

The FMCG sector is seeing sturdy growth in the premium segment, led by the booming quick commerce (QC) channel and rural distribution expansion – these offer some respite from 2 major headwinds: 1) West Asia conflict that has caused sharp rise in crude-linked RM prices, especially packaging-related; 2) expectations of El Niño with below-normal monsoons (to hit rural demand). Post recent correction, valuations have turned attractive, with most stocks trading below their 5Y average. We assume coverage on 12 sector stocks. Our top picks: GCPL, Marico, Britannia; we also like Honasa, Bikaji, Gopal Snacks.

Two major headwinds plaguing the FY27 outlook

The FY27 outlook for the FMCG sector is impacted by the ongoing West Asia conflict, which has caused sharp inflation in input costs, especially crude-linked derivatives that account for 10-30% of total input cost. The conflict is leading to higher inflation overall, likely to hit consumer demand. Another key headwind is the expectation of a strong El Niño leading to a below-normal monsoon this year; an occurrence of this is likely to significantly impact rural demand, which accounts for ~40% of FMCG sector sales.

A few trends offer hope amid the gloom

Premium products continue to grow faster vs mass products and are likely to support margins amid inflationary pressure. Digital channels (especially Quick Commerce) have emerged as a key growth driver for various categories, with the added benefit of a higher premium quotient. Amid inflationary pressure, prices of some raw materials (coffee, wheat, tea, etc) are on a downtrend and hence offer some relief. We believe there is enough headroom for distribution expansion, especially in the rural segment.

Valuation attractive post recent correction; we prefer bottom-up stock picking

Prices of most stocks in our FMCG universe declined 5-34% YTD-CY26; the exceptions are Marico, Nestlé, and Honasa, which were up 13-40% mainly due to superior growth. While valuations have turned attractive post-correction, we prefer a bottom-up approach, given that numerous company-specific issues are at play (eg cigarette tax hike for ITC, unseasonal rains impacting the summer portfolio for Dabur and Emami).

We assume coverage on 12 FMCG sector stocks

Our top picks are GCPL and Marico for their superior earnings growth expectations. We also favor BRIT (relatively better-placed, in terms of input cost inflation) and Honasa (a turnaround story). We like HUL and ITC for their long-term story, albeit assume coverage on them with ADD due to near-term challenges. We assume coverage on Dabur and Emami, also with an ADD, on account of valuation comfort, though portfolio issues persist. We assume coverage on Nestlé (expensive valuation) and Colgate (weak outlook) with REDUCE. Further, we assume coverage on Bikaji Foods and Gopal Snacks with BUY, on the back of expectations of strong growth (expansion-led) and higher scope for margin improvement on account of operating leverage.

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Rating, Target Price and Valuation

	Rating	CMP (Rs)	TP (Rs)	Upside (%)	P/E (x)		EV/EBITDA (x)		RoE (%)	
					FY27	FY28	FY27	FY28	FY27	FY28
Britannia Industries	BUY	5,123	6,200	21	43.5	39.9	30.5	27.3	51.5	49.1
Colgate-Palmolive	REDUCE	2,023	2,050	1	38.6	35.5	26.8	24.8	89.0	92.4
Dabur India	ADD	427	470	10	38.0	32.6	26.1	22.6	17.1	19.0
Emami	ADD	393	440	12	21.0	18.3	16.4	14.4	22.5	20.6
Godrej Consumer Products	BUY	1,013	1,250	23	44.2	38.0	29.6	25.8	18.6	21.7
Hindustan Unilever	ADD	2,135	2,350	10	44.6	39.6	30.6	27.4	23.2	26.3
Honasa Consumer	BUY	409	500	22	53.3	42.8	40.0	31.6	17.0	19.4
ITC	ADD	280	310	11	17.1	15.3	12.3	10.9	29.2	31.6
Marico	BUY	814	950	17	51.4	44.1	38.6	32.1	47.2	50.7
Nestle India	REDUCE	1,410	1,350	(4)	72.5	62.0	91.8	80.5	64.3	62.5

Source: Company, Emkay Research

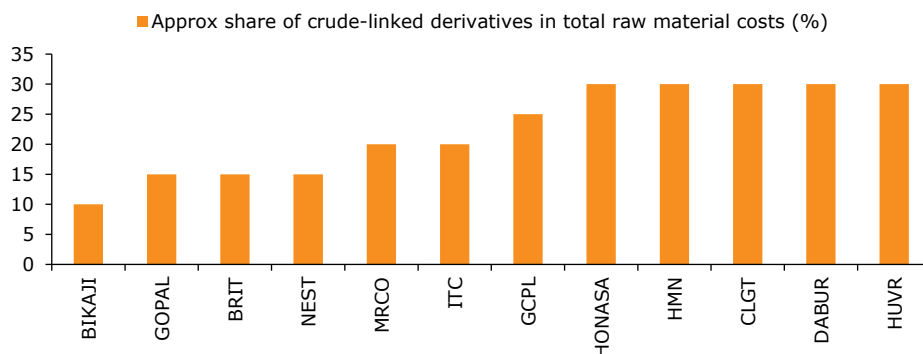
Table of Contents

Contents	Page No.
Focus charts	3
Two major headwinds plaguing the FY27 outlook	6
How FMCG companies fared during the inflationary FY22-23 period	13
A few trends offer hope amid the gloom.....	16
Foods vs HPC	22
We expect sales growth to improve in FY27	24
Underperformance offers a good entry point.....	25
Company Section	
Godrej Consumer Products	27
Marico	32
Britannia Industries.....	37
Honasa Consumer	42
Hindustan Unilever	47
ITC	52
Dabur India.....	57
Emami.....	62
Nestlé India.....	66
Colgate-Palmolive	71
Bikaji Foods International.....	76
Gopal Snacks	81

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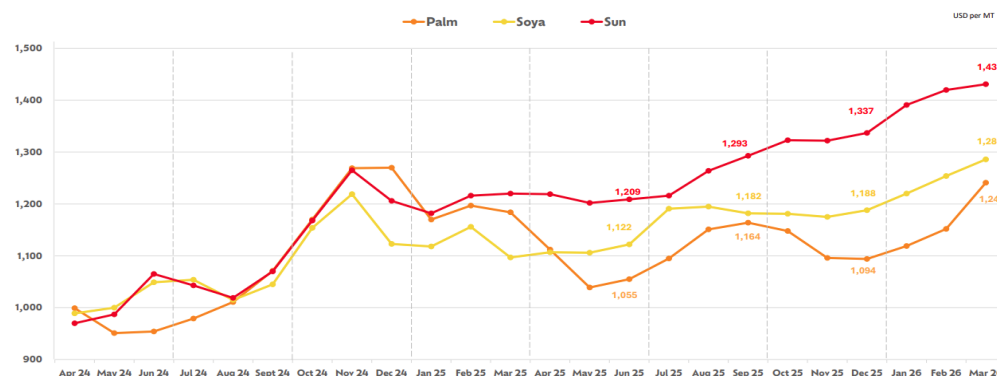
Focus charts

Exhibit 1: Crude-linked derivatives account for 10-30% of total RM costs for FMCG companies, and have seen sharp inflation after the West Asia conflict



Source: Emkay Research

Exhibit 2: Edible oil prices have stayed inflationary



Source: AWL Agri Business presentation, Emkay Research

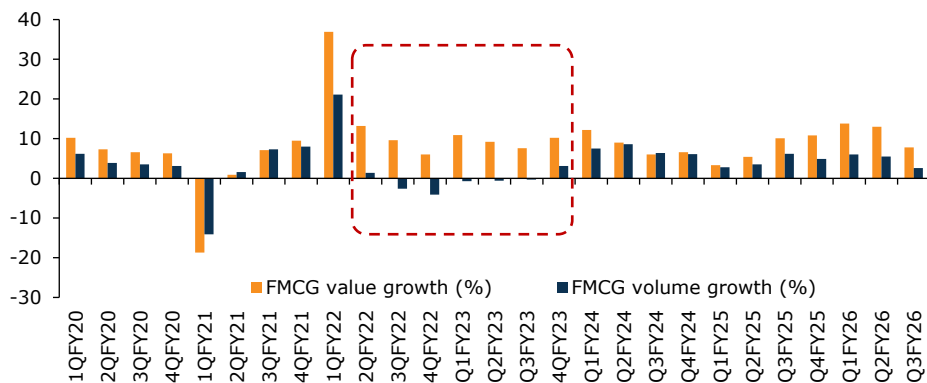
Exhibit 3: Historical comparison – El Niño vs monsoon levels

Year	El Niño strength	Monsoon level (% of LPA)	Impact on agriculture/FMCG
1997	Very Strong	102% (Normal)	Neutral (offset by positive Indian Ocean Dipole)
2002	Moderate	81% (Deficient)	Severe drought; FMCG growth stalled
2009	Moderate	78% (Deficient)	Worst drought in 30 years; high food inflation
2014	Weak	88% (Deficient)	Back-to-back weak monsoons hit rural recovery
2015	Very Strong	86% (Deficient)	Significant rural distress; volume growth <2%
2023	Strong	94% (Below Normal)	High food prices; uneven rainfall distribution
2026	Super El Niño	92% (Below Normal)	Projected pressure on H2 rural volumes

Source: Media reports, Emkay Research

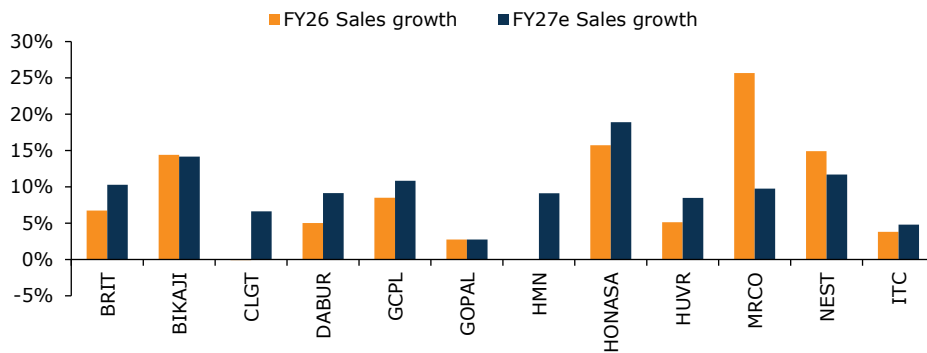
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Exhibit 4: During the inflationary FY22-23 period, sales growth for FMCG companies was driven by pricing, while volume growth was muted-to-negative



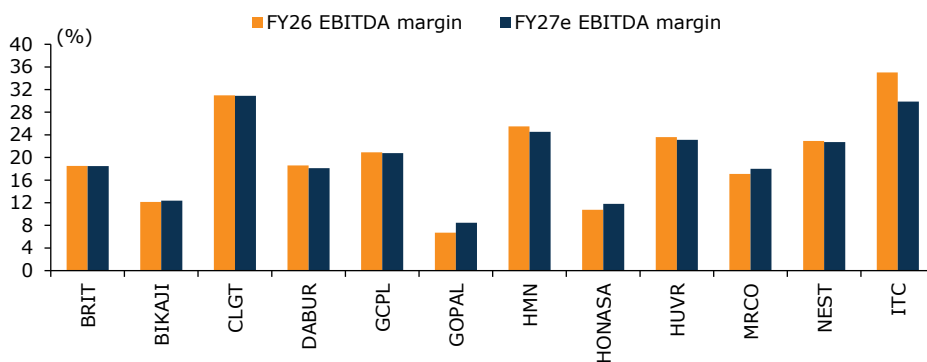
Source: Nielsen, Emkay Research

Exhibit 5: Sales growth to improve in FY27 for most companies, except Marico and Nestlé



Source: Company, Emkay Research

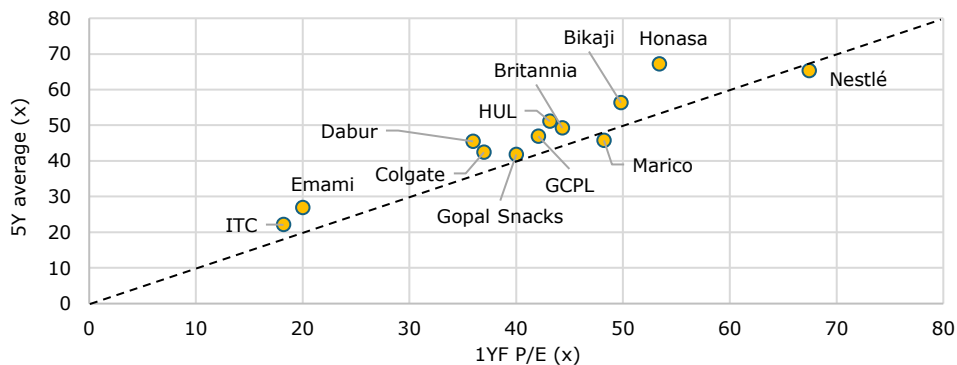
Exhibit 6: We expect EBITDA margin to be largely flattish in FY27, as gross margin pressure is likely to be offset by price hikes and cost controls



Source: Company, Emkay Research

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Exhibit 7: Most FMCG players (except Marico and Nestlé) under our coverage are trading below their past 5Y average



Source: Bloomberg, Emkay Research

Exhibit 8: Valuations of our FMCG universe

FMCG	Mcap (USD bn)	CMP (Rs)	TP (Rs)	Upside	Rating	P/E (x)		EV/EBITDA (x)		EV/Sales (x)		ROE (%)		Dividend yield (%)
						FY27E	FY28E	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E	
ITC	37	280	310	11%	ADD	18	16	13	14	4	4	27	28	5.2
Hindustan Unilever	53	2,135	2,350	10%	ADD	45	40	33	31	7	7	23	25	1.9
Nestle India	29	1,410	1,350	-4%	REDUCE	69	60	54	44	10	9	70	71	0.9
Britannia Industries	13	5,123	6,200	21%	BUY	45	39	33	31	6	5	51	52	1.8
Godrej Consumer	11	1,013	1,250	23%	BUY	43	37	33	30	6	6	18	20	2.0
Dabur	8	427	470	10%	ADD	36	32	29	27	5	5	18	19	1.9
Marico	11	813	950	17%	BUY	50	43	44	37	7	6	45	46	0.5
Colgate-Palmolive	6	2,023	2,050	1%	REDUCE	38	35	29	27	8	8	88	93	2.4
Emami	1.8	393	440	12%	ADD	20	18	16	15	4	4	26	26	2.6
Bikaji	1.7	656	800	22%	BUY	52	45	39	33	5	4	18	18	0.2
Honasa Consumer	1.4	409	500	22%	BUY	55	45	60	43	5	4	16	17	0.1
Gopal Snacks	0.4	283	425	50%	BUY	43	29	35	23	2	2	16	21	0.2

Source: Bloomberg, Emkay Research

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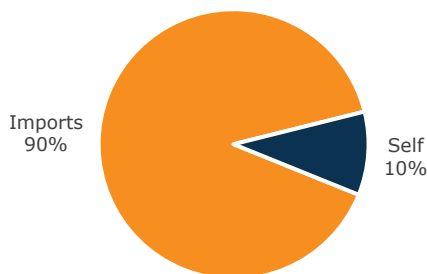
Two major headwinds plaguing the FY27 outlook

The FY27 outlook for the FMCG industry is increasingly turning grim, due to the West Asia conflict causing significant inflation in crude-linked raw material prices for FMCG players; higher freight costs have added to this. Expectations of El Niño and a below-normal monsoon dampen the outlook for rural demand, which accounts for ~40% of FMCG sales.

West Asia conflict causes severe disruptions

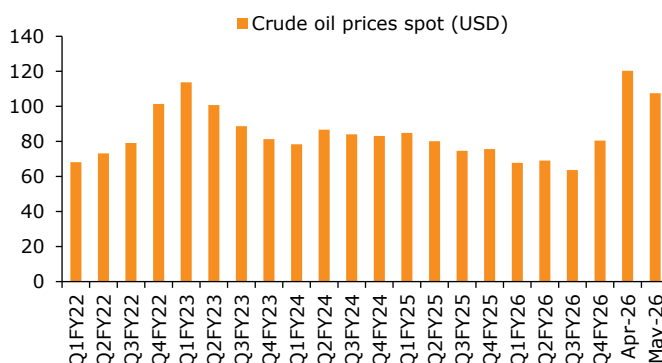
The West Asia conflict has led to over 50% rise in crude oil prices from Feb-26 levels. Consequently, price of other crude-linked derivatives, such as LAB, HDPE, and LLP, have risen sharply. Crude-linked derivatives account for ~10-30% of total RM costs for most FMCG companies. Hence, an increase in their prices will hurt company margins. Moreover, elevated oil prices impact GDP growth which is negative for consumption demand.

Exhibit 9: India imports 90% of its crude oil requirements, with 30% transported via the Strait of Hormuz



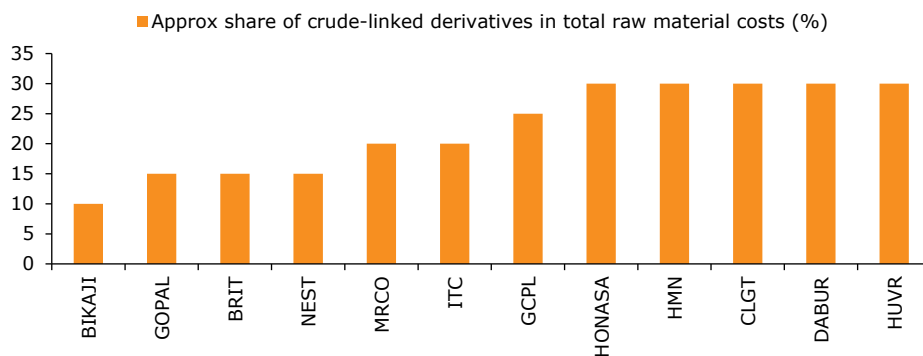
Source: Bloomberg, Emkay Research

Exhibit 10: Brent crude oil prices have seen a spike owing to the West Asia conflict



Source: Bloomberg, Emkay Research

Exhibit 11: Crude-linked derivatives account for 10-30% of total RM costs for our FMCG coverage



Source: Emkay Research

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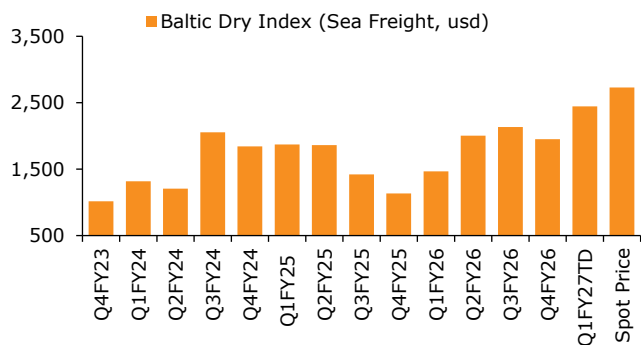
Exhibit 12: Ceteris paribus, a 20% increase in crude oil prices can lead to 1-3% impact on the EPS of our FMCG universe, in our view; this is manageable via price hikes and cost efficiencies

Company	Approx share of crude-linked derivatives in total raw material costs	Gross margin - FY26	Potential impact on EPS if crude oil price inflation is:	
			20%	50%
HUL	25-30%	51%	3%	7%
BRIT	15-20%	42%	2%	4%
BIKAJI	10-15%	34%	1%	3%
CLGT	25-30%	70%	2%	5%
HMN	25-30%	70%	2%	5%
HONASA	30-35%	70%	2%	5%
GOPAL	10-15%	27%	2%	6%
GCPL	20-25%	52%	2%	6%
ITC	15-20%	55%	2%	5%
MRCO	20-25%	45%	2%	6%
NEST	15-20%	56%	1%	3%

Source: Emkay Research

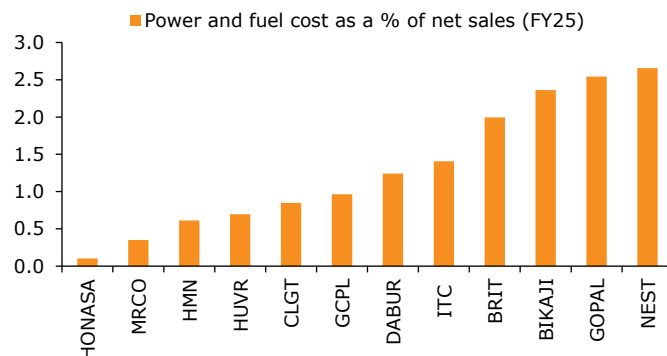
Higher crude oil prices have also led to a sharp increase in freight costs as well as insurance premiums which would raise the cost of imports. Moreover, non-availability of vessels due to disruption in the Strait of Hormuz (SoH) poses a challenge for sector players.

Exhibit 13: The sea freight index is reflective of the West Asia conflict



Source: Company, Emkay Research

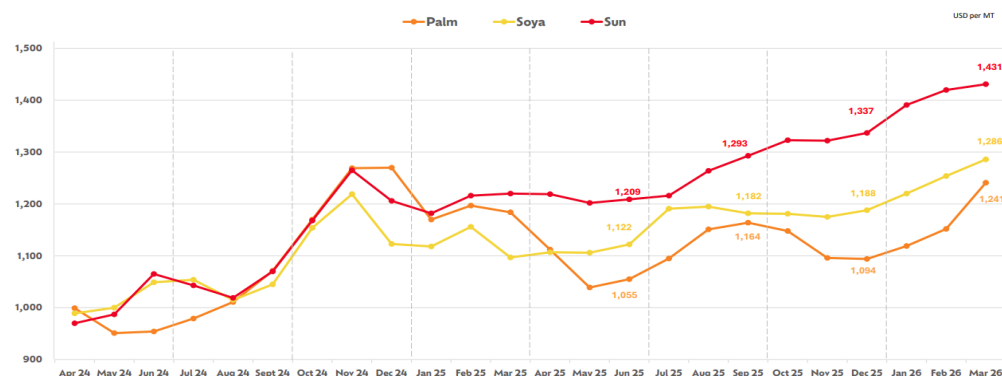
Exhibit 14: FMCG companies spend ~2-3% of their sales on power and fuel costs



Source: Company, Emkay Research

Edible oil prices are also on an uptrend due to the factors mentioned above (disrupted supply chain, higher freight costs, and a depreciating rupee). Moreover, on account of the higher crude oil prices in the wake of the West Asia conflict, Indonesia has prioritized the shift to its B50 biodiesel mandate (moving from 40% to 50% palm-oil-based fuel blend), and its phased implementation is set to start from 1-Jul-26. This has led to supply constraints pushing up palm oil prices as Indonesia is the world's largest palm oil producer.

Exhibit 15: Edible oil prices have stayed inflationary



Source: AWL Agri Business presentation, Emkay Research

HDPE (crude derivative used in packaging) has seen the highest inflation, of >50% in Mar/Apr-26, followed by edible oils that saw 8-31% YoY change in Apr-26. However, prices of some raw materials, namely copra, wheat, maize, sugar, and coffee, have been on a downtrend for the past few months. Going forward, the raw material environment is expected to remain volatile, contingent on the outcome of the West Asia conflict and the monsoon level.

Exhibit 16: YoY price trend for key raw materials

Commodities	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26
Barley	13%	5%	6%	7%	3%	-1%	-4%	-5%	-5%	-4%	-3%	3%
Wheat	8%	4%	4%	3%	-1%	-8%	-11%	-10%	-12%	-15%	-9%	-1%
Sugar	4%	4%	4%	6%	6%	5%	6%	7%	3%	-1%	-2%	-1%
Soybean	-8%	-6%	-1%	8%	8%	-5%	4%	7%	23%	29%	35%	31%
Maize	3%	-1%	-6%	-6%	-9%	-15%	-22%	-22%	-24%	-28%	-13%	-15%
Crude Palm oil - Kandla	33%	22%	27%	30%	8%	-4%	-12%	-13%	-7%	-8%	1%	8%
Soyabean oil	37%	24%	26%	33%	15%	0%	-6%	0%	5%	6%	11%	20%
Sunflower oil	51%	36%	39%	44%	28%	14%	4%	11%	17%	14%	-52%	17%
Liquid Milk	10%	3%	4%	18%	25%	15%	4%	10%	3%	8%	9%	0%
Copra	83%	133%	152%	117%	85%	68%	58%	38%	23%	20%	-4%	-11%
Tea (Tea Board)	-2%	-5%	-6%	-14%	-18%	-14%	-8%	3%	6%	9%	8%	-1%
Coffee - WPI	45%	38%	47%	46%	48%	50%	36%	19%	7%	-14%	-24%	-20%
Chocolate and Cocoa Powder	26%	25%	21%	19%	16%	13%	14%	8%	4%	3%	1%	1%
Linear alkylbenzene (LAB)	5%	11%	10%	10%	10%	14%	14%	13%	11%	7%	8%	8%
HDPE	-8%	-9%	-8%	-3%	0%	-4%	-6%	-5%	-3%	1%	53%	84%
Mentha Oil	0%	2%	0%	6%	10%	9%	10%	12%	18%	10%	15%	19%
Crude oil	-22%	-13%	-17%	-16%	-9%	-15%	-14%	-15%	-16%	-5%	43%	78%
Soda Ash	-4%	-5%	-6%	-5%	-3%	-4%	-7%	-4%	-2%	-3%	1%	0%
PKFAD	81%	49%	61%	71%	62%	46%	32%	-11%	-7%	9%	14%	17%
PFAD	10%	7%	9%	16%	20%	14%	4%	0%	2%	-3%	5%	10%
Caustic Soda	13%	19%	18%	14%	11%	1%	-1%	-5%	5%	6%	13%	0%

Source: Bloomberg, Emkay Research

In addition to margin pressure, the West Asia conflict has impacted the topline of FMCG companies as the Middle East accounts for 1-6% of sales for our coverage companies. Consumer demand in the region has also been impacted by the exodus of expats. The uncertainty has weighed on consumer spending and business activity, impacting demand across local economies. Moreover, numerous Indian players, such as Britannia, Dabur, and Emami, also have their manufacturing footprint in the Middle East which further exacerbates the situation for them.

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Exhibit 17: Middle East exposure of our coverage companies

Company Name	% share of consolidated revenues
BIKAJI	3%
BRIT	1%
CLGT	Not material
DABUR	6%
HMN	6%
GCPL	2-3%
GOPAL	Not material
HUL	Not material
HONASA	1%
ITC	Not material
MRCO	5%
NEST	Not material

Source: Company, Emkay Research

Exhibit 18: A few FMCG companies also have manufacturing presence in the Middle East

Companies	Manufacturing presence
Britannia	Oman, UAE, contract manufacturing in Egypt
Emami	UAE (3P)
Dabur	UAE, Turkey, Egypt

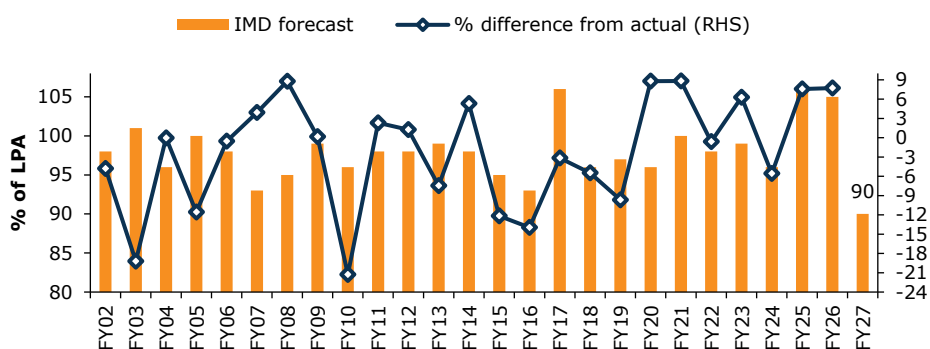
Source: Company, Emkay Research

The possibility of El Niño does not bode well for rural demand

The 2026 monsoon season is at significant threat from a developing 'Super El Niño' in the Equatorial Pacific. The India Meteorological Department (IMD) has projected the southwest monsoon to be below normal, at 90% of the Long Period Average (LPA). Historically, El Niño has a 70–80% correlation with deficient rainfall in India, often leading to skewed distribution, where the second half of the season (August–September) suffers the most.

Rural India, which contributes ~40% to total FMCG sales, is highly sensitive to the Kharif crop cycle. A below-normal monsoon directly impacts farm incomes, leading to downtrading and reduced discretionary spending on categories such as premium soaps, health drinks, hair care, etc. Urban consumers are relatively less sensitive to rainfall compared to rural consumers, but are indirectly affected by food inflation. A weak monsoon typically causes a spike in prices of pulses, cereals, and vegetables. This reduces the wallet share available for non-essential FMCG products. However, premium segments (skincare, male grooming) usually remain relatively more resilient due to higher disposable income among urban consumers.

Exhibit 19: IMD has cut its forecast further to 90% of LPA (earlier 92%), indicating a weak monsoon



Source: CWC, Emkay Research

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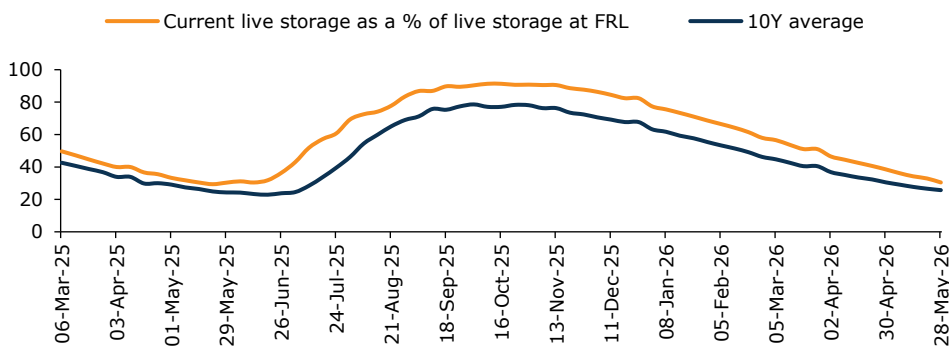
Exhibit 20: Historical comparison – El Niño vs monsoon levels

Year	El Niño strength	Monsoon level (% of LPA)	Impact on agriculture/FMCG
1997	Very Strong	102% (Normal)	Neutral (offset by positive Indian Ocean Dipole)
2002	Moderate	81% (Deficient)	Severe drought; FMCG growth stalled
2009	Moderate	78% (Deficient)	Worst drought in 30 years; high food inflation
2014	Weak	88% (Deficient)	Back-to-back weak monsoons hit rural recovery
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2023	Strong	94% (Below Normal)	High food prices; uneven rainfall distribution
2026	Super El Niño	92% (Below Normal)	Projected pressure on H2 rural volumes

Source: Media reports, Emkay Research

However, the development of a positive Indian Ocean Dipole (IOD) is encouraging, as it can act as a counter-balance to El Niño. Also, reservoir levels in India are at comfortable levels and will act as a crucial buffer for irrigation, in our view, in case of deficient rainfall. Further, increase in MSP will provide a cushion to farmers in the event of a weak monsoon.

Exhibit 21: Current live storage still above the 10Y average



Source: CWC, Emkay Research

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Exhibit 22: MSP price trend in correlation with El Niño

MSP (Rs/quintal) YoY chg		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Monsoon level wrt LPA		Below	Below	Below	Below	Above	Above	At par	Above	Below	Above	Above	
Kharif crops	Paddy	4%	4%	5%	13%	4%	3%	4%	5%	7%	5%	3%	
	Jowar	3%	4%	5%	43%	5%	3%	5%	8%	7%	6%	10%	
	Bajra	2%	4%	7%	37%	3%	8%	5%	4%	6%	5%	6%	
	Maize	1%	3%	4%	19%	4%	5%	1%	5%	7%	6%	8%	
	Ragi	6%	5%	10%	52%	9%	5%	2%	6%	7%	12%	14%	
	Arhar	6%	9%	8%	4%	2%	3%	5%	5%	6%	8%	6%	
	Moong	5%	8%	7%	25%	1%	2%	1%	7%	10%	1%	1%	NA
	Urad	6%	8%	8%	4%	2%	5%	5%	5%	5%	6%	5%	
	Groundnut	1%	5%	5%	10%	4%	4%	5%	5%	9%	6%	7%	
	Sunflower Seed	1%	4%	4%	31%	5%	4%	2%	6%	6%	8%	6%	
	Soyabean	2%	7%	10%	11%	9%	5%	2%	9%	7%	6%	9%	
	Sesamum	2%	6%	6%	18%	4%	6%	7%	7%	10%	7%	6%	
Nigerseed	1%	5%	6%	45%	1%	13%	4%	5%	6%	13%	9%		
Rabi crops	Wheat	5%	7%	7%	6%	5%	3%	2%	0%	5%	7%	7%	7%
	Barley	7%	8%	6%	2%	6%	5%	2%	0%	6%	7%	7%	9%
	Gram	10%	14%	10%	5%	6%	5%	3%	0%	2%	2%	4%	4%
	Masur/Lentil	11%	16%	8%	5%	7%	6%	8%	0%	9%	7%	4%	4%
	Rapeseed/Mustard	8%	10%	8%	5%	5%	5%	9%	0%	8%	4%	5%	4%

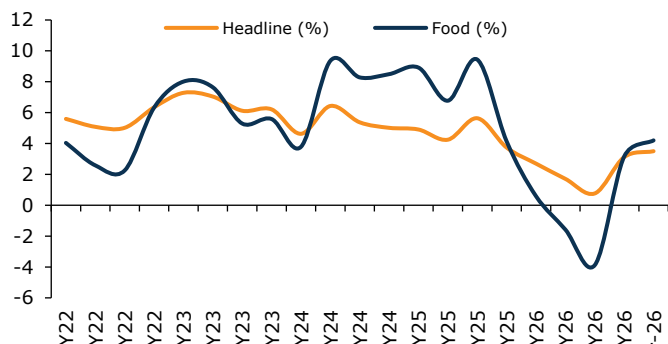
Source: CEIC, Emkay Research

Weakening macros increase demand uncertainty

India's macroeconomic landscape is facing various headwinds. While the GDP growth outlook remains robust at 6.6% for FY27 (per the RBI), an underlying softening is visible in the Index of Industrial Production (IIP), which moderated to 4.8% in early-2026. This was particularly impacted by a 2.7% contraction in consumer non-durables, signifying weak rural and essential demand.

