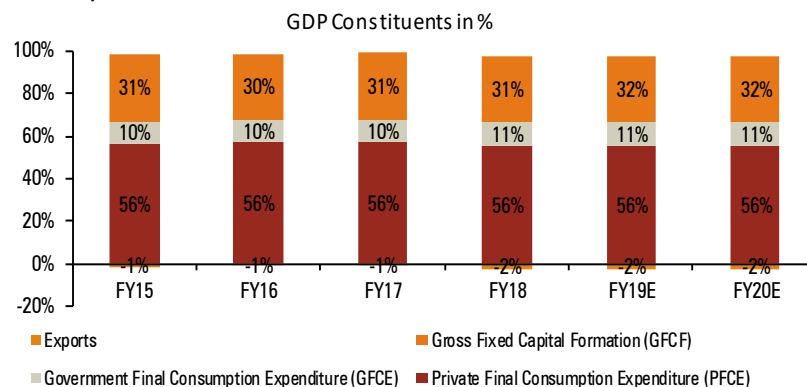
Investments (GFCF) to steer growth; consumption stable...

GDP grew 7.6% in H1FY19 on the back of consumption (both private as well as government) and investments (mainly from the government). Disruptions on account of last year's optical reforms such as demonetisation, GST, Insolvency and Bankruptcy code (IBC), etc, seems to have been completely absorbed by the system. FY19E does have its own set of headwinds though, such as a rural slowdown, NBFC liquidity issues, currency headwinds and higher crude prices. This is likely to impact H2FY19. However, due to a strong start in H1, overall FY19E growth is still likely to be 7.2%. The momentum is likely to continue in FY20E as the government is determined to address the slowdown issues in H2FY19, especially on the rural front. A common thread in both FY19E and FY20E growth is strong traction from gross fixed capital formation (GFCF), especially on the government front. The private consumption lever is likely to remain stable whereas government consumption is likely to moderate. We expect GDP growth to be around 7.3% in FY20E



Private final consumption expenditure (PFCE), which accounts for 56% of GDP, is expected to show stable growth and will continue to contribute sizably to GDP growth. Factors such as a rise in purchasing power due to the implementation of Seventh Pay Commission by states, change in RBI stance, increase in MSP and MGNREGS benefits along with a spate of agri-loan waivers will be key drivers for PFCE growth to 7.2% in FY20E.

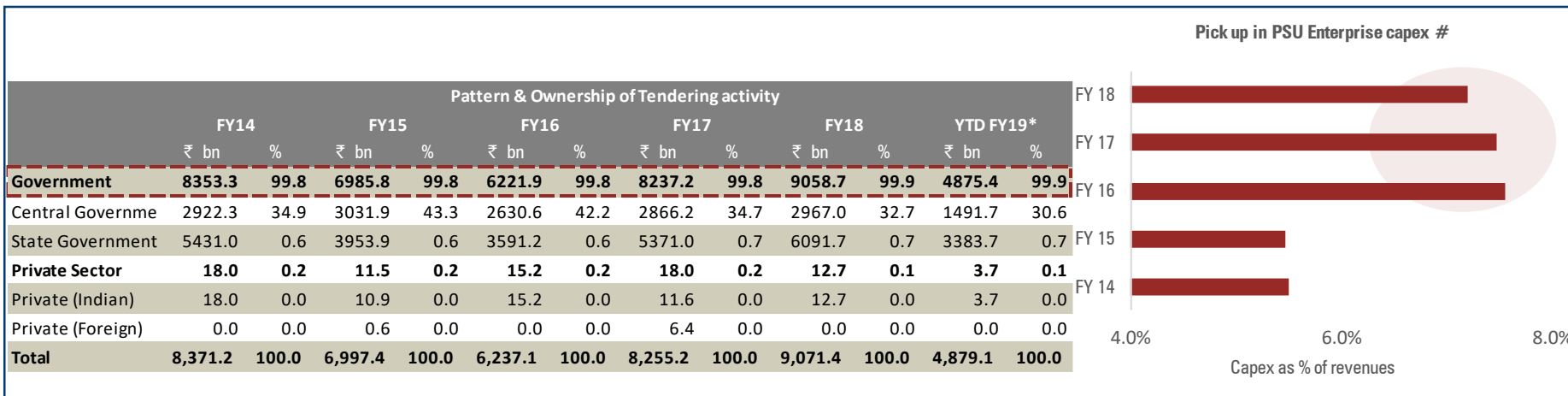
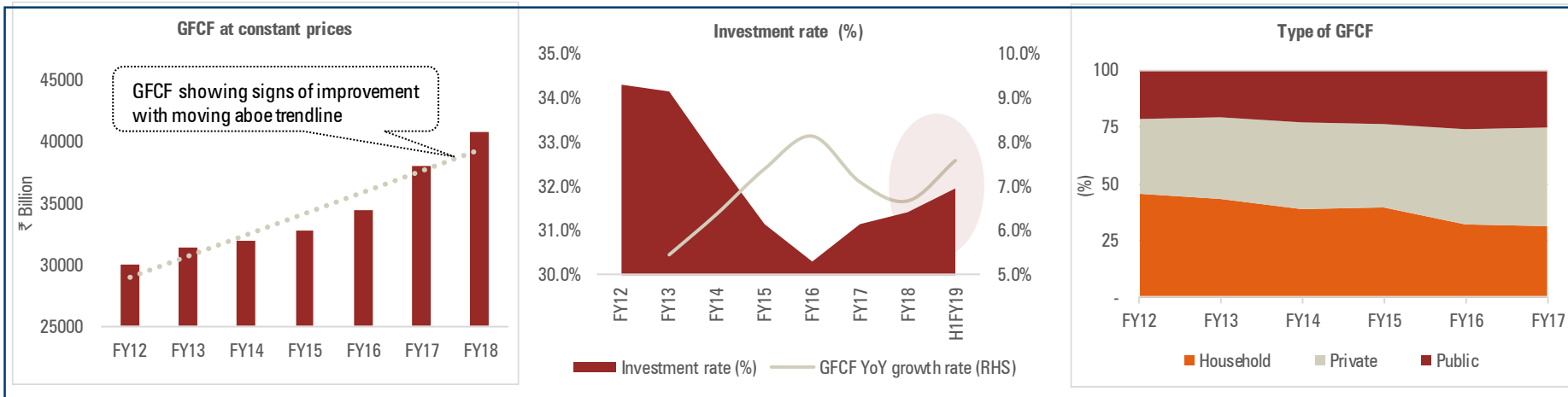
Gross fixed capital formation (GFCF) has been on a growing trajectory since FY17 mainly due to aggressive infrastructure push by the government. With a visible recovery in private capex, GFCF growth is likely to be maintained at 8.4% in FY20E. Government Final Consumption Expenditure (GFCE) is expected to grow to 7.5% in FY20E as few states are yet to implement the Seventh Pay Commission recommendation.



Source: RBI, Mospi, ICICI Direct Research

GFCF momentum to accelerate

Gross fixed capital formation (GFCF) is showing signs of improvement moving above the trend line for the first time in the last five years. GFCF's pace of growth accelerated further at 11.3% YoY in H1FY19 taking the investment rate to 32% from 31.4% in FY18. In our view, the recovery in GFCF was on the back of significant government capex (visible in tendering data & capex of PSU enterprise). We also notice signs of private capex recovery on the back of demand supply drivers (sharp improvement in capacity utilisation & order book-explained in next slide), improvement in balance sheet and favourable business environment. This lends us comfort that an improvement in GFCF is sustainable, going forward.

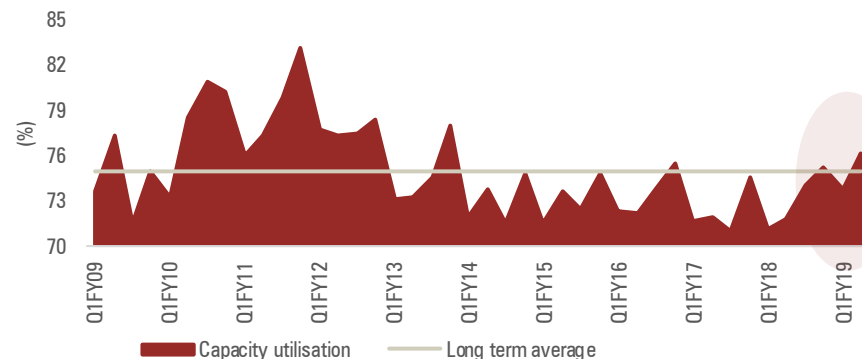


Source: RBI, Project Today, Capitaline, ICICI Direct Research, *April-November, 2018 #PSU from BSE500 index(ex-financials)

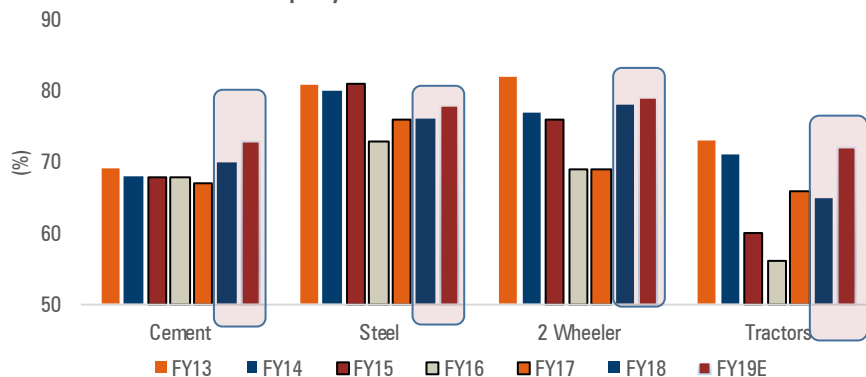
Triggers for private capex cycle upturn in place...

