RESULT UPDATE

COLGATE PALMOLIVE

Sequential recovery in volumes; success in *Naturals* key

India Equity Research| Consumer Goods

Colgate Palmolive's (Colgate) Q4FY17 revenue and EBITDA growth of 2.2% and 1.2% YoY, respectively, and PAT decline of 0.5% YoY came in line with our estimates. Volumes though declined 3% YoY, recovered from 12% YoY dip in Q3FY17. EBITDA margin dipped 22bps YoY as ad spends spurted 24% YoY, being need of the hour to counter sharp competition from herbal and natural players – Dabur gained 100bps YoY market share, and Patanjali *Dant Kanti's* revenue more than doubled in FY17 to INR9.5bn. We like Colgate's concerted attempt to recoup share in naturals (sharp rise in *Cibaca Vedshakti's* TV ads), which can however keep margins soft in short term. Colgate will be key beneficiary of GST (likely at 18% versus 23-24% rate now). Maintain 'HOLD'.

Volumes and ad spends recover QoQ

Colgate's overall volume declined by 3% YoY (12% YoY dip in Q3FY17) - **impacted due to slow recovery, especially in rural-based wholesale channel.** Colgate being a single category company impact looks higher. Gross margin spurted by 142bps YoY, but due to the 244bps YoY jump in ad spends **(company is investing behind new launches such as *Vedshakti*)** overall margins dipped 22bps YoY. For FY17, the company lost volume market share in toothpaste segment – 55.1% YoY (55.6% at CY16 end), but gained market share in toothbrush at 47.4% (47% as at CY16 end).

Q4FY17 conference call | Key highlights

Colgate **gained share in volume and value terms in March and April 2017 in toothpaste-** In CY16, toothpaste market share eroded by 180bps YoY, but toothbrush gained 290bps YoY market share. While premium end saw loss in market share, market share was maintained in *Colgate Dental Cream* (CDC). GST will lead to destocking in trade. ***Vedsakti* enjoys 0.5% market share on national basis.** In personal care, Colgate has launched men's range of bodywashes and shaving foams in *Palmolive Men,* but oral care will continue to remain top priority for the company.

Outlook and valuations: Improving; maintain 'HOLD'

Colgate's innovation funnel and brand investments will persist, which will help arrest share loss, but impact margins in short term. At CMP, the stock is trading at 34.2x FY19E EPS. We maintain **'HOLD/Sector Performer'** with target price of INR1,046.

Financials (INR mn)

Year to March	Q4FY17	Q4FY16	% change	Q3FY17	% change	FY17	FY18E	FY19E
Revenues	10,375	10,156	*2.2*	8,746	*18.6*	39,818	44,225	50,078
EBITDA	2,443	2,413	*1.2*	2,141	*14.1*	9,449	10,728	12,544
Adjusted Profit	1,426	1,433	*(0.5)*	1,278	*11.5*	5,774	6,823	7,901
Dil. EPS (INR)	5.2	5.3	*(0.5)*	4.7	*11.5*	21.2	25.1	29.0
Diluted P/E (x)						46.8	39.6	34.2
EV/EBITDA (x)						28.3	24.9	21.3
ROAE (%)						52.2	52.6	52.0

EDELWEISS 4D RATINGS

Absolute Rating	**HOLD**
Rating Relative to Sector	Performer
Risk Rating Relative to Sector	Medium
Sector Relative to Market	Underweight

MARKET DATA *(R: COLG.BO, B: CLGT IN)*

CMP	: INR 994
Target Price	: INR 1,046
52-week range (INR)	: 1,049 / 787
Share in issue (mn)	: 272.0
M cap (INR bn/USD mn)	: 270 / 4,221
Avg. Daily Vol.BSE/NSE('000)	: 356.5

SHARE HOLDING PATTERN (%)

	Current	Q2FY17	Q1FY17
Promoters *	51.0	51.0	51.0
MF's, FI's & BK's	9.0	8.8	8.5
FII's	16.3	16.5	16.2
Others	23.7	23.7	24.3

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

PRICE PERFORMANCE (%)

	Stock	Nifty	EW Consumer goods Index
1 month	(2.1)	3.2	2.3
3 months	12.6	8.3	7.2
12 months	18.8	20.9	23.2

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Table 1: Trends at a glance **(%)**