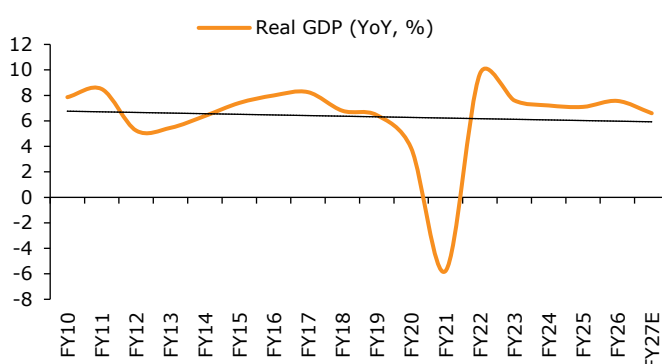
Inflation has eased in recent quarters, but is on an uptrend again. CPI rose sequentially to 3.48% in Apr-26, while food inflation was higher at 4.20%. Despite projected nominal salary hikes of 9.1%, real wage growth remains stagnant at near-zero or marginally positive levels for the average worker due to rising living costs. This is reflected in the RBI's Consumer Confidence Survey, where the Future Expectations Index dipped from ~120 in Feb-26 to 116 in May-26. On the labor front, while the headline unemployment rate is steady at 5%, a sequential decline in the Labor Force Participation Rate (LFPR) to 42% in Apr-26 (42.5% in Dec-25) suggests that a growing segment of the population is withdrawing from the active job market. Layoffs in the IT sector are also a negative for consumption demand.

Exhibit 23: CPI inflation has picked up sequentially



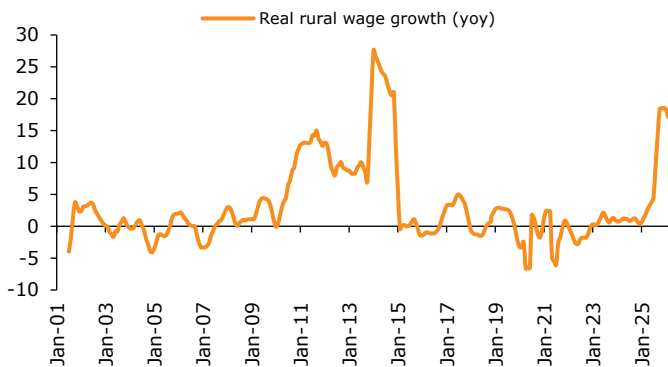
Source: CEIC, Emkay Research

Exhibit 24: Real GDP growth is expected to moderate in FY27



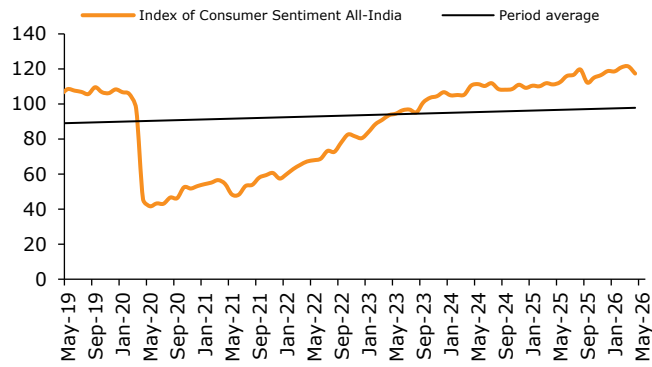
Source: CEIC, Emkay Research

Exhibit 25: Real rural wage growth has been weak in the past few years, but has recently picked up pace



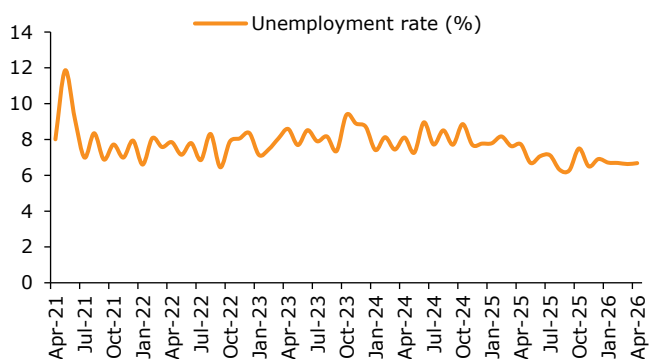
Source: CEIC, Emkay Research

Exhibit 26: Consumer sentiment index declined sequentially in Apr-26



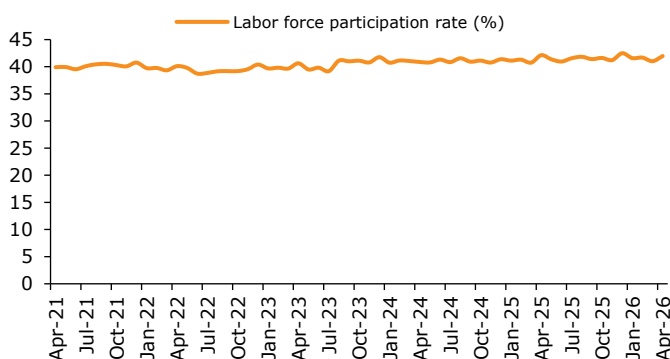
Source: CMIE, Emkay Research

Exhibit 27: Unemployment rate on a declining trend



Source: CEIC, Emkay Research

Exhibit 28: Labor force participation rate stable



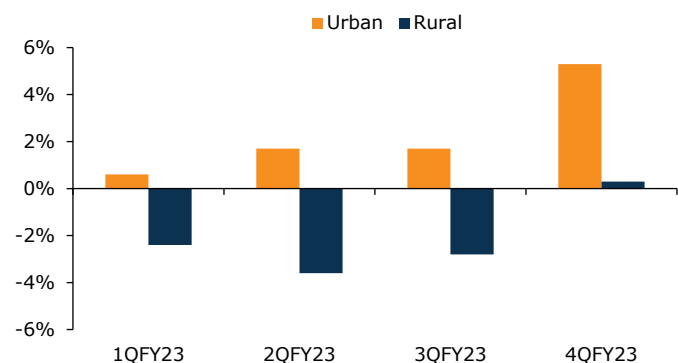
Source: CEIC, Emkay Research

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How FMCG companies fared during the inflationary FY22-23 period

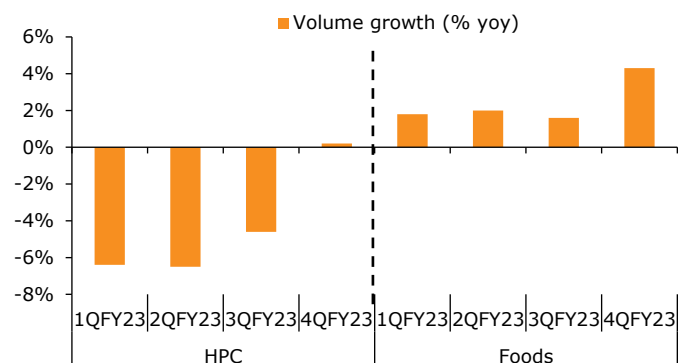
The 2026 raw material crisis is a reminder of the inflationary FY22-23 period, when prices for various raw materials reached decadal highs. While FY22-23 saw a temporary post-pandemic disruption fueled by the Russia-Ukraine war, 2026 seems to be witnessing greater impact on the global supply chain. Numerous nations, such as Vietnam and Indonesia, are prioritizing usage of alternative fuels for reducing dependence on crude. Indonesia's B50 mandate has shifted palm oil from a food staple to a primary fuel source, creating a high price floor that did not exist four years ago. Combined with the West Asia conflict pushing crude significantly above Feb-26 levels, FMCG companies are facing inflation to as high as 50% in packaging costs and a >10% spike in palm oil prices.

Exhibit 29: FMCG volume growth trend in FY23 – Rural witnessed volume decline, while urban growth was muted



Source: Nielsen, Emkay Research

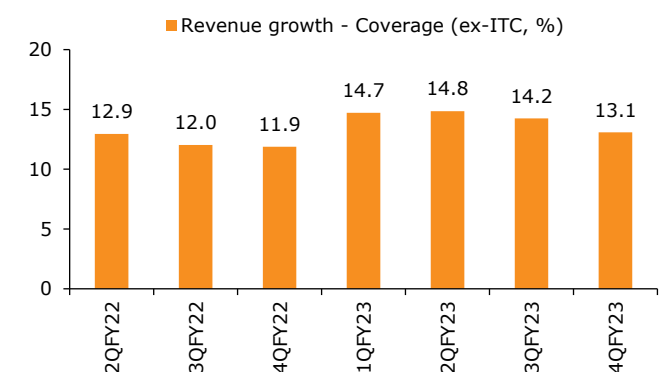
Exhibit 30: Within FMCG, Foods saw positive volume growth in FY23, while HPC witnessed a decline



Source: Nielsen, Emkay Research

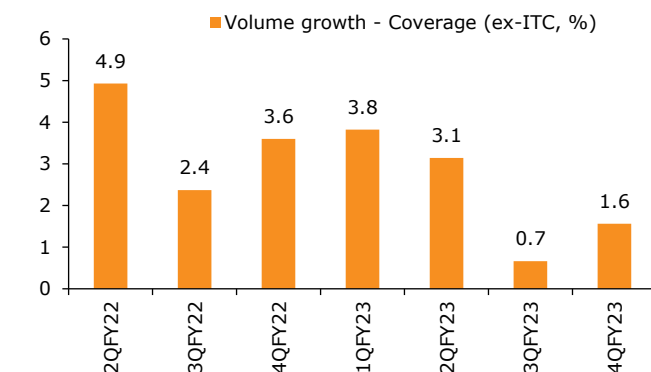
During FY22-23, FMCG companies took aggressive price hikes to mitigate inflation; this led to double-digit price growth for a number of players. For instance, for HUL, the FMCG market for the company's relevant categories grew 8% in FY23 compared to a 4% decline in volume growth, implying pricing growth of ~12%. As a result of the price hikes, various companies reported a consumer shift to unbranded local products or smaller packs, for managing their monthly budgets – a phenomenon likely to impact organized players in coming quarters as well, if inflationary pressure persists.

Exhibit 31: Revenue growth in FY23 was pricing-led



Source: Company, Emkay Research

Exhibit 32: Volume growth was impacted by higher prices

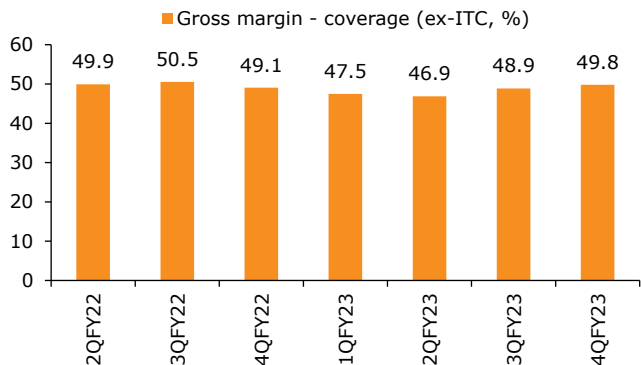


Source: Company, Emkay Research

Also, due to the unprecedented input cost inflation, which led to prices of certain raw materials reaching decadal highs, FMCG companies witnessed gross margin pressure. As a result, EBITDA margins too saw contraction, despite cost controls.

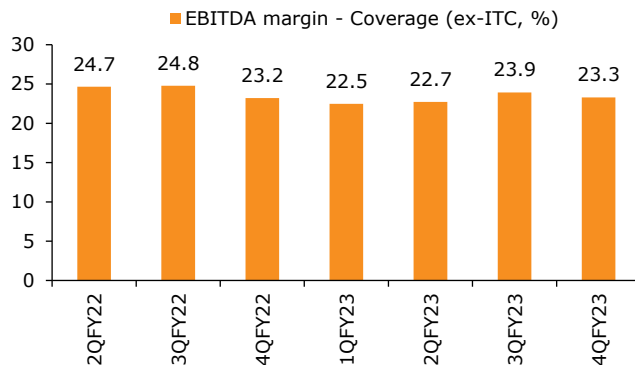
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Exhibit 33: Gross margin was impacted by inflation in the raw material basket due to geopolitical disruption



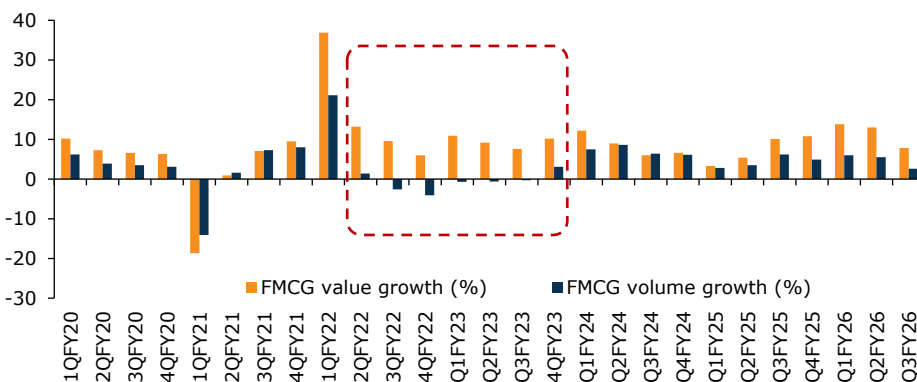
Source: Company, Emkay Research

Exhibit 34: EBITDA margin was mainly hit by gross margin contraction



Source: Company, Emkay Research

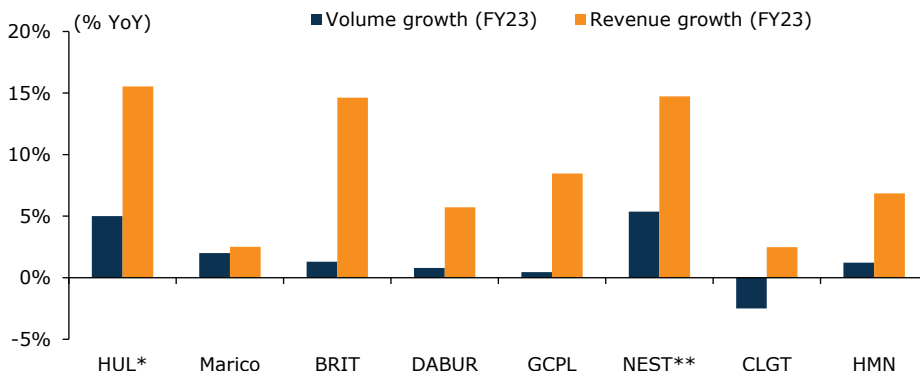
Exhibit 35: During the inflationary FY22-23 period, sales growth for FMCG companies was driven by pricing, while volume growth was muted-to-negative



Source: Nielsen, Emkay Research

At the company level, we see some divergence in performance across FMCG companies. In FY23, pricing growth for our coverage FMCG companies ranged at 5-13% (excluding Marico, due to copra deflation). Despite the price hikes, most companies witnessed gross margin compression of 80-350bps YoY in FY23, while EBITDA margin compression was lower due to cost controls (mainly by a cut in A&P spends).

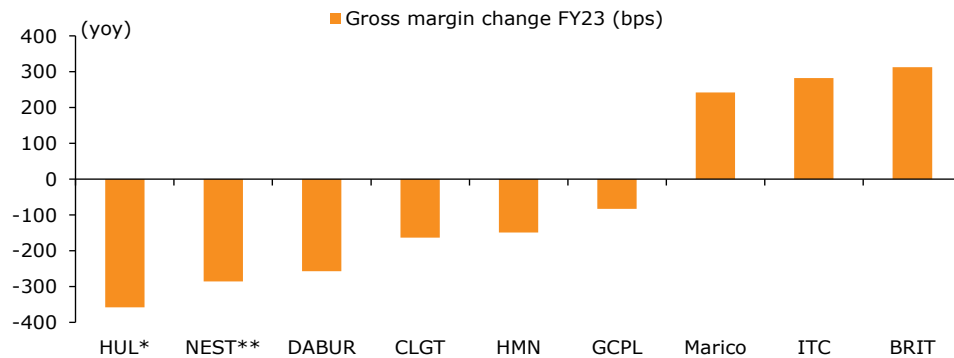
Exhibit 36: In FY23, revenue growth was pricing-led due to sharp commodity inflation



Source: Company, Emkay Research; Note: * = Standalone; ** = CY22

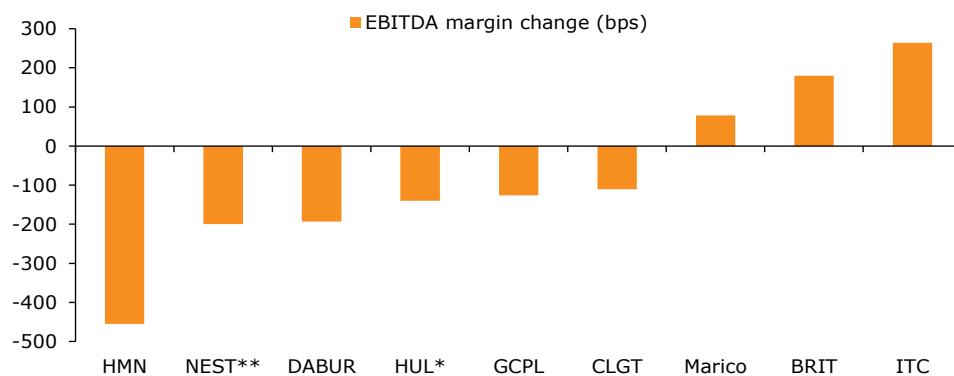
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Exhibit 37: Due to sharp input cost inflation, most companies witnessed gross margin contraction



Source: Company, Emkay Research; Note: * = Standalone; ** = CY22

Exhibit 38: However, EBITDA margin contraction was lower than GM contraction for most companies, except Emami and GCPL



Source: Company, Emkay Research; Note: * = Standalone; ** = CY22

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A few trends offer hope amid the gloom

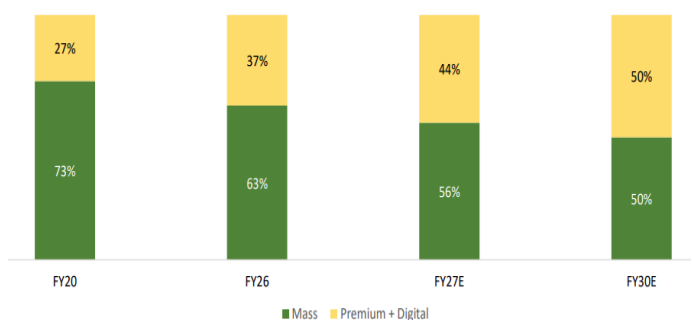
Premium segment growing at a faster pace

Premiumization is a secular trend in India, driven by rising per-capita income. Also, increasing digital penetration has exposed users (including those from lower-tier cities) to global and national consumption trends which, in turn, drives aspiration for premium products. Post-Covid, there has been a sharp rise in health consciousness. Hence, more consumers are scrutinizing labels for 'no added sugar', 'organic', 'probiotic', or similar healthy-sounding claims. Per Euromonitor, the premium BPC (~8% salience) market CAGR stood at ~15% over FY15-25, almost twice the rate of the overall BPC market in India.

QC platforms (Blinkit, Instamart, Zepto, etc) have revolutionized access by making premium products available even in lower-tier cities. These have a relatively premium user-base that is willing to pay for convenience.

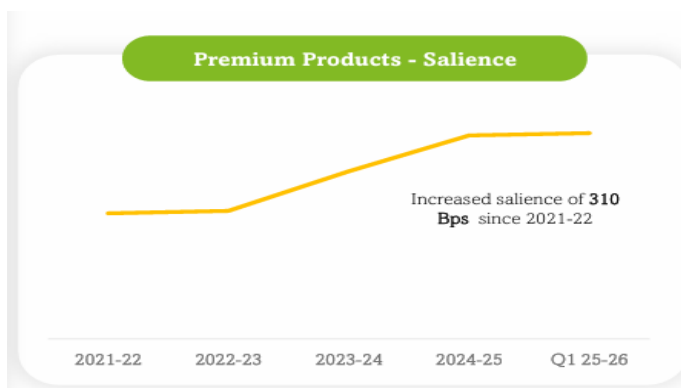
To capitalize on this trend, FMCG companies are increasingly focusing on growing their premium portfolio by either launching premium variants or entering adjacencies with premium offerings. Within our coverage, HUL and Britannia have the highest share of premium offerings in their overall portfolios, while Emami has the lowest. However, last year saw a number of companies launch lower-price packs of premium products to boost demand. Going forward, we believe premiumization will be a consistent theme, especially with rise in GDP per capita.

Exhibit 39: Marico has gained salience in the premium segment...



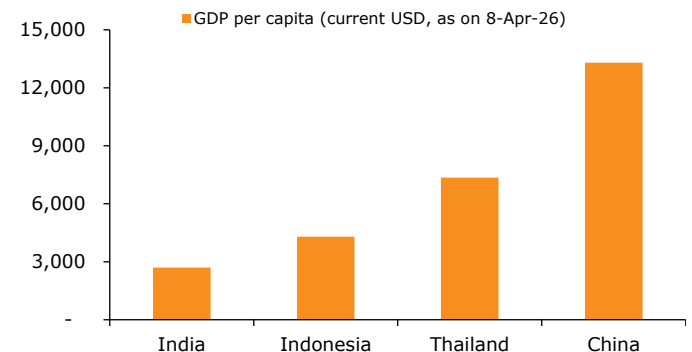
Source: Company, Emkay Research

Exhibit 40: ...with a similar trend seen in Britannia



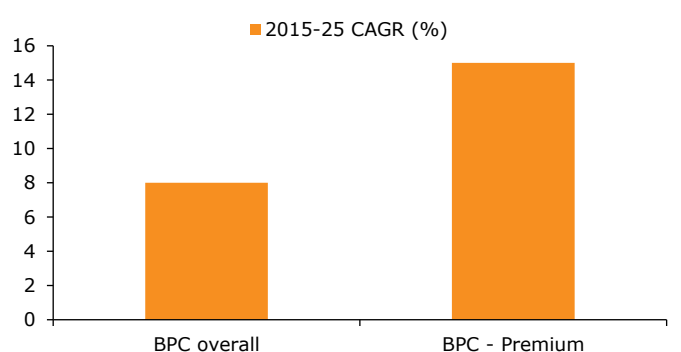
Source: Company, Emkay Research

Exhibit 41: India's per-capita income is much lower than in other emerging countries; as it catches up, demand for premium products will rise faster



Source: Company, Emkay Research

Exhibit 42: Premium BPC grew almost 2x the overall BPC market during CY15-25



Source: Company, Emkay Research

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Price hikes to support sales growth in FY27

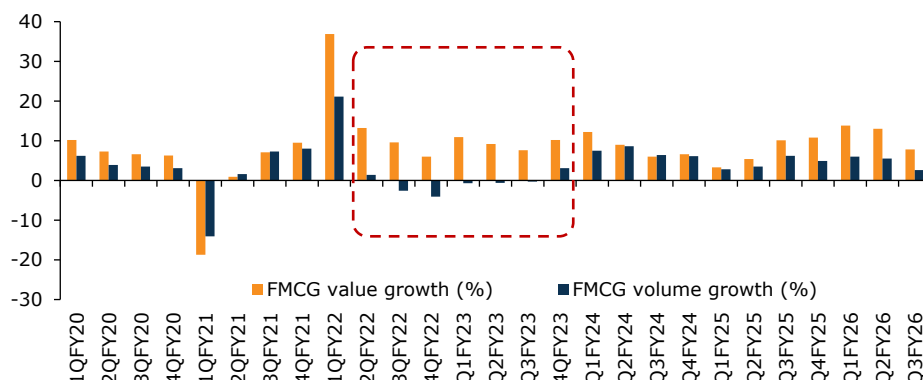
A number of FMCG companies have started taking calibrated price hikes to mitigate the rise in raw material prices. While we believe this will protect their margins to some extent, it will also impact volume growth over the next few quarters, partly due to grammage cuts in small packs. Price hikes during an inflationary environment generally lead to downtrading (opting for smaller packs) and downgrading (opting for cheaper alternatives) by consumers; this will impact organized players. In Q4FY26, HUL took price hikes of 2-5% across its portfolio against a net material inflation of 8-10% witnessed during the quarter.

Exhibit 43: Pricing actions by FMCG companies under our coverage

Company name	Pricing actions
HUL	2-5% price hike taken in Q4
GCPL	~4% in Soaps; 4% in HI; and 6-7% in Detergents
Britannia	No hike in Q4; will take calibrated price hikes from Q1FY27
Dabur	4% price hike taken in Q1FY27; will take another round of price hikes
Gopal Snacks	Grammage cuts in Q1FY27; will take price hikes when required
Nestlé India	No hike in Q4; will take calibrated price hikes from Q1FY27
Marico	Price cuts in Parachute and calibrated hikes in the remaining portfolio
Colgate	Low single-digit price hike in Q1FY27
Bikaji	Have taken price hikes in Q4, which will suffice to offset COGS inflation
Honasa	Took some price hikes in Q4
Emami	Price hikes of ~3% in past 1.5-2months

Source: Company, Emkay Research

Exhibit 44: During the inflationary FY22-23 period, sales growth for FMCG players was driven by pricing, while volume growth was muted or negative



Source: Nielsen, Emkay Research

GST rate cuts: A structural positive for the sector

In Sep-25, the Government of India (GoI) simplified the GST framework by eliminating the 12% and 28% tax slabs, leaving only three tax slabs (5%, 18%, and 40%). During this overhaul, most mass-consumption items—including packaged snacks, biscuits, chocolates, noodles, and dairy spreads—were shifted from the 12% and 18% brackets, down to 5%. This led to initial disruption due to the old price packs in the channel, although it is a structural positive for the FMCG sector.

Rate cuts have improved affordability, particularly in inflation-sensitive rural markets. As a result, after the initial hiccup in Q3FY26, all FMCG companies reported sequential improvement in volume growth in Q4FY26. We believe that lower prices due to GST rate cuts will continue to act as a tailwind for the next few quarters at least, till the base catches up.

This report is intended for Team White Marque Solutions (team.emkay@whitemarqueresolutions.com)

Exhibit 45: Percentage of business impacted by GST rate cuts

Company name	Remarks on GST
Bikaji	~85%
Britannia	85% of the total portfolio
Colgate	~90%
Dabur	66% of the India portfolio
Emami	88% of the core domestic portfolio
GCPL	1/3rd of the total portfolio
HUL	40% portfolio transitioned to 5%
ITC	~50% of FMCG portfolio
Marico	~30% of the India business

Source: Company, Emkay Research

Exhibit 46: Key categories that witnessed GST rate cuts in Sep-25

Foods	Old GST rate (%)	New GST (%)	HPC	Old GST rate (%)	New GST (%)
Ghee	12	5	Soap	18	5
Biscuits	18	5	Toothpaste	18	5
Chocolate	18	5	Male grooming	18	5
Ice Cream	18	5	Hair Oil	18	5
Salty Snacks	12	5	Shampoo	18	5
Confectionaries	18	5	Baby care	12	5
Instant noodle	12	5	Toothbrush	18	5
Bottled water	12	5	Talcum powder	18	5
Health food drinks	18	5	Mouth wash	12	5
Butter	12	5	Tooth Powder	12	5
Baby Food	18	5			
Cheese	12	5			
Juice	12	5			
Cake	18	5			
Pasta	12	5			
Ketchup	12	5			
Chyawanprash	12	5			
Soup	18	5			
Soya chunks	12	5			

Source: Emkay Research

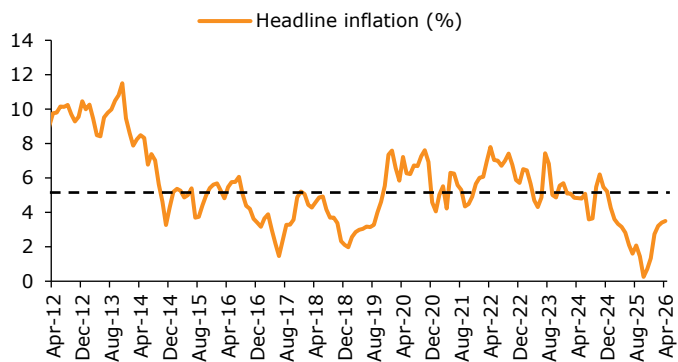
Inflation rising, but still far from alarming levels

CPI is on an uptrend, coming in at 3.48% in Apr-26, driven mainly by food inflation and an unfavorable base. Within food, inflation is led by meat and fish, oils and fats, fruits, and spices. While inflation is generally a negative for consumption as it squeezes household budgets, we also note that inflation is not expected to reach (at least for now) the highs achieved post Covid-19 or amid the Russia-Ukraine conflict. Our Economist expects CPI inflation to reach ~5% in FY27E, which is lower than the 6-8% levels seen during FY22-23.

Food inflation came in at 4.2% in Apr-26 – higher sequentially, albeit on a low base. Going ahead, we expect food inflation to rise, partly due to the low base (negative for Jun-Dec '25).

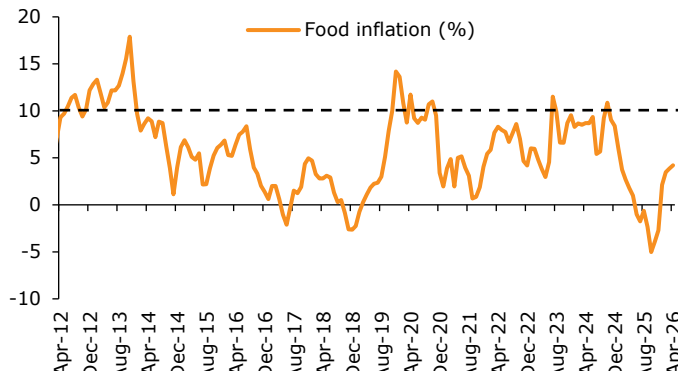
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Exhibit 47: Headline inflation on an uptrend



Source: GoI, Emkay Research

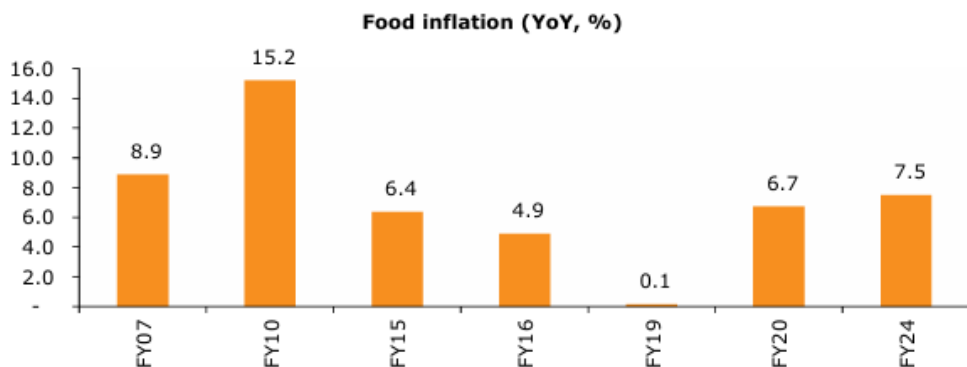
Exhibit 48: Food inflation also rising



Source: GoI, Emkay Research

Over the past 10 years, the impact of El Niño on the agri economy has materially declined, per our analysis. While Kharif sowing does see an impact, overall food inflation spikes were limited to 6-7% in the past two El Niño year, vs 14-15% pre-2015. We think that this level of food inflation is manageable, especially given that India has strong food reserves.

Exhibit 49: Food inflation spikes due to El Niño have moderated in recent years



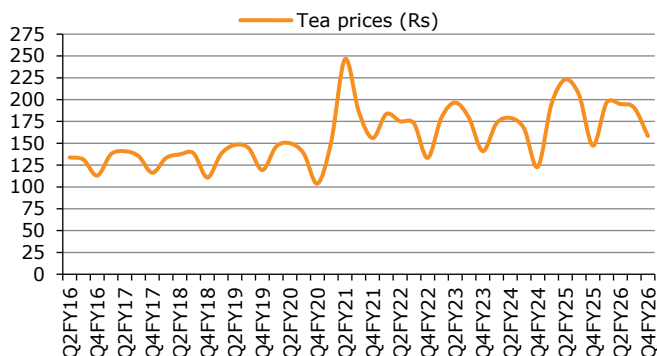
Source: MOSPI, Emkay Research

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Certain raw materials are deflationary

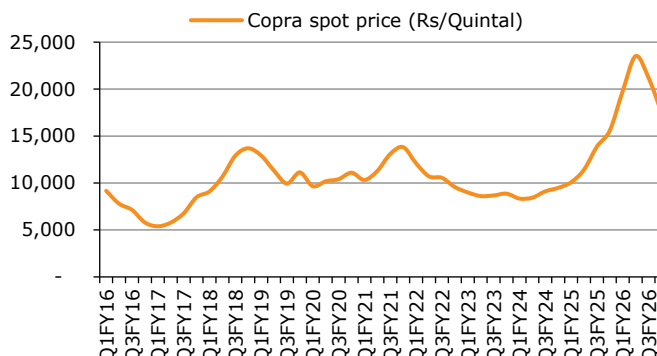
While various FMCG segments are currently grappling with inflationary pressures—particularly in crude-linked packaging and fuel—some key raw materials have entered a deflationary phase. After two years of sharp inflation due to supply issues, copra prices have corrected sharply in recent months (-35% YoY in Q4FY26) on the back of surge in fresh supplies. Since 2023, tea prices have been volatile albeit upwardly biased. They reached an all-time peak in late-2024, but have since largely been on a downtrend due to an increase in supply. Milk and dairy fats have also moved into more favorable pricing zones, as national production grew ~4% annually. However, Amul and Mother Dairy took price hikes of Rs2 per liter recently, due to higher costs (mainly fuel and logistics). Certain other raw materials, which are witnessing softness in prices, are wheat, sugar, maize, and coffee.

Exhibit 50: Tea price trend



Source: Tea Board of India, Emkay Research

Exhibit 51: Copra price trend



Source: Bloomberg, Emkay Research

Enough headroom for distribution expansion and penetration gains

Distribution expansion and increasing penetration serve as primary growth engines for FMCG companies, directly translating into higher sales volumes. By systematically widening their distribution networks—particularly venturing deep into untapped rural areas and utilizing modern Qcom channels—companies can bridge the gap between product availability and consumer demand. Simultaneously, driving higher product penetration ensures that a brand becomes a staple within existing households while capturing first-time buyers.

