

Emami (HMN IN)

Rating: BUY | CMP: Rs444 | TP: Rs526

December 2, 2020

Company Update

■ Change in Estimates | Target | ■ Reco

Change in Estimates

| | Current | | Previous | |
|----------------|---------|--------|----------|--------|
| | FY22E | FY23E | FY22E | FY23E |
| Rating | BUY | | BUY | |
| Target Price | 526 | | 450 | |
| Sales (Rs. m) | 31,293 | 34,585 | 31,293 | 34,585 |
| % Chng. | - | - | - | - |
| EBITDA (Rs. m) | 9,299 | 9,988 | 9,299 | 9,988 |
| % Chng. | - | - | - | - |
| EPS (Rs.) | 16.7 | 18.8 | 16.7 | 18.8 |
| % Chng. | - | - | - | - |

Key Financials - Standalone

| Y/e Mar | FY20 | FY21E | FY22E | FY23E |
|----------------|--------|--------|--------|--------|
| Sales (Rs. m) | 26,549 | 27,780 | 31,293 | 34,585 |
| EBITDA (Rs. m) | 6,905 | 8,594 | 9,299 | 9,988 |
| Margin (%) | 26.0 | 30.9 | 29.7 | 28.9 |
| PAT (Rs. m) | 5,312 | 6,412 | 7,295 | 8,223 |
| EPS (Rs.) | 11.7 | 14.7 | 16.7 | 18.8 |
| Gr. (%) | 5.7 | 25.3 | 13.8 | 12.7 |
| DPS (Rs.) | 7.4 | 4.0 | 6.0 | 7.5 |
| Yield (%) | 1.7 | 0.9 | 1.4 | 1.7 |
| RoE (%) | 27.2 | 34.7 | 34.6 | 32.0 |
| RoCE (%) | 16.8 | 25.2 | 25.6 | 29.9 |
| EV/Sales (x) | 7.6 | 6.9 | 5.9 | 5.2 |
| EV/EBITDA (x) | 29.2 | 22.2 | 19.8 | 17.9 |
| PE (x) | 37.9 | 30.2 | 26.6 | 23.6 |
| P/BV (x) | 11.0 | 10.4 | 8.2 | 7.0 |

Key Data

EMAM.BO | HMN IN

| | |
|---------------------|----------------------|
| 52-W High / Low | Rs.461 / Rs.131 |
| Sensex / Nifty | 44,655 / 13,109 |
| Market Cap | Rs.197bn / \$ 2,679m |
| Shares Outstanding | 445m |
| 3M Avg. Daily Value | Rs.392.73m |

Shareholding Pattern (%)

| | |
|-------------------------|-------|
| Promoter's | 53.86 |
| Foreign | 8.95 |
| Domestic Institution | 28.61 |
| Public & Others | 8.58 |
| Promoter Pledge (Rs bn) | 46.50 |

Stock Performance (%)

| | 1M | 6M | 12M |
|----------|------|-------|------|
| Absolute | 22.7 | 128.3 | 40.9 |
| Relative | 8.8 | 65.7 | 28.7 |

Amnish Aggarwal

amnishaggarwal@plindia.com | 91-22-66322233

Charmi Mehta

charmimehta@plinida.com | 91-22-66322256

Heet Vora

heetvora@plindia.com | 91-22-66322381

Enters virtuous cycle of Seasonality; BUY

Quick Pointers:

- Early onset of winter has boosted demand for Winter care products
- Strong rural demand and Low base (3Q growth of 3.3% in past 5 years) augur well for demand, base in 4Q21 and 1Q22 will be -19.7% and -25.8%
- Most power brands are in good shape except F&H, we are cautious on new launches despite encouraging initial response

We are upgrading target price of Emami to Rs526 (Rs450 earlier) as we increase PE multiple from 26 to 28x (last 5-year average 38.6x, 25% discount to coverage universe) and rollover valuations to FY23. We believe Emami has hit a sweet spot for growth led by 1) Strong rural demand as it is 55% of sales for Emami 2) strong demand for winter care products on early onset of winter 3) low base for 3Q (5 year sales growth of 3.3%, 19.7% and 25.8% decline in 4Q and 1Q) 4) Kesh king has gained traction and is gaining share in premium hair oil segment 5) Strong demand for Immunity boosters like Chawyanprash and Kesari jeevan and 6) benign input costs of LLP and Mentha oil.

