

Consumer

Oct-Dec'20 Earnings Preview

January 7, 2021

Exhibit 1: PL Universe

Companies	Rating	CMP (Rs)	TP (Rs)
Asian Paints	UR	2,805	NA
Avenue Supermarts	UR	2,915	NA
Britannia Industries	BUY	3,540	4,301
Colgate Palmolive	Hold	1,598	1,570
Dabur India	Acc	534	539
Emami	BUY	450	526
Hindustan Unilever	BUY	2,417	2,502
ITC	BUY	205	254
Jubilant FoodWorks	UR	2,789	NA
Kansai Nerolac Paints	UR	613	NA
Marico	Hold	419	410
Nestle India	Hold	18,515	17,640
Pidilite Industries	UR	1,795	NA
Titan Company	UR	1,573	NA

Source: PL

Top Picks

Hindustan Unilever

Britannia Industries

Amnish Aggarwal
amnishaggarwal@plindia.com | 91-22-66322233

Charmi Mehta
charmimehta@plinida.com | 91-22-66322256

Heet Vora
heetvora@plindia.com | 91-22-66322381

Demand traction building up

We remain constructive on consumer space given strong tailwinds of demand from rural India and increased transition towards organized and large players in post covid scenario. We believe companies like HUL, Britannia, D'Mart, Titan, Jubilant Foods, Nestle, Asian Paints and Pidilite have strong moats which will pay off in the long term. We prefer HUL and Britannia as our top picks at this point of time. Given sharp run up in stock prices, we place ratings and targets under review in Avenue Supermart, Asian Paints, Kansai Nerolac, Titan Inds, Pidilite and Jubilant Foodworks. We shall come out with Revised target prices at the time of 3Q results.

Most companies to record growth in 3QFY21

3QFY21 performance is likely to show signs of recovery led by sustained rural demand and gradual pickup in urban demand post unlock and normalization of supply chain. We believe that margins for select players will start correcting QoQ given rising commodity costs and comeback of ad spends, marketing and overheads. Sales and PBT is expected to increase by 10.5% and 22.1% respectively. EBITDA margins likely to expand ~280bps. Adj PAT to grow 20.7%.

Apart from Titan and ITC(Cigarettes), we expect volume growth across all companies. Due to improvement in consumer sentiment and declining covid cases, there has been uptick in discretionary spends and volume growth.

Rural demand driving growth

- **Sustained rural demand, urban demand is gearing up:** Rural demand is likely to be sustained, while we expect urban demand to pick up especially in smaller towns and tier 3 & 4 cities.
 - Rural demand has been the saving grace for FMCG sector since lockdown due to increased spends as a result of good monsoon, higher MSPs and increased Government spends.
 - We expect rural demand momentum to continue in 3Q led by 1) favorable climate for rabi crops, 2) higher crop prices (high food inflation) and 3) pickup in rural and small town labor demand led by MNREGA and construction activity.
 - While urban lagged rural demand in 1H21, our channel check suggests QoQ improvement led by 1) opening up of economy, 2) strong festive and wedding demand and 3) increase in out of home consumption. We believe it will take another 1/2 quarters for urban demand to reach pre-covid levels.
- **Food/Hygiene growth normalized, discretionary shows revival:** Demand for grocery essentials is coming back to normal levels due to pantry de-stocking while demand for discretionary products has started improving gradually.

- Availability of products and improvement in its supply chain and distribution led to pantry de-stocking resulting in normalized demand for **packaged food products**.
- Abnormal growth in **hygiene** products like Sanitizers and hand wash etc. have peaked out although still up significantly than last year.
- **Food delivery and takeaway** revenues are significantly above pre covid levels, dine in has started but remained subdued. Overall sales have normalized to more than 80-90% levels as takeaway and drive thru is compensating for shortfall in dine in significantly.
- While **discretionary product** demand is improving QoQ, it is still well below last year's levels. Personal care products like Deo's and color cosmetics sales have improved as well as people are now moving out.
- **Online here to stay, Hyper/Supermart sales limping back to normalcy:** Covid forced consumers to buy groceries online due to movement restrictions and convenience of getting them at doorstep.
 - Our channel checks suggest that general trade and e-com continue to benefit given the precautions and easy accessibility.
 - LFS and MBOs are now operational, however, we expect them to face challenges in terms of lower footfalls and online shift, although worst seems over for these formats.
 - We expect positive growth in **Hypermart/Supermart** revenues QoQ as footfalls have improved due to lower restrictions and prolonged timings.
- **Paints on a fast growth trajectory:** Due to festive and wedding season and end of monsoon period, 3Q is likely to report strong double digit volume growth.
 - Demand continues to be led by Tier2/3 cities and small towns which will result in strong demand for low/mid end emulsions.
 - Metros and Big cities are coming back strongly with renewed trend towards premiumisation
 - Non Decorative paints led by auto and powder coatings are likely to do well given strong re-bounce in automotive and white goods sales.
- **Wedding demand drives Jewellery revenues:** In our view, 3Q Jewellery demand is likely to grow due to festivals like Diwali, Dusherra and upcoming wedding season. As most karigars have returned along with removal of restrictions, this industry is likely to face revival in demand in 3Q. We expect studded Jewellery ratio to increase although it will remain lower than pre covid levels. Volumes are yet to come back given sharp increase in Gold prices in the last 12-18 months.
- **Crude linked RM and palm oil prices act as headwinds:** Input costs both for Agri and crude linked inputs are gradually inching up.
 - Crude linked input prices higher in 3Q by 1-14% YoY, with HDPE prices higher by 28.8% YoY.