Direct reach accounts for 17-41% of the total reach among our coverage companies, with HUL leading with ~3mn outlets. Even in terms of total reach, HUL stands out with ~9mn outlets, of the universe of 12-13mn outlets in India. Hence, companies have a large headroom for expanding their distribution footprint, especially direct reach. In recent years, a number of FMCG companies have embarked on dedicated projects for expanding their reach (mainly direct reach). For instance, Marico launched Project SETU in FY24 with aim to increase its direct distribution to 1.5x by FY27. Similarly, Emami launched Project Khoj in 2020-21 to expand its rural footprint.

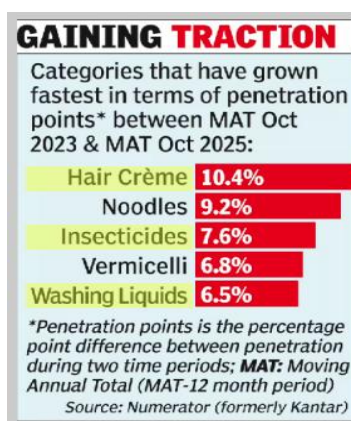
This report is intended for Team White Marque Solutions (team.emkay@whitemarqueresolutions)

Exhibit 52: Distribution reach – A comparison across companies

Offline Reach (million outlets)	Direct	Indirect	Total
HUL	3.0	6.0	9.0
ITC	2.5	4.5	7.0
Nestle	1.6	3.6	5.2
Britannia	2.6	3.7	6.3
GCPL	1.0	5.0	6.0
Dabur	1.4	6.5	7.9
Marico	1.7	4.8	6.5
Colgate	1.0	4.6	5.6
Emami	0.9	4.0	4.9
Honasa (GT sales)	0.0	0.1	0.2
Bikaji	0.2	0.8	1.0

Source: Company, Emkay Research

Exhibit 53: Penetration has increased for various categories



Source: Economic Times, Emkay Research

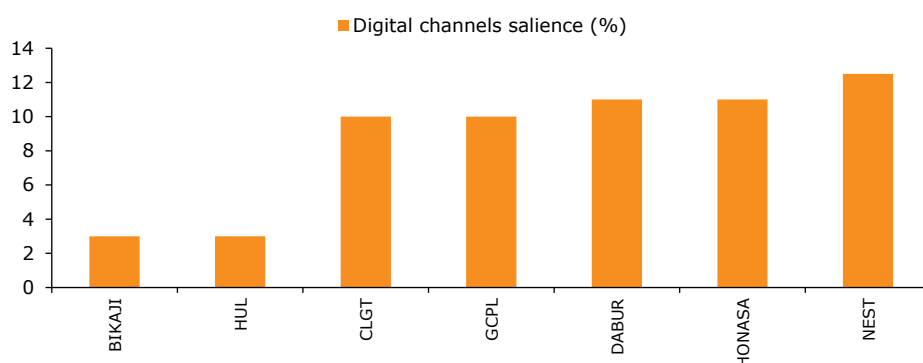
Digital channels are driving growth, but need higher A&P spends

Quick commerce (QC) reached an ARR of ~USD15bn as of Mar-26, and is fast becoming a significant channel for FMCG brands. QC is growing at a much faster pace than overall e-com. Hence, its salience within e-com is rising fast. For instance, ~70% of Britannia's total e-com sales are from QC, and the company expects this to rise further to 85%.

While QC provides a high growth channel to FMCG brands, its attractiveness for such brands is declining as platforms are charging brands more for shoring up their own profitability. Per media reports and our industry interactions, brands are being compelled to spend more on advertising, to stay visible on QC platforms. Additionally, such platforms now auction premium listings and time slots, and charge higher prices to appear in top search results. Moreover, brands incur higher advertising spends, especially during peak shopping hours.

Despite these issues, brands are inclined to continue focusing on the QC channel, as it has a higher salience of the premium segment and allows companies to pilot-test new launches at minimal cost. For legacy brands like HUL and Marico, QC is currently margin-neutral to slightly dilutive due to high listing fees and advertising costs, in our view.

Exhibit 54: Share of digital channels in FY26



Source: Company, Emkay Research

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Foods vs HPC

We have analyzed the performances of various categories across foods and HPC segments over the last one year. Some of our findings:

- Overall, HPC performed better than Foods in terms of growth, and was led by liquid detergents, hair care, household insecticide, and Air care.
- Within HPC, Hair care benefited from price hikes in coconut oils, while VAHO reported volume-led growth on the back of distribution expansion. Soaps volumes were weak as companies took price hikes to mitigate inflation in palm oil.
- Liquid detergents and air fresheners continued their strong growth trajectory, albeit on a low base. Talc suffered from weak summers due to unseasonal rains.
- Within Foods, confectionery, coffee, and noodles reported strong volume growth, while milk products, tea, and biscuits witnessed low-to-mid single-digit volume growth.
- Edible oils had a volatile year with weak volume growth in 1HFY26 due to price hikes, while witnessing some recovery in H2, helped by import duty cuts.
- Quick-commerce emerged as the key growth channel, especially for premium products.

Exhibit 55: Foods category

Category	Volume Growth	Price Growth / RM Prices	Other Dynamics	Key Players and Competition
Edible Oil	Moderate (flattish to mid-single digit growth)	Double-digit pricing growth due to sharp inflation in palm oil	Import duty cut (20%to10%) helped ease consumer prices in H2	Marico (Saffola); AWL Agri (Fortune); Patanjali (Patanjali Nutrela); ITC (Sundrop)
Beverages (Tea/Coffee/Juices)	Mixed Coffee - strong double-digit Tea - low single-digit Juices - steady.	Tea RM (tea leaf prices) spiked in H1FY26 impacting margins; calibrated price increases taken Coffee RM broadly stable	Coffee category in structural growth path led by premiumization Quick-commerce a key channel for RTD beverages	HUL (Bru, Lipton, Kissan); Tata Consumer Products (Tata Tea, Tetley, Tata Coffee); Nestlé (Nescafé); Dabur (Real juices)
Nutrition Drinks (Malted/Protein)	Category under pressure; but both listed players have reported green shoots and near double digit growth	Barley prices remain soft while milk solids and HPDE have become inflationary.	Rising health consciousness is a tailwind but category has faced growth challenges last year partly due to high food inflation	HUL (Horlicks – market leader, Boost); Complan (now Zydus Wellness); regional brands
Biscuits	Weak (low-to-mid single digit)	Mid-single digit price hikes were taken to mitigate palm oil and flour inflation	Competitive intensity high Premium segment (cream biscuits, health/oats variants) growing faster. Quick commerce boosting growth	Parle (Parle-G – mass leader); Britannia (Good Day, Marie Gold, NutriChoice); ITC (Sunfeast)
Milk and Milk Products	Weak (low single digit)	Milk procurement prices rose sharply in H1FY26 on supply shortage and weak flush season. Consumer price hikes taken by most dairy companies.	Supply-side stress (weak monsoon impacting cattle health, disease outbreaks in some regions) constrained volumes. Shift toward value-added dairy (paneer, curd, flavored milk, cheese)	Amul (GCMMF), Heritage Foods; Nestlé (dairy whitener, Milkmaid); Britannia (dairy – cheese, yoghurt); Mother Dairy; Parag Milk Foods (Go)
Confectionery	Strong (double-digit)	Sugar and cocoa prices were elevated in FY26.	Premium/gifting chocolates growing significantly faster than mass KitKat/Munch category development investments paying off Ecom/QC helping in driving growth	Nestlé (KitKat, Munch, Milkybar); Mondelez (Cadbury Dairy Milk, 5 Star, Gems, Oreo); Ferrero (Ferrero Rocher); ITC (Candyman – candies); Parle
Noodles	Strong (double-digit)	Wheat prices moderated from peak in H2FY26.	ITC's Sunfeast YiPee! gaining market share vs MAGGI – 3rd consecutive year of share gains Rural distribution now critical battleground. Healthy atta-based noodle variants growing.	Nestlé (MAGGI); ITC (Sunfeast YiPee!); Indo Noodles (Top Ramen); Wai Wai (CG Foods)
Snacks	Moderate (High single digit)	Low-to-mid single digit price hikes.	Healthy snacking (baked, multigrain, millet, protein) gaining traction Traditional namkeen remains large. Quick-commerce driving large-pack and premium format growth.	ITC (Bingo!); PepsiCo (Lay's, Kurkure); Haldiram's; Bikaji Foods; Balaji Wafers; Britannia (crackers); Parle; Prataap Snacks (Yellow Diamond)

Source: Company, Emkay Research

Exhibit 56: HPC category

Category	Volume Growth	Price Growth/RM Prices	Other Dynamics	Key Players and Competition
Soaps/Skin Cleansing	Weak (low single-digit decline)	Price hikes taken due to inflation in palm oil (low-to-mid single digit)	Premium soaps and body wash recorded double-digit growth throughout FY26; HUL's Stratos formulation launched to defend premium share; bar soaps under pressure from liquid/bodywash upgrades; rural mass soaps weakest.	HUL (Dove, Lux, Lifebuoy, Pears) – market leader; GCPL (Godrej No.1, Cinthol) #2; Wipro (Santoor); Patanjali gaining regional share
Detergent (Fabric Wash)	Strong (Mid-single digit to double digit growth)	Price cuts led by GST, nearly offset by recent West Asia conflict; now price hikes taken led by geopolitical tensions	Liquids portfolio now >10% of HUL total; double-digit growth maintained all year; premiumization (powder-to-liquid, liquid-to-capsule) is key structural trend; rural still dominated by bar detergents; Reliance (RCPL) expanding via affordable packs.	HUL (Surf Excel, Rin, Wheel, Comfort) – ~39% market share; RSPL (Ghari); Rohit Surfactants (Nirma); Patanjali; RCPL entering aggressively with affordable SKUs
Dishwash	Strong (double-digit growth)	Price cuts led by GST, nearly offset by recent West Asia conflict; now price hikes taken led by geopolitical tensions	Bar-to-liquid upgrade continues to be the primary category development story; rural adoption of dishwasher bars rising; Vim leads liquid dishwasher category; Qcom boosting liquid-format sales in urban metros.	HUL (Vim) dominant; PandG (Fairy – limited); Jyothy Labs (Exo, Pril); regional unorganized players still ~40% of bar segment
Hair Care	Volume-led double-digit growth in VAHO Volume decline in Coconut oil	Coconut oil saw sharp price hike of over 50% Minimal pricing growth in VAHO	Coconut hair oil (Parachute) under volume pressure due to price hikes Value Added Hair Oils (VAHO) delivering double-digit growth	Marico (Parachute, Nihar, VAHO); Bajaj Consumer (Bajaj Almond Drops); Dabur (Dabur Amla, Vatika); Emami (Navratna, Kesh King)
Skin Care	Mixed picture: premium skin care doing well (double-digit growth); mass skin care lagging	Pricing in low single digits	Premiumization is the key theme D2C brands disrupting premium segment Increased preference for active-ingredient based products	HUL (Vaseline, Pond's); Emami (Boroplus, SmartandHandsome, Dermicool); Dabur (Gulabari, OxyLife); L'Oréal; Himalaya; D2C brands
Oral Care	Moderate	Growth partially price-led, ie hikes were taken by companies	Ayurvedic/herbal segment outgrowing the mainstream segment Premium sub-categories (whitening, sensitivity) growing above category	Colgate; HUL (Closeup, Pepsodent); Dabur (Dabur Red, Meswak); Patanjali (Dant Kanti)
Household Insecticides	Strong (mid-to-high single digits)	Mid-single digit value growth implies inferior mix	Godrej Consumer's incense sticks scaling up rapidly, aided by government's efforts on curbing illegal formats Non-mosquito (ant/cockroach) portfolio delivering solid growth	GCPL (Good Knight, HIT); Reckitt Benckiser (Mortein); SC Johnson (All Out); Dabur (Odomos)
Air Fresheners	Strong (double-digit)	Price cuts taken	Category is in structural growth mode, driven by rising urbanization. Qcom helping urban adoption.	GCPL (Aer); Reckitt (Dettol, Airwick); ITC (Engage Air); Dabur (Odonil)
Hair Color	Strong (double-digit)	Mid-to-high single digit pricing decline in larger packs	Shift from powder to crème is key premiumization trend Launch of access packs by Godrej helping category development Men's hair color growing faster	GCPL (Godrej Expert, Godrej Nupur); L'Oréal (Garnier Olia, L'Oréal Paris); Emami (Diamond Shine); Dabur (Vatika Henna)
Perfumes and Deodorants	Strong growth in portfolio		Entry of global fragrance brands (direct/D2C) intensifying premium competition. GCPL changed trade margin structure with launch of Rs99 deodorants.	HUL (Axe, Dove, Rexona); GCPL (Cinthol, KS99); Emami (HE); ITC (Engage – #2); Beardo/Set Wet (Marico); Nivea (Beiersdorf)
Talc	Weak year, as summer was impacted by unseasonal rains		Category under mild structural pressure from body lotion/deodorant upgrades, particularly in urban markets. Rural still the core battleground Highly seasonal, with dependency on summer season.	Emami (Navratna Cool Talc, Dermicool) – leader; HUL (Pond's, Dove body powder – premium)

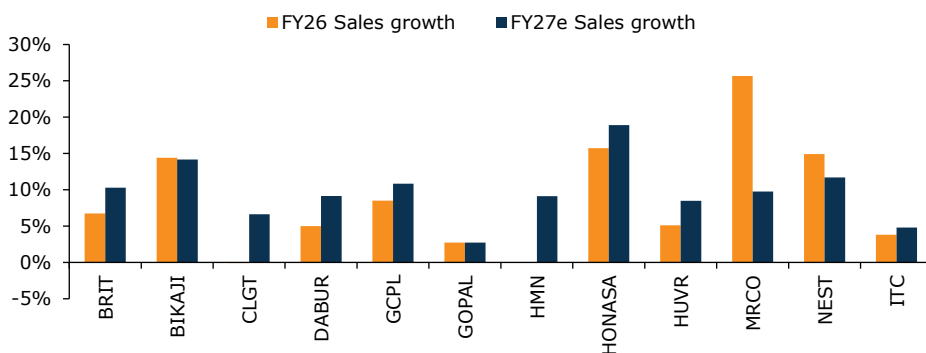
Source: Company, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarqueresolutions)

We expect sales growth to improve in FY27

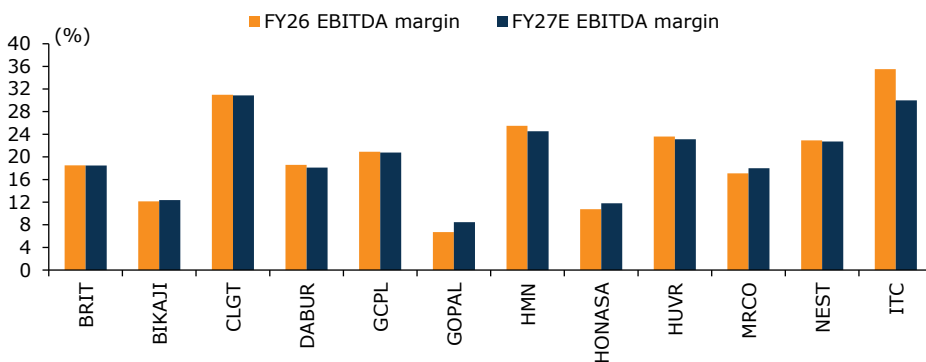
We expect sales growth for our coverage companies to improve in FY27E, led by pricing growth. However, we expect Marico and Nestlé to see a decline in sales growth due to a high base in FY26 and price cuts in the Parachute portfolio (Marico). Given raw material inflation, especially in crude-linked inputs, we expect gross margins to remain under pressure in H1FY27E and to recover in H2 on the back of price actions and cost controls. In full-FY27, we expect EBITDA margin to be flattish YoY, except for Gopal Snacks, which should see a sharp improvement on a low base (impacted by a fire incident in its Rajkot plant in FY26).

Exhibit 57: Sales growth to improve in FY27 for most companies, except Marico and Nestlé



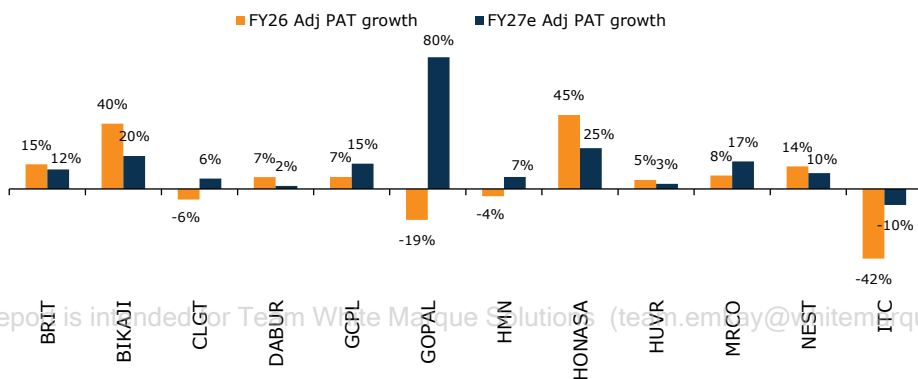
Source: Company, Emkay Research

Exhibit 58: We expect EBITDA margin to be largely flattish in FY27, as gross margin pressure is likely to be offset by price hikes and cost controls



Source: Company, Emkay Research

Exhibit 59: Trend in adjusted PAT growth



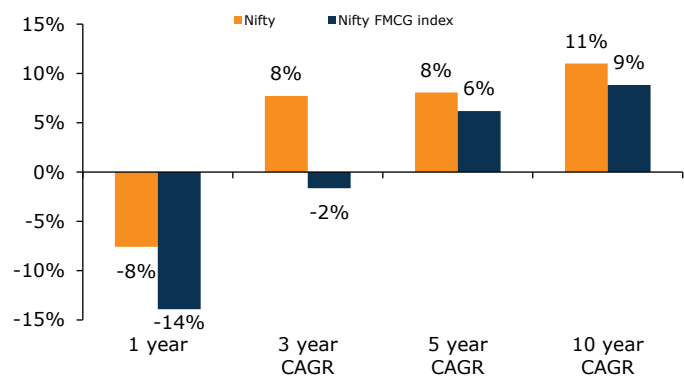
Source: Company, Emkay Research

Underperformance offers a good entry point

The Nifty FMCG Index has underperformed the broader market in the last one year, with total returns of -14% compared to -8% for the Nifty50. Even on a 3/5/10Y basis, the FMCG index underperformed the market. This underperformance was caused by various factors, including: 1) urban slowdown, 2) raw material inflation (especially in copra, palm oil, coffee, tea, etc), 3) relatively higher valuations, and 4) increased preference for high-growth sectors such as defense, electronics, and renewables. In fact, the underperformance in the past two years (2024-25) has been owing to a sharp outperformance in FY22-23.

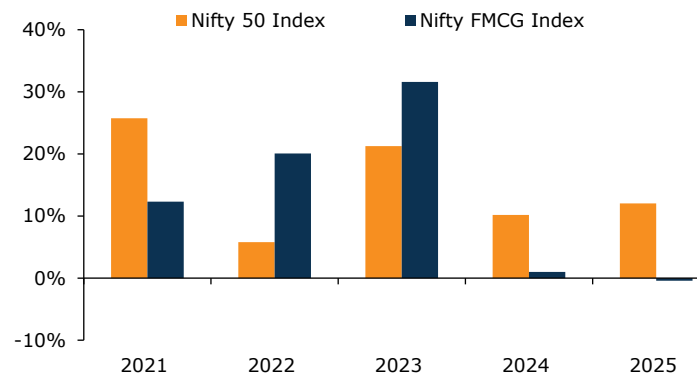
However, following the recent correction, valuations for most FMCG stocks under our coverage have become more appealing, with most now trading below their past 5Y average, except for Marico and Nestlé. Given expectations of higher inflation and macroeconomic uncertainty, we believe the defensive appeal of FMCG companies will only increase going forward. We prefer companies that trade below their historical average currently and offer double-digit earnings growth visibility over the next three years.

Exhibit 60: FMCG companies have underperformed the market in the past 10 years



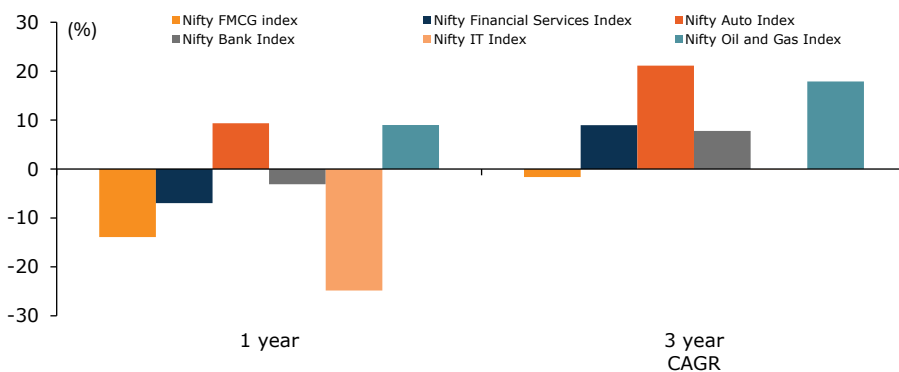
Source: Bloomberg, Emkay Research

Exhibit 61: The FMCG underperformance in 2024-25 was due to sharp outperformance during the previous 2 years (CY22-23)



Source: Bloomberg, Emkay Research

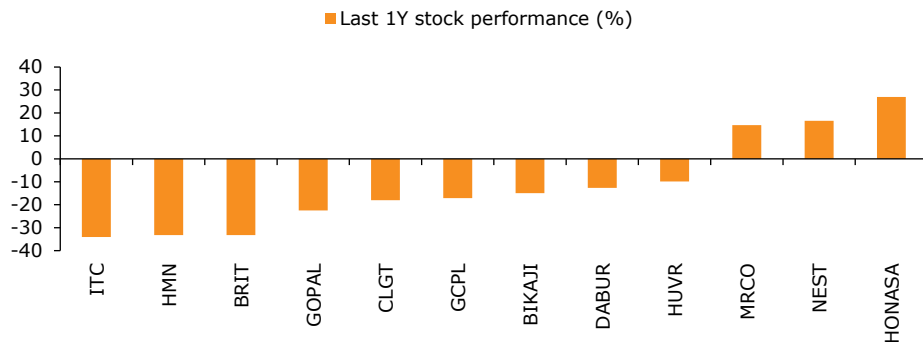
Exhibit 62: In the last 1Y, the Nifty FMCG index underperformed other sector indexes, except IT



Source: Bloomberg, Emkay Research

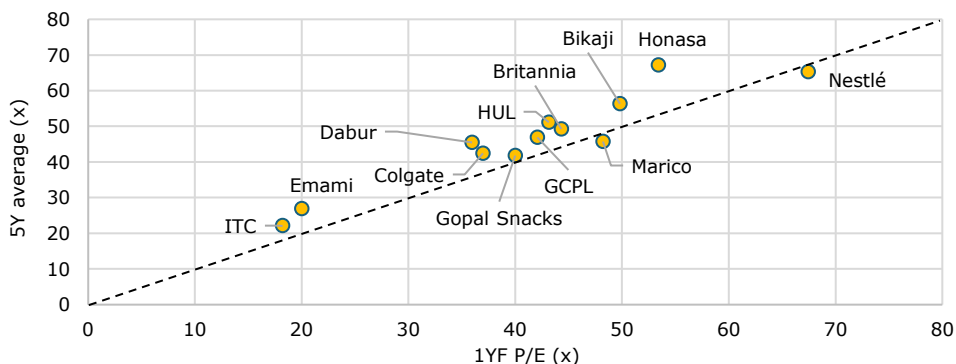
This report is intended for Team White Marquee Solutions (team.emkay@whitemarquesolutions)

Exhibit 63: In the last 1Y, most FMCG stocks in our coverage saw correction of 5-34%, except Honasa, Marico, and Nestlé



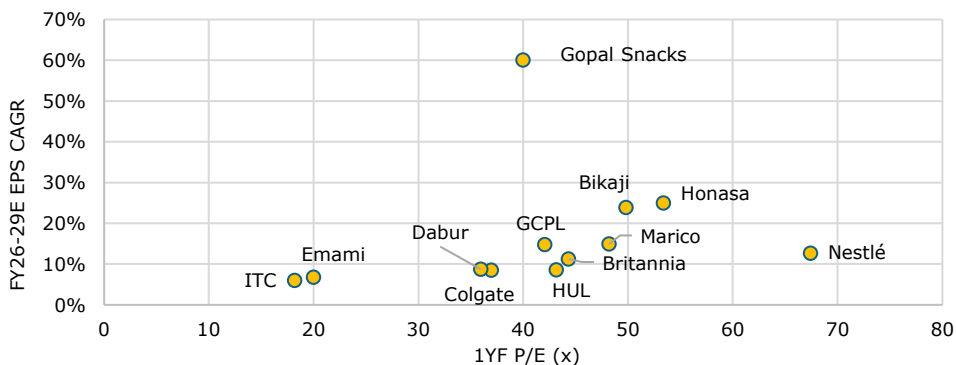
Source: Bloomberg, Emkay Research

Exhibit 64: Most FMCG players under our coverage are trading below their past 5Y average, except Marico and Nestlé



Source: Bloomberg, Emkay Research

Exhibit 65: Comparison of 1Y forward P/E and FY26-29E CAGR



Source: Bloomberg, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarqueresolutions)

GCPL's product portfolio is undergoing a transformation, led by incense sticks in the Household Insecticide (HI) segment, focus on premium formats in skin cleansing, and the rapid scaling-up of liquid detergents. Air Care is expanding globally after a consistently strong performance in India. The international business is also turning around, with double-digit EBITDA growth expected in both Indonesia and GAUM. Margins are expected to outpace sales growth, as cost efficiencies offset elevated A&P spends. We assume coverage on GCPL with BUY and target price of Rs1,250 (46x Jun-28E EPS).

Household Insecticide on a strong growth trajectory

HI witnessed strong volume growth last year, led by rapid scale-up of incense sticks (one of GCPL's three 'speedboats'), with growth further aided by government crackdowns on illegal alternatives. Electrics are also gaining share on the back of the new RNF molecule, which is >2x more effective than existing molecules. The non-mosquito portfolio is also witnessing strong growth. Overall, the segment is expected to deliver a high single-digit annual growth.

Air Care and Liquid Detergents – GCPL's other two 'speedboats'

Air Care has delivered double-digit growth over the past few years, driven by the launch of access packs (Aer Spray at Rs99) and product innovations (Aer Plug). The Aer brand is also being expanded into other geographies. Liquid Detergent (Godrej Fab) has already reached ARR of ~Rs5bn in 4QFY26 with market share of ~6%, and is poised for continued strong growth.

International business poised for strong growth, with improving profitability

Following a period of volatility due to a weak macro and increased competitive intensity, Indonesia is on track for double-digit EBITDA growth in FY27E. GAUM has staged a strong turnaround, with double-digit sales growth over the past five quarters owing to various initiatives (SKU rationalization, media mix change, higher labor productivity). Margins have sustained at low double-digits and are expected to improve further going forward.

FY27E outlook

We expect consolidated sales growth of ~11% in FY27, led by Home Care, while Personal Care growth is likely to be subdued. We expect gross margin to marginally contract YoY in FY27E due to RM inflation (mainly in prices of palm oil and packaging). However, EBITDA margin will be flattish YoY, in our view, supported by cost efficiencies.

Valuation and risks

We expect a strong earnings CAGR of ~15% over the next three years, ahead of most FMCG peers'. We value the company at 46x Jun-28E EPS to arrive at TP of Rs1,250 and assume coverage with BUY. Key risks: lower-than-expected HI growth, higher-than-expected competitive intensity, and weaker-than-expected monsoons.

Target Price – 12M	Jun-27
Change in TP (%)	NA
Current Reco.	BUY
Previous Reco.	NA
Upside/(Downside) (%)	23.4

Stock Data	GCPL IN
52-week High (Rs)	1,309
52-week Low (Rs)	967
Shares outstanding (mn)	1,023.2
Market-cap (Rs bn)	1,036
Market-cap (USD mn)	10,865
Net-debt, FY27E (Rs mn)	7,875.9
ADTV-3M (mn shares)	1.5
ADTV-3M (Rs mn)	2,065.8
ADTV-3M (USD mn)	21.7
Free float (%)	47.0
Nifty-50	23,242.1
INR/USD	95.4

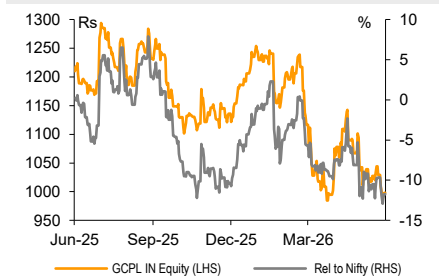
Shareholding, Mar-26

Promoters (%)	53.0
FPIs/MFs (%)	13.9/18.0

Price Performance

(%)	1M	3M	12M
Absolute	(2.9)	(6.3)	(16.8)
Rel. to Nifty	1.0	(3.1)	(10.2)

1-Year share price trend (Rs)



Godrej Consumer Products: Financial Snapshot (Consolidated)

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	139,965	151,779	168,216	185,990	205,327
EBITDA	30,031	31,562	34,753	39,933	44,398
Adj. PAT	19,155	20,946	23,463	27,239	30,557
Adj. EPS (Rs)	18.7	20.5	22.9	26.6	29.9
EBITDA margin (%)	21.5	20.8	20.7	21.5	21.6
EBITDA growth (%)	2.0	5.1	10.1	14.9	11.2
Adj. EPS growth (%)	(5.0)	9.3	12.0	16.1	12.2
RoE (%)	15.6	17.0	18.6	21.7	23.1
RoIC (%)	17.2	17.4	18.7	22.0	24.0
P/E (x)	55.9	55.7	44.2	38.0	33.9
EV/EBITDA (x)	34.3	32.6	29.6	25.8	23.2
P/B (x)	8.6	8.2	8.3	8.3	7.4
FCFF yield (%)	2.0	1.9	2.0	2.9	3.2

Source: Company, Emkay Research

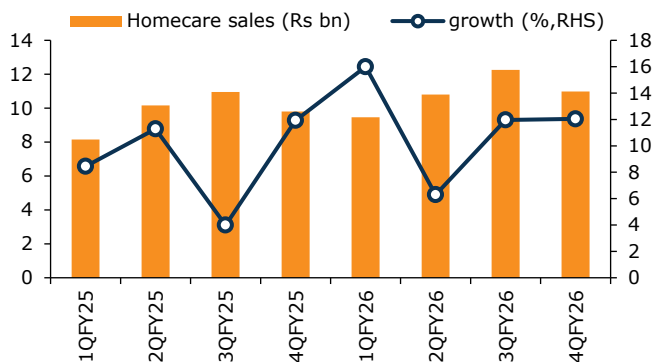
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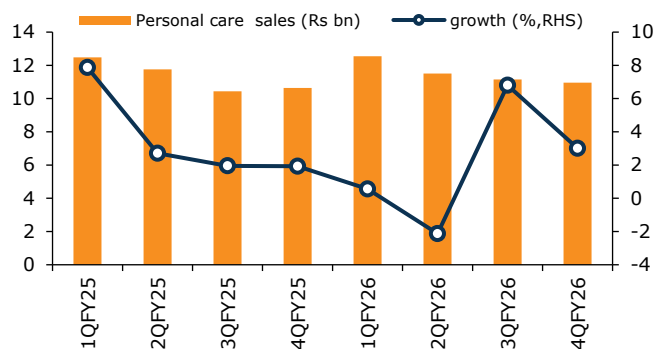
mohit.dodeja@emkayglobal.com
+91-22-66242481

Exhibit 66: Home care segment growth



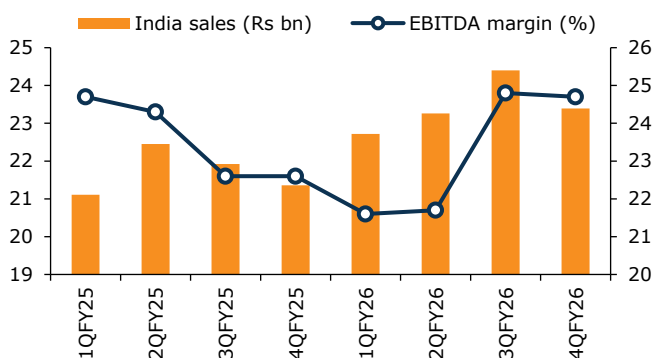
Source: Company, Emkay Research

Exhibit 67: Personal care segment growth



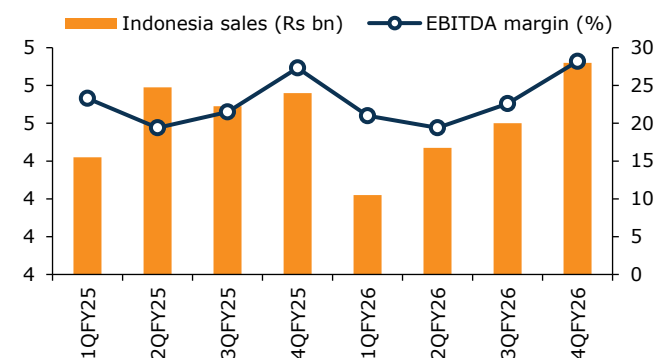
Source: Company, Emkay Research

Exhibit 68: India region revenue trend



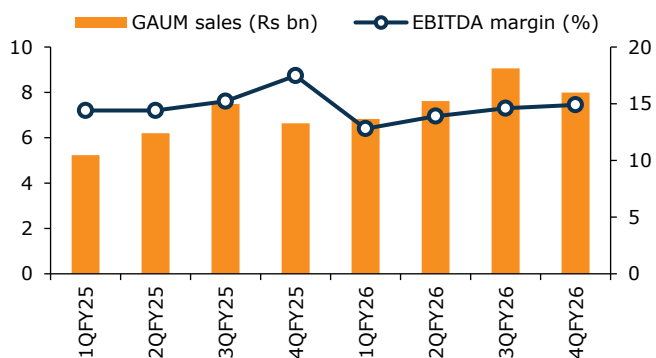
Source: Company, Emkay Research

Exhibit 69: Indonesia region revenue trend



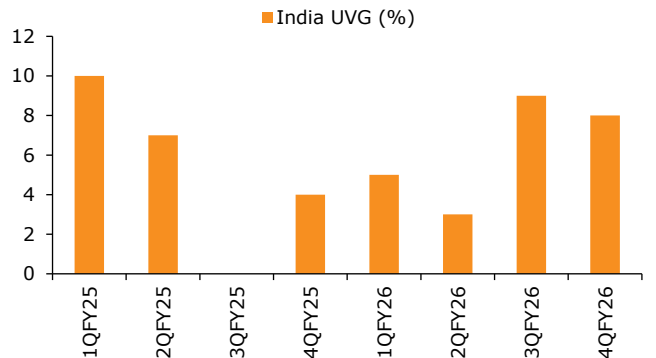
Source: Company, Emkay Research

Exhibit 70: GAUM region revenue trend



Source: Company, Emkay Research

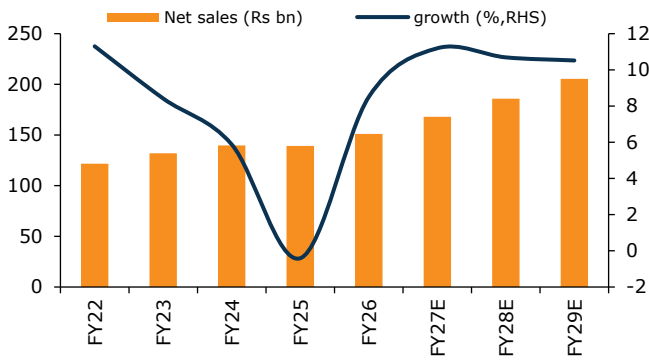
Exhibit 71: India UVG trend



Source: Company, Emkay Research

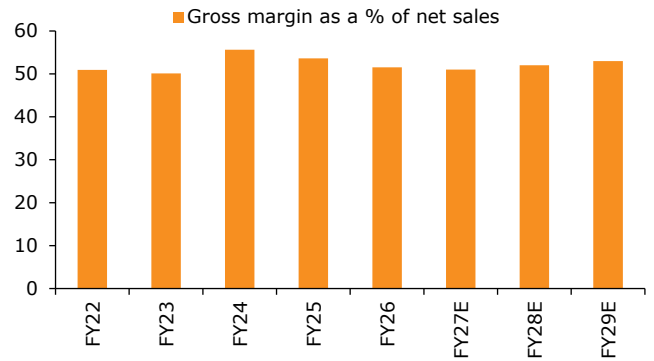
This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

