

April 27, 2022

Q4FY22 Result Update

Change in Estimates | Target | Reco

Change in Estimates

| | Current | | Previous | |
|----------------|---------|---------|----------|---------|
| | FY23E | FY24E | FY23E | FY24E |
| Rating | BUY | | BUY | |
| Target Price | 2,384 | | 2,356 | |
| Sales (Rs. m) | 570,959 | 630,551 | 560,554 | 618,740 |
| % Chng. | 1.9 | 1.9 | | |
| EBITDA (Rs. m) | 133,909 | 156,488 | 132,262 | 154,421 |
| % Chng. | 1.2 | 1.3 | | |
| EPS (Rs.) | 40.7 | 48.4 | 40.4 | 47.8 |
| % Chng. | 0.7 | 1.2 | | |

Key Financials - Standalone

| Y/e Mar | FY21 | FY22 | FY23E | FY24E |
|-----------------|------|------|-------|-------|
| Sales (Rs. bn) | 460 | 512 | 571 | 631 |
| EBITDA (Rs. bn) | 113 | 125 | 134 | 156 |
| Margin (%) | 24.6 | 24.4 | 23.5 | 24.8 |
| PAT (Rs. bn) | 82 | 88 | 96 | 114 |
| EPS (Rs.) | 34.8 | 37.5 | 40.7 | 48.4 |
| Gr. (%) | 8.4 | 7.8 | 8.5 | 18.9 |
| DPS (Rs.) | 37.5 | 32.0 | 35.0 | 40.0 |
| Yield (%) | 1.7 | 1.5 | 1.6 | 1.9 |
| RoE (%) | 29.5 | 18.3 | 19.3 | 22.3 |
| RoCE (%) | 37.2 | 23.9 | 24.7 | 28.1 |
| EV/Sales (x) | 10.8 | 9.7 | 8.6 | 7.8 |
| EV/EBITDA (x) | 43.9 | 39.7 | 36.8 | 31.3 |
| PE (x) | 61.6 | 57.2 | 52.7 | 44.3 |
| P/BV (x) | 10.6 | 10.3 | 10.1 | 9.7 |

Key Data

HLL.BO | HUVR IN

| | |
|---------------------|------------------------|
| 52-W High / Low | Rs.2,859 / Rs.1,902 |
| Sensex / Nifty | 56,819 / 17,038 |
| Market Cap | Rs.5,040bn/ \$ 65,859m |
| Shares Outstanding | 2,350m |
| 3M Avg. Daily Value | Rs.4552.6m |

Shareholding Pattern (%)

| | |
|-------------------------|-------|
| Promoter's | 61.90 |
| Foreign | 13.66 |
| Domestic Institution | 11.61 |
| Public & Others | 12.83 |
| Promoter Pledge (Rs bn) | - |

Stock Performance (%)

| | 1M | 6M | 12M |
|----------|------|--------|--------|
| Absolute | 9.8 | (10.5) | (9.9) |
| Relative | 10.9 | (3.7) | (22.4) |

Amnish Aggarwal

amnishaggarwal@plindia.com | 91-22-66322233

Harish Advani

harishadvani@plindia.com |

Aashi Rara

aaashirara@plindia.com |

Expect back ended returns amidst Volume and cost pressures

Quick Pointers:

- Domestic consumer growth at 10% with flat underlying volumes
- Near term growth to be price led, margins to decline given RM inflation

HUL has given cautious commentary in 4Q22 as high input costs and inflation will continue to weight on volume growth and margins in 1H23. 4Q22 displayed flat volumes despite mid-single digit volume growth in Fabric wash, showing growth concerns in BPC portfolio. Near term margin headwinds are likely to sustain due to 1) inflationary environment in commodity basket. 2) down trading of products across categories 3) rising gap between realisations vs commodity prices. However, we remain positive on the longer term structural story given 1) sustained market share gains 2) strong innovation pipeline 3) scale up in emerging categories (Green Tea, Fabric Conditioner, Liquid Detergents, Liquid Dishwash, Hair conditioner) 4) distribution gains from strategies like WIMI and SHIKHAR and 5) faster growth in premium portfolio (2x than company growth).

We expect 11.0% Sales and 13.6% PAT CAGR over FY22-24 and assign a DCF based target price of Rs 2384 (Rs 2356 earlier). We have marginally increased our FY23/24 EPS by 0.7%/1.2% on calibrated price hikes & cost synergies. Risk reward is favorable at 44x FY24 EPS and ~2% dividend yield, however we expect the returns to be back ended given near term volume pressures and volatility in Input costs. Retain Buy.

Volumes flat, Revenues up 11%: Revenues grew by 11% YoY to Rs134.6bn with flat volumes. Gross margins contracted by 301bps YoY to 49.5%. EBITDA grew by 9.7% YoY to Rs32.5bn. A&P expenses declined by 8.7% YoY to Rs12.9bn. Adj PAT grew by 7.9% YoY to Rs22.7bn. Home Care sales grew 23.7% YoY; EBIT grew 15.6% YoY; while margins contracted 138bps YoY to 19.8%. Personal Care revenues grew 3.6% YoY; EBIT declined 1.3% YoY; while margins contracted 129bps YoY to 26.2%. Food & Refreshment revenues grew 5.3% YoY; EBIT grew 24% YoY; while margins expanded by 290bps YoY to 19.3%. Others revenues grew 30.2% YoY. EBIT grew 39.1% YoY; while margins expanded 205bps YoY to 31.8%.

