

October 29, 2024

## Q2FY25 Result Update

Change in Estimates |  Target |  Reco

### Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
<b>Rating</b>	ACCUMULATE		HOLD	
<b>Target Price</b>	693		681	
Sales (Rs. m)	1,18,564	1,31,325	1,20,453	1,33,979
% Chng.	(1.6)	(2.0)		
EBITDA (Rs. m)	24,430	26,851	24,919	27,599
% Chng.	(2.0)	(2.7)		
EPS (Rs.)	13.8	15.1	14.1	15.5
% Chng.	(2.1)	(2.9)		

### Key Financials - Consolidated

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. m)	96,530	1,06,196	1,18,564	1,31,325
EBITDA (Rs. m)	20,260	22,089	24,430	26,851
Margin (%)	21.0	20.8	20.6	20.4
PAT (Rs. m)	14,810	16,121	17,787	19,426
EPS (Rs.)	11.5	12.5	13.8	15.1
Gr. (%)	13.7	8.9	10.3	9.2
DPS (Rs.)	9.5	10.5	11.5	12.8
Yield (%)	1.5	1.7	1.8	2.0
RoE (%)	38.8	40.0	40.6	41.5
RoCE (%)	44.0	46.0	47.2	48.9
EV/Sales (x)	8.3	7.5	6.7	6.0
EV/EBITDA (x)	39.7	36.3	32.7	29.6
PE (x)	54.8	50.3	45.6	41.8
P/BV (x)	21.2	19.1	17.9	16.8

### Key Data

MRCO.BO | MRCO IN

52-W High / Low	Rs.720 / Rs.486
Sensex / Nifty	80,369 / 24,467
Market Cap	Rs.815bn/ \$ 9,688m
Shares Outstanding	1,295m
3M Avg. Daily Value	Rs.1746.55m

### Shareholding Pattern (%)

Promoter's	59.27
Foreign	24.90
Domestic Institution	11.22
Public & Others	4.61
Promoter Pledge (Rs bn)	0.13

### Stock Performance (%)

	1M	6M	12M
Absolute	(9.1)	22.0	17.0
Relative	(3.3)	13.4	(7.1)

### Amnish Aggarwal

amnishaggarwal@plindia.com | 91-22-66322233

### Hasti Savla

hastisavla@plindia.com |

### Vishwa Solanki

vishwasolanki@plindia.com | 91-22-66322244

## New age brands drive growth; Accumulate

### Quick Pointers:

- MRCO guides for double-digit revenue growth led by volumes in FY25
- Price hikes in Parachute & Saffola edible Oils due to rising commodity prices

**MRCO reported inline nos led by stable volume growth, positive pricing growth & favorable portfolio mix. We have cut our FY25/FY26/FY27 estimates by 2.4%/2.2%/2.8% given 1) Peaked out margin with no major expansion expected in near term and 2) Persistent sluggishness in Saffola/VAHO (32% of domestic sales) before recent price hikes. Innovation funnel remains strong with portfolio diversification and scale up in Foods, D2C portfolio & B2C acquisitions. Beardo is likely to end FY25 with double-digit EBITDA margins, MRCO plans to adopt the same strategy for scaling Digital-first franchises and targets double-digit margins by FY27. We factor in 11.2% sales growth & 9.8% PAT CAGR over FY25-27. We value MRCO at 46x FY27 EPS and assign a target price of Rs693 (Rs681 earlier). MRCO seems better placed than peers in current environment, Upgrade to Accumulate.**

**Sales up 7.6%, Domestic Volume up 5% (Ple: 5%):** Volume Growth: overall domestic volumes up 5% (PLe: 3.0%) whereas Parachute rigid volumes up 4% (PLe: 5%). Saffola volumes remained flat YoY supported by positive pricing growth after 8 quarters. Revenues grew by 7.6% YoY to Rs26.6bn (PLe: Rs26.86bn). Gross margins expanded by 30bps YoY to 50.8% (PLe: 49.5%) EBITDA grew by 5% YoY to Rs5.2bn (PLe:Rs 5.3bn); Margins contracted by 48bps YoY to 19.6% (PLe:19.8%) A&P Spends expanded by 6bps YoY to 10.9% Adj PAT grew by 10% YoY to Rs3.88bn (PLe:Rs3.89bn) excluding Rs420mn of one off income pertaining to settlement of past litigation claims. Bangladesh/South-east Asia/MENA/SA registered growth of 8%/7%/43%/20% CCG

