

# Nestle India

Refer to important disclosures at the end of this report

## Margin miss to limit upsides

- Q4CY20 earnings missed expectations by ~15% on account of lower margins from higher employee and marketing costs. Domestic sales growth at 10% was in line. Exports declined 8%, reducing overall growth to 9%.
- Domestic growth was steady but unlike some peers Nestle did not see an acceleration from Q3 despite the economy opening up further. Some moderation in in-home snacking (highlighted by Britannia) and slow recovery in the OOH channel have likely affected Q4.
- Operating margin miss despite 230bps GM expansion in Q4 is likely driven by one-off increase in staff and marketing costs. Input prices remain benign and moderation in opex should drive gains ahead. We estimate 200bps margins expansion over CY21-23.
- We retain CY21-22 estimates and introduce CY23 estimates. Growth has been steady but slower than peers' recently. Margin miss and rich valuations (56x CY22) should limit near-term upsides. Retain Hold with a revised TP of Rs16,200, rolling forward to Mar'23E EPS.

### Domestic business grows in double-digits; sequential improvement lower vs. peers:

Nestle's sales grew 9% to Rs34.3bn, with the domestic business growing 10%, similar to Q3CY20. Exports declined 8% due to lower coffee sales, reducing overall growth. Noodles, coffee and chocolates continued to grow in double digits, led by in-home consumption trends. Growth in the E-commerce channel remains strong and now contributes 3.7% to domestic sales. Domestic sales growth is indicative of ~6% volume growth (6.5% in Q3CY20). Compared to peers, growth is lower and has not seen a sequential pick-up, likely due to some moderation in-home consumption and slow recovery in the out-of-home-channel.

**Margin miss on account of high employee and marketing costs:** Gross margin expanded 230bps YoY on account of lower input prices, particularly milk and wheat. EBITDA margin contracted 10bps due to a 26% increase in employee costs (likely driven by one-offs) and 12% increase in other overhead costs (led by higher marketing spends). Softer price trends in milk/wheat are likely to help sustain gross margin gains in the near term, in our view. Operating margins should expand as ad spends normalize. We estimate EBITDA margin expansion of 200bps over CY21-23.

**Valuations limit upsides; maintain Hold:** We maintain CY21-22 estimates and introduce CY23 estimates. Growth has been steady but slower than peers' recently. Margin miss and rich valuations (56x CY22) should limit near-term upsides. Maintain Hold with a revised TP of Rs16,200 (from Rs15,800), rolling forward to Mar'23E EPS.

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

### Financial Snapshot (Standalone)

(Rs mn)	CY19	CY20	CY21E	CY22E	CY23E
Revenue	1,23,689	1,33,500	1,50,271	1,67,556	1,86,644
EBITDA	28,216	30,513	36,087	41,064	46,481
EBITDA Margin (%)	22.8	22.9	24.0	24.5	24.9
APAT	19,933	20,964	25,725	29,645	33,846
EPS (Rs)	206.8	217.5	266.9	307.5	351.1
EPS (% chg)	15.8	5.2	22.7	15.2	14.2
ROE (%)	71.1	71.3	62.6	66.6	69.7
P/E (x)	83.3	79.2	64.5	56.0	49.1
EV/EBITDA (x)	58.0	52.9	44.5	38.9	34.2
P/BV (x)	85.9	42.1	38.8	35.9	32.6

Source: Company, Emkay Research

<b>CMP</b> Rs 17,222 as of (February 16, 2021)	<b>Target Price</b> Rs 16,200 (▲) 12 months
<b>Rating</b> HOLD (■)	<b>Upside</b> (5.9) %

### Change in Estimates

EPS Chg CY21E/CY22E (%)	(0.9)/(1)
Target Price change (%)	2.5
Target Period (Months)	12
Previous Reco	HOLD

### Emkay vs Consensus

	EPS Estimates	
	CY21E	CY22E
Emkay	266.9	307.5
Consensus	262.6	297.3
Mean Consensus TP (12M)	Rs 18,026	

### Stock Details

Bloomberg Code	NEST IN
Face Value (Rs)	10
Shares outstanding (mn)	96
52 Week H/L	18,844 / 12,200
M Cap (Rs bn/USD bn)	1,661 / 22.84
Daily Avg Volume (nos.)	144,849
Daily Avg Turnover (US\$ mn)	35.5

