

## Robust volume growth across categories...

**About the stock:** Dabur is one of the bigger FMCG companies with a presence in Ayurveda based products across categories. The company has a dominant market share in health supplement, OTC & ethical products, hair oils & juices. Moreover, it is continuously gaining market share in the oral care category.

- The company has a total distribution reach of 6.9 million retail outlets with direct reach of 1.3 million outlets. It is expected to increase direct distribution to 1.5 million outlets in the next two years
- Dabur also derives ~50% of its sales through rural regions with a presence in 60,000 villages, which would increase to 80,000 villages in next two years

**Q1FY22 Results:** Dabur reported splendid volume growth in Q1FY22 results.

- Sales were up 31.9% YoY with strong growth across segments
- EBITDA was at ₹ 552 crore, up 32.5% YoY, with margins at 21.1%
- Consequent PAT was at ₹ 437.7 crore (up 28.2% YoY)

**What should investors do?** Dabur's share price has given 107% return in the last five years (from ₹ 296 in August 2016 to ₹ 614 in August 2021).

- We roll over FY24 numbers on expectations of continued growth momentum with health, Ayurveda & natural consumption tailwinds
- We continue to maintain our BUY rating on the stock

**Target Price and Valuation:** We value the stock at ₹ 740 on ascribing 55x FY24 earnings multiple.

### Key triggers for future price performance:

- Significant shift in consumption towards healthier, natural & Ayurveda based products would be driving growth for the company
- Aggressively foraying in many big categories (edible oil, carbonated drink, household insecticides, fruit drinks)
- Increasing the distribution of many urban products in hinterlands with lower price points (fruit drinks, juices) & different variants ('Honey Tasties')

**Alternate Stock Idea:** We also like HUL in our FMCG coverage.

- With synergistic benefits of acquired nutrition business, strong premiumisation trend & strong distribution, HUL would continue to grow the revenues at a sustainable pace
- Value the business 55x FY24 earnings. BUY with a TP of ₹ 2,750



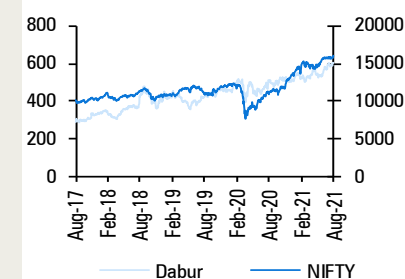
### Particulars

Particular (₹ crore)	Amount
Market Capitalization	108,544.1
Total Debt (FY21)	726.3
Cash and Investments (FY21)	5,477.4
EV	103,793.0
52 week H/L (₹)	609 / 472
Equity capital	176.6
Face value (₹)	1.0

### Shareholding pattern

(in %)	Sep-20	Dec-20	Mar-21	Jun-21
Promoter	67.9	67.9	67.4	67.4
FII	18.1	18.5	19.8	20.6
DII	6.9	5.9	5.3	4.7
Others	7.1	7.7	7.5	7.3

### Price Chart



### Recent event & key risks

- Foraying into edible oil, HI & carbonated drinks
- Key Risk:** (i) Failure in multiples new initiatives could shake distributor's confidence, (ii) Slowdown in economic activity can impact rural consumption

### Research Analyst

Sanjay Manyal  
sanjay.manyal@icicisecurities.com

### Key Financial Summary

Key Financials	FY20	FY21	5 Year CAGR		FY23E	FY24E	CAGR (FY21-24E)
			(FY16-21)	FY22E			
Net Sales	8703.6	9561.7	4.0	10858.8	11951.6	13291.6	11.6
EBITDA	1792.4	2002.7	5.7	2258.6	2565.1	2893.1	13.0
EBITDA Margin %	20.6	20.9		20.8	21.5	21.8	
Net Profit	1447.9	1694.9	6.3	1867.5	2116.4	2363.6	11.7
EPS (₹)	8.2	9.6	6.2	10.6	12.0	13.4	11.7
P/E	75.0	64.0		58.1	51.3	45.9	
RoNW %	21.9	22.1		22.3	23.1	23.1	
RoCE (%)	26.1	24.5		25.8	27.1	27.7	