We believe success of F&H re-launch and pick up in male grooming portfolio is key to sustaining growth beyond next 2/3 quarters. Emami has taken steps for broad based growth with new launches in Immunity boosters, health and Hygiene products (Sanitizers, Handwash, Anti Septic Soaps, Floor cleaners, surface cleaners etc.), although we remain cautious on scalability.

We believe worst is over and accelerated amortization, net cash balance sheet (Rs2.5bn in 2Q21), 40-50% dividend payout, gradual reduction in promoter pledge (45%, likely to decline in 4Q) are positive. The stock trades at 23.6x FY23 EPS (Excluding Amortization) of Rs18.8. Retain Buy

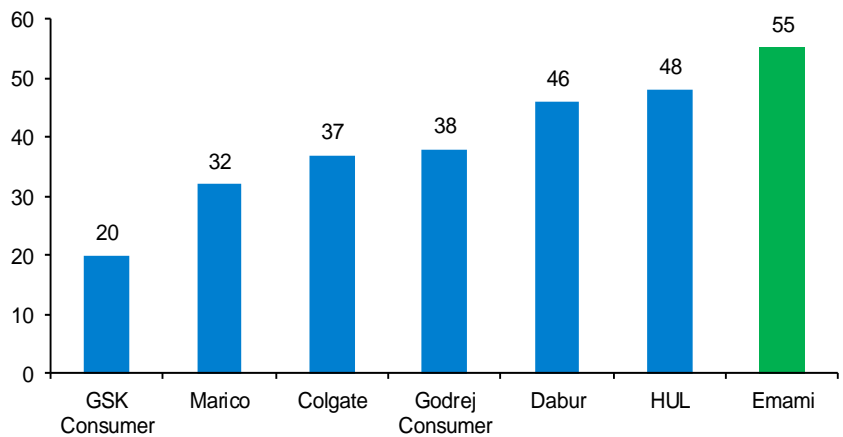
Channel Check Indicate strong 3Q Demand

- Early onset of winters has increased the demand for Boroplus portfolio (high double digit growth).
- Kesh king demand is on uptrend and it is gaining share, Shampoo Sachets are also gaining traction
- Immunity boosters remain in good demand for current quarter with increased traction for Chawyanprash, Kesari jeevan and new launches
- Pain management sales continue to grow in double digits in 3Q.
- Supply chain is back to normal and the trade stocks are replenished in time.
- Navratna sales are slow as early winter has set in, but still facing good traction.
- Sales of male grooming products are better than past few months, however they remain at significantly lower levels than past years.

Rural demand traction is advantage Emami

We remain positive on rural demand given normal monsoons, high food inflation and mid-single digit growth in area under cultivation. Rural demand recovery is expected to be a key driver for Emami as it has 55-57% contribution from Rural India in comparison to ~45% by HUL and Dabur and ~33% by Marico.