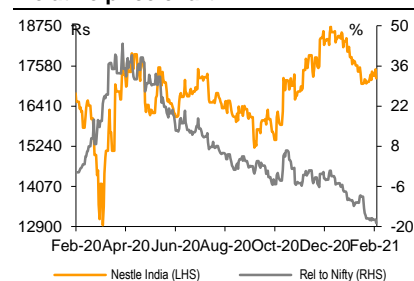
### Shareholding Pattern Dec '20

Promoters	62.8%
FII's	12.9%
DII's	7.8%
Public and Others	16.6%

### Price Performance

(%)	1M	3M	6M	12M
<b>Absolute</b>	(3)	2	5	5
<b>Rel. to Nifty</b>	(9)	(15)	(23)	(17)

### Relative price chart



Source: Bloomberg

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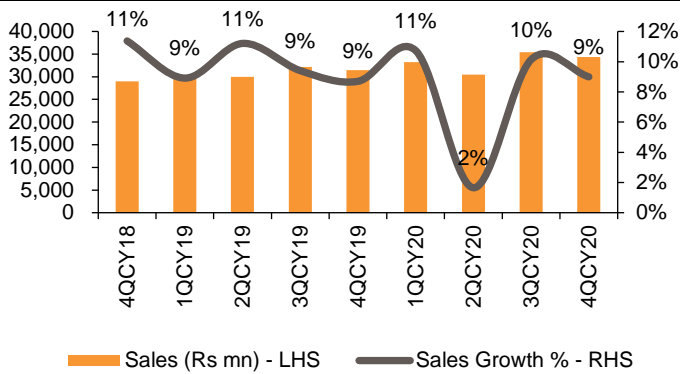
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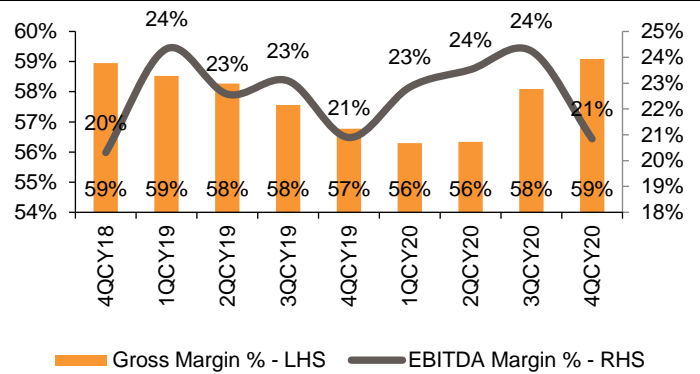
# Story in Charts