Exhibit 72: Net sales trend



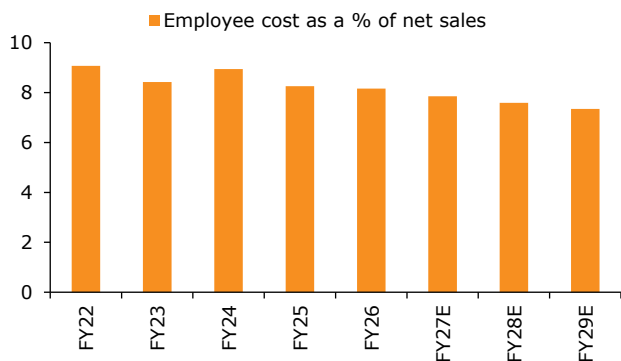
Source: Company, Emkay Research

Exhibit 73: Gross margin trend



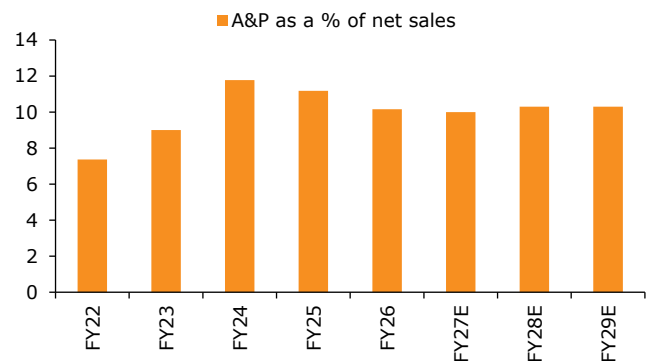
Source: Company, Emkay Research

Exhibit 74: Staff cost as a % of net sales



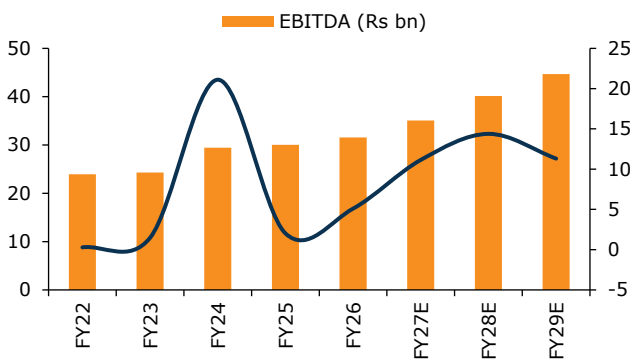
Source: Company, Emkay Research

Exhibit 75: A&P as a % of net sales



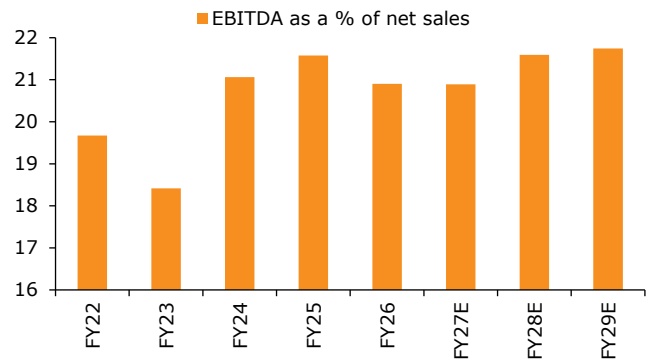
Source: Company, Emkay Research

Exhibit 76: EBITDA trend



Source: Company, Emkay Research

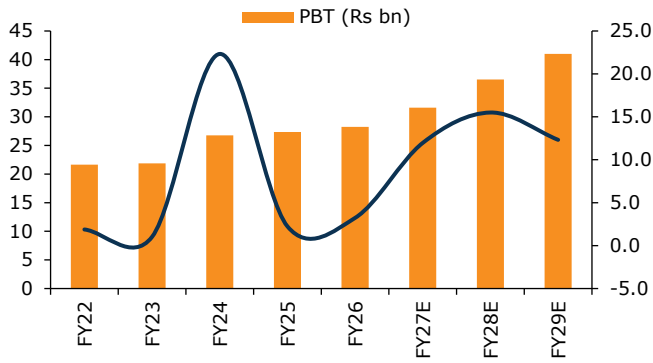
Exhibit 77: EBITDA as a % of net sales



Source: Company, Emkay Research

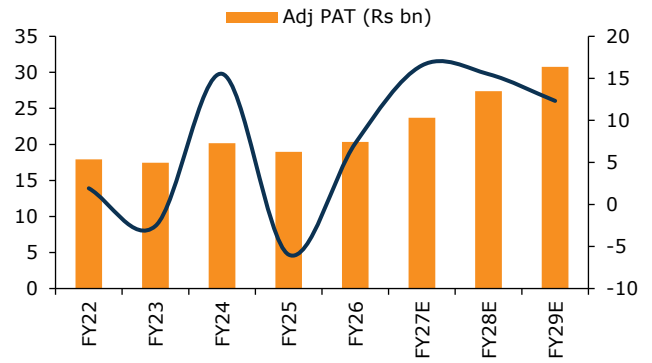
This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

Exhibit 78: PBT trend



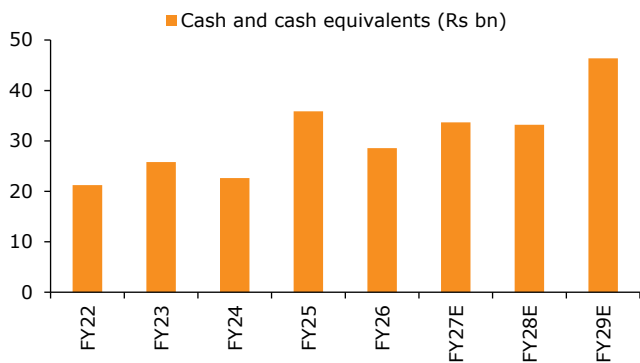
Source: Company, Emkay Research

Exhibit 79: Adjusted PAT trend



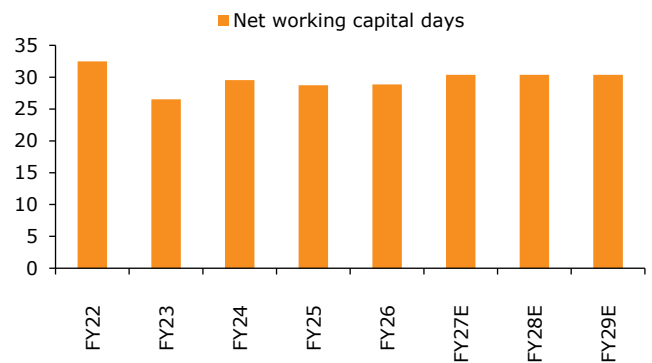
Source: Company, Emkay Research

Exhibit 80: Cash and cash equivalents trend



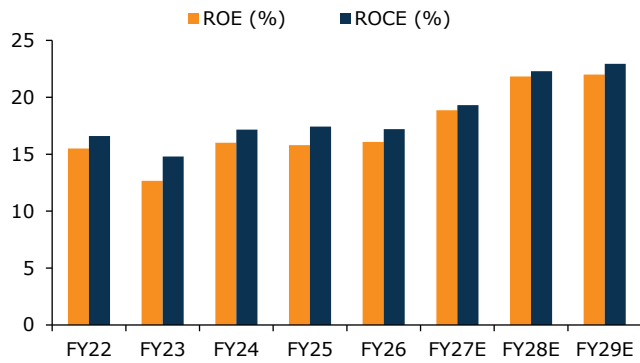
Source: Company, Emkay Research

Exhibit 81: Net working capital days



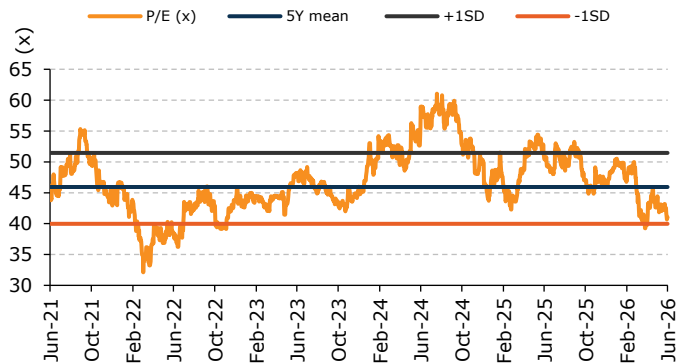
Source: Company, Emkay Research

Exhibit 82: Return profile trend



Source: Company, Emkay Research

Exhibit 83: GCPL – One-year forward P/E



Source: Company, Emkay Research

Godrej Consumer Products: Consolidated Financials and Valuations

Profit & Loss

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	139,965	151,779	168,216	185,990	205,327
Revenue growth (%)	(0.7)	8.4	10.8	10.6	10.4
EBITDA	30,031	31,562	34,753	39,933	44,398
EBITDA growth (%)	2.0	5.1	10.1	14.9	11.2
Depreciation & Amortization	2,340	2,675	2,809	2,949	3,097
EBIT	27,691	28,887	31,944	36,984	41,302
EBIT growth (%)	2.5	4.3	10.6	15.8	11.7
Other operating income	795	778	859	945	1,040
Other income	3,161	2,662	2,821	2,991	3,170
Financial expense	3,501	3,316	3,481	3,656	3,729
PBT	27,351	28,233	31,284	36,319	40,743
Extraordinary items	(632)	(2,332)	0	0	0
Taxes	8,196	7,287	7,821	9,080	10,186
Minority interest	0	0	0	0	0
Income from JV/Associates	-	-	-	-	-
Reported PAT	18,523	18,615	23,463	27,239	30,557
PAT growth (%)	0	0.5	26.0	16.1	12.2
Adjusted PAT	19,155	20,946	23,463	27,239	30,557
Diluted EPS (Rs)	18.7	20.5	22.9	26.6	29.9
Diluted EPS growth (%)	(5.0)	9.3	12.0	16.1	12.2
DPS (Rs)	25.0	20.0	24.0	27.0	16.0
Dividend payout (%)	138.1	109.9	104.7	101.4	53.6
EBITDA margin (%)	21.5	20.8	20.7	21.5	21.6
EBIT margin (%)	19.8	19.0	19.0	19.9	20.1
Effective tax rate (%)	30.0	25.8	25.0	25.0	25.0
NOPLAT (pre-IndAS)	19,393	21,432	23,958	27,738	30,976
Shares outstanding (mn)	1,023	1,023	1,023	1,023	1,023

Source: Company, Emkay Research

Cash flows

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
PBT (ex-other income)	24,190	25,572	28,463	33,328	37,573
Others (non-cash items)	(95)	(601)	192	0	0
Taxes paid	(4,701)	(5,286)	(7,821)	(9,080)	(10,186)
Change in NWC	351	551	(1,731)	(1,213)	(1,330)
Operating cash flow	25,767	24,885	25,393	31,966	35,494
Capital expenditure	(5,592)	(5,421)	(4,857)	(2,000)	(3,000)
Acquisition of business	12,456	(3,726)	0	0	0
Interest & dividend income	1,680	1,590	2,821	2,991	3,170
Investing cash flow	(3,436)	3,554	(2,036)	991	170
Equity raised/(repaid)	-	-	0	0	0
Debt raised/(repaid)	7,280	2,534	0	0	0
Payment of lease liabilities	1,219	1,579	224	242	261
Interest paid	(3,501)	(3,316)	(3,481)	(3,656)	(3,729)
Dividend paid (incl tax)	(25,573)	(20,462)	(24,557)	(27,626)	(16,371)
Others	(1,240)	(4,212)	(224)	423	297
Financing cash flow	(21,815)	(23,876)	(28,038)	(30,617)	(19,541)
Net chg in Cash	517	4,562	(4,681)	2,339	16,123
OCF	25,767	24,885	25,393	31,966	35,494
Adj. OCF (w/o NWC chg.)	25,416	24,333	27,124	33,179	36,824
FCFF	20,176	19,464	20,536	29,966	32,494
FCFE	18,354	17,738	19,876	29,301	31,936
OCF/EBITDA (%)	85.8	78.8	73.1	80.0	79.9
FCFE/PAT (%)	99.1	95.3	84.7	107.6	104.5
FCFF/NOPLAT (%)	104.0	90.8	85.7	108.0	104.9

Source: Company, Emkay Research

Balance Sheet

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Share capital	1,023	1,023	1,023	1,023	1,023
Reserves & Surplus	119,016	125,506	124,413	124,025	138,211
Net worth	120,039	126,530	125,436	125,049	139,235
Minority interests	0	0	0	0	0
Non-current liab. & prov.	938	1,918	2,110	2,110	2,110
Total debt	38,826	41,360	41,360	41,360	41,360
Total liabilities & equity	161,022	172,606	171,928	171,782	186,230
Net tangible fixed assets	-	-	-	-	-
Net intangible assets	-	-	-	-	-
Net ROU assets	-	-	-	-	-
Capital WIP	5,497	3,143	5,000	1,500	1,000
Goodwill	-	-	-	-	-
Investments [JV/Associates]	5,419	9,145	9,145	9,145	9,145
Cash & equivalents	35,858	28,578	33,484	32,871	45,872
Current assets (ex-cash)	40,300	43,847	48,302	52,381	56,739
Current Liab. & Prov.	31,953	36,815	39,539	42,404	45,433
NWC (ex-cash)	8,347	7,032	8,763	9,977	11,307
Total assets	161,022	172,606	171,928	171,782	186,230
Net debt	2,968	12,782	7,876	8,489	(4,512)
Capital employed	161,022	172,606	171,928	171,782	186,230
Invested capital	114,249	131,740	124,299	128,267	130,213
BVPS (Rs)	117.3	123.7	122.6	122.2	136.1
Net Debt/Equity (x)	-	0.1	0.1	0.1	-
Net Debt/EBITDA (x)	0.1	0.4	0.2	0.2	(0.1)
Interest coverage (x)	8.8	9.5	10.0	10.9	11.9
RoCE (%)	19.5	19.3	20.8	24.0	25.6

Source: Company, Emkay Research

Valuations and key Ratios

Y/E March	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	55.9	55.7	44.2	38.0	33.9
EV/CE(x)	6.5	6.1	6.2	6.2	5.7
P/B (x)	8.6	8.2	8.3	8.3	7.4
EV/Sales (x)	7.4	6.8	6.1	5.6	5.0
EV/EBITDA (x)	34.3	32.6	29.6	25.8	23.2
EV/EBIT(x)	37.1	35.6	32.2	27.8	24.9
EV/IC (x)	9.0	7.8	8.3	8.0	7.9
FCFF yield (%)	2.0	1.9	2.0	2.9	3.2
FCFE yield (%)	1.8	1.7	1.9	2.8	3.1
Dividend yield (%)	2.5	2.0	2.4	2.7	1.6
DuPont-RoE split					
Net profit margin (%)	13.7	13.8	13.9	14.6	14.9
Total asset turnover (x)	0.9	0.9	1.0	1.1	1.1
Assets/Equity (x)	1.3	1.4	1.4	1.4	1.4
RoE (%)	15.6	17.0	18.6	21.7	23.1
DuPont-RoIC					
NOPLAT margin (%)	13.9	14.1	14.2	14.9	15.1
IC turnover (x)	1.2	1.2	1.3	1.5	1.6
RoIC (%)	17.2	17.4	18.7	22.0	24.0
Operating metrics					
Core NWC days	21.8	16.9	19.0	19.6	20.1
Total NWC days	21.8	16.9	19.0	19.6	20.1
Fixed asset turnover	1.4	1.9	2.1	2.2	2.3
Opex-to-revenue (%)	31.8	30.5	30.3	30.5	31.4

Source: Company, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarqueresolutions.com)

Marico is poised for double-digit growth, led by the Foods and Digital-first brand portfolios. We expect Parachute's volume growth to turn positive on the back of price cuts, while VAHO would sustain double-digit growth momentum. We think favorable copra prices should ease margin pressure. Profitable scale-up of Foods and Digital-first brands is likely to keep valuation multiples elevated. We assume coverage on Marico with BUY and TP of Rs950 (50x Jun-28E EPS).

Parachute to benefit from deflation in copra prices; VAHO growth to sustain

While most RM prices are facing upward pressure, copra prices are on a downtrend (down 35% YoY in Q4FY26) and should ease margin pressure in our view. While lower copra prices are likely to lead to higher competition from regional players, Marico's strong brand equity, superior execution, and pricing actions will minimize the impact. VAHO turned a corner in FY26, on the back of change in strategy that entailed more focus on the mid and premium segments while avoiding irrational competition at the bottom-of-the-pyramid segment, along with distribution expansion. The management gave guidance for double-digit value growth in FY27 on a strong base of FY26 which we think is achievable.

New businesses scaling up well

Digital-first brands continue to scale up well, along with improving profitability. Beardo has achieved double-digit EBITDA margin. Plix has grown by 7x since acquisition and achieved mid-to-high single-digit EBITDA margin. Foods also continues to see strong growth. The management expects the share of new businesses to rise to 27% by FY27 (23% in FY26).

International business on a strong footing

Marico's Bangladesh business saw improvement in both growth and profitability, evident from the declining salience of the Parachute portfolio. Middle East (ME) exposure is limited, as it accounts for only ~5% of total sales. Overall, international business is on track for double-digit CC growth.

FY27E outlook

We expect consolidated sales to grow ~10% in FY27 (on a high base of ~27% in FY26) which will mainly be volume-led due to price cuts in Parachute. We expect gross margin to expand by ~140bps in FY27, mainly due to lower copra prices. We believe EBITDA margin expansion will be lower, at ~90bps in FY27, as we expect A&P expenses to remain elevated.

Valuation and risks

We expect strong earnings CAGR of ~16% over the next 3 years, ahead of most FMCG peers. We value Marico at 50x Jun-28E EPS to arrive at TP of Rs950 and assume coverage with BUY. Key risks: any sharp rise in copra prices, higher-than-expected competitive intensity, and weaker-than-expected monsoons.

Target Price – 12M	Jun-27
Change in TP (%)	NA
Current Reco.	BUY
Previous Reco.	NA
Upside/(Downside) (%)	16.7

Stock Data	MRCO IN
52-week High (Rs)	849
52-week Low (Rs)	680
Shares outstanding (mn)	1,298.3
Market-cap (Rs bn)	1,056
Market-cap (USD mn)	11,076
Net-debt, FY27E (Rs mn)	(17,048.7)
ADTV-3M (mn shares)	1.9
ADTV-3M (Rs mn)	1,622.6
ADTV-3M (USD mn)	17.0
Free float (%)	40.8
Nifty-50	23,242.1
INR/USD	95.4

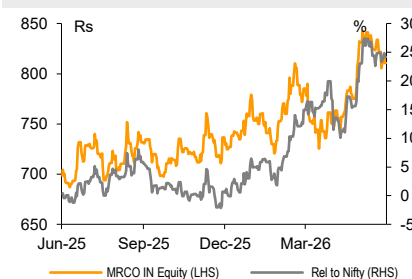
Shareholding, Mar-26

Promoters (%)	58.9
FPIs/MFs (%)	24.1/12.3

Price Performance

(%)	1M	3M	12M
Absolute	(2.1)	4.6	15.5
Rel. to Nifty	1.8	8.1	24.7

1-Year share price trend (Rs)



Marico: Financial Snapshot (Consolidated)

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	108,310	136,110	149,403	166,473	183,256
EBITDA	21,390	23,280	26,887	32,266	36,206
Adj. PAT	16,290	17,620	20,562	23,996	27,364
Adj. EPS (Rs)	12.6	13.6	15.8	18.5	21.0
EBITDA margin (%)	19.7	17.1	18.0	19.4	19.8
EBITDA growth (%)	5.6	8.8	15.5	20.0	12.2
Adj. EPS growth (%)	10.0	7.3	16.7	16.7	14.0
RoE (%)	41.7	43.1	47.2	50.7	49.6
RoIC (%)	51.2	57.5	70.6	81.7	90.2
P/E (x)	64.4	59.5	51.4	45.3	38.6
EV/EBITDA (x)	48.5	44.5	38.6	32.1	28.6
P/B (x)	26.4	24.7	23.0	21.3	17.4
FCFF yield (%)	1.3	1.7	2.0	2.2	2.4

Source: Company, Emkay Research

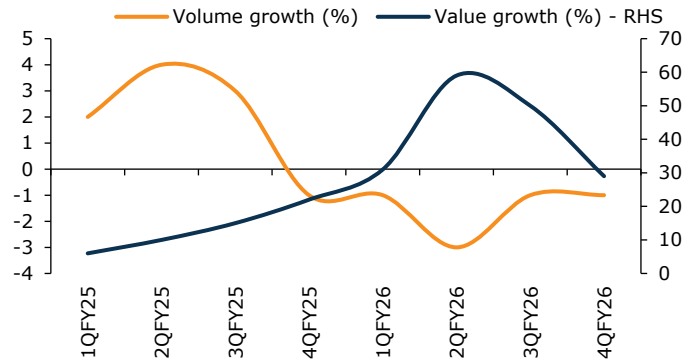
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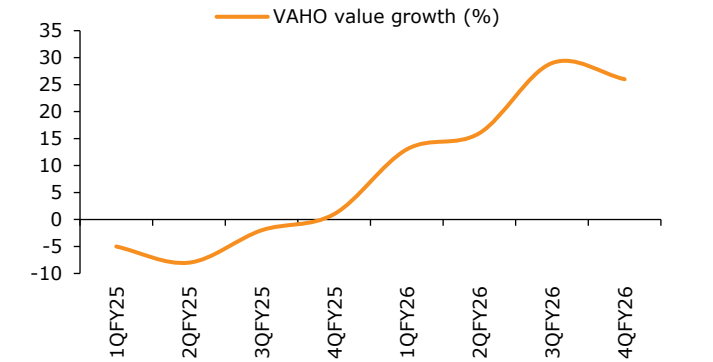
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Exhibit 84: Parachute volume growth has been resilient, with only marginal decline despite sharp price hikes in FY26



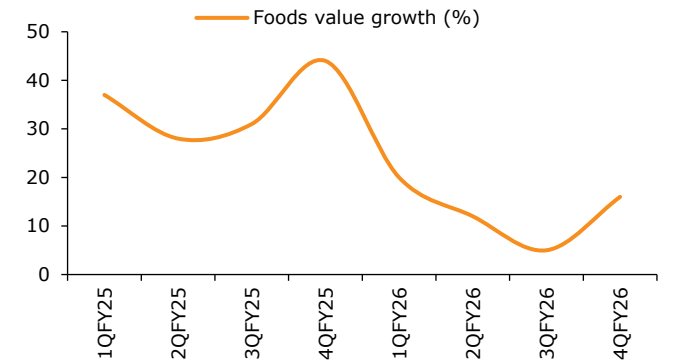
Source: Company, Emkay Research

Exhibit 85: VAHO's growth has consistently improved in the last one year, led by volume growth



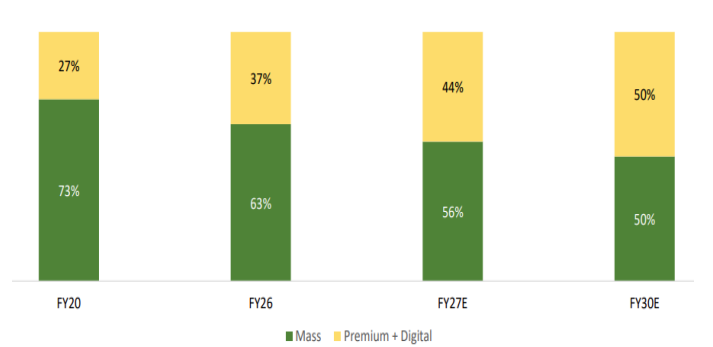
Source: Company, Emkay Research

Exhibit 86: Growth in the Foods segment moderated in recent quarters due to focus on profitability and a high base, but again saw a rise in Q4FY26



Source: Company, Emkay Research

Exhibit 87: Marico's share of the premium portfolio has risen to 37% in FY26, led by digital-first brands



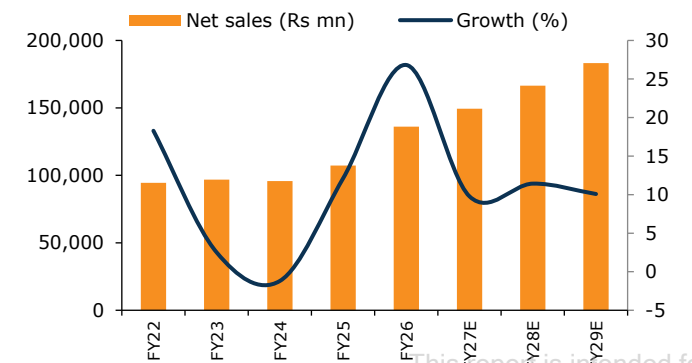
Source: Company, Emkay Research

Exhibit 88: Marico's non-core businesses are scaling up well

Segment	ARR
Digital-first brands	>Rs11bn
Foods	>Rs10bn
Premium personal care	~Rs3.5bn

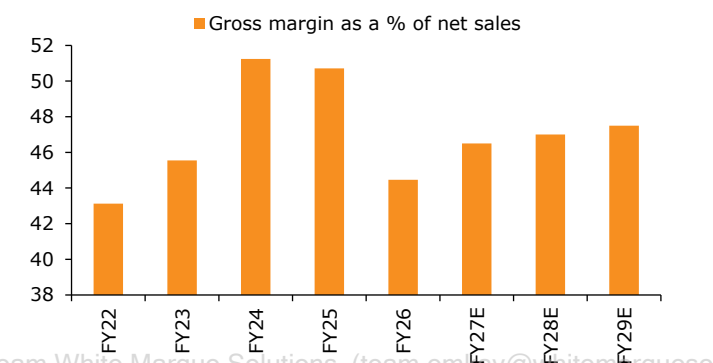
Source: Company, Emkay Research

Exhibit 89: We expect revenue growth to be in low double-digits over the next three years



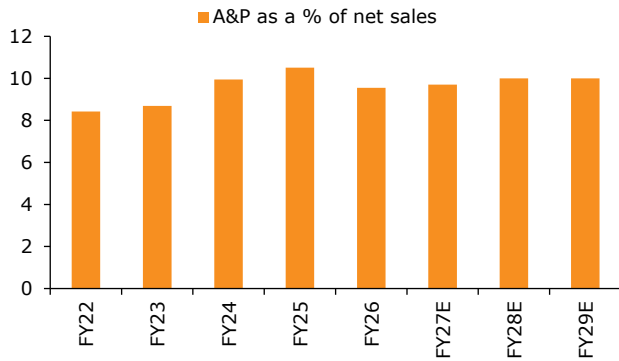
Source: Company, Emkay Research

Exhibit 90: We expect gross margin to improve slightly going forward



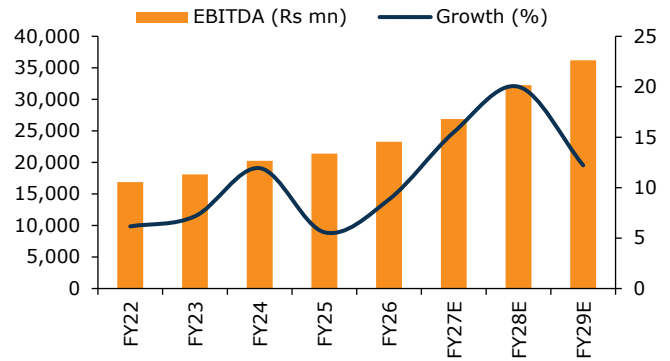
Source: Company, Emkay Research

Exhibit 91: A&P expenses to remain elevated



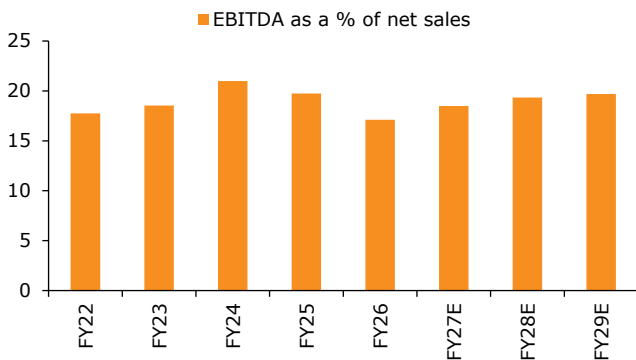
Source: Company, Emkay Research

Exhibit 92: EBITDA growth to remain in double-digits



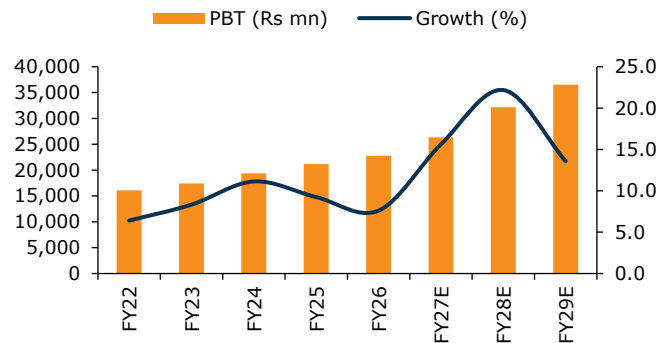
Source: Company, Emkay Research

Exhibit 93: We expect EBITDA margin to improve and remain within management guidance of 18-20%



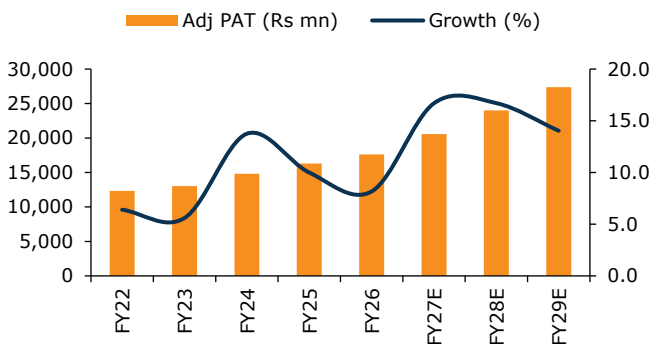
Source: Company, Emkay Research

Exhibit 94: PBT trend



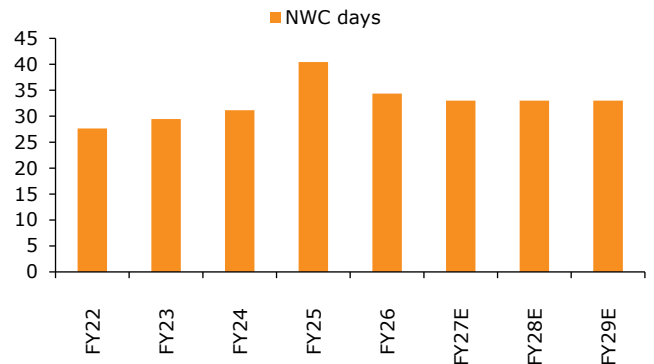
Source: Company, Emkay Research

Exhibit 95: PAT trend



Source: Company, Emkay Research

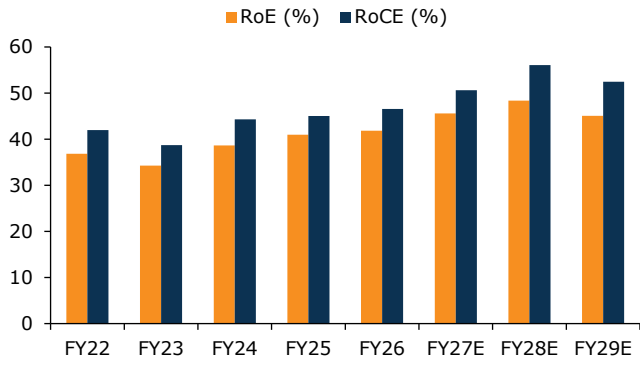
Exhibit 96: WC days to remain at current levels