The RBI survey indicates that overall industrial utilisation has moved upwards to 76.2% in Q2FY19, thus reaching above long term average of 75% after 21 quarters. Also, looking at key sectors, utilisation levels of private companies, in manufacturing sectors, have been on an uptrend since FY16. The significant uptick in orderbook along with strong PMI & IIP data indicate a better demand environment for the manufacturing sector. The strong order book and peak level of capacity utilisation indicates that industrial capex is on the verge of a revival.

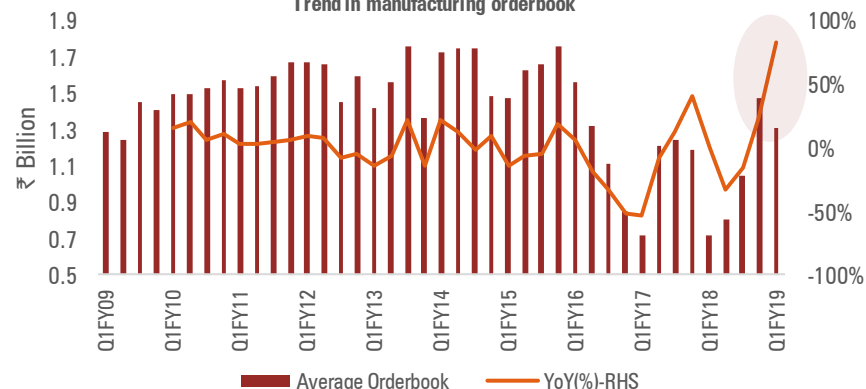
Capacity utilisation (%)



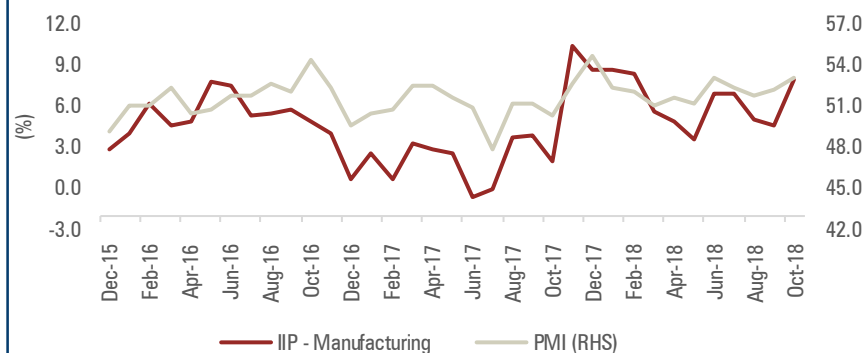
Capacity utilisation across different sectors



Trend in manufacturing orderbook



IIP - Manufacturing & PMI Index

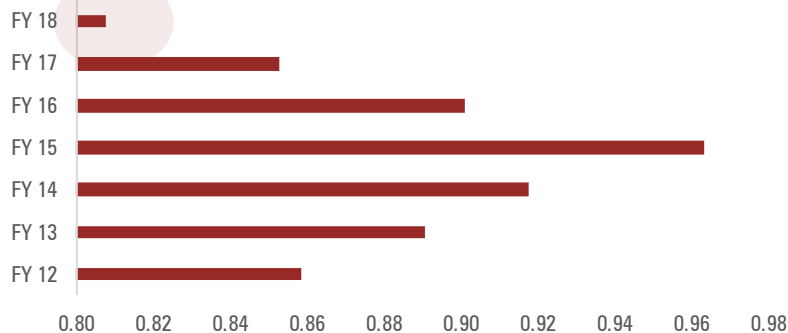


Source: Mospi, Project Today, Capitaline, ICICI Direct Research

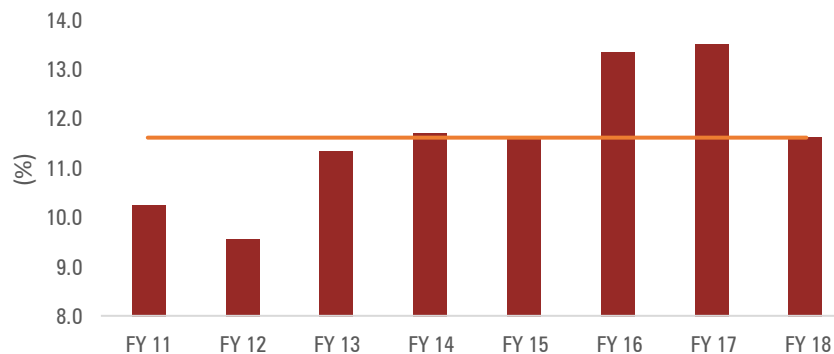
Supply side challenges for private capex easing off...

The balance sheet of Indian corporates has also shown a marked improvement with debt to equity reaching its lowest level in the last six years. Secondly, the cash flow position of private companies also improved as cash flow generation has been above average in the last three years. Thirdly, the business environment in India has also improved significantly as reflected in the Ease of Doing Business ranking, jumping 23 notch to 77th rank (among 190 nations) recently. The improvement in financial health of corporates along with a better business environment would act as a key catalyst for a revival in private capex.

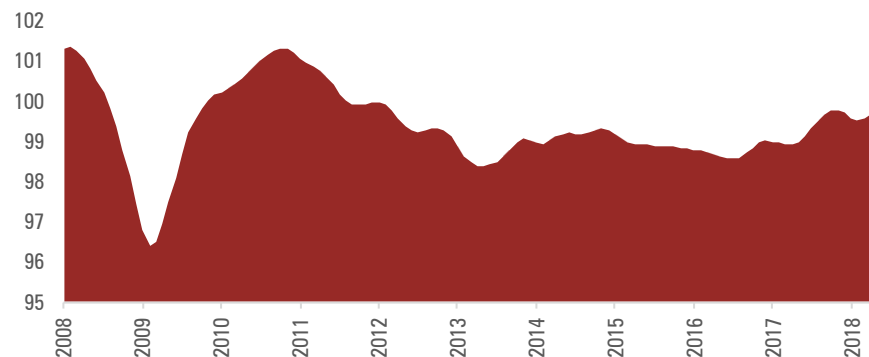
Debt to Equity of BSE 500 companies (ex-Financials & PSU)



CFO as % of Revenues of BSE500 companies (ex-Financials & PSU)

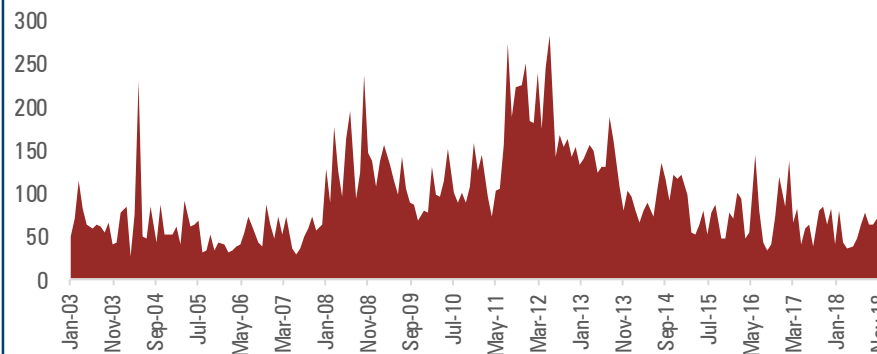


Business Confidence Index



India's rank in global landscape	2014	2015	2016	2017	2018
Ease of Doing Business	134.0	131.0	130.0	100.0	77.0
India Competitiveness Rank	60.0	71.0	55.0	63.0	58.0

Policy Uncertainty Index



Source: OECD, Capitaline, Economic Policy Uncertainty, ICICI Direct Research

Key reform agenda for next five years...

With the broad objective of making India "Ek Bharat, Shrestha Bharat", the government had outlined a key Reforms agenda for 2014-19, which mainly revolved around the core issues of good governance and development, tackling the concerns of price rise, corruption, black money and policy paralysis. Setting up an effective Lokpal to ensure an open government, allowing FDI for job and asset creation with high priority on infrastructure development while adhering to high fiscal prudence were other key highlights of the manifesto. The table mentioned herein highlights the major reforms initiated by the government during 2014-19 and also the likely agenda for the next five years (2019-24) for the ruling government if it returns to power again.

Reforms promised and delivered

Key area	Reforms implemented during 2014-2019
Establish system, which eliminates scope for corruption	Led by demonetisation, the government has undertaken reforms and administrative measures to weed out black money. This has led to unprecedented buoyancy in direct tax collections for 2017-18
Create unified national tax on goods & services	Implemented GST with effect from July 1, 2016
Make it easier and quicker for companies to go through bankruptcy	IBC code implemented in 2016 laid out rules for court monitored time bound process of dealing with bad loans
Technology enabled e-governance	Initiated transparent auction of telecom spectrum, coal mines, etc
Highly decentralised federal structure through devolution of powers to states	State's share in gross tax revenue has increased from 27% to 35% from FY15 onwards
Strictly implement fiscal discipline, without compromising on fund availability for development work and asset creation	Fiscal deficit has consistently declined from 4.4% in FY14 to 3.5% in FY18
Bring efficiency and transparency in the real estate sector	Real Estate Regulation Act (RERA) got implemented from May 1, 2017
Monetisation of Enemy property	Enemy Property Bill amended in 2016 incorporating comprehensive amendments to law. The estimated value of enemy property works out to over ₹ 1 lakh crore, which can be channelised for better infrastructure growth, going ahead

