VISIT NOTE

COLGATE PALMOLIVE

Naturals to stem market share loss

India Equity Research| Consumer Goods

We met Mr. Issam Bachaalani, VP, Colgate Palmolive, India & South Asia, and other top management of Colgate Palmolive (Colgate). Key takeaways are: i) market share loss in toothpaste seems to have bottomed but believe recovery will be gradual; ii) new launches—*Colgate Swarna Vedshakti* and *Cibaca Vedshakti*—have gained desired traction without cannibalisation; iii) competitive intensity continues to remain elevated; and iv) renewed vigor in Palmolive range of personal care would be led by new launches. We would closely monitor market share improvement and volume growth trajectory before changing recommendation. Maintain 'HOLD'.

New launches and relaunches spearheading growth

Colgate has, with the launch of *Cibaca Vedshakti* and *Colgate Swarna Vedshakti,* further deepened its presence in the fast-growing ayurvedic segment. **Without cannibalisation, *Swarna Vedshakti* has struck the right chord in South India, while *Cibaca Vedshakti* continues to do well in North India (~5% MS in certain retail environment).** Colgate's other portfolio brands—Colgate Dental Cream and re-launched *Max Fresh*—too continue to do well. **Company remains confident that market share loss (trend started from Q1FY17) is likely to ebb; however, market share gains from hereon would be gradual.**

Expanding Palmolive brand to new categories

Colgate plays personal care range through Palmolive. Till now, not much focus has been on this segment, a trend which is set to change course. Further, **Colgate is also soon going to launch a personal care range of products which will be conferred with desired ad spends backing**.

Outlook and valuations: Gradual improvement; maintain 'HOLD'

We expect Colgate's innovation funnel and brand investments to sustain. However, competitive intensity and MS gains are key monitorables. We retain our target multiple of 38x FY20 EPS to arrive at TP of INR1,200. At CMP, the stock is trading at 33.5x FY20E EPS. Maintain **'HOLD/SP'.**

Financials

Year to March	FY17	FY18E	FY19E	FY20E
Revenues (INR mn)	39,515	41,737	46,354	51,884
Rev. growth (%)	*2.9*	*5.7*	*11.2*	*11.9*
EBITDA (INR mn)	9,449	10,768	12,145	13,749
Adjusted Profit (INR mn)	5,774	6,570	7,640	8,591
Adjusted Diluted EPS (INR)	21.2	24.2	28.1	31.6
EPS growth (%)	*(5.7)*	*13.8*	*16.3*	*12.4*
Diluted P/E (x)	49.8	43.8	37.6	33.5
EV/EBITDA (x)	30.1	26.4	23.3	20.5
ROAE (%)	50.4	47.9	48.1	46.9

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 1,057
Target Price	: INR 1,200
52-week range (INR)	: 1,178 / 967
Share in issue (mn)	: 272.0
M cap (INR bn/USD mn)	: 287 / 4,371
Avg. Daily Vol.BSE/NSE('000)	: 343.6

SHARE HOLDING PATTERN (%)

	Current	Q2FY18	Q1FY18
Promoters *	51.0	51.0	51.0
MF's, FI's & BK's	12.7	11.4	10.3
FII's	13.9	14.6	16.0
Others	22.4	23.0	22.8

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

PRICE PERFORMANCE (%)

	Stock	Nifty	EW Consumer goods Index
1 month	(0.5)	(3.5)	(2.4)
3 months	(3.3)	(2.9)	(2.9)
12 months	6.2	12.6	12.3

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Key takeaways of our interaction with top management of Colgate:

Mr. Issam Bachaalani
VP and General Manager,
C-P India & South Asia

i. New launches: *Swarna Vedshakti* and *Cibaca Vedshakti*

Toothpaste is a ~INR100bn category. Over the past two years, the Ayurvedic segment has been the fastest growing segment within the toothpaste category. In order to play this fast-growing category, Colgate had first launched *Cibaca Vedshakti* (largely North-India focussed) and subsequently launched premium toothpaste under brand *Swarna Vedshakti* (South-India focussed). **Company is quite happy with the performance of both the new launches and have called out that these brands have gained desired traction. On the market share (MS) front, management stated that Cibaca Vedshakti has garnered as high as ~5% MS in certain retail environment. It also does not see any cannibalisation between its ayurvedic toothpaste and other toothpaste categories.**

In order to deepen penetration of Cibaca *Vedshakti* and *Swarna Vedshsakti*, Colgate is planning multiple LUPs—while Cibaca *Vedshakti* already has INR10 pack, more SKUs will be rolled out. While there have been new launches by competitor in ayurvedic segment, Colgate remains confident of maintaining its turf and does not see any threat of losing share to new entrants.

Fig. 1: Colgate Swarna Vedshakti and Cibaca Vedshakti

Source: Company, Edelweiss research

Besides differentiating its products on quality, Colgate has gone innovative in terms of packaging as well—***Swarna Vedshakti*'s packaging is much sharper and richer than other toothpaste available in the market.** Apart from superior packaging, Colgate through its packets is also trying to offer preaching through pictorial stories or basic information such as "Panchang".

On the pricing front, while *Cibaca Vedshakti* is priced at ~12% and 5% discount to *Dabur Meswak* and *Dabur Red*, it is at ~9% premium to *Dank Kanti*. *Swarna Vedshakti* on the other hand is priced at ~12% and 39% discount to *Lever Ayush* and *Dant Kanti advanced,* respectively.

Mr. M S Jacob
Whole-time Director and Chief Financial Officer

Table 1: Pricing of Colgate vis-à-vis competitors

Products	Company	Normalised wt/vol	MRP
Colgate Cibaca Vedshakti	Colgate	100 g	43.8
Colgate Swarna Vedshakti	Colgate	100 g	55.0
Dabur Meswak	Dabur	100 g	50.0
Dabur Red	Dabur	100 g	46.0
Lever Ayush Anti cavity clove oil	HUL	100 g	62.5
Dant Kanti	Patanjali	100 g	40.0
Dant Kanti Advance	Patanjali	100 g	90.0

Source: Company, Edelweiss research

ii. **On performance of other Colgate portfolio products**

While Colgate's traditional products continue to do well, management is especially enthused by performance of *Colgate Dental Cream* and *Colgate MaxFresh* in particular.

a. **Colgate Dental Cream:** This product continues to clock its healthy volume trajectory within Colgate stable.

b. **Colgate MaxFresh:** Company has relaunched *MaxFresh* and is quite satisfied with its performance on the back of encouraging volume growth. According to the management, *Colgate MaxFresh* has been wresting market share from *Close Up*.

c. **Colgate Active Salt:** It is the market leader in Tamil Nadu with ~25% market share. Plan is to push this product primarily in South India as consumers in the region prefer salt in their toothpaste.

d. **Colgate Sensitive:** About four years ago, the sensitive toothpaste as a segment picked up, prompting Colgate (*Colgate Sensitive)* and GSK (*Sensodyne)* to launch their offerings. Unfortunately, a year later, ayurvedic toothpaste gained significant traction, triggering an immediate consumer shift from sensitive to ayurvedic toothpaste. Hence, *Colgate Sensitive* and most of other sensitive focussed toothpaste failed to gain the desired traction.

iii. **Competition**

Management believes that overall competitive intensity has not eased. While Colgate is trying to bring hygiene through lower saver / value packs, the competition continues to flood market with such packs especially during January and August month.