**Exhibit 1: Revenue growth remains steady**



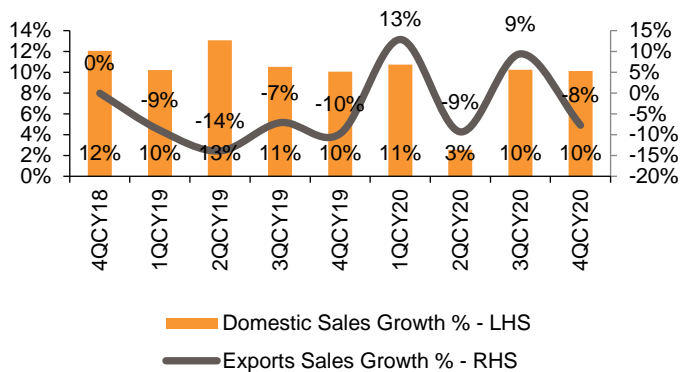
Source: Company, Emkay Research

**Exhibit 2: Softer input prices aid gross margins; EBITDA margin decline due to high employee costs**



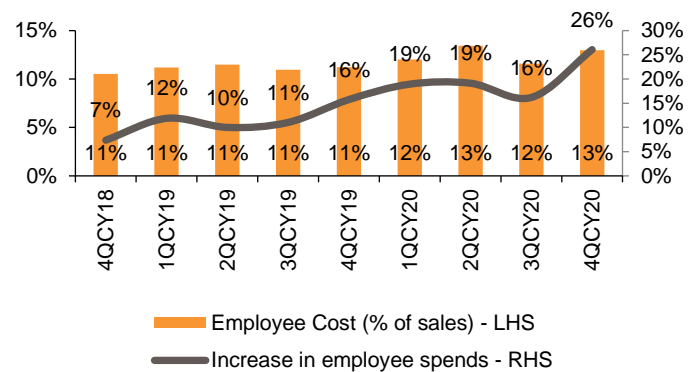
Source: Company, Emkay Research

**Exhibit 3: Domestic sales driven by volumes and mix; exports suffered due to lower coffee sales**



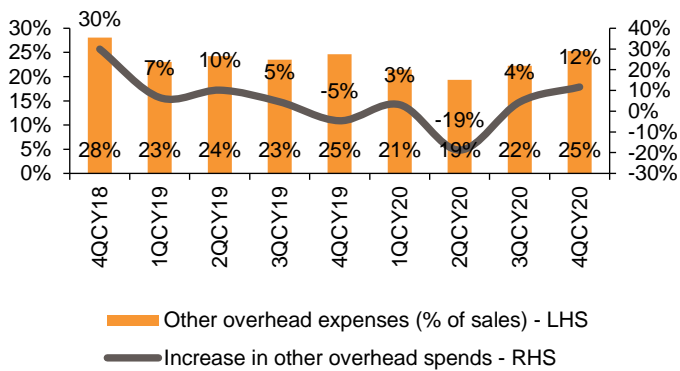
Source: Company, Emkay Research

**Exhibit 4: Sharp increase in employee expenses continues into Q4**



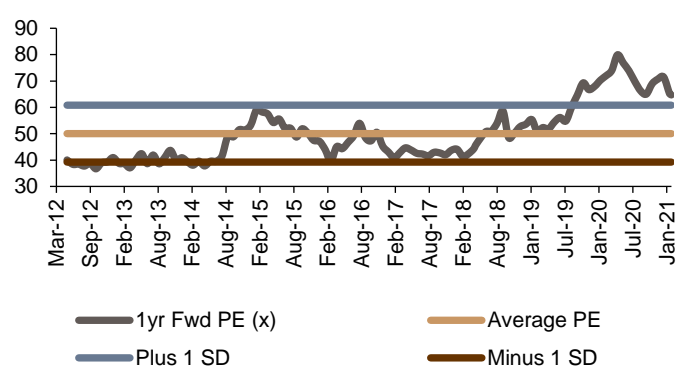
Source: Company, Emkay Research

**Exhibit 5: Other overhead spends increase led by higher ad spends**



Source: Company, Emkay Research

**Exhibit 6: One-year forward P/E**



Source: Company, Emkay Research

## Exhibit 7: Actual vs. Estimates (Q4CY20)

Rs mn	Actual	Estimates		% variation		Comment
		Emkay	Consensus	Emkay	Consensus	
Revenues	34,326	34,786	35,102	-1.3%	-2.2%	Growth driven by domestic sales growth of 10%
EBITDA	7,154	8,126	8,484	-12.0%	-15.7%	
EBITDA Margin (%)	20.8%	23.4%	24.2%	-252	-333	Margin contraction led by 26% rise in employee costs
APAT	4,693	5,674	5,613	-17.3%	-16.4%	