## Key takeaways of recent quarter

### Q1FY22 Results: Robust volume growth; maintains high margins

- Dabur reported a strong set of numbers with revenue growth of 31.9% to ₹ 2611.5 crore on the back of strong sales recovery from weak quarter. On a two year CAGR basis, the growth is 7.2%. It is one of the few companies, which has consistently grown above pre-Covid levels. Domestic sales grew 33% while international business witnessed growth of 28.5%. India business volume growth was 34.4%
- Health supplements (Chyawanprash, Honey) continued momentum with 24.5% sales growth. OTC, ethical grew more than 50% led by strong growth in Honitus, Lal Tail, Shilajit. Hair oil & shampoos witnessing 38.4% & 41.3% sales growth, respectively, on a low base quarter. Oral care category saw 21.1% growth whereas home care category sales grew 30.6%. Skin & salon segment (includes sanitisers) saw 5.4% revenue decline due to dismal sales of sanitisers. Excluding sanitisers, growth was 66%
- Beverage category witnessed growth of 85% on an extremely weak base. However, sales are still at sub-optimal levels given HORECA segment is still not functioning normally. The growth is also aided by foraying into fruit drinks category. Homemade brand witnessed growth of 17.8%. International business grew 34.2% on a constant currency level. MENA, Egypt, SSA (Africa) regions saw 49.8%, 44.4% & 35.6% growth, respectively, during the quarter. Namaste brand witnessed growth of 40.3%
- Despite a steep increase in commodity prices, gross margins only contracted by 131 bps. However, with the 142 bps saving in employee spends & 14 bps saving in A&P spends, the company was able to protect the operating margins at 21.1% Operating profit grew 32.5% to ₹ 552 crore. Net profit grew 28.2% to ₹ 437.7 crore
- Dabur has launched new products in coconut hair oil segment with 'Dabur Gold Coconut Oil' in South India & 'Dabur Anmol Gold' in East India. With the existing brand 'Dabur Anmol', the company command 6% market share in coconut hair oil category (200 bps jump in the quarter)
- The company continues to witness market share gain in Chyawanprash (70 bps) & Honey (330 bps). Honey has gained market share across channels. i.e. E-commerce growth is 54% while modern trade growth is 30%
- With the launch of smaller SKUs in 'Real Drinks', the product can be distributed across 1.3 million outlets against 1 lakh urban outlets earlier
- 'Real Drinks' is available at price points of ₹ 10, ₹ 20, ₹ 60 & ₹ 100. In beverage category, accessible price point of ₹ 10 is available. Fruit drinks is available in 600 ml PET bottle and the company is looking at ₹ 8000 crore fruit drinks category rather than merely nectar & juices category. The company has also forayed into carbonated drinks category with three variants under real brand (Jeera Masala Cola, Nimbu FIZZIN, Apple FIZZIN)
- In foods category, 'Homemade' brand, the company launched new variants in chutney's & pickle. The company is looking to clock ₹ 100 crore sales in the current year and ₹ 500 crore in the next four to five years
- It also launched 'Dabur Cold Pressed Sesame Oil' in the edible oil category. New product sales in foods contributes 8-10% of sales whereas on a company levels, new products contribute 5-6% of sales
- In the toothpaste category, Dabur gained market share by 100 bps. It commands 16.6% market share with close third company in toothpaste. The management expect to be No. 2 in the toothpaste category by the end of the year. Herbal sub-segment of toothpaste category is growing at a faster pace. The company is growing at 1.5x of the sub-category

- In home care segment, the company has ‘Sanifresh’ brand in toilet cleaner category. It commands 60% market share in the air freshener category with ‘Odonil’ brand. It is also foraying in household insecticide category with focus on aerosols
- The company is exiting the sanitisers product range (launched in April-May 2020). This category has become commoditised with multiple brands and low profit margins
- The raw material inflation is unprecedented with the company’s material cost seeing a 10% increase. It has taken 3% MRP increase, saved some cost through cost cutting measures & rationalised trade promotions. The company would not take rash price hikes given overall demand is still at sub-optimum levels
- E-commerce channel sales has grown at 100% with 8% contribution to the sales. The cost of launching new products in e-commerce channel is low & connect with millennials & Gen-Z is easier. The company is also looking at direct to consumer model
- The company is looking to increase the sales in south India given the region is growing faster and Dabur’s presence is less than many FMCG companies
- Dabur is investing in digitisation, automation & capacity enhancement. It is undertaking capacity expansion with new plant in Indore, MP with the investment of ₹500 crore in next five years

