COFFEE With CEO

VISIT NOTE

GODREJ CONSUMER

Well fortified to scale the growth curve

India Equity Research| Consumer Goods

Edelweiss
Ideas create, values protect

We recently met Mr. Vivek Gambhir, Managing Director & CEO of Godrej Consumer Products (GCPL). Key takeaways: (i) management is confident of robust rural growth bolstering overall business; (ii) FY19 is envisaged to be year of strong innovations & new launches; (iii) management believes *Power Chip* entails potential to change fortunes of its HI segment; and (iv) international business is on recovery road with focus now on improving return ratios. We believe, the company's innovation drive and market leadership will further bolster GCPL's positioning and spur MS gains. Riding on this optimism, we upgrade target multiple to 45x (earlier 40x) to arrive at revised TP of INR1,435 (earlier INR1,265). Maintain 'BUY'.

Robust rural sales to help sustain healthy domestic growth

Management reiterated its conviction that robust spurt in rural geographies will boost domestic business. **Within the domestic pie, soaps continue to log good growth riding penetration in new markets** (*Godrej No 1* in East and *Cinthol* in South), **premiumisation** drive as well as shift from unorganised to organised players. While growth in the **HI segment** has been soft over the past few quarters, GCPL is banking on its recent launch—*Power Chip* – which can change fortunes. Strong innovation pipeline and strategy of new launches every quarter will spur domestic growth. Considering successful track record, we remain optimistic on management's innovation strategy.

International business getting back on track; focus on margin, RoE

Growth in the international business has been soft especially due to tepid Indonesia operations. However, according to **management, YTDFY19 growth has improved consistently MoM coupled with recouping of lost market share.** Focus now is on improving margins and return ratios rather than further expanding its international footprint. We envisage recovery in international business however to be gradual.

Outlook and valuations: Going strong; maintain 'BUY'

We like GCPL's focus on innovation and cost efficiency. Going ahead, we believe, domestic business' good performance and growth in Africa market are structural levers. We assign target multiple of 45x FY20E EPS to arrive at TP of INR1,435. At CMP, the stock is trading at 39.4x FY20E EPS. We maintain **'BUY/SO'**.

Financials

Year to March	FY17	FY18E	FY19E	FY20E
Revenues (INR mn)	92,679	98,433	112,321	128,615
EBITDA (INR mn)	18,977	20,671	25,048	29,582
Adjusted Profit (INR mn)	13,079	14,546	18,092	21,711
Adjusted Diluted EPS (INR)	19.2	21.4	26.6	31.9
EPS growth (%)	*12.3*	*11.2*	*24.4*	*20.0*
Diluted P/E (x)	65.4	58.8	47.3	39.4
EV/EBITDA (x)	46.3	41.7	34.2	28.6
ROAE (%)	27.3	25.2	26.4	26.9

EDELWEISS 4D RATINGS

Absolute Rating	**BUY**
Rating Relative to Sector	Outperform
Risk Rating Relative to Sector	High
Sector Relative to Market	Underweight

MARKET DATA *(R: GOCP.BO, B: GCPL IN)*

CMP	: INR 1,256
Target Price	: INR 1,435
52-week range (INR)	: 1,274 / 859
Share in issue (mn)	: 681.3
M cap (INR bn/USD mn)	: 856 / 12,436
Avg. Daily Vol.BSE/NSE('000)	: 625.4

SHARE HOLDING PATTERN (%)

	Current	Q4FY18	Q3FY18
Promoters *	63.3	63.3	63.3
MF's, FI's & BK's	2.3	2.3	2.2
FII's	27.7	27.7	27.8
Others	6.7	6.7	6.7

** Promoters pledged shares (% of share in issue)* : *2.0*

PRICE PERFORMANCE (%)

	Stock	Nifty	EW FMCG Index
1 month	8.3	0.0	0.4
3 months	7.7	3.8	7.3
12 months	23.8	12.4	11.1

Abneesh Roy
+91 22 6620 3141
abneesh.roy@edelweissfin.com

Alok Shah
+91 22 6620 3040
alok.shah@edelweissfin.com

July 11, 2018

Vivek Gambhir
Managing Director
and CEO

Interaction with Mr. Vivek Gambhir, MD & CEO and Mr. V. Srinivasan, CFO & Company Secretary

1. **How are you seeing overall growth in the domestic market. Are you seeing good pick-up in rural India?**

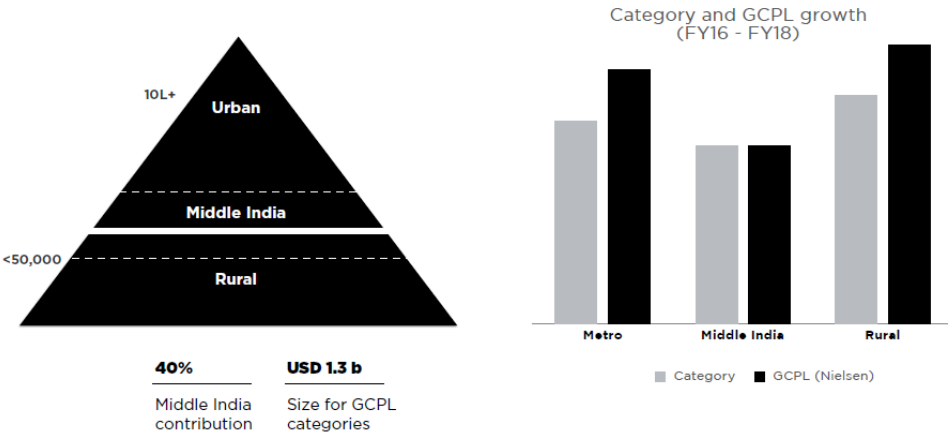
   Management believes underlying growth dynamics are now much more favourable post disruption last year led by demonetisation and then GST. Short-term hurdles like wholesale channel imbalances, etc., are largely behind and **GCPL is clocking decent improvement MoM.** Compared to two-year CAGR (after ironing out macro imbalances such as demonetisation and GST), management believes the outlook now is much better.