Concall Takeaways: **1)** Inflationary environment & rural slowdown continue to impact volumes, higher Agri output and prices can boost demand if inflation stabilizes. **2)** 30% of business comes from Rs1/5/10 packs. Grammage reduction in these packs impacted volumes by 2/3%. **3)** HUL is developing bridge packs at new price points which would help provide better value to consumers and support volumes **4)** 20% of portfolio comprising of premium products grew at 2x of company's overall growth rate. **5)** near term growth will be led by price hikes **6)** Increasing price vs cost gap will impact margins in near term. **7)** Palm oil prices to remain volatile in near term. **8)** Expect inflationary environment to sustain in 1HFY23. **9)** B2B app: 'Shikhar' ended FY22 with 800k stores (added 1000 stores daily in FY22)

Exhibit 1: Q4FY22 Results (Rs m): Volumes stood flat; Gross margins declined by 301 bps, Ad spend cut 210bps

| Y/e March | Q4FY22 | Q4FY21 | YoY gr. (%) | Q3FY22 | FY22E | FY21 | YoY gr. (%) |
|------------------------|-----------------|-----------------|-------------|-----------------|-----------------|-----------------|-------------|
| Net Sales | 1,34,620 | 1,21,320 | 11.0 | 1,30,920 | 5,11,930 | 4,59,960 | 11.3 |
| Gross Profit | 66,700 | 63,760 | 4.6 | 68,230 | 2,60,690 | 2,43,190 | 7.2 |
| % of NS | 49.5 | 52.6 | (3.0) | 52.1 | 50.9 | 52.9 | (1.9) |
| A&P Exp. | 12,900 | 14,130 | (8.7) | 11,890 | 47,180 | 47,370 | (0.4) |
| % of NS | 9.6 | 11.6 | (2.1) | 9.1 | 9.2 | 10.3 | (1.1) |
| EBITDA | 32,450 | 29,570 | 9.7 | 32,790 | 1,25,030 | 1,13,240 | 10.4 |
| Margins | 24.1 | 24.4 | (0.3) | 25.0 | 24.4 | 24.6 | (0.2) |
| Depreciation | 2,610 | 2,490 | 4.8 | 2,550 | 10,250 | 10,120 | 1.3 |
| EBIT | 29,840 | 27,080 | 10.2 | 30,240 | 1,14,780 | 1,03,120 | 11.3 |
| Interest | 360 | 90 | 300.0 | 250 | 980 | 1,080 | (9.3) |
| Other Income | 1,220 | 1,090 | 11.9 | 910 | 3,930 | 5,130 | (23.4) |
| PBT | 30,700 | 28,080 | 9.3 | 30,900 | 1,17,730 | 1,07,170 | 9.9 |
| Tax | 8,010 | 7,050 | 13.6 | 7,980 | 30,630 | 27,550 | 11.2 |
| Tax Rate (%) | 26.1 | 25.1 | 1.0 | 25.8 | 26.0 | 25.7 | 0.3 |
| Adjusted PAT | 22,690 | 21,030 | 7.9 | 22,920 | 87,100 | 79,620 | 9.4 |
| Extraordinary | 1,150 | 470 | | (270) | 2,230 | 130 | |
| Reported Profit | 23,840 | 21,500 | 10.9 | 22,650 | 89,330 | 79,750 | 12.0 |

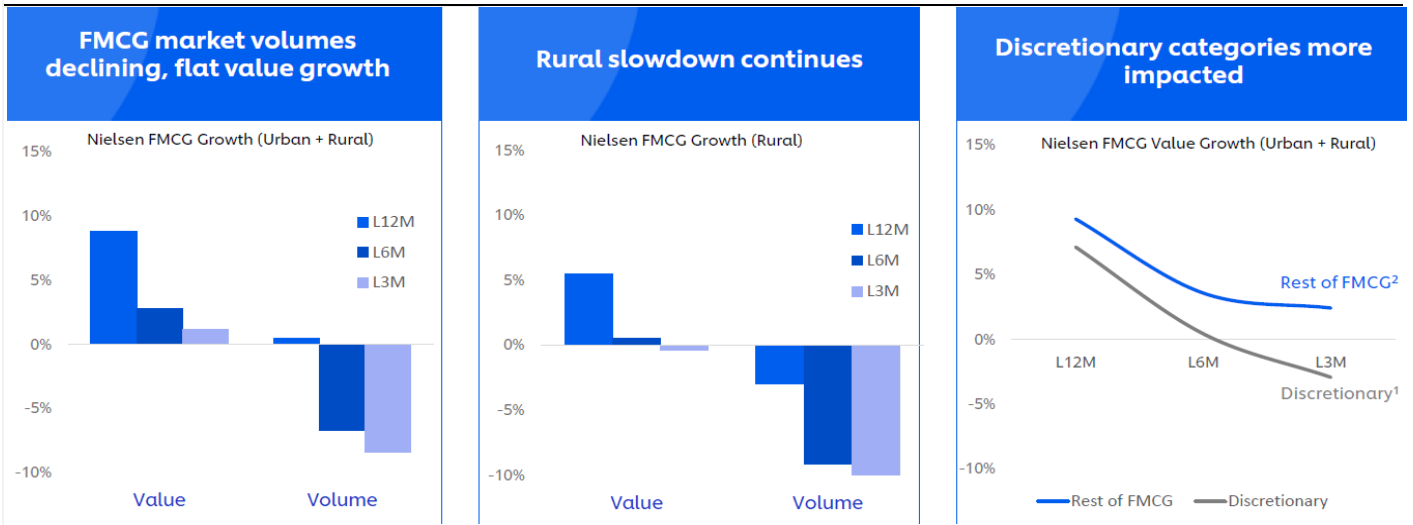
Source: Company, PL

Exhibit 2: 4Q22 performance was driven by 24%/30% sales growth in Home Care segment & Others