Source: Company, Emkay Research

## Exhibit 8: Quarterly Performance (Standalone)

Y/E, Mar (Rs mn)	4QCY19	1QCY20	2QCY20	3QCY20	4QCY20	YoY (%)	QoQ (%)	CY19	CY20	Growth (%)
<b>Revenue</b>	<b>31,493</b>	<b>33,253</b>	<b>30,504</b>	<b>35,417</b>	<b>34,326</b>	<b>9.0</b>	<b>-3.1</b>	<b>1,23,689</b>	<b>1,33,500</b>	<b>7.9</b>
<b>Expenditure</b>	<b>24,913</b>	<b>25,657</b>	<b>23,329</b>	<b>26,831</b>	<b>27,171</b>	<b>9.1</b>	<b>1.3</b>	<b>95,473</b>	<b>1,02,987</b>	<b>7.9</b>
Consumption of RM	13,614	14,533	13,319	14,843	14,045	3.2	-5.4	52,239	56,739	8.6
as % of sales	43.2%	43.7%	43.7%	41.9%	40.9%			42.2%	42.5%	
Employee Cost	3,532	3,993	4,104	4,101	4,453	26.1	8.6	13,873	16,651	20.0
as % of sales	11.2%	12.0%	13.5%	11.6%	13.0%			11.2%	12.5%	
Other expenditure	7,767	7,130	5,906	7,887	8,674	11.7	10.0	29,361	29,597	0.8
as % of sales	24.7%	21.4%	19.4%	22.3%	25.3%			23.7%	22.2%	
<b>EBITDA</b>	<b>6,580</b>	<b>7,596</b>	<b>7,176</b>	<b>8,586</b>	<b>7,154</b>	<b>8.7</b>	<b>-16.7</b>	<b>28,216</b>	<b>30,513</b>	<b>8.1</b>
Depreciation	936	914	924	911	955	2.1	4.8	3,702	3,704	0.1
<b>EBIT</b>	<b>5,645</b>	<b>6,683</b>	<b>6,252</b>	<b>7,675</b>	<b>6,199</b>	<b>9.8</b>	<b>-19.2</b>	<b>24,515</b>	<b>26,809</b>	<b>9.4</b>
Other Income	447	429	379	345	306	-31.5	-11.2	2,469	1,459	-40.9
Exceptional items	-49	73	109	155	-196			249	140	
<b>PBT</b>	<b>6,141</b>	<b>7,039</b>	<b>6,522</b>	<b>7,865</b>	<b>6,702</b>	<b>9.1</b>	<b>-14.8</b>	<b>26,735</b>	<b>28,128</b>	<b>5.2</b>
Total Tax	1,415	1,784	1,657	1,994	1,869	32.1	-6.3	7,051	7,304	3.6
<b>Reported PAT</b>	<b>4,726</b>	<b>5,254</b>	<b>4,866</b>	<b>5,871</b>	<b>4,833</b>	<b>2.3</b>	<b>-17.7</b>	<b>19,684</b>	<b>20,824</b>	<b>5.8</b>
Extra ordinary items	38	-54	-81	-116	140			-249	-140	
<b>Adjusted PAT</b>	<b>4,689</b>	<b>5,309</b>	<b>4,947</b>	<b>5,987</b>	<b>4,693</b>	<b>0.1</b>	<b>-21.6</b>	<b>19,933</b>	<b>20,964</b>	<b>5.2</b>
<b>Adjusted EPS (Rs)</b>	<b>48.6</b>	<b>55.1</b>	<b>51.3</b>	<b>62.1</b>	<b>48.7</b>	<b>0.1</b>	<b>-21.6</b>	<b>207</b>	<b>217</b>	<b>5.2</b>

Margins (%)						(bps)	(bps)				(bps)
EBIDTA	20.9	22.8	23.5	24.2	20.8	-10	-340	22.8	22.9		0
EBIT	17.9	20.1	20.5	21.7	18.1	10	-360	19.8	20.1		30
EBT	19.5	21.2	21.4	22.2	19.5	0	-270	21.6	21.1		-50
PAT	14.9	16.0	16.2	16.9	13.7	-120	-320	16.1	15.7		-40
Effective Tax rate	23.0	25.3	25.4	25.4	27.9	480	250	26.4	26.0		-40

Source: Company, Emkay Research

## Exhibit 9: Change in earnings estimates

Rs mn	CY21E			CY22E			CY23E
	Earlier	Revised	% Change	Earlier	Revised	% Change	Introduced
Revenues	1,48,499	1,50,271	1.2	1,65,983	1,67,556	0.9	1,86,644
EBITDA	36,283	36,087	(0.5)	41,483	41,064	(1.0)	46,481
EBITDA Margin (%)	24.4	24.0	-40 bps	25.0	24.5	-50 bps	24.9
APAT	25,957	25,725	(0.9)	29,941	29,645	(1.0)	33,846
EPS (Rs)	269.3	266.9	(0.9)	310.6	307.5	(1.0)	351.1

Source: Company, Emkay Research

## Exhibit 10: Revenue Assumptions

	CY19	CY20	CY21E	CY22E	CY23E
Milk Products and Nutrition	9%	7%	11%	10%	10%
Beverages	-1%	9%	12%	12%	11%
Prepared Dishes and cooking aids	13%	9%	15%	13%	13%
Chocolate and confectionery	17%	6%	15%	11%	11%
<b>Total Revenue (Rs mn)</b>	<b>1,22,953</b>	<b>1,32,184</b>	<b>1,49,461</b>	<b>1,66,665</b>	<b>1,85,664</b>