	Overall domestic volume growth	Toothpaste volume growth	Gross margin	EBITDA margin	Tax rate	Ad & promotions spends
Q3FY11	12.0	13.0	62.5	16.1	27.4	NA
Q4FY11	9.0	12.0	60.0	23.6	20.2	NA
Q1FY12	12.0	14.0	60.8	21.5	27.3	NA
Q2FY12	13.0	14.0	61.0	19.4	22.7	NA
Q3FY12	14.0	15.0	61.5	21.6	22.2	NA
Q4FY12	12.0	13.0	60.9	24.2	24.3	NA
Q1FY13	11.0	12.0	60.4	21.5	28.0	NA
Q2FY13	10.0	11.0	59.1	22.2	19.4	NA
Q3FY13	9.0	7.5	60.1	19.1	26.1	NA
Q4FY13	11.0	11.0	60.3	20.3	27.3	NA
Q1FY14	11.0	11.0	61.8	19.2	24.0	18.1
Q2FY14	10.0	10.0	59.8	16.2	25.8	20.5
Q3FY14	10.0	11.0	60.9	16.9	27.0	20.5
Q4FY14	8.0	7.0	60.3	21.9	27.3	17.9
Q1FY15	5.0	4.0	62.4	20.2	26.5	18.9
Q2FY15	5.0	7.0	62.7	18.6	27.5	20.1
Q3FY15	4.0	5.0	63.5	19.5	28.9	17.9
Q4FY15	4.0	5.0	63.7	24.1	30.1	15.0
Q1FY16	2.0	2.0	60.9	21.9	29.9	13.5
Q2FY16	3.0	2.5	62.1	26.4	34.1	10.3
Q3FY16	1.0	1.0	64.7	22.8	25.0	15.6
Q4FY16	4.0	3.0	61.2	23.8	35.7	11.5
Q1FY17	5.0	6.0	62.3	20.9	33.7	15.4
Q2FY17	4.0	3.0	63.0	26.0	28.3	12.1
Q3FY17	(12.0)	(12.0)	63.9	24.5	33.0	9.6
Q4FY17	(3.0)	(4.0)	62.6	23.5	34.7	13.9

Source: Company, Edelweiss research

Q4FY17 conference call | Key takeaways

Environment: Saw encouraging signs of recovery in Q4FY17 compared to Q3FY17. Competitive intensity remains high. Colgate records better growth in South and West India, while in the North it is soft.

Rural and urban share: Rural contributes 40% to total sales. Rural value growth was 7.5% YoY in Q2FY17 and 16.7% YoY in Q4FY17, while urban growth in mentioned periods was 6% YoY and 12% YoY, respectively.

Volumes: Volumes declined by 3% YoY in Q4FY17 impacted by softness in wholesale channel. Further destocking happened in Q4FY17. The company expects some more destocking to happen with the implementation of GST.

Toothpaste market share: Colgate's market share has dipped from 57.4% in 2015 to 55.6%. **March and April saw market share gains both in terms of volume and value.** *Max Fresh* and *Activ Salt* are witnessing growth, while the premium end (share has dropped to 18-19% from 19.4% last year – *Total*, *Sensitive* and *Whitening*) and *Cibaca* have seen softness in both share and growth. Colgate's *Core* (CDC) portfolio has maintained shares. The company's value market share is 52.6% in toothpaste. The toothpaste industry has grown by ~7% in terms of volumes.

Naturals: *Cibaca Vedshakti* is not the lone offering in the herbal segment – the company also has *Activ Salt* and its herbal range. Till now, *Cibaca Vedshakti* had been doing well for the company and logged share gains in certain regions of launch. ***Cibaca Vedshakti*** **enjoys market share of 0.5-0.6% on national basis, while in the states where the company has launched the product it is upwards of 1% (North and East India).** Colgate significantly increased its investment in *Cibaca Vedshakti* and gained share. The company will be carrying out more innovations and have new launches in this segment. The natural segment is there to stay in the market.

Colgate Dental Cream (CDC): The company has not lost share in CDC. Hence, it has been taking price hikes in this brand.

Toothbrush market share: Colgate's market share has increased from 44.4% in 2015 to 47.3% currently.

Personal care: A Men's range of bodywashes and shaving foams in *Palmolive Men* has been launched. Targeting modern trade, the chemist channel and e-commerce in personal care are witnessing strong growth; not taken beyond these channels for the time being. Oral care will remain top priority for the company.

Distribution: Total reach of 5.8mn outlets. Total number of vans in rural areas has increased to 1,014 in 2016 from 340 in 2012. **Colgate is trying to improve effective coverage by 10-15% every year.** Rural vans number has dropped YoY because of better effectiveness.

Penetration: In urban areas penetration of 92.3% and 74.1% in rural areas. Still 250mn consumers do not use toothpaste in India. Per capita consumption of toothpaste in India is 158gms (in China it is 212gms while in Brazil it is 603gms). The company is running its 'Brush twice a day' campaign in Tamil Nadu and Kerala to drive toothpaste consumption.

GST: GST will lead to some challenges in the short term. Colgate is at advanced stages of preparation. However, expects challenges while transitioning to the GST environment, including impact on trade pipeline inventory. Colgate is taking all necessary steps to minimise business disruption during the transition.

Innovation: Innovations will pick up more momentum in FY18. Innovations done in FY17 were *Colgate Cibaca Vedhsakti, Colgate Sensitive Clove, Colgate Maxfresh Power Freeze, Colgate A1 Toothbrush, Colgate Star Toothbrush, Colgate Slim Soft Advanced Toothbrush, Plax Spicy Fresh, Palmolive Body Wash Men's Range, Palmolive Men's Shaving Foams*. **Launched sachets in pain management with *Pain Out,* but it remains in the chemist channel.**

Pricing and margins: Core segment of LUP remains at INR10, other segments saw 3-5% price increase in LUP. Colgate is not concerned about margin pressure due to increasing salience of *Vedsakti*. Gross margin improvement was helped by price hikes taken by the company. It is focusing on taking 3-5% price increase per annum.

Promotions: Promotion intensity in the market remains high and expected to further increase. Colgate is focusing on brand building and hence spending more on media than on promotions.