| Quarterly Segmental | 3QFY20 | 4QFY20 | 1QFY21 | 2QFY21 | 3QFY21 | 4QFY21 | 1QFY22 | 2QFY22 | 3QFY22 | 4QFY22 |
|-------------------------|---------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net Sales (Rs m) | 98,080 | 90,110 | 1,05,600 | 1,14,420 | 1,18,620 | 1,21,320 | 1,19,150 | 1,27,240 | 1,30,920 | 1,34,620 |
| Home Care | 34,560 | 33,500 | 33,920 | 33,180 | 34,090 | 38,400 | 37,970 | 38,380 | 41,930 | 47,500 |
| Personal Care | 44,120 | 38,010 | 40,390 | 45,350 | 48,410 | 45,490 | 45,730 | 50,000 | 51,750 | 47,120 |
| Foods & Refreshment | 18,650 | 17,880 | 29,580 | 33,790 | 33,560 | 35,110 | 33,190 | 36,220 | 34,660 | 36,980 |
| Others | 750 | 720 | 1,710 | 2,100 | 2,560 | 2,320 | 2,260 | 2,640 | 2,580 | 3,020 |
| Sales Growth % | 2.6 | (9.4) | 4.4 | 16.1 | 20.9 | 34.6 | 12.8 | 11.2 | 10.4 | 11.0 |
| Home Care | 9.8 | (4.3) | (2.1) | (1.6) | (1.4) | 14.6 | 11.9 | 15.7 | 23.0 | 23.7 |
| Personal Care | (2.8) | (13.5) | (12.0) | (0.2) | 9.7 | 19.7 | 13.2 | 10.3 | 6.9 | 3.6 |
| Foods & Refreshment | 7.9 | (6.7) | 51.7 | 82.9 | 79.9 | 96.4 | 12.2 | 7.2 | 3.3 | 5.3 |
| Others | (47.6) | (46.3) | 55.5 | 130.8 | 241.3 | 222.2 | 32.2 | 25.7 | 0.8 | 30.2 |
| EBIT (Rs m) | 22,130 | 18,100 | 24,020 | 26,200 | 25,820 | 27,080 | 26,030 | 28,670 | 30,240 | 29,840 |
| Home Care | 6,290 | 6,360 | 6,370 | 6,780 | 6,460 | 8,120 | 6,620 | 7,280 | 8,640 | 9,390 |
| Personal Care | 12,520 | 9,450 | 11,340 | 13,280 | 14,130 | 12,520 | 12,870 | 13,900 | 14,410 | 12,360 |
| Foods & Refreshment | 3,340 | 2,250 | 5,820 | 5,590 | 4,730 | 5,750 | 6,000 | 6,640 | 6,460 | 7,130 |
| Others | -20 | 40 | 490 | 550 | 500 | 690 | 540 | 850 | 730 | 960 |
| EBIT Growth % | 22.5 | (17.2) | (1.5) | 18.8 | 16.7 | 49.6 | 8.4 | 9.4 | 17.1 | 10.2 |
| Home Care | 55.7 | 2.7 | (8.9) | 13.9 | 2.7 | 27.7 | 3.9 | 7.4 | 33.7 | 15.6 |
| Personal Care | 7.7 | (22.5) | (16.5) | 1.0 | 12.9 | 32.5 | 13.5 | 4.7 | 2.0 | (1.3) |
| Foods & Refreshment | 36.9 | (35.0) | 53.6 | 90.1 | 41.6 | 155.6 | 3.1 | 18.8 | 36.6 | 24.0 |
| Others | (33.3) | 100.0 | 2,350.0 | 2,650.0 | (2,600.0) | 1,625.0 | 10.2 | 54.5 | 46.0 | 39.1 |
| EBIT Margin % | 22.6 | 20.1 | 22.7 | 22.9 | 21.8 | 22.3 | 21.8 | 22.5 | 23.1 | 22.2 |
| Home Care | 18.2 | 19.0 | 18.8 | 20.4 | 18.9 | 21.1 | 17.4 | 19.0 | 20.6 | 19.8 |
| Personal Care | 28.4 | 24.9 | 28.1 | 29.3 | 29.2 | 27.5 | 28.1 | 27.8 | 27.8 | 26.2 |
| Foods & Refreshment | 17.9 | 352.8 | 16.9 | 17.8 | 164.6 | 18.1 | 18.1 | 18.3 | 18.6 | 19.3 |
| Others | (2.7) | 5.6 | 28.7 | 26.2 | 19.5 | 29.7 | 23.9 | 32.2 | 28.3 | 31.8 |