**Concall takeaways:** 1) Rural demand outpaced urban demand with buoyancy in consumption in top & upper middle class in foods/personal care. Food Inflation & overall muted sentiment affected consumption among the middle & lower middle class. 2) Pricing growth is expected to pick up in 2HFY25 in view of the sequential rise in commodity prices ( Copra/ Edible Oil). 3) MRCO has taken ~4% price hikes (which will flow through in 2H) in parachute portfolio & at least ~15% price increase in response to recent hike in import duties which led to a steep increase in vegetable oil prices. 4) Offtakes remained healthy across key portfolios with more than 90% of the business either gaining or sustaining market share and penetration, both on a MAT basis. 5) Q2FY25 marked the extension of Project SETU to four more states, taking the tally to 10 states. It will be transformational in terms of restructuring GT profitability for long-term growth 6) MRCO continues to aggressively diversify the portfolio through the scale up of Foods and Premium Persona Care portfolios & aims at growing Foods at 20-25%+ CAGR to 2x of FY24 revenues in FY27. The Digital-first portfolio is expected to exit FY25 at an ARR of ~₹600 cr. and scale to 2x of FY24 ARR in FY27. 7) Beardo on course to deliver double digit EBITDA margin in FY25 8) MRCO reported 8% CCG in Bangladesh in spite of macro-economic headwinds but will eventually reduce its share owing to volatile nature

**Exhibit 1: 2QFY25 Results: Revenues up 7.6%, EBITDA margins contracted by 48bps YoY**

Consolidated	2QFY25	2QFY24	YoY gr. (%)	1QFY25	1HFY25	1HFY24	YoY gr. (%)
<b>Net Sales</b>	<b>26,640</b>	<b>24,760</b>	<b>7.6</b>	<b>26,430</b>	<b>53,070</b>	<b>49,530</b>	<b>7.1</b>
COGS	13,110	12,260	6.9	12,620	25,730	24,650	4.4
<i>% of Net Sales</i>	<i>49.2</i>	<i>49.5</i>	<i>-0.3</i>	<i>47.7</i>	<i>48.5</i>	<i>49.8</i>	<i>-1.3</i>
<b>Gross Profit</b>	<b>13,530</b>	<b>12,500</b>	<b>8.2</b>	<b>13,810</b>	<b>27,340</b>	<b>24,880</b>	<b>9.9</b>
<i>% of NS</i>	<i>50.8</i>	<i>50.5</i>	<i>0.3</i>	<i>52.3</i>	<i>51.5</i>	<i>50.2</i>	<i>1.3</i>
Advt. & Prom.	2,900	2,680	8.2	2,400	5,300	4,800	10.4
<i>% of NS</i>	<i>10.9</i>	<i>10.8</i>	<i>0.1</i>	<i>9.1</i>	<i>10.0</i>	<i>9.7</i>	<i>0.3</i>
<b>Total Expenses</b>	<b>21,420</b>	<b>19,790</b>	<b>8.2</b>	<b>20,170</b>	<b>41,590</b>	<b>38,820</b>	<b>7.1</b>
<b>EBITDA</b>	<b>5,220</b>	<b>4,970</b>	<b>5.0</b>	<b>6,260</b>	<b>11,480</b>	<b>10,710</b>	<b>7.2</b>
<i>Margins (%)</i>	<i>19.6</i>	<i>20.1</i>	<i>-0.5</i>	<i>23.7</i>	<i>21.6</i>	<i>21.6</i>	<i>0.0</i>
Depreciation	410	390	5.1	410	820	750	9.3
<b>EBIT</b>	<b>4,810</b>	<b>4,580</b>	<b>5.0</b>	<b>5,850</b>	<b>10,660</b>	<b>9,960</b>	<b>7.0</b>
Interest	110	200	(45.0)	170	280	370	(24.3)
Other Income	400	380	5.3	370	770	840	(8.3)
<b>PBT</b>	<b>5,100</b>	<b>4,760</b>	<b>7.1</b>	<b>6,050</b>	<b>11,150</b>	<b>10,430</b>	<b>6.9</b>
Tax	1,220	1,160	5.2	1,310	2,530	2,470	2.4
<i>Effective tax rate (%)</i>	<i>23.9</i>	<i>24.4</i>	<i>-0.4</i>	<i>21.7</i>	<i>22.7</i>	<i>23.7</i>	<i>-1.0</i>
<b>Adjusted PAT</b>	<b>3,880</b>	<b>3,600</b>	<b>7.8</b>	<b>4,740</b>	<b>8,620</b>	<b>7,960</b>	<b>8.3</b>