- Wheat/Barley/Mentha oil prices softened by 18.8%/31.1%/21.1% YoY.
- Prices for sugar is range bound and is currently at Rs3170/quintal.
- Prices for Palm oil/Palm Fatty Acid/SMP inched up by 23.4%/71.2%/3.5% YoY.
- Copra prices up 23.7% YoY and 12.7% QoQ.
- Though Gold prices are down 2.0% QoQ, they are still up 31.7% YoY.

Key stocks

- **Hindustan Unilever:** We retain HUL as a structural pick in the consumer space due to its strengths in key categories of Personal Hygiene, Hair care, laundry. We believe Horlicks integration is on track and benefits of renewed thrust on marketing, 3x bigger distribution and small pack focus will benefit in coming quarters. Although we don't rule out near term pressure on margins due to commodity headwind and category specific demand pressures in Laundry and slower growth in hygiene, long term outlook remains intact. We estimate CAGR of 11.6% in sales and 18.2% in EPS over FY21-23. Assuming 90% payout over FY20-23, HUL is expected to end FY23 with cash surplus of Rs62/share, making it ripe candidate for a Buyback. Retain Buy with DCF based target price of Rs2502.
- **Britannia Inds:** Although we believe best quarter is behind and impact of unlocking and pantry destocking has started softening growth rates, our long term outlook remains intact led by 1) innovations, 2) affordable packs/pricing (biscuits-Rs5/10 in premium brands), 3) direct distribution reach (3x since 2014), 4) success in non- biscuits segments (Cake, Cream wafers, salted snacks, milkshakes – 19% sales CAGR over FY20-23), 5) cost efficiency programs (Rs2.5bn/1.5-2% of sales) and 6) high growth in Hindi heartland (1.2-2.5x). Although the stock may consolidate for some time, it looks good for long term. Retain Buy with a target price of Rs4,301 (46x FY23 EPS).

Exhibit 2: 3Q volumes bounce back across segments

Volume growth (%)	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21E
Asian Paints	24.0	10.0	20.0	16.0	11.0	2.5	-38.0	11.0	16.0
Britannia	7.0	7.0	3.0	3.0	3.0	0.1	21.5	9.0	9.0
Colgate	7.0	5.0	6.0	4.0	2.3	-8.0	-8.0	2.3	5.0
Dabur India	12.4	4.3	9.6	4.8	5.6	-14.6	-9.7	16.8	15.0
Emami	3.5	2.0	2.0	1.0	-3.0	-20.0	-28.0	10.0	13.0
ITC (Cigarettes)	7.5	7.5	2.5	3.0	2.0	-11.0	-37.0	-11.5	-5.0
HUVR	10.0	7.0	5.0	5.0	5.0	-7.0	-15.0	1.0	1.5
Kansai Nerolac	15.0	4.0	10.0	1.0	-2.5	-10.0	-54.0	8.6	15.0
MRCO - Parachute	9.0	6.0	9.0	-1.0	-2.0	-8.0	-11.0	10.0	12.0
- Saffola	2.0	18.0	3.0	1.0	11.0	25.0	16.0	20.0	15.0
- Hair Oil	7.0	1.0	7.0	0.0	-7.0	-11.0	-30.0	4.0	11.0
Pidilite	10.8	2.5	6.3	0.6	3.0	-4.2	-58.3	7.6	12.0
Titan (Jewellery)	34.0	15.0	6.0	-14.0	-5.0	-20.0	-81.0	-21.0	-10.0
Jubilant (Dominos)	14.6	6.0	4.1	4.9	5.9	-3.4	-61.4	-20.0	5.0

