India Equity Analytics

Results Preview 4QFY20 - Consumers

Narnolia®

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Asian Paints Limited

APNT IN

Consumers

CMP	**1652**
Target	**1500**
Upside	**-9%**
Rating	**HOLD**

	FY17	FY18	FY19	FY20E
Roe%	27%	25%	24%	28%
Roce%	33%	31%	30%	30%
P/E	53.0	52.7	66.3	55.4
EV/Sales	6.8	6.4	7.4	7.7
EV/Ebdita	34.4	33.7	40.7	36.6

	FY17	FY18	FY19	FY20E	4QFY19	3QFY20	4QFY20E
Sales	15,062	16,825	19,342	20,584	5,018	5,420	5,008
Sales Gr%	*6%*	*12%*	*15%*	*6%*	*12%*	*3%*	*0%*
Ebdita	2,986	3,198	3,525	4,319	823	1,189	1,017
Ebdita Gr%	*8%*	*7%*	*10%*	*23%*	*-2%*	*8%*	*24%*
Net Profits	1,939	2,039	2,159	2,862	473	780	563
Profit Gr%	*11%*	*5%*	*6%*	*33%*	*-2%*	*20%*	*19%*
Gross Margin%	*44%*	*45%*	*42%*	41.4%	*41.6%*	*43.0%*	43.0%
Ebdita Margin%	19.8%	19.0%	18.2%	21.0%	16.4%	21.9%	20.3%
Net Profit Margin%	12.9%	12.1%	11.2%	13.9%	9.4%	14.4%	11.2%

Conso/Fig in Rs Cr

❑ The Company's revenue is expected to remain flat at Rs. 5008 cr. on account of turbulence caused by COVID-19 in 4QFY20.

❑ The revenues from automotive coating JV (PPG-AP) is expected to remain impacted on account of domestic automotive industry slowdown while industrial coatings JV (AP-PPG) is expected to improve led by slight increase in demand from protective coatings segment. However lower material prices is expected to favor profitability of both these JVs.

❑ The Value growth is expected to remain subdued due to weak product mix on account of higher turnaround of economy products and lower realization on account of company's focus on pushing economy products.

❑The Company's International business is expected to grow by 2% YoY to Rs. 737 cr. impacted on account of slowdown in Oman & Srilanka.

❑ Gross margin is expected to expand by 144 bps to 42.2% YoY on account of benign input price while EBITDA margin is expected to expand by 390 bps to 20.3% YoY led by gross margin expansion and lower other expense.

Key Trackable this Quarter

❑ Overall Demand environment in the industry and impact on volumes due to COVID-19.

❑ Business challenges improvement in international market like Bangladesh, Oman and Srilanka.

❑ Improvement in company's product mix.

The Company is currently trading at 55.4x FY20E P/E. HOLD

Agro Tech Foods Limited

ATFL IN

Consumers

CMP	**493**
Target	**571**
Upside	**16%**
Rating	**NEUTRAL**

	FY17	FY18	FY19	FY20E
Roe%	9%	9%	9%	9%
Roce%	14%	14%	13%	10%
P/E	44.7	55.8	41.3	31.5
P/B	4.0	5.2	3.8	3.0
EV/Ebdita	20.2	26.6	21.8	19.5

	FY17	FY18	FY19	FY20E	4QFY19	3QFY20	4QFY20E
Revenue Breakup(esti.)							
Sundrop Oil	125	487	491	452	113	122	106
Crystal business	31	121	125	125	30	36	32
Food	44	198	206	254	55	70	58
Segmental Volume growth%							
Sundrop Oil	1%	3%	6%	-1%	-14%	9%	-8%
Crystal business	3%	3%	1%	-10%	-13%	1%	-4%
Peanut butter	14%	94%	92%	19%	18%	24%	23%
Financials							
Sales	808	812	824	827	200	229	196
Sales Gr%	*3%*	*0%*	*1%*	*0%*	*-7%*	*6%*	*-2%*
Other Income	*0*	*1*	*4*	*6*	*1*	*1*	*3*
Adj. Ebdita	61	66	65	61	15	14	13
Ebdita Gr%	*8%*	*8%*	*-2%*	*-6%*	*-7%*	*-20%*	*-10%*
Net Profits	28	32	34	38	8	7	8
Profit Gr%	*19%*	*14%*	*8%*	*11%*	*11%*	*-25%*	*-1%*
Ebdita Margin%	7.6%	8.1%	7.9%	*7.3%*	7.3%	6.3%	*6.7%*
Net Profit Margin%	3.4%	3.9%	4.2%	*4.6%*	4.2%	3.3%	*4.2%*

Conso/Fig in Rs Cr

❑ ATFL revenue is expected to de-grow by 2.1% YoY to Rs. 196 cr. led by subdued volumes from Ready to eat category amid COVID-19 out-break.

❑ The Company food business which comprises of Spread, Ready to cook snacks along with new launches(cereals and confectionary) are expected to witness good traction on the back of higher demand on the back of COVID-19 out-break.

❑ The Company's edible oil business which comprise of Sundrop oil is expected to de-grow by 6% YoY vs. -13% (PY corresponding quarter) led by edible oil stocking on account of lockdown due to COVID-19.

❑ Gross margin is expected to improve by 31 bps to 32.8% led by decline in crude oil prices while EBITDA margin is expected to decline by 61 bps to 6.70% due to increase in Ad & Promotion.

❑ Other expense is expected to remain flat despite manufacturing halt which is mainly on account of fixed expense (Rent, Royalty and Travelling) which is major chunk.

Key Trackable this Quarter

❑ Volume growth in Food and edible oil business due to COVID-19 out-break.

❑ Gross Margin movement in the wake of declining crude oil prices.

The Company currently trades at 31.5 times FY20E EPS. NEUTRAL

Bajaj Consumer Care Limited

BAJAJCON IN

CMP	**140**
Target	**190**
Upside	**36%**
Rating	**HOLD**

	FY17	FY18	FY19	FY20E
Roe%	44%	43%	47%	40%
Roce%	51%	49%	54%	41%
P/E	27.4	32.5	21.0	9.4
P/B	12.1	13.9	9.9	3.8
EV/Ebdita	22.6	27.0	16.9	8.0

	FY17	FY18	FY19	FY20E	4QFY19	3QFY20	4QFY20E
Almond Drops Hair Oil(ADHO)							
Volume (Lac cases)	49.2	50.6	54.2	53.3	14.4	12.6	13.7
Volume Growth%	-2%	3%	7%	-1%	7%	-7%	-5%
Distri. Reach(mn)	3.7	3.9	4.0	5.2			
Financials							
Sales	797	828	918	910	246	211	232
Sales Gr%	*0%*	*4%*	*11%*	*-1%*	*11%*	*-8%*	*-6%*
Other Inome	39	24	17	34	2	9	12
Adj. Ebdita	264	254	274	245	78	54	62
Ebdita Gr%	*-4%*	*-4%*	*8%*	*-11%*	*8%*	*-24%*	*-21%*
Net Profits	218	211	222	220	61	50	58
Profit Gr%	*11%*	*-3%*	*5%*	*-1%*	*9%*	*-17%*	*-5%*
Ebdita Margin%	33.1%	30.6%	29.9%	*26.9%*	31.6%	25.7%	*26.6%*
Net Profit Margin%	27.4%	25.5%	24.1%	*24.2%*	24.7%	23.7%	*25.0%*

Note-Distribution reach as of 3QFY20 stood at 5.2 mn outlets. Conso/Fig in Rs Cr

❑ BAJAJCON 4QFY20 revenue is expected to de-grow by 5.7% YoY to Rs. 232 cr led by demand slowdown in rural while turbulence due to COVID-19 will also impact volumes.