Ad spends: Digital spend is ~8-12% of total ad spends.

In-house manufacturing: Around 30-35% of manufacturing of toothbrushes happens in-house.

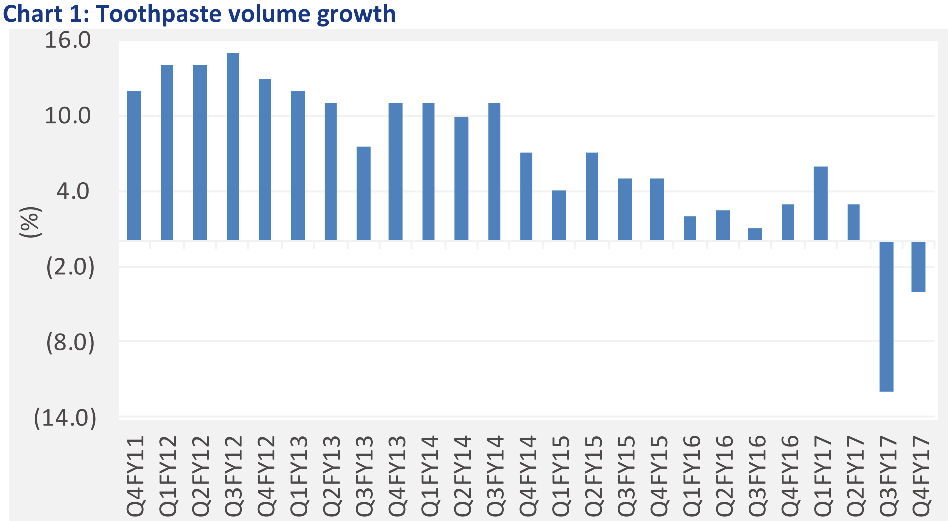
Outlook and valuations: To improve gradually; maintain 'HOLD'

Amidst tepid macro environment, Colgate has been clocking slower sales growth, further dented by heightened competitive intensity, not only from herbal players like Patanjali, but also from Dabur. The company lost market share in toothpaste from 57.4% in CY15 to 55.6% in CY16 (most likely to herbal players who have posted strong growth). It however maintained share in core brands though lost share in premium end.

Colgate has overall upped its ante by not only increasing ad spends, but also increasing new launches in herbal space (Q3FY17 was an aberration owing to demonetisation). Going forward also the company will be launching new products in the natural segments. *Cibaca Vedshakti* is witnessing good traction at mass end, which we believe will aid growth momentum once the gradual pick up happens as the liquidity situation improves. We expect sales growth to pick up in FY18, led by good monsoon outlook, rural focused budget and government initiatives. With ~250mn consumers currently still not using toothpaste and <20% urban users brushing twice daily, toothpaste has strong long-term growth potential. GST may lead to some pressure in short term in trade, but it is a long term positive as the GST rate is likely to be beneficial for Colgate, which is currently paying 23-24% (rate likely to be 18%).

We assign target P/E of 36x FY19E EPS and arrive at a target price of INR1,046. We maintain **'HOLD/Sector Performer'**.