Source: Company, PL

Exhibit 3: Q3FY21 Result Preview

Company Name		Q3Y21E	Q3FY20	YoY gr. (%)	Q2FY21	QoQ gr. (%)	Remark
Asian Paints	Sales	60,707	54,203	12.0	53,502	13.5	APNT is expected to gain from strong demand during festival season and tier2/3 towns as Metros and big cities are improving QoQ but not yet normal. Watch out for RM price trends for coming quarters.
	EBITDA	14,691	11,894	23.5	12,652	16.1	
	Margin (%)	24.2	21.9		23.6		
	PBT	13,226	10,381	27.4	11,337	16.7	
	Adj. PAT	9,898	7,797	27.0	8,349	18.6	
	Volume Growth (%)	16.0	11.0		11.0		
Britannia Industries	Sales	31,293	28,192	11.0	32,276	(3.0)	We estimate flat QoQ volume growth and peaked out GM and EBITDA margins given unlock led softening of demand and increase in RM and Overheads. We estimate 130bps margin expansion and 19.5% EBITDA growth YoY. Watch out for commentary on demand trends and Input cost inflation.
	EBITDA	5,758	4,818	19.5	6,209	(7.3)	
	Margin (%)	18.4	17.1		19.2		
	PBT	5,438	4,858	11.9	6,248	(13.0)	
	Adj. PAT	4,078	3,604	13.2	4,623	(11.8)	
	Gross Margin (%)	40.0	39.9		40.5		
Colgate Palmolive	Sales	12,359	11,472	7.7	12,855	(3.9)	We estimate 5% volume growth with market share gains and strong showing by Swarna Ved shakti and CDC, even as premium segments are still under pressure. We estimate 22% EBITDA growth on 360bps margin expansion due to higher gross margins and lower ad spends and overheads.
	EBITDA	3,857	3,161	22.0	4,093	(5.8)	
	Margin (%)	31.2	27.6		31.8		
	PBT	3,394	2,674	26.9	3,689	(8.0)	
	Adj. PAT	2,521	1,991	26.6	2,742	(8.0)	
	Volume Growth (%)	5.0	2.3		2.3		
Dabur India	Sales	26,589	23,530	13.0	25,160	5.7	We estimate 15% volume growth led by strong demand from rural India and in health, nutrition and Oral care segments. We estimate 16% growth in EBITDA led by efficiency gains. Watch out for the trend in the sales of new launches done in past few quarters and impact of inflationary trends.
	EBITDA	5,717	4,929	16.0	5,694	0.4	
	Margin (%)	21.5	20.9		22.6		
	PBT	5,912	5,025	17.7	5,899	0.2	
	Adj. PAT	4,729	4,188	12.9	4,829	(2.1)	
	Volume Growth (%)	15.0	5.6		16.8		
Avenue Supermart	Sales	72,921	67,519	8.0	52,182	39.7	D'Mart will show positive topline growth although EBITDA and PAT will be flattish on lower sales of Gen Merchandise and Apparel. QoQ recovery will be visible including further pickup in Dmart ready traction
	EBITDA	5,907	5,931	-0.4	3,249	638.4	
	Margin (%)	8.1	8.8		6.2		
	PBT	5,347	4,973	7.5	2,824	729.6	
	Adj. PAT	3,978	3,943	0.9	2,106	947.7	
	Cost of Retail (%)	6.4	6.2		7.8		
Emami	Number of Stores added	5.0	7.0		6.0		
	Sales	9,345	8,126	15.0	7,348	27.2	We estimate 13% volume growth, 22% EBITDA and 35% PAT growth on a low base. Rural upsurge and Strong winter will boost demand for Boroplus, Chawyanprash etc. Watch out for trend in Kesh King, F&H and new launches and mgt commentary on promoter pledge.
	EBITDA	3,224	2,639	22.2	2,571	25.4	
	Margin (%)	34.5	32.5		35.0		
	PBT	2,509	1,892	32.7	1,477	60.4	
	Adj. PAT	2,000	1,477	38.5	1,184	66.4	
	Volume Growth (%)	13.0	(3.0)		10.0		
Hindustan Unilever	Sales	1,14,950	98,080	17.2	1,14,420	0.5	we estimate 1.5% volume growth and 4.5% sales growth excluding GSK business. Overall sales and EBITDA are expected to grow by 17% and 16% on 199bps decline in GM and 20bps in EBITDA margins. Demand for personal care, OOH segments will improve QoQ. Hygiene and Food segments will slowdown. RM inflation in Tea and Palm oil will hurt.
	EBITDA	28,393	24,450	16.1	28,690	(1.0)	
	Margin (%)	24.7	24.9		25.1		
	PBT	26,738	23,280	14.9	27,420	(2.5)	
	Adj. PAT	19,839	16,910	17.3	20,350	(2.5)	
	Volume Growth (%)	1.5	5.0		1.0		