Source: Company, Emkay Research

## Exhibit 11: Relative Valuation

Companies	Price (Rs)	Mcap (Rs bn)	Reco	Target Price (Rs)	EPS (Rs)			P/E (x)			EV / EBITDA (x)		
					FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Asian Paints	2,450	2,350	Hold	2,460	34.2	43.0	49.1	71.7	57.0	49.9	46.7	38.0	33.4
Berger Paints	759	738	Sell	560	7.5	10.4	12.1	101.5	72.7	62.5	60.3	45.3	39.2
Britannia	3,389	816	Buy	4,500	80.0	83.4	94.8	42.4	40.6	35.7	32.1	30.7	27.2
Colgate	1,581	430	Buy	1,800	35.6	39.3	44.1	44.4	40.2	35.9	29.0	26.4	23.6
Dabur	523	923	Hold	560	10.2	11.9	13.7	51.0	43.8	38.2	41.6	34.8	30.1
Emami	478	213	Buy	580	14.5	15.5	17.4	33.1	30.8	27.4	23.4	21.1	18.4
GCPL	721	737	Hold	750	17.0	18.8	21.2	42.4	38.4	34.0	30.0	27.4	24.5
HUL	2,196	5,160	Hold	2,300	34.4	41.6	48.2	63.9	52.8	45.6	44.2	36.6	31.8
ITC	218	2,686	Buy	265	10.5	12.9	14.3	20.8	16.9	15.2	15.6	12.6	11.3
Marico	409	528	Hold	420	9.1	10.3	11.5	44.8	39.7	35.6	32.1	28.4	25.5
<b>Nestle</b>	<b>17,222</b>	<b>1,661</b>	<b>Hold</b>	<b>16,200</b>	<b>217.5</b>	<b>266.9</b>	<b>307.5</b>	<b>79.2</b>	<b>64.5</b>	<b>56.0</b>	<b>52.9</b>	<b>44.5</b>	<b>38.9</b>
Pidilite	1,789	909	Sell	1,320	24.1	27.7	32.1	74.4	64.5	55.8	51.4	44.8	38.7
Radico Khaitan	564	75	Buy	640	18.9	23.0	26.7	29.8	24.5	21.1	18.6	15.6	13.3
United Breweries	1,277	338	Buy	1,450	2.1	24.1	29.9	596.9	53.1	42.7	90.0	29.0	24.3
United Spirits	568	413	Buy	660	6.1	13.4	16.5	93.6	42.4	34.5	44.9	26.1	22.1

Source: Company, Emkay Research

**Key Financials (Standalone)****Income Statement**

Y/E Dec (Rs mn)	CY19	CY20	CY21E	CY22E	CY23E
<b>Revenue</b>	<b>1,23,689</b>	<b>1,33,500</b>	<b>1,50,271</b>	<b>1,67,556</b>	<b>1,86,644</b>
<b>Expenditure</b>	<b>95,473</b>	<b>1,02,987</b>	<b>1,14,184</b>	<b>1,26,492</b>	<b>1,40,163</b>
<b>EBITDA</b>	<b>28,216</b>	<b>30,513</b>	<b>36,087</b>	<b>41,064</b>	<b>46,481</b>
Depreciation	3,702	3,704	3,914	4,080	4,396
<b>EBIT</b>	<b>24,515</b>	<b>26,809</b>	<b>32,174</b>	<b>36,984</b>	<b>42,085</b>
Other Income	2,469	1,459	2,150	2,580	3,096
Interest expenses	0	0	0	0	0
<b>PBT</b>	<b>26,984</b>	<b>28,268</b>	<b>34,324</b>	<b>39,565</b>	<b>45,181</b>
Tax	7,051	7,304	8,599	9,920	11,335
Extraordinary Items	(249)	(140)	200	200	200
Minority Int./Income from Assoc.	0	0	0	0	0
<b>Reported Net Income</b>	<b>19,684</b>	<b>20,824</b>	<b>25,925</b>	<b>29,845</b>	<b>34,046</b>
<b>Adjusted PAT</b>	<b>19,933</b>	<b>20,964</b>	<b>25,725</b>	<b>29,645</b>	<b>33,846</b>

