

January 24, 2023

## Q3FY23 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

### Change in Estimates

|                | Current |        | Previous |        |
|----------------|---------|--------|----------|--------|
|                | FY24E   | FY25E  | FY24E    | FY25E  |
| Rating         | HOLD    |        | HOLD     |        |
| Target Price   | 1,578   |        | 1,639    |        |
| Sales (Rs. m)  | 56,323  | 60,720 | 56,892   | 61,783 |
| % Chng.        | (1.0)   | (1.7)  |          |        |
| EBITDA (Rs. m) | 16,485  | 18,208 | 16,702   | 18,505 |
| % Chng.        | (1.3)   | (1.6)  |          |        |
| EPS (Rs.)      | 41.6    | 46.4   | 42.2     | 46.4   |
| % Chng.        | (1.4)   | 0.1    |          |        |

### Key Financials - Standalone

| Y/e Mar        | FY22   | FY23E  | FY24E  | FY25E  |
|----------------|--------|--------|--------|--------|
| Sales (Rs. m)  | 50,998 | 52,345 | 56,323 | 60,720 |
| EBITDA (Rs. m) | 15,659 | 15,125 | 16,485 | 18,208 |
| Margin (%)     | 30.7   | 28.9   | 29.3   | 30.0   |
| PAT (Rs. m)    | 10,783 | 10,277 | 11,309 | 12,623 |
| EPS (Rs.)      | 39.6   | 37.8   | 41.6   | 46.4   |
| Gr. (%)        | 4.1    | (4.7)  | 10.0   | 11.6   |
| DPS (Rs.)      | 40.0   | 36.0   | 38.0   | 42.0   |
| Yield (%)      | 2.7    | 2.5    | 2.6    | 2.9    |
| RoE (%)        | 74.4   | 58.4   | 61.7   | 65.1   |
| RoCE (%)       | 95.8   | 75.9   | 79.7   | 83.9   |
| EV/Sales (x)   | 7.6    | 7.4    | 6.9    | 6.3    |
| EV/EBITDA (x)  | 24.9   | 25.6   | 23.4   | 21.1   |
| PE (x)         | 36.8   | 38.6   | 35.1   | 31.4   |
| P/BV (x)       | 22.9   | 22.3   | 21.1   | 19.9   |

### Key Data

COLG.BO | CLGT IN

|                     |                     |
|---------------------|---------------------|
| 52-W High / Low     | Rs.1,696 / Rs.1,376 |
| Sensex / Nifty      | 60,979 / 18,118     |
| Market Cap          | Rs.397bn/ \$ 4,857m |
| Shares Outstanding  | 272m                |
| 3M Avg. Daily Value | Rs.567.03m          |

### Shareholding Pattern (%)

|                         |       |
|-------------------------|-------|
| Promoter's              | 51.00 |
| Foreign                 | 21.11 |
| Domestic Institution    | 7.83  |
| Public & Others         | 20.06 |
| Promoter Pledge (Rs bn) | -     |

### Stock Performance (%)

|          | 1M    | 6M     | 12M   |
|----------|-------|--------|-------|
| Absolute | (6.9) | (9.1)  | 3.9   |
| Relative | (8.6) | (16.4) | (2.0) |

**Amnish Aggarwal**

amnishaggarwal@plindia.com | 91-22-66322233

**Harish Advani**

harishadvani@plindia.com | 91-22-66322242

**Anushka Chhajed**

anushkachhajed@plindia.com | 91-22-66322244

# Colgate Palmolive (CLGT IN)

Rating: HOLD | CMP: Rs1,459 | TP: Rs1,578

## Volume decline across both urban and rural

### Quick Pointers:

- Volume decline by ~3%, demand under pressure across rural/urban, outlook cautiously optimistic
- Raw material trends flattish, 3% price increase in 3Q.
- Premium segment doing better than Colgate Strong Teeth and Herbal