❑ ADHO volumes is expected to de-grow by 5% YoY impacted on account of FMCG and overall hair oil industry slowdown.

❑ CSD and General trade channels are expected to remain muted led by rural slowdown.

❑ Gross margin is expected to expand by 53 bps to 66.8% led by decline in prices of major input, while EBITDA margin is expected to decline by 502 bps to 26.6% YoY, impacted on account of higher other expense.

❑ Other expense is expected to increase by 6.86% led by higher A&P expense on account of implementation of Bain strategy in order parts of India .

Key Trackable this Quarter

❑ ADHO's volume growth: considering Rural distress and COVID-19 outbreak.

❑ Other expenses: impact of company's cost efficiency measures.

The Company currently trades at 9 times FY20E EPS. HOLD

Berger Paints India Ltd

BRGR IN

Consumers

CMP	**475**
Target	**425**
Upside	**-10%**
Rating	**NEUTRAL**

	FY17	FY18	FY19	FY20E
Roe%	26%	24%	21%	25%
Roce%	28%	27%	26%	28%
P/E	49.6	54.1	63.3	66.8
EV/Sales	5.1	4.8	5.2	7.2
EV/Ebdita	32.6	30.9	35.7	42.3

	FY17	FY18	FY19	FY20E	4QFY19	3QFY20	4QFY20E
Domestic Volume Gr	8%	9%	15%	9%	11%	10%	4%
Sales	4,552	5,166	6,062	6,429	1,472	1,696	1,418
Sales Gr%	*8%*	*13%*	*17%*	*6%*	*13%*	*5%*	*-4%*
Ebdita	719	807	882	1,091	212	296	238
Ebdita Gr%	*11%*	*12%*	*9%*	*24%*	*6%*	*0%*	*0%*
Net Profits	474	461	498	691	112	182	138
Profit Gr%	*28%*	*-3%*	*8%*	*39%*	*5%*	*37%*	*23%*
Gross Margin%	43.1%	41.7%	39.0%	41.2%	40.0%	40.8%	42.2%
Ebdita Margin%	15.8%	15.6%	14.5%	17.0%	14.4%	17.5%	16.8%
Net Profit Margin%	10.4%	8.9%	8.2%	10.7%	7.6%	10.7%	9.7%

Conso/Fig in Rs Cr

❑ The Company is expected to post a revenue de-growth of 3.7% YoY to Rs. 1418 cr. impacted on account of lower volumes due to lockdown in 4QFY20. The existing volume growth is expected to be largely driven by decorative paint segment from smaller towns.

❑ Decorative paint and protective coating segment demand is expected to remain sustainable in coming months while Automotive segment is expected to remain subdued on account of slowdown in automotive sector.

❑ The demand for premium products of the company is expected to increase going forward.

❑ The Company is expected to report EBITDA margin expansion by 242 bps to 16.8% YoY for the quarter led by declining crude oil prices and improved product mix.

❑ Regarding Expansion plans, pune plant is on schedule production will start from Q1 FY-21 (1st May-20) and new plant for Industrial coating and decorative paint coming near Lucknow construction work is about to start.

Key Trackable this Quarter

❑ Overall demand environment in the industry and COVID-19 impact on volumes.

❑ Performance of Automotive sector.

❑ Increase in other expense as the company envisaged in increasing A&P expense.

The Company is currently trading at 66.8x FY20E P/E. NEUTRAL

Britannia Industries Limited

Consumers

BRIT IN

CMP	**2803**
Target	**3230**
Upside	**15%**
Rating	**HOLD**

	FY17	FY18	FY19	FY20E
Roe%	33%	29%	27%	32%
Roce%	42%	39%	36%	33%
P/E	50.7	67.3	57.9	50.3
P/B	16.6	19.8	15.7	16.2
EV/Ebdita	17.5	22.5	38.6	37.1

	FY17	FY18	FY19	FY20E	4QFY19	3QFY20	4QFY20E
Core Vol. growth	5%	7.3%	9.5%	1.5%	7.0%	3.0%	-3.0%
Pricing gr.(%)(esti.)	4%	2.2%	2.4%	2.1%	3.0%	1.0%	1.0%
Distribution Reach (in mn outlets)							
Dire. Distri. Reach	1.6	1.8	2.1	2.2			
Over. Distri. Reach.	4.7	5.0	5.3	5.4			
Financials							
Sales	9,054	9,914	11,055	11,475	2799	2983	2743
Sales Gr%	*8%*	*9%*	*12%*	*4%*	*10%*	*5%*	*-2%*
Ebdita	1,278	1,502	1,733	1,825	437	502	436
Ebdita Gr%	*5%*	*17%*	*15%*	*5%*	*10%*	*11%*	*0%*
Net Profits	885	1,004	1,155	1,335	294	370	315
Profit Gr%	*7%*	*13%*	*15%*	*16%*	*12%*	*23%*	*7%*
Ebdita Margin%	14%	15%	16%	*15.9%*	16%	17%	*16%*
Net Profit Margin%	10%	10%	10%	*11.6%*	11%	12%	*11%*

Conso/Fig in Rs Cr

❑ Britannia's sales are expected to decline by 2%to Rs 2743 cr backed by impact of Covid-19 lock down and sluggish demand environment.

❑ Domestic volume growth is expected to decline by 3% while realization growth is expected to be ~1%.

❑ Elevated input prices is expected to put pressure on gross margin. Gross margin is expected to contract by 65 bps YoY to 40.6%However sudden decline in crude may put some cushion on margins. .

❑ EBITDA margin is expected to improve by 30 bps YoY 15.9% led by lower advertisement expenses.

❑ The Company will achieve its Rs 250 cr target of cost saving in FY20.

❑ Provisioning for taxes for this quarter will be at ~25.67% vs 34.57% in 4QFY19.

Key Trackable this Quarter

❑ Volume growth.

❑ Management comments on rural growth and Covid 19 impact.

❑ Other expenses: considering company's new thrust on cost saving program.

The Company is currently trading at 50 times FY20E EPS. ACCUMULATE

Colgate Palmolive (India) Limited

Consumers

CLGT IN

CMP	**1364**
Target	**1553**
Upside	**14%**
Rating	**BUY**

	FY17	FY18	FY19	FY20E
Roe%	45%	44%	54%	54%
Roce%	64%	63%	71%	65%
P/E	43.1	43.1	41.4	45.1
P/B	19.5	19.1	22.2	24.3
EV/Ebdita	26.1	25.8	25.8	29.5

	FY17	FY18	FY19	FY20E	4QFY19	3QFY20	4QFY20E
Volume growth	-2%	3%	5%	2%	5%	2%	-4%
Pricing growth	3%	3%	4%	1%	1%	2%	2%
Marketshare:							
Toothpaste(Vol. Ms)	54%	52%	52%				
Toothbrush(Vol. Ms)	45%	45%	48%				
Financials							
Sales	3,982	4,188	4,462	4,588	1154	1147	1134
Sales Gr%	*3%*	*5%*	*7%*	*3%*	*6%*	*4%*	*-2%*
Adj. Ebdita	944	1,112	1,236	1,242	310	316	303
Ebdita Gr%	*1%*	*18%*	*11%*	*0%*	*1%*	*1%*	*-2%*
Adj. Net Profits	577	681	755	822	198	199	199
Profit Gr%	*-4%*	*18%*	*11%*	*9%*	*5%*	*4%*	*1%*
Ebdita Margin%	23.7%	26.6%	27.7%	27.1%	26.9%	27.6%	26.8%
Net Profit Margin%	14.5%	16.3%	16.9%	17.9%	17.1%	17.4%	17.5%

Std/Fig in Rs Cr

❑ COLPAL's sales is expected to decline by 2% to Rs 1134 cr on the back of sluggish demand environment and lock down related to Covid-19.