**Exhibit 1: Peer Comparison**

Sector / Company	CMP	TP	M Cap	Sales growth (%)			EBITDA Margins (%)			P/E(x)			RoE (%)			RoCE (%)		
	(₹)	(₹) Rating		(₹ Cr)	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E
Marico (MARLIM)	544	630 Buy	70503	10.0	15.7	7.4	19.8	19.3	20.6	58.8	52.7	47.4	36.3	38.4	40.4	39.6	42.8	46.6
Hindustan Unilever (HINLEV)	2387	2750 Buy	558687	18.4	16.0	7.8	25.0	25.6	26.2	70.2	58.7	52.8	17.1	20.0	21.6	18.9	25.6	27.7
Varun Beverage (VARBEV)	789	950 Buy	34166	-9.5	22.7	14.0	18.6	19.8	20.4	94.4	55.4	40.9	10.3	15.5	17.9	10.9	17.5	22.9
Dabur India (DABIND)	614	740 Buy	108544	9.9	31.9	0.0	20.9	20.8	21.5	64.0	58.1	51.3	22.1	22.3	23.1	24.5	25.8	27.1

Source: Company, ICICI Direct Research

Dabur is one of the few FMCG companies, which is continuing the growth momentum across categories. The new products launched in the last one year has been much more relevant in healthcare, immunity & ayurveda products. We believe the company would be able to continue to leverage the tailwinds of healthier consumption habits and prevalence of ayurveda based products. Dabur has also been able to manage commodity costs better than peers, which reflects in the current quarter’s gross margins. The company aims to increase its advertisement spends to 9% of sales to support new launches and existing products. Moreover, higher proportion of rural sales is also benefiting the company from reverse migration (earlier) and more resilient rural consumption. We remain positive on growth prospects. We maintain our BUY recommendation on the stock with a target price of ₹ 740/share.

Exhibit 2: Variance Analysis

	Q1FY22	Q1FY22E	Q1FY21	YoY (%)	Q4FY21	QoQ (%)	Comments
Net Sales	2,611.5	2,491.2	1,980.0	31.9	2,336.8	11.8	Net sales witnessed a strong growth on the back of recovery in Home & Personal care and Foods segment. Further, Health Supplement continue to maintain growth momentum during the quarter
Raw Material Expenses	1,355.4	1,302.1	1,001.6	35.3	1,197.8	13.2	Gross margins contracted by 131 bps mainly on account to high inflation in commodity prices
Employee Expenses	258.2	274.0	223.8	15.4	268.4	-3.8	
SG&A Expenses	188.4	216.4	145.6	29.3	154.2	22.2	
Other operating Expenses	257.6	10.0	192.4	33.9	274.0	-6.0	
EBITDA	552.0	495.8	416.6	32.5	442.5	24.8	
EBITDA Margin (%)	21.1	19.9	21.0	10 bps	18.9	220 bps	The company was able to maintain its operating margins with savings some savings in employee spends
Depreciation	61.3	60.0	56.7	8.1	66.6	-7.9	
Interest	7.5	17.2	7.8	-4.2	8.6	-13.1	
Other Income	84.8	85.4	71.8	18.2	85.0	-0.2	
Exceptional items	0.0	0.0	0.0	N.A.	0.0	N.A.	
PBT	568.1	504.0	423.8	34.0	452.2	25.6	
Tax Outgo	129.7	90.7	82.5	57.2	74.4	74.4	
PAT	437.7	413.3	341.3	28.2	377.9	15.8	With high tax provisioning, Net profit grew by 28.2%
<b>Key Metrics YoY growth (%)</b>							
Domestic Volume Growth	34.4		-9.7		25.4		Domestic Volume growth not only recovered from low base but witness strong growth momentum across categories
Standalone sales growth	33.0		-8.4		30.3		
Subsidiary's sales growth	28.5		-24.2		13.0		International sales witnessed strong recovery from low base quarter

Source: Company, ICICI Direct Research

Exhibit 3: Change in estimates

₹ Crore	FY22E			FY23E			FY24E	Comments
	Old	New	% change	Old	New	% change	New	
Sales	10,831.2	10,858.8	0.3	11,921.7	11,951.6	0.3	13,291.6	No Major changes in our revenue estimates
EBITDA	2340.6	2258.6	-3.5	2,597.4	2565.1	-1.2	2893.1	
EBITDA Margin (%)	21.6	20.8	-81 bps	21.8	21.5	-32 bps	21.8	We change our margins estimates given commodity inflation is likely to keep the margins under check
PAT	1934.3	1867.5	-3.5	2,157.5	2,116.4	-1.9	2363.6	
EPS (₹)	10.9	10.6	-3.5	12.2	12.0	-1.9	13.4	