**We cut FY23/24/FY25 EPS by 0.6%/1.4%/0.1% factoring 1) lower volume growth given tepid demand, 2) increase in ad spends, promotional intensity and 3) higher tax rates in FY23/24. CLGT reported tepid numbers with 3% decline in volumes and sustained competitive activity in core category of oral care. Demand trends remain tepid with even urban demand declining QoQ. We believe margins have bottomed out given flattish RM trends and benefits of ~3% price hike in the portfolio.**

**Colgate remains focused on low growth oral care segment across price points, which we believe will curtail overall growth. We see limited focus on high growth personal care which has much higher penetration opportunities. We estimate 7.7% Sales and 10.6% PAT CAGR over FY23-25 assuming 4.7% decline in FY23 EPS. Revival in rural demand and new launches in personal care hold key to valuations. Although CLGT's growth is unexciting, favourable financial parameters (2.5% Dividend yield, 90%+ payout and ~80% ROCE) limit downside. We value CLGT at 35x Dec'24 EPS and assign a Target of Rs 1578 (earlier Rs 1639 on 37xSep'24 EPS). Hold.**

- Sales grew 0.9%, EBITDA Margins contracted by 174bps:** Revenues grew by 0.9% YoY to Rs12.9bn (PLe: Rs13.2bn), we estimate volume decline of 3%. Gross margins contracted by 73bps YoY to 65.9% (PLe: 64.0%). EBITDA declined by 5% YoY to Rs3.6bn (PLe:Rs3.8bn); Margins contracted by 174bps YoY to 28% (PLe:28.8%). A&P spends expanded by 137bps YoY to 13.2%. Adj. PAT declined by 3.6% YoY to Rs2.4bn (PLe:Rs2.6bn)

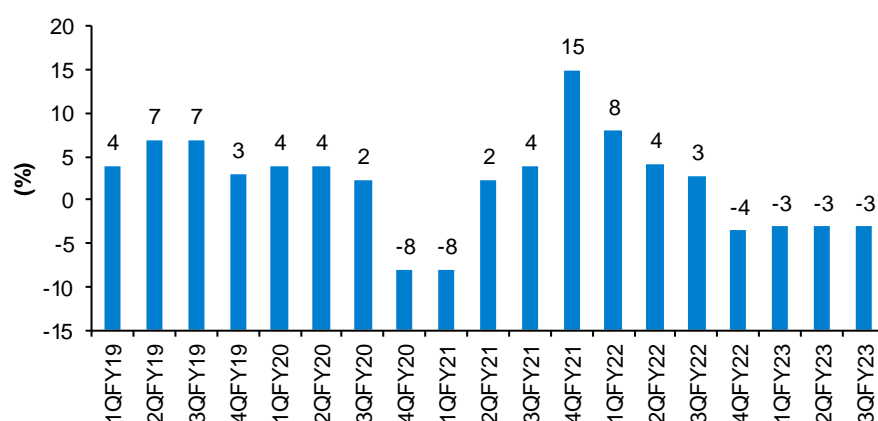
### Key Highlights:

- Toothpaste volumes under pressure across rural and urban India,
- Premium segment doing better, Colgate Strong Teeth and Herbal under pressure, CLGT increasing advertising and promotions in tough market
- Body wash growing steadily while Handwash demand volatile
- Launched e-comm platform exclusively for dentists - dentistfirst.co.in
- CLGT continues to drive premiumisation across categories led by the MT & e-comm channels