   Management stated that growth has picked up meaningfully in rural geographies (view echoed by most staple companies). While most players are trying to identify the factors behind the pick up, GCPL attributes it to (though there is no conclusive evidence) more job creation in rural areas, two years of better monsoons and government-led schemes (DBT, etc), which are ensuring more money in the hands of rural India. Government's infrastrucutre activities too are playing their part.

   Under its "One Rural" project, GCPL will focus on: (i) district-level mapping of share & potential; (ii) districts with low share; (iii) enhance direct village coverage; and (iv) higher number of direct sales touch points. For example, in FY18, villages under direct coverge rose 15% & media spends jumped 27% in those villages. GCPL estimates atleast 1.2-1.5x growth in rural geographies vis-à-vis urban (for FY18, rural growth was 1.2-1.3x urban growth).

   Management has also sharpened focus on middle India through micro planning. GCPL is undertaking focussed investments in sales infrastructure by: (i) adding more feet on ground; (ii) expanding channel partner footprint; and (iii) extending retail segmentation.

Fig. 1: Sharpening focus on middle and rural India



Source: Company, Edelweiss research

Management is confident that this, coupled with strong innovation pipeline, will lead to double digit revenue growth in the domestic market in FY19.

2.

V. Srinivasan
Chief Financial Officer
and
Company Secretary

3. Your soaps portfolio has consistently witnessed good growth. What are the levers which is helping this growth trajectory?

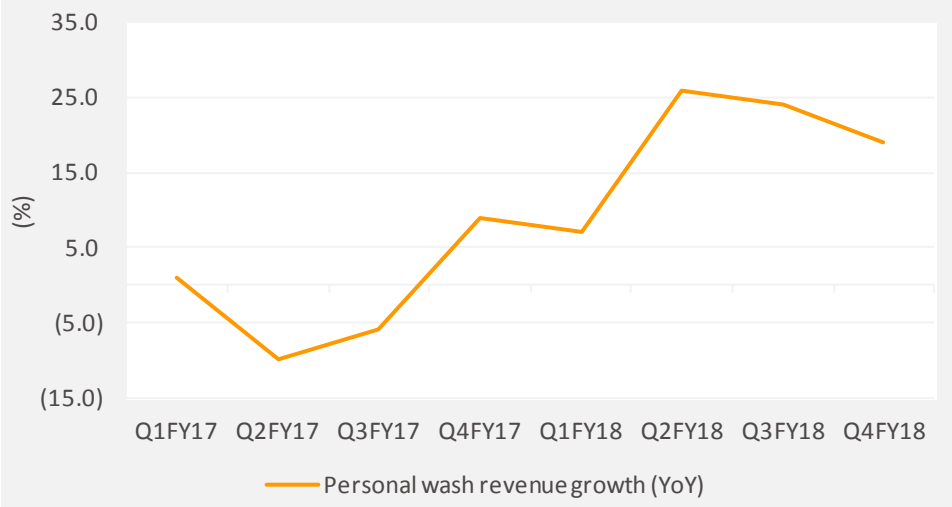
In India, the soap category's penetration stands at >95%. Yet, over the past five quarters, GCPL has clocked healthy growth in this category with strong double digit spurt in the past three quarters, albeit on a soft base. Besides GST-led rate cuts, management attributes this surge to its expanding distribution reach as well as premiumisation of portfolio.

Over the past three years, penetration of *Cinthol, Godrej No 1* and GCPL's overall soaps portfolio has jumped 490bps, 130bps and 370bps, respectively. This has been partly aided by improving penetration. For example, the company has launched *Cinthol* in Tamil Nadu and is now taking it to Karnataka and Andhra Pradesh. Likewise, *Godrej No 1* has been successful in North and is now being launched in East India as well.

GCPL relies on cutting edge data analytics software, which is embedded with Artificial Intelligence, helping it take many strategic decisions. The company has tested this software and is happy with the output. Further, effective micro-marketing initiatives and strong on-ground execution are bolstered by healthy brand investments, driving growth in *Godrej No. 1* and *Cinthol*.

One more pillar of growth has been the likely shift of demand from unorganised to organised segment. In soaps, the unorganised pie stands at ~10-12% and according to management anecdotal evidence clearly indicates that some of these players have been impacted by implementation of GST.

Chart 1: Personal wash—Revenue growth on the rise



Source: Company, Edelweiss research

4. **HI has clocked softer growth over the past few quarters. Can you explain the reason for the same? What different are you doing to get growth back?**

GCPL is the market leader in the HI category and has gained 40bps market share over FY15-18. **HI's penetration too has increased 240bps over the period. Currently, within HI (blended 51% penetration level), while urban penetration is 74%, rural stands at 36%**. Thus, the room to grow in this category is huge.