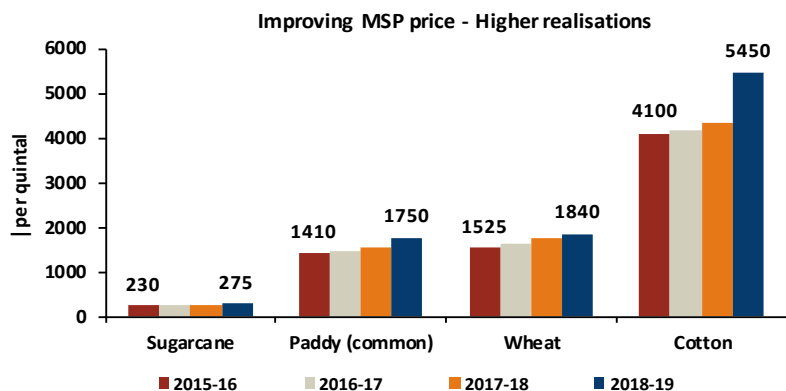
Reforms on agenda for 2019-2024

Likely Agenda for 2019-2024	
Implementation of direct tax reforms	Implementation of DTC to help ease taxation worries for individuals & improve tax compliance
Universal basic income	UBI, if implemented appropriately, can revolutionise the structure of government welfare schemes and allocation of subsidy
Food and subsidy reforms	Programmes where the government broadly subsidises goods for targeted groups would be routed via DBT programme to strengthen the targeting and reduce diversion
Agricultural reforms	This involves reinforcing National Agriculture Market for electronic trading and connecting the existing Agriculture Produce Marketing Committees and other market yards to create a unified national market for agricultural commodities
Deregulate natural gas & kerosene pricing	Will encourage the expansion of private hydrocarbon production and lower government subsidies
Offer one-stop shopping for clearances for new businesses	Will improve the global rankings further in terms of Ease of Doing Business
Political reforms	This includes evolving a method to hold assembly and Lok Sabha elections simultaneously
Reduce restrictions on FDI in single brand & multi brand retail	Will lead to more investments and more job creation in India

Source:: ICICI Direct. Research

Government push for rural infra, Pay Commission outlay to support PFCE growth...

Overcoming the demonetisation and GST implementation glitches in FY18, PFCE has grown 7.8% for H1FY19 driven by both urban and rural demand. While urban consumption got support from staggered implementation of Seventh Pay Commission awards at the state level, rural consumption was boosted mainly by a hike in MSPs, higher MGNREGS allocation beside agri-loan waivers by some states. For the rest of this fiscal, however, we expect some moderation due to waning impact of Seventh Pay Commission outgo, NBFC liquidity issues and consumption slowdown in rural space on account of low food grains prices. While benign inflation can boost consumption in urban areas, it may impact rural consumption growth. For FY19E, we expect PFCE to register growth of 7.0%. For FY20E, we expect spillover of H2FY19 to rices, higher MGNREGS allocation, hike in minimum rural wages besides impact of loan waivers). Urban consumption is likely to remain buoyant on the back of a revision in government salaries by more states and positive implication of possible softening of RBI stance among others. We expect PFCE to grow at 7.2% in FY20E.



Outlay for MGNREGS in the Budgets (In crore)	
Fiscal Year	Outlay
2013-14	32993
2014-15	32456
2015-16	37341
2016-17	48215
2017-18 (RE)	55000
2018-19 (BE)	60000

States where farm loan waiver is announced (₹crore)		
States	Waiver Amount	When announced
MP	38000	Dec-18
Karnataka	34000	Jul-18
Rajasthan	8000	Feb-18
Punjab	10000	Jun-17
Maharashtra	34000	Jun-17
UP	36000	Apr-17
TOTAL	122000	

States which have announced implementation of 7th Pay commission	
State	Total ex-chequer (₹crore)
Uttar Pradesh	22000
Maharashtra	21000
Tamil Nadu	15000
Karnataka	10000
Gujarat	3000
Odisha	4500
TOTAL	75500

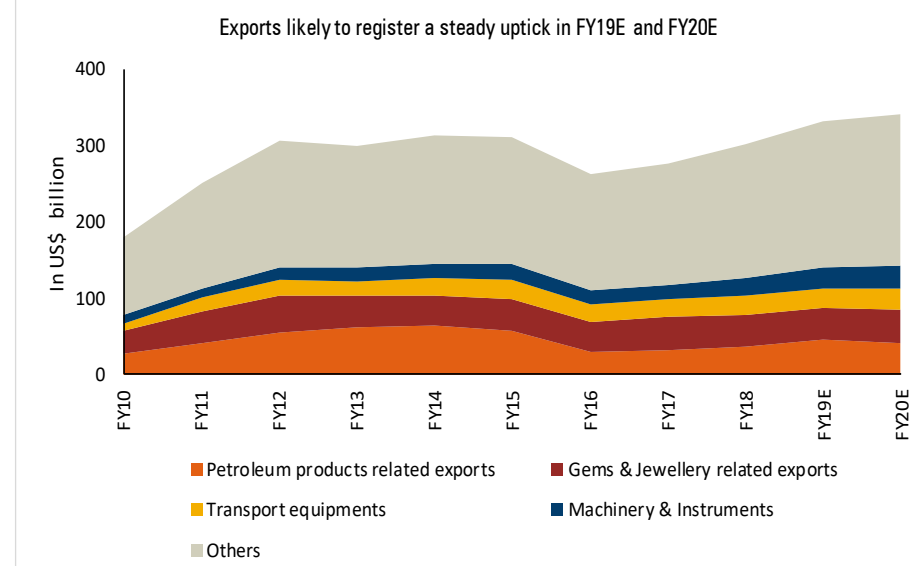
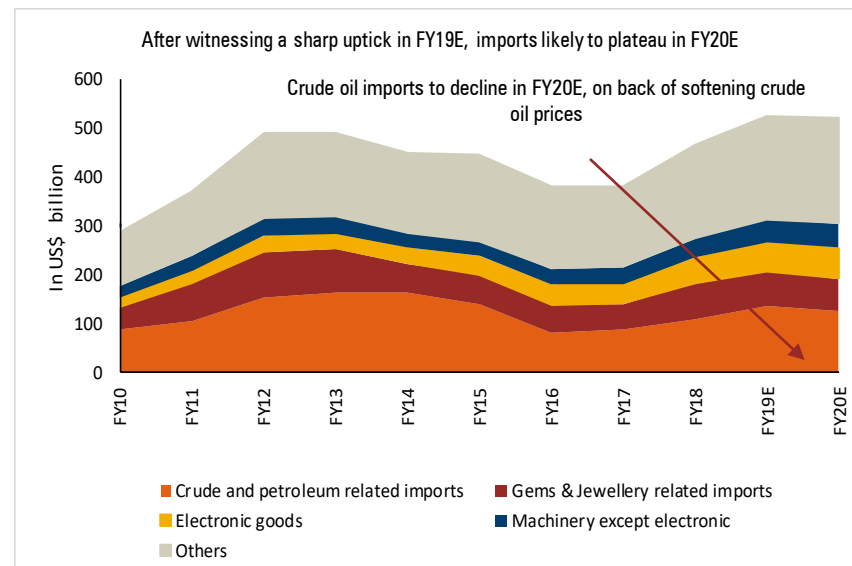
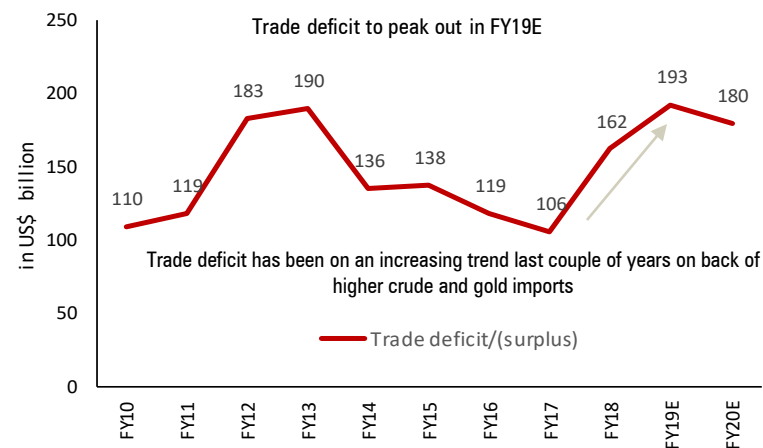
Source: Government of India, media articles, ICICI Direct Research

Market Strategy 2019

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Trade deficit to decline in FY20; aided by decline in crude oil prices...

- After hitting a decade low of US\$106 billion in FY17, trade deficit has been on an increasing trend on the back of higher crude oil and gold related imports, likely to peak out in FY19
- Going forward, the decline in crude oil prices since November 2018 is likely to provide solace in the last five months of FY19. We expect the benefits of relatively lower crude oil prices to flow in FY20 also (FY19 and FY20 Brent crude oil assumption of US\$71/bbl and US\$65/bbl, respectively).
- Trade deficit likely to hit a decadal high of US\$193 billion in FY19 but then subside to US\$180 billion in FY20

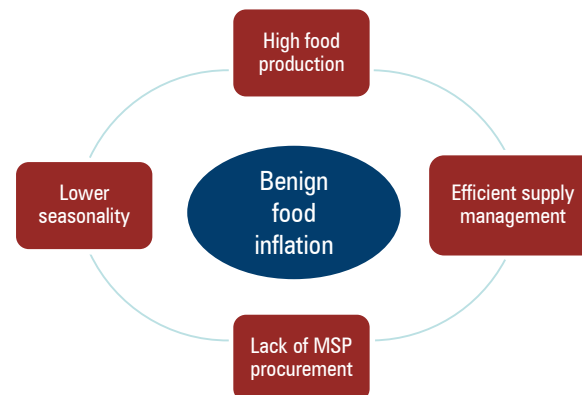


Source: Commerce Ministry, ICICI Direct Research

Soft food, lower crude to keep inflation subdued

Inflation to remain at ~4%, comfortably within RBI range

- Food inflation (46% CPI weight) is expected to remain benign and below RBI's medium term target of 4% due to structural tailwinds in the form of high foodgrain production and better supply management
- Cereals and pulses may continue to see stable retail level prices
- No large scale procurement at MSP removes a significant upside risk



Lower average crude oil prices in CY19 compared to CY18 will cool surging fuel inflation

Lower fuel prices will impact CPI basket directly as well as indirectly via lower drip into segments like transport