Source: Company, Emkay Research

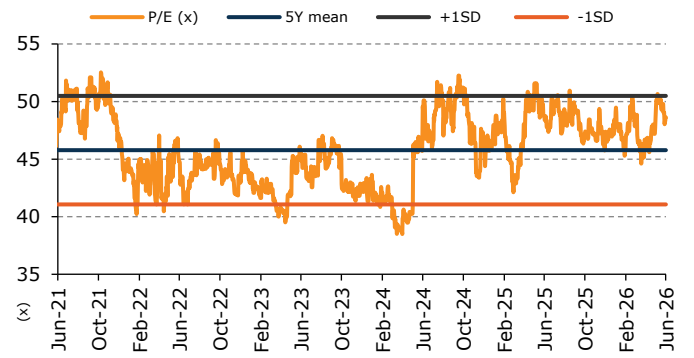
This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

Exhibit 97: Return profile to improve



Source: Company, Emkay Research

Exhibit 98: Marico – 1-year forward P/E



Source: Company, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

Marico: Consolidated Financials and Valuations

Profit & Loss

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	108,310	136,110	149,403	166,473	183,256
Revenue growth (%)	12.2	25.7	9.8	11.4	10.1
EBITDA	21,390	23,280	26,887	32,266	36,206
EBITDA growth (%)	5.6	8.8	15.5	20.0	12.2
Depreciation & Amortization	1,780	2,020	2,150	2,200	2,250
EBIT	19,610	21,260	24,737	30,066	33,956
EBIT growth (%)	5.0	8.4	16.4	21.5	12.9
Other operating income	980	0	0	0	0
Other income	2,080	2,040	2,150	2,500	3,000
Financial expense	530	530	560	400	425
PBT	21,160	22,770	26,327	32,166	36,531
Extraordinary items	0	0	0	0	0
Taxes	4,580	4,640	5,265	7,720	8,767
Minority interest	(290)	(510)	(500)	(450)	(400)
Income from JV/Associates	-	-	-	-	-
Reported PAT	16,290	17,620	20,562	23,996	27,364
PAT growth (%)	10.0	8.2	16.7	16.7	14.0
Adjusted PAT	16,290	17,620	20,562	23,996	27,364
Diluted EPS (Rs)	12.6	13.6	15.8	18.5	21.0
Diluted EPS growth (%)	10.0	7.3	16.7	16.7	14.0
DPS (Rs)	3.5	7.0	13.5	15.0	12.5
Dividend payout (%)	27.8	51.5	85.4	81.3	59.4
EBITDA margin (%)	19.7	17.1	18.0	19.4	19.8
EBIT margin (%)	18.1	15.6	16.6	18.1	18.5
Effective tax rate (%)	21.6	20.4	20.0	24.0	24.0
NOPLAT (pre-IndAS)	15,365	16,928	19,790	22,850	25,807
Shares outstanding (mn)	1,290	1,300	1,300	1,300	1,300

Source: Company, Emkay Research

Cash flows

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
PBT (ex-other income)	19,080	20,730	24,177	29,666	33,531
Others (non-cash items)	(580)	(510)	(510)	(1,210)	(121)
Taxes paid	(3,690)	(3,780)	(4,840)	(5,650)	(5,265)
Change in NWC	(1,350)	12,120	432	(317)	(492)
Operating cash flow	14,420	20,850	22,162	24,302	27,286
Capital expenditure	(1,220)	(3,190)	(1,650)	(2,000)	(2,500)
Acquisition of business	1,280	800	(500)	(500)	(500)
Interest & dividend income	-	-	-	-	-
Investing cash flow	(6,210)	(7,220)	(1,000)	(1,000)	(1,000)
Equity raised/(repaid)	0	10	0	0	0
Debt raised/(repaid)	(50)	(240)	200	250	0
Payment of lease liabilities	(210)	(280)	(129)	(135)	(142)
Interest paid	(510)	(370)	(560)	(400)	(425)
Dividend paid (incl tax)	(4,530)	(9,080)	(17,550)	(19,500)	(16,250)
Others	(1,190)	(2,830)	129	135	142
Financing cash flow	(6,490)	(12,790)	(17,910)	(19,650)	(16,675)
Net chg in Cash	1,720	840	3,252	3,652	9,611
OCF	14,420	20,850	22,162	24,302	27,286
Adj. OCF (w/o NWC chg.)	15,770	8,730	21,729	24,619	27,778
FCFF	13,200	17,660	20,512	22,302	24,786
FCFE	12,670	17,130	19,952	21,902	24,361
OCF/EBITDA (%)	67.4	89.6	82.4	75.3	75.4
FCFE/PAT (%)	77.8	97.2	97.0	91.3	89.0
FCFF/NOPLAT (%)	85.9	104.3	103.6	97.6	96.0

Source: Company, Emkay Research

Balance Sheet

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Share capital	1,290	1,300	1,300	1,300	1,300
Reserves & Surplus	38,460	40,800	43,812	48,308	59,421
Net worth	39,750	42,100	45,112	49,608	60,721
Minority interests	2,910	2,840	3,340	3,790	4,190
Non-current liab. & prov.	2,480	3,740	3,927	4,123	4,330
Total debt	13,630	11,060	11,613	12,194	12,803
Total liabilities & equity	58,770	59,740	63,992	69,715	82,044
Net tangible fixed assets	16,710	23,390	23,240	23,040	23,290
Net intangible assets	-	-	-	-	-
Net ROU assets	2,300	2,580	2,709	2,844	2,987
Capital WIP	400	850	500	500	500
Goodwill	8,570	10,360	10,360	10,360	10,360
Investments [JV/Associates]	2,150	1,350	1,850	2,350	2,850
Cash & equivalents	21,520	24,410	28,662	33,314	43,924
Current assets (ex-cash)	29,880	35,480	38,161	42,091	45,976
Current Liab. & Prov.	24,550	41,010	43,936	47,353	50,540
NWC (ex-cash)	5,330	(5,530)	(5,775)	(5,262)	(4,564)
Total assets	58,770	59,740	63,992	69,715	82,044
Net debt	(7,890)	(13,350)	(17,049)	(21,120)	(31,121)
Capital employed	58,770	59,740	63,992	69,715	82,044
Invested capital	30,610	28,220	27,825	28,138	29,086
BVPS (Rs)	30.8	32.4	34.7	38.2	46.7
Net Debt/Equity (x)	(0.2)	(0.3)	(0.4)	(0.4)	(0.5)
Net Debt/EBITDA (x)	(0.4)	(0.6)	(0.6)	(0.7)	(0.9)
Interest coverage (x)	40.9	44.0	48.0	81.4	87.0
RoCE (%)	42.0	41.5	46.3	51.8	51.6

Source: Company, Emkay Research

Valuations and key Ratios

Y/E March	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	64.4	59.5	51.4	45.3	38.6
EV/CE(x)	18.4	18.5	17.3	15.8	13.3
P/B (x)	26.4	24.7	23.0	21.3	17.4
EV/Sales (x)	9.7	7.6	6.9	6.2	5.7
EV/EBITDA (x)	48.5	44.5	38.6	32.1	28.6
EV/EBIT(x)	52.9	48.8	41.9	34.5	30.5
EV/IC (x)	33.9	36.7	37.3	36.9	35.6
FCFF yield (%)	1.3	1.7	2.0	2.2	2.4
FCFE yield (%)	1.1	1.4	1.8	1.9	2.3
Dividend yield (%)	0.4	1.4	1.7	1.8	1.5
DuPont-RoE split					
Net profit margin (%)	15.0	12.9	13.8	14.4	14.9
Total asset turnover (x)	2.1	2.4	2.5	2.6	2.5
Assets/Equity (x)	1.3	1.4	1.4	1.4	1.3
RoE (%)	41.7	43.1	47.2	50.7	49.6
DuPont-RoIC					
NOPLAT margin (%)	14.2	12.4	13.2	13.7	14.1
IC turnover (x)	3.6	4.6	5.3	5.9	6.4
RoIC (%)	51.2	57.5	70.6	81.7	90.2
Operating metrics					
Core NWC days	18.0	(14.8)	(14.1)	(11.5)	(9.1)
Total NWC days	18.0	(14.8)	(14.1)	(11.5)	(9.1)
Fixed asset turnover	3.2	3.4	3.2	3.5	3.6
Opex-to-revenue (%)	30.5	27.4	27.9	27.6	27.7

Source: Company, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarqueresolutions.com)

Britannia Industries (BRIT) is poised for double-digit growth in FY27E, led by a balanced mix of volume and pricing growth. The company is focusing on increasing salience in digital channels which would support growth as well as improved mix due to higher share of premium in the channel. BRIT is relatively shielded from raw material (RM) price volatility due to a five-month palm oil cover (as of 4QFY26) and owing to a good wheat harvest (likely to keep prices soft). Non-biscuit segments (bread, cakes, rusk) are also faring well. With the capex cycle now behind, return ratios are expected to improve with rising capacity utilization. We assume coverage on BRIT with BUY and target price of Rs6,200 (47x Jun-28E EPS).

Relatively shielded from raw material price volatility

BRIT is relatively shielded from the high RM price volatility vs peers, given its 5-month inventory of palm oil (BRIT's key raw material, which witnessed inflationary pressure recently). Price of wheat (another key raw material) is not expected to rise much due to a good wheat harvest and record-high wheat reserves in the country.

Adjacencies shaping up well

Non-biscuits portfolio (~25% of sales) is growing much faster (double-digit) than the company average, and is expected to maintain strong growth aided by a low base and market-share gains. Cake, Rusk, and Bread are scaling up well. Cheese, however, has lagged; BRIT is taking measures for growth here (including innovations/price action).

Rising e-commerce salience to improve the mix

Share of e-commerce (including Quick Commerce; QC) has risen to 6% in FY26 (~12% share ex small packs) and is helping drive premiumization. Within e-com, QC accounted for almost 75% of sales. The company has launched a number of new premium products/variants (limited edition Harry Potter-inspired biscuits, millet biscuits, etc), especially on the e-com channel, which offers higher margin. E-com is likely to remain a key focus area for BRIT and aid both growth and margins in the medium term.

FY27E outlook

We expect sales growth to improve to ~11% in FY27E, led by the non-biscuits business. We believe gross margin would contract slightly YoY in FY27E, as the forward cover for palm oil will offset some inflation in other RMs; EBITDA margin would be flattish.

Valuation and risks

We expect sales/earnings CAGR of ~10%/11%, respectively, over the next 3 years. We value BRIT at 47x Jun-28E EPS and arrive at TP of Rs6,200; assume coverage with BUY. Key risks: lower-than-expected volume growth, higher-than-expected competition from regional/local players, and sharp rise in input costs.

Target Price – 12M	Jun-27
Change in TP (%)	NA
Current Reco.	BUY
Previous Reco.	NA
Upside/(Downside) (%)	21.0

Stock Data	BRIT IN
52-week High (Rs)	6,337
52-week Low (Rs)	5,035
Shares outstanding (mn)	240.9
Market-cap (Rs bn)	1,234
Market-cap (USD mn)	12,940
Net-debt, FY27E (Rs mn)	(39,559.9)
ADTV-3M (mn shares)	0.4
ADTV-3M (Rs mn)	2,825.4
ADTV-3M (USD mn)	29.6
Free float (%)	49.5
Nifty-50	23,242.1
INR/USD	95.4

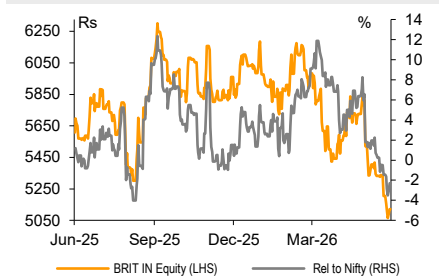
Shareholding, Mar-26

Promoters (%)	50.5
FPIs/MFs (%)	15.6/18.9

Price Performance

(%)	1M	3M	12M
Absolute	(7.2)	(13.0)	(10.1)
Rel. to Nifty	(3.5)	(10.1)	(2.9)

1-Year share price trend (Rs)



Britannia Industries: Financial Snapshot (Consolidated)

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	179,427	191,516	211,230	231,998	254,210
EBITDA	31,872	35,444	39,683	44,321	48,585
Adj. PAT	22,035	23,095	28,347	30,921	34,385
Adj. EPS (Rs)	91.5	95.9	117.7	128.4	142.7
EBITDA margin (%)	17.8	18.5	18.8	19.1	19.1
EBITDA growth (%)	0.5	11.2	12.0	11.7	9.6
Adj. EPS growth (%)	2.8	4.8	22.7	9.1	11.2
RoE (%)	53.1	48.8	51.5	49.1	50.2
RoIC (%)	88.2	102.1	125.6	173.9	222.0
P/E (x)	56.6	53.4	43.5	39.9	35.9
EV/EBITDA (x)	38.0	34.2	30.5	27.3	24.9
P/B (x)	28.3	24.2	20.9	18.4	17.6
FCFF yield (%)	1.8	2.0	2.6	2.7	3.0

Source: Company, Emkay Research

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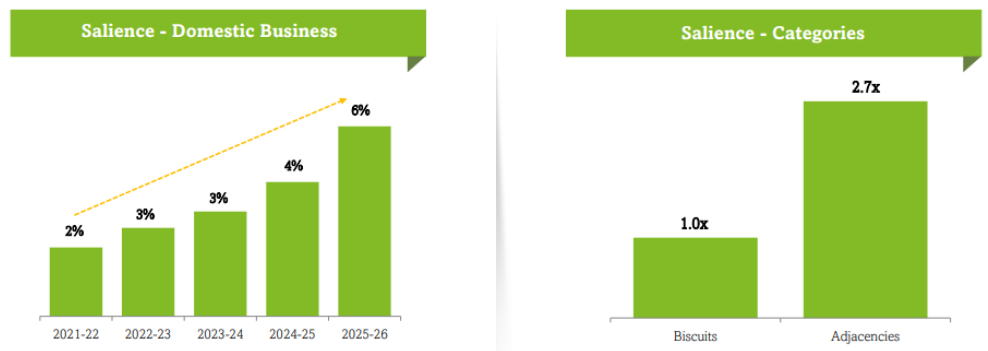
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Exhibit 99: Adjacencies reported strong double-digit growth in the past year

	Biscuits	Rusk	Wafers	Dairy	Cakes
1QFY26	Flattish market share on account of regional players	Double-digit growth across all channels	Saw growth of 2.7x vs biscuits	Milkshakes grew in double digits	-
2QFY26	Marginal share loss to regional competition	Double-digit growth	Double-digit growth	Healthy growth, along with sequential market share gains, in Cheese	Brownie sustained traction in urban markets
3QFY26	Holding market share against national players	Double-digit growth	Double-digit growth	Marginal growth in Cheese; other segments grew faster	Double-digit growth
4QFY26	Market share intact from a value perspective	Growing 1.4x of biscuits, led by e-com	Double-digit growth	Double-digit growth fueled by Ghee	Growing 1.4x of biscuits, led by e-com

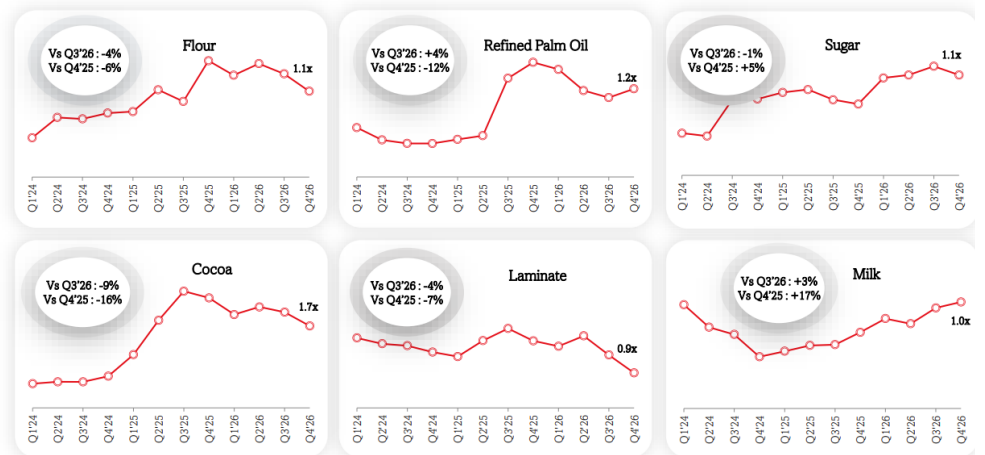
Source: Company, Emkay Research

Exhibit 100: E-com (including QC) share reached 6% in FY26; adjacencies have a high salience within e-com



Source: Company, Emkay Research

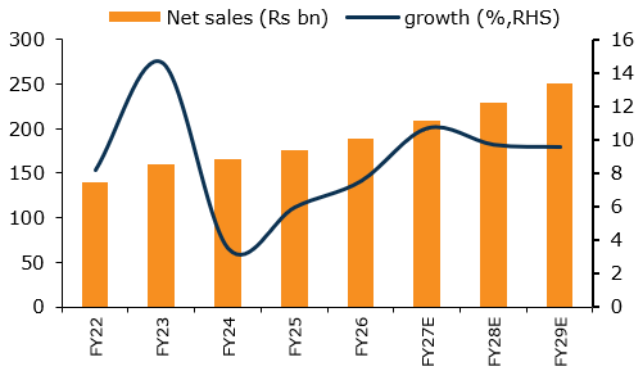
Exhibit 101: Most raw materials are deflationary for Britannia, except palm oil and milk



Source: Company, Emkay Research

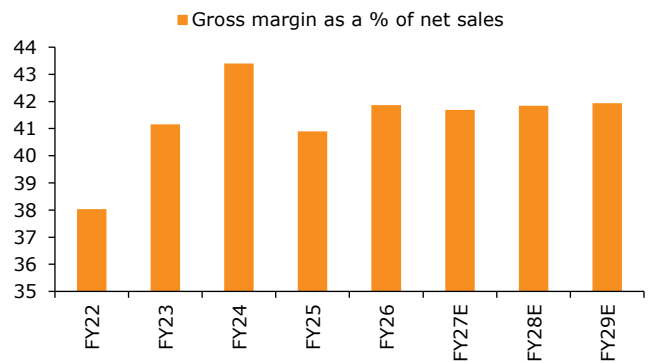
This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

Exhibit 102: We expect revenue CAGR of ~10% over the next three years



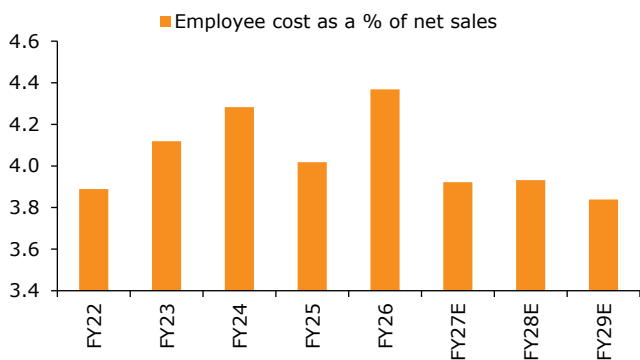
Source: Company, Emkay Research

Exhibit 103: Gross margin is expected to be flattish over the next three years



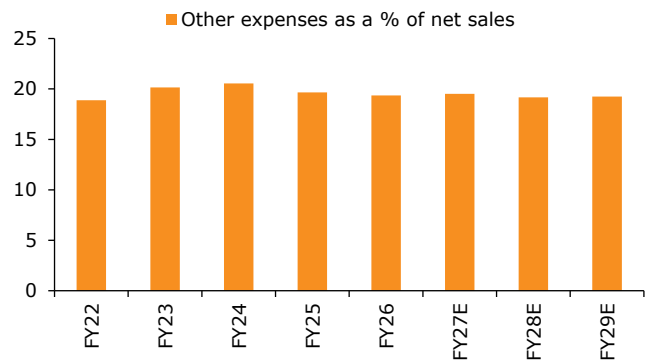
Source: Company, Emkay Research

Exhibit 104: Employee costs, as a % of net sales



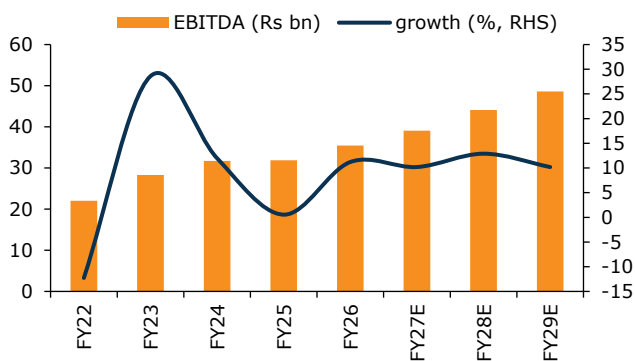
Source: Company, Emkay Research

Exhibit 105: Other expenses, as a % of net sales



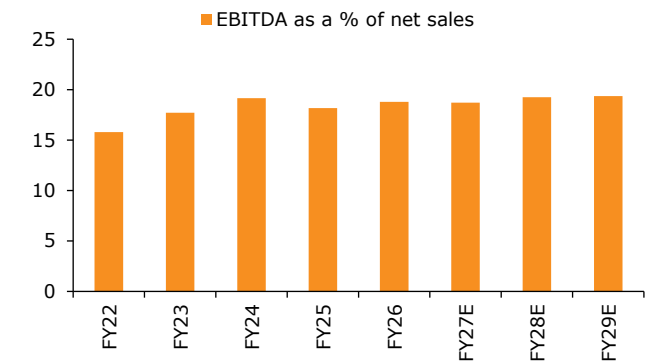
Source: Company, Emkay Research

Exhibit 106: EBITDA trend



Source: Company, Emkay Research

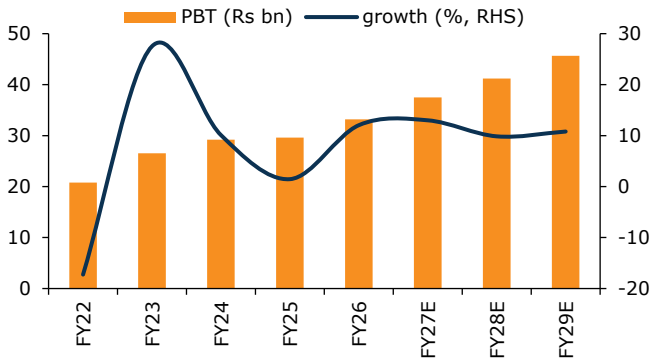
Exhibit 107: EBITDA as a % of net sales



Source: Company, Emkay Research

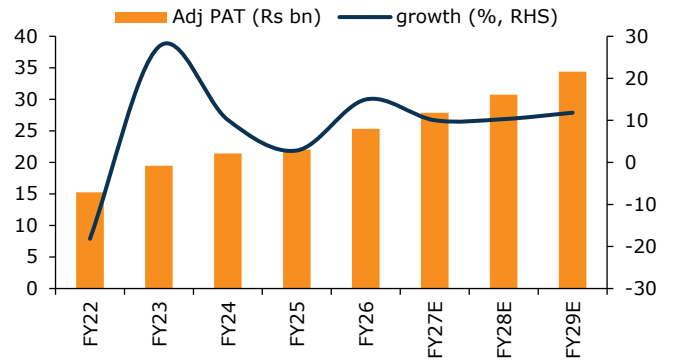
This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

Exhibit 108: PBT trend



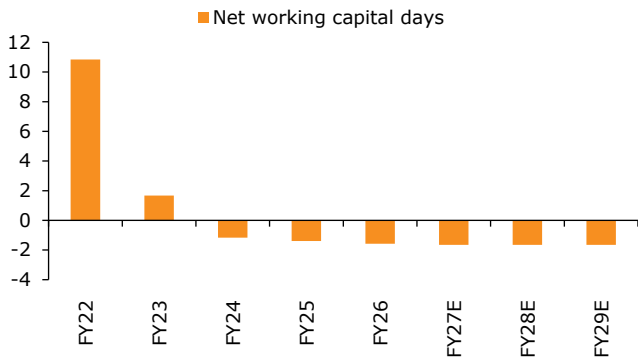
Source: Company, Emkay Research

Exhibit 109: Adjusted PAT trend



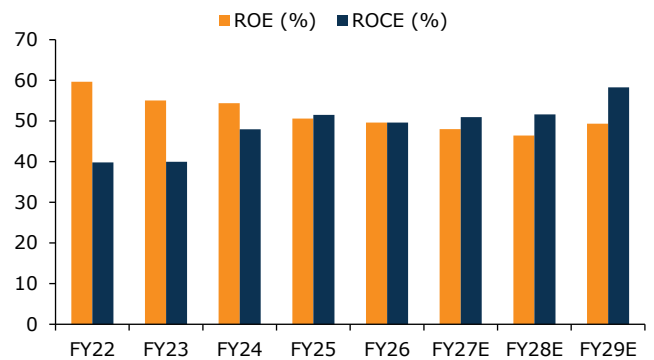
Source: Company, Emkay Research

Exhibit 110: Net working capital days



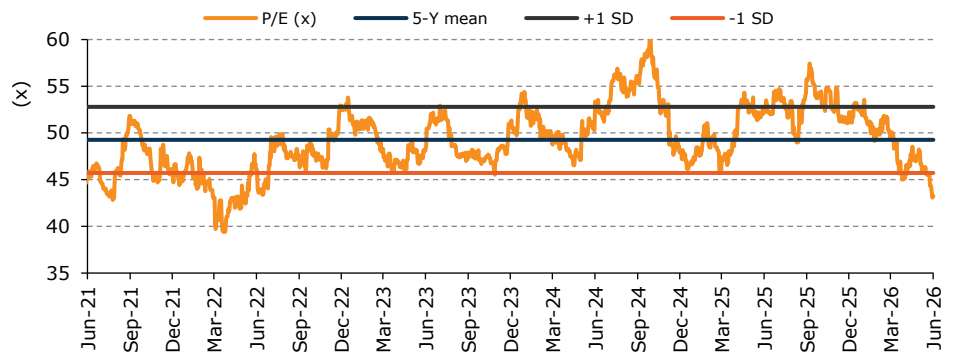
Source: Company, Emkay Research

Exhibit 111: RoE and RoCE trend



Source: Company, Emkay Research

Exhibit 112: Britannia – One-year forward P/E



Source: Bloomberg, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

Britannia Industries: Consolidated Financials and Valuations

Profit & Loss

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	179,427	191,516	211,230	231,998	254,210
Revenue growth (%)	7.0	6.7	10.3	9.8	9.6
EBITDA	31,872	35,444	39,683	44,321	48,585
EBITDA growth (%)	0.5	11.2	12.0	11.7	9.6
Depreciation & Amortization	3,133	3,368	3,503	3,643	3,789
EBIT	28,738	32,076	36,180	40,678	44,796
EBIT growth (%)	0.2	11.6	12.8	12.4	10.1
Other operating income	4,077	2,934	2,459	2,939	3,203
Other income	943	0	50	100	150
Financial expense	60	1,128	(1,900)	(650)	(700)
PBT	29,621	30,948	38,130	41,428	45,646
Extraordinary items	(248)	0	0	0	0
Taxes	7,487	7,518	9,532	10,357	11,412
Minority interest	9	(35)	50	50	50
Income from JV/Associates	(107)	(300)	(300)	(200)	100
Reported PAT	21,787	23,095	28,347	30,921	34,385
PAT growth (%)	1.8	6.0	22.7	9.1	11.2
Adjusted PAT	22,035	23,095	28,347	30,921	34,385
Diluted EPS (Rs)	91.5	95.9	117.7	128.4	142.7
Diluted EPS growth (%)	2.8	4.8	22.7	9.1	11.2
DPS (Rs)	75.0	80.0	90.0	100.0	110.0
Dividend payout (%)	82.9	83.4	76.5	77.9	77.1
EBITDA margin (%)	17.8	18.5	18.8	19.1	19.1
EBIT margin (%)	16.0	16.7	17.1	17.5	17.6
Effective tax rate (%)	25.3	24.3	25.0	25.0	25.0
NOPLAT (pre-IndAS)	21,474	24,284	27,135	30,508	33,597
Shares outstanding (mn)	241	241	241	241	241

Source: Company, Emkay Research

Cash flows

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
PBT (ex-other income)	28,571	30,648	37,780	41,128	45,596
Others (non-cash items)	(826)	(509)	(250)	(150)	150
Taxes paid	(6,892)	(8,217)	(9,532)	(10,357)	(11,412)
Change in NWC	4,003	(2,074)	3,084	675	723
Operating cash flow	24,906	26,116	32,984	34,489	38,046
Capital expenditure	(3,477)	(2,328)	(892)	(2,000)	(2,000)
Acquisition of business	0	0	0	0	0
Interest & dividend income	186	1,433	50	100	150
Investing cash flow	664	(7,573)	1,040	0	100
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	(8,164)	1,331	(1,695)	391	(5,000)
Payment of lease liabilities	0	0	0	0	0
Interest paid	(60)	(1,128)	1,900	650	700
Dividend paid (incl tax)	(17,675)	(18,068)	(20,477)	(22,886)	(31,317)
Others	(1,639)	38	(3,150)	(1,950)	(2,000)
Financing cash flow	(27,539)	(17,826)	(23,421)	(23,795)	(37,617)
Net chg in Cash	(1,969)	717	10,604	10,695	529
OCF	24,906	26,116	32,984	34,489	38,046
Adj. OCF (w/o NWC chg.)	20,903	28,190	29,900	33,814	37,323
FCFF	21,430	23,788	32,093	32,489	36,046
FCFE	20,227	24,093	30,943	31,339	34,946
OCF/EBITDA (%)	78.1	73.7	83.1	77.8	78.3
FCFE/PAT (%)	92.8	104.3	109.2	101.4	101.6
FCFF/NOPLAT (%)	99.8	98.0	118.3	106.5	107.3

Source: Company, Emkay Research

Balance Sheet

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Share capital	241	241	241	241	241
Reserves & Surplus	43,316	50,825	58,695	66,731	69,798
Net worth	43,557	51,066	58,936	66,972	70,039
Minority interests	256	293	243	193	143
Non-current liab. & prov.	(348)	(414)	(414)	(414)	(414)
Total debt	12,248	13,578	11,884	12,275	7,275
Total liabilities & equity	55,713	64,523	70,649	79,026	77,043
Net tangible fixed assets	27,710	25,842	24,339	22,696	20,907
Net intangible assets	-	-	-	-	-
Net ROU assets	-	-	-	-	-
Capital WIP	892	390	500	500	500
Goodwill	1,328	1,440	1,440	1,440	1,440
Investments [JV/Associates]	-	-	-	-	-
Cash & equivalents	31,779	39,622	51,444	62,138	62,667
Current & ex-cash	26,311	28,378	31,297	34,370	37,715
Current Liab. & Prov.	32,307	32,366	38,370	42,118	46,185
NWC (ex-cash)	(5,996)	(3,988)	(7,073)	(7,748)	(8,470)
Total assets	55,713	64,523	70,649	79,026	77,043
Net debt	(19,531)	(26,044)	(39,560)	(49,864)	(55,393)
Capital employed	55,713	64,523	70,649	79,026	77,043
Invested capital	23,042	24,511	18,706	16,388	13,876
BVPS (Rs)	180.8	212.0	244.7	278.0	290.7
Net Debt/Equity (x)	(0.4)	(0.5)	(0.7)	(0.7)	(0.8)
Net Debt/EBITDA (x)	(0.6)	(0.7)	(1.0)	(1.1)	(1.1)
Interest coverage (x)	494.7	28.4	(19.1)	(62.7)	(64.2)
RoCE (%)	51.1	53.0	53.3	54.2	57.3

Source: Company, Emkay Research

Valuations and key Ratios

Y/E March	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	56.6	53.4	43.5	39.9	35.9
EV/CE(x)	21.6	18.7	17.1	15.3	15.6
P/B (x)	28.3	24.2	20.9	18.4	17.6
EV/Sales (x)	6.9	6.4	5.8	5.3	4.8
EV/EBITDA (x)	38.0	34.2	30.5	27.3	24.9
EV/EBIT(x)	42.2	37.8	33.5	29.8	27.0
EV/IC (x)	52.6	49.4	64.8	73.9	87.3
FCFF yield (%)	1.8	2.0	2.6	2.7	3.0
FCFE yield (%)	1.6	2.0	2.5	2.5	2.8
Dividend yield (%)	1.5	1.6	1.8	2.0	2.1
DuPont-RoE split					
Net profit margin (%)	12.3	12.1	13.4	13.3	13.5
Total asset turnover (x)	3.1	3.2	3.1	3.1	3.3
Assets/Equity (x)	1.4	1.3	1.2	1.2	1.1
RoE (%)	53.1	48.8	51.5	49.1	50.2
DuPont-RoIC					
NOPLAT margin (%)	12.0	12.7	12.8	13.2	13.2
IC turnover (x)	7.4	8.1	9.8	13.2	16.8
RoIC (%)	88.2	102.1	125.6	173.9	222.0
Operating metrics					
Core NWC days	(12.2)	(7.6)	(12.2)	(12.2)	(12.2)
Total NWC days	(12.2)	(7.6)	(12.2)	(12.2)	(12.2)
Fixed asset turnover	3.7	3.8	4.0	4.2	4.5
Opex-to-revenue (%)	23.1	23.4	23.1	22.7	22.8

Source: Company, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarqueresolutions)

Honasa is benefiting from an offline channel turnaround, strong scale-up of The Derma Co, and improving profitability across brands. Its strategy of investing in focus categories is operating effectively, given >35% YoY growth in 4QFY26. Honasa has given guidance for EBITDA margin expansion of 500bps over the next 5Y; this will drive earnings growth of >20% over the same period. We assume coverage of the company with BUY and TP of Rs500 (50x Jun-28E EPS).

Change in offline channel strategy showing results

Honasa's shift—from a super-stockist to a direct distribution model—is yielding results, with >30% growth in the GT channel in 4QFY26. Share of direct distribution rose to ~80% of primary GT sales, with a >2.7mn outlet reach. In addition to Mamaearth, The Derma Co has gained significant traction in the offline channel (~1% market share in offline in 'face cleanser'), with higher focus on chemist outlets (50% of GT reach). Honasa has also optimized the number of inventory holding for distributors to 25-30 days. Ahead, a strong offline channel base is likely to act as a growth foundation for other brands too.

Focus categories now contribute over 80% of sales

Younger brands (ex-Mamaearth) continue to grow strongly (>40% in 4QFY26) on the back of a clear aim to drive growth across Honasa's 7 focus categories (Exhibit 2) and a low base. Focus categories grew a strong 29% YoY in FY26 (>35% in 4Q) and contributed to ~80% of sales in 4Q. The company intends to build a leadership position in focus categories, led by product superiority, scaling up of 'hero' products, new launches and acquisitions, scaling up the offline channel, and a sharper GenZ-focused content engine.