Exhibit 1: HMN's rural sales account for 55% of sales vs ~37% peer group



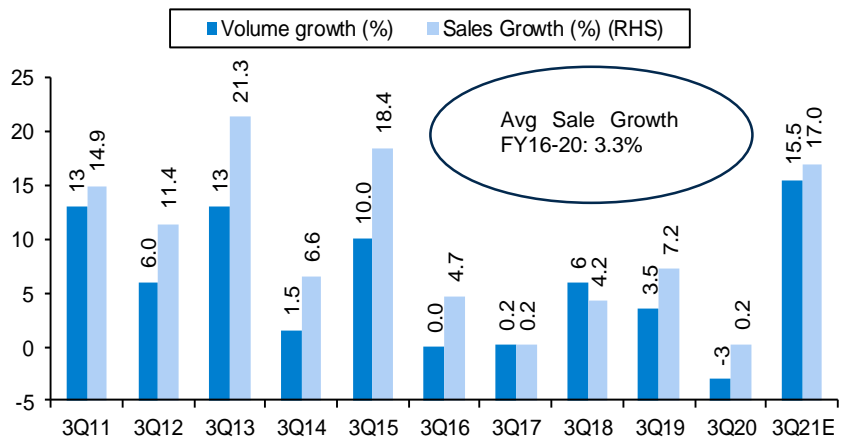
Source: Company, PL

Early onset of winter ends seasonality drought

Emami has high level of seasonality in its business. Navratna sells in summer and Boroplus has major sales in winter and pain balm sales achieve a peak during monsoons. Emami has been on the receiving end from past few years due to factors like Demonetization and GST impact on wholesale trade (45% of sales) and erratic variation in climate. Consequently, it has lost peak season sales in past few years. However, outlook looks bright given that:

- Emami has achieved sales CAGR of just 3.3% in 3Q in past 5 years due to seasonal variations which gives a low base.

Exhibit 2: Onset of winters will lead to robust growth in 3Q after 5 years



Source: PL, Company

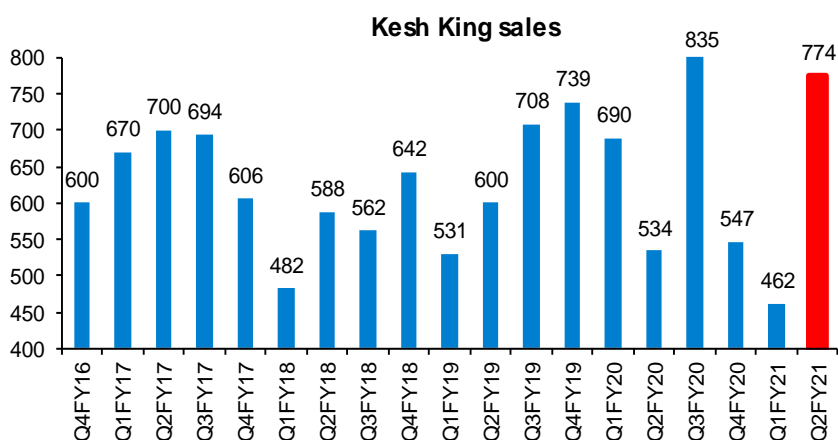
- Emami has pushed in winter inventory in trade at the end of 2Q20 whereas it refrained from early inventory push. We estimate the winter inventory push at Rs600-700mn which along with early onset of winter will provide flip to 3Q nos.
- Emami has a low base in 4Q and 1Q with 16.7% and 25.8% decline in sales due to Covid19. We believe strong rural demand and favorable season will provide strong results in coming few quarters.

Kesh king back on track, F&H remains under pressure

Emami has been facing stiff competition in Kesh King and category growth issues in Fair and Handsome. However, we believe brand salience for some of the key products is now falling into place:

- Kesh king has recorded sales of Rs774mn in 2Q, second highest sales number since acquisition. The brand has started witnessing strong traction and has gained market share in premium segment.
- Fair and Handsome has been under pressure as a men's fairness segment has been de-growing from past couple of years. Male grooming has suffered severe setback in the post Covid environment due to lesser movement of people. Worst seems over for Fair and Handsome and male grooming, although it will take a couple of quarters for the category to bounce back.

Exhibit 3: Kesh king sales on recovery mode



Source: Company, PL

Exhibit 4: Sharp growth momentum in Healthcare, Zandu and Kesh King, Male Grooming and Boroplus suffer

| Brand/segments | Q3FY19 | Q4FY19 | 1QFY20 | 2QFY20 | Q3FY20 | Q4FY20 | Q1FY21 | Q2FY21 |
|-------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Navratna | 10 | 1 | 4 | -3 | 11 | -12 | -41 | 14 |
| Boroplus | 4 | 17 | -7 | 39 | -12 | -77 | 28 | -25 |
| Zandu (Across Segments) | 6 | 1 | -6 | 4 | 13 | -5 | 15 | 31 |
| 7 Oils in one | 25 | 24 | 31 | 25 | 66 | 5 | NA | 9 |
| Kesh King | 26 | 15 | 30 | -11 | 18 | -26 | -33 | 45 |
| Male Grooming | -2 | -4 | -7 | -32 | -39 | -42 | -70 | -24 |
| Health Care | 18 | 9 | -3 | 0 | 4 | -9 | 23 | 53 |

Source: Company, PL

New launches accelerated, however we remain cautious: HMN has undertaken accelerated approach to new launches with a lurch of number of immunity boosters and entry in categories like Hygiene under Emasol brand. It has launched Sanitizer, Handwash, antiseptic soap and is supporting new launches by media campaigns. New launches contributed 4% to sales in 2Q21. We believe that HMN would need considerable effort to make dent in some of the large hygiene categories. We are factoring in contribution from new launches at only 2% of sales in FY22 and FY23.