❑ Domestic volume growth is expected to decline by 4% while realization growth is expected to be 2% YoY.

❑ New management's thrust on launching new products, distribution expansion and revive its Palmolive brand is expected to boost growth in times to come.

❑ Gross margin is expected to remain flat at 64.6% while EBITDA margin is expected to decline by 16 bps YoY to 26.8% led by higher employee and other expenses as percentage of sales(negative operating leverage).

❑ Provisioning of Taxes is expected to be at 25.2%vs 28.3%in 4QFY19.

Key Trackable this Quarter

❑ Volume growth: considering rural slowdown due to liquidity crunch and lock down.

❑ Tooth brush and Tooth paste volume market share.

❑ Amounts spend on advertisement.

The Company is currently trading at 45 times FY20E EPS. BUY

Dabur India Limited

DABUR IN

Consumers

CMP	**485**
Target	**474**
Upside	**-2%**
Rating	**NEUTRAL**

	FY17	FY18	FY19	FY20E
Roe%	26%	24%	26%	24%
Roce%	24%	22%	25%	24%
P/E	42.6	48.4	46.9	55.9
P/B	11.2	11.5	12.0	13.6
EV/Ebdita	36.2	40.5	38.7	45.4

	FY17	FY18	FY19	FY20E	4QFY19	3QFY20	4QFY20E
Domestic Vol. gr.	1%	6%	11%	6%	4%	6%	5%
Pricing gr.(esti.)	-2%	2%	2%	0%	2%	0%	0%
Int. Bus.CC gr.(esti.)	1%	6%	11%	7%	1%	12%	4%
Financials							
Sales	7,701	7,748	8,533	9,033	2128	2353	2195
Sales Gr%	*-2%*	*1%*	*10%*	*6%*	*5%*	*7%*	*3%*
Adj. Ebdita	1,509	1,617	1,740	1,886	457	493	446
Ebdita Gr%	*-1%*	*7%*	*8%*	*8%*	*-6%*	*11%*	*-3%*
Net Profits	1,277	1,354	1,442	1,536	371	399	363
Profit Gr%	*2%*	*6%*	*7%*	*7%*	*-6%*	*9%*	*-2%*
Ebdita Margin%	19.6%	20.9%	20.4%	*20.9%*	21.5%	20.9%	*20.3%*
Net Profit Margin%	16.6%	17.5%	16.9%	*17.0%*	17.5%	17.0%	*16.5%*

Conso/Fig in Rs Cr

❑ Dabur's revenue is expected to grow by 3% YoY to Rs 2195 cr on back of 5% domestic volume growth with the flat realization growth impacted by shutting down of plants due to Covid-19.

❑ Higher salience of essential products in the portfolio will be positive for Dabur like Juices, Health Supplements, Digestives, OTC & Ethical etc..

❑ International business is expected to grow 3.5% in cc terms impacted by Covid-19.

❑ Gross margin is expected to improve by 75 bps YoY to 50.5% while EBITDA margin is expected to decline by 118 bps YoY to 20.3% due to negative operating leverage.

❑ Provisioning of taxes is expected to be at 21.5%(% of PBT) as compared to 3.8% in 4QFY19.

Key Trackable this Quarter

❑ Domestic volume.

❑ International business cc growth.

The Company is currently trading at 56 times FY20E EPS. NEUTRAL

Dixon Technologies (India) Ltd.

DIXON IN

Consumers

CMP	**3837**
Target	**4283**
Upside	**12%**
Rating	**BUY**

	FY17	FY18	FY19	FY20E
Roe%	24%	19%	17%	24%
Roce%	39%	30%	29%	35%
D/E	0.2	0.1	0.4	0.1
P/E	0.0	61.0	42.5	38.7
P/B	0.0	11.8	7.1	9.1

	FY17	FY18	FY19	FY20E	4QFY19	3QFY20	4QFY20E
Revenue							
Consumer Electronics	845	1,073	1,194	1,929	323	454	226
Lighting Products	551	774	919	1,144	305	277	259
Home Appliances	188	250	374	385	93	68	79
Mobile Phones	811	670	355	584	67	140	107
Reverse Logistics	63	73	30	14	3	5	3
Security Systems	-	0	112	224	69	50	62
Financials							
Sales	2,457	2,842	2,984	4,279	859	994	736
Sales Gr%	77%	16%	5%	43%	44%	25%	-14%
Ebdita	91	113	135	205	38	52	38
Ebdita Gr%	55%	24%	20%	52%	37%	32%	0%
Net Profits	48	61	63	112	17	26	19
Profit Gr%	*20%*	*28%*	*4%*	*77%*	*17%*	*49%*	*16%*
EbditaM%	3.7%	4.0%	4.5%	4.8%	4.4%	5.2%	5.1%
Net Mgn%	**1.9%**	**2.1%**	**2.1%**	**2.6%**	**1.9%**	**2.6%**	**2.6%**

Conso/Fig in Rs Cr

- ❑ Revenue is expected to de-grow by 14% YoY. Consumer Electronic, Lighting, Home appliance are expected to de-grow by 30%, 15%, 15% YoY on account of lockdown due to COVID-19.

- ❑ Company is importing key raw material from China and companu has stock till Febuary. Adittionaly in March company lost the production due to lockdown in India.

- ❑ Mobile and reverse logistics are expected to grow by 60% and 30% YoY resp. on lower base .

- ❑ EBITDA Margin will be 5.1% higher by 70 bps on YoY but it will be lower by 20 bps on QoQ

- ❑Net Profit is expected to down by 16% YoY due negative operating leverage.

- ❑ Company is depended on China for raw material supply chain which was under lockdown due to COVID-19 in 4QFY20.

Key Trackable this Quarter

- ❑ COVID-19 Impact
- ❑ Demand Outlook by managment
- ❑ EBITDA Margin

The Company is currently trading at 38.7 times FY20E EPS. BUY

Avenue Supermarts Limited

DMART IN

CMP	**2408**
Target	**2300**
Upside	**-4%**
Rating	**HOLD**

	FY17	FY18	FY19	FY20E
Roe%	12%	17.3%	16.2%	18.5%
Roce%	18%	24%	25%	24%
P/E	133.7	114.7	86.7	117.3
P/B	16.7	19.8	14.0	21.6
EV/Sales	5.3	6.1	3.9	6.2

	FY17	FY18	FY19	FY20E	4QFY19	3QFY20	4QFY20E
Cumul. no. stores	131	155	176	203	176	196	203
Ret. Bus. Are.(cr sq ft)	0.41	0.49	0.59	0.72	0.59	0.70	0.72
Rev. per sqft in Rs.	31120	32719	35647	34114	8531	9687	7887
Ret. Bus. Area/store	0.003	0.003	0.003	0.004	0.003	0.004	0.004
Financials							
Sales	11,898	15,033	20,005	24,284	5033	6752	5675
Sales Gr%	*39%*	*26%*	*33%*	*21%*	*32%*	*24%*	*13%*
Adj. Ebdita	981	1,353	1,633	2,119	377	593	431
Ebdita Gr%	*48%*	*38%*	*21%*	*30%*	*28%*	*31%*	*15%*
Net Profits	479	806	903	1,293	203	394	260
Profit Gr%	*50%*	*68%*	*12%*	*43%*	*21%*	*53%*	*28%*
Ebdita Margin%	8.2%	9.0%	8.2%	*8.7%*	7.5%	8.8%	*7.6%*
Net Profit Margin%	4.0%	5.4%	4.5%	*5.3%*	4.0%	5.8%	*4.6%*

Conso/Fig in Rs Cr

❑ DMART's sales will be impacted by Covid-19 lock down and expected to grow at 13% to Rs 5675 cr. Company's nearly half of the stores are remain closed.The company is selling only consumer essential goods like grocery & FMCG products.