Chart 1: Toothpaste volume growth



Source: Company, Edelweiss research

Chart 2: Gross margin

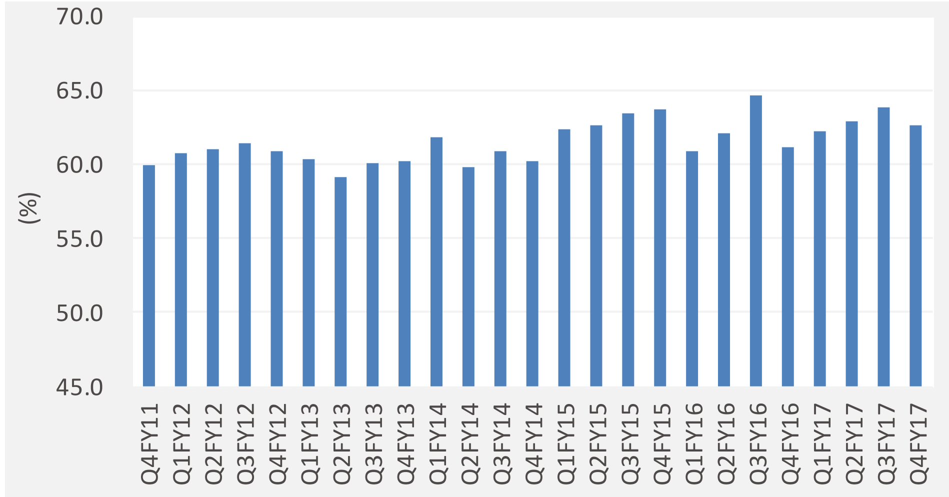


Chart 3: EBITDA margin

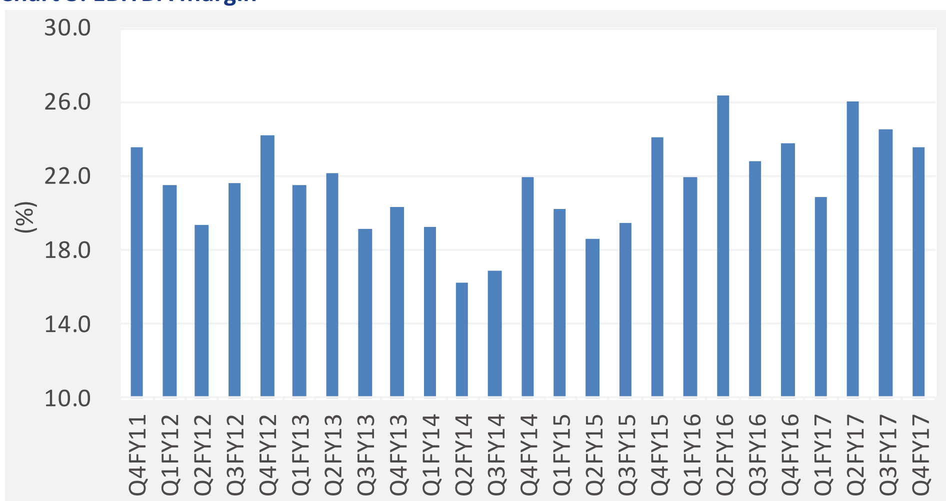
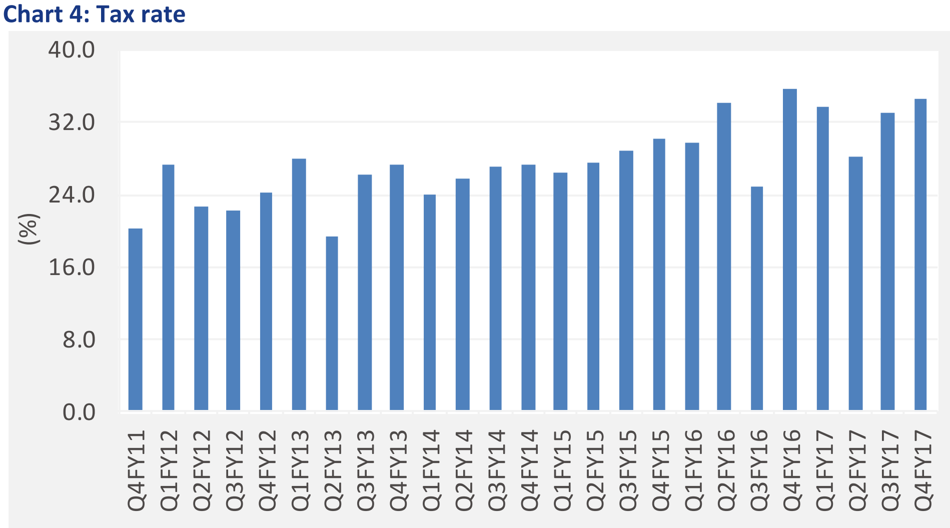


