

## ***TECHNO FUNDA CALL – GODREJ INDUSTRIES LIMITED (GIL)***

Buy Around: 345-346 SL: 330 Target: 380 Upside: 10% Horizon: 1 Month

- **The company has reported good third quarter earning with commendable growth in majority of the businesses. Major contributors to the growth have been the real estate, consumer and chemicals businesses. Its consumer Products business sustained its strong competitiveness in whole year and management expects that it would grow further with the continuing focus on innovations, competitive marketing investments and strong on- ground execution.**

### **Business Profile**

Godrej Industries is a conglomerate with a significant presence in Home and Personal Care, Animal Feeds, Dairy and Agri-products, Poultry, Oil Palm Plantation, Real Estate Development, Oleo-chemicals and Vegetable Oils, both directly and through subsidiaries/associate companies. It continues to be in the growth trajectory despite weak monsoon and demand environment. Management initiatives towards brand building, acquisitions and focus on cost control and operational efficiency would give positive impact for the tremendous growth

### **Investment Rationale**

- The company has reported consolidated net sales for Dec. 2015 quarter increased by 7% to Rs 2388.79 crore. The profit before tax and exceptional items stood at Rs 194.70 crore, inclined by 44%. The net profit has increased by 53% to Rs 138.97 crore due to overall good performance.
- In a challenging environment for the real estate sector, Godrej Properties has surpassed Rs1200 crore in bookings for the third consecutive quarter of this financial year. The launch of 'The Trees' in Vikhroli has been the most successful launch in the history of Godrej Properties Ltd in terms of value sold in the launch quarter.
- Godrej Consumer Products' delivered a resilient and competitive performance in Q3 FY16, despite challenging operating environment. Operating earnings growth was ahead of sales growth across most of our geographies, aided by lower commodity costs, calibrated price hikes, stringent cost management and the effective leveraging of brand platform. Moreover, chemicals business also had a steady performance in Q3FY 16.
- The company is planning to expand its food service segment and for this it has entered into a joint venture with "Tyson Food" USA. Godrej Tyson, now continues to focus on building brand based business and strengthening its "Real Good Chicken" and "Yummiez brand".

**We recommend a buy in the stock of GODREJ INDUSTRIES for a short-term perspective. The stock is trading at its good support level with good fundamental records and is expected to move up from this level. It made a 52 week low Rs.290.35 and 52 week high of Rs 411.55. Buy around at 345-346 with a closing below stop loss of Rs.330 levels for the target of Rs.380.**

Note: Follow Strict Stop Loss.

### Value Parameters



Current Mkt.Price (Rs.)	339.65
Face Value (Rs.)	1.00
52 Week High/Low	411.55/290.35
M.Cap (Rs. in Cr.)	11411.86
EPS (Rs.)	9.23
P/E Ratio (times)	36.81
P/B Ratio (times)	3.54
Dividend Yield (%)	0.52
Stock Exchange	BSE

#### Stock Date

BSE Code	500164
NSE Symbol	GODREJIND
Reuters	GODI.BO
Bloomberg	GDSPIN

	% of Holding
Description as on	(AS ON 31 Mar 2016)
Foreign	14.24
Institutions	3.19
Non Promoter Corp. Hold.	2.48
Govt. Promoters	74.81
Public & Others	5.29