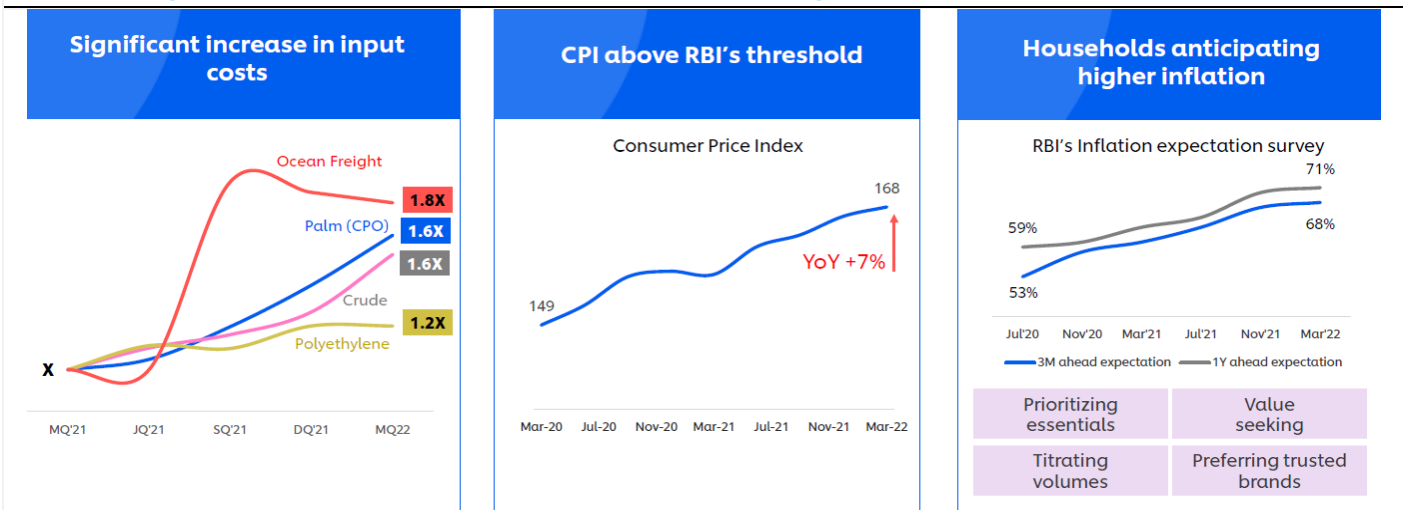
Source: Company, PL

Exhibit 3: Rural slowdown continues to impact overall FMCG volumes



Source: Company, PL

Exhibit 4: Margins will remain under pressure in near term amidst rising input cost scenario



Source: Company, PL

Exhibit 5: Innovations pipeline remains healthy



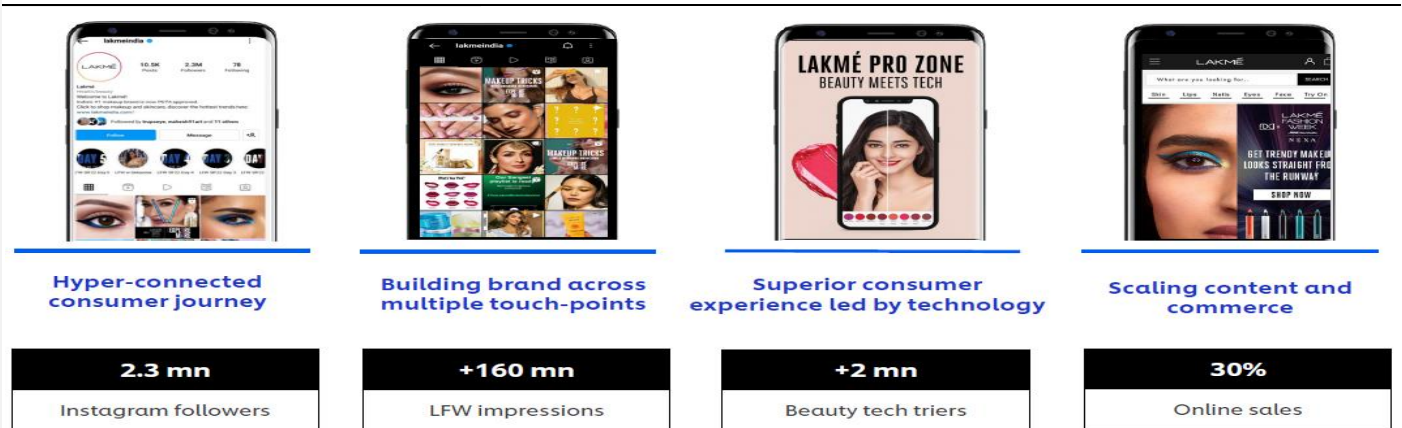
Source: Company, PL

Exhibit 6: Product assortment grew to 1.15x from pre covid levels.



