

Britannia Industries

Refer to important disclosures at the end of this report

Nice performance, good days ahead

CMP: Rs 3,510

as of (June 2, 2020)

TP: Rs 3,960 (▲)

12 months

Rating: BUY (■)

Upside: 12.8 %

We appreciate your support in the [Asiamoney Brokers Poll 2020](#)

- Results were better than peers and ahead of expectations. While the lockdown had an impact of 7-10% on sales and net profit in Q4, the category has seen a sharp surge in demand from higher home consumption, driving in 20/28% growth in April/May for BRIT.
- Benefits from higher home consumption and market share gains are likely to sustain in the coming quarters. Our forecasts factor in moderation from Q2, which can see upsides. Given the strong demand, it is now looking at innovations. Increased aggression here will be positive.
- Commentary was upbeat on margin improvement led by cost savings. We see multiple drivers for margin expansion in FY21 on account of benign input prices, better portfolio mix, reduced competitive activity and cut in discretionary spends.
- BRIT remains our high conviction Buy; biggest beneficiary of the increased shift towards packaged foods (refer recent update: [Keep Munching](#)). Valuations are still attractive relative to peers given, stronger growth momentum with more earnings upsides ahead. We increase estimates marginally and raise TP to Rs3960, based on 47x June-22 EPS.

Performance better than peers; growth surges in April/May: Standalone sales were flat but 34% growth in subsidiaries and higher operating income led to 2.5% growth in consolidated sales. As per management, demand trends were improving in the Jan-Feb period but the lockdown had an impact of 7-10% on Q4FY20 sales and profit. After facing some challenges in April, the company was quick to recover and has recorded strong growth of 20% in April and 28% in May. Growth was driven by increased shift in consumption of packaged foods vs. unorganized/street food and market share gains due to faster recovery in supply chain, some of which are likely to sustain in the quarters ahead.

Margin gains can surprise positively: Despite higher input inflation and slower growth, management was able to increase operating margins by 20bps for the quarter and year, driven by its focus on cost saving. Management commentary was upbeat on margin improvement led by cost savings. We see multiple drivers for margin expansion in FY21 on account of benign input prices, better portfolio mix, reduced competitive activity and cut in discretionary spends. We forecast a margin expansion of 160bps over FY21-22.

Other highlights: ICDs to group companies were in the similar range as last year but rose to ~Rs6bn from Rs4.5bn in Sept-19 (vs. Rs6.85bn in Mar-19). This remains a key concern and we are hopeful that BRIT is able to reduce its exposure ahead.

More upsides ahead; Maintain Buy: Despite recent outperformance, valuations at 44x FY22 earnings are not expensive as the growth trajectory seems strong for BRIT and may drive more earnings upsides ahead. We increase estimates marginally and raise TP to Rs3960 (from Rs3900), based on 47x Jun-22 EPS. Maintain conviction Buy.

Please see our sector model portfolio (Emkay Alpha Portfolio): [Consumer Goods & Retail \(page 8\)](#)

Financial Snapshot (Consolidated)

| (Rs mn) | FY19 | FY20 | FY21E | FY22E | FY23E |
|-------------------|----------|----------|----------|----------|----------|
| Revenue | 1,10,547 | 1,15,996 | 1,31,033 | 1,44,693 | 1,60,564 |
| EBITDA | 17,334 | 18,432 | 22,570 | 25,310 | 28,564 |
| EBITDA Margin (%) | 15.7 | 15.9 | 17.2 | 17.5 | 17.8 |
| APAT | 11,555 | 14,106 | 16,923 | 19,224 | 22,062 |
| EPS (Rs) | 48.1 | 58.8 | 70.5 | 80.1 | 91.9 |
| EPS (% chg) | 15.1 | 22.1 | 20.0 | 13.6 | 14.8 |
| ROE (%) | 30.2 | 29.8 | 30.4 | 30.3 | 30.3 |
| P/E (x) | 72.9 | 59.7 | 49.8 | 43.8 | 38.2 |
| EV/EBITDA (x) | 48.2 | 45.6 | 37.1 | 32.8 | 28.8 |
| P/BV (x) | 19.8 | 16.2 | 14.2 | 12.4 | 10.8 |

Source: Company, Emkay Research



Change in Estimates

| | |
|-------------------------|---------|
| EPS Chg FY21E/FY22E (%) | 2.7/1.8 |
| Target Price change (%) | 1.5 |
| Target Period (Months) | 12 |
| Previous Reco | BUY |

Emkay vs Consensus

| EPS Estimates | | |
|-------------------------|----------|-------|
| | FY21E | FY22E |
| Emkay | 70.5 | 80.1 |
| Consensus | 64.6 | 73.4 |
| Mean Consensus TP (12M) | Rs 3,228 | |