Company Name		Q3Y21E	Q3FY20	YoY gr. (%)	Q2FY21	QoQ gr. (%)	Remark
ITC	Sales	1,22,533	1,20,130	2.0	1,11,831	9.6	ITC cigarette business is expected to show 5% volume decline as supply chain issues and lockdown impact gets reduced. Food Products will show slow growth QoQ as demand moderates. Paper is expected to be under pressure due to lower demand and competition while Hotels will show higher occupancy. Expect a decline of 2% in sales, 3% in EBITDA and 12% in PAT YoY.
	EBITDA	44,724	46,127	(3.0)	40,606	10.1	
	Margin (%)	36.5	38.4		36.3		
	PBT	48,784	51,676	(5.6)	42,743	14.1	
	Adj. PAT	36,296	42,740	(15.1)	32,324	12.3	
	Cigarette Volume Growth (%)	(5.0)	2.0		(11.5)		
	Cigarette EBIT Growth (%)	(3.9)	5.6		(15.6)		
	FMCG EBIT	2,206	1,076	105.0	2,527	(12.7)	
Jubilant FoodWorks	Sales	11,232	10,596	6.0	8,055	39.4	We estimate sustained recovery in demand with 5% SSG and 20% growth in EBITDA. Dine in remains under pressure while strong festive and year end demand has boosted sales.
	EBITDA	3,055	2,536	20.5	2,147	42.3	
	Margin (%)	27.2	23.9		26.7		
	PBT	1,935	1,389	39.3	1,016	90.4	
	Adj. PAT	1,432	1,037	38.1	769	86.2	
	SSG %	5.0	5.9		(20.0)		
	Dominos Stores	1,294	1,325		1,264		
Kansai Nerolac	Sales	13,792	12,481	10.5	12,881	7.1	We estimate 15% volume growth led by 20% volume growth in decorative paints and high single digit volume growth in Industrial paints. Margins will improve YoY on a low base. Watch out for commentary on volume growth and Input prices..
	EBITDA	2,593	1,919	35.1	2,594	(0.0)	
	Margin (%)	18.8	15.4		20.1		
	PBT	2,310	1,717	34.6	2,296	0.6	
	Adj. PAT	1,732	1,227	41.2	1,694	2.3	
	Volume Growth (%)	15.0	(2.5)		8.6		
	Gross Margin (%)	39.5	37.5		39.2		
Marico	Sales	20,246	18,240	11.0	19,890	1.8	we estimate 12.5% volume growth led by double digit volume growth in all key segments and mid-single digit growth in overseas business. Operating leverage will enable 110bps margin expansion even as inflation in input costs will suppress GM.
	EBITDA	4,373	3,730	17.2	3,890	12.4	
	Margin (%)	21.6	20.4		19.6		
	PBT	4,203	3,580	17.4	3,750	12.1	
	Adj. PAT	3,176	2,760	15.1	3,060	3.8	
	Parachute Volume Growth %	12.0	(2.0)		10.0		
	Volume Growth (%)	12.5	(1.0)		11.0		
	Saffola Vol Gr (%)	15.0	11.0		20.0		
Nestle India	VAHO Vol Gr (%)	11.0	(7.0)		4.0		We expect Nestle to sustain double digit volume growth led by strong traction in Maggi, Chocolates and QoQ recovery in out of home consumption. GM to soften QoQ, EBITDA margins to expand YoY on a low base
	Sales	35,230	31,493	11.9	35,417	(0.5)	
	EBITDA	8,614	6,730	28.0	8,935	(3.6)	
	Margin (%)	24.5	21.4		25.2		
	PBT	8,076	6,097	32.5	7,965	1.4	
Pidilite	Adj. PAT	6,015	4,681	28.5	5,970	0.7	Pidi will see traction from Adhesives and construction chemicals segment and gains from Huntsman acquisition. We expect double digit volume growth ex (huntsman) and EBITDA and PAT growth of 20.9% and 15.5% led by sustained volume growth and huntsman acquisition.
	Sales	21,867	19,266	13.5	18,803	16.3	
	EBITDA	5,598	4,632	20.9	5,126	9.2	
	Margin (%)	25.6	24.0		27.3		
	PBT	5,313	4,530	17.3	4,778	11.2	
	Adj. PAT	3,979	3,445	15.5	3,564	11.6	
Titan	Volume Growth (%)	12.0	3.0		3.6		TTAN 3Q will be driven by 15% volume growth in Jewellery and 88% and 90% recovery in watches and eyewear. Mix still remains under pressure and topline has a boost of Rs3bn from Bullion sales. Margins will remain under pressure YoY due to inferior mix. watch out for trend in sales in January and hedging adjustments in the current quarter.
	Sales	71,992	62,062	16.0	43,180	66.7	
	EBITDA	7,847	7,356	6.7	2,940	166.9	
	Margin (%)	10.9	11.9		6.8		
	PBT	6,997	6,371	9.8	2,380	194.0	
	Adj. PAT	5,248	4,699	11.7	1,990	163.7	
	Jewellery Volume Growth (%)	-10	(5.0)		(21.0)		
	Jewellery Margins (%)	4.1	13.0		7.4		
	Watch Volume Growth (%)	(20.0)	(10.0)		(48.0)		
	Watch Margins (%)	(35.4)	8.3		(1.0)		