Margins to expand sharply on the back of operating leverage

The management has given guidance for ~500bps EBITDA margin expansion over the next 5 years, driven by premiumization and operating leverage. The increasing contribution of higher-margin brands should improve the product mix, while efficiencies across channel spends, brand investments, and operating expenses will support margin expansion, in our view. We expect EBITDA margin to expand by ~270bps in coming 3Y.

FY27E outlook

We expect ~20% sales growth in FY27E, on strong double-digit growth in the ex-Mamaearth portfolio. While gross margin is likely to contract by ~50bps YoY in FY27E on higher raw material costs, EBITDA margin would expand by ~80bps YoY owing to operating leverage.

Valuation and risks

We expect sales/earnings CAGR of ~16/22% over the next 3 years. We value the stock at 50x Jun-28 EPS and arrive at TP of Rs500; we assume coverage with BUY. Key risks include lower-than-expected growth, higher-than-expected inflation in input material, and increase in competitive intensity.

Target Price – 12M	Jun-27
Change in TP (%)	NA
Current Reco.	BUY
Previous Reco.	NA
Upside/(Downside) (%)	22.2

Stock Data	HONASA IN
52-week High (Rs)	425
52-week Low (Rs)	248
Shares outstanding (mn)	325.4
Market-cap (Rs bn)	133
Market-cap (USD mn)	1,396
Net-debt, FY27E (Rs mn)	(6,653.9)
ADTV-3M (mn shares)	2.0
ADTV-3M (Rs mn)	913.7
ADTV-3M (USD mn)	9.6
Free float (%)	64.8
Nifty-50	23,242.1
INR/USD	95.4

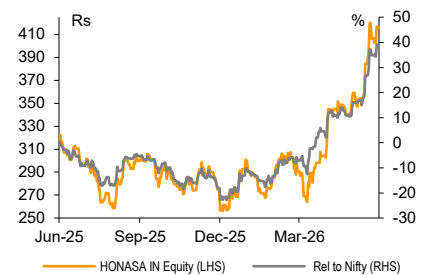
Shareholding, Mar-26

Promoters (%)	35.5
FPIs/MFs (%)	13.7/19.2

Price Performance

(%)	1M	3M	12M
Absolute	13.8	42.6	26.8
Rel. to Nifty	18.4	47.4	37.0

1-Year share price trend (Rs)



Honasa Consumer: Financial Snapshot (Consolidated)

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	20,669	23,919	28,441	32,765	37,326
EBITDA	685	2,362	3,055	3,868	4,579
Adj. PAT	727	2,049	2,497	3,110	3,609
Adj. EPS (Rs)	2.2	6.3	7.7	9.6	11.1
EBITDA margin (%)	3.3	9.9	10.7	11.8	12.3
EBITDA growth (%)	(50.0)	244.6	29.4	26.6	18.4
Adj. EPS growth (%)	(36.6)	182.0	21.7	24.5	16.1
RoE (%)	6.4	15.8	17.0	19.4	20.5
RoIC (%)	8.3	45.4	46.6	66.5	72.9
P/E (x)	183.0	66.4	53.3	42.8	36.9
EV/EBITDA (x)	178.3	51.7	40.0	31.6	26.7
P/B (x)	11.3	9.4	8.7	7.9	7.2
FCFF yield (%)	0.4	(0.7)	1.9	1.8	2.2

Source: Company, Emkay Research

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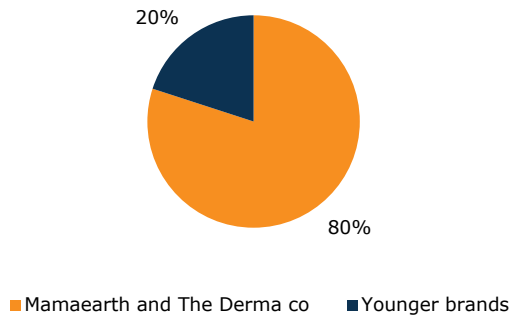
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Exhibit 113: Share of revenue among brands



Source: Company, Emkay Research

Exhibit 114: Focus categories

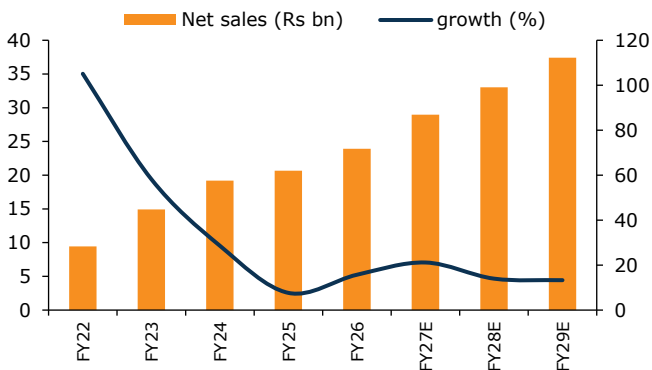
1. Partition Focus

25%+ Growth YoY in focus categories

Win in category partitions with strong right-to-win

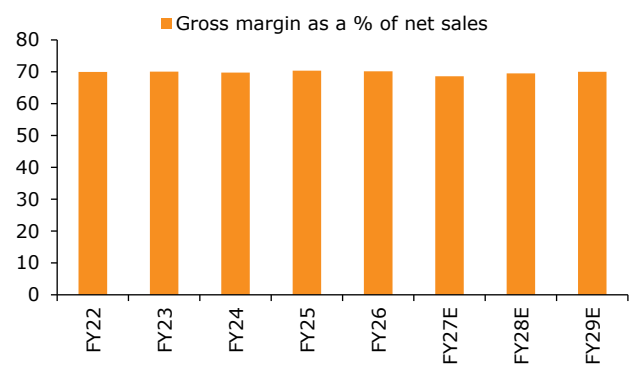
Source: Company, Emkay Research

Exhibit 115: Net revenue trend



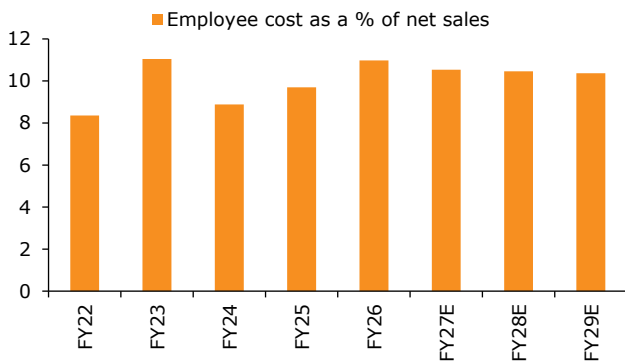
Source: Company, Emkay Research

Exhibit 116: Gross margin trend



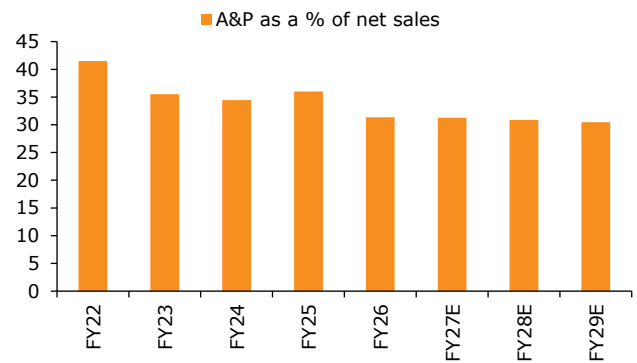
Source: Company, Emkay Research

Exhibit 117: Employee expenses, as a % of sales



Source: Company, Emkay Research

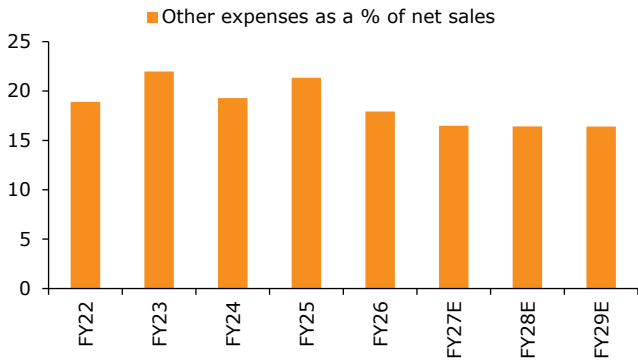
Exhibit 118: A&P expenses, as a % of sales



Source: Company, Emkay Research

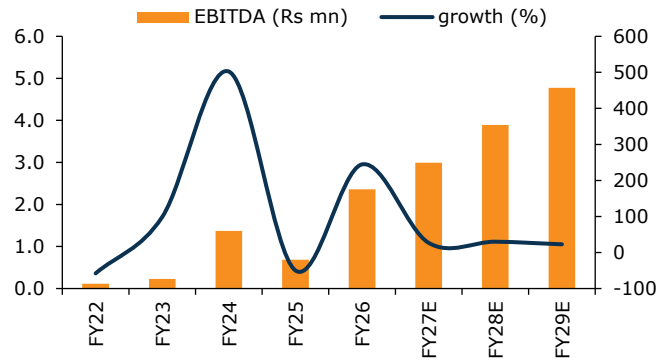
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Exhibit 119: Other expenses, as a % of sales



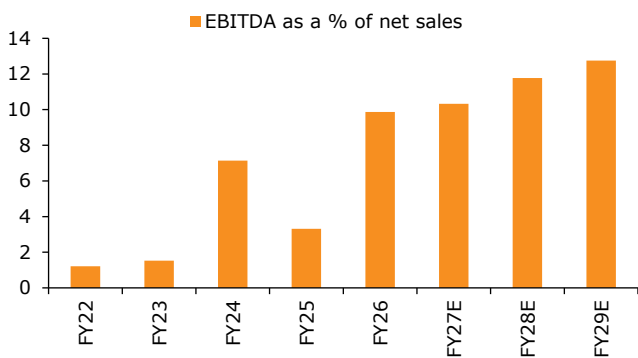
Source: Company, Emkay Research

Exhibit 120: EBITDA trend



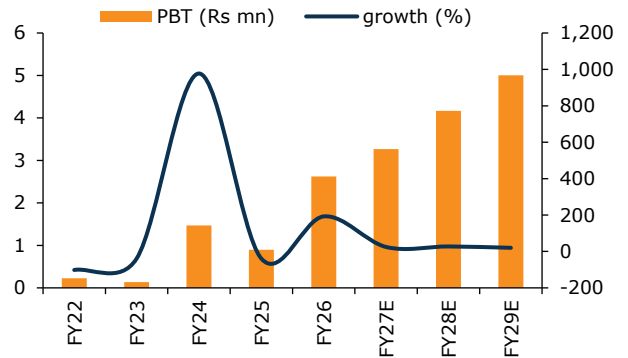
Source: Company, Emkay Research

Exhibit 121: EBITDA as a % of sales



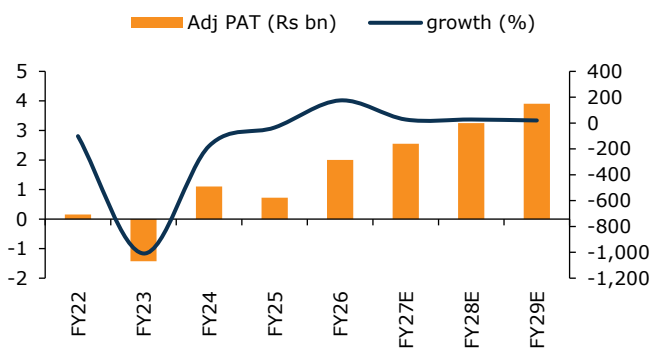
Source: Company, Emkay Research

Exhibit 122: PBT trend



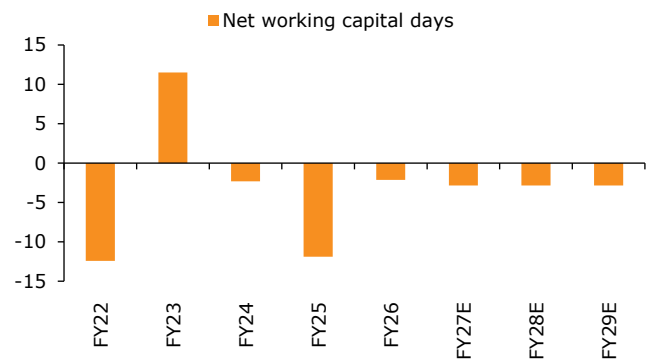
Source: Company, Emkay Research

Exhibit 123: Adjusted PAT trend



Source: Company, Emkay Research

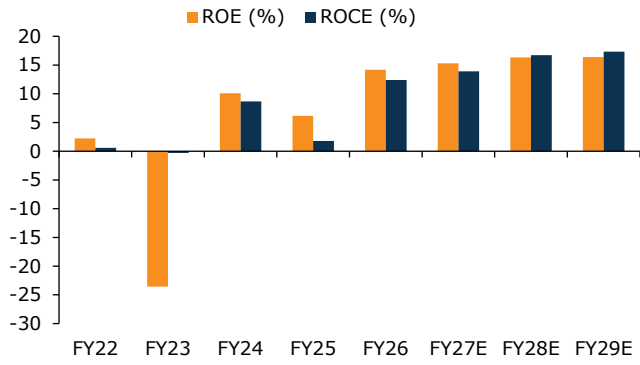
Exhibit 124: Net working capital days



Source: Company, Emkay Research

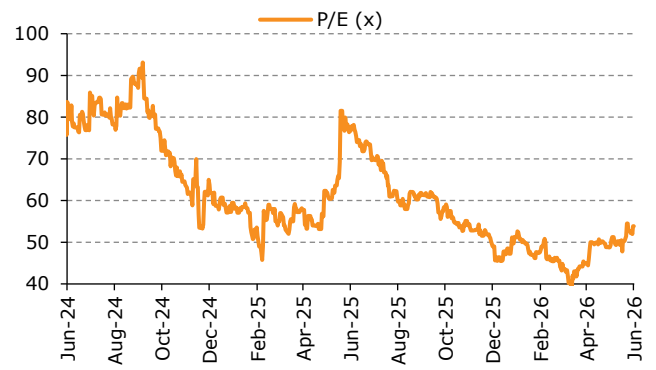
This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

Exhibit 125: RoE and RoCE trend



Source: Company, Emkay Research

Exhibit 126: Honasa – One-year forward P/E



Source: Company, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

Honasa Consumer: Consolidated Financials and Valuations

Profit & Loss

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	20,669	23,919	28,441	32,765	37,326
Revenue growth (%)	7.7	15.7	18.9	15.2	13.9
EBITDA	685	2,362	3,055	3,868	4,579
EBITDA growth (%)	(50.0)	244.6	29.4	26.6	18.4
Depreciation & Amortization	450	444	466	288	334
EBIT	235	1,918	2,589	3,579	4,245
EBIT growth (%)	(77.9)	715.0	35.0	38.2	18.6
Other operating income	-	-	-	-	-
Other income	787	836	880	767	767
Financial expense	126	131	140	200	200
PBT	896	2,622	3,329	4,146	4,812
Extraordinary items	0	(48)	0	0	0
Taxes	169	571	832	1,037	1,203
Minority interest	0	(2)	0	0	0
Income from JV/Associates	-	-	-	-	-
Reported PAT	727	2,001	2,497	3,110	3,609
PAT growth (%)	(34.2)	175.3	24.8	24.5	16.1
Adjusted PAT	727	2,049	2,497	3,110	3,609
Diluted EPS (Rs)	2.2	6.3	7.7	9.6	11.1
Diluted EPS growth (%)	(36.6)	182.0	21.7	24.5	16.1
DPS (Rs)	0	0	0	0	0
Dividend payout (%)	0	0	0	0	0
EBITDA margin (%)	3.3	9.9	10.7	11.8	12.3
EBIT margin (%)	1.1	8.0	9.1	10.9	11.4
Effective tax rate (%)	18.9	21.8	25.0	25.0	25.0
NOPLAT (pre-IndAS)	191	1,500	1,942	2,684	3,184
Shares outstanding (mn)	325	325	325	325	325

Source: Company, Emkay Research

Cash flows

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
PBT	109	1,786	2,449	3,379	4,045
Others (non-cash items)	-	-	-	-	-
Taxes paid	49	(603)	(832)	(1,037)	(1,203)
Change in NWC	358	(479)	310	95	102
Operating cash flow	1,022	1,413	2,533	2,926	3,478
Capital expenditure	(481)	(2,309)	(158)	(740)	(740)
Acquisition of business	(2,646)	(1,635)	0	0	0
Interest & dividend income	-	-	-	-	-
Investing cash flow	(1,451)	(171)	122	22	21
Equity raised/(repaid)	48	4	0	0	0
Debt raised/(repaid)	0	0	0	0	0
Payment of lease liabilities	0	0	0	0	0
Interest paid	(8)	(10)	(140)	(200)	(200)
Dividend paid (incl tax)	-	-	-	-	-
Others	(351)	(374)	135	149	164
Financing cash flow	(311)	(380)	(5)	(51)	(36)
Net chg in Cash	(741)	863	2,650	2,896	3,463
OCF	1,022	1,413	2,533	2,926	3,478
Adj. OCF (w/o NWC chg.)	664	1,893	2,223	2,831	3,376
FCFF	541	(895)	2,375	2,186	2,738
FCFE	415	(1,027)	2,235	1,986	2,538
OCF/EBITDA (%)	149.1	59.9	82.9	75.6	75.9
FCFE/PAT (%)	57.1	(51.3)	89.5	63.9	70.3
FCFF/NOPLAT (%)	283.6	(59.7)	122.3	81.4	86.0

Source: Company, Emkay Research

Balance Sheet

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Share capital	3,252	3,254	3,254	3,254	3,254
Reserves & Surplus	8,546	10,865	12,060	13,543	15,199
Net worth	11,798	14,119	15,314	16,797	18,453
Minority interests	-	-	-	-	-
Deferred tax liability (net)	0	0	0	0	0
Total debt	0	0	0	0	0
Total liabilities & equity	13,162	15,472	16,803	18,434	20,255
Net tangible fixed assets	1,097	936	1,441	1,893	2,298
Net intangible assets	1,025	1,806	755	585	415
Net ROU assets	-	-	-	-	-
Capital WIP	1	0	0	0	0
Goodwill	528	1,725	1,725	1,725	1,725
Investments [JV/Associates]	4,654	6,289	6,289	6,289	6,289
Cash & equivalents	6,374	4,705	6,654	7,929	9,445
Current assets (ex-cash)	3,850	5,043	5,623	6,402	7,235
Current Liab. & Prov.	4,739	5,453	6,342	7,216	8,151
NWC (ex-cash)	(889)	(410)	(719)	(814)	(915)
Total assets	13,162	15,472	16,803	18,434	20,255
Net debt	(6,374)	(4,705)	(6,654)	(7,929)	(9,445)
Capital employed	13,162	15,472	16,803	18,434	20,255
Invested capital	2,133	4,478	3,860	4,217	4,521
BVPS (Rs)	36.3	43.4	47.1	51.6	56.7
Net Debt/Equity (x)	(0.5)	(0.3)	(0.4)	(0.5)	(0.5)
Net Debt/EBITDA (x)	(9.3)	(2.0)	(2.2)	(2.0)	(2.1)
Interest coverage (x)	8.1	21.0	24.8	21.7	25.1
RoCE (%)	9.0	21.2	23.6	27.1	28.4

Source: Company, Emkay Research

Valuations and key Ratios

Y/E March	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	183.0	66.4	53.3	42.8	36.9
P/CE(x)	113.0	53.3	44.9	39.2	33.7
P/B (x)	11.3	9.4	8.7	7.9	7.2
EV/Sales (x)	5.9	5.1	4.3	3.7	3.3
EV/EBITDA (x)	178.3	51.7	40.0	31.6	26.7
EV/EBIT(x)	519.3	63.7	47.2	34.1	28.8
EV/IC (x)	57.3	27.3	31.7	29.0	27.0
FCFF yield (%)	0.4	(0.7)	1.9	1.8	2.2
FCFE yield (%)	0.3	(0.8)	1.7	1.5	1.9
Dividend yield (%)	0	0	0	0	0
DuPont-RoE split					
Net profit margin (%)	3.5	8.6	8.8	9.5	9.7
Total asset turnover (x)	1.6	1.7	1.8	1.9	1.9
Assets/Equity (x)	1.1	1.1	1.1	1.1	1.1
RoE (%)	6.4	15.8	17.0	19.4	20.5
DuPont-RoIC					
NOPLAT margin (%)	0.9	6.3	6.8	8.2	8.5
IC turnover (x)	8.9	7.2	6.8	8.1	8.5
RoIC (%)	8.3	45.4	46.6	66.5	72.9
Operating metrics					
Core NWC days	(15.7)	(6.3)	(9.2)	(9.1)	(9.0)
Total NWC days	(15.7)	(6.3)	(9.2)	(9.1)	(9.0)
Fixed asset turnover	5.3	5.1	5.0	5.1	5.2
Opex-to-revenue (%)	67.0	60.3	58.8	58.2	57.7

Source: Company, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarqueresolutions)

We assume coverage on Hindustan Unilever (HUL) with ADD and TP of Rs2,350 (~11% upside), on 43x Jun-28E EPS. HUL is undergoing a transformation under the new CEO. Aided by new initiatives and GST rate cuts, volume growth improved in H2FY26. However, rising input inflation led to price hikes, which are likely to keep margins under pressure. Expectation of a below-normal monsoon weakens the demand outlook. However, HUL's structural transformation (D2C acquisitions, dedicated Q-com organization, and 'Unified India' model) keeps the long-term story intact.

Focus on volume-led growth

The new CEO, Priya Nair, has increased focus on driving volume-led growth and identified four priorities: consumer segmentation, create modern and desirable brands, accelerate the 'frontline machine', and double-down on fewer, bigger bets. These initiatives, coupled with benefits from GST rate cuts in Sep-25, helped improve volume growth to 4-6% in H2FY26. Going forward, we expect the volume growth trajectory to be impacted by pricing actions taken by HUL toward mitigating the input cost inflation. However, overall sales growth is likely to remain healthy at a high single-digit, led by pricing.

Margins to remain under pressure

HUL took price hikes of 2-5% in Q4FY26 against net material inflation of 8-10%; it is open to more price hikes. As the management is focusing on driving growth, even at the cost of margins, we expect margins to be at the lower end of the guidance (22.5-23.5%) at least for the next few quarters. Also, expectations of El Niño and below-normal monsoons do not augur well for rural demand, which contributes ~40% to HUL's sales.

Transformation under way

Despite near-term challenges, HUL's long-term structural outlook remains intact, backed by the ongoing transformation. On products, it focuses on D2C acquisitions (Minimalist), premiumization (capex outlay of Rs20bn), and doubling down on fewer, bigger bets. Channel-wise, it has launched a dedicated Q-com organization. A 'Unified India' operating model has been established with aim to accelerate decision-making and execution.

FY27E outlook

We expect sales growth to improve to ~9% in FY27E, led by the home care portfolio. We expect gross margin to contract slightly, by ~100bps YoY in FY27E, due to higher input costs. EBITDA margin contraction should be lower, at ~60bps YoY, due to cost controls.

Valuation and TP

We expect sales/earnings CAGR of ~9%/8%, respectively, over the next 3 years. We value HUL at 43x Jun-28E EPS (in line with current multiple) to arrive at TP of Rs2,350; we assume coverage with ADD. Key risks: weaker-than-expected volume growth, higher-than-expected rise in input costs, and weaker-than-expected monsoons.

Target Price – 12M	Dec-26
Change in TP (%)	NA
Current Reco.	ADD
Previous Reco.	NA
Upside/(Downside) (%)	10.1

Stock Data	HUVR IN
52-week High (Rs)	2,737
52-week Low (Rs)	2,023
Shares outstanding (mn)	2,349.6
Market-cap (Rs bn)	5,016
Market-cap (USD mn)	52,605
Net-debt, FY27E (Rs mn)	(79,163.5)
ADTV-3M (mn shares)	2.0
ADTV-3M (Rs mn)	5,111.6
ADTV-3M (USD mn)	53.6
Free float (%)	38.1
Nifty-50	23,242.1
INR/USD	95.4

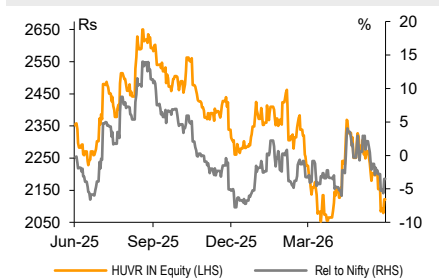
Shareholding, Mar-26

Promoters (%)	61.9
FPIs/MFs (%)	10.1/16.4

Price Performance

(%)	1M	3M	12M
Absolute	(6.7)	(2.7)	(9.4)
Rel. to Nifty	(2.9)	0.6	(2.1)

1-Year share price trend (Rs)



Hindustan Unilever: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	613,280	644,680	699,352	760,178	823,860
EBITDA	147,060	150,540	159,829	178,483	194,220
Adj. PAT	103,410	109,020	112,373	126,609	138,187
Adj. EPS (Rs)	44.0	46.4	47.8	53.9	58.8
EBITDA margin (%)	24.0	23.4	22.9	23.5	23.6
EBITDA growth (%)	0.3	2.4	6.2	11.7	8.8
Adj. EPS growth (%)	0.6	5.4	3.1	12.7	9.1
RoE (%)	20.6	22.2	23.2	26.3	28.9
RoIC (%)	27.4	29.4	29.4	33.8	37.7
P/E (x)	47.0	33.3	44.6	39.6	36.3
EV/EBITDA (x)	33.2	32.5	30.6	27.4	25.2
P/B (x)	10.2	10.3	10.4	10.5	10.5
FCFF yield (%)	2.2	2.0	2.4	2.6	2.9

Source: Company, Emkay Research

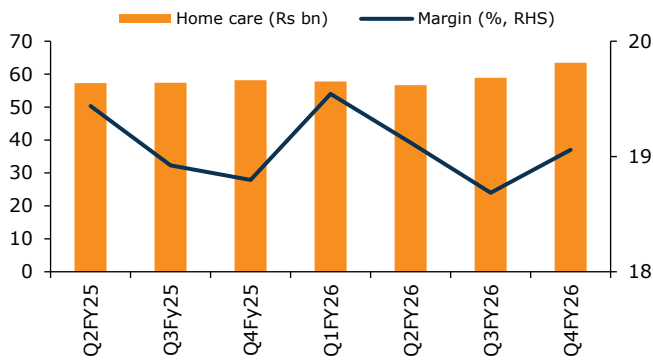
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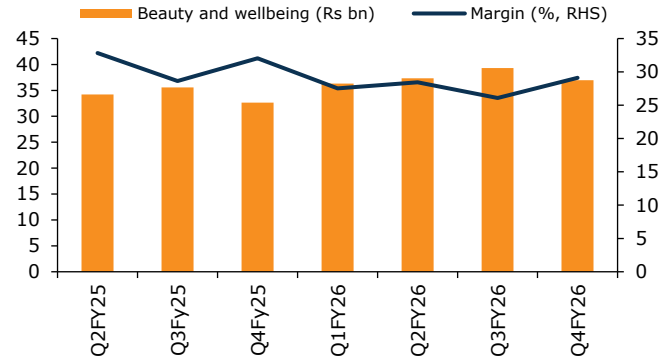
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Exhibit 127: Home care segment sales trend



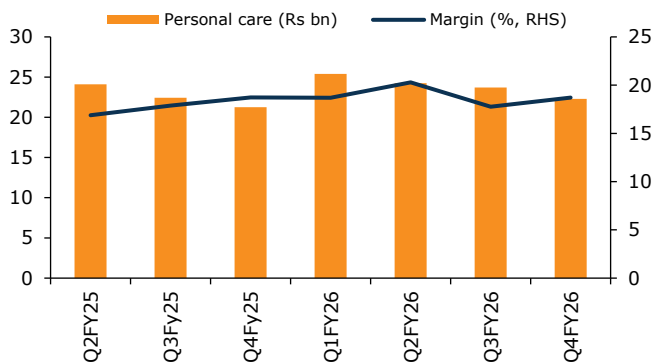
Source: Company, Emkay Research

Exhibit 128: Beauty & Wellbeing segment sales trend



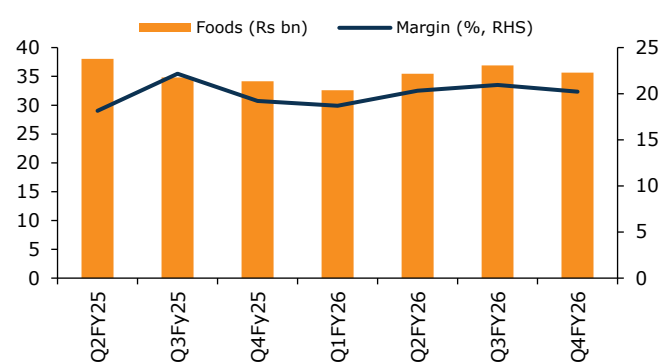
Source: Company, Emkay Research

Exhibit 129: Personal care segment sales trend



Source: Company, Emkay Research

Exhibit 130: Foods segment sales trend



Source: Company, Emkay Research

Exhibit 131: Focus on fewer, bigger bets

Doubling down on fewer, bigger bets

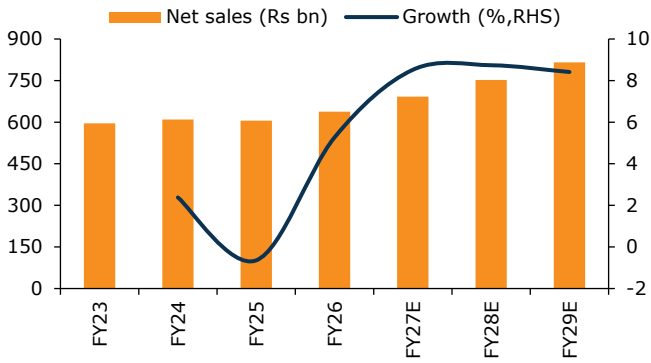
Building on momentum across the portfolio

Accelerating Beauty & Wellbeing momentum	Premiumising Personal Care	Winning in Home Care	Shifting gears to step-up growth in Foods
<p>4X expansion of Masstige & Wellbeing portfolio</p> <hr style="border: 0; border-top: 1px solid white; margin: 10px 0;"/> <p>Double-digit growth in Skin Care market development cells</p>	<p>Double-digit UVG in premium Skin Cleansing bars</p> <hr style="border: 0; border-top: 1px solid white; margin: 10px 0;"/> <p>~400 bps share gain in Bodywash</p>	<p>Crossed ₹4,000 cr. turnover milestone in liquids portfolio</p> <hr style="border: 0; border-top: 1px solid white; margin: 10px 0;"/> <p>Achieved highest ever market share in Laundry powders</p>	<p>High-single digit UVG in Lifestyle Nutrition</p> <hr style="border: 0; border-top: 1px solid white; margin: 10px 0;"/> <p>Strong double-digit growth in Coffee</p>

Source: Company, Emkay Research

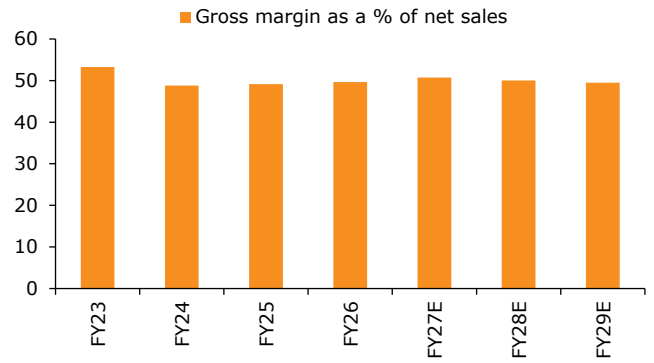
This report is intended for Team White Marque Solutions (team.emkay@whitemarqueresolutions.com)

Exhibit 132: Net sales trend



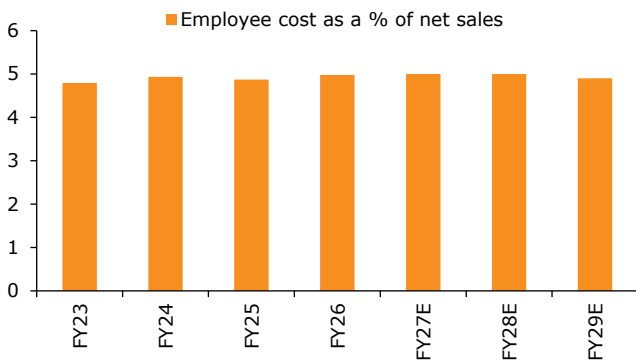
Source: Company, Emkay Research

Exhibit 133: Gross margin trend



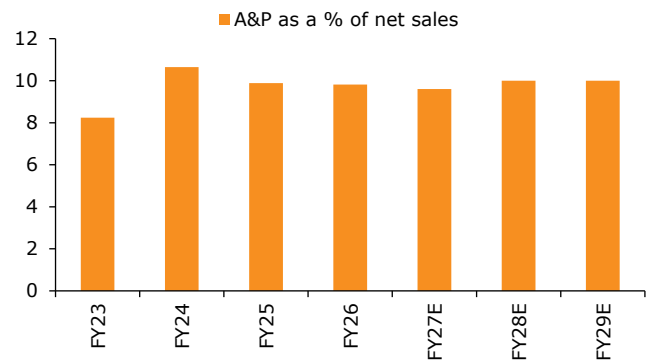
Source: Company, Emkay Research

Exhibit 134: Employee expenses as a % of sales



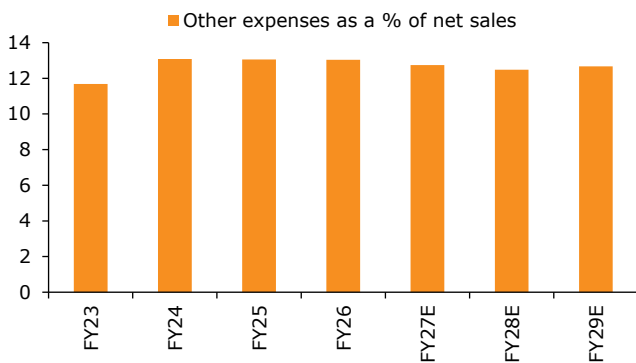
Source: Company, Emkay Research

Exhibit 135: A&P expenses as a % of sales



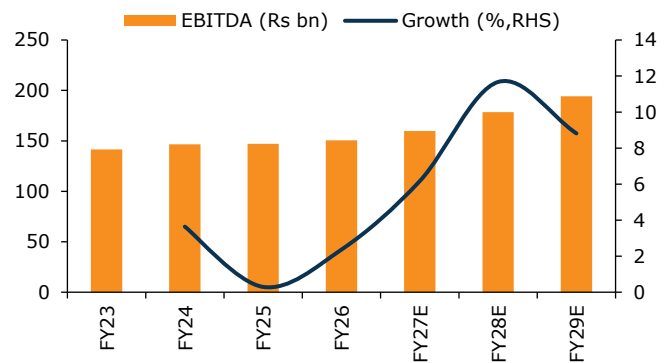
Source: Company, Emkay Research

Exhibit 136: Other expenses as a % of sales



Source: Company, Emkay Research

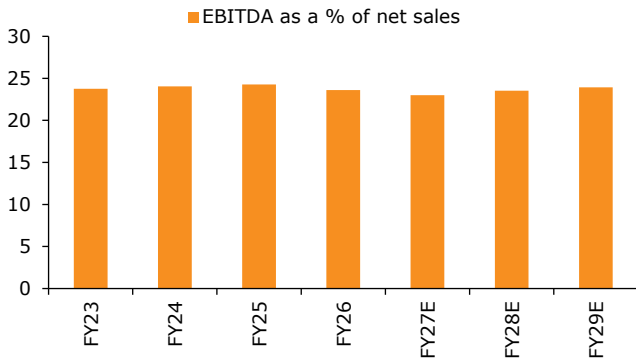
Exhibit 137: EBITDA trend



Source: Company, Emkay Research

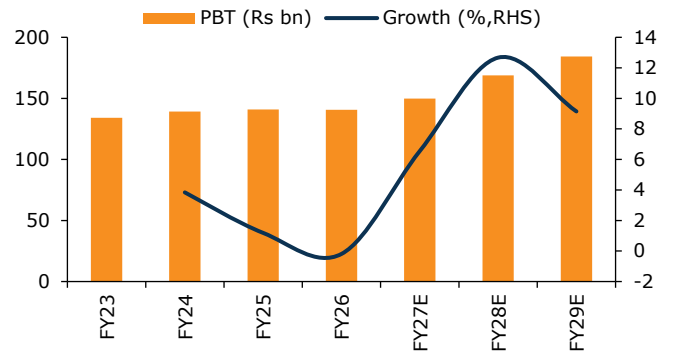
This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