Exhibit 5: Emami has launched a slew of Immunity Boosters



BoroPlus Antiseptic + Moisturizing Handwash

Zandu Health Juices

Zandu Immu Soft Chews

Giloy Ghana Vati

Giloy Churna

Zandu Amla Churna

Zandu Immuzan Tab (Ethical)

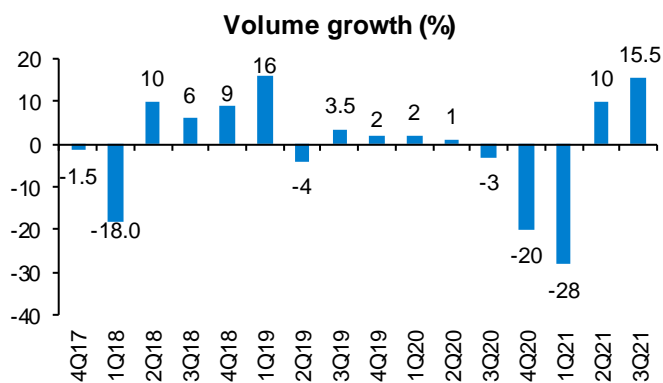
Zandu Rhumasy! Maxx (Ethical)

Source: Company, PL

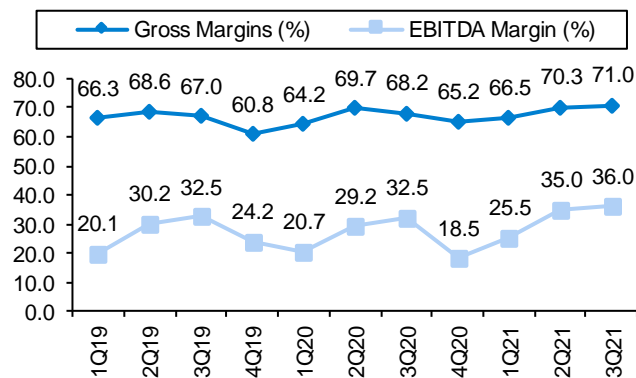
Exhibit 6: Emami has launched Hygiene products under Emasol