**Balance Sheet**

Y/E Dec (Rs mn)	CY19	CY20	CY21E	CY22E	CY23E
Equity share capital	964	964	964	964	964
Reserves & surplus	18,358	38,482	41,830	45,242	49,962
<b>Net worth</b>	<b>19,323</b>	<b>39,446</b>	<b>42,794</b>	<b>46,206</b>	<b>50,926</b>
<b>Minority Interest</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Loan Funds</b>	<b>531</b>	<b>531</b>	<b>531</b>	<b>531</b>	<b>531</b>
Net deferred tax liability	180	180	180	180	180
<b>Total Liabilities</b>	<b>20,034</b>	<b>40,157</b>	<b>43,505</b>	<b>46,917</b>	<b>51,637</b>
<b>Net block</b>	<b>22,267</b>	<b>23,449</b>	<b>22,835</b>	<b>22,055</b>	<b>21,459</b>
<b>Investment</b>	<b>17,511</b>	<b>17,511</b>	<b>17,511</b>	<b>17,511</b>	<b>17,511</b>
<b>Current Assets</b>	<b>29,371</b>	<b>51,276</b>	<b>61,114</b>	<b>71,404</b>	<b>83,482</b>
Cash & bank balance	13,081	36,101	44,108	52,586	62,667
Other Current Assets	377	377	377	377	377
<b>Current liabilities &amp; Provision</b>	<b>50,549</b>	<b>53,511</b>	<b>59,387</b>	<b>65,486</b>	<b>72,248</b>
<b>Net current assets</b>	<b>(21,177)</b>	<b>(2,235)</b>	<b>1,727</b>	<b>5,918</b>	<b>11,234</b>
Misc. exp	0	0	0	0	0
<b>Total Assets</b>	<b>20,034</b>	<b>40,157</b>	<b>43,505</b>	<b>46,917</b>	<b>51,637</b>

**Cash Flow**

Y/E Dec (Rs mn)	CY19	CY20	CY21E	CY22E	CY23E
<b>PBT (Ex-Other income) (NI+Dep)</b>	<b>24,515</b>	<b>26,809</b>	<b>32,174</b>	<b>36,984</b>	<b>42,085</b>
Other Non-Cash items	0	0	0	0	0
Chg in working cap	3,782	4,078	4,046	4,287	4,765
<b>Operating Cashflow</b>	<b>24,699</b>	<b>27,148</b>	<b>31,734</b>	<b>35,631</b>	<b>40,110</b>
Capital expenditure	(2,343)	(4,886)	(3,300)	(3,300)	(3,800)
<b>Free Cash Flow</b>	<b>22,356</b>	<b>22,262</b>	<b>28,434</b>	<b>32,331</b>	<b>36,310</b>
Investments	9,074	0	0	0	0
Other Investing Cash Flow	0	0	0	0	0
<b>Investing Cashflow</b>	<b>9,200</b>	<b>(3,427)</b>	<b>(1,150)</b>	<b>(720)</b>	<b>(704)</b>
Equity Capital Raised	0	0	0	0	0
Loans Taken / (Repaid)	180	0	0	0	0
Dividend paid (incl tax)	(35,563)	(19,284)	(22,177)	(26,033)	(28,926)
Other Financing Cash Flow	(1,537)	18,584	(400)	(400)	(400)
<b>Financing Cashflow</b>	<b>(36,919)</b>	<b>(700)</b>	<b>(22,577)</b>	<b>(26,433)</b>	<b>(29,326)</b>
<b>Net chg in cash</b>	<b>(3,020)</b>	<b>23,020</b>	<b>8,008</b>	<b>8,478</b>	<b>10,081</b>
Opening cash position	16,101	13,081	36,101	44,108	52,586
<b>Closing cash position</b>	<b>13,081</b>	<b>36,101</b>	<b>44,108</b>	<b>52,586</b>	<b>62,667</b>

Source: Company, Emkay Research

**Key Ratios**

<b>Profitability (%)</b>	<b>CY19</b>	<b>CY20</b>	<b>CY21E</b>	<b>CY22E</b>	<b>CY23E</b>
EBITDA Margin	22.8	22.9	24.0	24.5	24.9
EBIT Margin	19.8	20.1	21.4	22.1	22.5
Effective Tax Rate	26.1	25.8	25.1	25.1	25.1
Net Margin	16.1	15.7	17.1	17.7	18.1
ROCE	93.5	93.9	82.1	87.5	91.7
ROE	71.1	71.3	62.6	66.6	69.7
RoIC	(271.6)	(199.5)	(186.9)	(167.5)	(154.2)

<b>Per Share Data (Rs)</b>	<b>CY19</b>	<b>CY20</b>	<b>CY21E</b>	<b>CY22E</b>	<b>CY23E</b>
EPS	206.8	217.5	266.9	307.5	351.1
CEPS	245.2	255.9	307.5	349.8	396.7
BVPS	200.4	409.2	443.9	479.3	528.3
DPS	306.0	200.0	230.0	270.1	300.1