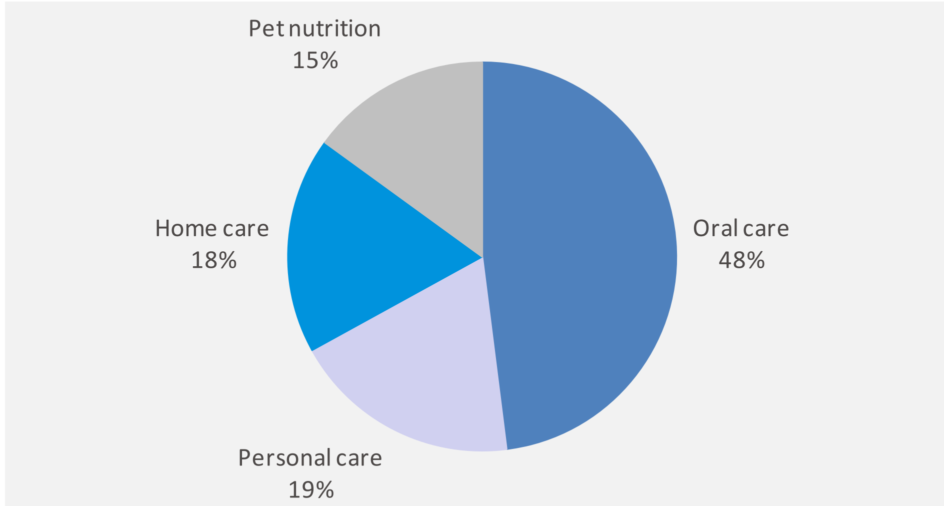
Based on our interaction with other toothpaste companies and various distributors, we believe, while Dabur continues to remain a strong competitor and is focussed on deepening its penetration in rural and South India, *Lever Ayush* is stretching its penetration pan India and is trying to gain market share in ayurvedic toothpaste segment.

iv. **New product launches in Palmolive range to watch out for**

In the toothpaste category, Colgate will first focus on stabilising two new launches—*Cibaca Vedshakti* and *Colgate Swarna Vedshakti* before launching any new products.

Colgate, a silent player in the personal care segment for long has now revamped its focus. **Infact, globally Colgate is strong in the personal care segment with 19% of revenues coming from personal care and 48% from toothpaste.**

Chart 1: Global revenue mix of Colgate Palmolive



Source: Company, Edelweiss research

Under the Palmolive brand, Colgate already has body and hand wash products. However, the company has not significantly backed these products through ATL /BTL. Incrementally, **it is planning to extend its offering in Palmolive through launch of new personal care products –** these products are already available in South East Asian markets. The company believes the product will be much superior to any other comparable product available currently in the Indian market. Management will **also back these new launches through heightened ad spend, which were missing earlier.**

Initially, this product will be imported till the time Colgate attains size and economies of scale to make it viable to manufacture in India. Since there is a Free Trade Agreement between India and ASEAN market, there will not be significant import duties and hence will not distort overall costing and hence the pricing. This product will be largely sold via MT and e-commerce platform.

Fig 2: Existing range of Palmolive products

Source: Company, Edelweiss research

v. **Margins**

Colgate ended FY17 with 62.9% gross margin, which jumped to 64% during 9mFY18. We do not expect significant margin improvement at the gross margin level from hereon. However, we do expect EBITDA margin to improve led by:

a. **Cost reduction:** Colgate has undertaken a cost rationalisation initiative under which it is evaluating each department cost and every P&L line item closely to cut flab. Colgate anticipates ~4% of revenue to be saved through this initiative over a period of time.

b. **Ad spends:** Colgate's current ad spends range between 12% - 13% of revenue. Going forward too, the ad spends are likely to remain in these current range.