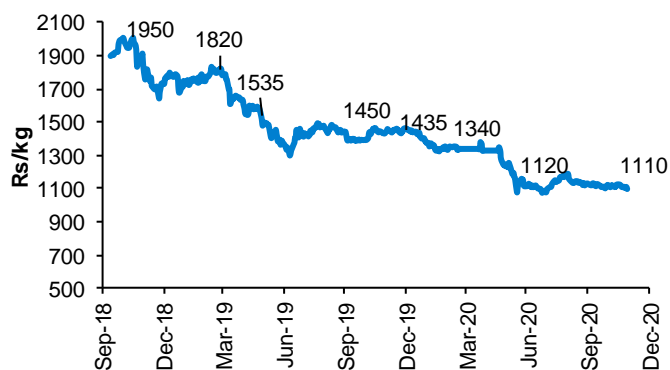
Source: Company, PL

Exhibit 7: Expect 3Q volumes to grow 15.5%


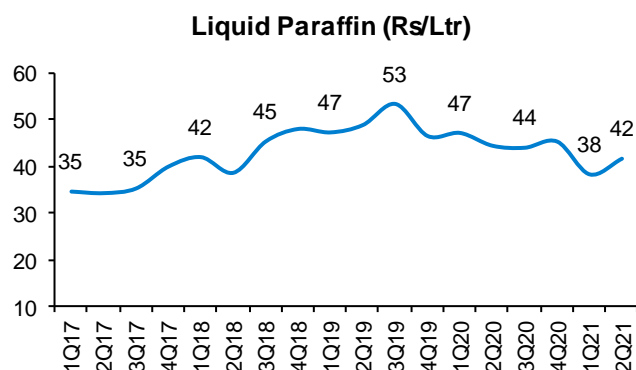
Source: Company, PL

Exhibit 8: EBITDA margins likely to inch 350bps YoY


Source: Company, PL

Exhibit 9: Mentha Prices down 21.9% YoY in 3Q


Source: Company, PL

Exhibit 10: LLP prices down 6.2% in 2Q21


Source: Company, PL

Exhibit 11: We estimate 17% growth in sales in 3Q and 19% in adj PAT

| | FY20 | | | | FY21 | | | |
|-------------------------|-------------|-------------|-------------|--------------|--------------|-------------|-------------|-------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3E | Q4E |
| Net Sales | 6,486 | 6,601 | 8,126 | 5,327 | 4,813 | 7,348 | 9,508 | 6,110 |
| <i>YoY Change (%)</i> | <i>5.6</i> | <i>5.1</i> | <i>0.2</i> | <i>-16.7</i> | <i>-25.8</i> | <i>11.3</i> | <i>17.0</i> | <i>14.7</i> |
| COGS | 2,324 | 1,999 | 2,582 | 1,856 | 1,613 | 2,185 | 2,757 | 2,150 |
| Gross Profit | 4,162 | 4,602 | 5,545 | 3,471 | 3,200 | 5,163 | 6,751 | 3,960 |
| <i>Gross margin (%)</i> | <i>64.2</i> | <i>69.7</i> | <i>68.2</i> | <i>65.2</i> | <i>66.5</i> | <i>70.3</i> | <i>71.0</i> | <i>64.8</i> |
| Other Expenditure | 2,821 | 2,672 | 2,904 | 2,486 | 1,970 | 2,593 | 3,328 | 2,589 |
| <i>% to sales</i> | <i>43.5</i> | <i>40.5</i> | <i>35.7</i> | <i>46.7</i> | <i>40.9</i> | <i>35.3</i> | <i>35.0</i> | <i>42.4</i> |
| EBITDA | 1,341 | 1,930 | 2,640 | 985 | 1,230 | 2,571 | 3,423 | 1,371 |
| <i>Margins (%)</i> | <i>20.7</i> | <i>29.2</i> | <i>32.5</i> | <i>18.5</i> | <i>25.5</i> | <i>35.0</i> | <i>36.0</i> | <i>22.4</i> |
| <i>YoY Change</i> | <i>11.4</i> | <i>1.9</i> | <i>-1.0</i> | <i>-36.3</i> | <i>-8.3</i> | <i>33.2</i> | <i>29.6</i> | <i>39.1</i> |
| Depreciation | 837 | 819 | 856 | 852 | 748 | 1,148 | 750 | 809 |
| Interest | 44 | 93 | 49 | 24 | 47 | 25 | 55 | 68 |
| Other Income | 115 | 164 | 156 | 145 | 67 | 79 | 120 | 178 |
| PBT | 576 | 1,182 | 1,891 | 254 | 502 | 1,477 | 2,738 | 671 |
| Tax | 177 | 211 | 398 | -74 | 95 | 284 | 520 | 125 |
| <i>Rate (%)</i> | <i>30.7</i> | <i>17.9</i> | <i>21.1</i> | <i>-29.1</i> | <i>18.9</i> | <i>19.2</i> | <i>19.0</i> | <i>18.7</i> |
| Minority Interest | -7 | -11 | -16 | -26 | -11 | -8 | -20 | 39 |
| Adjusted PAT | 393 | 960 | 1,477 | 302 | 396 | 1,185 | 2,198 | 584 |
| <i>YoY Change (%)</i> | <i>47.3</i> | <i>16.1</i> | <i>0.1</i> | <i>-46.1</i> | <i>0.8</i> | <i>23.4</i> | <i>48.8</i> | <i>93.7</i> |