Stock Details

| | |
|------------------------------|---------------|
| Bloomberg Code | BRIT IN |
| Face Value (Rs) | 1 |
| Shares outstanding (mn) | 240 |
| 52 Week H/L | 3,705 / 2,100 |
| M Cap (Rs bn/USD bn) | 844 / 11.18 |
| Daily Avg Volume (nos.) | 9,47,480 |
| Daily Avg Turnover (US\$ mn) | 37.0 |

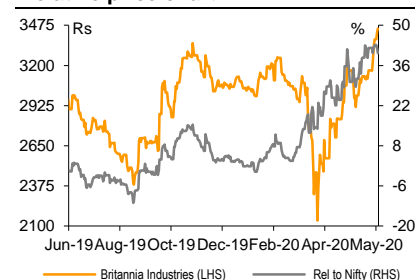
Shareholding Pattern Mar '20

| | |
|-------------------|-------|
| Promoters | 50.6% |
| FIIIs | 14.7% |
| DIIIs | 13.4% |
| Public and Others | 21.3% |

Price Performance

| (%) | 1M | 3M | 6M | 12M |
|---------------|----|----|----|-----|
| Absolute | 11 | 16 | 15 | 18 |
| Rel. to Nifty | 9 | 30 | 37 | 42 |

Relative price chart



Source: Bloomberg

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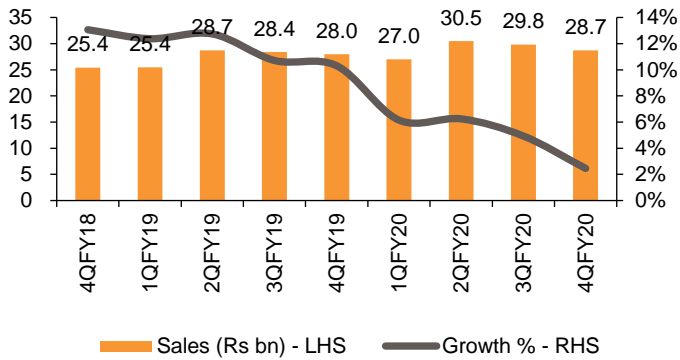
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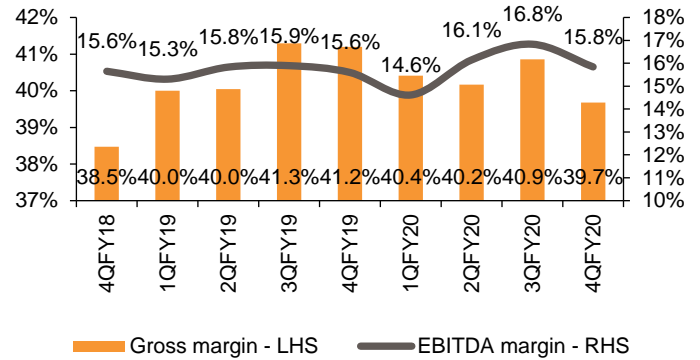
Story in Charts

Exhibit 1: 7-10% revenue growth impacted due to Covid-19 lockdown. April/May growth seeing strong acceleration



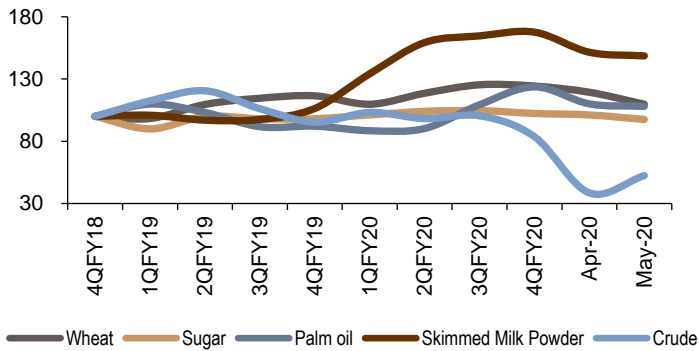
Source: Company, Emkay Research

Exhibit 2: Gross margin impacted by higher input costs; lower overhead costs keep EBITDA margin moderate



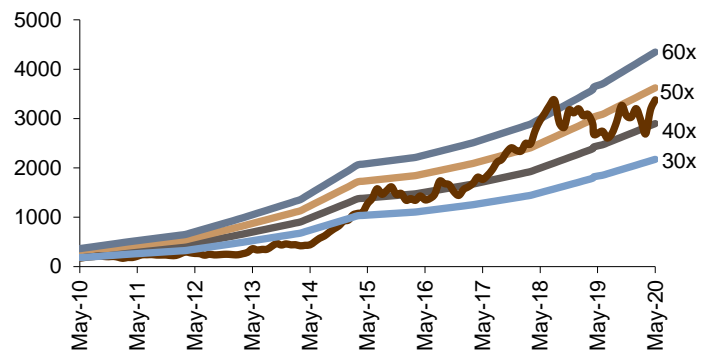
Source: Company, Emkay Research

Exhibit 3: Input inflation led mostly by Palm Oil and SMP



Source: Company, Emkay Research

Exhibit 4: One-year forward P/E band chart



Source: Company, Emkay Research

Exhibit 5: Actual vs. Estimates (Q4FY20)