Thus, product mix change, premium product launches in Palmolive category, cost reduction coupled with stable ad spends are likely to improve EBITDA margins for Colgate. **We are building ~70-100bps improvement in EBITDA margin over FY18-20**.

vi. **Distribution channel**

Colgate reaches ~5.8mn outlets. In order to reduce its dependence on wholesale channel, it will focus to increase its proportion of direct coverage by atleast 10% p.a. It is also incrementally sharpening focus on MT and e-commerce routes. MT and E-commerce constitutes ~10% and 1% of sales currently. This ratio is likely to increase to >15% and ~5%, respectively over the next five years.

vii. **Overall growth**

Colgate's revenue trajectory is a tale of 2 sides—while revenue CAGR over FY10-14 was 15.5% backed by double digit volume growth, the revenue trajectory over FY14-17 was ~3% on account of flat-to-low single digit volume growth. Though Colgate continues to remain market leader in toothpaste segment with 53.7% market share (YTD Dec 2017), its market share peaked in March 2016 and has been declining ever since.

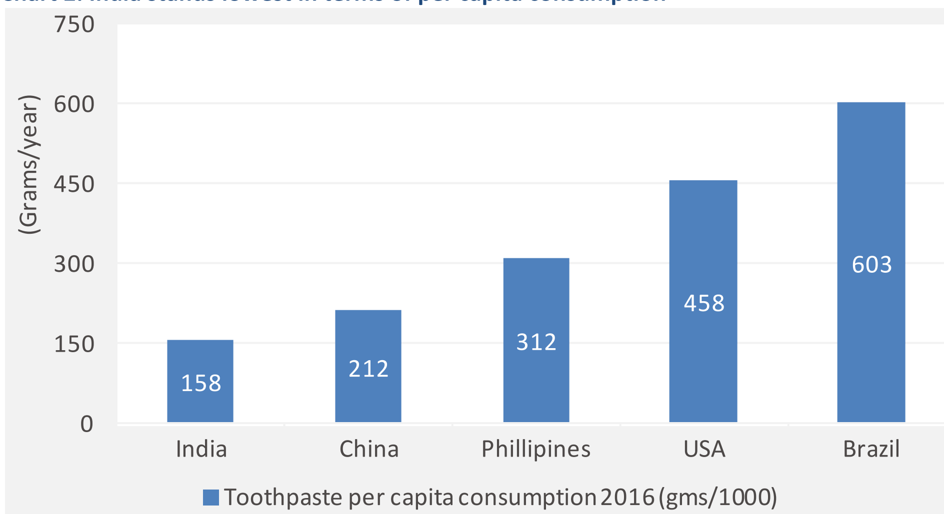
Table 2: Colgate's toothpaste and toothbrush MS

Period	Toothpaste market share (%)	Change (bps)	Toothbrush market share (%)	Change (bps)
Q1FY16	57.9	*NA*	42.7	*NA*
Q2FY16	57.6	*NA*	43.3	*NA*
Q3FY16	57.3	*NA*	43.8	*NA*
Q4FY16	55.7	*NA*	46.2	*NA*
Q1FY17	55.9	*(200)*	46.8	*410*
Q2FY17	55.7	*(190)*	46.6	*330*
Q3FY17	55.4	*(190)*	47.0	*320*
Q4FY17	55.1	*(60)*	47.4	*120*
Q1FY18	54.3	*(160)*	45.0	*(180)*
Q2FY18	54.0	*(170)*	45.5	*(110)*
Q3FY18	53.7	*(170)*	45.1	*(190)*

Source: Company, Edelweiss research

This decline was triggered by sudden surge in consumption of ayurvedic toothpaste buoyed by Patanjali's entry. To some extent, Colgate's higher dependence on wholesale channel which was impacted during demonetisation and then GST is also to be blamed for. To counter the same, Colgate has, over the past one year, launched new products tackling the core ayurvedic segment, which has started to bear fruits now. It is also incrementally focussing on more direct reach to improve offtakes. **We expect the market share loss to ebb now with market share gains starting from H2FY19**. Hence, we estimate Colgate to clock ~6% volume growth from FY19. This, coupled with steady price hikes of ~3-4% and renewed focus in Palmolive category, is estimated to pave the way for ~10% revenue CAGR over FY17-20. This should also be aided by macro drivers such as increasing penetration and per capita consumption being the lowest.