❑ The company is expected to add 7 more stores in Q4FY20.

❑ Gross margin is expected to improve by 30 bps YoY to 14.7% owing to lower discounts, however, change in product mix may put some pressure on the gross margin while EBITDA margin is expected to improve by 12 bps YoY to 7.6%.

Key Trackable this Quarter

❑ Gross and EBITDA Margin.

❑ Number of stores added in this quarter.

❑ Revenue growth

The Company is currently trading at 6.2 times FY20E EV/Sales. HOLD

Emami Limited

HMN IN

Consumers

	FY17	FY18	FY19	FY20E
Roe%	19%	15%	15%	16%
Roce%	23%	17%	18%	18%
P/E	74.7	77.8	51.2	30.1
P/B	14.5	11.8	7.5	4.7
EV/Ebdita	33.4	33.1	42.6	13.4

CMP	**229**
Target	**280**
Upside	**22%**
Rating	**HOLD**

	FY17	FY18	FY19	FY20E	4QFY19	3QFY20	4QFY20E
Domestic vol. growth	7%	2%	4%	0%	0%	-2%	0%
Domestic Pric. growth	4%	3%	3%	1%	3%	0%	0%
Financials							
Sales	2,533	2,531	2,693	2,775	640	813	653
Sales Gr%	*6%*	*0%*	*6%*	*3%*	*4%*	*0%*	*2%*
Adj. Ebdita	759	719	726	749	155	264	157
Ebdita Gr%	*10%*	*-5%*	*1%*	*3%*	*-11%*	*-1%*	*1%*
Net Profits	340	308	305	351	56	144	67
Profit Gr%	*-6%*	*-10%*	*-1%*	*14%*	*-6%*	*5%*	*19%*
Ebdita Margin%	30.0%	28.4%	26.9%	*27.0%*	24.2%	32.5%	*24.0%*
Net Profit Margin%	13.4%	12.1%	11.2%	*12.5%*	8.8%	17.8%	*10.2%*

Conso/Fig in Rs Cr

❑ EMAMILTD's revenue in 4QFY20 is expected to remain flat to Rs. 645 cr. impacted on account of lower discretionary spends and rural slowdown.

❑ International Business is expected to grow by 12% YoY in 4QFY20 led by better traction from integration of creme 21.

❑ Gross margin is expected to improve by 270 bps to 64% YoY led by lower Mentha and crude oil prices while EBITDA margin is expected to decline by 19 bps to 24% YoY led by increase A&P, employee and other expense.

❑ Employee and other expense is expected to increase by 26/41 bps led by sales force addition in order to reduce wholesale dependence while Ad expenses is also expected to increase by 222 bps on account of new launches.

❑ Promoter pledge as of 3QFY20 stood at 52.74% and the company will reduce it further in coming months.

❑ PAT growth is expected to be at 18.8% YoY to Rs. 67 cr. led by reduction in corporate tax rate.

Key Trackable this Quarter

❑ Domestic volume growth considering economic slowdown.

❑ International business performance considering COVID-19 outbreak.

❑ A&P expense considering slowdown.

The Company currencly trades at 30 times FY20E EPS. HOLD

Gillette India Limited

GILL IN

Consumers

	FY17	FY18	FY19	FY20E
Roe%	51%	33%	32%	30%
Roce%	69%	49%	43%	40%
P/E	62.4	80.7	91.9	66.8
P/B	31.5	26.6	29.8	20.0
EV/Ebdita	41.1	47.8	60.6	43.2

CMP	**5348**
Target	**5500**
Upside	**3%**
Rating	**HOLD**

	FY17	FY18	FY19	FY20E	4QFY19	3QFY20	4QFY20E
Segmental Revenues							
Grooming	1418	1331	1458	1437	381	345	377
Oral care	341	346	403	437	85	115	98
Financials							
Sales	1,788	1,677	1,862	1,874	466	459	474
Sales Gr%	*2%*	*-6%*	*11%*	*1%*	*3%*	*-3%*	*2%*
Adj. Ebdita	382	382	381	399	146	100	123
Ebdita Gr%	*25%*	*0%*	*0%*	*5%*	*24%*	*2%*	*6%*
Net Profits	253	229	253	261	88	71	89
Profit Gr%	*18%*	*-9%*	*10%*	*3%*	*23%*	*32%*	*1%*
Ebdita Margin%	21.3%	22.8%	20.5%	21.3%	31.4%	21.8%	26.0%
Net Profit Margin%	14.2%	13.7%	13.6%	13.9%	18.9%	15.5%	18.7%

*FY19 revenue breakup is projected. Conso/Fig in Rs Cr

❑ GILLETTE 3QFY20 revenue is expected to grow by 1.9% YoY to Rs. 474 cr. impacted by prevailing economic turbulence caused by COVID-19; weak demand conditions and change in consumer preferences.

❑ The Company's male grooming (contributes ~75% to the revenue in 2QFY20) is expected to de-grow by 1% YoY in 3QFY20 (vs. 8% YoY in 3QFY19) .

❑ The Company's Oral care (contributes ~25% to the revenue in 2QFY20) is expected to grow by led by go-to market initiatives.

❑ Gross margin is expected to decline by 77 bps to 57.5% YoY led by input inflation and currency depreciation while EBITDA margin is expected to decline by 540 bps to 26% YoY led by higher A&P expense.

Key Trackable this Quarter

❑ Volume growth in both Grooming and Oral care on the wake of COVID-19.

❑ Gross and EBITDA margin: A&P and Other expenses movement.

The Company currently trades at 67 times FY20E EPS. HOLD

Godrej Consu. Products Limited

Consumers

GCPL IN

CMP	**595**
Target	**746**
Upside	**25%**
Rating	**NEUTRAL**

	FY17	FY18	FY19	FY20E
Roe%	25%	26%	32%	20%
Roce%	21%	22%	20%	20%
P/E	42.7	48.2	32.0	38.3
P/B	10.5	11.5	9.0	7.7
EV/Ebdita	30.7	35.6	31.9	29.0

	FY17	FY18	FY19	FY20E	4QFY19	3QFY20	4QFY20E
Domestic Vol. gr.	4%	9%	5%	2%	1%	7%	-11%
Intern. Busin. gr.	12%	1%	0%	-2%	-5%	4%	-5%
Segmental Revenues							
Domestic revenue	5014	5257	5556	5372	1325	1491	1100
Indonesia	1527	1354	1525	1691	413	448	446
GAUM	2150	2185	2450	2367	576	679	490
Others	1116	1047	783	510	139	160	147
Sales	9,268	9,843	10,314	9,939	2453	2778	2182
Sales Gr%	*10%*	*6%*	*5%*	*-4%*	*-3%*	*2%*	*-11%*
Adj. Ebdita	1,898	2,067	2,118	2,147	578	631	489
Ebdita Gr%	*16%*	*9%*	*2%*	*1%*	*-3%*	*4%*	*-15%*
Adj.Net Profits	1,308	1,494	2,053	1,589	935	445	319
Profit Gr%	*20%*	*14%*	*37%*	*-23%*	*52%*	*5%*	*-66%*
Ebdita Margin%	20.5%	21.0%	20.5%	*21.6%*	23.6%	22.7%	*22.4%*
Net Profit Margin%	14.1%	15.2%	19.9%	*16.0%*	38.1%	16.0%	*14.6%*

Conso/Fig in Rs Cr

- GCPL's consolidated sales is expected to decline by 11% YoY to Rs 2182 cr on the back subdued performance of domestic as well international business due to lock down related to Covid-19.
- Domestic volume growth is expected to decline by 11% YoY while company's international business is expected to post a decline of 5% YoY to Rs 1064 cr.
- Indonesian business is expected to grow by 5% in cc terms while Guam business is expected to report a decline of 12% YoY on cc terms.
- Gross margin is expected to improve by 31 bps YoY to 59% while EBITDA margin is expected to contract by 116 bps YoY to 22.4% on the back of higher employee and other expenses as percentage of sales.
- The Company's PAT was higher in 4QFY19 as company recognized tax credits in respect of Minimum Alternate Tax (MAT credit) of Rs 609.87cr.