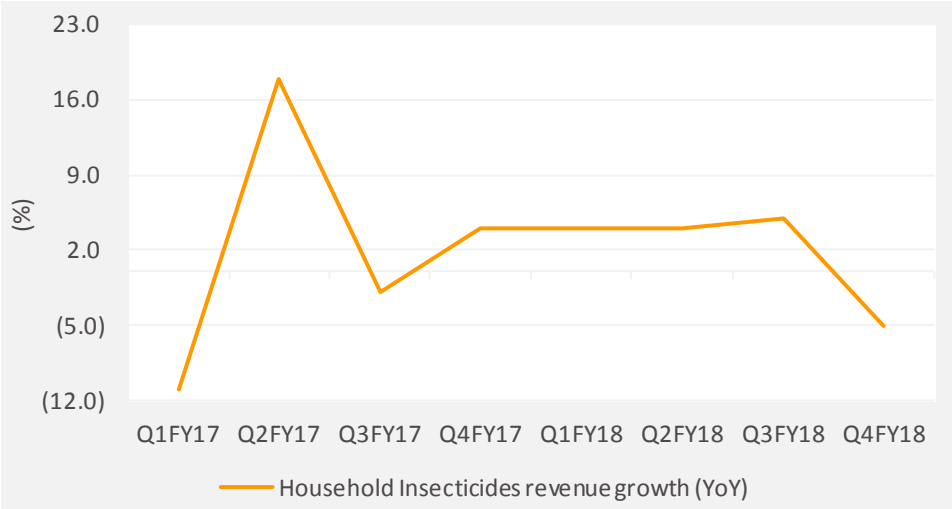
A few years ago, rural penetration was much lower, which improved on introduction of *Fast Card*. After a few years, coils were scaled back with no substitue launched by GCPL at those price points. This led to slower growth, especially in rural areas.

To counter the same, the company has now launched *Power Chip*—its operating cost is two-third that of a coil, is more effective and is easy to use. GCPL has registered design for this product and perceives it as a break-through innovation which has ample legs to get the desired growth rate.

GCPL is also trying to uptrade coil users to either aerosol or liquid vapourisers. Also, while profitability of coils is 1x, the same for aerosols is 3x and for liquid vapourisers it is 4x.

The company also has a suite of products in personal repellant (PR) and Out of Home (OOH) categories. However, in India, their penetration is mere 3% against 15% in Indonesia and 22% in China. This also offers huge market potential for GCPL to tap. In order to increase penetration in this category, the company will focus on sampling, trial generation SKUs and increasing distribution & awareness.

Chart 2: Household insecticides—Soft revenue growth



Source: Company, Edelweiss research

Fig. 2: Banking on recent launch *Power Chip* to change fortunes

Source: Company, Edelweiss research

5. **Over the past two quarters, growth in hair care has been good. What's the outlook for this category?**

   GCPL is the undisputed market leader (>25% market share) in the INR40bn hair colour category. The hair colour market comprises 34% crème, 17% powders, 25% herbal-based powder and 11% pure henna. Until it launched herbal-based powder, GCPL was present in only 75% of the overall hair care market.

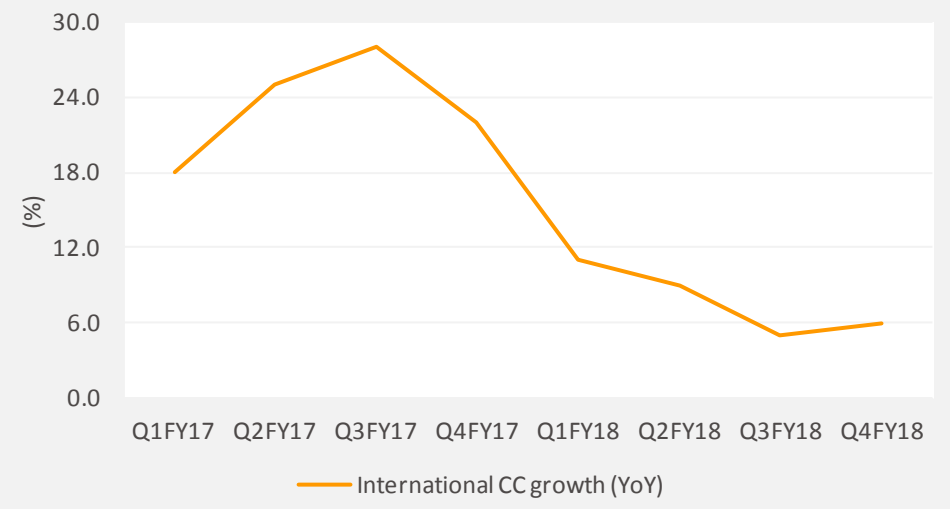
   Within the segment it is present in, GCPL's market share has improved 210bps over FY15-18 with penetration jumping 230bps. **Hair colour's urban-rural penetration ratio (blended 44%) stands as 63-35%**. Thus, room to grow in this category is huge.