Source: ICICI Direct Research

Exhibit 4: Assumptions

	Current						Earlier		Comments
	FY19	FY20	FY21	FY22E	FY23E	FY24E	FY22E	FY23E	
Std. Sales (₹ crore)	6,273.2	6,309.8	7,184.7	8,245.9	9,077.4	10,101.3	8,218.3	9,047.5	No major change in our estimates
Subs. Sales (₹ crore)	2,259.9	2,393.8	2,376.9	2,612.9	2,874.2	3,190.3	2,612.9	2,874.2	
RM exp. To sales %	50.5	50.1	50.1	50.9	50.2	50.3	50.1	50.2	
Adex to sales %	7.1	8.0	8.2	8.5	8.7	9.0	8.5	9.1	Small change in our ad-spend assumption
Interest Cost (₹ crore)	59.6	49.5	30.8	68.6	68.6	68.6	68.6	68.6	

Source: ICICI Direct Research

## Key Metrics

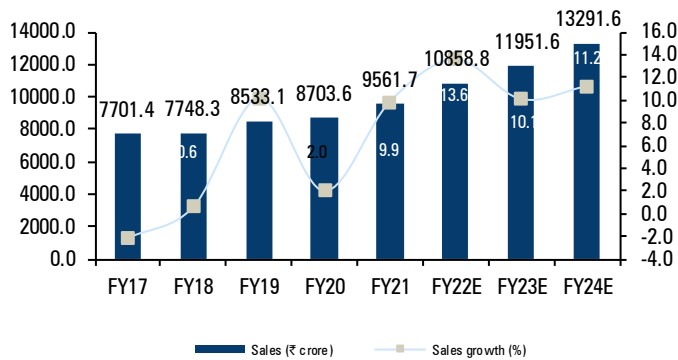
Exhibit 5: Category wise revenue growth in percentage (YoY)

	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22
Hair Care	18.8*	11.1*	24*	3*	12.1*	2.6*	0.4*	-20.2	-22.9	-2.4	13.7	24.6	38.4
Oral Care	17.3	3.9	10.0	8.2	11.4	4.4	8.5	-15.8	1.4	24.2	28.0	42.1	21.1
Health Supp.	27.5	12.3	13.8	10.2	19.6	14.4	12.2	-9.5	52.6	70.8	34.7	17.7	24.5
Digestives	21.6	10.8	22.5	11.9	18.2	10.2	15.9	-9.5	-11.5	2.5	-0.3	20.0	16.2
Skin Care	27.1	11.9	19.3	11.2	12.1	1.0	-0.3	-24.2	-12.5	38.1	9.1	37.9	-5.4
Home Care	17.4	10.9	8.9	16.2	10.9	7.0	2.5	-20.6	-30.5	-10.2	-1.0	24.3	30.6
Foods	N.A.	2.3	11.1	-6.5	1.5	-5.0	-1.7	-18.4	-34.4	-3.8	4.7	36.1	51.7
OTC	13.3	10.0	17.7	16.6	13.1	4.2	5.5	-20.6	34.4	56.1	34.1	34.0	52.3
Ethicals	23.4	6.1	17.4	9.7	15.9	7.2	2.7	-20.6	10.7	26.4	23.2	39.1	50.8