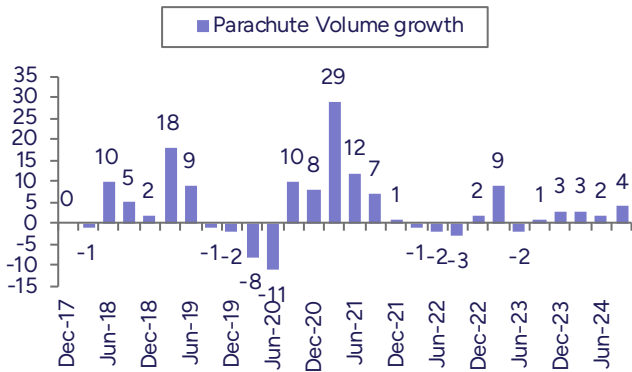
Source: Company, PL

**Exhibit 2: Consolidated Segmental: IBD business delivered 13% CCG led by MENA with 43% and SA with 20% growth**

(Rs m)	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
<b>Net Sales</b>	<b>24,960</b>	<b>24,700</b>	<b>22,400</b>	<b>24,770</b>	<b>24,760</b>	<b>24,220</b>	<b>22,780</b>	<b>26,430</b>	<b>26,640</b>
Domestic	18,960	18,510	16,830	18,270	18,320	17,930	16,800	19,620	19,790
International	6,000	6,190	5,570	6,500	6,440	6,290	5,980	6,810	6,850
<b>Sales Growth %</b>	<b>3.2</b>	<b>2.6</b>	<b>3.7</b>	<b>-3.2</b>	<b>-0.8</b>	<b>-1.9</b>	<b>1.7</b>	<b>6.7</b>	<b>7.6</b>
Domestic	1.4	1.9	1.8	-4.9	-3.4	-3.1	-0.2	7.4	8.0
International	9.3	4.9	9.9	2.0	7.3	1.6	7.4	4.8	6.4
<b>EBIT</b>	<b>4,560</b>	<b>4,780</b>	<b>4,200</b>	<b>6,090</b>	<b>5,260</b>	<b>5,360</b>	<b>4,860</b>	<b>6,410</b>	<b>5,670</b>
Domestic	3,290	3,440	3,020	4,280	3,760	3,800	3,390	4,440	3,920
International	1,270	1,340	1,180	1,810	1,500	1,560	1,470	1,970	1,750
<b>EBIT Growth %</b>	<b>4.6</b>	<b>7.9</b>	<b>15.7</b>	<b>9.9</b>	<b>15.4</b>	<b>12.1</b>	<b>15.7</b>	<b>5.3</b>	<b>7.8</b>
Domestic	5.1	11.7	12.7	7.5	14.3	10.5	12.3	3.7	4.3
International	3.3	-0.7	24.2	16.0	18.1	16.4	24.6	8.8	16.7
<b>EBIT Margins %</b>	<b>18.3</b>	<b>19.4</b>	<b>18.8</b>	<b>24.6</b>	<b>21.2</b>	<b>22.1</b>	<b>21.3</b>	<b>24.3</b>	<b>21.3</b>
Domestic	17.4	18.6	17.9	23.4	20.5	21.2	20.2	22.6	19.8
International	21.2	21.6	21.2	27.8	23.3	24.8	24.6	28.9	25.5
<b>Capital Employed</b>	<b>26,380</b>	<b>26,750</b>	<b>30,920</b>	<b>31,970</b>	<b>35,370</b>	<b>37,540</b>	<b>36,400</b>	<b>39,360</b>	<b>42,470</b>
Domestic	17,340	17,200	22,400	18,740	22,540	24,560	24,260	27,080	29,420
International	9,040	9,550	8,520	13,230	12,830	12,980	12,140	12,280	13,050
<b>International Sales Growth %</b>									
Bangladesh (46%)	10.0	9.0	9.0	9.0	2.0	-6.0	8.0	10.0	8.0
MENA (15%)	11.0	13.0	37.0	15.0	34.0	26.0	19.0	20.0	43.0
South Africa (8%)	16.0	13.0	21.0	37.0	23.0	33.0	13.0	28.0	20.0
SE Asia (26%)	10.0	13.0	16.0	5.0	13.0	4.0	0.0	0.0	7.0