Source: Company, PL

Financials

Income Statement (Rs m)

| Y/e Mar | FY20 | FY21E | FY22E | FY23E |
|-------------------------------|---------------|---------------|---------------|---------------|
| Net Revenues | 26,549 | 27,780 | 31,293 | 34,585 |
| YoY gr. (%) | (1.5) | 4.6 | 12.6 | 10.5 |
| Cost of Goods Sold | 8,761 | 8,706 | 10,173 | 11,430 |
| Gross Profit | 17,788 | 19,074 | 21,120 | 23,155 |
| Margin (%) | 67.0 | 68.7 | 67.5 | 67.0 |
| Employee Cost | 2,995 | 3,175 | 3,476 | 3,824 |
| Other Expenses | 1,180 | 1,055 | 1,095 | 1,184 |
| EBITDA | 6,905 | 8,594 | 9,299 | 9,988 |
| YoY gr. (%) | (5.0) | 24.5 | 8.2 | 7.4 |
| Margin (%) | 26.0 | 30.9 | 29.7 | 28.9 |
| Depreciation and Amortization | 3,363 | 3,456 | 3,460 | 1,822 |
| EBIT | 3,542 | 5,138 | 5,840 | 8,166 |
| Margin (%) | 13.3 | 18.5 | 18.7 | 23.6 |
| Net Interest | 210 | 195 | 175 | 160 |
| Other Income | 571 | 444 | 892 | 1,414 |
| Profit Before Tax | 3,902 | 5,387 | 6,556 | 9,419 |
| Margin (%) | 14.7 | 19.4 | 21.0 | 27.2 |
| Total Tax | 713 | 1,024 | 1,246 | 1,791 |
| Effective tax rate (%) | 18.3 | 19.0 | 19.0 | 19.0 |
| Profit after tax | 3,190 | 4,363 | 5,310 | 7,629 |
| Minority interest | (7) | (8) | (10) | (11) |
| Share Profit from Associate | - | - | - | 1 |
| Adjusted PAT | 5,312 | 6,412 | 7,295 | 8,223 |
| YoY gr. (%) | 5.5 | 20.7 | 13.8 | 12.7 |
| Margin (%) | 20.0 | 23.1 | 23.3 | 23.8 |
| Extra Ord. Income / (Exp) | (2,116) | (2,041) | (1,976) | (581) |
| Reported PAT | 3,196 | 4,371 | 5,320 | 7,642 |
| YoY gr. (%) | 1.4 | 36.8 | 21.7 | 43.7 |
| Margin (%) | 12.0 | 15.7 | 17.0 | 22.1 |
| Other Comprehensive Income | (1,010) | - | - | - |
| Total Comprehensive Income | 2,186 | 4,371 | 5,320 | 7,642 |
| Equity Shares O/s (m) | 453 | 437 | 437 | 437 |
| EPS (Rs) | 11.7 | 14.7 | 16.7 | 18.8 |

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

| Y/e Mar | FY20 | FY21E | FY22E | FY23E |
|---------------------------------------|---------------|---------------|---------------|---------------|
| Non-Current Assets | | | | |
| Gross Block | 31,406 | 33,314 | 34,695 | 36,075 |
| Tangibles | 12,841 | 14,649 | 15,930 | 17,210 |
| Intangibles | 18,565 | 18,665 | 18,765 | 18,865 |
| Acc: Dep / Amortization | 16,986 | 20,441 | 23,901 | 25,723 |
| Tangibles | 4,612 | 5,548 | 6,568 | 7,673 |
| Intangibles | 12,374 | 14,894 | 17,333 | 18,050 |
| Net fixed assets | 14,420 | 12,873 | 10,794 | 10,352 |
| Tangibles | 8,229 | 9,102 | 9,362 | 9,537 |
| Intangibles | 6,191 | 3,771 | 1,432 | 815 |
| Capital Work In Progress | 80 | 80 | 80 | 80 |
| Goodwill | - | - | - | - |
| Non-Current Investments | 998 | 992 | 1,006 | 1,019 |
| Net Deferred tax assets | (35) | (38) | (42) | (46) |
| Other Non-Current Assets | 819 | 803 | 935 | 1,052 |
| Current Assets | | | | |
| Investments | 1,246 | 4,210 | 11,004 | 15,581 |
| Inventories | 2,446 | 2,156 | 2,463 | 2,733 |
| Trade receivables | 3,080 | 1,903 | 1,972 | 2,179 |
| Cash & Bank Balance | 626 | 550 | 669 | 629 |
| Other Current Assets | 1,484 | 1,667 | 1,878 | 2,075 |
| Total Assets | 26,650 | 26,206 | 31,888 | 36,901 |
| Equity | | | | |
| Equity Share Capital | 453 | 437 | 437 | 437 |
| Other Equity | 17,784 | 18,236 | 23,092 | 27,430 |
| Total Network | 18,237 | 18,672 | 23,529 | 27,867 |
| Non-Current Liabilities | | | | |
| Long Term borrowings | - | - | - | - |
| Provisions | 231 | 254 | 280 | 307 |
| Other non current liabilities | 216 | 323 | 454 | 643 |
| Current Liabilities | | | | |
| ST Debt / Current of LT Debt | 2,102 | 1,800 | 1,700 | 1,500 |
| Trade payables | 3,245 | 2,888 | 3,408 | 3,823 |
| Other current liabilities | 2,439 | 2,140 | 2,383 | 2,620 |
| Total Equity & Liabilities | 26,650 | 26,206 | 31,889 | 36,902 |