Source: Company, PL

Exhibit 4: Crude linked Commodities – VAM down up 36.2% QoQ, LLP and HDPE follow with 16.7% and 13.3% jump

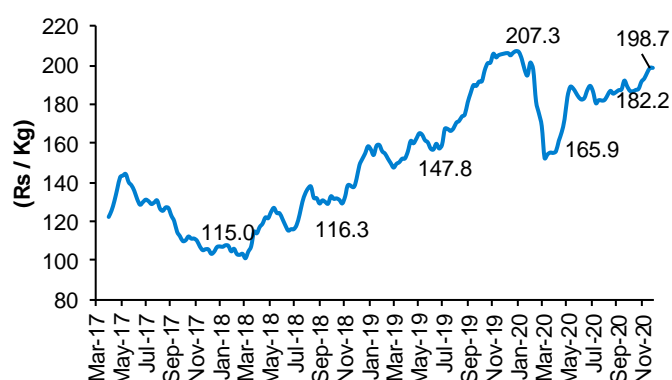
Input	Price Trend (Y-o-Y)	Unit	52 Week H/L	Current Price	YoY change %	QoQ change %	Impact	Companies (% of sales)
Soda Ash	Up	INR/50Kg	1360/1140	1230	1.6%	1.2%	Negative	HUL, Jyothy Labs
VAM	Up	USD/MT	1424/694	1395	13.5%	36.2%	Negative	PIDI (6.4%)
HDPE	Up	INR/MT	84064/52857	82715	28.8%	13.3%	Negative	All Companies for packaging (8-15%)
TiO2	Up	INR/Kg	270/245	270	3.1%	1.9%	Negative	APNT (19%), Kansai Nerolac, and other paint companies
LLP*	Up	Rs/ltr	55/44	49	10.5%	16.7%	Negative	Marico, Emami (8%), Dabur

Source: PL, Bloomberg, Marico *(upto Aug'20), YOY and QoQ nos. are quarterly average

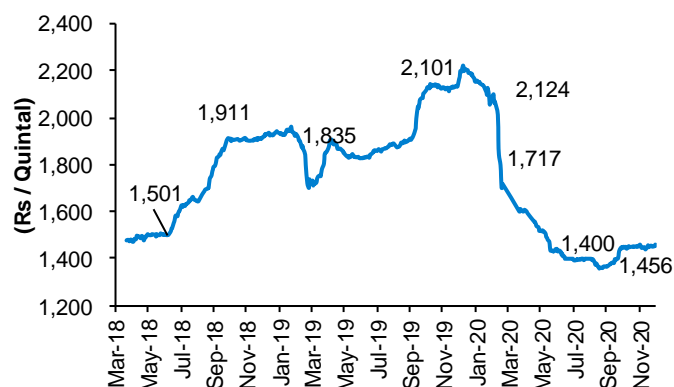
Exhibit 5: Agri linked commodity – PFAD, Palm oil, and Copra Prices up QoQ