- The core basket has been impacted in the past 12-18 months by HRA revisions, GST implementation and indirect impact of higher crude oil prices. Core CPI has averaged ~5.8 % YoY (CY18TD till November) against series average of 4.9% YoY
- Correction in prices of metals, alloys and crude oil along with upward bias seen for INR-US\$ will help lower input costs for companies, eventually flowing into CPI
- Statistical impact of HRA hikes and GST implementation hikes is now behind us. A favourable base effect in housing and transport could help pull down elevated core inflation below its long term average

- Crude oil to drive price of derivatives like petrol, kerosene and LPG
- Fuel inflation averaged ~7.2% YoY in CY18TD (till November) vs. ~5.3% YoY series average
- The CY18 average crude price of ~US\$74 per barrel has corrected to ~US\$54 per barrel, now
- We do not expect a meaningful rise from this level, helping bring fuel inflation below series average



Source: MOSPI, ICICI Direct Research

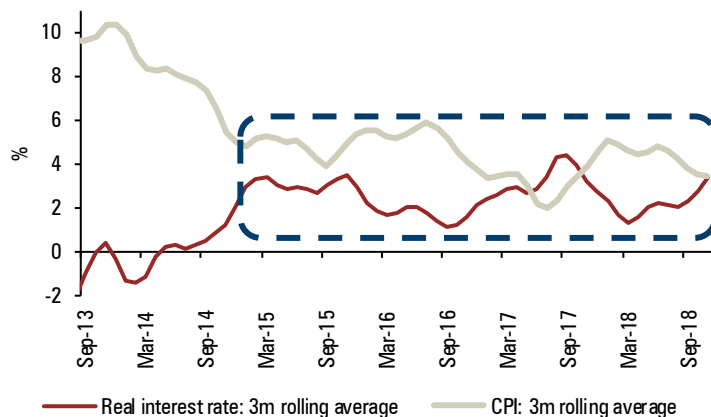
Higher real rate to fuel financialisation of savings

Domestic financial savings is likely to increase, going forward, in 2019 as higher real interest rate aided by low inflation will attract household savings into financial instruments.

Real interest rates (one year G-sec yield minus CPI) has been largely above 2% since 2015. Financial savings started trending higher since FY16 after witnessing a declining trend in previous years but got disrupted due to twin policy impact of demonetisation and Goods and Services Tax (GST), which had economy-wide ramifications and was more pronounced in the case of the household sector.

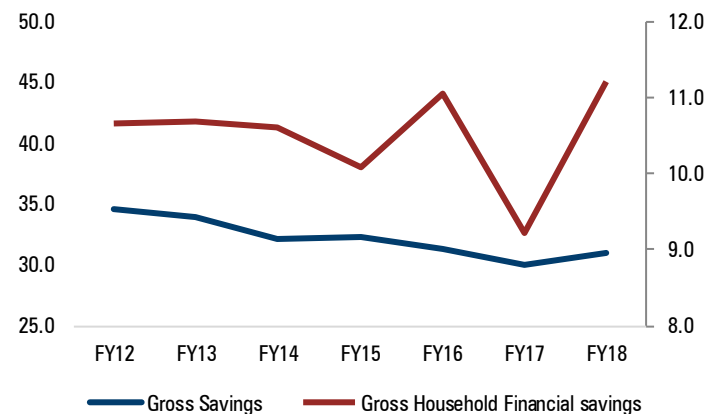
As the impact of economic disruption fades, household financial savings, as proportion of GDP in FY18, increased to 11.2% from 9.2% in FY17. Physical savings as a proportion of GDP has witnessed a consistent decline since FY2011-12. This larger trend is likely to continue as low inflationary environment is likely to keep demand for physical assets like real estate and gold subdued.

CPI inflation averaged 8.2% since February 2013 to March 2015. It has averaged 4.3% since April 2015, leading to higher real rates since then...



Years	Avg 1-Yr G-Sec Yield	Avg. Inflation	Avg. real rate	Household Financial Savings(% of GDP)
2001-2007	6.3	4.6%	1.7%	Increased from 11% to 18%
2008-2016	7.3	8.6%	-1.3%	Decreased from 18% to 10%
Since 2015	7.0	4.4%	2.6%	Increased from 10% to 11% in 2016 but decline to 9.2% in 2017 (demonetisation/ GST). Increased again to 11.2% in FY18.

...leading to higher financial savings. Got disrupted due to demonetisation and GSP, but again picked up



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Political realignments may change equations

With the Congress consolidating its alliance in many states, UPA is likely to gain substantial vote share. We believe this would not add much in terms of seats for the Congress. The recent win in Madhya Pradesh and Rajasthan would also add miniscule seats for Congress as vote share difference is not very high. Moreover, BJP is likely to garner a much higher vote share in Lok Sabha polls considering a personality fight in favour of the Prime Minister. On the other hand, BJP is likely to lose 50-60 seats despite maintaining 2014 vote share mainly due to SP & BSP coming together in UP, Congress alliance with JD(S) in Karnataka & NCP in Maharashtra. However, despite BJP losing seats, NDA is likely to be the biggest alliance in 2019 election with Shiv Sena, JD (U) contributing the maximum. There is also a possibility of prospective/post poll alliance partners like YSR Congress and TRS in Andhra Pradesh & Telangana, respectively.

Current NDA Seats & Vote Share

NDA	Seats	Votes
Bharatiya Janata Party(BJP)	274	31.3%
Shiv Sena(SS)	18	1.9%
Lok Jan Shakti Party(LJSP)	6	0.4%
Shiromani Akali Dal(SAD)	4	0.7%
Apna Dal(Apna Dal)	2	0.2%
Janata Dal (United) (JD(U))	2	1.1%
Sikkim Democratic Front(SDF)	1	0.0%
Swabhimani Paksha(SWP)	1	0.2%
All India N.R. Congress(AINRC)	1	0.0%
Pattali Makkal Katchi(PMK)	1	0.3%
Naga Peoples Front	1	0.2%
National Peoples Party	1	0.2%
Total	312	36.5%

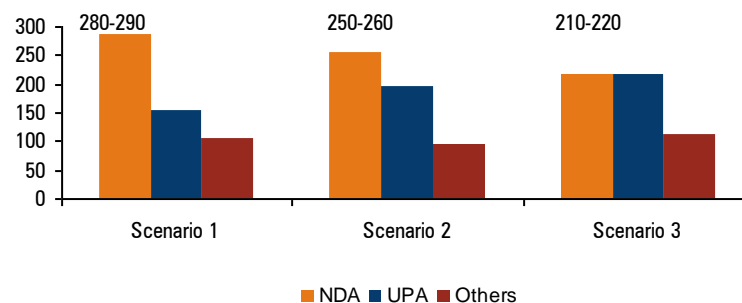
Prospective / Post Poll Allies	Seats	Votes
YSR Congress Party	9	2.6%
Telangana Rashtra Samithi(TRS)	11	1.6%

Current UPA seats & Vote Share

UPA	Seats	Votes
Indian National Congress(INC)	49	19.5%
Telugu Desam Party(TDP)	16	2.5%
Nationalist Congress Party(NCP)	7	1.6%
Rashtriya Janata Dal(RJD)	3	1.4%
DMK	0	1.8%
Indian Union Muslim League (IU)	2	0.2%
Jharkhand Mukti Morcha(JMM)	2	0.3%
Janata Dal (Secular)(JD(S))	2	0.7%
Kerala Congress	1	0.1%
Rashtriya Lok Dal(RLD)	1	0.1%
Total	83	28.2%

Prospective / Post Poll Allies	Seats	Votes
Samajwadi Party(SP)	5	3.4%
BSP	0	4.2%
Indian National Lok Dal(INLD)	2	0.5%

Likely Scenarios



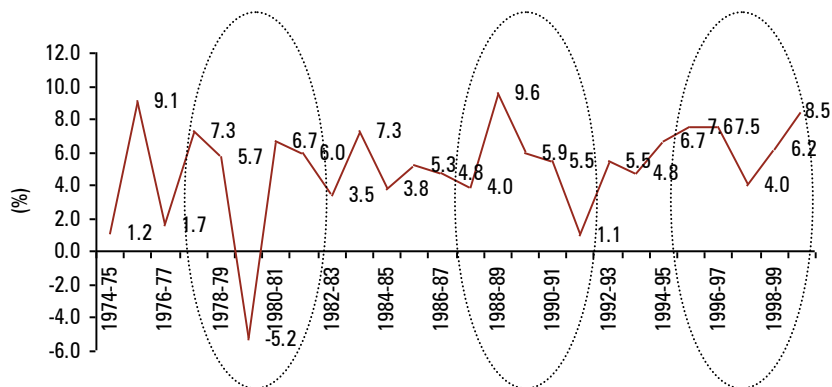
- We believe a BJP led NDA will win 250-260 seats and would be best placed to form the next government. We believe BJP is likely to win ~220 seats considering 50-60 seats loss in UP, Karnataka & Maharashtra due to the opposition coming together in these states. We believe BJP is unlikely to lose major seats in states where it is in a direct fight with the Congress
- There is also a possibility of BJP gaining new alliance partners in Andhra Pradesh or Telangana. Moreover, with the direct personality fight between Prime Minister Narendra Modi & Rahul Gandhi, there is a possibility of NDA winning 280-290 seats comfortably without losing many seats from 2014 elections
- However, if the SP, BSP and INLD become a part of UPA and form a major alliance with the Congress (*Mahagathbandhan*), the loss for BJP could be more than 100 seats. However, BJP losing major seats and Congress not winning many seats, would result in regional parties gaining more power. This would result in a situation similar to 1996-1998 when smaller parties formed the government with the outside support of Congress

Source: RBI, IMF

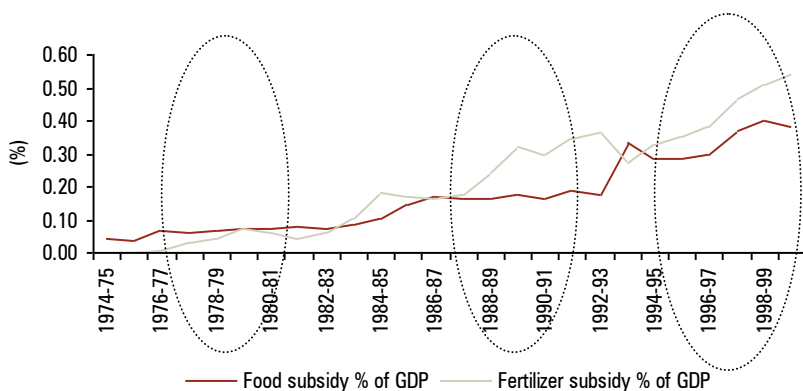
Compulsions of coalition hinders economic growth

India has witnessed short lived coalition governments thrice in the past i.e. in 1977-80, 1989-91 and 1996-99 as the lead parties were unable to form the government without the help of regional parties. This caused the premature fall of the government preceded by political manoeuvring followed by months of uncertainty. The costs to the Indian economy of short-lived governments and their fall are very high in terms of fall in GDP growth rate, higher inflation and fiscal deficit (due to rise in various populist measure such as higher subsidies, free electricity, loan waivers, etc). The broad thrusts of economic policies are similar for the Congress and BJP but the pace of reforms will depend on compulsions to keep the coalition together.