**Exhibit 1: 3QFY23: Net sales up 0.9%, EBITDA margins declined by 174bps**

| Y/e March                  | 3QFY23        | 3QFY22        | YoY gr. (%)  | 2QFY23        | 9MFY23        | 9MFY22        | YoY gr. (%)  |
|----------------------------|---------------|---------------|--------------|---------------|---------------|---------------|--------------|
| <b>Net Sales</b>           | <b>12,913</b> | <b>12,801</b> | <b>0.9</b>   | <b>13,875</b> | <b>38,756</b> | <b>37,985</b> | <b>2.0</b>   |
| Gross Profit               | 8,506         | 8,526         | (0.2)        | 8,846         | 25,289        | 25,626        | (1.3)        |
| <i>Margin %</i>            | <i>65.9</i>   | <i>66.6</i>   | <i>(0.7)</i> | <i>63.8</i>   | <i>65.3</i>   | <i>67.5</i>   | <i>(2.2)</i> |
| Other Exp                  | 4891          | 4720          | 3.6          | 4766          | 14338         | 14261         | 0.5          |
| <i>% of Net sales</i>      | <i>37.9</i>   | <i>36.9</i>   |              | <i>34.3</i>   | <i>37.0</i>   | <i>37.5</i>   |              |
| <b>EBITDA</b>              | <b>3,615</b>  | <b>3,806</b>  | <b>(5.0)</b> | <b>4,080</b>  | <b>10,951</b> | <b>11,365</b> | <b>(3.6)</b> |
| <i>Margin %</i>            | <i>28.0</i>   | <i>29.7</i>   | <i>(1.7)</i> | <i>29.4</i>   | <i>28.3</i>   | <i>29.9</i>   | <i>(1.7)</i> |
| Depreciation               | 437           | 439           | (0.6)        | 439           | 1317          | 1335          | (1.4)        |
| Interest                   | 13            | 15            |              | 13            | 38            | 46            |              |
| <b>PBT from operations</b> | <b>3165</b>   | <b>3351</b>   | <b>(5.6)</b> | <b>3629</b>   | <b>9596</b>   | <b>9985</b>   | <b>(3.9)</b> |
| Other Income               | 104           | 57            | 83.3         | 113           | 332           | 174           | 91.0         |
| <b>PBT</b>                 | <b>3,269</b>  | <b>3,408</b>  | <b>(4.1)</b> | <b>3,741</b>  | <b>9,928</b>  | <b>10,159</b> | <b>(2.3)</b> |
| Tax                        | 837           | 885           | (5.4)        | 961           | 2526          | 2611          | (3.3)        |
| <i>Tax rate %</i>          | <i>25.6</i>   | <i>26.0</i>   |              | <i>25.7</i>   | <i>25.4</i>   | <i>25.7</i>   |              |
| <b>Adj. PAT</b>            | <b>2,432</b>  | <b>2,523</b>  | <b>(3.6)</b> | <b>2,780</b>  | <b>7,403</b>  | <b>7,547</b>  | <b>(1.9)</b> |