Chart 2: India stands lowest in terms of per capita consumption



Source: Company, Edelweiss research

Company Description

Colgate is India's biggest oral care products company with ~95% 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 53.7% market share in toothpaste category and enjoys strong brand equity, built over the years through high investment on creating consumer awareness and brand recall. New launches in ayurvedic segment, fastest growing toothpaste category also positively bodes for Colgate. Volume growth would also remain robust riding rise in both penetration and per capita consumption. Also, new categories like mouthwash will further enhance growth and premiumisation. Apart from Colgate, company is also focusing on pushing personal care products under Palmolive brand. 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	FY17	FY18	FY19E	FY20E
Macro				
GDP(Y-o-Y %)	6.6	6.5	7.1	7.6
Inflation (Avg)	4.5	3.8	4.5	5.0
Repo rate (exit rate)	6.3	6.0	6.0	6.5
USD/INR (Avg)	67.1	64.5	65.0	66.0
Company				
Volume growth	(2.0)	3.0	6.5	7.0
Pricing change	3.0	5.0	4.0	4.5
Capex (INR mn)	2,332	2,834	3,500	3,500
EBITDA margin assumpn				
Staff costs (% of rev)	7.3	7.4	7.1	7.0
COGS as % of sales	37.1	36.6	36.5	36.4
A&P as % of sales	12.9	12.6	12.4	12.4
Financial assumptions				
Cash conversion cycle	(60)	(56)	(56)	(56)
EBITDA margin	23.7	25.6	26.0	26.3
Debtor days	11	9	9	9
Inventory days	72	70	70	70
Payable days	143	135	135	135
Dep. (% gross block)	10.8	9.9	7.9	7.9
Tax rate (%)	32.2	32.0	32.0	32.0
Dividend payout	47.1	58.0	58.0	58.0
Yield on cash	12.2	12.3	15.0	15.0

Income statement (INR mn)

Year to March	FY17	FY18	FY19E	FY20E
Profit Before Tax	8,514	9,662	11,235	12,633
Less: Provision for Tax	2,740	3,092	3,595	4,043
Diluted shares o/s (mn)	272	272	272	272
Dividend per share (DPS)	10.0	14.0	16.3	18.3
Dividend Payout Ratio(%)	56.7	69.8	69.8	69.8
Net revenue	39,515	41,737	46,354	51,884
Other Operating Income	304	334	417	467
Total operating income	39,818	42,071	46,771	52,351
Materials costs	14,763	15,401	17,058	19,041
Gross profit	25,055	26,670	29,713	33,309
Employee costs	2,885	3,089	3,291	3,632
Other Expenses	7,604	7,513	8,483	9,443
Ad. & sales costs	5,117	5,301	5,794	6,485
EBITDA	9,449	10,768	12,145	13,749
Depreciation	1,332	1,507	1,483	1,759
EBIT	8,116	9,261	10,662	11,990
Add: Other income	398.1	400.32	573.07	643.04
Reported Profit	5,774	6,570	7,640	8,591
Adjusted Profit	5,774	6,570	7,640	8,591
Shares o /s (mn)	272	272	272	272
Adjusted Basic EPS	21.2	24.2	28.1	31.6
Adjusted Diluted EPS	21.2	24.2	28.1	31.6
Adjusted Cash EPS	23.4	29.7	33.5	38.1

Common size metrics

Year to March	FY17	FY18	FY19E	FY20E
Materials costs	37.1	36.6	36.5	36.4
Staff costs	7.2	7.3	7.0	6.9
Ad. & sales costs	12.9	12.6	12.4	12.4
Other expenses	19.1	17.9	18.1	18.0
EBITDA margins	23.7	25.6	26.0	26.3
EBIT margins	20.4	22.0	22.8	22.9
Net Profit margins	14.5	15.6	16.3	16.4