Key Trackable this Quarter

- Gross and EBITDA margin.
- Latam & Africa business: Outlook and mgt commentary on the recovery of the business.
- Domestic business volume growth.

The Company is currently trading at 38 times FY20E EPS. NEUTRAL

GlaxoSmithKline Consumer

SKB IN

CMP	**10366**
Target	**NA**
Upside	**NA**
Rating	**NA**

	FY17	FY18	FY19	FY20E
Roe%	21%	20%	24%	26%
Roce%	25%	23%	26%	26%
P/E	36.5	34.3	30.2	36.5
P/B	7.7	6.9	7.2	9.4
EV/Ebdita	25.0	23.1	22.4	30.6

	FY17	FY18	FY19	FY20E	4QFY19	3QFY20	4QFY20E
HFD volumes	-7%	6%	9%	3%	6%	3%	3%
Pricing growth	1%	4%	2%	2%	2%	3%	1%
Financials							
Sales	3,986	4,377	4,782	5,024	1286	1159	1326
Sales Gr%	*-4%*	*10%*	*9%*	*5%*	*9%*	*4%*	*3%*
Adj. Ebdita	833	883	1,141	1,274	318	272	326
Ebdita Gr%	*-1%*	*6%*	*29%*	*12%*	*27%*	*14%*	*2%*
Net Profits	657	700	983	1,194	286	277	324
Profit Gr%	*-4%*	*7%*	*40%*	*22%*	*35%*	*25%*	*13%*
Ebdita Margin%	20.9%	20.2%	23.9%	*25.4%*	24.8%	23.5%	*24.6%*
Net Profit Margin%	16.5%	16.0%	20.6%	*23.8%*	22.2%	23.9%	*24.5%*

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Conso/Fig in Rs Cr

- ❑ The Company's revenue is expected to grow by 3% YoY to Rs. 1374 cr. driven by domestic HFD volume growth of 3% YoY.Turbulence caused by COVID-19 is expected to reduce volumes as the production remained hampered due to closure of factories in the last week of 4QFY20.
- ❑ Sachets contribution to overall business stood at 12% and is growing well for the company.
- ❑ Gross Margin is expected to decline by 96 bps to 69% YoY due to input inflation especially in the prices of milk and SMP while decline in crude oil prices will mitigate the impact thereby reduce packaging cost. However, with combination of price hike and company's aggressive cost saving measures we expect the decline in margin to be minimal.
- ❑ The Company's EBITDA Margin is expected to decline by 17 bps to 24.6% led by gross margin deterioration and increase in employee expense.
- ❑ GSKCONS and HINDUNILVR merger: The Merger got approved by the Mumbai NCL T and the Chandigarh NCL , the appointed date of the Scheme to be effective was 01-Apr-20.

Key Trackable this Quarter

- ❑ Volume growth in the wake of COVID-19 as the company is involved in HFD category .
- ❑ Pricing action taken by the company to overcome input inflation (barley,milk & wheat).
- ❑ Smooth integration of both the companies.

The Company currently trades at 37x FY20E EPS.

Hindustan Unilever Limited

HUVR IN

Consumers

CMP	**2372**
Target	**2319**
Upside	**-2%**
Rating	**NEUTRAL**

	FY17	FY18	FY19	FY20E
Roe%	67%	72%	77%	91%
Roce%	88%	96%	106%	121%
P/E	40.9	63.4	60.5	73.0
P/B	27.2	45.5	46.6	66.5
EV/Ebdita	28.7	43.7	40.8	49.7

	FY17	FY18	FY19	FY20E	4QFY19	3QFY20	4QFY20E
Overall Volume gr.	1%	6%	10%	5%	7%	5%	4%
Segmental Revenues							
Home care	11346	11629	12876	13899	3502	3456	3607
Personal care	16305	16464	17655	18069	4393	4412	4525
Foods	1123	2437	7133	7635	1916	1865	1973
Refreshment	4848	3977	0	0	-		
Others	818	696	560	414	134	75	138
Financials							
Sales	33,162	35,545	39,310	41,113	9945	9808	10243
Sales Gr%	*3%*	*7%*	*11%*	*5%*	*9%*	*3%*	*3%*
Adj. Ebdita	6,340	7,499	8,880	10,263	2321	2445	2479
Ebdita Gr%	*5%*	*18%*	*18%*	*16%*	*13%*	*20%*	*7%*
Net Profits	4,490	5,227	6,060	7,039	1538	1616	1743
Profit Gr%	*8%*	*16%*	*16%*	*16%*	*14%*	*12%*	*13%*
Ebdita Margin%	19.1%	21.1%	22.6%	*25.0%*	23.3%	24.9%	*24.2%*
Net Profit Margin%	13.5%	14.7%	15.4%	*17.1%*	15.5%	16.5%	*17.0%*

Conso/Fig in Rs Cr

❑ HINDUNILVR revenue is expected to grow by 3% YoY led by volume growth of 4% YoY (vs.7% YoY in 4QFY19) while on pricing front we expect 1% YoY decline on the back of price reduction taken in Home care and Personal wash segment (domex floor cleaners, ,Sanitisers and Lifebuoy portolio) .

❑ Lockdown on account of turbulence caused by COVID-19 is expected to reduce volumes as the production remained hampered due to closure of factories in the last week of 4QFY20.

❑ The Company in order to enter into female hygiene category has signed an agreement with Glenmark Pharmaceuticals Ltd to acquire its intimate hygiene brand 'V Wash'.

❑ Gross margin is expected to improve by 129 bps to 53.6% YoY led by decline in input prices (crude down by ~14% YoY) while EBITDA margin is expected to improve by 86 bps YoY to 24.2% YoY. .

❑ GSKCONS and HINDUNILVR merger: The Merger got approved by the Mumbai NCL T and the Chandigarh NCLT, the appointed date of the Scheme was effective from 01-Apr-20.

Key Trackable this Quarter

❑ Volume growth on the wake of COVID-19..

❑ Movement in A&P expenses.