<b>Valuations (x)</b>	<b>CY19</b>	<b>CY20</b>	<b>CY21E</b>	<b>CY22E</b>	<b>CY23E</b>
PER	83.3	79.2	64.5	56.0	49.1
P/CEPS	70.2	67.3	56.0	49.2	43.4
P/BV	85.9	42.1	38.8	35.9	32.6
EV / Sales	13.3	12.1	10.7	9.6	8.6
EV / EBITDA	58.0	52.9	44.5	38.9	34.2
Dividend Yield (%)	1.8	1.2	1.3	1.6	1.7

<b>Gearing Ratio (x)</b>	<b>CY19</b>	<b>CY20</b>	<b>CY21E</b>	<b>CY22E</b>	<b>CY23E</b>
Net Debt/ Equity	(1.2)	(1.2)	(1.3)	(1.3)	(1.4)
Net Debt/EBIDTA	(0.8)	(1.5)	(1.5)	(1.5)	(1.6)
Working Cap Cycle (days)	(101.1)	(104.8)	(102.9)	(101.7)	(100.6)

<b>Growth (%)</b>	<b>CY19</b>	<b>CY20</b>	<b>CY21E</b>	<b>CY22E</b>	<b>CY23E</b>
Revenue	9.5	7.9	12.6	11.5	11.4
EBITDA	7.5	8.1	18.3	13.8	13.2
EBIT	7.1	9.4	20.0	15.0	13.8
PAT	22.5	5.8	24.5	15.1	14.1

<b>Quarterly (Rs mn)</b>	<b>Q4CY19</b>	<b>Q1CY20</b>	<b>Q2CY20</b>	<b>Q3CY20</b>	<b>Q4CY20</b>
Revenue	31,493	33,253	30,504	35,417	34,326
EBITDA	6,580	7,596	7,176	8,586	7,154
<b>EBITDA Margin (%)</b>	<b>20.9</b>	<b>22.8</b>	<b>23.5</b>	<b>24.2</b>	<b>20.8</b>
PAT	4,726	5,254	4,866	5,871	4,833
<b>EPS (Rs)</b>	<b>49.0</b>	<b>54.5</b>	<b>50.5</b>	<b>60.9</b>	<b>50.1</b>

Source: Company, Emkay Research

<b>Shareholding Pattern (%)</b>	<b>Dec-19</b>	<b>Mar-20</b>	<b>Jun-20</b>	<b>Sep-20</b>	<b>Dec-20</b>
Promoters	62.8	62.8	62.8	62.8	62.8
FIs	12.1	11.8	12.1	11.5	12.9
DIs	8.9	9.1	8.7	8.9	7.8
Public and Others	16.3	16.3	16.4	16.8	16.6

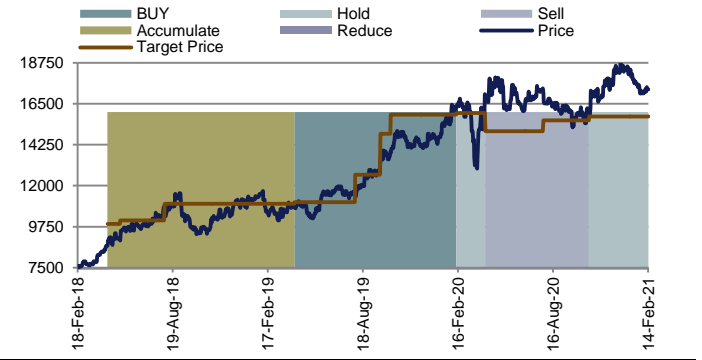
Source: Capitaline

## RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
06-Nov-20	17,007	15,800	12m	Hold	Ashit Desai
24-Oct-20	15,865	15,800	12m	Hold	Ashit Desai
28-Jul-20	17,095	15,600	12m	Sell	Ashit Desai
13-May-20	16,512	15,000	12m	Sell	Ashit Desai
14-Apr-20	16,600	15,000	12m	Sell	Ashit Desai
08-Apr-20	16,871	15,000	12m	Sell	Ashit Desai
13-Feb-20	16,412	16,000	12m	Hold	Ashit Desai
25-Dec-19	14,586	15,900	12m	Buy	Ashit Desai
10-Oct-19	13,820	15,900	12m	Buy	Ashit Desai
20-Sep-19	13,499	14,850	12m	Buy	Ashit Desai
03-Aug-19	11,412	12,600	12m	Buy	Ashit Desai
14-May-19	10,199	11,100	12m	Buy	Ashit Desai
09-Apr-19	10,790	11,100	12m	Buy	Ashit Desai
14-Feb-19	10,629	11,000	12m	Accumulate	Ashit Desai
26-Oct-18	9,569	11,000	12m	Accumulate	Ashit Desai
03-Aug-18	10,325	11,000	12m	Accumulate	Ashit Desai
10-May-18	8,982	10,100	12m	Accumulate	Ashit Desai
16-Apr-18	8,749	9,900	12m	Accumulate	Ashit Desai