   The company's penetration in crème has jumped 730bps over FY15-18. It expects this to further improve over the next few years. **Mass market innovation to on-board new customers and improving penetration in hair colour will be the strategy to get growth in this category.**

6. **What should we expect from international operations?**

Fig.3: Snapshot of global operations

Chart 3: International busiess CC growth



Source: Company, Edelweiss research

i. **Indonesia cluster**

Overall growth strategy for the Indonesia cluster is: (i) go full throttle on innovation; (ii) transform go-to-market approach; (iii) retool marketing with rejuvenated campaigns; (iv) continue cost optimisation; (v) build high performance culture & strong employer brand; and (vi) target double-digit sales growth.

Post tepid show in FY18, growth so far in FY19 has been consistently improving MoM with GCPL also regaining lost market share. The problem in Indonesia was more macro related—50bps interest rate hike over the past six months.

In order to transform its go-to-market strategy, the company has sharpened focus on expanding its general trade (GT) presence. **Target is to double GT footprint in three years to 250,000 outlets** (1mn GT outlets in Indonesia) **from 125,000.**

ii. **Africa cluster**

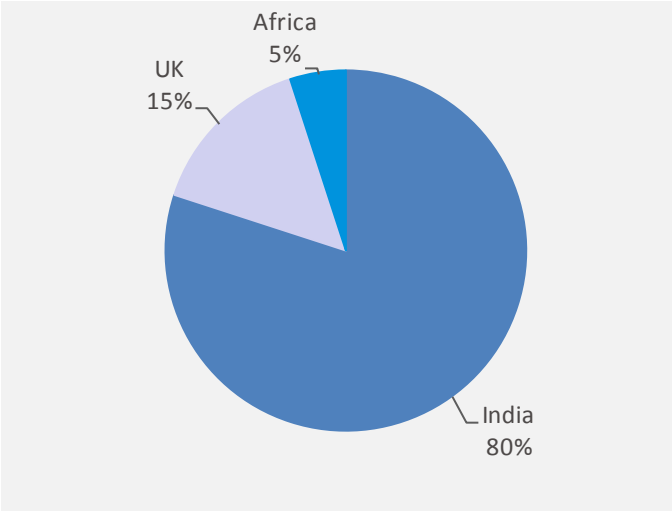
Overall growth strategy for Africa cluster is: (i) relaunch the *Darling* brand; (ii) scale up the wet hair care portfolio; (iii) enhance go-to-market & salon engagement; (iv) increase engagement & advocacy through the Black Hair Hub; (v) drive supply chain effectiveness; and (vi) improve margin & RoCE.

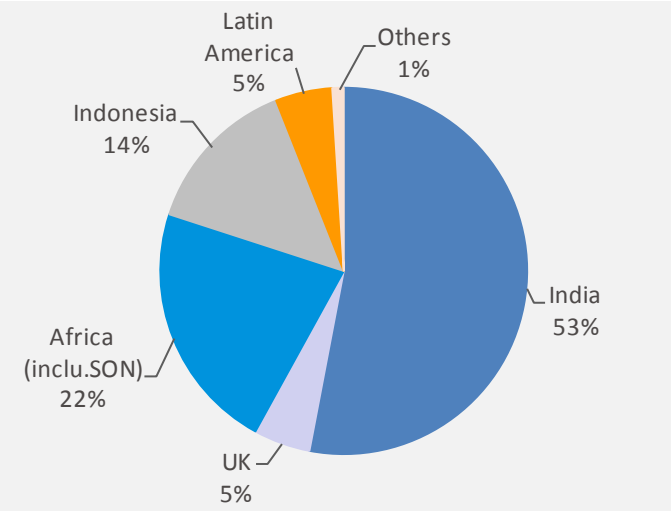
Within the cluster, Nigeria, Kenya and South Africa are key markets, which are almost equal in size. In order to scale up the Africa business, GCPL is focussing on employing more locals.

7. **Is GCPL looking to grow inorganically, as has been done in the past?**

Over the past 10 years, GCPL has grown strongly through organic as well as inorganic route. Within the overseas portfolio as well, the company has achieved good diversification.

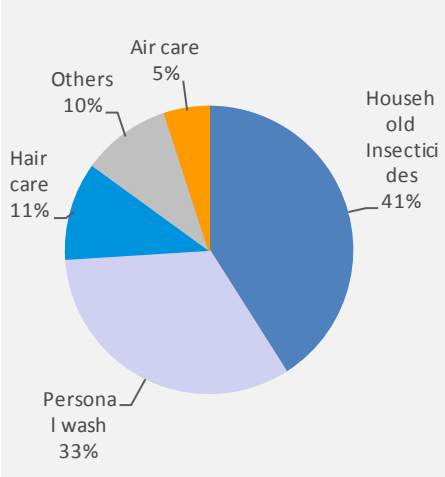
Chart 4: Geography salience—FY08 vis-à-vis FY18