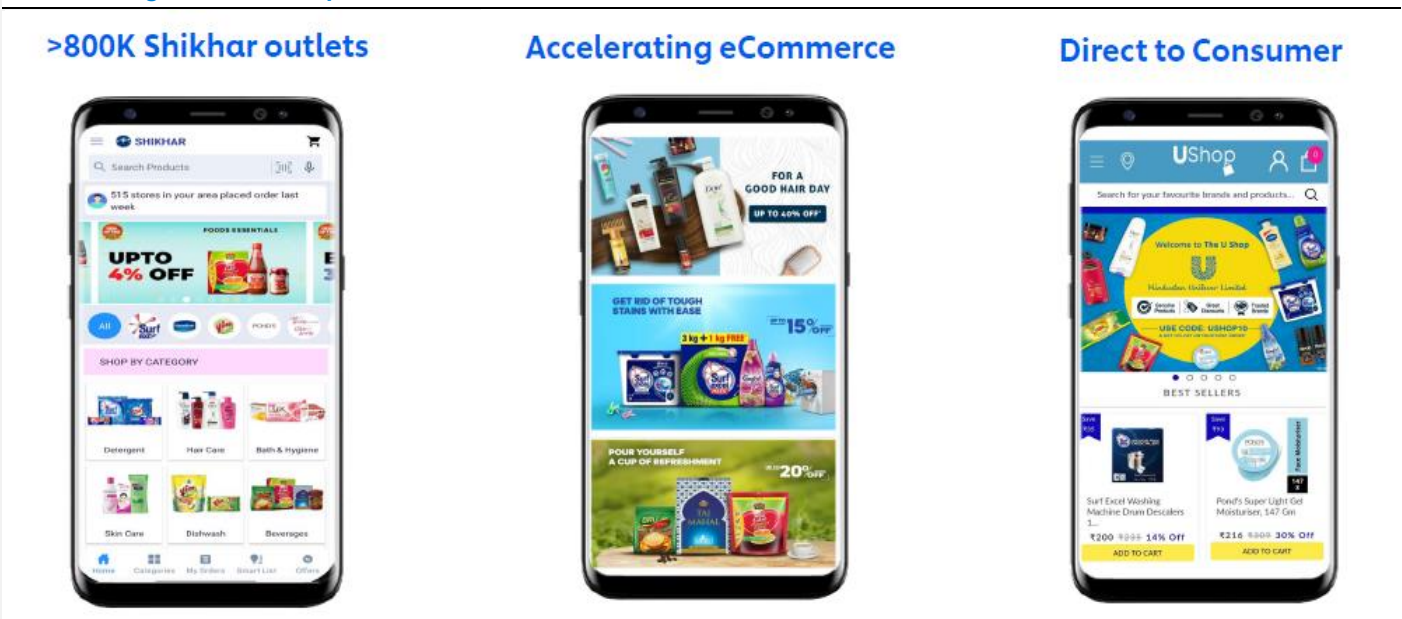
Source: Company, PL

Exhibit 7: Increase in Lakme digital presence



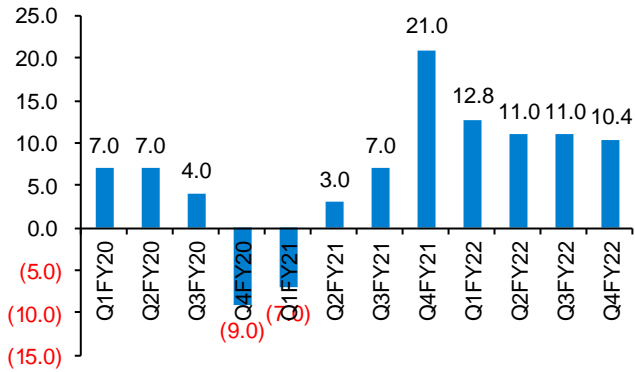
Source: Company, PL

Exhibit 8: Digital demand captures >20% in Mar'22



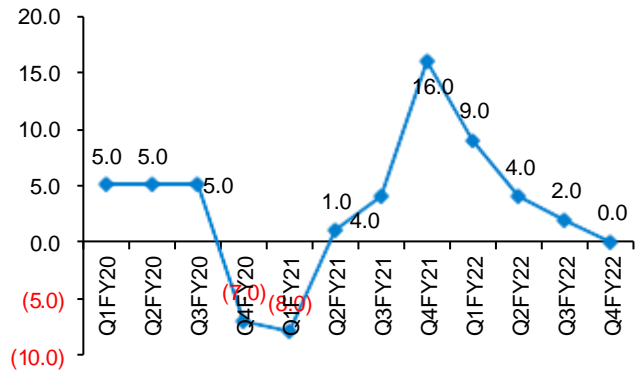
Source: Company, PL

Exhibit 9: Comparable Domestic FMCG sales grew 10.4%



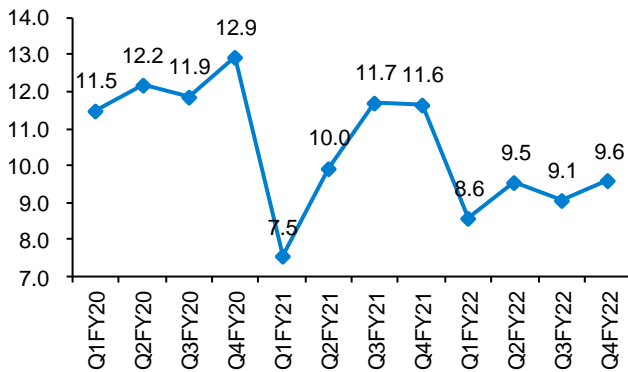
Source: Company, PL

Exhibit 10: Volumes stood flat in 4Q



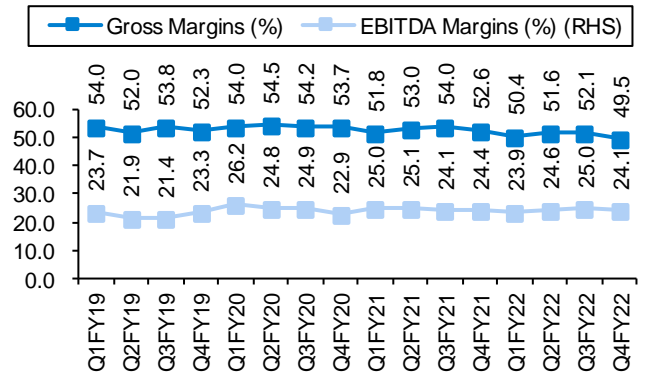
Source: Company, PL

Exhibit 11: Ad-spends lower by 210bps YoY



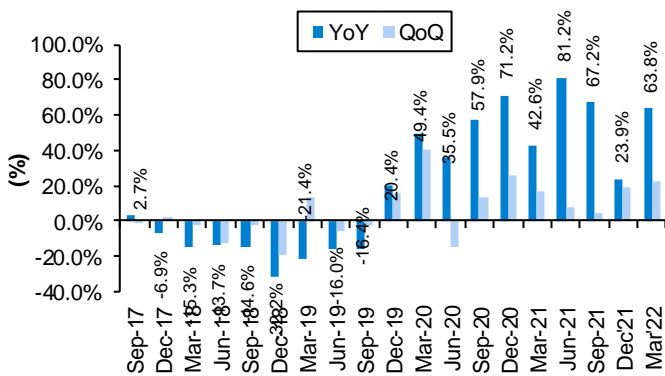
Source: Company, PL

Exhibit 12: GM down 300bps, EBITDA margin down 30bps



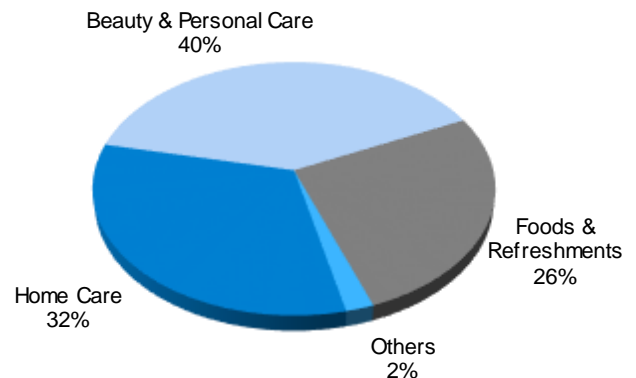
Source: Company, PL

Exhibit 13: PFAD prices up 63.8% YoY and 22.2% QoQ



Source: Company, PL

Exhibit 14: GSK-merger leads to rise in FR contribution



Source: Company, PL

Financials

Income Statement (Rs m)