Source: Company Data, PL Research

Cash Flow (Rs m)

| Y/e Mar | FY20 | FY21E | FY22E | FY23E |
|--------------------------------------|----------------|----------------|--------------|----------------|
| PBT | 3,902 | 5,387 | 6,556 | 9,419 |
| Add. Depreciation | 3,281 | 3,456 | 3,460 | 1,822 |
| Add. Interest | 210 | 195 | 175 | 160 |
| Less Financial Other Income | 571 | 444 | 892 | 1,414 |
| Add. Other | (432) | (298) | (737) | (1,248) |
| Op. profit before WC changes | 6,962 | 8,740 | 9,455 | 10,154 |
| Net Changes-WC | (2,115) | 1,283 | 139 | 9 |
| Direct tax | (713) | (1,024) | (1,246) | (1,791) |
| Net cash from Op. activities | 4,134 | 8,999 | 8,347 | 8,372 |
| Capital expenditures | (789) | (1,984) | (1,443) | (1,431) |
| Interest / Dividend Income | 437 | 306 | 746 | 1,259 |
| Others | 910 | - | - | - |
| Net Cash from Inv. activities | 557 | (1,678) | (696) | (172) |
| Issue of share cap. / premium | (1,801) | (2,189) | 2,157 | (28) |
| Debt changes | 1,004 | (302) | (100) | (200) |
| Dividend paid | (3,923) | (1,747) | (2,620) | (3,275) |
| Interest paid | (210) | (195) | (175) | (160) |
| Others | - | - | - | - |
| Net cash from Fin. activities | (4,931) | (4,433) | (738) | (3,662) |
| Net change in cash | (239) | 2,887 | 6,913 | 4,537 |
| Free Cash Flow | 3,345 | 7,014 | 6,905 | 6,940 |

Source: Company Data, PL Research

Quarterly Financials (Rs m)