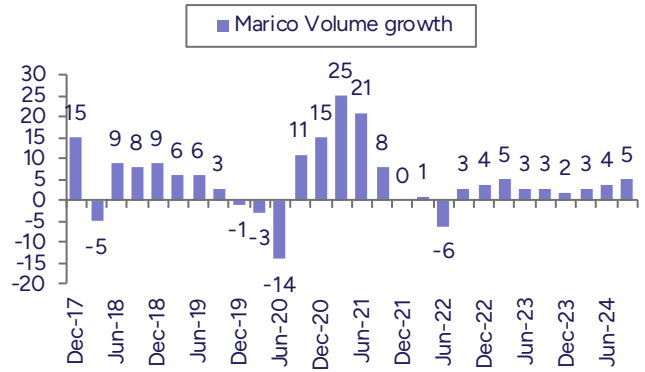
Source: Company, PL

**Exhibit 3: Parachute volumes up 4% YoY**



Source: Company, PL

**Exhibit 4: Domestic volumes up 5% YoY**



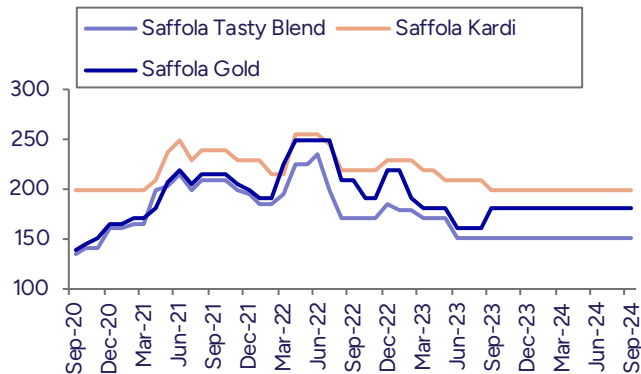
Source: Company, PL

**Exhibit 5: Market share remains strong across brands (ex-VAHO)**

Market Share (%)	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
Coconut Oil	62	62	62	62	62	62	62	63	63
Saffola				53	53	53	54	55	54
Hair Oil VAHO	NA	NA	NA	NA	NA	NA	NA	NA	NA
Livon & Silk and Shine	37	28	28	28	27	27	27	27	28
Hair Creams/Gel	62	61	60	57	55	53	50	49	48
Saffola Oats	54	54	53	53	53	52	52	51	52