Source: Company, Emkay Research

## RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research



## Emkay Alpha Portfolio – Consumer Goods & Retail



### Analyst: Ashit Desai

#### Contact Details

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+91 22 6612 1340

#### 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)
<b>Consumer Goods &amp; Retail</b>	<b>10.32</b>	<b>10.32</b>	<b>0%</b>	<b>0</b>	<b>100.00</b>
Asian Paints	1.30	0.54	-58%	-76	5.25
Berger Paints	0.22	0.00	-100%	-22	0.00
Britannia Industries	0.47	0.53	12%	6	5.15
Colgate-Palmolive	0.25	0.29	16%	4	2.82
Dabur India	0.35	0.40	13%	5	3.84
Emami	0.12	0.15	28%	3	1.46
Godrej Consumer Products	0.33	0.00	-100%	-33	0.00
Hindustan Unilever	2.32	1.86	-20%	-46	18.07
ITC	2.24	2.41	8%	17	23.39
Marico	0.25	0.28	12%	3	2.71
Nestle India	0.73	0.62	-15%	-11	6.02
Pidilite Industries	0.32	0.00	-100%	-32	0.00
Radico Khaitan	0.00	0.39	NA	39	3.80
United Breweries	0.10	0.58	459%	47	5.59
United Spirits	0.00	0.38	NA	38	3.72
Varun Beverages	0.11	0.22	107%	11	2.12
ABFRL	0.06	0.21	239%	15	2.05
Jubilant FoodWorks	0.21	0.23	10%	2	2.23
Page Industries	0.20	0.21	2%	0	1.99
Shoppers Stop	0.00	0.00	NA	0	0.00
Titan Company	0.73	1.01	39%	28	9.79
<b>Cash</b>	<b>0.00</b>	<b>0.00</b>	<b>NA</b>	<b>0</b>	<b>0.00</b>

Source: Emkay Research

\* Not under coverage: Equal Weight

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

### Sector portfolio NAV

	Base					Latest
	01-Apr-19	17-Feb-20	17-Aug-20	17-Nov-20	15-Jan-21	15-Feb-21
EAP - Consumer Goods & Retail	100.0	110.7	107.4	108.9	122.0	120.0
BSE200 Neutral Weighted Portfolio (ETF)	100.0	101.3	101.2	104.6	117.2	114.4

\*Performance measurement base date 1st April 2019

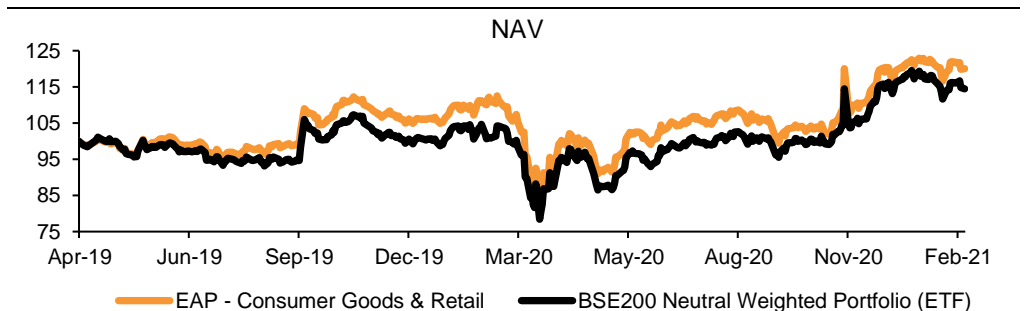
Source: Emkay Research

### Price Performance (%)

	1m	3m	6m	12m
EAP - Consumer Goods & Retail	-1.6%	10.2%	11.7%	8.4%
BSE200 Neutral Weighted Portfolio (ETF)	-2.3%	9.4%	13.0%	13.0%

Source: Emkay Research

### NAV chart



Source: Emkay Research

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

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

“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: 17 Feb 2021 02:45:30 (SGT)  
Dissemination Date: 17 Feb 2021 02:46:30 (SGT)

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