| (Rs mn) | Actual | Estimates | | % variation | | Comment |
|-------------------|--------|-----------|-----------|-------------|-----------|---|
| | | Emkay | Consensus | Emkay | Consensus | |
| Revenues | 28,677 | 27,002 | 28,279 | 6.2% | 1.4% | Sales growth better than expected; Covid-19 impact of 7-10% |
| EBITDA | 4,543 | 4,024 | 4,466 | 12.9% | 1.7% | |
| EBITDA Margin (%) | 15.8% | 14.9% | 15.8% | 94 | 5 | Margin expansion due to reduced overhead costs |
| APAT | 3,726 | 2,965 | 3,222 | 25.7% | 15.6% | APAT growth due to lower tax rate |

Source: Company, Emkay Research

Exhibit 6: Quarterly Performance (Consolidated)

| Y/E, Mar (Rs m) | 4QFY19 | 1QFY20 | 2QFY20 | 3QFY20 | 4QFY20 | YoY (%) | QoQ (%) | FY19 | FY20 | Gr (%) |
|---------------------|---------------|---------------|---------------|---------------|---------------|-------------|--------------|-----------------|-----------------|-------------|
| Revenue | 27,990 | 27,003 | 30,488 | 29,827 | 28,677 | 2.5 | -3.9 | 1,10,547 | 1,15,996 | 4.9 |
| Expenditure | 23,624 | 23,057 | 25,566 | 24,806 | 24,134 | 2.2 | -2.7 | 93,213 | 97,564 | 4.7 |
| Consumption of RM | 16,459 | 16,092 | 18,241 | 17,642 | 17,300 | 5.1 | -1.9 | 65,615 | 69,275 | 5.6 |
| as % of sales | 58.8% | 59.6% | 59.8% | 59.1% | 60.3% | | | 59.4% | 59.7% | |
| Employee Cost | 1,082 | 1,206 | 1,236 | 1,216 | 1,209 | 11.7 | -0.6 | 4,418 | 4,867 | 10.2 |
| as % of sales | 3.9% | 4.5% | 4.1% | 4.1% | 4.2% | | | 4.0% | 4.2% | |
| Other expenditure | 6,083 | 5,760 | 6,089 | 5,949 | 5,625 | -7.5 | -5.4 | 23,180 | 23,422 | 1.0 |
| as % of sales | 21.7% | 21.3% | 20.0% | 19.9% | 19.6% | | | 21.0% | 20.2% | |
| EBITDA | 4,366 | 3,947 | 4,922 | 5,020 | 4,543 | 4.1 | -9.5 | 17,334 | 18,432 | 6.3 |
| Depreciation | 469 | 448 | 449 | 467 | 485 | 3.3 | 3.8 | 1,619 | 1,848 | 14.2 |
| EBIT | 3,897 | 3,499 | 4,473 | 4,553 | 4,058 | 4.1 | -10.9 | 15,715 | 16,584 | 5.5 |
| Other Income | 618 | 675 | 682 | 652 | 786 | 27.2 | 20.6 | 2,065 | 2,794 | 35.3 |
| Interest | 13 | 101 | 161 | 237 | 270 | 2059.2 | 14.0 | 91 | 769 | 746.0 |
| Exceptional Items | 0 | -156 | -11 | 0 | -3 | | | 0 | -170 | |
| PBT | 4,502 | 4,228 | 5,005 | 4,969 | 4,577 | 1.7 | -7.9 | 17,689 | 18,439 | 4.2 |
| Total Tax | 1,557 | 1,430 | 955 | 1,273 | 849 | -45.4 | -33.3 | 6,125 | 4,507 | -26.4 |
| PAT | 2,946 | 2,798 | 4,050 | 3,696 | 3,728 | 26.6 | 0.9 | 11,564 | 13,932 | 20.5 |
| Share of Associate | -3.0 | 2.0 | 0.1 | 3.0 | 1.1 | -136.7 | -63.3 | -10 | 4 | -145.4 |
| Minority Interest | 0 | 0 | 0 | 0 | 0 | | | 0 | 0 | |
| PAT after MI | 2,943 | 2,800 | 4,050 | 3,699 | 3,729 | 26.7 | 0.8 | 11,555 | 13,936 | 20.6 |
| Adjusted PAT | 2,943 | 2,587 | 4,036 | 3,699 | 3,726 | 26.6 | 0.7 | 11,555 | 13,936 | 20.6 |
| Adjusted EPS | 12.2 | 10.8 | 16.8 | 15.4 | 15.5 | 26.5 | 0.7 | 48 | 58 | 20.6 |