Input	Price Trend (Y-o-Y)	Unit	52 Week H/L	Current Price	YoY change %	QoQ change %	Impact	Companies (% of sales)
Wheat	Down	INR/Qtl	2370/1750	1826	-18.8%	-2.5%	Positive	Nestle (5%), Britannia (14%), ITC, GSK Consumer
Palm Fatty Acid	Up	INR/MT	62771/32612	62188	71.2%	26.0%	Negative	HUL (6.5%)
Palm Oil	Up	INR/MT	69514/35128	68662	23.4%	42.2%	Negative	Britannia (8%), Nestle (3.5%), HUL
Sugar	Down	INR/Qtl	3380/3100	3170	-2.2%	-3.4%	Positive	Britannia (8.5%), Nestle (1.5%), GSK Consumer, Dabur, ITC, HUL
SMP	Down	Rs/kg	207/153	199	3.5%	-2.0%	Negative YoY, Positive QoQ	Nestle (2.6%), GSK Consumer (5%), Britannia
Barley	Down	Rs/Quintal	2218/1358	1456	-31.1%	2.9%	Negative YoY, Positive QoQ	GSK Consumer (6%)
Mentha Oil	Down	INR/Kg	1460/1075	1172	-21.1%	-0.1%	Positive YoY, Flat QoQ	Emami (22%), Colgate, HUL, Dabur
Gold	Down	INR/10gms	55922/39602	50005	31.7%	-2.0%	Negative YoY, Positive QoQ	Titan
Coffee	Flat	US\$/MT	134.8/93.7	128	1.8%	-0.5%	Negative YoY, Flat QoQ	Nestle (3.5%), HUL (1%)
Kardi Oil*	Down	Rs/10kg	2079/1565	1654	-15.6%	-0.8%	Positive	Marico
Copra*	Up	Rs/qtl	11121/9808	12726	23.7%	12.7%	Negative	Marico (16%)

Source: PL, Bloomberg, Marico, *(upto Aug'20), YOY and QoQ nos. are quarterly average