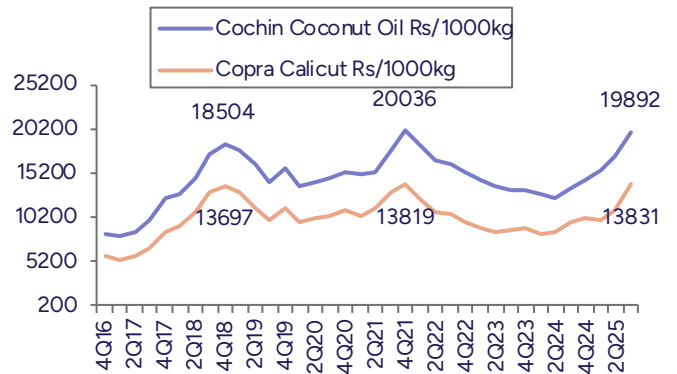
Source: Company, PL

**Exhibit 1: ~15% price hike in Saffola in 2H25**



Source: Company, PL

**Exhibit 2: Cochin/Calicut Copra prices sharply inching up**



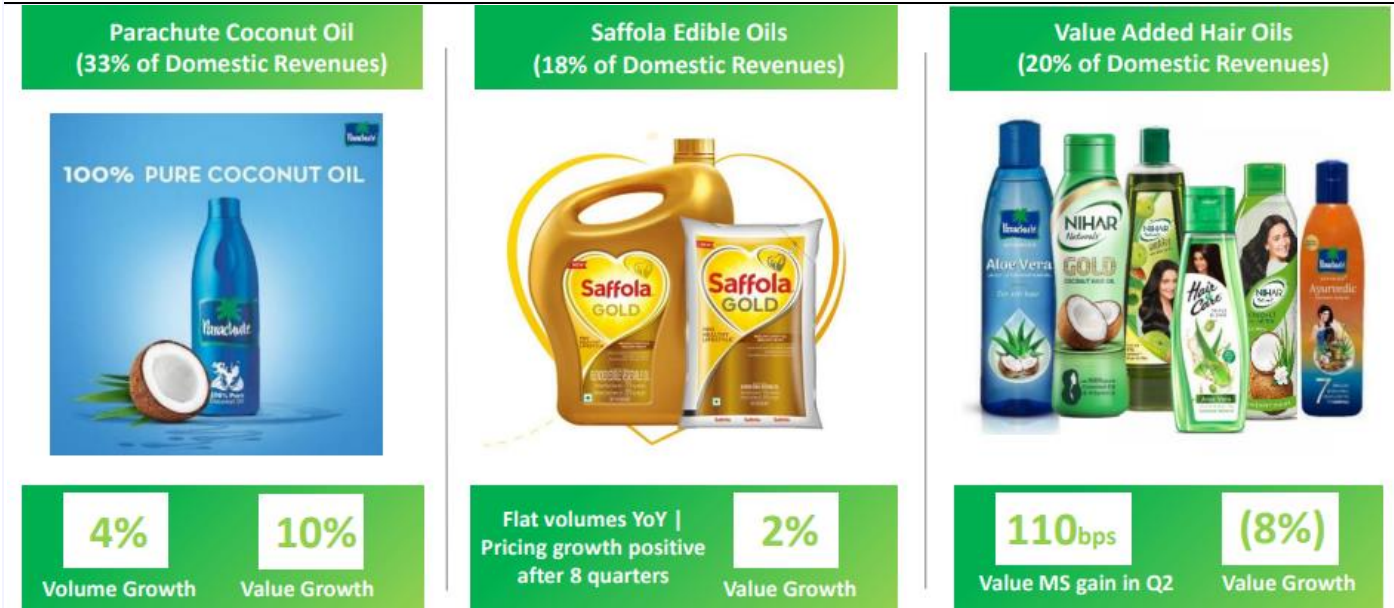
Source: Company, PL

**Exhibit 3: Broad based IBD holds steady**



Source: Company, PL

**Exhibit 4: Core category remain mixed**



Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
<b>Net Revenues</b>	<b>96,530</b>	<b>1,06,196</b>	<b>1,18,564</b>	<b>1,31,325</b>
YoY gr. (%)	(1.1)	10.0	11.6	10.8
Cost of Goods Sold	47,480	53,722	60,698	67,779
Gross Profit	49,050	52,474	57,866	63,546
Margin (%)	50.8	49.4	48.8	48.4
Employee Cost	7,430	7,965	8,833	9,718
Other Expenses	-	-	-	-
<b>EBITDA</b>	<b>20,260</b>	<b>22,089</b>	<b>24,430</b>	<b>26,851</b>
YoY gr. (%)	11.9	9.0	10.6	9.9
Margin (%)	21.0	20.8	20.6	20.4
Depreciation and Amortization	1,580	1,766	1,930	2,100
<b>EBIT</b>	<b>18,680</b>	<b>20,324</b>	<b>22,499</b>	<b>24,751</b>
Margin (%)	19.4	19.1	19.0	18.8
Net Interest	730	596	643	633
Other Income	1,420	1,564	1,696	1,879
<b>Profit Before Tax</b>	<b>19,370</b>	<b>21,292</b>	<b>23,553</b>	<b>25,997</b>
Margin (%)	20.1	20.0	19.9	19.8
Total Tax	4,350	4,940	5,511	6,291
Effective tax rate (%)	22.5	23.2	23.4	24.2
<b>Profit after tax</b>	<b>15,020</b>	<b>16,352</b>	<b>18,041</b>	<b>19,706</b>
Minority interest	210	231	254	280
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>14,810</b>	<b>16,121</b>	<b>17,787</b>	<b>19,426</b>
YoY gr. (%)	13.7	8.9	10.3	9.2
Margin (%)	15.3	15.2	15.0	14.8
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>14,810</b>	<b>16,121</b>	<b>17,787</b>	<b>19,426</b>
YoY gr. (%)	13.7	8.9	10.3	9.2
Margin (%)	15.3	15.2	15.0	14.8
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	14,810	16,121	17,787	19,426