| Margins (%) | | | | | | (bps) | (bps) | | | |
|--------------------|------|------|------|------|------|--------|-------|------|------|--------|
| Gross Margin | 41.2 | 40.4 | 40.2 | 40.9 | 39.7 | -150 | -120 | 40.6 | 40.3 | -40 |
| EBIDTA | 15.6 | 14.6 | 16.1 | 16.8 | 15.8 | 20 | -100 | 15.7 | 15.9 | 20 |
| EBIT | 13.9 | 13.0 | 14.7 | 15.3 | 14.2 | 20 | -110 | 14.2 | 14.3 | 10 |
| EBT | 16.1 | 15.7 | 16.4 | 16.7 | 16.0 | -10 | -70 | 16.0 | 15.9 | -10 |
| PAT | 10.5 | 9.6 | 13.2 | 12.4 | 13.0 | 250 | 60 | 10.5 | 12.0 | 160 |
| Effective Tax rate | 34.6 | 33.8 | 19.1 | 25.6 | 18.6 | -1,600 | -710 | 34.6 | 24.4 | -1,020 |

Source: Company, Emkay Research

Exhibit 7: Revision in earnings estimates

| Y/E, Mar (Rs. mn) | FY21E | | | FY22E | | | FY23E | | |
|----------------------|----------|----------|----------|------------|----------|----------|------------|----------|----------|
| | Earlier | Revised | % Change | Introduced | Revised | % Change | Introduced | Revised | % Change |
| Revenues | 1,29,657 | 1,31,033 | 1.1 | 1,44,218 | 1,44,693 | 0.3 | 1,60,027 | 1,60,564 | 0.3 |
| EBITDA | 22,211 | 22,570 | 1.6 | 25,186 | 25,310 | 0.5 | 28,424 | 28,564 | 0.5 |
| EBITDA Margin (%) | 17.1 | 17.2 | 10 bps | 17.5 | 17.5 | 0 bps | 17.8 | 17.8 | 0 bps |
| APAT | 16,485 | 16,923 | 2.7 | 18,893 | 19,224 | 1.8 | 21,488 | 22,062 | 2.7 |
| EPS | 68.7 | 70.5 | 2.7 | 78.7 | 80.1 | 1.8 | 89.5 | 91.9 | 2.7 |

Source: Company, Emkay Research

Exhibit 8: Revenue Assumptions

| | FY19 | FY20 | FY21E | FY22E | FY23E |
|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Domestic Revenue (Rs mn) | 1,04,825 | 1,09,870 | 1,25,019 | 1,38,066 | 1,53,262 |
| Growth | 13% | 5% | 14% | 10% | 11% |
| Subsidiaries (Rs mn) | 5,722 | 6,125 | 6,014 | 6,627 | 7,302 |
| Growth | -6% | 7% | -2% | 10% | 10% |
| Total Revenue (Rs mn) | 1,10,547 | 1,15,996 | 1,31,033 | 1,44,693 | 1,60,564 |
| Growth | 12% | 5% | 13% | 10% | 11% |