Source: Company, PL

**Exhibit 2: Toothpaste volumes decline 3%**


Source: Company, PL

## Financials

### Income Statement (Rs m)

| Y/e Mar                       | FY22          | FY23E         | FY24E         | FY25E         |
|-------------------------------|---------------|---------------|---------------|---------------|
| <b>Net Revenues</b>           | <b>50,998</b> | <b>52,345</b> | <b>56,323</b> | <b>60,720</b> |
| YoY gr. (%)                   | 5.3           | 2.6           | 7.6           | 7.8           |
| Cost of Goods Sold            | 16,675        | 18,095        | 19,138        | 20,334        |
| Gross Profit                  | 34,323        | 34,250        | 37,185        | 40,386        |
| Margin (%)                    | 67.3          | 65.4          | 66.0          | 66.5          |
| Employee Cost                 | 3,851         | 3,900         | 4,197         | 4,465         |
| Other Expenses                | 4,146         | 4,241         | 4,564         | 4,921         |
| <b>EBITDA</b>                 | <b>15,659</b> | <b>15,125</b> | <b>16,485</b> | <b>18,208</b> |
| YoY gr. (%)                   | 3.7           | (3.4)         | 9.0           | 10.5          |
| Margin (%)                    | 30.7          | 28.9          | 29.3          | 30.0          |
| Depreciation and Amortization | 1,773         | 1,772         | 1,877         | 1,953         |
| <b>EBIT</b>                   | <b>13,886</b> | <b>13,353</b> | <b>14,608</b> | <b>16,255</b> |
| Margin (%)                    | 27.2          | 25.5          | 25.9          | 26.8          |
| Net Interest                  | 59            | 62            | 66            | 56            |
| Other Income                  | 263           | 448           | 578           | 676           |
| <b>Profit Before Tax</b>      | <b>14,090</b> | <b>13,740</b> | <b>15,119</b> | <b>16,875</b> |
| Margin (%)                    | 27.6          | 26.2          | 26.8          | 27.8          |
| Total Tax                     | 3,307         | 3,462         | 3,810         | 4,253         |
| Effective tax rate (%)        | 23.5          | 25.2          | 25.2          | 25.2          |
| <b>Profit after tax</b>       | <b>10,783</b> | <b>10,277</b> | <b>11,309</b> | <b>12,623</b> |
| Minority interest             | -             | -             | -             | -             |
| Share Profit from Associate   | -             | -             | -             | -             |
| <b>Adjusted PAT</b>           | <b>10,783</b> | <b>10,277</b> | <b>11,309</b> | <b>12,623</b> |
| YoY gr. (%)                   | 4.1           | (4.7)         | 10.0          | 11.6          |
| Margin (%)                    | 21.1          | 19.6          | 20.1          | 20.8          |
| Extra Ord. Income / (Exp)     | -             | -             | -             | -             |
| <b>Reported PAT</b>           | <b>10,783</b> | <b>10,277</b> | <b>11,309</b> | <b>12,623</b> |
| YoY gr. (%)                   | 4.1           | (4.7)         | 10.0          | 11.6          |
| Margin (%)                    | 21.1          | 19.6          | 20.1          | 20.8          |
| Other Comprehensive Income    | -             | -             | -             | -             |
| Total Comprehensive Income    | 10,783        | 10,277        | 11,309        | 12,623        |
| <b>Equity Shares O/s (m)</b>  | <b>272</b>    | <b>272</b>    | <b>272</b>    | <b>272</b>    |
| <b>EPS (Rs)</b>               | <b>39.6</b>   | <b>37.8</b>   | <b>41.6</b>   | <b>46.4</b>   |

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

| Y/e Mar                               | FY22          | FY23E         | FY24E         | FY25E         |
|---------------------------------------|---------------|---------------|---------------|---------------|
| <b>Non-Current Assets</b>             |               |               |               |               |
| <b>Gross Block</b>                    | <b>18,177</b> | <b>18,177</b> | <b>19,045</b> | <b>19,745</b> |
| Tangibles                             | 18,177        | 18,177        | 19,045        | 19,745        |
| Intangibles                           | -             | -             | -             | -             |
| <b>Acc: Dep / Amortization</b>        | <b>10,159</b> | <b>11,686</b> | <b>13,305</b> | <b>14,983</b> |
| Tangibles                             | 10,159        | 11,686        | 13,305        | 14,983        |
| Intangibles                           | -             | -             | -             | -             |
| <b>Net fixed assets</b>               | <b>8,018</b>  | <b>6,491</b>  | <b>5,741</b>  | <b>4,762</b>  |
| Tangibles                             | 8,018         | 6,491         | 5,741         | 4,762         |
| Intangibles                           | -             | -             | -             | -             |
| Capital Work In Progress              | 1,218         | 1,100         | 1,150         | 1,200         |
| Goodwill                              | -             | -             | -             | -             |
| Non-Current Investments               | 184           | 193           | 202           | 211           |
| Net Deferred tax assets               | 173           | -             | -             | -             |
| Other Non-Current Assets              | 4,597         | 4,560         | 4,528         | 4,498         |
| <b>Current Assets</b>                 |               |               |               |               |
| Investments                           | 7,082         | 7,799         | 8,953         | 9,654         |
| Inventories                           | 3,572         | 4,061         | 4,216         | 4,406         |
| Trade receivables                     | 2,247         | 2,279         | 2,453         | 2,645         |
| Cash & Bank Balance                   | 466           | 1,344         | 2,095         | 3,742         |
| Other Current Assets                  | 319           | 520           | 560           | 603           |
| <b>Total Assets</b>                   | <b>29,018</b> | <b>29,554</b> | <b>31,164</b> | <b>33,050</b> |
| <b>Equity</b>                         |               |               |               |               |
| Equity Share Capital                  | 272           | 272           | 272           | 272           |
| Other Equity                          | 17,075        | 17,560        | 18,534        | 19,689        |
| <b>Total Network</b>                  | <b>17,347</b> | <b>17,832</b> | <b>18,806</b> | <b>19,961</b> |
| <b>Non-Current Liabilities</b>        |               |               |               |               |
| Long Term borrowings                  | -             | -             | -             | -             |
| Provisions                            | 140           | 195           | 210           | 223           |
| Other non current liabilities         | 695           | 527           | 367           | 230           |
| <b>Current Liabilities</b>            |               |               |               |               |
| ST Debt / Current of LT Debt          | -             | -             | -             | -             |
| Trade payables                        | 7,714         | 7,835         | 8,432         | 9,092         |
| Other current liabilities             | 3,111         | 3,152         | 3,335         | 3,530         |
| <b>Total Equity &amp; Liabilities</b> | <b>29,018</b> | <b>29,554</b> | <b>31,164</b> | <b>33,050</b> |