<b>Equity Shares O/s (m)</b>	<b>1,290</b>	<b>1,290</b>	<b>1,290</b>	<b>1,290</b>
<b>EPS (Rs)</b>	<b>11.5</b>	<b>12.5</b>	<b>13.8</b>	<b>15.1</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>23,565</b>	<b>25,065</b>	<b>26,565</b>	<b>28,065</b>
Tangibles	13,727	15,227	16,727	18,227
Intangibles	9,838	9,838	9,838	9,838
<b>Acc: Dep / Amortization</b>	<b>7,045</b>	<b>8,327</b>	<b>9,721</b>	<b>11,228</b>
Tangibles	6,627	7,761	9,007	10,366
Intangibles	418	566	714	861
<b>Net fixed assets</b>	<b>16,520</b>	<b>16,738</b>	<b>16,844</b>	<b>16,837</b>
Tangibles	7,100	7,466	7,720	7,861
Intangibles	9,420	9,272	9,124	8,977
Capital Work In Progress	440	500	500	500
Goodwill	8,630	8,630	8,629	8,629
Non-Current Investments	4,470	5,972	6,053	6,142
Net Deferred tax assets	(2,110)	(2,597)	(3,139)	(3,748)
Other Non-Current Assets	3,440	3,743	4,137	4,618
<b>Current Assets</b>				
Investments	2,590	6,372	8,299	11,163
Inventories	13,360	12,655	14,151	15,599
Trade receivables	10,690	7,274	8,121	8,635
Cash & Bank Balance	9,450	8,311	9,224	10,177
Other Current Assets	3,780	2,655	2,964	3,283
<b>Total Assets</b>	<b>74,210</b>	<b>73,575</b>	<b>79,596</b>	<b>86,210</b>
<b>Equity</b>				
Equity Share Capital	1,290	1,290	1,290	1,290
Other Equity	37,030	41,093	44,025	46,985
<b>Total Networkth</b>	<b>38,320</b>	<b>42,383</b>	<b>45,315</b>	<b>48,275</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	-	-	-	-
Provisions	10	-	-	-
Other non current liabilities	190	209	230	253
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	3,830	3,830	3,830	3,830
Trade payables	15,810	13,697	15,162	16,914
Other current liabilities	4,800	5,242	5,783	6,472
<b>Total Equity &amp; Liabilities</b>	<b>74,210</b>	<b>73,576</b>	<b>79,596</b>	<b>86,210</b>