Source: Company, Emkay Research

Exhibit 9: Relative Valuation

| Companies | Price (Rs) | Mcap (Rs bn) | Reco | TP (Rs) | EPS (Rs) | | | P/E (x) | | | EV / EBITDA (x) | | |
|------------------|--------------|--------------|------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-----------------|-------------|-------------|
| | | | | | FY20E | FY21E | FY22E | FY20E | FY21E | FY22E | FY20E | FY21E | FY22E |
| Asian Paints | 1,717 | 1,647 | Hold | 1,650 | 28.6 | 34.2 | 39.1 | 60.1 | 50.2 | 43.9 | 38.3 | 32.1 | 28.2 |
| Berger Paints | 516 | 501 | Sell | 430 | 6.9 | 8.7 | 10.1 | 74.7 | 59.1 | 51.1 | 46.5 | 37.3 | 32.3 |
| Britannia | 3,510 | 844 | Buy | 3,960 | 58.8 | 70.5 | 80.1 | 59.7 | 49.8 | 43.8 | 45.7 | 37.1 | 32.9 |
| Colgate | 1,363 | 371 | Buy | 1,500 | 30.0 | 31.2 | 35.5 | 45.4 | 43.7 | 38.4 | 30.6 | 28.2 | 25.0 |
| Dabur | 463 | 819 | Hold | 465 | 8.7 | 9.8 | 11.2 | 53.0 | 47.3 | 41.5 | 45.2 | 38.9 | 33.4 |
| Emami | 190 | 86 | Hold | 240 | 11.5 | 11.3 | 11.9 | 16.4 | 16.9 | 15.9 | 11.2 | 11.0 | 10.1 |
| GCPL | 659 | 673 | Hold | 600 | 13.8 | 15.6 | 17.6 | 47.6 | 42.2 | 37.4 | 32.3 | 29.1 | 26.0 |
| HUL | 2,121 | 4,979 | Hold | 2,300 | 31.2 | 35.7 | 42.0 | 68.0 | 59.3 | 50.5 | 51.2 | 45.1 | 38.7 |
| ITC | 197 | 2,418 | Buy | 240 | 11.7 | 12.1 | 13.4 | 16.8 | 16.3 | 14.7 | 12.2 | 11.5 | 10.1 |
| Marico | 335 | 432 | Hold | 320 | 8.3 | 8.5 | 9.5 | 40.3 | 39.2 | 35.3 | 28.8 | 27.3 | 24.7 |
| Nestle | 17,408 | 1,678 | Sell | 15,000 | 206.8 | 235.7 | 275.9 | 84.2 | 73.9 | 63.1 | 58.6 | 52.6 | 45.4 |
| Pidilite | 1,510 | 767 | Sell | 1,170 | 22.7 | 25.2 | 29.2 | 66.6 | 60.0 | 51.7 | 49.1 | 44.5 | 38.3 |
| Radico Khaitan | 345 | 46 | Buy | 460 | 18.9 | 18.7 | 22.7 | 18.3 | 18.4 | 15.2 | 13.2 | 11.4 | 9.5 |
| United Breweries | 936 | 247 | Buy | 1,230 | 17.0 | 20.4 | 27.0 | 55.1 | 45.9 | 34.7 | 27.5 | 23.6 | 18.9 |
| United Spirits | 572 | 416 | Buy | 650 | 9.7 | 11.9 | 15.3 | 59.1 | 48.1 | 37.4 | 28.9 | 28.8 | 23.5 |

Source: Company, Emkay Research

Key Financials (Consolidated)**Income Statement**

| Y/E Mar (Rs mn) | FY19 | FY20 | FY21E | FY22E | FY23E |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Revenue | 1,10,547 | 1,15,996 | 1,31,033 | 1,44,693 | 1,60,564 |
| Expenditure | 93,213 | 97,564 | 1,08,463 | 1,19,383 | 1,32,000 |
| EBITDA | 17,334 | 18,432 | 22,570 | 25,310 | 28,564 |
| Depreciation | 1,619 | 1,848 | 1,982 | 2,154 | 2,348 |
| EBIT | 15,715 | 16,584 | 20,588 | 23,155 | 26,215 |
| Other Income | 2,065 | 2,794 | 3,251 | 3,744 | 4,280 |
| Interest expenses | 91 | 769 | 970 | 920 | 682 |
| PBT | 17,689 | 18,609 | 22,869 | 25,979 | 29,813 |
| Tax | 6,125 | 4,507 | 5,946 | 6,754 | 7,751 |
| Extraordinary Items | 0 | (170) | 0 | 0 | 0 |
| Minority Int./Income from Assoc. | (10) | 4 | 0 | 0 | 0 |
| Reported Net Income | 11,555 | 13,936 | 16,923 | 19,224 | 22,062 |
| Adjusted PAT | 11,555 | 14,106 | 16,923 | 19,224 | 22,062 |

Balance Sheet

| Y/E Mar (Rs mn) | FY19 | FY20 | FY21E | FY22E | FY23E |
|--|---------------|---------------|---------------|---------------|---------------|
| Equity share capital | 240 | 240 | 240 | 240 | 240 |
| Reserves & surplus | 42,292 | 51,772 | 59,090 | 67,510 | 77,567 |
| Net worth | 42,533 | 52,012 | 59,331 | 67,751 | 77,807 |
| Minority Interest | 327 | 327 | 327 | 327 | 327 |
| Loan Funds | 1,380 | 15,380 | 15,380 | 15,380 | 8,180 |
| Net deferred tax liability | 263 | 263 | 263 | 263 | 263 |
| Total Liabilities | 44,502 | 67,982 | 75,300 | 83,720 | 86,577 |
| Net block | 16,883 | 19,121 | 20,639 | 21,984 | 23,136 |
| Investment | 14,763 | 28,351 | 28,351 | 28,351 | 28,351 |
| Current Assets | 29,252 | 37,504 | 45,329 | 54,387 | 58,396 |
| Cash & bank balance | 1,098 | 7,480 | 11,327 | 17,203 | 17,517 |
| Other Current Assets | 2,906 | 3,840 | 4,169 | 4,469 | 4,817 |
| Current liabilities & Provision | 17,408 | 17,389 | 19,414 | 21,397 | 23,702 |
| Net current assets | 11,844 | 20,115 | 25,915 | 32,990 | 34,695 |
| Misc. exp | 0 | 0 | 0 | 0 | 0 |
| Total Assets | 44,502 | 67,982 | 75,300 | 83,720 | 86,577 |