Source: Company Data, PL Research



## Cash Flow (Rs m)

| Y/e Mar                               | FY22           | FY23E          | FY24E           | FY25E           |
|---------------------------------------|----------------|----------------|-----------------|-----------------|
| PBT                                   | 14,090         | 13,740         | 15,119          | 16,875          |
| Add. Depreciation                     | 1,773          | 1,772          | 1,877           | 1,953           |
| Add. Interest                         | 59             | 62             | 66              | 56              |
| Less Financial Other Income           | 263            | 448            | 578             | 676             |
| Add. Other                            | -              | -              | -               | -               |
| Op. profit before WC changes          | 15,922         | 15,573         | 17,063          | 18,884          |
| Net Changes-WC                        | (12,473)       | (1,323)        | (994)           | (510)           |
| Direct tax                            | (3,307)        | (3,462)        | (3,810)         | (4,297)         |
| <b>Net cash from Op. activities</b>   | <b>142</b>     | <b>10,788</b>  | <b>12,258</b>   | <b>14,077</b>   |
| Capital expenditures                  | (526)          | (56)           | (1,106)         | (952)           |
| Interest / Dividend Income            | -              | -              | -               | -               |
| Others                                | 186            | -              | -               | -               |
| <b>Net Cash from Invt. activities</b> | <b>(339)</b>   | <b>(56)</b>    | <b>(1,106)</b>  | <b>(952)</b>    |
| Issue of share cap. / premium         | 73             | -              | -               | -               |
| Debt changes                          | -              | -              | -               | -               |
| Dividend paid                         | (5,168)        | (9,791)        | (10,335)        | (11,423)        |
| Interest paid                         | (59)           | (62)           | (66)            | (56)            |
| Others                                | -              | -              | -               | -               |
| <b>Net cash from Fin. activities</b>  | <b>(5,154)</b> | <b>(9,853)</b> | <b>(10,402)</b> | <b>(11,479)</b> |
| <b>Net change in cash</b>             | <b>(5,351)</b> | <b>879</b>     | <b>751</b>      | <b>1,646</b>    |
| Free Cash Flow                        | (383)          | 10,732         | 11,152          | 13,126          |