The Company is currently trading at 73x FY20E EPS. NEUTRAL

ITC Limited

ITC IN

Consumers

CMP	**185**
Target	**220**
Upside	**19%**
Rating	**BUY**

	FY17	FY18	FY19	FY20E
Roe%	23%	22%	21%	22%
Roce%	31%	29%	29%	28%
P/E	26.3	29.7	28.2	15.7
P/B	5.9	6.5	6.0	3.5
EV/Ebdita	17.6	20.6	19.1	11.0

	FY17	FY18	FY19	FY20E	4QFY19	3QFY20	4QFY20E
Segmental Revenues							
Cigarettes	18,642	19,048	20,713	21,612	5,486	5,311	5,541
Others FMCG	10,512	11,329	12,505	13,098	3,274	3,312	3,438
Hotels	1,342	1,417	1,665	1,881	510	552	510
Agri Business	8,265	8,068	9,397	10,496	2,101	2,095	2,143
Paperboards, Paper & P	5,363	5,250	5,860	6,232	1,537	1,555	1,583
Financials							
Sales	42,777	43,449	49,862	51,701	12,206	12,013	12,497
Sales Gr%	*9%*	*2%*	*15%*	*4%*	*15%*	*7%*	*2%*
Adj. Ebdita	15,436	16,483	18,406	20,082	4,572	4,613	4,240
Ebdita Gr%	*7%*	*7%*	*12%*	*9%*	*10%*	*7%*	*-7%*
Net Profits	10,477	11,493	12,592	14,441	3,482	4,142	3,277
Profit Gr%	*10%*	*10%*	*10%*	*15%*	*19%*	*29%*	*-6%*
Ebdita Margin%	36.1%	37.9%	36.9%	*38.8%*	37.5%	38.4%	*33.9%*
Net Profit Margin%	24.5%	26.5%	25.3%	*27.9%*	28.5%	34.5%	*26.2%*

Conso/Fig in Rs Cr

❑ ITC is expected to report revenue growth of 2% YoY to Rs 12,497 crs in 4QFY20, impacted by low demand sentiment and spread of COVID-19 in later part of March 2020, across the country.

❑ Segmental Revenues: Cigarette, Other FMCG, Hotels, Agri and Paper & Packaging business expected to remain impacted majorly due to low demand & lockdown due to COVID -19 and expected to report revenue growth of 1%, 0%, 2% and 3% on YoY basis respectively.

❑ However, Other FMCG segment is expected to report moderate revenue growth of 5% YoY considering the segment to be a part of essential services that will be continue to serve the consumers under this outbreak.

❑ EBITDA margin is expected to decrease by 447 bps YoY to 33.9% on account of weaker operating leverage, high fixed cost and essential goods against COVID-19.

❑ ITC under Savlon brand made two launches during the lockdown period, advanced hand sanitizer - Savlon Hexa and Surface Disinfectant Spray is the second consecutive launch.

❑ PAT is expected to de-grow by 5.9% YoY to Rs 3277 crs in 4QFY20.

Key Trackable this Quarter

❑ Cigarette Volume growth and EBIT growth

❑ Other FMCG revenue and EBIT growth.

The Company is currently trading at 16 times FY20E EPS. BUY

Jyothy Laboratories Limited

JYL IN

Consumers

CMP	**111**
Target	**145**
Upside	**31%**
Rating	**NEUTRAL**

	FY17	FY18	FY19	FY20E
Roe%	31%	24%	22%	20%
Roce%	28%	21%	21%	18%
P/E	31.7	50.4	32.3	22.7
P/B	9.8	11.9	7.3	4.5
EV/Ebdita	24.4	30.9	21.8	14.4

	FY17	FY18	FY19	FY20E	4QFY19	3QFY20	4QFY20E
Volume growth	7%	2%	9%	0%	6%	-6%	-9%
Pricing growth(esti.)	-2%	-4%	1%	-1%	0%	-1%	-1%
Financials							
Sales	1,632	1,644	1,769	1,739	504	407	456
Sales Gr%	*6%*	*1%*	*8%*	*-2%*	*6%*	*-6%*	*-10%*
Adj. Ebdita	260	264	286	281	83	65	78
Ebdita Gr%	*14%*	*2%*	*8%*	*-2%*	*-6%*	*-9%*	*-6%*
Net Profits	202	161	192	180	67	43	50
Profit Gr%	*171%*	*-20%*	*19%*	*-7%*	*11%*	*-12%*	*-25%*
Ebdita Margin%	16%	16%	16%	*16%*	16%	16%	*17%*
Net Profit Margin%	12%	10%	11%	*10%*	13%	10%	*11%*

Std/Fig in Rs Cr

❑ JYOTHYLAB's sales are expected to decline by 10% YoY to Rs 456 cr mainly impacted by lock down due to Covid-19.

❑ Domestic volume growth will decline by 9% YoY while Realization growth is expected to remain lower by ~1%.

❑ The company's strategy on focusing on core brands like Ujala, Margo, Crisp &shine and dish wash for the future growth and urban market is expected to support volume growth in times to come.

❑ The company's Gross margin are expected to improve by 73 bps YoY to 45.2% while EBITDA margin is expected to decline by 33 bps YoY 16% on the back of negative operating leverage.

Key Trackable this Quarter

❑ Volume growth.

❑ Provisioning of Taxes.

The Company is currently trading at 23 times FY20E EPS. NEUTRAL

Marico Limited

MRCO IN

Consumers

	FY17	FY18	FY19	FY20E
Roe%	35%	33%	38%	33%
Roce%	46%	41%	40%	41%
P/E	52.2	52.1	39.4	36.1
P/B	18.2	16.9	14.9	11.9
EV/Ebdita	36.5	37.8	33.6	25.7

CMP	**297**
Target	**350**
Upside	**18%**
Rating	**BUY**

	FY17	FY18	FY19	FY20E	4QFY19	3QFY20	4QFY20E
Domes. Volume Gr.	4%	2%	8%	1%	8%	-1%	-2%
Intern. Busin. CC gr.	1%	8%	9%	5%	7%	10%	-5%
Segmental Volume Growth							
Parachute Rigid	8%	3%	8%	1%	6%	-2%	-2%
Saffola	0%	-2%	9%	5%	18%	11%	3%
Value add. Hair Oils	6%	6%	7%	-2%	1%	-7%	-7%
Revenue Break up:							
Domestic	4848	4970	5756	5680	1240	1380	1171
International	1328	1364	1578	1672	369	444	362
Financials							
Sales	5,936	6,322	7,334	7,351	1,609	1,824	1,532
Sales Gr%	*-1%*	*7%*	*16%*	*0%*	*9%*	*-2%*	*-4.8%*
Adj. Ebdita	1,159	1,138	1,328	1,470	295	373	283
Ebdita Gr%	*10%*	*-2%*	*17%*	*11%*	*17%*	*4%*	*-4.0%*
Net Profits	811	827	1,132	1,063	405	276	201
Profit Gr%	*12%*	*2%*	*37%*	*-6%*	*122%*	*10%*	*-50.4%*
Ebdita Margin%	19.5%	18.0%	18.1%	20.0%	18.3%	20.4%	18.5%
Net Profit Margin%	13.7%	13.1%	15.4%	14.5%	25.2%	15.1%	13.1%

Conso/Fig in Rs Cr

❑ Marico's sales are expected to decline by 5% YoY to Rs 1532 cr due to lock down related to Covid-19.

❑ Domestic volume growth is expected to decline by 2% led by decline in the growth of Parachute Rigid and VAHO portfolio.

❑ Saffola Edible Oils volume is expected to grow by 3% while Parachute Rigid and VAHO is expected to post decline in volume by 2% and 7%.

❑ The company's International business is expected to post a decline of 5% in cc terms to 362 cr.

❑ Gross margin is expected to improve by 16bps YoY to 49.2% on the back of benign input prices while EBITDA is expected to improve by 14 bps YoY to 18.5%..

❑ Marico's PAT was higher in 4QFY19 due to Rs 188 cr tax provisioning write back.

Key Trackable this Quarter

❑ Gross and EBITDA margin.

❑ Domestic Volume growth.