Exhibit 138: EBITDA as a % of sales



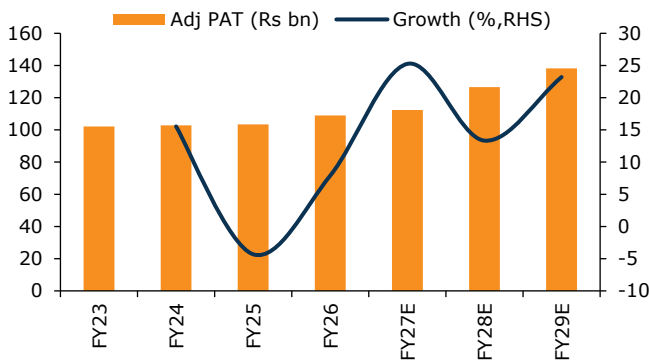
Source: Company, Emkay Research

Exhibit 139: PBT trend



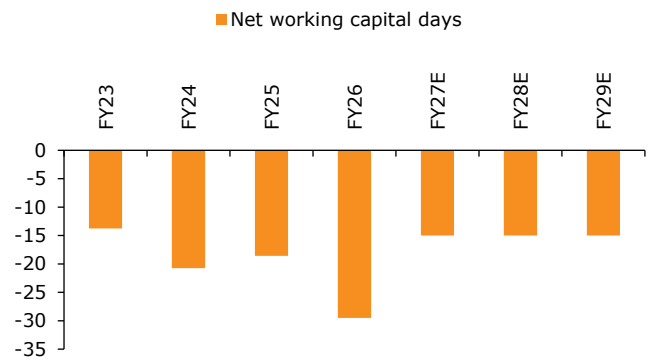
Source: Company, Emkay Research

Exhibit 140: Adjusted PAT trend



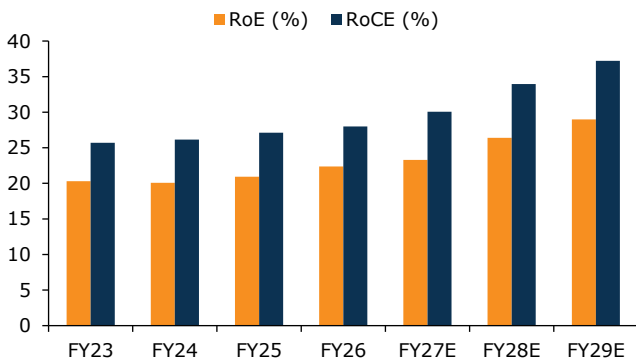
Source: Company, Emkay Research

Exhibit 141: Net working capital days



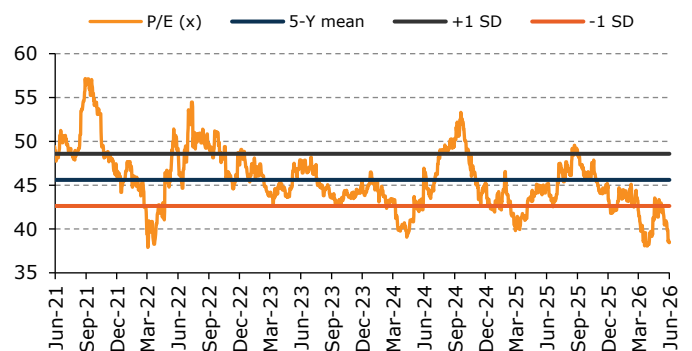
Source: Company, Emkay Research

Exhibit 142: RoE and RoCE trend



Source: Company, Emkay Research

Exhibit 143: HUL – One-year forward P/E



Source: Company, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

Hindustan Unilever: Consolidated Financials and Valuations

Profit & Loss

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	613,280	644,680	699,352	760,178	823,860
Revenue growth (%)	(0.9)	5.1	8.5	8.7	8.4
EBITDA	147,060	150,540	159,829	178,483	194,220
EBITDA growth (%)	0.3	2.4	6.2	11.7	8.8
Depreciation & Amortization	12,530	13,330	13,997	14,696	15,725
EBIT	134,530	137,210	145,832	163,787	178,495
EBIT growth (%)	-	2.0	6.3	12.3	9.0
Other operating income	7,550	7,050	7,403	7,773	8,161
Other income	10,170	7,510	8,304	9,546	10,501
Financial expense	3,810	4,100	4,305	4,520	4,746
PBT	140,890	140,620	149,831	168,813	184,250
Extraordinary items	3,300	41,570	0	0	0
Taxes	37,480	31,600	37,458	42,203	46,062
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
Reported PAT	106,710	150,590	112,373	126,609	138,187
PAT growth (%)	3.8	41.1	(25.4)	12.7	9.1
Adjusted PAT	103,410	109,020	112,373	126,609	138,187
Diluted EPS (Rs)	44.0	46.4	47.8	53.9	58.8
Diluted EPS growth (%)	0.6	5.4	3.1	12.7	9.1
DPS (Rs)	53.0	53.0	50.0	55.0	60.0
Dividend payout (%)	116.7	82.7	104.6	102.1	102.0
EBITDA margin (%)	24.0	23.4	22.9	23.5	23.6
EBIT margin (%)	21.9	21.3	20.9	21.5	21.7
Effective tax rate (%)	26.6	22.5	25.0	25.0	25.0
NOPLAT (pre-IndAS)	98,742	106,376	109,374	122,840	133,871
Shares outstanding (mn)	2,350	2,350	2,350	2,350	2,350

Source: Company, Emkay Research

Cash flows

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
PBT (ex-other income)	130,720	133,110	141,527	159,266	173,749
Others (non-cash items)	0	0	0	0	0
Taxes paid	(22,680)	(48,400)	(37,458)	(42,203)	(46,062)
Change in NWC	32,560	1,040	10,640	10,341	10,852
Operating cash flow	118,860	109,990	131,595	145,134	157,448
Capital expenditure	(12,620)	(13,320)	(15,000)	(17,807)	(17,807)
Acquisition of business	0	0	0	0	0
Interest & dividend income	-	-	-	-	-
Investing cash flow	64,730	(33,610)	(6,697)	(8,261)	(7,306)
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	0	(460)	0	0	0
Payment of lease liabilities	-	-	-	-	-
Interest paid	(6,280)	(6,400)	(4,305)	(4,520)	(4,746)
Dividend paid (incl tax)	(124,730)	(101,240)	(117,500)	(129,250)	(141,000)
Others	-	-	-	-	-
Financing cash flow	(131,010)	(108,100)	(121,805)	(133,770)	(145,746)
Net chg in Cash	52,580	(31,720)	3,093	3,103	4,395
OCF	118,860	109,990	131,595	145,134	157,448
Adj. OCF (w/o NWC chg.)	86,300	108,950	120,955	134,793	146,596
FCFF	106,240	96,670	116,595	127,327	139,641
FCFE	102,430	92,570	112,290	122,807	134,894
OCF/EBITDA (%)	80.8	73.1	82.3	81.3	81.1
FCFE/PAT (%)	96.0	61.5	99.9	97.0	97.6
FCFF/NOPLAT (%)	107.6	90.9	106.6	103.7	104.3

Source: Company, Emkay Research

Balance Sheet

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Share capital	2,350	2,350	2,350	2,350	2,350
Reserves & Surplus	491,670	485,040	479,913	477,272	474,459
Net worth	494,020	487,390	482,263	479,622	476,809
Minority interests	2,070	2,690	2,690	2,690	2,690
Non-current liab. & prov.	(170)	(140)	(140)	(140)	(140)
Total debt	10	0	0	0	0
Total liabilities & equity	495,930	489,940	484,813	482,172	479,359
Net tangible fixed assets	543,350	574,280	575,284	578,394	580,477
Net intangible assets	-	-	-	-	-
Net ROU assets	-	-	-	-	-
Capital WIP	10,090	8,800	8,800	8,800	8,800
Goodwill	-	-	-	-	-
Investments [JV/Associates]	0	0	0	0	0
Cash & equivalents	113,650	76,070	79,163	82,266	86,662
Current & ex-cash	106,180	109,910	116,778	126,981	137,663
Current Liab. & Prov.	302,700	307,440	324,948	345,493	367,026
NWC (ex-cash)	(196,520)	(197,530)	(208,170)	(218,511)	(229,363)
Total assets	495,930	489,940	484,813	482,172	479,359
Net debt	(113,640)	(76,070)	(79,163)	(82,266)	(86,662)
Capital employed	495,930	489,940	484,813	482,172	479,359
Invested capital	346,820	376,750	367,113	359,883	351,114
BVPS (Rs)	210.2	207.4	205.2	204.1	202.9
Net Debt/Equity (x)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Net Debt/EBITDA (x)	(0.8)	(0.5)	(0.5)	(0.5)	(0.4)
Interest coverage (x)	38.0	35.3	35.8	38.3	39.8
RoCE (%)	28.7	29.3	31.6	35.8	39.3

Source: Company, Emkay Research

Valuations and key Ratios

Y/E Mar	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	47.0	33.3	44.6	39.6	36.3
EV/CE(x)	9.9	10.0	10.1	10.1	10.2
P/B (x)	10.2	10.3	10.4	10.5	10.5
EV/Sales (x)	8.1	7.7	7.1	6.5	6.0
EV/EBITDA (x)	33.2	32.5	30.6	27.4	25.2
EV/EBIT(x)	36.3	35.6	33.5	29.8	27.4
EV/IC (x)	14.1	13.0	13.3	13.6	13.9
FCFF yield (%)	2.2	2.0	2.4	2.6	2.9
FCFE yield (%)	2.0	1.8	2.2	2.4	2.7
Dividend yield (%)	2.5	2.5	2.3	2.6	2.8
DuPont-RoE split					
Net profit margin (%)	16.9	16.9	16.1	16.7	16.8
Total asset turnover (x)	1.2	1.3	1.4	1.6	1.7
Assets/Equity (x)	1.0	1.0	1.0	1.0	1.0
RoE (%)	20.6	22.2	23.2	26.3	28.9
DuPont-RoIC					
NOPLAT margin (%)	16.1	16.5	15.6	16.2	16.2
IC turnover (x)	1.7	1.8	1.9	2.1	2.3
RoIC (%)	27.4	29.4	29.4	33.8	37.7
Operating metrics					
Core NWC days	(117.0)	(111.8)	(108.6)	(104.9)	(101.6)
Total NWC days	(117.0)	(111.8)	(108.6)	(104.9)	(101.6)
Fixed asset turnover	1.0	1.0	1.1	1.1	1.2
Opex-to-revenue (%)	27.5	27.5	26.9	27.0	27.4

Source: Company, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarqueresolutions.com)

Weak volume growth outlook to remain an overhang; ADD

Consumer Goods ▶ Company Update ▶ June 10, 2026

CMP (Rs): 280 | TP (Rs): 310

ITC has taken significant price hikes due to the sharp increase in GST and excise duty; this is expected to impact volume. While ITC is better placed than peers, uncertainty around the impact on volume is likely to remain an overhang on the stock. The FMCG-Others business is emerging as a meaningful growth driver, with improving scale and profitability. We expect earnings CAGR of ~6% over the next 3 years, and assume coverage on ITC with ADD and TP of Rs310.

Uncertainty around cigarette volume growth remains a key risk

ITC's cigarette net sales grew ~10% YoY in 4Q due to the impact of sharp excise duty and GST hikes implemented in Feb-26. The company executed calibrated price increases across its portfolio to offset the higher taxes, along with changes to its product portfolio to minimize the impact on volume. In our view, the full impact of the tax hikes on volume will be visible in 1QFY27E. The stock has already corrected sharply in recent months, in anticipation of a sharp decline in volume. We believe the company is better placed than peers to navigate the current uncertain environment, on the back of its scale, wide distribution network, and strong brands.

FMCG the next growth driver, given improving profitability

ITC's non-cigarette FMCG business is witnessing improvement in scale and profitability. Driven by strong performance from brands such as Aashirvaad, Sunfeast, and Bingo, segment revenue grew strongly in 4QFY26 (15% YoY). Profitability also improved meaningfully, with FY26 EBITDA margin at 10%. Premiumization and digital commerce-led efficiencies should further support operating leverage and earnings growth.

Valuation attractive, but near-term uncertainties to remain a drag

Despite the recent correction (down ~30% since the tax hike announcement), the possibility of future cigarette tax hikes and their impact on cigarette volume growth remain key concerns.

FY27E outlook

We expect sales growth to improve to ~7% in FY27E on a low base of ~4% in FY26. We expect both gross margin and EBITDA margin to contract by ~500bps YoY, mainly due to the sharp hike in tax rate in cigarettes, and partially offset by staggered price hikes.

Valuation and risks

We expect sales/earnings CAGR of ~7%/5% over the next 3 years. We value the company on SOTP basis (implied PE multiple of 18x on Jun-28E EPS) to arrive at a TP of Rs310, while assuming coverage on ITC with ADD. Key risks include lower-than-expected cigarette volume growth, higher-than-expected raw material inflation, and weaker-than-expected monsoon.

Target Price – 12M	Jun-27
Change in TP (%)	NA
Current Reco.	ADD
Previous Reco.	NA
Upside/(Downside) (%)	10.7

Stock Data	ITC IN
52-week High (Rs)	429
52-week Low (Rs)	275
Shares outstanding (mn)	12,529.5
Market-cap (Rs bn)	3,508
Market-cap (USD mn)	36,791
Net-debt, FY27E (Rs mn)	(374,893.2)
ADTV-3M (mn shares)	25.6
ADTV-3M (Rs mn)	6,796.3
ADTV-3M (USD mn)	71.3
Free float (%)	100.0
Nifty-50	23,242.1
INR/USD	95.4

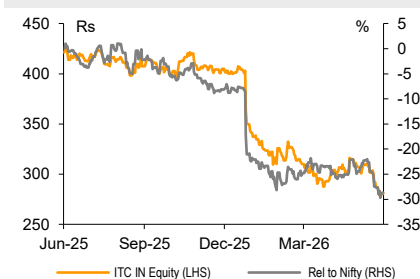
Shareholding, Mar-26

Promoters (%)	0.0
FPIs/MFs (%)	34.8/49.1

Price Performance

(%)	1M	3M	12M
Absolute	(8.9)	(8.5)	(33.8)
Rel. to Nifty	(5.3)	(5.4)	(28.5)

1-Year share price trend (Rs)



ITC: Financial Snapshot (Standalone)

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	693,256	719,838	754,302	825,408	886,963
EBITDA	240,269	252,082	225,381	253,402	285,263
Adj. PAT	195,660	204,703	183,172	205,312	229,978
Adj. EPS (Rs)	16.4	14.6	16.4	18.4	19.3
EBITDA margin (%)	35.0	29.9	30.7	32.2	31.5
EBITDA growth (%)	4.9	(10.6)	12.4	12.6	4.7
Adj. EPS growth (%)	4.6	(10.7)	11.9	12.0	5.0
RoE (%)	29.2	26.6	29.2	31.6	31.3
RoIC (%)	58.4	51.0	55.7	60.4	59.9
P/E (x)	8.2	18.0	20.3	17.2	14.5
EV/EBITDA (x)	12.3	13.8	12.3	10.9	10.4
P/B (x)	5.2	5.1	5.1	4.8	4.4
FCFF yield (%)	4.9	4.8	4.8	4.7	5.9

Source: Company, Emkay Research

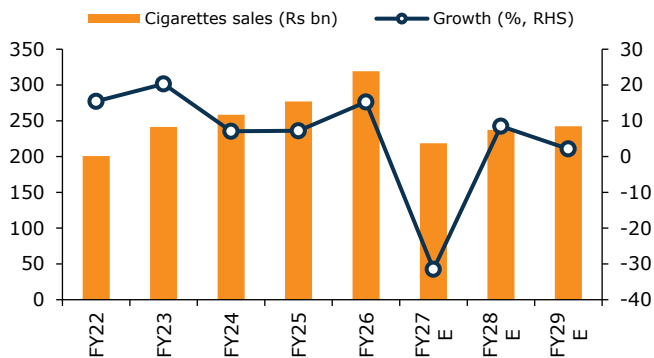
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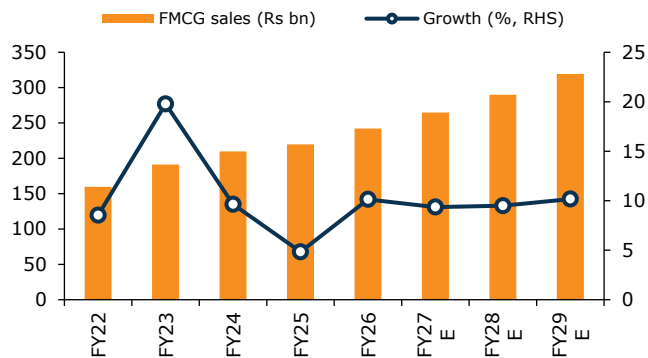
mohit.dodeja@emkayglobal.com
+91-22-66242481

Exhibit 144: Cigarette sales trend



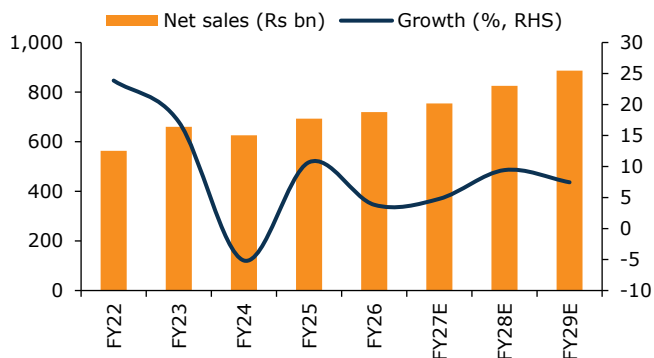
Source: Company, Emkay Research

Exhibit 145: FMCG sales trend



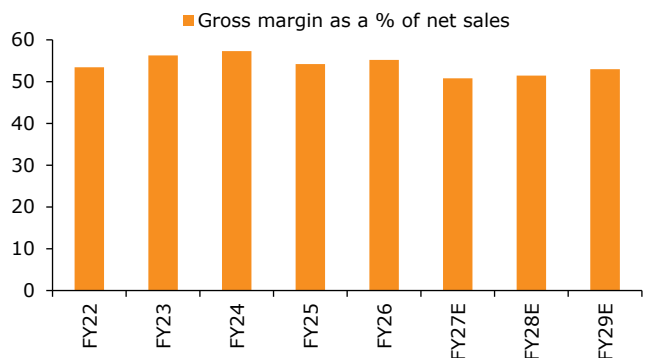
Source: Company, Emkay Research

Exhibit 146: Net sales trend



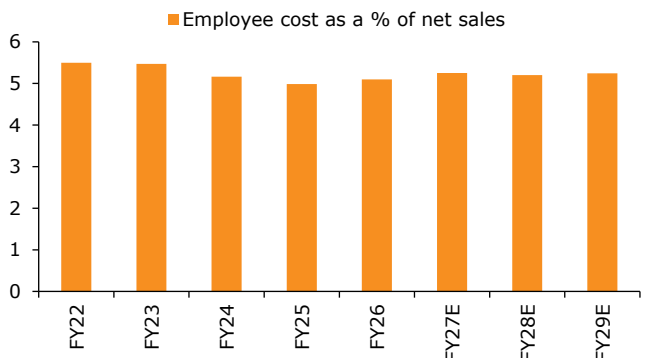
Source: Company, Emkay Research

Exhibit 147: Gross margin trend



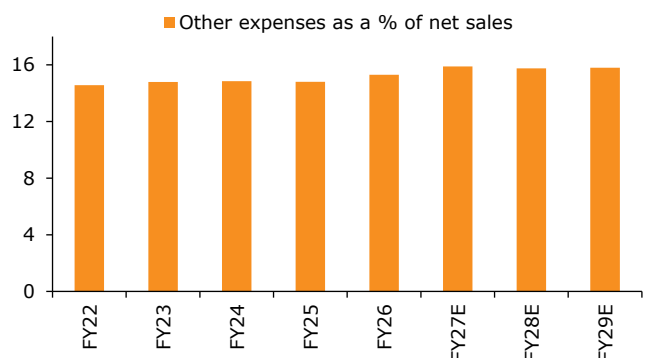
Source: Company, Emkay Research

Exhibit 148: Employee expense as a % of net sales trend



Source: Company, Emkay Research

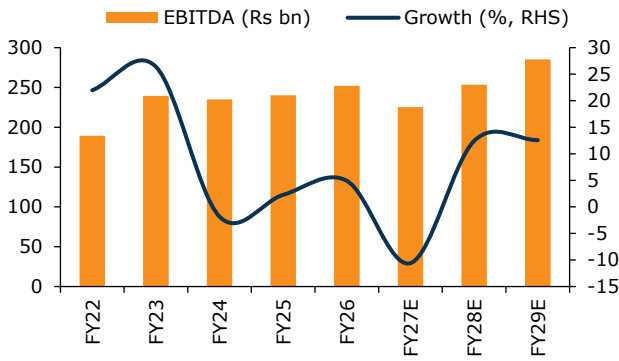
Exhibit 149: Other expense as a % of net sales trend



Source: Company, Emkay Research

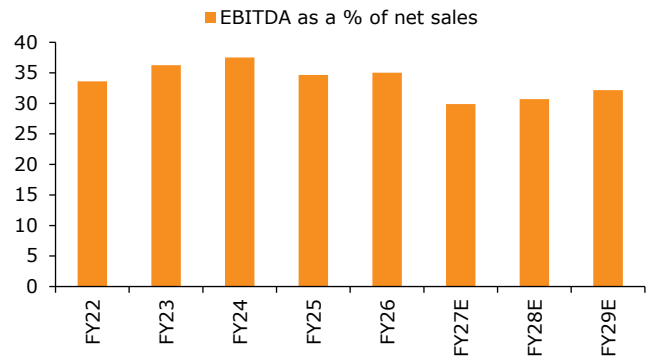
This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

Exhibit 150: EBITDA trend



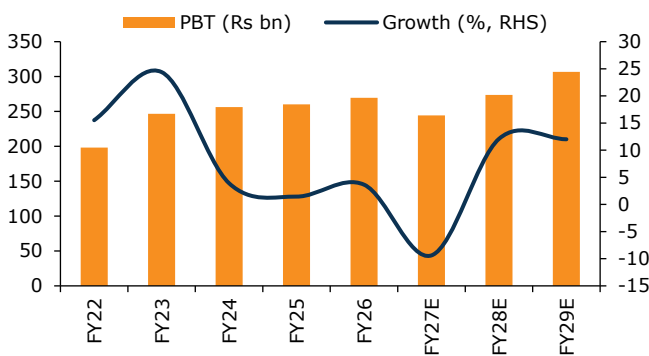
Source: Company, Emkay Research

Exhibit 151: EBITDA as a % of net sales



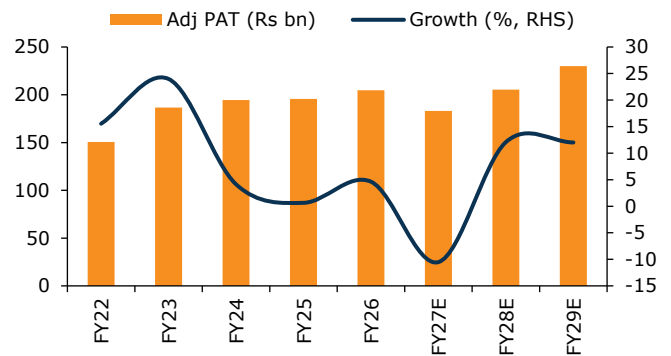
Source: Company, Emkay Research

Exhibit 152: PBT trend



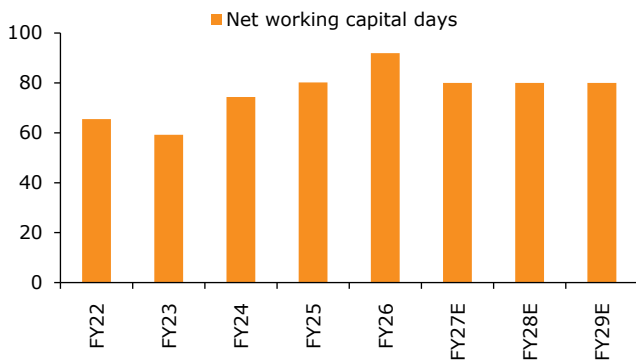
Source: Company, Emkay Research

Exhibit 153: Adjusted PAT trend



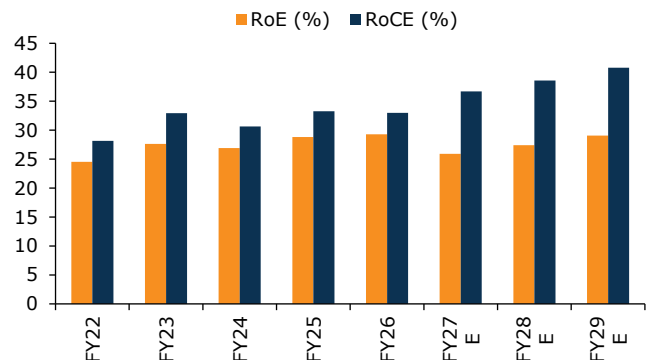
Source: Company, Emkay Research

Exhibit 154: Net working capital days



Source: Company, Emkay Research

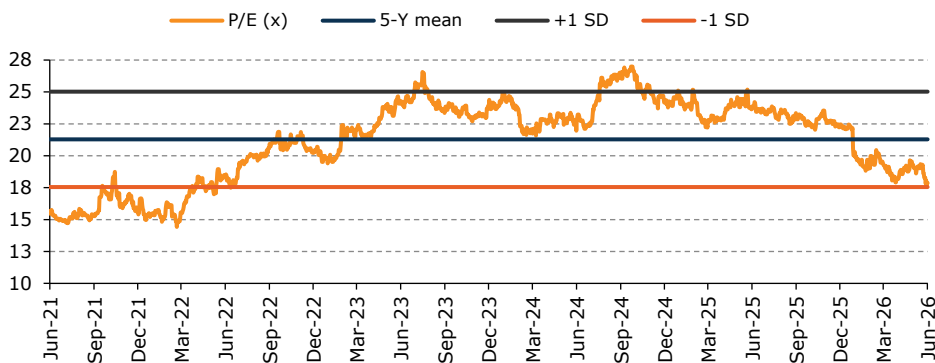
Exhibit 155: RoE and RoCE trend



Source: Company, Emkay Research

This report is intended for Team White Marquee Solutions (team.emkay@whitemarquesolutions)

Exhibit 156: ITC – One-year forward P/E



Source: Bloomberg, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

ITC: Standalone Financials and Valuations

Profit & Loss

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	693,256	719,838	754,302	825,408	886,963
Revenue growth (%)	3.8	4.8	9.4	7.5	7.0
EBITDA	240,269	252,082	225,381	253,402	285,263
EBITDA growth (%)	4.9	(10.6)	12.4	12.6	4.7
Depreciation & Amortization	14,419	14,740	15,227	15,410	16,148
EBIT	225,850	237,342	210,154	237,992	269,116
EBIT growth (%)	5.1	(11.5)	13.2	13.1	5.0
Other operating income	7,715	7,726	7,803	8,584	9,442
Other income	34,543	32,872	34,515	36,241	38,053
Financial expense	364	699	440	484	532
PBT	260,029	269,515	244,230	273,749	306,637
Extraordinary items	156,317	(1,839)	0	0	0
Taxes	64,370	64,812	61,057	68,437	76,659
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
Reported PAT	351,977	202,864	183,172	205,312	229,978
PAT growth (%)	(42.4)	(9.7)	12.1	12.0	5.0
Adjusted PAT	195,660	204,703	183,172	205,312	229,978
Diluted EPS (Rs)	16.4	14.6	16.4	18.4	19.3
Diluted EPS growth (%)	4.6	(10.7)	11.9	12.0	5.0
DPS (Rs)	14.4	14.0	13.0	15.0	16.5
Dividend payout (%)	88.5	95.8	79.3	81.7	85.6
EBITDA margin (%)	35.0	29.9	30.7	32.2	31.5
EBIT margin (%)	33.0	27.9	28.8	30.3	29.8
Effective tax rate (%)	24.0	25.0	25.0	25.0	25.0
NOPLAT (pre-IndAS)	180,267	157,616	178,494	201,837	211,869
Shares outstanding (mn)	12,485	12,485	12,514	12,530	12,530

Source: Company, Emkay Research

Cash flows

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
PBT (ex-other income)	236,643	209,714	237,508	268,584	281,906
Others (non-cash items)	(191,356)	(26,297)	(34,076)	(35,757)	(37,521)
Taxes paid	(58,449)	(57,953)	(61,057)	(68,437)	(76,659)
Change in NWC	(22,004)	(24,955)	13,006	(9,848)	2,419
Operating cash flow	167,539	170,950	177,329	175,116	211,023
Capital expenditure	(16,309)	(20,200)	(28,000)	(28,725)	(28,000)
Acquisition of business	0	0	0	0	0
Interest & dividend income	20,067	18,287	34,515	36,241	38,053
Investing cash flow	1,385	(15,384)	16,515	7,516	(19,947)
Equity raised/(repaid)	7,973	4,049	0	0	0
Debt raised/(repaid)	(15)	19,513	(20,194)	71	150
Payment of lease liabilities	-	-	-	-	-
Interest paid	(448)	(499)	(440)	(484)	(532)
Dividend paid (incl tax)	(174,967)	(179,676)	(175,413)	(162,884)	(187,943)
Others	(199)	(328)	0	0	0
Financing cash flow	(167,656)	(156,942)	(196,047)	(163,296)	(188,325)
Net chg in Cash	1,268	(1,376)	(2,202)	19,337	2,752
OCF	167,539	170,950	177,329	175,116	211,023
Adj. OCF (w/o NWC chg.)	189,543	195,904	164,324	184,964	208,604
FCFF	151,230	150,749	149,329	146,391	183,023
FCFE	170,598	168,596	183,361	182,100	220,491
OCF/EBITDA (%)	66.5	75.8	70.0	61.4	70.6
FCFE/PAT (%)	84.1	92.0	89.3	79.2	91.3
FCFF/NOPLAT (%)	83.9	95.6	83.7	72.5	86.4

Source: Company, Emkay Research

Balance Sheet

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Share capital	12,514	12,530	12,530	12,530	12,530
Reserves & Surplus	666,423	686,757	694,516	736,944	778,979
Net worth	678,937	699,286	707,045	749,474	791,509
Minority interests	-	-	-	-	-
Non-current liab. & prov.	25,564	30,653	33,105	35,753	38,613
Total debt	1,568	21,624	1,430	1,501	1,726
Total liabilities & equity	706,068	751,563	741,580	786,728	831,848
Net tangible fixed assets	194,479	200,466	213,239	226,554	238,406
Net intangible assets	0	0	0	0	0
Net ROU assets	5,419	4,252	4,252	4,253	4,254
Capital WIP	10,707	15,542	15,542	15,542	15,542
Goodwill	-	-	-	-	-
Investments [JV/Associates]	23,936	23,936	23,936	23,936	23,936
Cash & equivalents	367,739	388,525	376,223	395,658	428,409
Current assets (ex-cash)	237,768	256,438	244,253	265,816	284,563
Current Liab. & Prov.	133,979	137,596	135,964	145,031	163,262
NWC (ex-cash)	103,789	118,842	108,288	120,785	121,301
Total assets	706,068	751,563	741,580	786,728	831,848
Net debt	(366,171)	(366,901)	(374,893)	(394,157)	(426,683)
Capital employed	706,068	751,563	741,580	786,728	831,848
Invested capital	298,268	319,307	321,527	347,339	359,707
BVPS (Rs)	54.4	55.9	56.4	59.8	63.2
Net Debt/Equity (x)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
Net Debt/EBITDA (x)	(1.5)	(1.6)	(1.5)	(1.4)	(1.4)
Interest coverage (x)	386.4	556.3	566.8	577.2	550.8
RoCE (%)	38.5	34.9	38.4	42.1	41.8

Source: Company, Emkay Research

Valuations and key Ratios

Y/E March	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	8.2	18.0	20.3	17.2	14.5
EV/CE(x)	4.6	4.3	4.4	4.1	3.9
P/B (x)	5.2	5.1	5.1	4.8	4.4
EV/Sales (x)	4.4	4.2	3.8	3.5	3.3
EV/EBITDA (x)	12.3	13.8	12.3	10.9	10.4
EV/EBIT(x)	13.1	14.8	13.1	11.6	11.0
EV/IC (x)	10.4	9.7	9.7	9.0	8.6
FCFF yield (%)	4.9	4.8	4.8	4.7	5.9
FCFE yield (%)	6.5	5.5	4.5	5.1	6.3
Dividend yield (%)	5.1	5.0	4.6	5.4	5.9
DuPont-RoE split					
Net profit margin (%)	28.4	24.3	24.9	25.9	25.4
Total asset turnover (x)	1.0	1.0	1.1	1.2	1.2
Assets/Equity (x)	1.0	1.1	1.1	1.0	1.0
RoE (%)	29.2	26.6	29.2	31.6	31.3
DuPont-RoIC					
NOPLAT margin (%)	25.0	20.9	21.6	22.8	22.3
IC turnover (x)	2.3	2.4	2.6	2.7	2.7
RoIC (%)	58.4	51.0	55.7	60.4	59.9
Operating metrics					
Core NWC days	52.6	57.5	47.9	49.7	46.6
Total NWC days	52.6	57.5	47.9	49.7	46.6
Fixed asset turnover	1.7	1.8	1.9	1.9	1.9
Opex-to-revenue (%)	20.2	20.9	20.7	20.8	20.6

Source: Company, Emkay Research

This report is intended for Team White Marquee Solutions (team.emkay@whitemarquesolutions)

Dabur is facing growth challenges in its healthcare and beverages portfolio, partly due to unfavorable weather. HPC continues to clock in good growth, led by hair care and home care; oral care and skin care are logging robust growth. Dabur's relatively higher share of rural, expectations of El Niño, and a below-normal monsoon will impact rural demand and pose downside risk to earnings. The stock is trading at the last 5Y near-trough valuations, which limit the downside in our view. We assume coverage on Dabur with ADD and TP of Rs470 (35x Jun-28 EPS).