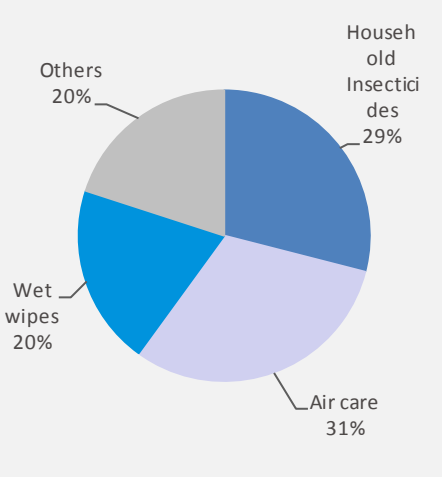


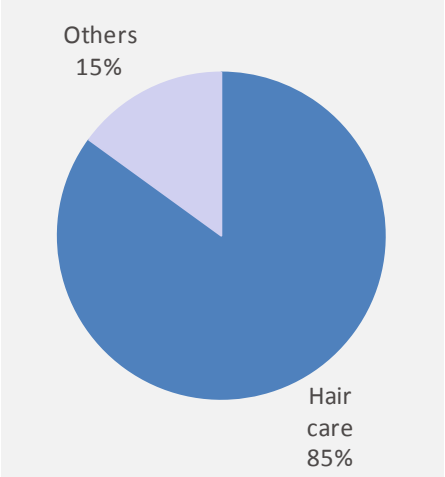


Source: Company, Edelweiss research

Chart 5: Diversified category portfolio across geographies







Source: Company, Edelweiss research

According to managemnet, GCPL has gained reasonable scale in overseas markets. Now the focus is **on consolidating and strengthening its position further rather than acquiring more entities**.

GCPL is also focussing on improving its international EBITDA margin (initiated Project PI in Indonesia in FY17, among other initiatives) which is at ~17% vis-à-vis India business' ~24.5-25.0%. Within international geographies, the Indonesia business has clocked decent margin improvement, according to management. Further, the company is focussing on improving RoCE as well.

Table 1: RoCE (%) by geography

Roce (%)	FY17	FY18
India	73.2	76.7
Indonesia	14.8	15.9
Africa	6.1	4.2
Others	15.0	12.3

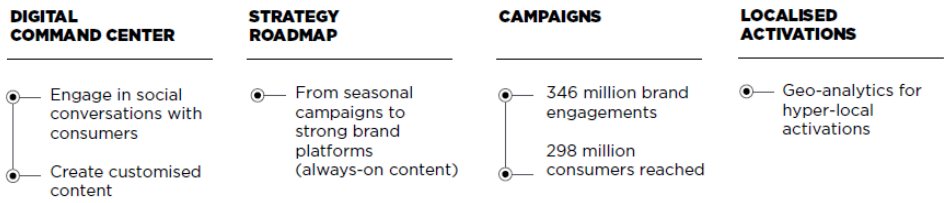
Source: Company, Edelweiss research

8. How is GCPL expanding its presence in channels of future?

GCPL is focussing on increasing its salience in the e-commerce space. Management acknowledged that the company is lagging HUL in terms of using data analytics, etc., and share of e-commerce revenue stands at 1.0% (1.5% for HUL). This lower **proportion can be partially attributed to product mix—few online players are not keen on delivering aerosols**.

In order to focus on e-commerce, GCPL has set up a new team, which will report directly to Mr. Sunil Kataria, CEO, India business. **It is also focussing on having a suite of e-commerce only products, which are feasible now in light of new distribution channels.**

Fig. 4: GCPL is enhancing its digital capabilities



Source: Company, Edelweiss research

Company Description

GCPL is a major player in the toilet soap, household insecticide and hair colour categories in the Indian FMCG market. It is a leader in the hair colour category and has a vast product range across various price points. Major brands include Godrej Expert Rich Hair Crème, Godrej Hair Dye (liquid and powder), Godrej Kesh Kala oil and Nupur hair dyes in the mass end and Renew and Coloursoft in the mass premium segment. It is the second-largest toilet soap marketer after Hindustan Unilever (HUL) with a ~10-12% market share and primary brands such as Godrej No. 1, Cinthol and FairGlow. GCPL is the leader in the household insecticides category across all the formats.

To expand its geographical presence, GCPL had made few acquisitions in the past few years. In FY06, it acquired Keyline brands in the UK with brands such as Cuticura and Erasmic. In FY07, it took over Rapidol, a South African company with presence across ten countries in Africa. Tura and Megasari are among recent purchases that helped extend its presence in Africa and Indonesia respectively. With acquisition of Darling Group Holding, *leader in hair extension in Africa*, in Africa GCPL further strengthened its stronghold in the continent. It also entered Chile, with acquisition of 60% stake in Cosmetica Nacional. GCPL acquired 30% stake in B:Blunt salon services.

Investment Theme

GCPL boasts of patented technology for PHDs that has helped it drive usage of hair colours at the lower end of the market. Recently with disruptive launch of crème based hair color at low price point GCPL has raised competitive intensity in the segment and gained market share from MNCs. In soaps, the company provides high-quality value-for-money soaps with its Godrej No1 which has helped it garner larger market share and plays the premiumisation strategy with its Cinthol range. GCPL is the undisputed leader in the household insecticides space across three categories and continues to expand the market with innovations. GCPL's international acquisitions are driving benefits from cross pollination of products and technology. The company can be expected to benefit from its new ventures, increasing consumer spending and inorganic growth going forward.

Key Risks

A slowdown in rural demand due to lower government spending or a monsoon failure could impact GCPL's revenues significantly.

Depreciating INR, Indonesian rupiah and Argentine Peso can impact profitability.

GCPL's ability to gain market share in its soap segment could be adversely affected by the aggression of HUL, ITC, Wipro, etc.