Source: Company Data, PL Research



**Cash Flow (Rs m)**

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	19,370	21,292	23,553	25,997
Add. Depreciation	1,580	1,766	1,930	2,100
Add. Interest	730	596	643	633
Less Financial Other Income	1,420	1,564	1,696	1,879
Add. Other	2,370	(3,187)	597	611
Op. profit before WC changes	24,050	20,467	26,723	29,341
Net Changes-WC	1,090	(162)	(2,582)	(2,711)
Direct tax	(4,350)	(4,940)	(5,511)	(6,291)
<b>Net cash from Op. activities</b>	<b>20,790</b>	<b>15,366</b>	<b>18,630</b>	<b>20,339</b>
Capital expenditures	(6,130)	(2,227)	(2,335)	(2,414)
Interest / Dividend Income	-	-	-	-
Others	1,750	(1,730)	-	-
<b>Net Cash from Inv. activities</b>	<b>(4,380)</b>	<b>(3,957)</b>	<b>(2,335)</b>	<b>(2,414)</b>
Issue of share cap. / premium	(625)	1,604	120	134
Debt changes	(920)	-	-	-
Dividend paid	(12,265)	(13,556)	(14,858)	(16,473)
Interest paid	(730)	(596)	(643)	(633)
Others	-	-	-	-
<b>Net cash from Fin. activities</b>	<b>(14,540)</b>	<b>(12,548)</b>	<b>(15,381)</b>	<b>(16,972)</b>
<b>Net change in cash</b>	<b>1,870</b>	<b>(1,139)</b>	<b>913</b>	<b>953</b>
Free Cash Flow	14,660	13,139	16,294	17,925

Source: Company Data, PL Research

**Key Financial Metrics**

Y/e Mar	FY24	FY25E	FY26E	FY27E
<b>Per Share(Rs)</b>				
EPS	11.5	12.5	13.8	15.1
CEPS	12.7	13.9	15.3	16.7
BVPS	29.7	32.9	35.1	37.4
FCF	11.4	10.2	12.6	13.9
DPS	9.5	10.5	11.5	12.8
<b>Return Ratio(%)</b>				
RoCE	44.0	46.0	47.2	48.9
ROIC	30.0	34.5	36.2	38.2
RoE	38.8	40.0	40.6	41.5
<b>Balance Sheet</b>				
Net Debt : Equity (x)	(0.2)	(0.3)	(0.3)	(0.4)
Net Working Capital (Days)	31	21	22	20
<b>Valuation(x)</b>				
PER	54.8	50.3	45.6	41.8
P/B	21.2	19.1	17.9	16.8
P/CEPS	49.5	45.4	41.2	37.7
EV/EBITDA	39.7	36.3	32.7	29.6
EV/Sales	8.3	7.5	6.7	6.0
Dividend Yield (%)	1.5	1.7	1.8	2.0

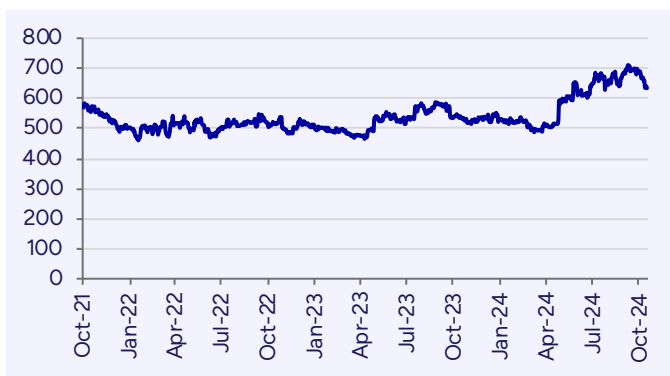
Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