The Company is currently trading at 36 times FY20E EPS. BUY

United Spirits Limited

UNSP IN

	FY17	FY18	FY19	FY20E
Roe%	9%	22%	21%	21%
Roce%	15%	16%	20%	20%
P/E	194.6	71.6	65.1	49.0
P/B	17.1	16.1	13.7	10.1
EV/Ebdita	37.8	42.1	35.3	28.1

CMP	**551**
Target	**672**
Upside	**22%**
Rating	**ACCUMULATE**

	FY17	FY18	FY19	FY20E	4QFY19	3QFY20	4QFY20E
Volume (cases in cr)							
P & A(Prest. & Above)	3.7	3.7	4.2	4.3	1.1	1.1	1.1
Popular	5.3	4.1	4.0	3.9	1.1	1.0	1.0
Revenue (in cr)							
P & A(Prest. & Above)	4,996	5,128	5,909	6,206	1443	1788	1493
Popular	3,417	2,883	2,881	2,796	765	737	715
Others	135	159	191	348	42	57	45
Financials							
Sales	8,548	8,170	8,981	9,350	2250	2583	2253
Sales Gr%	*4%*	*-4%*	*10%*	*4%*	*4%*	*3%*	*0%*
Adj. Ebdita	971	1,022	1,287	1,481	284	424	246
Ebdita Gr%	*10%*	*5%*	*26%*	*15%*	*3%*	*18%*	*-13%*
Net Profits	170	562	659	817	126	259	140
Profit Gr%	*39%*	*231%*	*17%*	*24%*	*-40%*	*35%*	*11%*
Ebdita Margin%	11.4%	12.5%	14.3%	*15.8%*	12.6%	16.4%	*10.9%*
Net Profit Margin%	2.0%	6.9%	7.3%	*8.7%*	5.6%	10.0%	*6.2%*

Stand/Fig in Rs Cr

❑ Mcdowell-N is expected to report flat sales growth in 4QFY20 with the revenue of Rs 2253 cr on the back of Covid-19 related disruption.

❑ Company's P & A (Prest. & Above) portfolio is expected to report 1%volume growth to 1.1 cr cases while Popular segment is expected to post a decline of 7% in volume.

❑ The company's gross margin is expected to contract by 250 bps YoY to 44% YoY on the back of higher ENA prices while EBITDA margin is expected to decline by 168 bps YoY backed by better cost efficiency measures.

❑ Provisioning of taxes is expected to be at 25.2% as compared to 31.9% in the same quarter last year.

Key Trackable this Quarter

❑ Gross margin.

❑ Volume growth in Prest. & Above segment .

❑ Tax rate.

The Company is currently trading at 49 times FY20E EPS. ACCUMULATE

P&G Hygiene

PG IN

Consumers

CMP	**10900**
Target	**11364**
Upside	**4%**
Rating	**NEUTRAL**

	FY17	FY18	FY19	FY20E
Roe%	82%	47%	46%	47%
Roce%	115%	70%	62%	59%
P/E	50.1	82.4	73.6	78.3
P/B	41.2	38.3	33.9	36.7
EV/Ebdita	32.5	48.5	49.8	56.9

	FY17	FY18	FY19	FY20E	3QFY19	2QFY20	3QFY20E
Segmental Revenues(gross)							
Oint. and Creams	412	456	521	548			
Cough Drops	265	278	295	307			
Tablets	51	52	58	59			
Prsnl Pro., Toilt Preps. e	1691	1669	2072	2145			
Financials							
Sales	2,320	2,455	2,947	3,058	699	859	725
Sales Gr%	*2%*	*6%*	*20%*	*4%*	*23%*	*5%*	*4%*
Adj. Ebdita	665	628	609	612	144	187	133
Ebdita Gr%	*10%*	*-6%*	*-3%*	*0%*	*7%*	*-2%*	*-7%*
Net Profits	433	375	419	452	90	136	101
Profit Gr%	*2%*	*-13%*	*12%*	*8%*	*8%*	*10%*	*13%*
Ebdita Margin%	28.6%	25.6%	20.7%	*20.0%*	20.5%	21.7%	*18.4%*
Net Profit Margin%	18.6%	15.3%	14.2%	*14.8%*	12.9%	15.8%	*14.0%*

*June year ending. Stand./Fig in Rs Cr

❑ In 3QFY20 (March Quarter) PGHH is expected to report sales growth of 3.6% YoY to Rs 725 crs led by the company's focus on raising the bar on superiority and improving productivity. It will continue remain focused on these strategies to drive growth going ahead.

❑ Gross margin is expected to be up by 235 bps YoY to 60% on back lower crude prices impacted by COVID-19 crisis.

❑ EBITDA margin is expected to decline by 214 bps YoY to 18.4% due to higher employee expenses cost.

❑ P&G India has recently, announced its move to produce face masks and hand sanitizers against COVID -19 pandemic in India.

❑ According to Mr. Madhusudan Gopalan, MD &CEO, Under the programme 'P&G Suraksha India,' they are stepping up to support the government and those who are on the frontlines in India's fight against Covid-19.

Key Trackable this Quarter

❑ Gross margin: led by inflation in input material.

❑ EBITDA Margin: as past few quarters company is investing behind brands and distribution expansion.

The Company is currently trading at 78 times FY20E EPS. NEUTRAL

Nestle India Limited

NEST IN

Consumers

CMP	**16844**
Target	**17236**
Upside	**2%**
Rating	**HOLD**

	CY17	CY18	CY19	CY20E
Roe%	36%	44%	102%	91%
Roce%	54%	65%	130%	114%
P/E	72.4	63.5	72.1	74.4
P/B	25.9	27.8	73.5	67.8
EV/Ebdita	39.3	36.8	48.7	52.0

	CY17	CY18	CY19	CY20E	1QCY19	4QCY19	1QCY20E
Segmental Revenues							
Milk products & nutr.	4,820	5,188	5,662	6,300			
Beverages	1,387	1,523	1,677	1,779			
Pre. Dish. & cook. aids	2,707	3,105	3,423	3,630			
Chocolate & confect.	1,221	1,401	1,533	1,579			
Sales Break up(in cr)	10,135	11,216	12,295	13,289			
Financials							
Sales	10,010	11,292	12,369	13,367	3003	3149	3141
Sales Gr%	*9%*	*13%*	*10%*	*8%*	*9%*	*9%*	*5%*
Adj. Ebdita	2,221	2,732	2,889	3,092	749	673	695
Ebdita Gr%	*9%*	*23%*	*6%*	*7%*	*5%*	*10%*	*-7%*
Net Profits	1,225	1,607	1,970	2,184	463	473	486
Profit Gr%	*22%*	*31%*	*23%*	*11%*	*9%*	*38%*	*5%*
Ebdita Margin%	22.2%	24.2%	23.4%	*23.1%*	25.0%	21.4%	*22.1%*
Net Profit Margin%	12.2%	14.2%	15.9%	*16.3%*	15.4%	15.0%	*15.5%*

Conso/Fig in Rs Cr

❑ NESTLEIND's 1QCY20 revenue is expected to grow by 5% YoY to Rs. 3141 cr impacted by factory shut down and disruption in distribution channels due to government directive over Covid-19.

❑ NESTLEIND has strong brand image and it has premium product portfolio with pricing power.

❑ The company's gross margin is expected to decline by 203 bps YoY to 56.5% due to inflation in input prices especially in milk and its derivatives. While EBITDA margin is expected to decline by 284 bps YoY to 22.1% on the back of higher employee and other expenses as percentage of sales.

❑ Provisioning of Taxes is expected to be at 25.17%vs 33.4% in 1QCY19 taking account of reduced corporate taxes.