Chart 4: Tax rate



Source: Company, Edelweiss research

Chart 5: Per capita consumption of toothpaste low in India

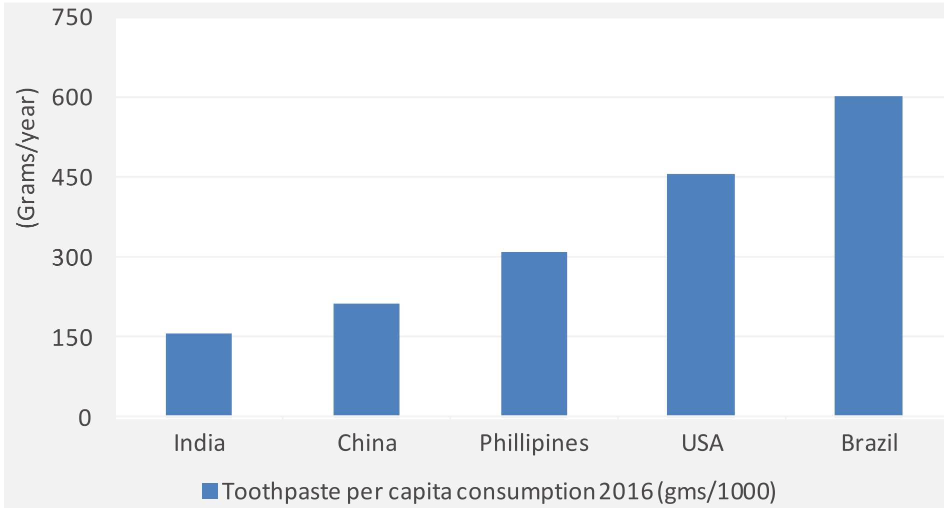


Chart 6: Average selling price in USD per kg of toothpaste

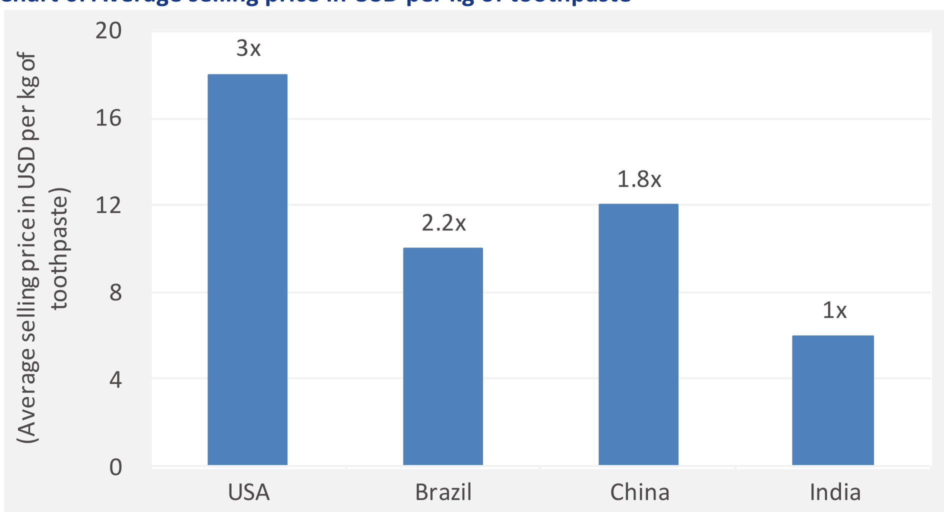
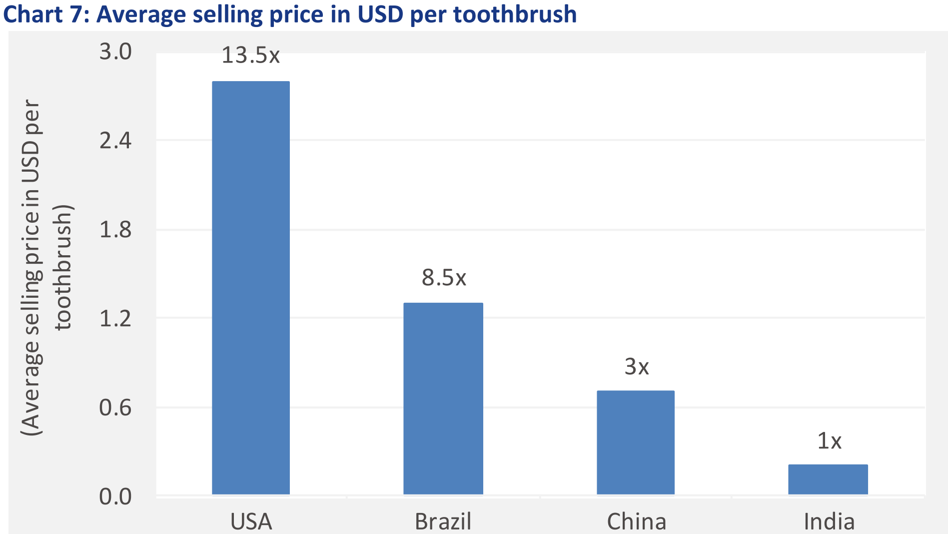
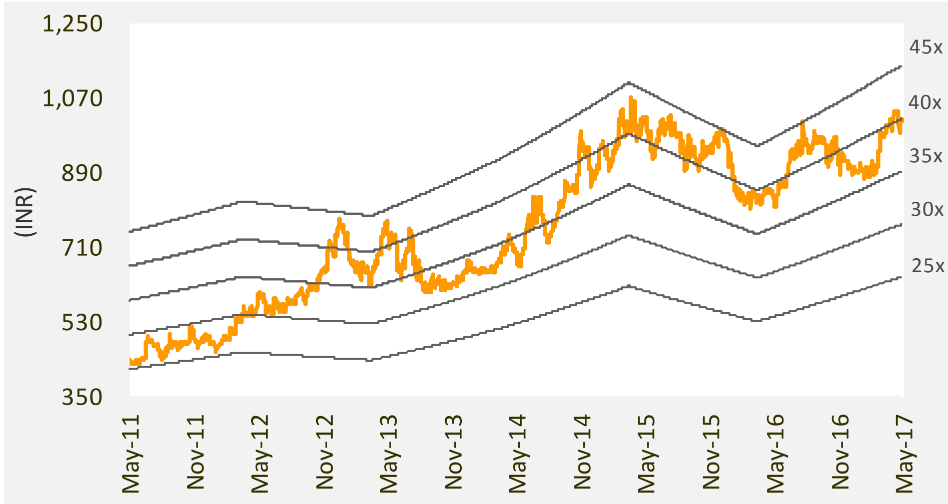