Growth ratios (%)

Year to March	FY17	FY18	FY19E	FY20E
Revenues	2.9	5.7	11.2	11.9
Adjusted Profit	(5.7)	13.8	16.3	12.4
EBITDA	0.7	14.0	12.8	13.2
PBT	1.9	13.5	16.3	12.4
EPS	(5.7)	13.8	16.3	12.4

Balance sheet				(INR mn)
As on 31st March	**FY17**	**FY18**	**FY19E**	**FY20E**
Share capital	272	272	272	272
Reserves & Surplus	12,466	14,450	16,756	19,350
Shareholders' funds	12,738	14,722	17,028	19,622
Long Term Liabilities	251	251	251	251
Def. Tax Liability (net)	275	275	275	275
Sources of funds	**13,264**	**15,248**	**17,554**	**20,148**
Gross Block	13,517	17,017	20,517	24,017
Net Block	11,081	13,074	15,092	16,833
Capital work in progress	1,666	1,000	1,000	1,000
Total Fixed Assets	12,747	14,074	16,092	17,833
Non current investments	312	312	312	312
Uses of funds	**13,264**	**15,248**	**17,554**	**20,148**
BVPS (INR)	46.8	54.1	62.6	72.1
Cash and Equivalents	2,943	3,509	3,975	5,042
Inventories	2,926	2,954	3,271	3,652
Sundry Debtors	1,299	1,046	1,164	1,302
Loans & Advances	656	656	656	656
Other Current Assets	2,352	2,352	2,352	2,352
Current Assets (ex cash)	7,232	7,007	7,443	7,962
Trade payable	6,012	5,696	6,309	7,043
Other Current Liab	3,958	3,958	3,958	3,958
Total Current Liab	9,970	9,654	10,267	11,000
Net Curr Assets-ex cash	(2,738)	(2,647)	(2,824)	(3,039)

Free cash flow				(INR mn)
Year to March	**FY17**	**FY18**	**FY19E**	**FY20E**
Reported Profit	5,774	6,570	7,640	8,591
Add : Non cash charge	1,305	1,326	1,837	2,188
Add: Depreciation	1,332	1,507	1,483	1,759
Others	(28)	(181)	354	429
Less: Changes in WC	199	(91)	177	214
Operating cash flow	6,880	7,986	9,300	10,564
Less: Capex	2,332	2,834	3,500	3,500
Free Cash Flow	**4,548**	**5,152**	**5,800**	**7,064**

Cash flow metrics

Year to March	FY17	FY18	FY19E	FY20E
Operating cash flow	6,880	7,986	9,300	10,564
Investing cash flow	(3,422)	(2,834)	(3,500)	(3,500)
Financing cash flow	(3,405)	(4,586)	(5,333)	(5,997)
Net cash Flow	53	566	466	1,067
Capex	(2,332)	(2,834)	(3,500)	(3,500)
Dividend paid	(3,274)	(4,586)	(5,333)	(5,997)

Profitability and efficiency ratios

Year to March	FY17	FY18	FY19E	FY20E
ROAE (%)	50.4	47.9	48.1	46.9
ROACE (%)	74.3	70.4	70.8	68.9
Debtors Days	8	11	9	9
Payable Days	132	143	135	135
Cash Conversion Cycle	(57)	(60)	(56)	(56)
Current Ratio	1.0	1.1	1.1	1.2

Operating ratios

Year to March	FY17	FY18	FY19E	FY20E
Total Asset Turnover	3.3	3.0	2.9	2.8
Fixed Asset Turnover	3.8	3.5	3.3	3.3
Equity Turnover	3.5	3.1	2.9	2.9