Source: Company Data, PL Research

## Key Financial Metrics

| Y/e Mar                    | FY22  | FY23E | FY24E | FY25E |
|----------------------------|-------|-------|-------|-------|
| <b>Per Share(Rs)</b>       |       |       |       |       |
| EPS                        | 39.6  | 37.8  | 41.6  | 46.4  |
| CEPS                       | 46.2  | 44.3  | 48.5  | 53.6  |
| BVPS                       | 63.8  | 65.6  | 69.1  | 73.4  |
| FCF                        | (1.4) | 39.5  | 41.0  | 48.3  |
| DPS                        | 40.0  | 36.0  | 38.0  | 42.0  |
| <b>Return Ratio(%)</b>     |       |       |       |       |
| RoCE                       | 95.8  | 75.9  | 79.7  | 83.9  |
| ROIC                       | 152.8 | 118.3 | 150.3 | 203.1 |
| RoE                        | 74.4  | 58.4  | 61.7  | 65.1  |
| <b>Balance Sheet</b>       |       |       |       |       |
| Net Debt : Equity (x)      | (0.4) | (0.5) | (0.6) | (0.7) |
| Net Working Capital (Days) | (14)  | (10)  | (11)  | (12)  |
| <b>Valuation(x)</b>        |       |       |       |       |
| PER                        | 36.8  | 38.6  | 35.1  | 31.4  |
| P/B                        | 22.9  | 22.3  | 21.1  | 19.9  |
| P/CEPS                     | 31.6  | 32.9  | 30.1  | 27.2  |
| EV/EBITDA                  | 24.9  | 25.6  | 23.4  | 21.1  |
| EV/Sales                   | 7.6   | 7.4   | 6.9   | 6.3   |
| Dividend Yield (%)         | 2.7   | 2.5   | 2.6   | 2.9   |

Source: Company Data, PL Research

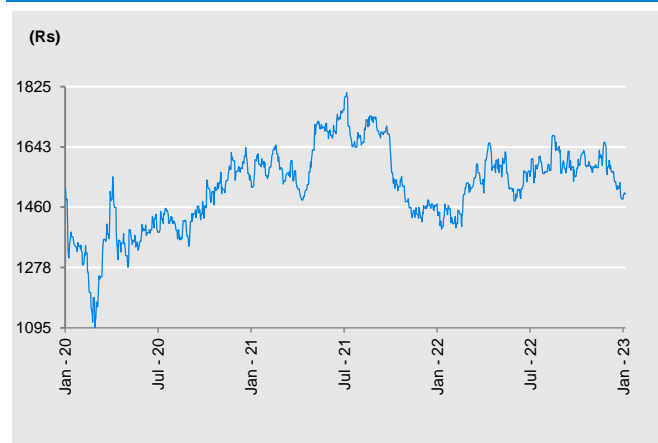
## Quarterly Financials (Rs m)

| Y/e Mar                           | Q4FY22        | Q1FY23        | Q2FY23        | Q3FY23        |
|-----------------------------------|---------------|---------------|---------------|---------------|
| <b>Net Revenue</b>                | <b>13,013</b> | <b>11,968</b> | <b>13,875</b> | <b>12,913</b> |
| YoY gr. (%)                       | 1.4           | 2.6           | 2.6           | 0.9           |
| Raw Material Expenses             | 4,317         | 4,031         | 5,029         | 4,407         |
| Gross Profit                      | 8,696         | 7,938         | 8,846         | 8,506         |
| Margin (%)                        | 66.8          | 66.3          | 63.8          | 65.9          |
| <b>EBITDA</b>                     | <b>4,294</b>  | <b>3,257</b>  | <b>4,080</b>  | <b>3,615</b>  |
| YoY gr. (%)                       | 1.8           | (8.3)         | 1.8           | (5.0)         |
| Margin (%)                        | 33.0          | 27.2          | 29.4          | 28.0          |
| Depreciation / Depletion          | 438           | 442           | 439           | 437           |
| <b>EBIT</b>                       | <b>3,856</b>  | <b>2,815</b>  | <b>3,641</b>  | <b>3,178</b>  |
| Margin (%)                        | 29.6          | 23.5          | 26.2          | 24.6          |
| Net Interest                      | 14            | 13            | 13            | 13            |
| Other Income                      | 89            | 115           | 113           | 104           |
| <b>Profit before Tax</b>          | <b>3,931</b>  | <b>2,918</b>  | <b>3,741</b>  | <b>3,269</b>  |
| Margin (%)                        | 30.2          | 24.4          | 27.0          | 25.3          |
| Total Tax                         | 1,015         | 727           | 961           | 837           |
| Effective tax rate (%)            | 25.8          | 24.9          | 25.7          | 25.6          |
| <b>Profit after Tax</b>           | <b>2,916</b>  | <b>2,190</b>  | <b>2,780</b>  | <b>2,432</b>  |
| Minority interest                 | -             | -             | -             | -             |
| Share Profit from Associates      | -             | -             | -             | -             |
| <b>Adjusted PAT</b>               | <b>2,916</b>  | <b>2,190</b>  | <b>2,780</b>  | <b>2,432</b>  |
| YoY gr. (%)                       | 3.0           | (6.1)         | 3.3           | (3.6)         |
| Margin (%)                        | 22.4          | 18.3          | 20.0          | 18.8          |
| Extra Ord. Income / (Exp)         | 320           | (93)          | -             | -             |
| <b>Reported PAT</b>               | <b>3,236</b>  | <b>2,097</b>  | <b>2,780</b>  | <b>2,432</b>  |
| YoY gr. (%)                       | 2.8           | (10.1)        | 3.3           | (3.6)         |
| Margin (%)                        | 24.9          | 17.5          | 20.0          | 18.8          |
| Other Comprehensive Income        | 47            | -             | -             | -             |
| <b>Total Comprehensive Income</b> | <b>3,282</b>  | <b>2,097</b>  | <b>2,780</b>  | <b>2,432</b>  |
| Avg. Shares O/s (m)               | 272           | 272           | 272           | 272           |
| <b>EPS (Rs)</b>                   | <b>10.7</b>   | <b>8.1</b>    | <b>10.2</b>   | <b>8.9</b>    |