Chart 7: Average selling price in USD per toothbrush



Source: Company, Edelweiss research

Chart 8: One year forward PE band



Source: Company, Edelweiss research

Financial snapshot **(INR mn)**

Year to March	Q4FY17	Q4FY16	*% change*	Q3FY17	*% change*	FY17	FY18E	FY19E
Net revenues	10,326	10,079	*2.5*	8,650	*19.4*	39,515	43,787	49,582
Other operating income	49	77	*(35.9)*	96	*(48.5)*	304	438	496
Total operating Income	10,375	10,156	*2.2*	8,746	*18.6*	39,818	44,225	50,078
Cost of goods sold	3,877	3,939	*(1.6)*	3,159	*22.7*	14,763	16,201	18,246
Gross profit	6,498	6,217	*4.5*	5,587	*16.3*	25,055	28,024	31,832
Staff costs	763	745	*2.4*	652	*17.0*	2,885	3,153	3,471
Other expenses	1,849	1,894	*(2.4)*	1,955	*(5.4)*	7,604	8,320	9,321
Advertisement expenses	1,443	1,164	*24.0*	839	*71.9*	5,117	5,824	6,495
Total exp. (excl. cogs)	4,055	3,803	*6.6*	3,446	*17.7*	15,606	17,296	19,287
EBITDA	2,443	2,413	*1.2*	2,141	*14.1*	9,449	10,728	12,544
Depreciation	341	297	*14.8*	342	*(0.1)*	1,332	1,243	1,453
EBIT	2,102	2,116	*(0.7)*	1,799	*16.8*	8,116	9,484	11,091
Other income	80	114	*(29.5)*	109	*(26.5)*	398	549	528
Interest								
Profit before tax	2,182	2,230	*(2.1)*	1,908	*14.4*	8,514	10,034	11,619
Provision for taxes	756	797	*(5.1)*	630	*20.1*	2,740	3,211	3,718
Exceptionals								
Reported net profit	1,426	1,433	*(0.5)*	1,278	*11.5*	5,774	6,823	7,901
Adjusted Profit	1,426	1,433	*(0.5)*	1,278	*11.5*	5,774	6,823	7,901
Equity capital	272	272		272		272	272	272
Diluted shares (mn)	272	272		272		272	272	272
Adjusted Diluted EPS	5.2	5.3	*(0.5)*	4.7	*11.5*	21.2	25.1	29.0
Diluted P/E (x)	-	-		-		46.8	39.6	34.2
EV/EBITDA (x)	-	-		-		28.3	24.9	21.3
ROAE (%)	-	-		-		52.2	52.6	52.0
As % of net revenues								
COGS	37.4	38.8		36.1		37.1	36.6	36.4
Employee cost	7.4	7.3		7.5		7.2	7.1	6.9
Other expenditure	17.8	18.7		22.4		19.1	18.8	18.6
Advertisement expenses	13.9	11.5		9.6		12.9	13.2	13.0
EBITDA	23.5	23.8		24.5		23.7	24.3	25.0
PBT	21.0	22.0		21.8		21.4	22.7	23.2
Reported net profit	13.7	14.1		14.6		14.5	15.4	15.8
Tax rate	34.7	35.7		33.0		32.2	32.0	32.0

Company Description

Colgate is India's biggest oral care products company with ~ 97% of its sales coming from this product category. The company has products across variants and price points in toothpaste, white toothpowder and toothbrushes, and is the leader in each of these categories.

Investment Theme

The company is market leader in oral care category with 55.1% and 47.4% market share in toothpaste and toothbrush category and enjoys strong brand equity, built over the years through high investment on creating consumer awareness and brand recall. Volume growth would also remain robust riding rise in both penetration and per capita consumption. Also, new categories like sensitive toothpaste and mouthwash will further enhance growth and premiumisation. However, higher competition will induce Colgate to increase its brand spends, which could cap its margins.

Key Risks

Risks arise from down trading by consumers due to slowdown in rural wage growth and reduced MSP crop prices.

Continued depreciation of the INR could increase cost of imported chemicals.

Increase in competitive intensity from new entrants.

Financial Statements

Key Assumptions

Year to March	FY16	FY17	FY18E	FY19E
Macro				
GDP(Y-o-Y %)	7.2	6.5	7.1	7.7
Inflation (Avg)	4.9	4.8	5.0	5.2
Repo rate (exit rate)	6.8	6.0	5.8	5.8
USD/INR (Avg)	65.0	67.5	69.0	69.0
Company				
Volume growth	2.0	(2.0)	5.0	7.0
Pricing change	1.0	5.0	6.0	6.0
EBITDA margin assumpn				
Chemicals	35.5	36.2	36.4	36.4
Tubes and Containers	19.4	21.9	21.9	21.9
Oils	8.4	12.0	13.0	13.0
Cartons	11.1	11.0	11.0	11.0
COGS as % of sales	38.2	37.1	36.6	36.4
Staff costs (% of rev)	6.5	7.3	7.2	7.0
A&P as % of sales	11.6	12.9	13.2	13.0
Financial assumptions				
Tax rate (%)	29.3	32.2	32.0	32.0
EBITDA margin	24.3	23.7	24.3	25.0
Capex (INR mn)	2,944	3,416	3,500	3,500
Debtor days	7	9	9	9
Inventory days	67	72	70	70
Payable days	130	150	145	145
Cash conversion cycle	(56)	(69)	(66)	(66)
Dep. (% gross block)	7.8	7.7	6.0	6.0
Dividend payout	47.2	58.0	58.0	58.0
Yield on cash	12.4	11.5	16.0	16.0

Income statement **(INR mn)**

Year to March	FY16	FY17	FY18E	FY19E
Net revenue	38,381	39,515	43,787	49,582
Other Operating Income	301	304	438	496
Total operating income	38,682	39,818	44,225	50,078
Materials costs	14,763	14,763	16,201	18,246
Gross profit	23,919	25,055	28,024	31,832
Employee costs	2,624	2,885	3,153	3,471
Other Expenses	7,435	7,604	8,320	9,321
Ad. & sales costs	4,476	5,117	5,824	6,495
EBITDA	9,385	9,449	10,728	12,544
Depreciation	1,114	1,332	1,243	1,453
EBIT	8,271	8,116	9,484	11,091
Add: Other income	395.1	398.1	549.14	527.63
Add: Exceptional items	(313)	-	-	-
Profit Before Tax	8,353	8,514	10,034	11,619
Less: Provision for Tax	2,541	2,740	3,211	3,718
Reported Profit	5,812	5,774	6,823	7,901
Exceptional Items	(313)	-	-	-
Adjusted Profit	6,125	5,774	6,823	7,901
Shares o /s (mn)	272	272	272	272
Adjusted Basic EPS	22.5	21.2	25.1	29.0
Diluted shares o/s (mn)	272	272	272	272
Adjusted Diluted EPS	22.5	21.2	25.1	29.0
Adjusted Cash EPS	25.1	26.1	29.7	34.4
Dividend per share (DPS)	10.0	12.3	14.5	16.8
Dividend Payout Ratio(%)	56.3	69.8	69.8	69.8