Financial Statements

Key Assumptions

Year to March	FY17	FY18	FY19E	FY20E
Macro				
GDP(Y-o-Y %)	7.1	6.5	7.1	7.6
Inflation (Avg)	4.5	3.6	4.5	5.0
Repo rate (exit rate)	6.3	6.0	6.3	6.5
USD/INR (Avg)	67.1	64.5	68.0	69.0
Company				
Int rate on debt (%)	4.2	4.9	5.4	5.0
Revenue growth (Y-o-Y %)				
Personal wash gr (dom)	(1.9)	16.3	15.5	15.5
Hair color growth (dom)	4.0	7.1	15.5	17.6
Home care growth (dom)	3.1	6.1	11.3	12.4
International bus growth	18.4	7.0	13.5	14.7
Asia sales growth	13.2	(4.0)	6.0	10.0
Africa sales growth	38.9	15.2	18.8	18.9
Europe sales growth	(14.9)	10.0	15.0	15.0
LatAm sales growth	(9.6)	10.4	15.0	15.0
EBITDA margin assumpn				
COGS as % of sales (Con)	44.6	43.4	43.6	43.5
Oil & Fat as % of COGS	21.0	21.0	21.0	21.0
Chemicals as % of COGS	11.5	11.5	11.5	11.5
Pack Mat (as % of COGS)	12.0	12.0	12.0	12.0
Staff cost (% of sales)	10.7	10.7	10.3	10.2
Con A&P (% of sales)	7.7	8.2	7.9	7.7
Financial assumptions				
Tax rate (Consol)	22.5	21.8	22.5	22.5
Debtor days	42	42	41	41
Inventory days	120	128	125	125
Payable days	142	174	150	150
Cash conversion cycle	21	(4)	16	16
Capex (INR mn)	17,467	2,286	3,179	2,500
Dep. (% gross block)	5.1	4.1	4.1	4.1
Dividend payout	15.0	29.0	35.0	35.0
Yield on cash	3.0	3.8	6.5	5.5

Income statement (INR mn)

Year to March	FY17	FY18	FY19E	FY20E
Net revenue	92,679	98,433	112,321	128,615
Materials costs	41,325	42,744	48,972	55,948
Employee costs	9,885	10,574	11,569	13,119
Ad. & sales costs	7,181	8,103	8,873	9,903
Other Expenses	15,311	16,341	17,859	20,064
EBITDA	18,977	20,671	25,048	29,582
Depreciation	1,416	1,557	1,641	1,744
EBIT	17,562	19,114	23,406	27,838
Less: Interest Expense	1,452	1,607	1,334	1,207
Add: Other income	753.00	1,075.5	1,272.36	1,383.57
Profit Before Tax	16,862	18,582	23,344	28,015
Less: Provision for Tax	3,792	4,047	5,252	6,303
Associate profit share	8	11	-	-
Reported Profit	13,079	16,342	18,092	21,711
Exceptional Items	-	1,796	-	-
Adjusted Profit	13,079	14,546	18,092	21,711
Shares o /s (mn)	681	681	681	681
Adjusted Basic EPS	19.2	21.4	26.6	31.9
Diluted shares o/s (mn)	681	681	681	681
Adjusted Diluted EPS	19.2	21.4	26.6	31.9
Adjusted Cash EPS	21.3	23.6	29.0	34.4
Dividend per share (DPS)	2.9	7.0	9.3	11.2
Dividend Payout Ratio(%)	14.4	34.9	42.1	42.1

Common size metrics

Year to March	FY17	FY18	FY19E	FY20E
Materials costs	44.6	43.4	43.6	43.5
Ad. & sales costs	7.7	8.2	7.9	7.7
EBITDA margins	20.5	21.0	22.3	23.0
Net Profit margins	14.1	14.8	16.1	16.9

Growth ratios (%)

Year to March	FY17	FY18	FY19E	FY20E
Revenues	10.0	6.2	14.1	14.5
EBITDA	16.0	8.9	21.2	18.1
Adjusted Profit	12.3	11.2	24.4	20.0
EPS	12.3	11.2	24.4	20.0

Balance sheet (INR mn)

As on 31st March	FY17	FY18	FY19E	FY20E
Share capital	341	681	681	681
Reserves & Surplus	52,679	61,902	73,787	86,351
Shareholders' funds	53,020	62,583	74,468	87,033
Long term borrowings	31,083	23,803	22,303	20,803
Short term borrowings	8,927	1,405	1,905	3,255
Total Borrowings	40,009	25,208	24,208	24,058
Long Term Liabilities	9,521	8,546	8,546	8,546
Def. Tax Liability (net)	1,898	3,047	3,047	3,047
Sources of funds	**104,448**	**99,384**	**110,269**	**122,684**
Gross Block	36,284	38,784	41,284	43,784
Net Block	9,426	10,664	10,689	11,445
Capital work in progress	1,035	821	1,500	1,500
Intangible Assets	71,403	72,504	72,504	72,504
Total Fixed Assets	81,864	83,989	84,694	85,450
Non current investments	2,518	1,415	1,415	1,415
Cash and Equivalents	15,945	18,160	23,741	34,047
Inventories	14,125	15,777	16,771	19,160
Sundry Debtors	10,287	12,455	12,617	14,447
Loans & Advances	229	313	313	313
Other Current Assets	4,383	7,518	7,518	7,518
Current Assets (ex cash)	29,025	36,063	37,219	41,439
Trade payable	17,239	23,569	20,125	22,992
Other Current Liab	7,664	16,674	16,674	16,674
Total Current Liab	24,903	40,243	36,800	39,667
Net Curr Assets-ex cash	4,122	(4,180)	419	1,772
Uses of funds	**104,448**	**99,384**	**110,269**	**122,684**
BVPS (INR)	77.9	91.9	109.4	127.8