| Y/e Mar | FY21 | FY22 | FY23E | FY24E |
|-------------------------------|----------------|----------------|----------------|----------------|
| Net Revenues | 459,960 | 511,930 | 570,959 | 630,551 |
| YoY gr. (%) | 18.6 | 11.3 | 11.5 | 10.4 |
| Cost of Goods Sold | 216,770 | 251,240 | 281,938 | 301,747 |
| Gross Profit | 243,190 | 260,690 | 289,021 | 328,804 |
| Margin (%) | 52.9 | 50.9 | 50.6 | 52.1 |
| Employee Cost | 22,290 | 23,990 | 25,944 | 29,362 |
| Other Expenses | 70 | 252 | 281 | 311 |
| EBITDA | 113,240 | 125,031 | 133,909 | 156,488 |
| YoY gr. (%) | 18.0 | 10.4 | 7.1 | 16.9 |
| Margin (%) | 24.6 | 24.4 | 23.5 | 24.8 |
| Depreciation and Amortization | 10,120 | 10,281 | 11,883 | 12,934 |
| EBIT | 103,120 | 114,750 | 122,026 | 143,554 |
| Margin (%) | 22.4 | 22.4 | 21.4 | 22.8 |
| Net Interest | 1,080 | 980 | 1,220 | 1,507 |
| Other Income | 5,130 | 3,590 | 5,330 | 7,989 |
| Profit Before Tax | 107,170 | 117,361 | 126,136 | 150,036 |
| Margin (%) | 23.3 | 22.9 | 22.1 | 23.8 |
| Total Tax | 25,360 | 29,210 | 30,525 | 36,309 |
| Effective tax rate (%) | 23.7 | 24.9 | 24.2 | 24.2 |
| Profit after tax | 81,810 | 88,151 | 95,612 | 113,727 |
| Minority interest | - | - | - | - |
| Share Profit from Associate | - | - | - | - |
| Adjusted PAT | 81,810 | 88,151 | 95,612 | 113,727 |
| YoY gr. (%) | 18.0 | 7.8 | 8.5 | 18.9 |
| Margin (%) | 17.8 | 17.2 | 16.7 | 18.0 |
| Extra Ord. Income / (Exp) | (2,270) | (340) | 500 | 500 |
| Reported PAT | 79,540 | 87,811 | 96,112 | 114,227 |
| YoY gr. (%) | 18.0 | 10.4 | 9.5 | 18.8 |
| Margin (%) | 17.3 | 17.2 | 16.8 | 18.1 |
| Other Comprehensive Income | 210 | 1,150 | (200) | (200) |
| Total Comprehensive Income | 79,750 | 88,961 | 95,912 | 114,027 |
| Equity Shares O/s (m) | 2,350 | 2,350 | 2,350 | 2,350 |
| EPS (Rs) | 34.8 | 37.5 | 40.7 | 48.4 |

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

| Y/e Mar | FY21 | FY22 | FY23E | FY24E |
|---------------------------------------|----------------|----------------|----------------|----------------|
| Non-Current Assets | | | | |
| Gross Block | 368,760 | 379,111 | 396,978 | 408,269 |
| Tangibles | 88,640 | 98,941 | 116,808 | 128,099 |
| Intangibles | 280,120 | 280,170 | 280,170 | 280,170 |
| Acc: Dep / Amortization | 31,650 | 41,931 | 53,814 | 66,747 |
| Tangibles | 30,780 | 40,811 | 52,444 | 65,127 |
| Intangibles | 870 | 1,120 | 1,370 | 1,620 |
| Net fixed assets | 337,110 | 337,180 | 343,165 | 341,521 |
| Tangibles | 57,860 | 58,130 | 64,365 | 62,971 |
| Intangibles | 279,250 | 279,050 | 278,800 | 278,550 |
| Capital Work In Progress | 6,230 | 9,010 | 5,000 | 5,000 |
| Goodwill | 173,160 | 173,160 | 173,160 | 173,160 |
| Non-Current Investments | 13,400 | 18,730 | 13,339 | 13,697 |
| Net Deferred tax assets | (59,860) | (61,410) | (62,293) | (63,343) |
| Other Non-Current Assets | 13,810 | 12,820 | 14,402 | 15,842 |
| Current Assets | | | | |
| Investments | 43,020 | 35,440 | 63,870 | 85,000 |
| Inventories | 33,830 | 38,900 | 41,607 | 45,117 |
| Trade receivables | 16,480 | 19,320 | 20,033 | 21,282 |
| Cash & Bank Balance | 27,020 | 36,180 | 54,344 | 63,239 |
| Other Current Assets | 5,430 | 5,800 | 6,852 | 7,567 |
| Total Assets | 681,160 | 697,370 | 748,838 | 785,226 |
| Equity | | | | |
| Equity Share Capital | 2,350 | 2,350 | 2,350 | 2,350 |
| Other Equity | 471,990 | 485,250 | 498,602 | 518,690 |
| Total Network | 474,340 | 487,600 | 500,952 | 521,040 |
| Non-Current Liabilities | | | | |
| Long Term borrowings | - | - | - | - |
| Provisions | 15,510 | 15,530 | 17,747 | 19,676 |
| Other non current liabilities | 1,870 | 3,290 | 3,537 | 3,802 |
| Current Liabilities | | | | |
| ST Debt / Current of LT Debt | - | - | - | - |
| Trade payables | 86,270 | 88,640 | 110,458 | 118,219 |
| Other current liabilities | 22,140 | 20,800 | 25,412 | 27,427 |
| Total Equity & Liabilities | 681,160 | 697,370 | 748,838 | 785,226 |