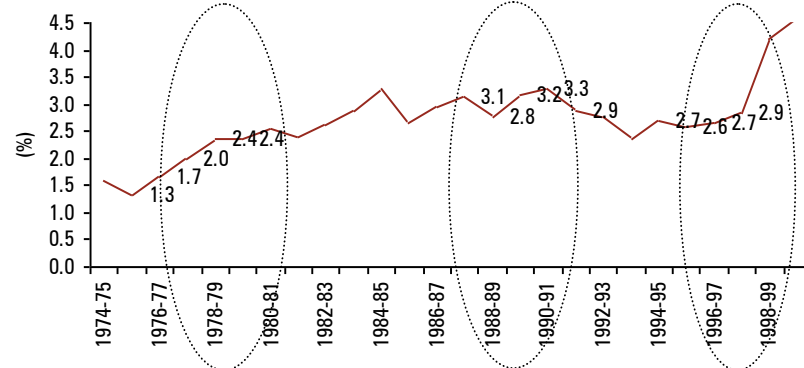
GDP growth nosedives in era of coalition government



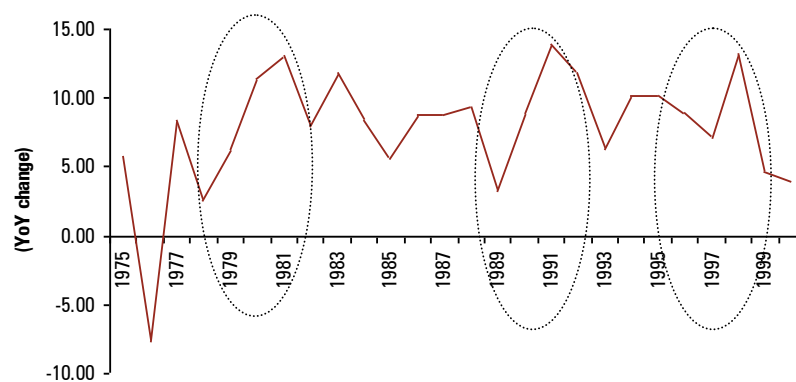
Populist measures (food and fertiliser subsidies) weigh on fiscal deficit



Fiscal deficit under coalition/unstable government



CPI-IW remains higher during political instability

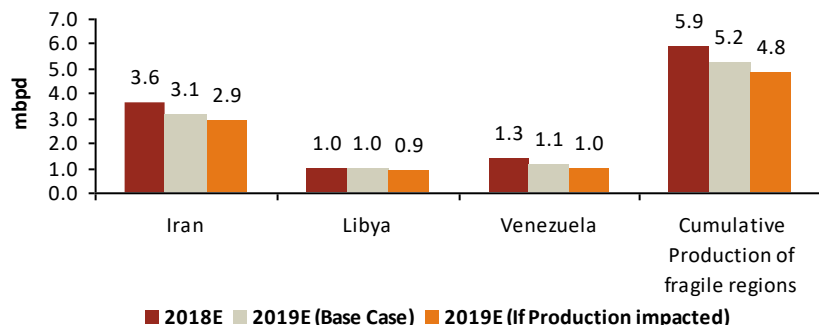


Source: RBI, IMF

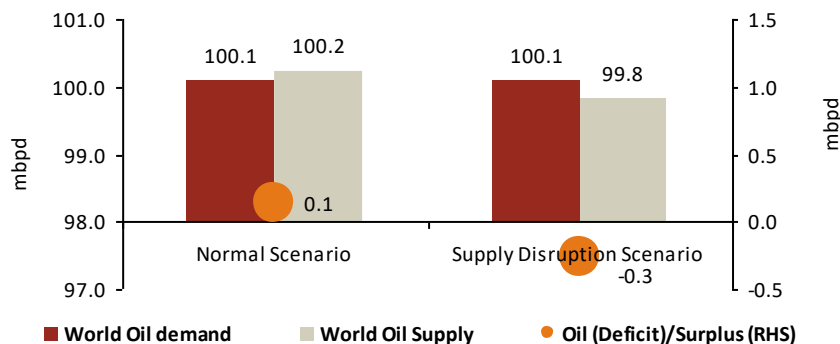
Supply disruption from fragile regions – Key risk to oil prices & India's macros

Under the current scenario, in spite of a decline in oil production from fragile countries from 5.9 million barrels per day (mbpd) in FY18E to 5.2 mbpd in 2019E, oil markets are expected to be under surplus at 0.1 mbpd. However, further supply disruption from Venezuela, political instability & uncertainty in some of the Middle East and North Africa (MENA) regions, and stricter sanctions on Iran by the US can be potential threats to oil supply. This scenario may lead to a deficit of 0.3 mbpd in oil markets according to our assumptions. Hence, Brent crude prices may increase to \$70-80 per barrel in 2019 against our current expectation of \$55-70 per barrel.

Production of fragile regions under various scenarios

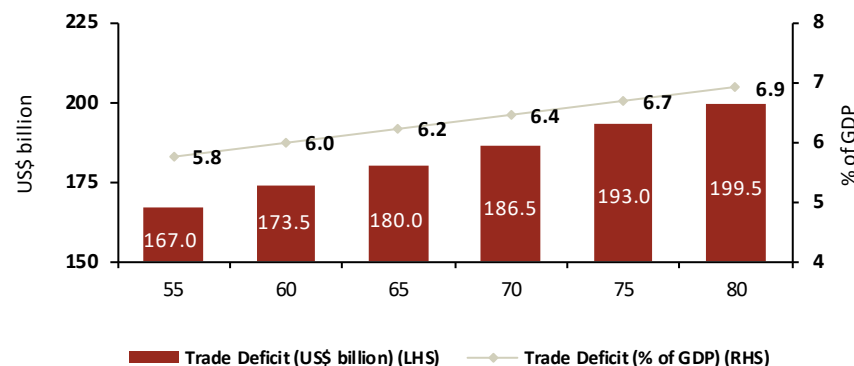


World oil demand-supply (2019E) under different scenarios

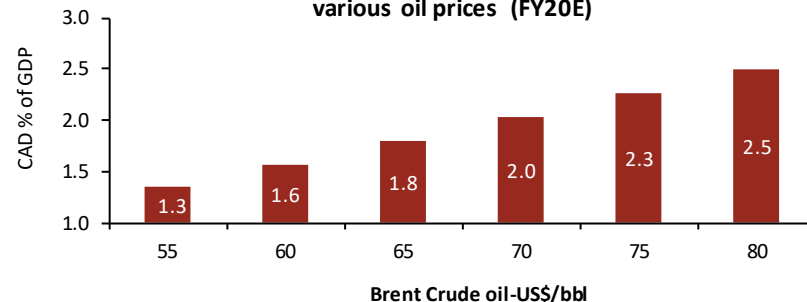


In the scenario of high oil prices, India's macroeconomic variables like trade account, current account, exchange rates, inflation, etc. are negatively impacted. At US\$65/bbl, India's trade and current account deficit is expected at 6.2% and 1.8% of GDP, respectively, in FY20E from 7.3% and 2.6% in FY19E. However, India's trade deficit may increase to 6.9% of GDP with current account deficit increasing to 2.5% of GDP FY20E in the event of oil prices at US\$80/bbl along with subsequent impact on exchange rate and inflation.

Trade deficit scenario under various oil prices (FY20E)



India's current account deficit scenario under various oil prices (FY20E)



Source: ICICI Direct Research

Market Strategy 2019

1	Market Outlook – Domestic macros to triumph over political uncertainty
2	CY18 – marked by flurry of events impacting equities return across the globe
3	Catalyst for declines in 2018 ebbing; EM's to perform relatively better
4	Domestic GDP– Investments to steer growth as consumption remains stable
5	Domestic macroeconomic variables in sweet spot
6	Political realignment ahead of elections, crude to remain a risk
7	Sectoral Outlook
8	Top Picks for Strategy 2019

Which sectors will find favour?

Auto

- The auto sector is traversing through a transitory phase amid a global growth slowdown, tighter emission control norms as well as technology change led by the electric vehicle (EV) upsurge. We believe this has the potential to slow down the domestic automobile space thereby resulting in a negative outlook. On a YTD basis, the domestic auto industry grew 12.2%, which includes domestic growth of 10.9% and export growth of 20.8%. Within segments, the CV space grew 30.2%, PV segment grew 2.9% while 3W grew 38.5%
- Within the auto space, 2W sales were resilient despite intermediate increase in cost of ownership. On a YTD basis, sales in this segment were up 12.1% YoY. We believe 2W still has structural legroom to witness double digit growth in FY18-20E amid expectation of higher rural income levels. In the M&HCV space, we expect its cyclical nature to prevail with the industry expected to peak out in FY20E
- In the ancillary pack, we are cautious on export players with their key customers sounding profit warnings. However, we are positive on the tyre space, which will benefit from a decline in crude derivative prices. On the valuations front, we draw comfort in the 2W and tyre space (<15x P/E - FY20E EPS) and expect them to outperform. Our top picks in Auto space are Hero MotoCorp and Wabco India.