Cash flow metrics

Year to March	FY17	FY18	FY19E	FY20E
Operating cash flow	18,050	20,209	16,469	23,309
Financing cash flow	6,647	(21,761)	(9,956)	(10,503)
Investing cash flow	(21,698)	(2,923)	(3,179)	(2,500)
Net cash Flow	2,999	(4,475)	3,333	10,306
Capex	(17,467)	(2,286)	(3,179)	(2,500)
Dividend paid	(2,357)	(5,704)	(7,622)	(9,146)

Profitability and efficiency ratios

Year to March	FY17	FY18	FY19E	FY20E
ROACE (%)	22.2	22.3	26.5	27.9
ROAE (%)	27.3	25.2	26.4	26.9
Inventory Days	120	128	125	125
Debtors Days	42	42	41	41
Payable Days	142	174	150	150
Cash Conversion Cycle	21	(4)	16	16
Current Ratio	1.8	1.3	1.7	1.9
Debt/EBITDA (x)	2.1	1.2	1.0	0.8
Debt/Equity (x)	0.8	0.4	0.3	0.3
Adjusted Debt/Equity	0.8	0.4	0.3	0.3
Net Debt/Equity	0.5	0.1	-	(0.1)
Interest Coverage Ratio	12.1	11.9	17.5	23.1

Operating ratios

Year to March	FY17	FY18	FY19E	FY20E
Total Asset Turnover	1.0	1.0	1.1	1.1
Fixed Asset Turnover	1.3	1.2	1.4	1.5
Equity Turnover	1.9	1.7	1.6	1.6

Free cash flow (INR mn)

Year to March	FY17	FY18	FY19E	FY20E
Reported Profit	13,079	16,342	18,092	21,711
Add: Depreciation	1,416	1,557	1,641	1,744
Interest (Net of Tax)	1,126	1,257	1,034	935
Others	318	(1,456)	300	271
Less: Changes in WC	(2,226)	(2,510)	4,599	1,353
Operating cash flow	18,164	20,209	16,469	23,309
Less: Capex	17,467	2,286	3,179	2,500
Free Cash Flow	**697**	**17,924**	**13,289**	**20,809**

Valuation parameters

Year to March	FY17	FY18	FY19E	FY20E
Adj. Diluted EPS (INR)	19.2	21.4	26.6	31.9
Y-o-Y growth (%)	*12.3*	*11.2*	*24.4*	*20.0*
Adjusted Cash EPS (INR)	21.3	23.6	29.0	34.4
Diluted P/E (x)	65.4	58.8	47.3	39.4
P/B (x)	16.1	13.7	11.5	9.8
EV / Sales (x)	9.5	8.8	7.6	6.6
EV / EBITDA (x)	46.3	41.7	34.2	28.6
Dividend Yield (%)	0.2	0.6	0.7	0.9

Peer comparison valuation

Name	Market cap (USD mn)	Diluted P/E (X)		EV / EBITDA (X)		ROAE (%)	
		FY19E	FY20E	FY19E	FY20E	FY19E	FY20E
Godrej Consumer	12,436	47.3	39.4	34.2	28.6	26.4	26.9
Dabur	9,662	40.2	34.4	35.1	29.9	26.8	27.2
Emami	3,563	56.0	41.1	27.7	22.6	20.6	24.9
Hindustan Unilever	53,090	59.0	51.2	40.7	35.7	83.3	87.3
ITC	49,164	28.2	24.8	18.6	16.1	22.2	23.7
Marico	6,574	47.8	40.7	32.5	27.6	34.7	34.7
Median	-	47.5	40.0	33.3	28.1	26.6	27.1
AVERAGE	-	46.4	38.6	31.5	26.7	35.6	37.4

Source: Edelweiss research

Additional Data

Directors Data

Mr. Adi Godrej	Chairman	Mr. Vivek Gambhir	Managing Director and CEO
Ms. Nisaba Godrej	Executive Chairperson	Mr. Nadir Godrej	Non Executive Director
Mr. Jamshyd Godrej	Non Executive Director	Ms. Tanya Dubash	Director
Mr. Aman Mehta	Director	Mr. Bharat Doshi	Director
Dr. Omkar Goswami	Director	Ms. Ireena Vittal	Director
Mr. Narendra Ambwani	Director	Mr. Pirojsha Godrej	Director
Ms. Ndidi Nwuneli	Director		

Auditors - B S R & Co, LLP

Holding – Top10

	Perc. Holding		Perc. Holding
Commonwealth Bank Of Austr	2.7	First State Investments	2.2
Temasek Holdings Pte Ltd	2.5	Arisaig Partners Asia Pte Ltd	2.0
Capital Group Companies Inc	1.7	Life Insurance Corp Of India	1.4
Rkn Enterprises	1.3	Vanguard Group	1.3
FMR LLC	1.3	Standard Life Aberdeen Plc	1.1