Source: Company, ICICI Direct Research

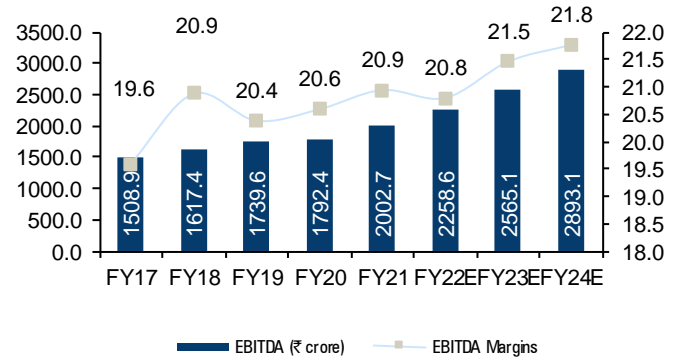
\* Hair care included Shampoo

Exhibit 6: Strong revenue growth momentum to continue



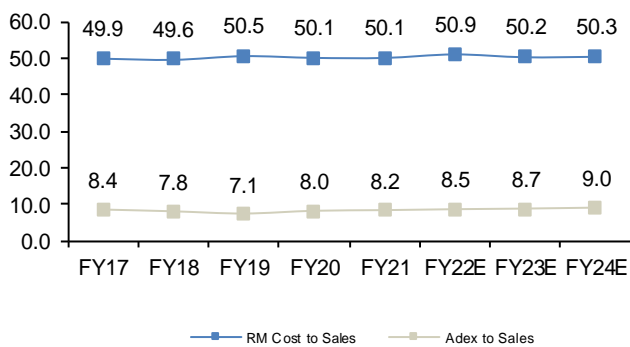
Source: ICICI Direct Research, Company

Exhibit 7: EBITDA margin to remain stable



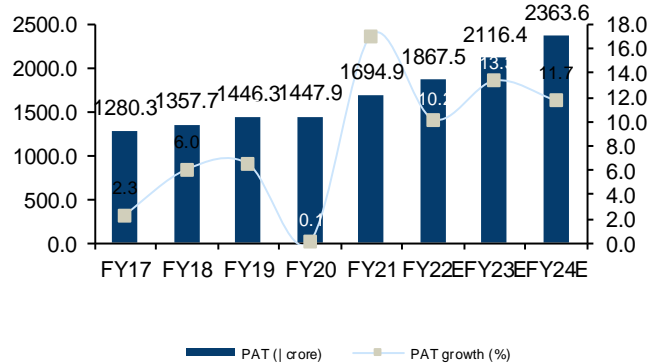
Source: ICICI Direct Research, Company

Exhibit 8: Raw material, adex trend over years



Source: Company, ICICI Direct Research

Exhibit 9: PAT growth trend



Source: Company, ICICI Direct Research

Exhibit 10: Valuation

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY21	9561.7	9.9	9.6	17.1	64.0	53.8	22.1	24.5
FY22E	10858.8	13.6	10.6	10.2	58.1	47.8	22.3	25.8
FY23E	11951.6	10.1	12.0	13.3	51.3	42.1	23.1	27.1
FY24E	13291.6	11.2	13.4	11.7	45.9	37.2	23.1	27.7

Source: Company, ICICI Direct Research

## Financial Summary

Exhibit 11: Profit and loss statement				
	₹ crore			
(Year-end March)	FY21	FY22E	FY23E	FY24E
<b>Net Sales</b>	<b>9,561.7</b>	<b>10,858.8</b>	<b>11,951.6</b>	<b>13,291.6</b>
Growth (%)	9.9	13.6	10.1	11.2
Raw Material Expenses	4,789.0	5,527.1	6,004.2	6,691.2
Employee Expenses	1,033.5	1,107.6	1,219.1	1,355.7
Marketing Expenses	784.4	923.0	1,039.8	1,075.6
Administrative Expenses	0.0	727.5	776.9	890.5
Other expenses	952.2	314.9	346.6	385.5
Total Operating Expenditure	7,559.0	8,600.2	9,386.5	10,398.6
<b>EBITDA</b>	<b>2,002.7</b>	<b>2,258.6</b>	<b>2,565.1</b>	<b>2,893.1</b>
Growth (%)	11.7	12.8	13.6	12.8
Depreciation	240.1	240.2	242.3	246.4
Interest	30.8	68.6	68.6	68.6
Other Income	325.3	341.6	358.6	376.6
PBT	2,057.0	2,291.4	2,612.8	2,954.6
Others	0.0	0.0	0.0	0.0
Total Tax	361.1	423.9	496.4	590.9
<b>PAT</b>	<b>1,694.9</b>	<b>1,867.5</b>	<b>2,116.4</b>	<b>2,363.6</b>
Growth (%)	17.1	10.2	13.3	11.7
Adjusted EPS (₹)	9.6	10.6	12.0	13.4