Valuation parameters

Year to March	FY17	FY18	FY19E	FY20E
Adj. Diluted EPS (INR)	21.2	24.2	28.1	31.6
Y-o-Y growth (%)	*(5.7)*	*13.8*	*16.3*	*12.4*
Diluted P/E (x)	49.8	43.8	37.6	33.5
P/B (x)	22.6	19.5	16.9	14.6
Dividend Yield (%)	0.9	1.3	1.5	1.7
Adjusted Cash EPS (INR)	23.4	29.7	33.5	38.1
EV / Sales (x)	7.6	7.2	6.4	5.7
EV / EBITDA (x)	30.1	26.4	23.3	20.5

Peer comparison valuation

	Market cap	Diluted P/E (X)		EV / EBITDA (X)		ROAE (%)	
Name	**(USD mn)**	**FY18E**	**FY19E**	**FY18E**	**FY19E**	**FY18E**	**FY19E**
Colgate	4,371	43.8	37.6	26.4	23.3	47.9	48.1
Dabur	8,810	41.5	35.6	35.7	30.8	26.5	26.7
Emami	3,708	68.0	47.0	31.6	25.4	19.3	24.8
Hindustan Unilever	44,413	54.0	46.9	38.0	32.6	75.9	80.4
ITC	48,638	27.9	25.2	18.5	16.6	22.9	23.4
Marico	6,472	49.6	41.7	33.9	28.4	34.2	35.0
Median	-	44.5	38.3	29.5	24.8	30.4	30.8
AVERAGE	-	45.9	38.1	29.5	25.3	36.9	38.6

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	5.91	Arisaig Partners Asia Pte	2.76
Commowealth bank of Australia	2.23	Sbi Funds Management	2.18
Vangaurd Group	0.85	Morgan Stanley	0.62
Jp Morgan Chase & Co	0.54	Lombard Odier	0.42
Icici Prudential Asset Management	0.37	Wasatch Advisors	0.33

**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	HOLD	SP	M	Marico	BUY	SO	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

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Date: 2018.04.02 14:39:37 +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
30-Dec-99	**Marico**	Sanguine on improving trajectory; *Visit Note*	326	Buy
30-Dec-99	**Berger Paints**	The best is yet to come; *Company Update*	247	Buy
30-Dec-99	**Hindustan Unilever**	Geared up for the future; *Company Update*	1,318	Hold

Distribution of Ratings / Market Cap

Edelweiss Research Coverage Universe

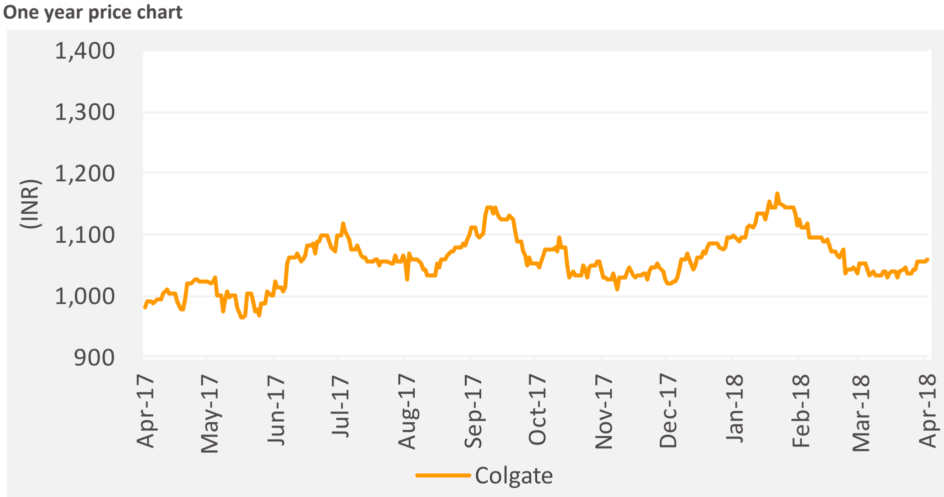
	Buy	Hold	Reduce	Total
Rating Distribution* * 1stocks under review	161	67	11	240

	> 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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