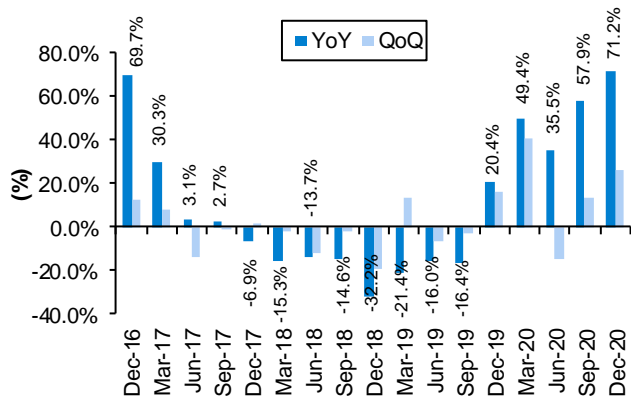
Exhibit 6: SMP price up 3.5% YoY

Source: Bloomberg, PL

Exhibit 7: Barley price lower by 31.1% YoY

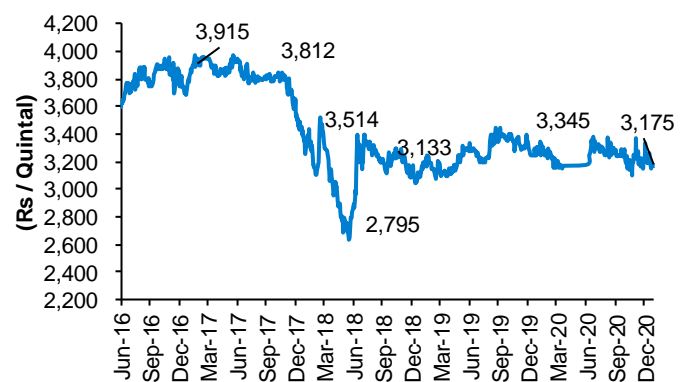
Source: Bloomberg, PL

Exhibit 8: PFAD prices up 71.2% YoY and 26.0% QoQ



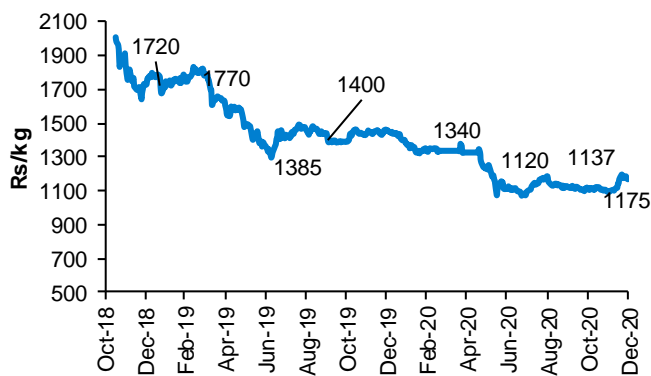
Source: Bloomberg, PL

Exhibit 9: Sugar prices range bound since 6 months



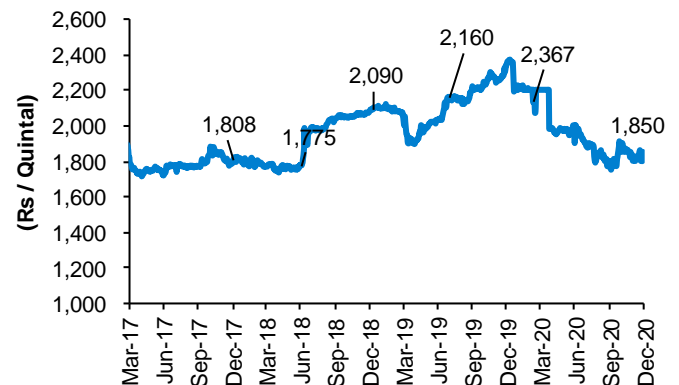
Source: Bloomberg, PL

Exhibit 10: Mentha prices flat QoQ but down 21.1% YoY



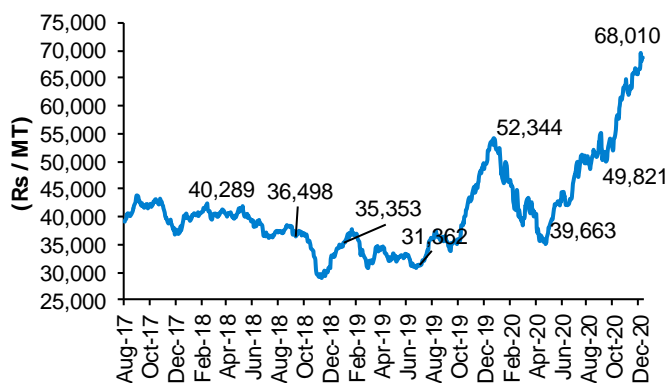
Source: Bloomberg, PL

Exhibit 11: Wheat prices down 2.5% QoQ and 18.8% YoY



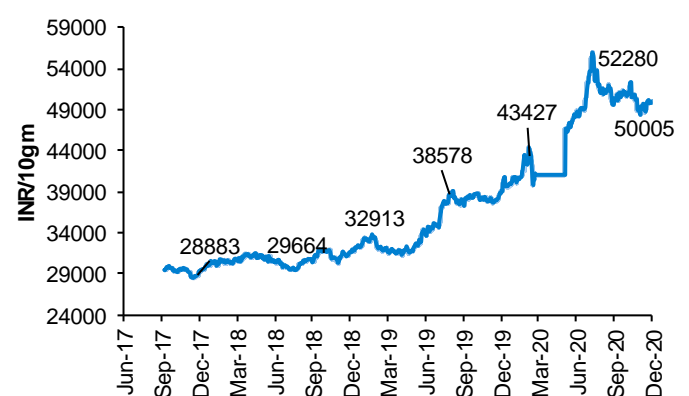
Source: Bloomberg, PL

Exhibit 12: Palm Oil rose 42.2% QoQ



Source: Bloomberg, PL

Exhibit 13: Gold prices down 2% QoQ



Source: Bloomberg, PL

Exhibit 14: Valuation Summary

Company Names	Rating	CMP (Rs)	TP (Rs)	Sales (Rs bn)				EBITDA (Rs bn)				PAT (Rs bn)				EPS (Rs)				RoE (%)				PE (x)			
				FY20	FY21E	FY22E	FY23E	FY20	FY21E	FY22E	FY23E	FY20	FY21E	FY22E	FY23E	FY20	FY21E	FY22E	FY23E	FY20	FY21E	FY22E	FY23E	FY20	FY21E	FY22E	FY23E
Asian Paints	UR	2,805	NA	202.1	194.6	229.4	261.2	41.6	43.7	51.2	59.6	27.0	27.7	34.1	41.2	28.2	28.9	35.6	42.9	27.6	25.1	26.4	27.2	99.6	97.2	78.9	65.3
Avenue Supermarts	UR	2,915	NA	248.7	241.1	326.1	413.7	21.3	16.5	28.0	36.5	13.0	10.6	18.4	23.9	20.1	16.4	28.4	36.9	15.6	9.1	14.1	15.8	145.1	178.2	102.5	79.0
Britannia Industries	BUY	3,540	4,301	109.9	126.9	142.1	159.8	17.7	24.4	27.1	30.6	14.7	17.9	18.7	21.7	60.9	74.3	78.0	90.1	35.2	50.9	69.3	66.9	58.1	47.6	45.4	39.3
Colgate Palmolive	Hold	1,598	1,570	45.3	48.0	52.1	56.8	12.0	14.6	15.5	16.6	8.2	9.5	10.0	10.7	30.0	34.8	36.7	39.3	53.7	62.0	65.3	65.0	53.2	45.9	43.6	40.7
Dabur India	Acc	534	539	86.8	94.0	104.3	115.9	17.7	20.2	22.9	26.0	14.3	16.8	19.8	23.2	8.1	9.5	11.2	13.1	23.3	23.5	23.7	24.0	66.2	56.1	47.7	40.7
Emami	BUY	450	526	26.5	27.8	31.3	34.6	6.9	8.6	9.3	10.0	5.3	6.4	7.3	8.2	11.7	14.7	16.7	18.8	27.2	34.7	34.6	32.0	38.4	30.7	27.0	23.9
Hindustan Unilever	BUY	2,417	2,502	387.8	448.4	503.1	558.0	96.0	111.8	132.0	149.6	69.3	78.9	95.2	110.2	32.1	33.6	40.5	46.9	88.4	28.5	19.8	22.2	75.3	72.0	59.6	51.6
ITC	BUY	205	254	456.2	454.9	516.9	565.1	179.0	170.1	197.7	210.4	152.7	136.4	153.8	162.1	12.4	11.1	12.4	13.1	25.0	21.0	22.7	22.7	16.5	18.6	16.5	15.7
Jubilant FoodWorks	UR	2,789	NA	38.9	31.6	41.9	49.7	8.8	7.6	11.9	14.1	3.2	2.3	5.1	6.6	24.3	17.1	38.8	49.8	25.6	18.1	33.5	32.9	114.9	163.1	71.9	56.0
Kansai Nerolac Paints	UR	613	NA	49.4	43.8	52.2	60.6	7.8	8.0	9.7	11.7	5.4	5.2	6.3	7.8	9.9	9.7	11.8	14.5	14.8	13.3	14.8	16.5	61.7	63.3	52.0	42.2
Marico	Hold	419	410	73.2	77.1	86.2	96.5	14.7	15.9	17.3	19.5	10.7	11.2	12.2	13.9	8.3	8.7	9.5	10.8	35.7	35.8	36.2	38.2	50.4	48.1	44.2	38.8
Nestle India	Hold	18,515	17,640	123.7	134.4	150.5	168.2	28.9	33.1	36.6	40.3	19.9	22.3	24.6	27.8	206.9	231.2	255.4	288.5	71.2	108.0	101.7	94.0	89.5	80.1	72.5	64.2