Y/e Mar	Q3FY24	Q4FY24	Q1FY25	Q2FY25
<b>Net Revenue</b>	<b>24,220</b>	<b>22,780</b>	<b>26,430</b>	<b>26,640</b>
YoY gr. (%)	(1.9)	1.7	6.7	7.6
Raw Material Expenses	11,800	11,030	12,620	13,110
Gross Profit	12,420	11,750	13,810	13,530
Margin (%)	51.3	51.6	52.3	50.8
<b>EBITDA</b>	<b>5,130</b>	<b>4,420</b>	<b>6,260</b>	<b>5,220</b>
YoY gr. (%)	12.5	12.5	9.1	5.0
Margin (%)	21.2	19.4	23.7	19.6
Depreciation / Depletion	420	410	410	410
<b>EBIT</b>	<b>4,710</b>	<b>4,010</b>	<b>5,850</b>	<b>4,810</b>
Margin (%)	19.4	17.6	22.1	18.1
Net Interest	190	170	170	110
Other Income	430	150	370	400
<b>Profit before Tax</b>	<b>4,950</b>	<b>3,990</b>	<b>6,050</b>	<b>5,100</b>
Margin (%)	20.4	17.5	22.9	19.1
Total Tax	1,090	790	1,310	1,220
Effective tax rate (%)	22.0	19.8	21.7	23.9
<b>Profit after Tax</b>	<b>3,860</b>	<b>3,200</b>	<b>4,740</b>	<b>3,880</b>
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>3,860</b>	<b>3,200</b>	<b>4,740</b>	<b>3,880</b>
YoY gr. (%)	15.9	4.9	8.7	7.8
Margin (%)	15.9	14.0	17.9	14.6
Extra Ord. Income / (Exp)	-	-	-	450
<b>Reported PAT</b>	<b>3,860</b>	<b>3,200</b>	<b>4,740</b>	<b>4,330</b>
YoY gr. (%)	15.9	4.9	8.7	20.3
Margin (%)	15.9	14.0	17.9	16.3
Other Comprehensive Income	40	(360)	(590)	170
<b>Total Comprehensive Income</b>	<b>3,900</b>	<b>2,840</b>	<b>4,150</b>	<b>4,500</b>
Avg. Shares O/s (m)	1,291	1,291	1,291	1,291
<b>EPS (Rs)</b>	<b>3.0</b>	<b>2.5</b>	<b>3.7</b>	<b>3.0</b>

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Oct-24	Hold	681	690
2	05-Aug-24	Hold	681	672
3	09-Jul-24	Accumulate	621	615
4	28-May-24	Accumulate	606	603
5	06-May-24	Accumulate	588	530
6	09-Apr-24	Hold	554	510
7	30-Jan-24	Hold	559	516
8	08-Jan-24	Hold	556	524
9	30-Oct-23	Hold	556	532

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Asian Paints	Reduce	2,605	3,073
2	Avenue Supermarts	Hold	4,748	4,573
3	Britannia Industries	Accumulate	6,397	6,206
4	Colgate Palmolive	Reduce	2,973	3,219
5	Dabur India	Hold	603	572
6	Emami	Hold	836	743
7	Hindustan Unilever	Hold	2,744	2,659
8	ITC	Accumulate	539	472
9	Jubilant FoodWorks	Hold	582	629
10	Kansai Nerolac Paints	Reduce	286	292
11	Marico	Hold	681	690
12	Metro Brands	Hold	1,208	1,165
13	Mold-tek Packaging	Accumulate	853	749
14	Nestle India	Accumulate	2,689	2,379
15	Pidilite Industries	Accumulate	3,339	3,122
16	Restaurant Brands Asia	Accumulate	129	110
17	Titan Company	Accumulate	3,969	3,670
18	Westlife Foodworld	Hold	797	802

PL's Recommendation Nomenclature (Absolute Performance)

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

## **ANALYST CERTIFICATION**

### **(Indian Clients)**

We/I, Mr. Amnish Aggarwal- MBA, CFA, Ms. Hasti Savla- CA, Mr. Vishwa Solanki- PGDM - Finance 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](http://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 a registered with SEBI under the SEBI (Research Analysts) Regulation, 2014 and having registration number INH000000271.

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. Hasti Savla- CA, Mr. Vishwa Solanki- PGDM - Finance 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](http://www.plindia.com)