**as per last available data*

Bulk Deals

Data	Acquired / Seller	B/S	Qty Traded	Price
No Data Available				

**in last one year*

Insider Trades

Reporting Data	Acquired / Seller	B/S	Qty Traded
No Data Available			

**in last one year*

Company	Absolute reco	Relative reco	Relative risk	Company	Absolute reco	Relative reco	Relative Risk
Asian Paints	BUY	SO	M	Bajaj Corp	HOLD	SU	H
Berger Paints	BUY	SO	L	Britannia Industries	BUY	SO	L
Colgate	HOLD	SP	M	Dabur	BUY	SO	M
Emami	BUY	SP	H	Future Consumer	BUY	SP	M
GlaxoSmithKline Consumer Healthcare	HOLD	SU	M	Godrej Consumer	BUY	SO	H
Hindustan Unilever	HOLD	SP	L	ITC	HOLD	SP	M
Marico	BUY	SP	M	Nestle Ltd	HOLD	SP	L
Pidilite Industries	BUY	SO	M	United Spirits	BUY	SP	H

ABSOLUTE RATING

Ratings	Expected absolute returns over 12 months
Buy	More than 15%
Hold	Between 15% and - 5%
Reduce	Less than -5%

RELATIVE RETURNS RATING

Ratings	Criteria
Sector Outperformer (SO)	Stock return > 1.25 x Sector return
Sector Performer (SP)	Stock return > 0.75 x Sector return
	Stock return < 1.25 x Sector return
Sector Underperformer (SU)	Stock return < 0.75 x Sector return

Sector return is market cap weighted average return for the coverage universe within the sector

RELATIVE RISK RATING

Ratings	Criteria
Low (L)	Bottom 1/3rd percentile in the sector
Medium (M)	Middle 1/3rd percentile in the sector
High (H)	Top 1/3rd percentile in the sector

Risk ratings are based on Edelweiss risk model

SECTOR RATING

Ratings	Criteria
Overweight (OW)	Sector return > 1.25 x Nifty return
Equalweight (EW)	Sector return > 0.75 x Nifty return
	Sector return < 1.25 x Nifty return
Underweight (UW)	Sector return < 0.75 x Nifty return

Edelweiss Securities Limited, Edelweiss House, off C.S.T. Road, Kalina, Mumbai – 400 098.
Board: (91-22) 4009 4400**,** Email*: research@edelweissfin.com*

Aditya Narain
Head of Research
aditya.narain@edelweissfin.com

ADITYA NARAIN

Digitally signed by ADITYA NARAIN
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Date: 2018.07.11 14:55:05 +05'30'

Coverage group(s) of stocks by primary analyst(s): Consumer Goods

Asian Paints, Bajaj Corp, Berger Paints, Britannia Industries, Colgate, Dabur, Future Consumer, Godrej Consumer, Emami, Hindustan Unilever, ITC, Marico, Nestle Ltd, Pidilite Industries, GlaxoSmithKline Consumer Healthcare, United Spirits

Recent Research

Date	Company	Title	Price (INR)	Recos
02-Jul-18	**Consumer Goods**	Strong volume recovery aided by rural; *Q1FY19 Result Preview*		
29-Jun-18	**Britannia Industries**	A basketful of catalysts; *Visit Note*	6,130	Buy
06-Jun-18	**Berger Paints**	Volumes shine; prospects intact; *Result Update*	283	Buy

Distribution of Ratings / Market Cap

Edelweiss Research Coverage Universe

	Buy	Hold	Reduce	Total
Rating Distribution*	161	67	11	240

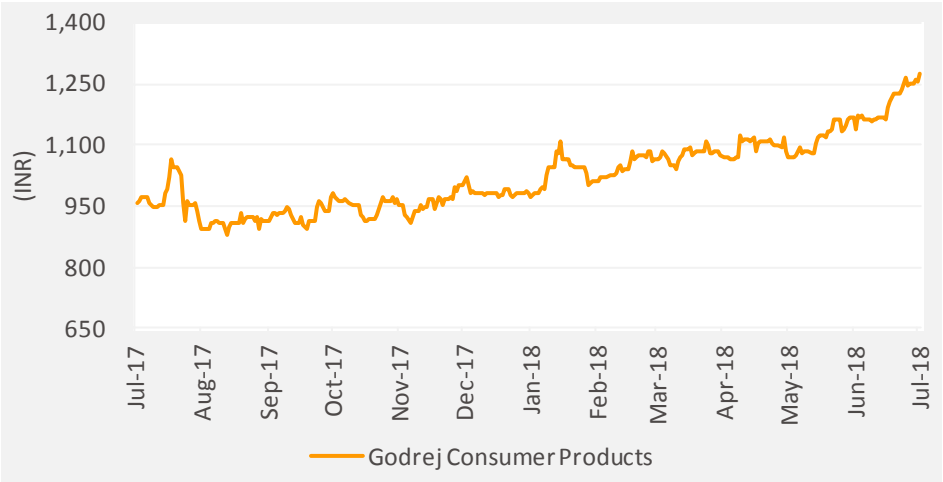
* 1stocks under review

	> 50bn	Between 10bn and 50 bn	< 10bn
Market Cap (INR)	156	62	11

Rating Interpretation

Rating	Expected to
Buy	appreciate more than 15% over a 12-month period
Hold	appreciate up to 15% over a 12-month period
Reduce	depreciate more than 5% over a 12-month period

One year price chart



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