| Y/e Mar | Q3FY20 | Q4FY20 | Q1FY21 | Q2FY21 |
|-----------------------------------|--------------|--------------|--------------|--------------|
| Net Revenue | 8,126 | 5,327 | 4,813 | 7,348 |
| YoY gr. (%) | 0.2 | (16.7) | (25.8) | 11.3 |
| Raw Material Expenses | 2,582 | 1,856 | 1,613 | 2,185 |
| Gross Profit | 5,545 | 3,471 | 3,200 | 5,163 |
| Margin (%) | 68.2 | 65.2 | 66.5 | 70.3 |
| EBITDA | 2,639 | 985 | 1,230 | 2,571 |
| YoY gr. (%) | (1.0) | (36.3) | (8.3) | 33.3 |
| Margin (%) | 32.5 | 18.5 | 25.5 | 35.0 |
| Depreciation / Depletion | 856 | 851 | 747 | 1,147 |
| EBIT | 1,783 | 133 | 482 | 1,423 |
| Margin (%) | 21.9 | 2.5 | 10.0 | 19.4 |
| Net Interest | 49 | 24 | 47 | 25 |
| Other Income | 158 | 144 | 66 | 78 |
| Profit before Tax | 1,892 | 254 | 502 | 1,477 |
| Margin (%) | 23.3 | 4.8 | 10.4 | 20.1 |
| Total Tax | 398 | (74) | 95 | 284 |
| Effective tax rate (%) | 21.0 | (29.1) | 18.9 | 19.2 |
| Profit after Tax | 1,494 | 327 | 407 | 1,193 |
| Minority interest | - | - | - | - |
| Share Profit from Associates | (16) | (26) | (11) | (8) |
| Adjusted PAT | 1,477 | 301 | 395 | 1,184 |
| YoY gr. (%) | 0.1 | (46.3) | 0.6 | 23.3 |
| Margin (%) | 18.2 | 5.6 | 8.2 | 16.1 |
| Extra Ord. Income / (Exp) | 33 | 74 | - | - |
| Reported PAT | 1,511 | 376 | 396 | 1,185 |
| YoY gr. (%) | (4.1) | (32.9) | 0.6 | 23.3 |
| Margin (%) | 18.6 | 7.1 | 8.2 | 16.1 |
| Other Comprehensive Income | (216) | (212) | 236 | (63) |
| Total Comprehensive Income | 1,294 | 16 | 631 | 1,122 |
| Avg. Shares O/s (m) | 454 | 454 | 454 | 445 |
| EPS (Rs) | 3.3 | 0.7 | 0.9 | 2.7 |

Source: Company Data, PL Research

Key Financial Metrics

| Y/e Mar | FY20 | FY21E | FY22E | FY23E |
|----------------------------|------|-------|-------|-------|
| Per Share(Rs) | | | | |
| EPS | 11.7 | 14.7 | 16.7 | 18.8 |
| CEPS | 19.1 | 22.6 | 24.6 | 23.0 |
| BVPS | 40.2 | 42.8 | 53.9 | 63.8 |
| FCF | 7.4 | 16.1 | 15.8 | 15.9 |
| DPS | 7.4 | 4.0 | 6.0 | 7.5 |
| Return Ratio(%) | | | | |
| RoCE | 16.8 | 25.2 | 25.6 | 29.9 |
| ROIC | 14.3 | 24.0 | 28.9 | 39.5 |
| RoE | 27.2 | 34.7 | 34.6 | 32.0 |
| Balance Sheet | | | | |
| Net Debt : Equity (x) | 0.0 | (0.2) | (0.4) | (0.5) |
| Net Working Capital (Days) | 31 | 15 | 12 | 11 |
| Valuation(x) | | | | |
| PER | 37.9 | 30.2 | 26.6 | 23.6 |
| P/B | 11.0 | 10.4 | 8.2 | 7.0 |
| P/CEPS | 23.2 | 19.6 | 18.0 | 19.3 |
| EV/EBITDA | 29.2 | 22.2 | 19.8 | 17.9 |
| EV/Sales | 7.6 | 6.9 | 5.9 | 5.2 |
| Dividend Yield (%) | 1.7 | 0.9 | 1.4 | 1.7 |

Source: Company Data, PL Research

Price Chart
Recommendation History


| No. | Date | Rating | TP (Rs.) | Share Price (Rs.) |
|-----|-----------|------------|----------|-------------------|
| 1 | 06-Nov-20 | BUY | 450 | 367 |
| 2 | 08-Oct-20 | BUY | 424 | 353 |
| 3 | 07-Aug-20 | BUY | 419 | 257 |
| 4 | 08-Jul-20 | Hold | 287 | 233 |
| 5 | 29-Jun-20 | Hold | 287 | 205 |
| 6 | 15-Apr-20 | Hold | 285 | 227 |
| 7 | 07-Feb-20 | Accumulate | 361 | 300 |
| 8 | 03-Jan-20 | Accumulate | 359 | 316 |

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 | 1,445 | 1,427 |
| 6 | Crompton Greaves Consumer Electricals | BUY | 346 | 305 |
| 7 | Dabur India | Accumulate | 539 | 515 |
| 8 | Emami | BUY | 450 | 367 |
| 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 (Absolute Performance)

| | |
|--------------------------|-----------------------------------|
| 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