Common size metrics

Year to March	FY16	FY17	FY18E	FY19E
Materials costs	38.2	37.1	36.6	36.4
Staff costs	6.8	7.2	7.1	6.9
Ad. & sales costs	11.6	12.9	13.2	13.0
Other expenses	19.2	19.1	18.8	18.6
EBITDA margins	24.3	23.7	24.3	25.0
EBIT margins	21.4	20.4	21.4	22.1
Net Profit margins	15.8	14.5	15.4	15.8

Growth ratios (%)

Year to March	FY16	FY17	FY18E	FY19E
Revenues	4.5	2.9	11.1	13.2
EBITDA	13.3	0.7	13.5	16.9
PBT	10.1	1.9	17.8	15.8
Adjusted Profit	8.7	(5.7)	18.2	15.8
EPS	8.7	(5.7)	18.2	15.8

Balance sheet				(INR mn)
As on 31st March	**FY16**	**FY17**	**FY18E**	**FY19E**
Share capital	272	272	272	272
Reserves & Surplus	9,923	11,666	13,726	16,112
Shareholders' funds	10,195	11,938	13,998	16,384
Long Term Liabilities	643	643	643	643
Def. Tax Liability (net)	217	217	217	217
Sources of funds	**11,054**	**12,798**	**14,858**	**17,243**
Gross Block	15,773	18,973	22,473	25,973
Net Block	10,081	11,949	14,206	16,252
Capital work in progress	784	1,000	1,000	1,000
Total Fixed Assets	10,865	12,949	15,206	17,252
Non current investments	301	301	301	301
Cash and Equivalents	2,883	3,131	2,996	3,610
Inventories	2,927	2,912	3,107	3,499
Sundry Debtors	1,015	989	1,101	1,247
Loans & Advances	1,363	1,363	1,363	1,363
Other Current Assets	82	82	82	82
Current Assets (ex cash)	5,387	5,347	5,654	6,191
Trade payable	5,519	6,067	6,436	7,249
Other Current Liab	2,863	2,863	2,863	2,863
Total Current Liab	8,382	8,930	9,299	10,111
Net Curr Assets-ex cash	(2,995)	(3,583)	(3,645)	(3,920)
Uses of funds	**11,054**	**12,798**	**14,858**	**17,243**
BVPS (INR)	37.5	43.9	51.5	60.2

Cash flow metrics				
Year to March	**FY16**	**FY17**	**FY18E**	**FY19E**
Operating cash flow	6,729	7,695	8,128	9,628
Investing cash flow	(2,366)	(3,416)	(3,500)	(3,500)
Financing cash flow	(3,758)	(4,031)	(4,763)	(5,515)
Net cash Flow	605	248	(134)	613
Capex	(2,944)	(3,416)	(3,500)	(3,500)
Dividend paid	(3,274)	(4,031)	(4,763)	(5,515)
Share issue/(buyback)	(136)	-	-	-

Profitability and efficiency ratios				
Year to March	**FY16**	**FY17**	**FY18E**	**FY19E**
ROAE (%)	68.4	52.2	52.6	52.0
ROACE (%)	96.8	76.9	77.4	76.5
Inventory Days	59	67	72	70
Debtors Days	6	7	9	9
Payable Days	126	130	150	145
Cash Conversion Cycle	(61)	(56)	(69)	(66)
Current Ratio	1.0	0.9	0.9	1.0

Operating ratios				
Year to March	**FY16**	**FY17**	**FY18E**	**FY19E**
Total Asset Turnover	4.0	3.3	3.2	3.1
Fixed Asset Turnover	4.3	3.6	3.4	3.3
Equity Turnover	4.3	3.6	3.4	3.3

Free cash flow				(INR mn)
Year to March	**FY16**	**FY17**	**FY18E**	**FY19E**
Reported Profit	5,812	5,774	6,823	7,901
Add : Non cash charge	570	2,509	1,368	2,002
Add: Depreciation	1,114	1,332	1,243	1,453
Others	(544)	1,176	124	549
Less: Changes in WC	(348)	588	62	274
Operating cash flow	6,729	7,695	8,128	9,628
Less: Capex	2,944	3,416	3,500	3,500
Free Cash Flow	**3,785**	**4,279**	**4,628**	**6,128**