Source: Company, ICICI Direct Research

Exhibit 12: Cash flow statement				
	₹ crore			
Profit before Tax	2,056.0	2,291.4	2,612.8	2,954.6
Add: Depreciation	240.1	240.2	242.3	246.4
(Inc)/dec in Current Assets	-26.7	-728.1	-638.5	-699.3
Inc/(dec) in CL and Provisions	415.0	4.7	265.2	307.1
Others	-569.8	-355.3	-427.8	-522.3
<b>CF from operating activities</b>	<b>2,114.7</b>	<b>1,452.9</b>	<b>2,053.9</b>	<b>2,286.5</b>
(Inc)/dec in Investments	-1,099.5	-350.0	-350.0	-350.0
(Inc)/dec in Fixed Assets	-306.3	-270.0	-270.0	-270.0
Others	0.0	0.0	0.0	0.0
<b>CF from investing activities</b>	<b>-1,405.8</b>	<b>-620.0</b>	<b>-620.0</b>	<b>-620.0</b>
Issue/(Buy back) of Equity	36.9	0.0	0.0	0.0
Inc/(dec) in loan funds	-631.0	-150.0	-100.0	-100.0
Dividend paid & dividend tax	0.0	-1,148.6	-1,325.3	-1,325.3
Others	0.0	-68.6	-68.6	-68.6
<b>CF from financing activities</b>	<b>-613.4</b>	<b>-1,367.2</b>	<b>-1,494.0</b>	<b>-1,494.0</b>
Net Cash flow	95.5	-534.4	-60.1	172.5
Opening Cash	91.8	241.2	-293.1	-353.2
Miscellaneous adjustments	1,141.8	1,087.8	1,087.8	1,087.8
<b>Closing Cash</b>	<b>1,329.0</b>	<b>794.7</b>	<b>734.6</b>	<b>907.1</b>

Source: Company, ICICI Direct Research

Exhibit 13: Balance Sheet				
	₹ crore			
(Year-end March)	FY21	FY22E	FY23E	FY24E
<b>Liabilities</b>				
Equity Capital	176.7	176.7	176.7	176.7
Reserve and Surplus	7,486.8	8,205.6	8,996.7	10,035.0
Total Shareholders funds	7,663.5	8,382.4	9,173.4	10,211.7
Long Term Loans	483.3	383.3	333.3	283.3
Long Term Provisions	15.3	15.3	15.3	15.3
Minority Interest / Others	100.0	100.0	100.0	100.0
<b>Total Liabilities</b>	<b>8,262.0</b>	<b>8,880.9</b>	<b>9,621.9</b>	<b>10,610.3</b>
<b>Assets</b>				
Gross Block	3,926.9	4,176.9	4,426.9	4,676.9
Less: Acc Depreciation	1,684.0	1,924.1	2,166.4	2,412.8
Net Block	2,242.9	2,252.7	2,260.5	2,264.1
Capital WIP	158.6	178.6	198.6	218.6
Non- Current Investments	3,402.4	3,702.4	4,002.4	4,302.4
LT loans & advances	22.5	72.5	122.5	172.5
Other Non-current Assets	244.9	294.9	344.9	394.9
<b>Current Assets</b>				
Inventory	1,734.3	1,628.8	1,792.7	1,993.7
Debtors	561.6	1,025.6	1,128.8	1,255.3
Cash & Bank	1329.0	794.7	734.6	907.1
ST Loans & Advances	14.5	14.0	15.5	17.2
Other Current Assets	1,136.6	1,506.6	1,876.6	2,246.6
<b>Current Liabilities</b>				
Creditors	1,915.3	1,840.0	2,025.1	2,252.2
ST Borrowings	243.0	263.0	283.0	303.0
Other CL	426.8	486.8	546.8	606.8
Net Current Assets	2,190.9	2,379.9	2,693.2	3,258.0
Miscellaneous Expenditure	0.0	0.0	0.0	0.0
<b>Total Assets</b>	<b>8,262.1</b>	<b>8,880.9</b>	<b>9,622.0</b>	<b>10,610.3</b>