Capital Goods

- Expectations of interest cuts and consequent lowering of that will be a key catalyst for capital goods companies as financial leverage gains will be an added catalyst for performance of the sector in 2019.
- A pick-up in capacity utilisation backed by strong growth in public capex and recovery in industrial segments (railways/construction machinery/renewables) in FY19E will be catalysts for a strong performance of product companies (industrial consumables, bearing companies). We expect these companies to deliver 10-12% topline growth with similar growth in operating profits for the year. Grindwell, Timken, Elgi Equipment remain our preferred stocks in the segment
- For engineering companies like Larsen & Toubro, we expect continued momentum in execution on the back of a large order book. Improvement in working capital in CY18 and peaking out of interest costs is also likely to keep the topline and bottomline ticking for CY20E. Overall, for our capital goods universe, we expect revenue and PAT CAGR of 15% and 19.9%, respectively, in FY18-20E

Source: ICICI Direct Research

Positive Outlook on Sector

Neutral Outlook on Sector

Negative Outlook on Sector

Banking

- Indian banks may come out of the impaired credit cycle sooner rather than later, as stressed loan pool is largely recognised (~12-13% of loans). Large corporate based banks, being worst hit in terms of NPA & provisioning, will be key beneficiaries of resolutions expected under IBC in FY19-20E. Industry GNPA ratio has started to pare down from 11.6% in FY18 to 10.8% in Q2FY19. Reversal in 10 year G-sec yield from 8.02% to 7.26% in last two months is seen providing MTM reversal; positive for banking as whole & PSU banks, in particular. PSU banks have provided ₹ 20300 crore in H1FY19 and private banks provided ₹ 1400 crore for investment provisions
- Management changes have remained a concern for private banks (Axis & Yes Bank) in CY18, which is expected to continue next year for IndusInd and Yes Bank
- Retail focus, increasing digitisation and a gradual pick-up in corporate segment will benefit large corporate banks with adequate retail strength (Axis, SBI, CUB). Post NBFC crisis, banks with strong liability franchises have emerged as beneficiaries of a spike in lending yields. PSU banks, ex SBI, are trading at 0.7-1x P/ABV while private peers are at 2-3.5x on FY20E ABV. We remain positive on large PSU banks, corporate banks and stable parentage based large NBFCs with a strong retail book

Cements

- We believe the cement sector is at an inflection point and expect the up-cycle trend to continue. This has just began as capacity addition growth (i.e. ~4-5% CAGR over the next five to six years) is expected to remain behind the demand growth curve, which is likely to clock 6-8% CAGR. This will result in a gradual but steady improvement in utilisation. We expect all-India utilisation to reach 75% by FY20E from 70% reported in FY18
- With improving demand and utilisation levels, companies are now in a better position to take EBITDA-accretive price hikes. Also, they will have sufficient flexibility to manage costs by improving the blending ratio and lead distances
- The recent changes in axle load norms may provide additional loading capacity, thereby reducing freight costs by 5-7% per annum (i.e. ~₹ 55/tonne). Further, lower petcoke prices (down ~12% YoY) will further aid in margin expansion of companies. Accordingly, we expect the cost pressure to ease in coming years resulting in better growth and profitability, going ahead. Ultratech & Ramco cement remains our preferred picks in the cement space.

Which sectors will find favour?

Consumer Discretionary

- We believe capacity addition (acquisition, greenfield expansion), fresh inventory build-up at dealer level (largely in case of cooling products) coupled with price hike (~4-5% to offset higher raw material prices) would drive the consumer discretionary (CD) sector growth at 17% YoY in FY20E. Fulfilment of poll related promises in rural India (such as higher MSP, loan waivers, etc) coupled with lower base would drive piping and cooling product volume growth by ~14% and ~22%, respectively, in FY20E
- As raw material prices (crude oil, PVC & copper prices) have started settling down, we believe price hikes during H2FY19 by most CD companies coupled with improved plant utilisation would result in an increase in EBITDA margin by 100 bps YoY to ~16%. With strong fundamentals such as strong earnings growth, lighter balance sheet and higher return ratios, the CD universe is trading at 35x FY20E earnings. Given the shorter repainting cycle, higher rural spending, rising premiumisation and low penetration level, we believe companies such as Astral Poly, Kansai Nerolac and Voltas are well placed to benefit the most from these macro-economic factors.

FMCG

- FMCG companies are expected to deliver strong volume led growth (12% growth for our FMCG universe in FY20E) supported by strong rural demand on the back of higher election spend and government's thrust on increasing farm incomes. We believe companies that focus on innovation, premiumisation and segments with low penetrations levels would witness strong growth, going forward. FMCG companies have started focusing on increasing their direct distribution reach, thereby reducing dependence on wholesale channels, which should augur well for overall volume growth
- FMCG companies should be able to consolidate their elevated margins (our coverage universe would see 50-100 bps margin improvement in FY18-20) as inflation seen in crude led input costs would be mitigated by calibrated price increases. FMCG companies are now resorting to digital advertisements against erstwhile TV/print advertisement to drive higher operating margins. We prefer Jyothy Laboratories and ITC on account of attractive valuations. ITC has been increasing focus on FMCG business that has potential to grow 2-3x in near future

IT

- Revenues of Indian IT companies could witness headwinds mainly led by macro uncertainty in the UK over Brexit, volatility in European financial and retail segment along with a growth slowdown in the US economy
- From a margin perspective, pressure in traditional business, talent supply crunch, higher onsite and subcontracting cost could keep margin expansion challenging
- On the positive side, we believe an increase in digital pie (growing at 25-30% YoY) and healthy deal wins in past few quarters would act as a trigger for growth (leading to revenue growth of 7-8% in FY18-20E). From a margin perspective, increasing contribution from higher margin digital business and operational efficiency could act as a tailwind
- We believe earnings growth expectation of top Tier IT companies (12-18%) is reflected in the current market price (Tier I players are trading at 12-20x FY20E EPS). Further, buybacks and FCF yield (4-5%) would limit the downside in stocks. Wipro, Tech Mahindra and NIIT Technologies are our preferred picks in the segment

Infrastructure

- Tendering activity has been strong, growing 21.6% YoY in YTD FY19. However, with the code of conduct kicking in before the 2019 general elections, tendering is expected to take a backseat in the interim. Nonetheless, we continue to like EPC companies having a strong orderbook position, giving visibility on execution front
- Our EPC universe has a robust orderbook position, with an orderbook-to-bill ratio of 3.0-4.0x TTM revenues. Secondly, with most of our EPC coverage companies having achieved financial closure for several HAM projects in their portfolio, we believe execution is set to pick up in FY20E (23.9% CAGR during FY18-20E)
- Our coverage companies also makes strong case for investment given credible ratings & balance sheet strength, making them well placed to anchor strong order inflow & good execution pickup. Additionally, benign inflation could lead to lower interest rate scenario in CY2019 leading to upgrade in earnings (every 1% reduction in interest rate would lead to 3-15% upgrade in earning estimates).
- Currently, our EPC universe is trading at attractive valuations of 6-13x FY20E P/E (ex-Ashoka & NBCC) against robust earnings growth of ~16% CAGR over FY18-20E. We continue to like PNC Infratech & NCC within this space

Source: ICICI Direct Research

Positive Outlook on Sector

Neutral Outlook on Sector

Negative Outlook on Sector

Which sectors will find favour?

Hotels

- The domestic hotel segment has been witnessing some green shoots with demand growth (6.4% YoY) outpacing supply growth (3.9% YoY) in the past 12 months. The trend of slower inventory creation is expected to continue up to FY21-22 as there had been clampdown in new hotel project announcements in FY15-18
- The muted supply pipeline is expected to be the backbone of the current up cycle, even as demand continues to grow at a healthy rate, led by a recovery in the domestic economy, increasing foreign tourist arrivals, and higher MICE activity
- In the last upcycle (FY04-08), industry occupancy increased from 65% to 73%, with ARR CAGR of 20% during the same period. We believe the Indian hospitality industry is ready for the next upcycle, as occupancy has already breached the optimum level of 65% in FY18
- With this favourable dynamic, the sector is expected to witness a transition from occupancy led growth cycle to growth led by strong ARRs over next three to four years. We like Indian Hotels & EIH in the hotel space.

Media

- The broadcasting sector is expected to continue its growth momentum albeit low to mid teen trajectory on continued strong volume traction for FMCG companies. *However, OTT remains a key risk in for the broadcasting sector.* News channels are expected to be key beneficiary of elections in FY20. *Key monitorable : i) Zee Entertainment announcement on technology partner, ii) Successful implementation & impact of Trai tariff order effective January 1, 2019*
- GST benefits to Multiplexes and exciting content slate in CY19 is likely to result in healthy growth in FY20. Most importantly, key players have lined up organic expansion plans over next 2-3 years, which bodes well for medium term outlook.
- Growth in the radio sector is expected to be lower at 10-12% from earlier 16-18% growth projections with tailwind from election being a possible upside. Breakeven at news stations is expected to add up to overall profitability
- Print is expected to continue its underperformance on slow ad revenue growth as the sector is yet to come out of after effects of regulations. However, the only silver lining could be moderation of newsprint costs (~29-30% of topline)

Metals and Mining

- For the global metal sector, the outcome of China-US trade negotiations would be a key monitorable.
- The Indian finished steel consumption grew by ~8% YoY during H1FY19. On the back of increased government's focus on infrastructure, we expect the steel demand to remain firm in FY20E.
- Within metal space we prefer ferrous players vis-a-vis non-ferrous on the back of a) relative strength witnessed in global steel prices vis-a-vis non-ferrous peers b) support given by government in form of levy on anti-dumping duty to protect domestic steel players c) declining trend witnessed in Chinese steel exports (down 9.2% YoY to 59 million tonnes in first 10 months CY18). Amongst the sub-segments, we like players having higher exposure to flat steel/value added products in their portfolio due to stable realizations and healthy demand prospects from end user industries such as automobiles, white goods etc. Within large cap space we like Tata Steel and JSW Steel, while in the mid-cap space we prefer Maharashtra Seamless and Ratnamani Metals and tubes.