Source: Company Data, PL Research

## Price Chart

## Recommendation History



| No. | Date      | Rating     | TP (Rs.) | Share Price (Rs.) |
|-----|-----------|------------|----------|-------------------|
| 1   | 06-Jan-23 | Hold       | 1,639    | 1,517             |
| 2   | 14-Dec-22 | Hold       | 1,639    | 1,639             |
| 3   | 20-Oct-22 | Accumulate | 1,639    | 1,605             |
| 4   | 04-Oct-22 | Accumulate | 1,702    | 1,579             |
| 5   | 27-Jul-22 | Accumulate | 1,701    | 1,564             |
| 6   | 07-Jul-22 | Accumulate | 1,708    | 1,570             |
| 7   | 26-May-22 | Accumulate | 1,708    | 1,609             |
| 8   | 08-Apr-22 | Accumulate | 1,664    | 1,565             |
| 9   | 27-Jan-22 | Accumulate | 1,733    | 1,394             |

## Analyst Coverage Universe

| Sr. No. | Company Name           | Rating     | TP (Rs) | Share Price (Rs) |
|---------|------------------------|------------|---------|------------------|
| 1       | Asian Paints           | Accumulate | 3,150   | 2,866            |
| 2       | Avenue Supermarts      | BUY        | 4,675   | 3,864            |
| 3       | Britannia Industries   | Hold       | 4,297   | 4,359            |
| 4       | Colgate Palmolive      | Hold       | 1,639   | 1,517            |
| 5       | Dabur India            | Accumulate | 609     | 553              |
| 6       | Emami                  | Accumulate | 521     | 420              |
| 7       | Hindustan Unilever     | Accumulate | 2,800   | 2,650            |
| 8       | ITC                    | Accumulate | 365     | 335              |
| 9       | Jubilant FoodWorks     | BUY        | 610     | 504              |
| 10      | Kansai Nerolac Paints  | Accumulate | 563     | 419              |
| 11      | Marico                 | Hold       | 531     | 513              |
| 12      | Mold-tek Packaging     | Hold       | 940     | 983              |
| 13      | Nestle India           | Accumulate | 20,201  | 19,890           |
| 14      | Pidilite Industries    | Hold       | 2,679   | 2,522            |
| 15      | Restaurant Brands Asia | Accumulate | 156     | 111              |
| 16      | Titan Company          | Accumulate | 2,875   | 2,538            |
| 17      | Westlife Foodworld     | BUY        | 854     | 769              |

## PL's Recommendation Nomenclature (Absolute Performance)

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



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

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