Cash Flow

| Y/E Mar (Rs mn) | FY19 | FY20 | FY21E | FY22E | FY23E |
|---------------------------------------|----------------|-----------------|-----------------|-----------------|-----------------|
| PBT (Ex-Other income) (NI+Dep) | 15,625 | 15,815 | 19,618 | 22,235 | 25,533 |
| Other Non-Cash items | 0 | 0 | 0 | 0 | 0 |
| Chg in working cap | (2,648) | (1,889) | (1,954) | (1,198) | (1,391) |
| Operating Cashflow | 10,616 | 14,664 | 17,921 | 21,101 | 23,701 |
| Capital expenditure | (4,030) | (3,469) | (3,500) | (3,500) | (3,500) |
| Free Cash Flow | 6,586 | 11,196 | 14,421 | 17,601 | 20,201 |
| Investments | (3,970) | (13,588) | 0 | 0 | 0 |
| Other Investing Cash Flow | (2,043) | (2,708) | (3,251) | (3,744) | (4,280) |
| Investing Cashflow | (7,978) | (16,971) | (3,500) | (3,500) | (3,500) |
| Equity Capital Raised | 0 | 0 | 0 | 0 | 0 |
| Loans Taken / (Repaid) | (402) | 14,000 | 0 | 0 | (7,200) |
| Dividend paid (incl tax) | (3,734) | (4,457) | (9,604) | (10,805) | (12,005) |
| Other Financing Cash Flow | 823 | (86) | 0 | 0 | 0 |
| Financing Cashflow | (3,404) | 8,688 | (10,574) | (11,725) | (19,887) |
| Net chg in cash | (766) | 6,382 | 3,847 | 5,877 | 314 |
| Opening cash position | 1,864 | 1,098 | 7,480 | 11,327 | 17,203 |
| Closing cash position | 1,098 | 7,480 | 11,327 | 17,203 | 17,517 |

Source: Company, Emkay Research

Key Ratios

| Profitability (%) | FY19 | FY20 | FY21E | FY22E | FY23E |
|--------------------|------|------|-------|-------|-------|
| EBITDA Margin | 15.7 | 15.9 | 17.2 | 17.5 | 17.8 |
| EBIT Margin | 14.2 | 14.3 | 15.7 | 16.0 | 16.3 |
| Effective Tax Rate | 34.6 | 24.2 | 26.0 | 26.0 | 26.0 |
| Net Margin | 10.5 | 12.2 | 12.9 | 13.3 | 13.7 |
| ROCE | 44.1 | 34.5 | 33.3 | 33.8 | 35.8 |
| ROE | 30.2 | 29.8 | 30.4 | 30.3 | 30.3 |
| RoIC | 64.1 | 55.9 | 61.5 | 63.4 | 67.1 |

| Per Share Data (Rs) | FY19 | FY20 | FY21E | FY22E | FY23E |
|---------------------|-------|-------|-------|-------|-------|
| EPS | 48.1 | 58.8 | 70.5 | 80.1 | 91.9 |
| CEPS | 54.9 | 66.4 | 78.7 | 89.0 | 101.7 |
| BVPS | 177.1 | 216.6 | 247.1 | 282.2 | 324.1 |
| DPS | 12.5 | 15.0 | 40.0 | 45.0 | 50.0 |

| Valuations (x) | FY19 | FY20 | FY21E | FY22E | FY23E |
|--------------------|------|------|-------|-------|-------|
| PER | 72.9 | 59.7 | 49.8 | 43.8 | 38.2 |
| P/CEPS | 64.0 | 52.8 | 44.6 | 39.4 | 34.5 |
| P/BV | 19.8 | 16.2 | 14.2 | 12.4 | 10.8 |
| EV / Sales | 7.6 | 7.3 | 6.4 | 5.8 | 5.2 |
| EV / EBITDA | 48.2 | 45.6 | 37.1 | 32.8 | 28.8 |
| Dividend Yield (%) | 0.4 | 0.4 | 1.1 | 1.3 | 1.4 |

| Gearing Ratio (x) | FY19 | FY20 | FY21E | FY22E | FY23E |
|--------------------------|-------|-------|-------|-------|-------|
| Net Debt/ Equity | (0.2) | 0.0 | (0.1) | (0.2) | (0.2) |
| Net Debt/EBITDA | (0.4) | (0.1) | (0.3) | (0.5) | (0.7) |
| Working Cap Cycle (days) | 35.5 | 39.8 | 40.6 | 39.8 | 39.0 |