Oil and Gas

- With expectations of lower crude oil prices in the range of US\$ 55-70/barrel for the next year mainly on account of higher US oil production, realisations of PSU oil upstream companies are expected to decline. It is expected to leave limited upside in stock prices
- Although lower crude oil prices are a positive for OMCs, the strength of the new central government will be the key that will determine any burden/subsidy on these companies. On account of the above uncertainty, flattish marketing margins and current subdued GRM's, we would remain negative on OMCs
- We continue to remain positive on the gas utilities within the oil & gas space over the medium-long term on account of favourable government policies, stronger rupee and relatively benign raw material costs scenario. With increase in domestic gas production and higher LNG imports expected over the next few years, we expect steady volume growth for City Gas Distribution and transmission companies. We expect 13.5% CAGR in earnings over FY18-20E on account of increase in volumes, better transmission charges and healthy pricing power

Source: ICICI Direct Research

Positive Outlook on Sector

Neutral Outlook on Sector

Negative Outlook on Sector

Which sectors will find favour?

Real Estate

- The commercial segment remains the sweet spot. The office space's annual absorption of ~46 msf is likely to exceed anticipated average annual supply of 41.2 msf in FY19E-21E. Furthermore, with vacancies in quality and well-located office spaces expected to decline in top cities, we expect lease rentals to go up. Even several recent marquee commercial space investments by Blackstone, GIC etc., shows optimism within this space. We like Phoenix Mills within this space given its top quality assets portfolio
- On residential front, demand in residential realty showed initial signs of revival (3% YoY sales volume growth in H1 2018) after grappling with demonetization, GST, RERA for last two years. The affordable & mid-segment housing remains the silver line in residential market, which is driving sales volumes. However, with NBFC liquidity crisis post IL&FS episode, volume recovery could pause in the interim. We would be closely monitoring further developments on this front
- We expect our coverage companies to achieve sales volume growth of 26.4% CAGR to ~9 msf in FY18-20E. We like Oberoi Realty, which has quality land bank and robust launches planned ahead

Retail

- Post implementation of demonetization and GST, organized retail is in a sweet spot given the low penetration of ~ 12% and opportunity of market share gains from the unorganized players. Jewellery (organized share of ~15%) and Apparel Retail (organized share of ~20%) are poised to grow at CAGR of ~ 18% in FY18-FY21 driven by higher discretionary spends.
- The strategy of retailers with respect to optimizing store size, closing loss making stores and increased share of high margin private labels (500 to 1000 bps higher gross margin than national brands) have yielded better margin profile for the retail players in the recent times. We anticipate EBITDA margin expansion to sustain with margins improving by 130 bps from 9.2% in FY18 to 10.5% in FY20 for our coverage universe.
- With major headwinds largely behind, green shoots were visible in H1FY19 with revenue growth of ~ 15% in spite of shift of festive season and fewer wedding dates. We expect stronger performance from H2FY19 with FY19/FY20 revenue growth of 18%/17%. We prefer Apparel and Jewellery retailers with Aditya Birla Fashion & Retail, Trent and Titan being our preferred picks.

Pharma

- We expect Pharma companies to continue their pursuit of product and cost rationalisation in order to improve profitability and return ratios in the backdrop of US specific headwinds
- We expect downward revision of R&D and other related expenses and more focus on marketing costs for Specialty and Biosimilars. Waning concerns on Chinese raw material sourcing and moderating crude prices besides improving operating leverage is likely to contribute to margin expansion
- Most companies in the sector are moderating capex plans to focus on better RoCE. Only specific API players have augmented capex to tap Chinese shortage opportunities
- On revenues front, we expect normalised growth in key geographies and lower base to drive growth- US(~30% of coverage revenues)- FY18-20E CAGR- 17%; India- (~22% of coverage revenues)FY18-20E CAGR- 14%
- We expect I-Direct healthcare coverage revenues, EBITDA and PAT to grow at a CAGR of 15.2%, 18.3% and 24.3% in FY18-20E. We prefer Divi's Labs Aurobindo Pharma, Sanofi and Apollo Hospitals

Telecom

- We are witnessing early glimpse of the industry heading towards a strong two player industry (Airtel and Jio) as Vodafone Idea continued to be weak amongst them despite ambitious fund raising announcements. In terms of data usage, we expect data volumes to continue to grow at healthy pace, albeit in low teens on a high base. The pricing has been stable for the last six months. Hence, we believe there seems to be no downward risk in tariffs from here. The only negative covenant is the aggressive push of Jio phone from Jio. We expect ARPU to grow in double digits in FY20 aided by introduction of minimum recharge packs by incumbents.
- On the operators front, we prefer Bharti Airtel, which is well funded (preparing a war chest of ₹ 30,000 crore through various fund raising options to take on any competitive pressure coming from Jio)
- In the telecom product space, the segment is in a sweet spot given the robust global demand especially from on account of transition to 5G and domestic traction from Bharatnet. We expect Sterlite Technologies to report ~38% earnings CAGR over FY18-20E (vs. ~40% in FY15-18).

Source: ICICI Direct Research

Positive Outlook on Sector

Neutral Outlook on Sector

Negative Outlook on Sector

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Top Picks for 2019

Apollo Hospitals (APOHOS)

Target Price: ₹ 1440 (16% upside)

- Apollo Hospitals derives revenues from two broader segments - 1) healthcare services i.e. hospitals, 2) pharmacy
- The healthcare services segment (55% of FY18 revenues) has grown at a 13% CAGR in FY13-18 on account of incremental hospital addition. Constant addition of new hospitals, aggressive ramp up in Apollo Health & Lifestyle (AHL) have put pressure on EBITDA margins and return ratios. However, in the past, the company has demonstrated its ability to balance between expansion and profitability. We expect more focus on improvement of important parameters like average length of stay (ALOS), average revenue per operating bed (ARPOB) and ultimately on improving return ratios
- Pharmacy business (40% of FY18 revenues) has grown at ~24% CAGR in the last five years due to consistent addition of new pharmacies. We expect the pharmacy business to grow at ~18% CAGR in FY18-20E to ₹ 4525 crore on the back of higher sales from existing stores
- Recent financials demonstrate a consistent margin improvement across segments. Another key takeaway is signalling of near completion of the long capex cycle and a determined focus on improvement in margins and return ratios. With a hint of capex marginalisation, the company will be able to focus on asset optimisation. The company owns one of the best integrated business models in the healthcare space with strong management pedigree. With the proposed pharmacy reorganisation, the path is clear for out and out unlocking in the future

(₹ Crore)	FY17	FY18	FY19E	FY20E
Net Sales	7,255	8,243	9,302	10,681
EBITDA	729	793	1,059	1,324
PAT	221	118	371	671
EPS (₹)	15.9	8.5	26.6	48.2
PE (x)	79.5	149.3	47.4	26.2
P/BV (x)	4.8	5.4	4.9	4.3
RoNW (%)	6.0	3.6	10.4	16.4
RoCE (%)	6.1	6.3	9.8	13.7

Astral Poly Technik (ASTPOL)

Target Price: ₹ 1250 (12% upside)

- Astral came out with a strong set of H1FY19 numbers wherein revenue, PAT increased 20%, 30% YoY, respectively, led by impressive growth in the adhesive segment (revenue up 25% YoY). The piping segment revenue growth at ~12% YoY was lower-than-expected mainly due to trucker's strike, floods in Kerala and fall in PVC prices, which led to sales deferral by dealers. Despite this, EBITDA margins increased ~200 bps YoY to 15.6% due to price hike (mainly in adhesive segment), change in product mix and backward integration (mainly in the piping segment). We have modelled volume growth of ~20% in the piping segment for FY18-21E led by pent up demand coming from both housing and infrastructure segment. We believe the recent acquisition of Rex (industrial pipes) coupled with organic expansion would lead to increase in pipe manufacturing capacity by ~45% in FY19E. Adhesive segment, which contributes ~30% to the topline, may record revenue CAGR of 22% in FY18-21E supported by capacity addition and expansion in new geographies
- We reckon that a revival of the plastic piping industry is on the cards with government push on housing and infrastructure sector, implementation of GST and continued replacement demand. In addition to this, strong balance sheet of the company (with D/E at 0.1x and RoE, RoCE at ~23%, ~17%, respectively,) coupled with strong free cash flow generation in FY20E-21E (as no major capex announced by the company for FY20-21E) would justify the premium valuation

(₹ Crore)	FY18	FY19E	FY20E	FY21E
Net Sales	2,106	2,596	3,296	3,926
EBITDA	317	403	513	622
PAT	176	212	276	348
EPS (₹)	14.7	17.7	23.1	29.1
PE (x)	73.3	60.6	46.6	36.9
P/BV (x)	12.6	9.9	8.3	6.8
RoNW (%)	17.2	16.4	17.7	18.5
RoCE (%)	22.9	23.4	25.1	26.4

Source: Company, ICICI Direct. Research

Top Picks for 2019

City Union Bank (CITUNI)

Target Price: ₹ 225 (22% upside)