Key Trackable this Quarter

❑ Sales growth considering lock down.

❑ Gross and EBITDA margins in the wake of inflation in input prices.

The Company is currently trading at 74 times CY20E EPS. HOLD

Titan Company Limited

TTAN IN

Consumers

CMP	**1015**
Target	**1250**
Upside	**23%**
Rating	**BUY**

	FY17	FY18	FY19	FY20E
Roe%	17%	22%	23%	21%
Roce%	25%	30%	30%	28%
P/E	47.8	53.8	84.3	64.3
P/B	8.0	11.6	19.3	13.3
EV/Ebdita	28.4	35.7	58.2	39.5

	FY17	FY18	FY19	FY20E	4QFY19	3QFY20	4QFY20E
Category growth							
Jewellery	10307	12951	16327	17320	4105	5606	3900
Watches	2035	2110	2445	2600	531	627	537
Eyewear	408	411	509	538	128	133	102
Other	307	648	498	590	124	161	170
Financials							
Sales	13,261	16,120	19,779	21,049	4889	6527	4709
Sales Gr%	*18%*	*22%*	*23%*	*6%*	*19%*	*11%*	*-4%*
Adj. Ebdita	1,155	1,645	1,991	2,264	448	758	410
Ebdita Gr%	*24%*	*42%*	*21%*	*14%*	*3%*	*28%*	*-9%*
Net Profits	711	1,102	1,389	1,402	348	474	249
Profit Gr%	*5%*	*55%*	*26%*	*1%*	*14%*	*15%*	*-29%*
Ebdita Margin%	8.7%	10.2%	10.1%	*10.8%*	9.2%	11.6%	*8.7%*
Net Profit Margin%	5.4%	6.8%	7.0%	*6.7%*	8.3%	10.3%	*6.9%*

Conso/Fig in Rs Cr

❑ Titan's sales is expected to decline by 4% YoY to Rs 4708 cr led by decline in Jewellery sales growth by 5% due to store closure on the back of Covid-19.

❑ As per Jewellery segment, the company added 40 Tanishq stores, 1 Zoya store & 8 Mia stores for the year , with the retail space addition being ~151,000 sq. ft.

❑ The company's revenue from watches division grew by a percent while eyewear division witnessed decline of ~20% led by decline in trade channel and disruption in March.

❑ CaratLane has witnessed a growth of 18% in the quarter impacted by closure of shopping malls while TEAL had witnessed 39% growth for the quarter led by better performance of aerospace & defence divisions.

❑ Gross margin is expected to be flat to 27.8 while EBITDA margin is expected to contract by 48 bps YoY to 8.7% on the back of higher employee .

Key Trackable this Quarter

❑ Gross and EBITDA margin.

❑ Guidance regarding Jewellery business.

The Company is currently trading at 64 times FY20E EPS. BUY

Trent Limited

TRENT IN

	FY17	FY18	FY19	FY20E
Roe%	5%	5%	6%	6%
Roce%	5%	9%	9%	7%
P/E	84.9	112.1	124.2	111.2
P/B	4.7	6.1	7.2	6.2
EV/Sales	4.1	4.7	4.6	4.8

CMP	**463**
Target	**520**
Upside	**12%**
Rating	**NEUTRAL**

	FY17	FY18	FY19	FY20E	4QFY19	3QFY20	4QFY20E
Walk-ins (Crs)	2.6	3.6	4.5	5.6			
Incr. in sales / stores	0%	3%	2%	2%			
Bill size (Rs.)	2029	2197	2332	2472			
Conversion Ratio	32%	26%	24%	23%			
Westside's Contribution t	97%	96%	97%	*0%*			
Cum. stores(westside)	107	125	150	182			
Financials							
Sales	1,812	2,157	2,630	3,277	669	870	727
Sales Gr	*14%*	*19%*	*22%*	*25%*	*26%*	*32%*	*9%*
Ebdita	126	201	228	581	34	174	116
Ebdita Gr	*35%*	*60%*	*13%*	*155%*	*36%*	*139%*	*244%*
Net Profits	85	87	95	148	16	56	16
Profit Gr%	*54%*	*3%*	*9%*	*56%*	*37%*	*38%*	*1%*
EbditaM%	6.9%	9.3%	8.7%	*17.7%*	5.0%	20.0%	*16.0%*
Net Mgn%	4.7%	4.0%	3.6%	*4.5%*	2.4%	6.4%	*2.2%*

Annual (Conso.) & quarterly (Stand.)/Fig in Rs Cr

- ❑ TRENT is expected to report sales growth of 8.7% YoY to Rs 727 crs in 4QFY20 on back of increased number of walk-ins led by new stores addition and New Year's offers of the company.
- ❑ Though, govt notice on closure of malls from mid March 2020 due to spread of COVID-19 led to very low sales in the month.
- ❑ Gross margin is expected to improve by 176 bps YoY to 49.2% led by favorable input prices.
- ❑ EBITDA margin is expected to improve by 1095 bps YoY to 16% on account of gross margin expansion and reduced rent expenses (Ind AS -116).
- ❑ PAT is expected to report growth of 1% YoY to Rs 16 crs in 4QFY20.

Key Trackable this Quarter

- ❑ Provisioning of tax.
- ❑ Changes in Cost of goods of sold .

The Company is currently trading at 4.8x FY20E EV/Sales. NEUTRAL

Zudus Wellness Limited

ZYWL IN

Consumers

CMP	**1460**
Target	**1555**
Upside	**7%**
Rating	**HOLD**

	FY17	FY18	FY19	FY20E
Roe%	20%	19%	5%	3%
Roce%	16%	16%	3%	5%
P/E	30.2	36.6	44.6	71.4
P/B	5.9	7.1	2.2	2.4
EV/Ebdita	29.1	36.1	51.3	36.3

	FY17	FY18	FY19	FY20E	4QFY19	3QFY20	4QFY20E
Category growth							
Sugar Subst. category	7%	13%	2%	8%	1%	9%	4%
Scrub category	7%	10%	15%	13%	19%	9%	2%
Peel off mask cat.	5%	17%	19%	16%	20%	15%	6%
Financials							
Sales	463	503	843	1,743	416	333	464
Sales Gr%	*9%*	*9%*	*68%*	*107%*	*216%*	*129%*	*11%*
Adj. Ebdita	99	125	174	269	76	33	94
Ebdita Gr%	*8%*	*26%*	*39%*	*54%*	*127%*	*-13%*	*23%*
Net Profits	109	134	169	119	62	4	52
Profit Gr%	*6%*	*23%*	*26%*	*-29%*	*72%*	*-89%*	*-16%*
Ebdita Margin%	21.4%	24.9%	20.7%	*15.4%*	18.3%	9.8%	*20.2%*
Net Profit Margin%	23.6%	26.6%	20.1%	*6.8%*	15.0%	1.3%	*11.3%*

Conso/Fig in Rs Cr

❑ Zyduswell's sales is expected to grow by 11% YoY to Rs 464 cr on the back of clubbing of the sales of Heinz India private limited, however, overall sales will be impacted by Covid-19 lock down..

❑ Gross margin is expected to decline by 116 bps YoY to 58.6% due to product mix while EBITDA margin is expected to contract by 198 bps YoY to 20.2% on the back of negative operating leverage.

❑ Provisioning of taxes is expected to be Nil while interest cost is expected to be at Rs 35 cr(vs Rs 29 cr in 4QFY19).

Key Trackable this Quarter

❑ Gross and EBITDA margin.

❑ Market share of Complan.

The Company is currently trading at 71 times FY20E EPS. HOLD

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