Source: Company Data, PL Research

Cash Flow (Rs m)

| Y/e Mar | FY21 | FY22 | FY23E | FY24E |
|--------------------------------------|------------------|-----------------|-----------------|-----------------|
| PBT | 107,170 | 117,360 | 126,135 | 150,036 |
| Add. Depreciation | 6,550 | 5,997 | 7,359 | 7,999 |
| Add. Interest | - | - | - | - |
| Less Financial Other Income | - | - | - | - |
| Add. Other | (2,060) | 810 | 300 | 300 |
| Op. profit before WC changes | 111,660 | 124,166 | 133,794 | 158,335 |
| Net Changes-WC | 78,180 | (4,790) | 23,623 | 5,449 |
| Direct tax | (25,360) | (29,210) | (30,525) | (36,309) |
| Net cash from Op. activities | 164,480 | 90,166 | 126,892 | 127,475 |
| Capital expenditures | (467,360) | (8,847) | (1,948) | (7,177) |
| Interest / Dividend Income | - | - | - | - |
| Others | (35,660) | 2,250 | (23,039) | (21,488) |
| Net Cash from Inv. activities | (503,020) | (6,597) | (24,987) | (28,666) |
| Issue of share cap. / premium | 402,045 | 423 | (316) | 55 |
| Debt changes | 3,140 | 1,290 | 6,202 | 3,203 |
| Dividend paid | (88,110) | (75,190) | (82,240) | (93,990) |
| Interest paid | - | - | - | - |
| Others | 346 | (932) | (7,387) | 818 |
| Net cash from Fin. activities | 317,421 | (74,409) | (83,741) | (89,914) |
| Net change in cash | (21,120) | 9,160 | 18,164 | 8,895 |
| Free Cash Flow | (302,880) | 81,319 | 124,944 | 120,298 |

Source: Company Data, PL Research

Key Financial Metrics

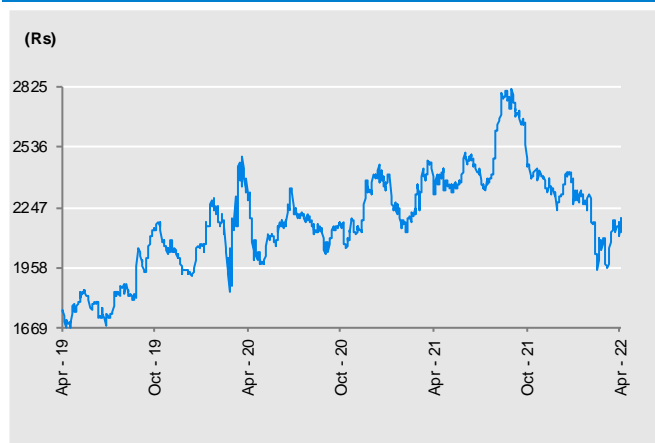
| Y/e Mar | FY21 | FY22 | FY23E | FY24E |
|----------------------------|---------|-------|-------|-------|
| Per Share(Rs) | | | | |
| EPS | 34.8 | 37.5 | 40.7 | 48.4 |
| CEPS | 39.1 | 41.9 | 45.7 | 53.9 |
| BVPS | 201.8 | 207.5 | 213.2 | 221.7 |
| FCF | (128.9) | 34.6 | 53.2 | 51.2 |
| DPS | 37.5 | 32.0 | 35.0 | 40.0 |
| Return Ratio(%) | | | | |
| RoCE | 37.2 | 23.9 | 24.7 | 28.1 |
| ROIC | 38.0 | 21.1 | 24.6 | 30.0 |
| RoE | 29.5 | 18.3 | 19.3 | 22.3 |
| Balance Sheet | | | | |
| Net Debt : Equity (x) | (0.1) | (0.1) | (0.2) | (0.3) |
| Net Working Capital (Days) | (29) | (22) | (31) | (30) |
| Valuation(x) | | | | |
| PER | 61.6 | 57.2 | 52.7 | 44.3 |
| P/B | 10.6 | 10.3 | 10.1 | 9.7 |
| P/CEPS | 54.8 | 51.2 | 46.9 | 39.8 |
| EV/EBITDA | 43.9 | 39.7 | 36.8 | 31.3 |
| EV/Sales | 10.8 | 9.7 | 8.6 | 7.8 |
| Dividend Yield (%) | 1.7 | 1.5 | 1.6 | 1.9 |

Source: Company Data, PL Research

Quarterly Financials (Rs m)