Pidilite Industries	UR	1,795	NA	72.9	67.6	84.7	96.8	15.8	15.1	19.9	23.0	11.8	11.0	14.3	16.6	23.2	21.7	28.1	32.7	27.4	22.0	23.6	23.1	77.5	82.7	63.8	55.0
Titan Company	UR	1,573	NA	200.1	186.1	258.9	297.2	24.2	14.9	32.0	37.3	15.6	8.2	21.3	26.1	17.5	9.3	23.9	29.4	23.9	11.3	24.5	24.5	89.8	169.3	65.7	53.5

Source: Company, PL

UR = Under Review

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Asian Paints	Hold	2,000	2,100
2	Avenue Supermarts	BUY	2,316	1,988
3	Bajaj Electricals	BUY	605	505
4	Britannia Industries	BUY	4,301	3,553
5	Colgate Palmolive	Hold	1,600	1,570
6	Crompton Greaves Consumer Electricals	BUY	346	305
7	Dabur India	Accumulate	539	515
8	Emami	BUY	526	444
9	GlaxoSmithKline Consumer Healthcare	Hold	9,377	9,247
10	Havells India	Hold	700	725
11	Hindustan Unilever	BUY	2,502	2,173
12	ITC	BUY	254	174
13	Jubilant FoodWorks	Hold	2,290	2,355
14	Kansai Nerolac Paints	BUY	551	513
15	Marico	Hold	378	363
16	Nestle India	Hold	17,640	17,221
17	Pidilite Industries	Hold	1,518	1,595
18	Titan Company	Accumulate	1,352	1,217
19	Voltas	Hold	767	801

PL's Recommendation Nomenclature

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

ANALYST CERTIFICATION

(Indian Clients)

We/I Mr. Amnish Aggarwal- MBA, CFA, Ms. Charmi Mehta- CA, Mr. Heet Vora- CA Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

(US Clients)

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report.

DISCLAIMER

Indian Clients

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at www.plindia.com.

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is in the process of applying for certificate of registration as Research Analyst under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

PL or its associates might have managed or co-managed public offering of securities for the subject company in the past twelve months or mandated by the subject company for any other assignment in the past twelve months.

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this report.

It is confirmed that Mr. Amnish Aggarwal- MBA, CFA, Ms. Charmi Mehta- CA, Mr. Heet Vora- CA Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

The Research analysts for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

The research analysts for this report has not served as an officer, director or employee of the subject company PL or its research analysts have not engaged in market making activity for the subject company

Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

PL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

US Clients

This research report is a product of Prabhudas Lilladher Pvt. Ltd., which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Prabhudas Lilladher Pvt. Ltd. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Prabhudas Lilladher Pvt. Ltd. has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

Prabhudas Lilladher Pvt. Ltd.

3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

www.plindia.com