| Growth (%) | FY19 | FY20 | FY21E | FY22E | FY23E |
|------------|------|------|-------|-------|-------|
| Revenue | 11.5 | 4.9 | 13.0 | 10.4 | 11.0 |
| EBITDA | 15.4 | 6.3 | 22.5 | 12.1 | 12.9 |
| EBIT | 15.6 | 5.5 | 24.1 | 12.5 | 13.2 |
| PAT | 15.1 | 20.6 | 21.4 | 13.6 | 14.8 |

| Quarterly (Rs mn) | Q4FY19 | Q1FY20 | Q2FY20 | Q3FY20 | Q4FY20 |
|--------------------------|-------------|-------------|-------------|-------------|-------------|
| Revenue | 27,990 | 27,003 | 30,488 | 29,827 | 28,677 |
| EBITDA | 4,366 | 3,947 | 4,922 | 5,020 | 4,543 |
| EBITDA Margin (%) | 15.6 | 14.6 | 16.1 | 16.8 | 15.8 |
| PAT | 2,943 | 2,488 | 4,027 | 3,699 | 3,724 |
| EPS (Rs) | 12.2 | 10.4 | 16.8 | 15.4 | 15.5 |

Source: Company, Emkay Research

| Shareholding Pattern (%) | Mar-19 | Jun-19 | Sep-19 | Dec-19 | Mar-20 |
|--------------------------|--------|--------|--------|--------|--------|
| Promoters | 50.7 | 50.7 | 50.7 | 50.6 | 50.6 |
| FII | 15.8 | 15.7 | 15.2 | 15.8 | 14.7 |
| DII | 12.4 | 13.1 | 13.6 | 13.6 | 13.4 |
| Public and Others | 21.2 | 20.5 | 20.6 | 20.0 | 21.3 |

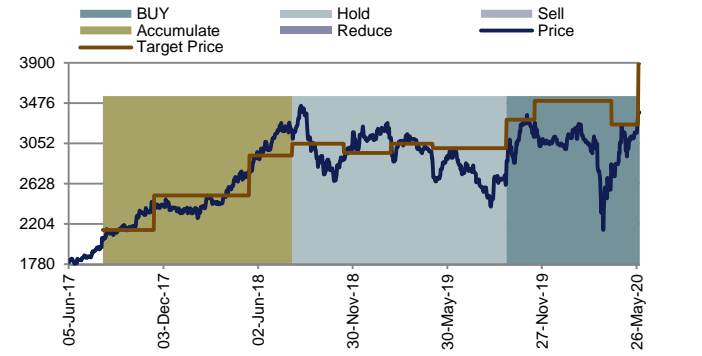
Source: Capitaline

RECOMMENDATION HISTORY TABLE

| Date | Closing Price | TP | Period (months) | Rating | Analyst |
|-----------|---------------|-------|-----------------|------------|--------------|
| 29-May-20 | 3,379 | 3,900 | 12m | Buy | Ashit Desai |
| 14-Apr-20 | 2,706 | 3,250 | 12m | Buy | Ashit Desai |
| 08-Apr-20 | 2,776 | 3,250 | 12m | Buy | Ashit Desai |
| 03-Mar-20 | 3,027 | 3,500 | 12m | Buy | Ashit Desai |
| 10-Feb-20 | 3,156 | 3,500 | 12m | Buy | Ashit Desai |
| 25-Dec-19 | 3,091 | 3,500 | 12m | Buy | Ashit Desai |
| 13-Nov-19 | 3,270 | 3,500 | 12m | Buy | Ashit Desai |
| 20-Sep-19 | 2,867 | 3,300 | 12m | Buy | Ashit Desai |
| 02-May-19 | 2,783 | 3,000 | 12m | Hold | Ashit Desai |
| 09-Apr-19 | 2,963 | 3,050 | 12m | Hold | Ashit Desai |
| 11-Feb-19 | 3,108 | 3,050 | 12m | Hold | Ashit Desai |
| 31-Dec-18 | 3,115 | 2,950 | 12m | Hold | Ashit Desai |
| 13-Nov-18 | 2,906 | 2,950 | 12m | Hold | Ashit Desai |
| 06-Aug-18 | 3,163 | 3,050 | 12m | Hold | Ashit Desai |
| 16-May-18 | 2,771 | 2,925 | 12m | Accumulate | Ashit Desai |
| 15-Nov-17 | 2,375 | 2,502 | 12m | Accumulate | Amit Purohit |
| 09-Aug-17 | 2,029 | 2,138 | 12m | Accumulate | Amit Purohit |

Source: Company, Emkay Research

RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

Emkay Alpha Portfolio – Consumer Goods & Retail



Analyst: Ashit Desai

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Sector

Consumer Goods & Retail

Analyst bio

Ashit Desai holds a PGDM and FRM (US GARP) with 12 years of research experience on the sell side. His team currently covers 24 stocks in the Indian Consumer and Retail space.