| Y/e Mar | Q1FY22 | Q2FY22 | Q3FY22 | Q4FY22 |
|-----------------------------------|----------------|----------------|----------------|----------------|
| Net Revenue | 119,150 | 127,240 | 130,920 | 134,620 |
| YoY gr. (%) | 12.8 | 11.2 | 10.4 | 11.0 |
| Raw Material Expenses | 59,050 | 61,580 | 62,690 | 67,920 |
| Gross Profit | 60,100 | 65,660 | 68,230 | 66,700 |
| Margin (%) | 50.4 | 51.6 | 52.1 | 49.5 |
| EBITDA | 28,470 | 31,320 | 32,790 | 32,450 |
| YoY gr. (%) | 7.7 | 9.2 | 14.9 | 9.7 |
| Margin (%) | 23.9 | 24.6 | 25.0 | 24.1 |
| Depreciation / Depletion | 2,440 | 2,650 | 2,550 | 2,610 |
| EBIT | 26,030 | 28,670 | 30,240 | 29,840 |
| Margin (%) | 21.8 | 22.5 | 23.1 | 22.2 |
| Net Interest | 110 | 260 | 250 | 360 |
| Other Income | 670 | 1,130 | 910 | 1,220 |
| Profit before Tax | 26,590 | 29,540 | 30,900 | 30,700 |
| Margin (%) | 22.3 | 23.2 | 23.6 | 22.8 |
| Total Tax | 6,970 | 7,670 | 7,980 | 8,010 |
| Effective tax rate (%) | 26.2 | 26.0 | 25.8 | 26.1 |
| Profit after Tax | 19,620 | 21,870 | 22,920 | 22,690 |
| Minority interest | - | - | - | - |
| Share Profit from Associates | - | - | - | - |
| Adjusted PAT | 19,620 | 21,870 | 22,920 | 22,690 |
| YoY gr. (%) | 4.8 | 7.5 | 17.5 | 7.9 |
| Margin (%) | 16.5 | 17.2 | 17.5 | 16.9 |
| Extra Ord. Income / (Exp) | (990) | - | (490) | 580 |
| Reported PAT | 18,630 | 21,870 | 22,430 | 23,270 |
| YoY gr. (%) | (1.0) | 8.9 | 17.5 | 8.6 |
| Margin (%) | 15.6 | 17.2 | 17.1 | 17.3 |
| Other Comprehensive Income | 90 | 270 | 220 | 570 |
| Total Comprehensive Income | 18,720 | 22,140 | 22,650 | 23,840 |
| Avg. Shares O/s (m) | 2,350 | - | 2,350 | 2,350 |
| EPS (Rs) | 8.3 | - | 9.8 | 9.7 |

Source: Company Data, PL Research

Price Chart
Recommendation History


| No. | Date | Rating | TP (Rs.) | Share Price (Rs.) |
|-----|-----------|------------|----------|-------------------|
| 1 | 08-Apr-22 | BUY | 2,356 | 2,183 |
| 2 | 21-Mar-22 | BUY | 2,356 | 2,051 |
| 3 | 20-Jan-22 | BUY | 2,900 | 2,262 |
| 4 | 06-Jan-22 | Accumulate | 2,930 | 2,416 |
| 5 | 22-Dec-21 | Accumulate | 2,930 | 2,280 |
| 6 | 19-Oct-21 | Accumulate | 2,930 | 2,547 |
| 7 | 06-Oct-21 | Accumulate | 2,915 | 2,686 |
| 8 | 22-Sep-21 | Accumulate | 2,915 | 2,785 |
| 9 | 13-Sep-21 | Accumulate | 2,915 | 2,811 |
| 10 | 22-Jul-21 | Accumulate | 2,535 | 2,378 |

Analyst Coverage Universe

| Sr. No. | Company Name | Rating | TP (Rs) | Share Price (Rs) |
|---------|---------------------------------------|------------|---------|------------------|
| 1 | Asian Paints | BUY | 3,542 | 3,206 |
| 2 | Avenue Supermarts | Accumulate | 5,345 | 4,146 |
| 3 | Bajaj Electricals | Accumulate | 1,278 | 1,091 |
| 4 | Britannia Industries | BUY | 3,823 | 3,353 |
| 5 | Colgate Palmolive | Accumulate | 1,664 | 1,565 |
| 6 | Crompton Greaves Consumer Electricals | BUY | 531 | 376 |
| 7 | Dabur India | Accumulate | 603 | 556 |
| 8 | Emami | Accumulate | 607 | 464 |
| 9 | Havells India | Accumulate | 1,378 | 1,268 |
| 10 | Hindustan Unilever | BUY | 2,356 | 2,183 |
| 11 | ITC | BUY | 285 | 268 |
| 12 | Jubilant FoodWorks | Accumulate | 3,230 | 2,792 |
| 13 | Kansai Nerolac Paints | BUY | 675 | 464 |
| 14 | Marico | Accumulate | 538 | 518 |
| 15 | Mold-tek Packaging | BUY | 793 | 797 |
| 16 | Nestle India | Accumulate | 19,426 | 18,203 |
| 17 | Pidilite Industries | Hold | 2,417 | 2,525 |
| 18 | Polycab India | Hold | 2,385 | 2,684 |
| 19 | Restaurant Brands Asia | BUY | 220 | 113 |
| 20 | Titan Company | BUY | 2,754 | 2,510 |
| 21 | Voltas | Hold | 1,182 | 1,318 |
| 22 | Westlife Development | BUY | 645 | 497 |

PL's Recommendation Nomenclature (Absolute Performance)

| | |
|--------------------------|-----------------------------------|
| Buy | : > 15% |
| Accumulate | : 5% to 15% |
| Hold | : +5% to -5% |
| Reduce | : -5% to -15% |
| Sell | : < -15% |
| Not Rated (NR) | : No specific call on the stock |
| Under Review (UR) | : Rating likely to change shortly |



ANALYST CERTIFICATION

(Indian Clients)

We/I, Mr. Amnish Aggarwal- MBA, CFA, Mr. Harish Advani- PGDM Finance, Ms. Aashi Rara- CA, B.Com Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

(US Clients)

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report.

DISCLAIMER

Indian Clients

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at www.plindia.com.

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is a registered with SEBI under the SEBI (Research Analysts) Regulation, 2014 and having registration number INH000000271.

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

PL or its associates might have managed or co-managed public offering of securities for the subject company in the past twelve months or mandated by the subject company for any other assignment in the past twelve months.

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this report.

It is confirmed that Mr. Amnish Aggarwal- MBA, CFA, Mr. Harish Advani- PGDM Finance, Ms. Aashi Rara- CA, B.Com Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

The Research analysts for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

The research analysts for this report has not served as an officer, director or employee of the subject company PL or its research analysts have not engaged in market making activity for the subject company

Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

PL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

US Clients

This research report is a product of Prabhudas Lilladher Pvt. Ltd., which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Prabhudas Lilladher Pvt. Ltd. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Prabhudas Lilladher Pvt. Ltd. has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

Prabhudas Lilladher Pvt. Ltd.

3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

www.plindia.com