Source: Company, ICICI Direct Research

Exhibit 14: Key ratios				
(Year-end March)	FY21	FY22E	FY23E	FY24E
<b>Per share data (₹)</b>				
Adjusted EPS	9.6	10.6	12.0	13.4
Cash EPS	11.0	11.9	13.3	14.8
BV	43.4	47.4	51.9	57.8
DPS	4.8	6.5	7.5	7.5
Cash Per Share	7.5	4.5	4.2	5.1
<b>Operating Ratios (%)</b>				
PBITDA Margin	20.9	20.8	21.5	21.8
PBT / Total Operating income	18.1	18.0	18.9	19.4
PAT Margin	17.7	17.2	17.7	17.8
Inventory days	54	54	54	54
Debtor days	34	34	34	34
Creditor days	61	61	61	61
<b>Return Ratios (%)</b>				
RoE	22.1	22.3	23.1	23.1
RoCE	24.5	25.8	27.1	27.7
RoIC	26.1	25.9	27.3	28.7
<b>Valuation Ratios (x)</b>				
P/E	64.0	58.1	51.3	45.9
EV / EBITDA	53.8	47.8	42.1	37.2
EV / Net Sales	11.3	9.9	9.0	8.1
Market Cap / Sales	11.4	10.0	9.1	8.2
Price to Book Value	14.2	12.9	11.8	10.6
<b>Solvency Ratios</b>				
Debt/EBITDA	0.4	0.3	0.2	0.2
Debt / Equity	0.1	0.1	0.1	0.1
Current Ratio	1.5	1.8	1.9	1.9
Quick Ratio	0.7	1.1	1.2	1.2

Source: Company, ICICI Direct Research

**Exhibit 15: ICICI Direct coverage universe (FMCG)**

	CMP	TP	M Cap	EPS (₹)			P/E (x)			Price/Sales (x)			RoCE (%)			RoE (%)			
	(₹)	(₹)		Rating	(₹ Cr)	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E
Colgate (COLPAL)	1,674	2,000	Buy	46,485	38.1	39.2	42.6	44.0	42.7	39.3	9.7	9.0	8.3	106.4	110.9	111.9	88.8	85.1	85.8
Dabur India (DABIND)	614	740	Buy	108,544	9.6	10.6	12.0	64.0	58.1	51.3	11.4	10.0	9.1	24.5	25.8	27.1	22.1	22.3	23.1
Hindustan Unilever (HINLEV)	2,387	2,750	Buy	558,687	33.9	40.5	45.0	70.5	58.9	53.0	12.3	10.6	9.9	18.9	25.6	27.7	17.1	20.0	21.6
ITC Limited (ITC)	210	240	Hold	261,086	10.7	12.0	13.5	19.6	17.5	15.6	5.4	5.0	4.6	28.2	31.3	33.6	22.1	24.2	25.9
Jyothy Lab (JYOLAB)	175	180	Hold	6,389	5.2	5.7	6.5	33.9	30.7	27.1	3.4	3.1	2.8	26.0	27.1	31.1	20.4	22.7	26.2
Marico (MARLIM)	544	630	Buy	70,503	9.3	10.4	11.5	58.5	52.5	47.2	8.8	7.6	7.0	39.6	42.8	46.6	36.3	38.4	40.4
Nestle (NESIND)	18,284	20,450	Hold	173,556	216.0	249.9	279.6	84.7	73.2	65.4	13.1	11.8	10.7	50.9	54.9	56.4	86.5	87.8	86.3
Tata Consumer Products (TAT)	768	725	Buy	60,728	10.1	12.4	14.5	76.0	61.8	53.0	5.2	4.6	4.3	8.0	9.1	10.0	6.4	7.6	8.5
VST Industries (VSTIND)	3,375	3,850	Hold	5,384	201.3	214.6	231.1	16.8	15.7	14.6	4.9	4.4	4.1	43.4	45.0	48.2	33.0	33.4	36.0
Varun Beverage (VARBEV)	789	950	Buy	34,166	8.4	14.2	19.3	94.3	55.4	40.9	5.3	4.3	3.8	10.9	17.5	22.9	10.3	15.5	17.9
Zydus Wellness (ZYDWEL)	2,241	2,800	Buy	13,537	18.7	57.8	68.3	120.1	38.7	32.8	7.3	6.4	5.8	6.2	7.5	8.7	5.5	7.7	9.0

Source: Bloomberg, ICICI Direct Research

## RATING RATIONALE

ICICI Direct endeavors to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



**Pankaj Pandey**

**Head – Research**

**pankaj.pandey@icicisecurities.com**

**ICICI Direct Research Desk,  
ICICI Securities Limited,  
1st Floor, Akruiti Trade Centre,  
Road No 7, MIDC,  
Andheri (East)  
Mumbai – 400 093  
research@icicidirect.com**



## ANALYST CERTIFICATION

I/We, Sanjay Manyal (MBA Finance) 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. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

## Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on [www.icicibank.com](http://www.icicibank.com).

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit [icicidirect.com](http://icicidirect.com) to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavor to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

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

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

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

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as an entity are engaged in various financial service businesses, they might have financial interests or beneficial ownership in various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.