EAP sector portfolio

| Company Name | BSE200 Weight | EAP Weight | OW/UW (%) | OW/UW (bps) | EAP Weight (Normalised) |
|------------------------------------|---------------|--------------|-----------|-------------|-------------------------|
| Consumer Goods & Retail | 13.79 | 13.79 | 0% | 0 | 100.00 |
| Asian Paints | 1.45 | 0.65 | -55% | -80 | 4.71 |
| Berger Paints | 0.23 | 0.00 | -100% | -23 | 0.00 |
| Britannia Industries | 0.76 | 1.32 | 74% | 56 | 9.58 |
| Colgate-Palmolive | 0.34 | 0.53 | 56% | 19 | 3.87 |
| Dabur India | 0.49 | 0.47 | -3% | -2 | 3.41 |
| Emami | 0.08 | 0.00 | -100% | -8 | 0.00 |
| Godrej Consumer Products | 0.45 | 0.00 | -100% | -45 | 0.00 |
| Hindustan Unilever | 3.53 | 3.02 | -14% | -50 | 21.92 |
| ITC | 3.15 | 3.56 | 13% | 41 | 25.82 |
| Marico | 0.32 | 0.31 | -4% | -1 | 2.22 |
| Nestle India | 1.14 | 0.91 | -20% | -22 | 6.63 |
| Pidilite Industries | 0.43 | 0.00 | -100% | -43 | 0.00 |
| Radico Khaitan | 0.00 | 0.31 | NA | 31 | 2.23 |
| United Breweries | 0.12 | 0.69 | 452% | 56 | 4.98 |
| United Spirits | 0.00 | 0.43 | NA | 43 | 3.15 |
| ABFRL | 0.08 | 0.31 | 304% | 24 | 2.27 |
| Jubilant FoodWorks | 0.24 | 0.28 | 16% | 4 | 2.03 |
| Page Industries | 0.22 | 0.00 | -100% | -22 | 0.00 |
| Shoppers Stop | 0.00 | 0.00 | NA | 0 | 0.00 |
| Titan Company | 0.76 | 0.99 | 30% | 23 | 7.19 |
| Cash | 0.00 | 0.00 | NA | 0 | 0.00 |

Source: Emkay Research

* Not under coverage: Equal Weight

■ High Conviction/Strong Over Weight ■ High Conviction/Strong Under Weight

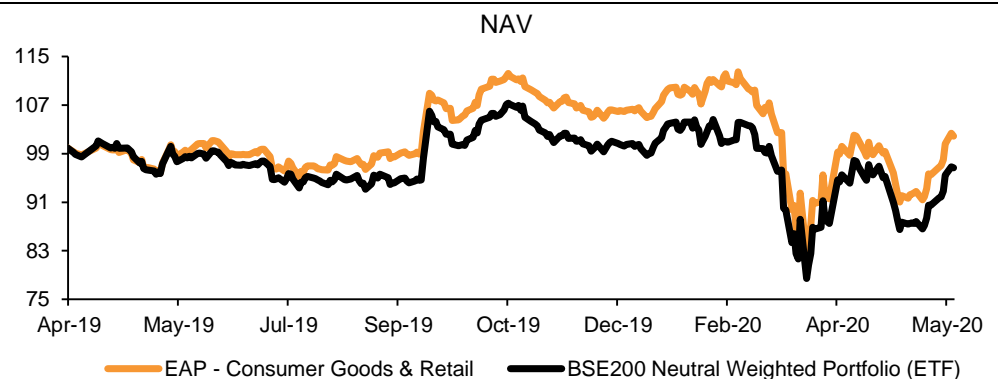
Sector portfolio NAV

| | Base | | | | | Latest |
|---|----------|-----------|----------|----------|----------|----------|
| | 1-Apr-19 | 30-Aug-19 | 3-Dec-19 | 3-Mar-20 | 4-May-20 | 2-Jun-20 |
| EAP - Consumer Goods & Retail | 100.0 | 99.1 | 106.6 | 106.6 | 95.8 | 101.9 |
| BSE200 Neutral Weighted Portfolio (ETF) | 100.0 | 95.6 | 101.0 | 99.2 | 91.0 | 96.7 |

*Performance measurement base date 1st April 2019

Source: Emkay Research

NAV chart



Source: Emkay Research

Please see our model portfolio (Emkay Alpha Portfolio): [SMID](#)

Please see our model portfolio (Emkay Alpha Portfolio): [Nifty](#)

“Emkay Alpha Portfolio – SMID and Nifty are a supporting document to the Emkay Alpha Portfolios Report and is updated on regular intervals”

Emkay Rating Distribution

| Ratings | Expected Return within the next 12-18 months. |
|---------|---|
| BUY | Over 15% |
| HOLD | Between -5% to 15% |
| SELL | Below -5% |

Completed Date: 04 Jun 2020 02:00:05 (SGT)
 Dissemination Date: 04 Jun 2020 02:01:05 (SGT)

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