Valuation parameters				
Year to March	**FY16**	**FY17**	**FY18E**	**FY19E**
Adj. Diluted EPS (INR)	22.5	21.2	25.1	29.0
Y-o-Y growth (%)	*9.6*	*(5.7)*	*18.2*	*15.8*
Adjusted Cash EPS (INR)	25.1	26.1	29.7	34.4
Diluted P/E (x)	44.2	46.8	39.6	34.2
P/B (x)	26.5	22.7	19.3	16.5
EV / Sales (x)	6.9	6.7	6.0	5.3
EV / EBITDA (x)	28.5	28.3	24.9	21.3
Dividend Yield (%)	1.0	1.2	1.5	1.7

Peer comparison valuation

	Market cap	Diluted P/E (X)		EV / EBITDA (X)		ROAE (%)	
Name	**(USD mn)**	**FY18E**	**FY19E**	**FY18E**	**FY19E**	**FY18E**	**FY19E**
Colgate	4,221	39.6	34.2	24.9	21.3	52.6	52.0
Dabur	7,573	33.5	28.6	28.7	24.1	27.5	27.7
Emami	3,883	51.0	38.6	27.1	22.4	28.5	32.1
GlaxoSmithKline Consumer Healthcare	3,481	31.4	28.1	21.5	19.1	24.2	23.8
Godrej Consumer	10,238	42.0	34.5	30.2	25.0	24.7	26.0
Hindustan Unilever	33,214	43.9	37.8	30.2	25.9	103.3	107.2
ITC	52,697	27.1	23.3	17.6	14.9	31.1	31.2
Marico	6,247	42.0	36.7	28.4	24.7	38.1	37.1
Median	-	40.8	34.4	27.7	23.2	29.8	31.6
AVERAGE	-	38.8	32.7	26.1	22.2	41.3	42.1

Source: Edelweiss research

Additional Data

Directors Data

Vinod Nambiar	Chairman	R.A. Shah	Vice Chairman
P.K. Ghosh	Deputy Chairman	I. Bachaalani	Managing Director
V.S. Mehta	Non-executive Director	J.K. Setna	Non-executive Director
Dr. I. Shahani	Non-executive Director	M.S Jacob	Whole-time Director & CFO
Shyamala Gopinath	Non-executive Director	M Chandrasekar	Whole-time Director

Auditors - Price Waterhouse - Chartered Accountants

**as per last annual report*

Top 10 holdings

	Perc. Holding		Perc. Holding
Life Insurance Corp Of India	5.22	Arisaig Partners Asia Pte	3.38
Vontobel Asset Management Ag	1.07	Wasatch Advisors Inc	0.76
FMR LLC	0.75	Vontobel Asset Management AG	0.61
Virtus Investment Partners Inc	0.60	UTI Asset Management Co	0.51
Jpmorgan Chase & Co	0.38	Royal Bank Of Scotland	0.38

**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	SO	H	GlaxoSmithKline Consumer Healthcare	HOLD	SU	M
Godrej Consumer	BUY	SO	H	Hindustan Unilever	HOLD	SP	L
ITC	BUY	SO	M	Marico	BUY	SO	M
Nestle Ltd	HOLD	SP	L	Pidilite Industries	BUY	SO	M
United Spirits	HOLD	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

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Date: 2017.05.15 19:03:49 +05'30'

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

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

Recent Research

Date	Company	Title	Price (INR)	Recos
12-May-17	**GSK Consumer**	Sequential recovery, but market share loss a concern; *Result Update*	5,246	Hold
11-May-17	**Asian Paints**	Volumes back on track; margin hiccup; *Result Update*	1,166	Buy
09-May-17	**Godrej Consumer Products**	Hair care adds bright hue; margin sustains robust run; *Result Update*	1,929	Buy

Distribution of Ratings / Market Cap

Edelweiss Research Coverage Universe

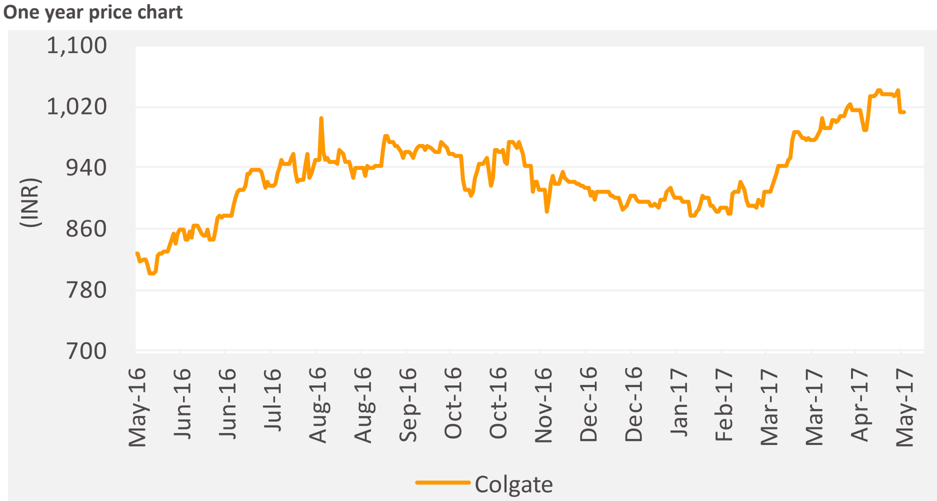
	Buy	Hold	Reduce	Total
Rating Distribution* * 1stocks under review	161	67	11	240

	> 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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