- City Union Bank is one of the oldest private sector bank with 100+ years of existence with continuous profitability & dividend payout. It is largely a south based bank with a network of 607 branches (415 in Tamil Nadu alone). CUB's business traction at 29% CAGR over FY06-13 has been higher than industry, except in FY14-15 maintaining its trajectory of consistent >20-22% growth. We expect credit growth of 17% CAGR over FY18-20E to ₹ 38170 crore
- CUB has been able to maintain NIMs of 3%+ for over a decade across economic cycles despite a low CASA base (~24% of total deposits). This is led by its loan book, which is focused on the SME/MSME segment (~50% of loans) that is high yielding with sticky customers and wherein re-pricing is possible. Further, ~90% of the book is on a floating basis, which reduces interest rate risk. We expect calculated NIM to stay healthy at >3% levels in FY18-20E
- CUB's lending philosophy of giving small ticket secured loans helps control asset quality. Around 1:1 loan to collateral ratio was maintained with unsecured loans at 1% of loans. It did not go overboard on growth in peak years of 2007-08. Currently, GNPA ratio is at ~2.85%. We expect GNPA, NNPA ratios at ~2.7%, 1.1%, respectively, by FY20E
- The bank maintains its RoAs >1.5% & RoE >15% consistently on the back of healthy credit growth, strong NIMs & controlled asset quality. CUB is well placed among regional players and on the capital front with tier I ratio at 14.7%. It has historically traded at a premium to other regional banks led by better return ratios. We have a **BUY** recommendation with a target price of ₹ 225 (3x FY20E ABV)

(₹ Crore)	FY17	FY18	FY19E	FY20E
NII	1,199.0	1,430.0	1,593.0	1902.0
PPP	994.0	1,208.0	1,279.0	1501.0
PAT	503.0	592.0	653.0	780.0
EPS (₹)	8.4	8.9	8.9	10.6
PE (x)	21.9	20.6	20.6	17.3
P/BV (x)	3.1	2.9	2.8	2.4
RoE (%)	15.4	15.5	14.7	15.2
RoA (%)	1.5	1.6	1.5	1.6

Grindwell Norton (GRINOR)

Target Price: ₹ 625 (15% upside)

- Grindwell Norton (GNL) is a major player in the Indian abrasives industry with ~25% market share. Backed by the strong parentage of Saint Gobain, a robust balance sheet and a huge product portfolio, GNL is a major beneficiary of a recovery of domestic industrial markets. To stay ahead of the curve, GNL keeps introducing new value-added products every year with the support of its strong parent - Saint Gobain. This gives GNL sufficient pricing power in the price-sensitive segments of the business
- Going forward, we expect all three segments - abrasives (~60% of topline), ceramics & plastics (C&P) (~30% of topline and new initiatives (~10% of topline) of GNL to grow at a healthy rate. We expect GNL's abrasive segment to grow at 11.2% CAGR in FY18-21E. C&P and new initiatives segment are expected to grow at 18% and 24% CAGR, respectively, in FY18-21E. We believe such healthy growth rates are possible due to traction from end user industries like auto, pharma, life sciences, oil & gas, etc
- To support its growth segments (C&P, new initiatives and abrasives), GNL has also planned a capex of ₹ 50 crore for these segments. Thus, we expect GNL to post healthy topline, EBITDA and bottomline growth of 15.2%, 13.8% and 14.3%, respectively, over FY18-21E. Additionally, with a cash balance of ₹ 253 crore (H1FY19) and debt-free status, we believe GNL is a quality play

(₹ Crore)	FY17	FY18	FY19E	FY20E
Net Sales	1,263	1,431	1,669	1,931
EBITDA	193	247	282	321
PAT	119	150	173	198
EPS (₹)	10.8	13.5	15.6	17.9
PE (x)	49.6	39.6	34.2	29.9
P/BV (x)	6.6	6.0	5.4	4.8
RoNW (%)	13.4	15.1	15.8	16.1
RoCE (%)	19.4	22.2	23.3	23.8

Source: Company, ICICI Direct Research

Top Picks for 2019

Jyothy Laboratories (JYOLAB)

Target Price: ₹ 240 (20% upside)

- Jyothy Laboratories (JLL) diversified from a single brand (Ujala) into a multi-product company with Maxo (mosquito repellent) & Exo (dishwash). Post acquisition of Henkel India in FY12, JLL got access to brands like Henko, Mr White, Chek, Pril, Margo, Neem and Fa along with a larger geographical presence (North, East India). JLL carved out six power brands (Ujala, Henko, Maxo, Pril, Exo, Margo). It has been focusing on the same to drive innovation and growth post acquisition. Its planned expansion in the ayurveda segment is expected to enhance its revenue from personal care segment in the foreseeable future. JLL has successfully been able to diversify Margo from its erstwhile traditional south market to pan India
- JLL has expanded its distribution network with its total outlets growing 7x from 0.4 million outlets in FY14 to 2.8 million outlets in FY18. JLL is planning to strengthen its modern trade channels in addition to fine-tuning products in accordance with the customer needs. Thus, it has segregated its distribution strategy to address rural and urban markets separately
- Flagship brands contribute ~87% of FY18 sales, growing at 11% CAGR in last five years. JLL has directed its focus primarily to power brands in a bid to improve visibility and aid brand recall. JLL is investing in A&P activities to market these power brands and maintain its growth rate in coming years. It has been able to reduce its debt over the years thereby resulting in net profit CAGR of 28.5%. The stock is trading at ~25% discount to our FMCG universe thereby making it an attractive investment opportunity.

(₹ Crore)	FY18	FY19E	FY20E	FY21E
Net Sales	1,699.7	1,877.0	2,074.7	2,294.3
EBITDA	277.5	302.0	338.2	393.0
Net Profit	160.5	179.8	211.2	246.9
EPS (₹)	4.4	4.9	5.8	6.8
PE (x)	44.8	40.0	34.1	29.2
Mcap/Sales (x)	4.3	3.8	3.5	3.1
RoNW (%)	23.5	24.3	28.2	29.9
RoCE (%)	35.1	32.4	37.4	39.7

Ramco Cement (RAMCEM)

Target Price: ₹ 760 (19% upside)

- The Ramco Cement (Ramco) is one of the largest cement players in south India and is well placed to benefit from rising cement demand in southern region. In addition, Ramco's penetration in the eastern region is expected to further boost cement volumes (CAGR of 14.0%) in coming years
- Ramco is also one of the most cost efficient cement producers in south India, with cost advantage emerging from captive power of 175 MW and strategic plant location (split grinding unit near the markets and clinker plant near the mines). Ramco's reported EBITDA/t of ₹ 1,180/t in FY18 puts it in the league of tier-I players
- The company is planning to further penetrate in the east through capacity expansion. Of the 5.1 MT capacity expansion planned by the company, 2 MT will be in the east (1 MT each in West Bengal, Odisha) while 3.1 MT will be set up in the south (in Andhra Pradesh). The capacity expansion in the east will enable the company to remove capacity constraint and also increase its market share. The expansion in south will enable it to tap the growing opportunity of this market. With this, we expect revenues to grow at 15.6% CAGR in FY18-20E
- On the cost front, the changes in axle load norms would provide additional loading capacity, thereby reducing freight costs by 6-8%. The sharp fall in crude oil prices (down 30% from recent high) will also help reduce petcoke prices and freight costs going forward. Accordingly, we expect the pace of cost escalations to decelerate resulting in better profitability, going ahead. The stock is available at two-year forward EV/EBITDA of 10.2x against industry average of 13.0x

(₹ Crore)	FY17	FY18	FY19E	FY20E
Net Sales	3,949.5	4,406.4	5,113.0	5883.6
EBITDA	1,176.4	1,099.4	1,189.6	1578.1
PAT	649.3	555.7	601.4	813.9
EPS (₹)	27.3	23.5	25.5	34.5
PE (x)	22.9	26.6	24.5	18.1
P/BV (x)	13.7	14.4	13.6	10.2
RoNW (%)	17.4	13.7	13.6	16.2
RoCE (%)	12.7	10.4	9.9	12.2

Source: Company, ICICI Direct, Research

Top Picks for 2019

Somany Ceramics (SOMCER)

Target Price: ₹ 410 (27% upside)

- Somany Ceramics is a leading tile manufacturing company having total production capacity of 50.5 million sq mt (MSM) for tiles, 1.15 million pieces per annum (MPPA) for sanitaryware and 0.65 MPPA for faucets. Somany faced several operational disruptions like truckers' strike, Kerala floods, etc that impacted its volume growth & financial performance in H1FY19. However, with these issues now settled, we believe the worst is behind for the company. Hence, volume growth should pick up in H2FY19E and FY20E. Additionally, strict credit control measures incorporated by the company have made it structurally strong. Thus, we expect double-digit volume growth in FY20E and expect revenues to grow at 9.7% CAGR to ₹ 2054.8 crore in FY18-20E
- Somany took price hikes across product portfolio to the tune of 2.0-2.5% for tiles and 5-6% for sanitaryware & faucets in Q3FY19. Secondly, the 3.5 MSM GVT capacity addition in Andhra Pradesh is expected to be commissioned in February, 2019, which will increase share of value-added products in its portfolio (~21% currently). Thirdly, gas prices (currently ~₹ 40/SCM) are expected to drop due to the recent sharp fall in crude oil prices. Thus, we believe EBITDA margins have bottomed out at 6.7% in Q2FY19 and could improve to 10.0% in FY20E
- Historically, Somany has traded at ~15% discount to Kajaria's valuation. However, due to a significant underperformance, it is currently trading at 15.8x FY20E EPS, which is at 40% discount to Kajaria's current valuation. Nonetheless, with the anticipated improvement in financial performance of Somany, we expect this gap to narrow down

(₹ Crore)	FY17	FY18	FY19E	FY20E
Net Sales	1,727.8	1,708.2	1,730.8	2,054.8
EBITDA	230.6	181.4	131.5	205.5
Net Profit	112.1	77.5	39.8	86.8
EPS (₹)	26.4	18.3	9.4	20.5
PE (x)	12.3	17.7	34.5	15.8
P/BV (x)	2.6	2.4	2.2	2.0
RoNW (%)	21.4	13.3	6.5	12.7
RoCE (%)	18.3	12.2	7.6	12.0

Source: Company, ICICI Direct. Research

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