HPC segment performing well, led by home care and hair care

Dabur's Home and Personal Care (HPC) business is resilient, with the robust ~17% YoY growth in 4QFY26 driven by strong performance in home care and hair care. Skin care too has witnessed strong growth, of 7-13% YoY in the last four quarters, partly on account of the premiumization push. Also, oral care growth has picked up in the last few quarters, to a high single digit, on the back of the herbal segment outpacing non-herbal.

Healthcare facing growth challenges

Healthcare has seen muted growth due to seasonality in the Glucose segment, while Chyawanprash continues to face growth challenges. Honey is an outlier, with consistently strong growth. Digestives growth was modest last year (low-to-mid single digit) led by Hajmola, while Pudina Hara dragged. The OTC and Ethicals portfolios face shifting consumer health priorities post-pandemic, in our view.

Seasonality, El Niño risks, and absent rerating triggers

Dabur's revenue growth trajectory has become increasingly volatile due to higher volume salience of seasonal portfolios like beverages, glucose, etc. The risk has intensified due to the potential El Niño, which is likely to impact rural demand. We believe that Dabur lacks near-term operational triggers for multiple expansion, but the recent correction limits the downside at current levels, in our view.

FY27E outlook

We expect sales growth of ~9% in FY27E, led by the HPC portfolio. We expect gross margin to decline by ~70bps YoY due to higher input costs, while the EBITDA margin decline should be lower at ~50bps YoY due to cost control.

Valuation and risks

We expect sales/earnings CAGR of ~9%/10% over the next three years. We value the company at 35x Jun-28E EPS and arrive at TP of Rs470; we assume coverage on Dabur with ADD. Key risks include lower-than-expected volume growth, higher-than-expected competition from regional/local players, and weaker-than-expected monsoons.

Target Price – 12M	Jun-27
Change in TP (%)	NA
Current Reco.	ADD
Previous Reco.	NA
Upside/(Downside) (%)	10.1

Stock Data	DABUR IN
52-week High (Rs)	577
52-week Low (Rs)	401
Shares outstanding (mn)	1,773.7
Market-cap (Rs bn)	757
Market-cap (USD mn)	7,943
Net-debt, FY27E (Rs mn)	(86,870.0)
ADTV-3M (mn shares)	2.1
ADTV-3M (Rs mn)	1,094.6
ADTV-3M (USD mn)	11.5
Free float (%)	33.7
Nifty-50	23,242.1
INR/USD	95.4

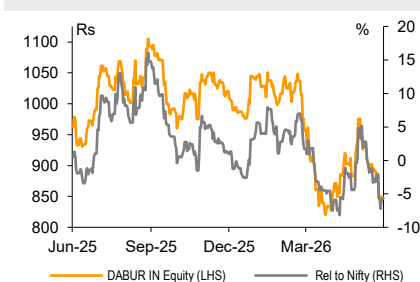
Shareholding, Mar-26

Promoters (%)	66.3
FPIs/MFs (%)	10.0/18.6

Price Performance

(%)	1M	3M	12M
Absolute	(12.4)	(8.5)	(12.1)
Rel. to Nifty	(8.9)	(5.4)	(5.0)

1-Year share price trend (Rs)



Dabur India: Financial Snapshot (Consolidated)

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	125,631	131,926	143,977	156,282	169,501
EBITDA	23,163	24,518	26,070	30,215	33,974
Adj. PAT	18,267	19,577	19,937	23,198	26,044
Adj. EPS (Rs)	10.3	11.0	11.2	13.1	14.7
EBITDA margin (%)	18.4	18.6	18.1	19.3	20.0
EBITDA growth (%)	(3.5)	5.8	6.3	15.9	12.4
Adj. EPS growth (%)	(3.2)	7.2	1.8	16.4	12.3
RoE (%)	17.7	17.6	17.1	19.0	20.6
RoIC (%)	38.0	42.1	45.6	51.2	56.0
P/E (x)	42.8	39.5	38.0	32.6	29.1
EV/EBITDA (x)	29.4	27.8	26.1	22.6	20.1
P/B (x)	7.0	6.6	6.4	6.0	5.9
FCFF yield (%)	2.1	3.2	2.2	2.2	3.0

Source: Company, Emkay Research

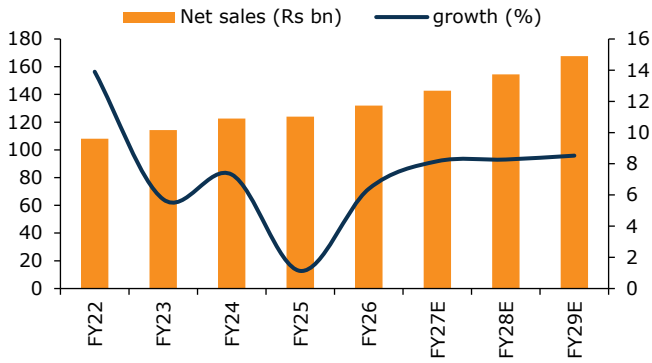
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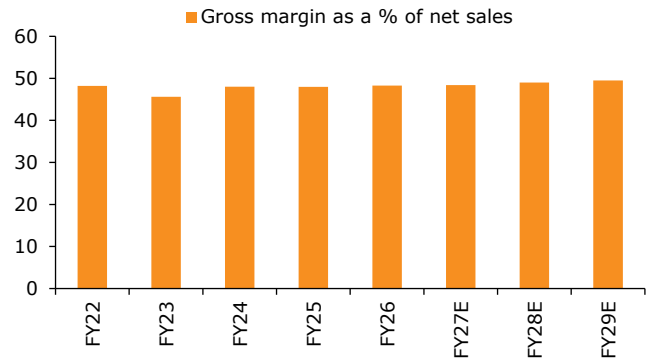
mohit.dodeja@emkayglobal.com
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Exhibit 157: Net sales trend



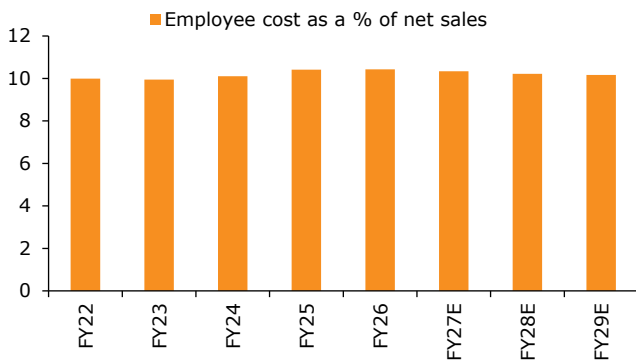
Source: Company, Emkay Research

Exhibit 158: Gross margin trend



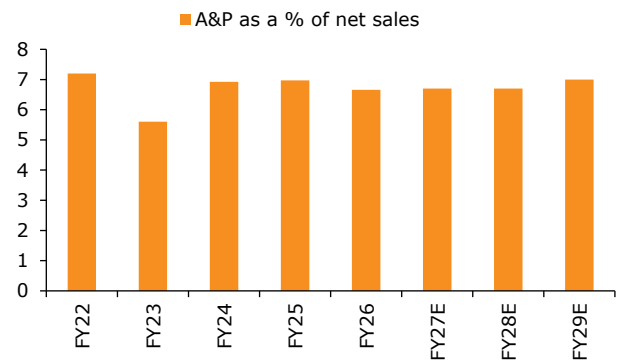
Source: Company, Emkay Research

Exhibit 159: Employee expenses as a % of sales



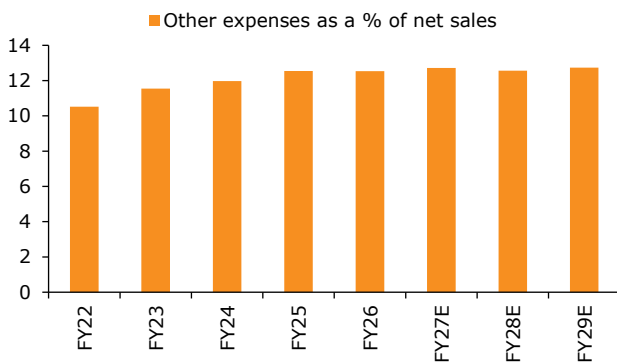
Source: Company, Emkay Research

Exhibit 160: A&P expenses as a % of sales



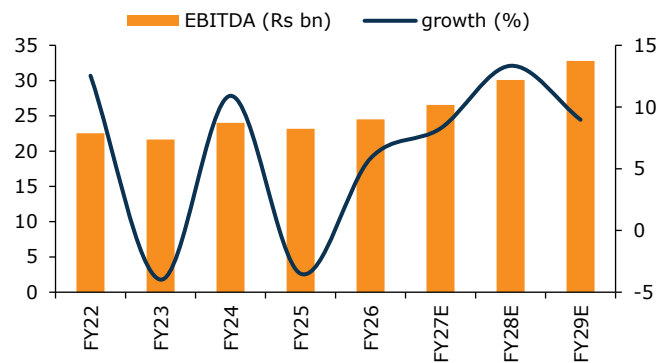
Source: Company, Emkay Research

Exhibit 161: Other expenses as a % of sales



Source: Company, Emkay Research

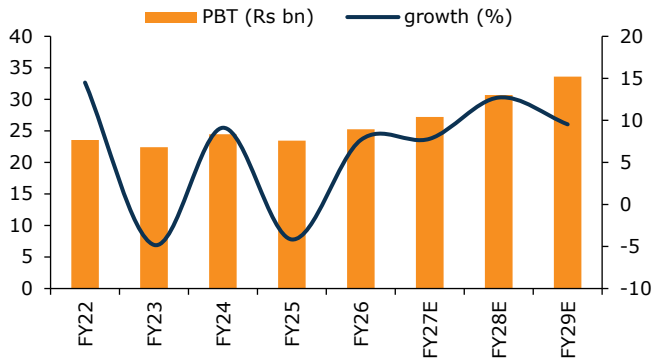
Exhibit 162: EBITDA trend



Source: Company, Emkay Research

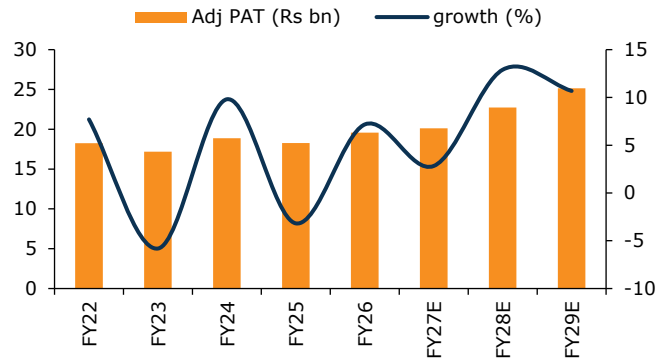
This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

Exhibit 163: PBT trend



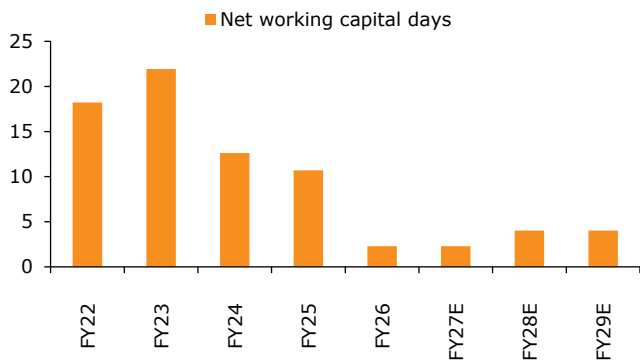
Source: Company, Emkay Research

Exhibit 164: Adjusted PAT trend



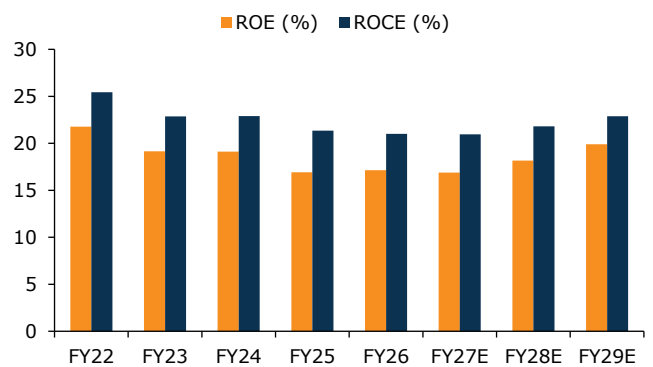
Source: Company, Emkay Research

Exhibit 165: Net working capital days



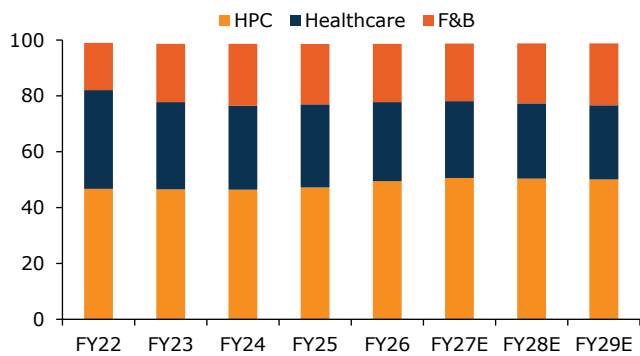
Source: Company, Emkay Research

Exhibit 166: RoE and RoCE trend



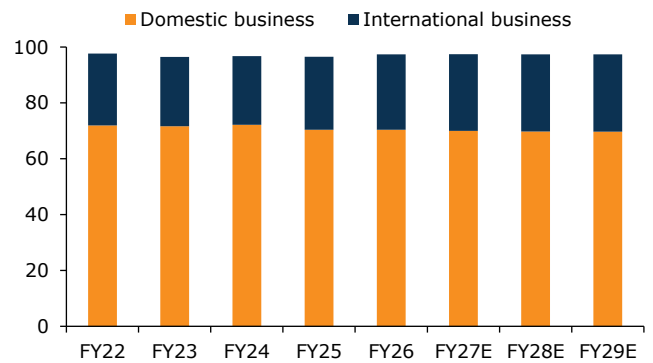
Source: Company, Emkay Research

Exhibit 167: Segmental split



Source: Company, Emkay Research

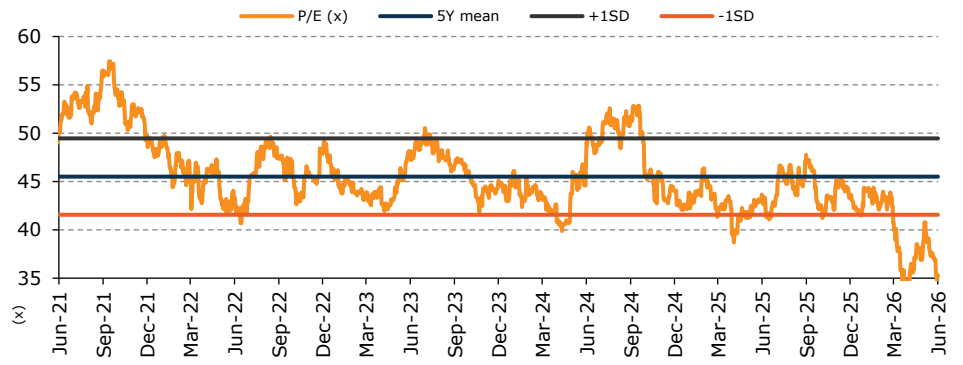
Exhibit 168: Split between Dabur's domestic and international businesses



Source: Company, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

Exhibit 169: Dabur – One-year forward P/E



Source: Bloomberg, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

Dabur India: Consolidated Financials and Valuations

Profit & Loss

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	125,631	131,926	143,977	156,282	169,501
Revenue growth (%)	1.3	5.0	9.1	8.5	8.5
EBITDA	23,163	24,518	26,070	30,215	33,974
EBITDA growth (%)	(3.5)	5.8	6.3	15.9	12.4
Depreciation & Amortization	3,581	3,815	4,082	4,367	4,673
EBIT	19,582	20,704	21,989	25,848	29,301
EBIT growth (%)	(6.2)	5.7	6.2	17.5	13.4
Other operating income	1,631	1,631	1,826	2,046	2,291
Other income	5,501	5,998	6,500	7,020	7,441
Financial expense	1,635	1,454	1,527	1,603	1,683
PBT	23,448	25,248	26,962	31,264	35,059
Extraordinary items	(591)	(440)	0	0	0
Taxes	5,175	5,517	6,741	7,816	8,765
Minority interest	(7)	(153)	(285)	(250)	(250)
Income from JV/Associates	-	-	-	-	-
Reported PAT	17,676	19,137	19,937	23,198	26,044
PAT growth (%)	(4.1)	8.3	4.2	16.4	12.3
Adjusted PAT	18,267	19,577	19,937	23,198	26,044
Diluted EPS (Rs)	10.3	11.0	11.2	13.1	14.7
Diluted EPS growth (%)	(3.2)	7.2	1.8	16.4	12.3
DPS (Rs)	5.5	8.0	8.5	9.5	13.5
Dividend payout (%)	55.1	74.1	75.6	72.6	91.9
EBITDA margin (%)	18.4	18.6	18.1	19.3	20.0
EBIT margin (%)	15.6	15.7	15.3	16.5	17.3
Effective tax rate (%)	22.1	21.9	25.0	25.0	25.0
NOPLAT (pre-IndAS)	15,261	16,179	16,492	19,386	21,975
Shares outstanding (mn)	1,772	1,772	1,772	1,772	1,772

Source: Company, Emkay Research

Cash flows

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
PBT (ex-other income)	17,947	19,250	20,462	24,244	27,617
Others (non-cash items)	1,069	1,246	0	0	0
Taxes paid	(4,045)	(3,988)	(6,741)	(7,816)	(8,765)
Change in NWC	(110)	3,297	(1,424)	(3,476)	78
Operating cash flow	19,868	25,786	18,780	19,797	25,287
Capital expenditure	(5,391)	(3,989)	(4,000)	(5,000)	(5,112)
Acquisition of business	(6)	(128)	0	0	0
Interest & dividend income	-	-	-	-	-
Investing cash flow	(4,491)	(12,852)	(2,500)	(2,980)	(2,671)
Equity raised/(repaid)	-	1	0	0	0
Debt raised/(repaid)	(2,658)	3,236	5,000	5,000	5,000
Payment of lease liabilities	0	0	0	0	0
Interest paid	(1,648)	(1,405)	(1,527)	(1,603)	(1,683)
Dividend paid (incl tax)	(9,748)	(14,190)	(15,065)	(16,837)	(23,926)
Others	-	-	(440)	(440)	0
Financing cash flow	(14,053)	(12,357)	(12,031)	(13,880)	(20,609)
Net chg in Cash	1,323	577	4,249	2,938	2,006
OCF	19,868	25,786	18,780	19,797	25,287
Adj. OCF (w/o NWC chg.)	19,977	22,490	20,205	23,273	25,209
FCFF	14,476	21,797	14,780	14,797	20,174
FCFE	12,841	20,343	13,254	13,194	18,491
OCF/EBITDA (%)	85.8	105.2	72.0	65.5	74.4
FCFE/PAT (%)	72.6	106.3	66.5	56.9	71.0
FCFF/NOPLAT (%)	94.9	134.7	89.6	76.3	91.8

Source: Company, Emkay Research

Balance Sheet

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Share capital	1,772	1,772	1,772	1,772	1,772
Reserves & Surplus	106,235	112,422	117,294	123,655	125,773
Net worth	108,007	114,194	119,066	125,428	127,546
Minority interests	4,096	3,832	4,117	4,367	4,617
Non-current liab. & prov.	1,443	1,562	1,562	1,562	1,562
Total debt	9,504	12,873	17,873	22,873	27,873
Total liabilities & equity	123,049	132,461	142,618	154,230	161,598
Net tangible fixed assets	35,846	35,325	34,200	33,957	33,435
Net intangible assets	-	-	-	-	-
Net ROU assets	-	-	-	-	-
Capital WIP	1,690	1,388	1,388	1,388	1,500
Goodwill	4,051	4,051	4,051	4,051	4,051
Investments [JV/Associates]	79	206	206	206	206
Cash & equivalents	80,380	94,887	104,743	113,122	120,978
Current Liab. (ex-cash)	40,277	38,942	42,134	45,401	48,897
Current Liab. & Prov.	39,274	42,337	44,104	43,895	47,470
NWC (ex-cash)	1,004	(3,395)	(1,971)	1,505	1,428
Total assets	123,049	132,463	142,618	154,230	161,598
Net debt	(70,876)	(82,014)	(86,870)	(90,248)	(93,105)
Capital employed	123,049	132,461	142,618	154,230	161,598
Invested capital	40,900	35,981	36,281	39,514	38,913
BVPS (Rs)	60.9	64.4	67.2	70.8	72.0
Net Debt/Equity (x)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)
Net Debt/EBITDA (x)	(3.1)	(3.3)	(3.3)	(3.0)	(2.7)
Interest coverage (x)	15.3	18.4	18.7	20.5	21.8
RoCE (%)	21.1	21.1	21.0	22.4	23.5

Source: Company, Emkay Research

Valuations and key Ratios

Y/E March	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	42.8	39.5	38.0	32.6	29.1
EV/CE(x)	5.6	5.2	4.8	4.5	4.3
P/B (x)	7.0	6.6	6.4	6.0	5.9
EV/Sales (x)	5.5	5.2	4.8	4.4	4.1
EV/EBITDA (x)	29.4	27.8	26.1	22.6	20.1
EV/EBIT(x)	34.8	32.9	31.0	26.4	23.3
EV/IC (x)	16.7	18.9	18.8	17.2	17.5
FCFF yield (%)	2.1	3.2	2.2	2.2	3.0
FCFE yield (%)	1.7	2.7	1.7	1.7	2.4
Dividend yield (%)	1.3	1.9	2.0	2.2	3.2
DuPont-RoE split					
Net profit margin (%)	14.5	14.8	13.8	14.8	15.4
Total asset turnover (x)	1.0	1.0	1.0	1.1	1.1
Assets/Equity (x)	1.2	1.1	1.2	1.2	1.2
RoE (%)	17.7	17.6	17.1	19.0	20.6
DuPont-RoIC					
NOPLAT margin (%)	12.1	12.3	11.5	12.4	13.0
IC turnover (x)	3.1	3.4	4.0	4.1	4.3
RoIC (%)	38.0	42.1	45.6	51.2	56.0
Operating metrics					
Core NWC days	2.9	(9.4)	(5.0)	3.5	3.1
Total NWC days	2.9	(9.4)	(5.0)	3.5	3.1
Fixed asset turnover	1.9	1.9	2.0	2.0	2.0
Opex-to-revenue (%)	29.5	29.7	29.5	29.2	29.0

Source: Company, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarqueresolutions.com)

Growth challenges largely priced-in; ADD

Consumer Goods ▶ Company Update ▶ June 10, 2026

CMP (Rs): 393 | TP (Rs): 440

Emami faces near-term challenges from its highly seasonal portfolio and elevated rural exposure, which continue to impact earnings visibility. However, strong category-leading brands, expansion into health beverages through Axiom Ayurveda, and rising salience of modern trade and e-commerce act as key growth drivers. We assume coverage on Emami with ADD and TP of Rs440 (20x Jun-28E EPS).

Seasonal portfolio and high rural share lead to earnings volatility

Emami remains highly dependent on seasonal products, particularly cooling oils and talc in summer and Boroplus in winter. In FY26, the summer portfolio declined 16% YoY causing a drag on overall sales growth, of -1% YoY (+5%, ex-summer portfolio). With one of the highest rural exposures among FMCG peers, a below-normal monsoon (El Niño) could impact rural demand and pose a risk to volume growth. Contingency on seasonal categories, high rural share, and increasing uncertainty in weather patterns are likely to limit earnings predictability, in our view.

Strong brand franchises and inorganic expansion to support growth

Emami has a strong brand portfolio, with market leadership across a number of categories. However, these categories are relatively small and face growth headwinds, such as cooling oils and talc being impacted by weak summers and unseasonal rains. The company is looking to increase exposure to higher-growth D2C categories through acquisitions such as that of Axiom Ayurveda and increased stake in IncNut, among others. In FY26, D2C brands contributed 9% to domestic sales (up from 5% in FY23).

Attractive valuation limits downside

Emami's stock is down ~27% YTD-CY26, underperforming the broader market by a wide margin due to weak volume growth. While structural growth acceleration is yet to materialize, the stock currently trades at ~25% below its 5Y average, offering a substantial margin of safety, in our view.

FY27E outlook

We expect sales growth to improve to ~9% in FY27E on a low base of -1% in FY26. We expect both gross and EBITDA margins to contract by ~100bps YoY on account of higher input costs and elevated A&P spends.

Valuation and risks

We expect sales/earnings CAGR of ~9/10% over the next three years. We value the company at 20x Jun-28E EPS and arrive at TP of Rs440; we assume coverage with ADD. Key risks include lower-than-expected volume growth, weaker-than-expected monsoons, and higher-than-expected inflation in key inputs.

Target Price – 12M	Jun-27
Change in TP (%)	NA
Current Reco.	ADD
Previous Reco.	NA
Upside/(Downside) (%)	12.0

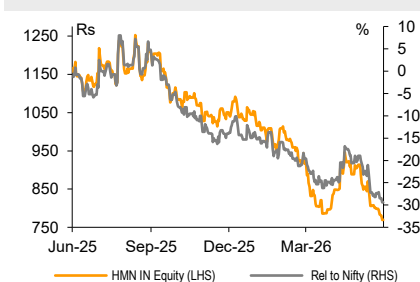
Stock Data	HMN IN
52-week High (Rs)	635
52-week Low (Rs)	376
Shares outstanding (mn)	436.5
Market-cap (Rs bn)	172
Market-cap (USD mn)	1,799
Net-debt, FY27E (Rs mn)	(18,361.1)
ADTV-3M (mn shares)	0.6
ADTV-3M (Rs mn)	263.2
ADTV-3M (USD mn)	2.8
Free float (%)	45.0
Nifty-50	23,242.1
INR/USD	95.4

Shareholding, Mar-26

Promoters (%)	54.8
FPIs/MFs (%)	8.6/26.9

Price Performance

(%)	1M	3M	12M
Absolute	(14.0)	(11.3)	(32.0)
Rel. to Nifty	(10.5)	(8.3)	(26.6)

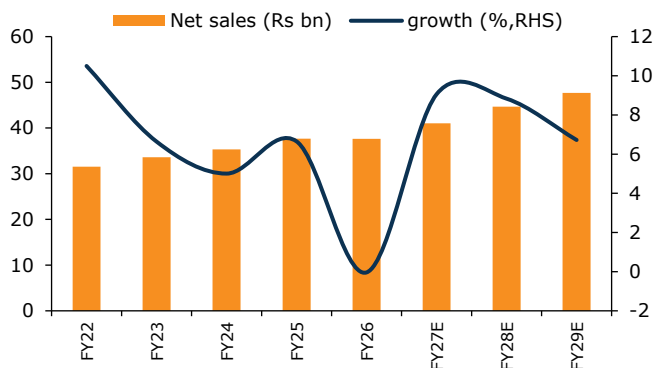
1-Year share price trend (Rs)**Emami: Financial Snapshot (Consolidated)**

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	38,092	37,795	41,468	45,095	48,657
EBITDA	10,251	9,637	10,177	11,590	12,599
Adj. PAT	7,966	7,619	8,173	9,372	10,253
Adj. EPS (Rs)	18.2	17.5	18.7	21.5	23.5
EBITDA margin (%)	26.9	25.5	24.5	25.7	25.9
EBITDA growth (%)	8.0	(6.0)	5.6	13.9	8.7
Adj. EPS growth (%)	9.5	(4.4)	7.3	14.7	9.4
RoE (%)	31.0	27.1	22.5	20.6	20.4
RoIC (%)	45.5	43.2	48.3	58.7	66.8
P/E (x)	21.3	22.1	21.0	18.3	16.7
EV/EBITDA (x)	16.3	17.3	16.4	14.4	13.3
P/B (x)	6.4	5.9	3.9	3.6	3.3
FCFF yield (%)	5.1	4.6	5.5	6.7	7.3

Source: Company, Emkay Research

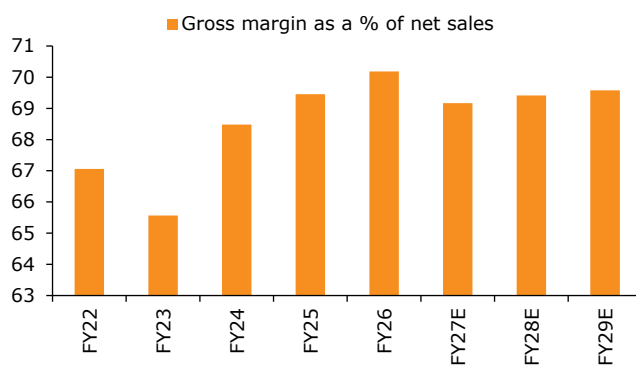
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+91-22-66242481

Exhibit 170: Net sales trend



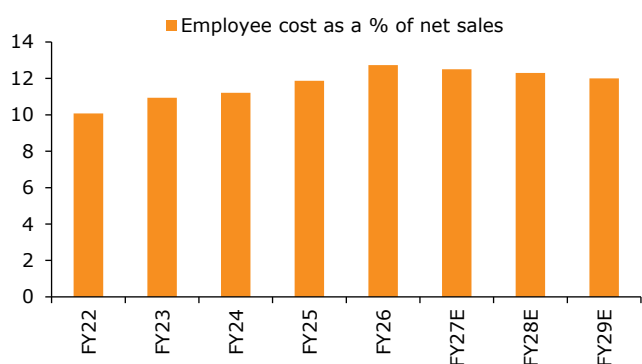
Source: Company, Emkay Research

Exhibit 171: Gross margin trend



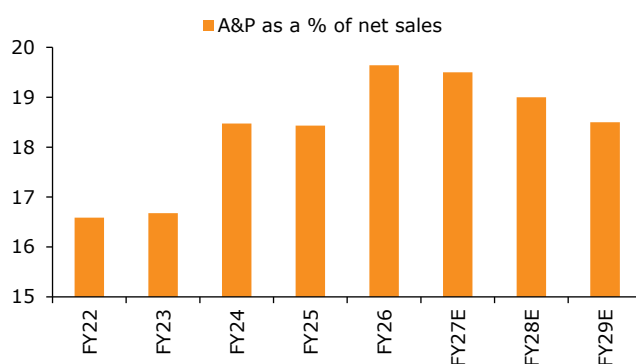
Source: Company, Emkay Research

Exhibit 172: Employee expenses as a % of sales



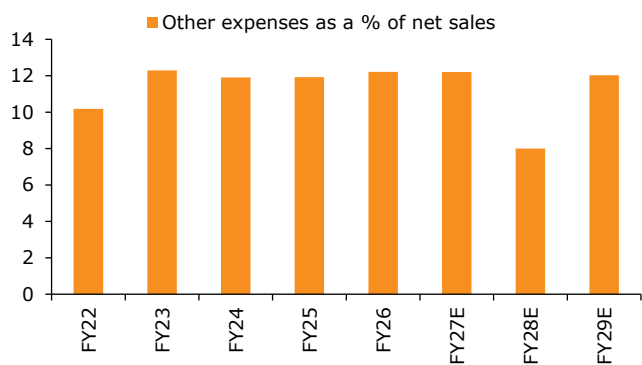
Source: Company, Emkay Research

Exhibit 173: A&P expenses as a % of sales



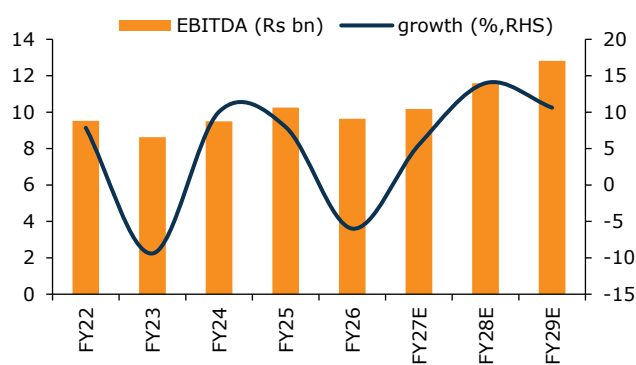
Source: Company, Emkay Research

Exhibit 174: Other expenses as a % of sales



Source: Company, Emkay Research

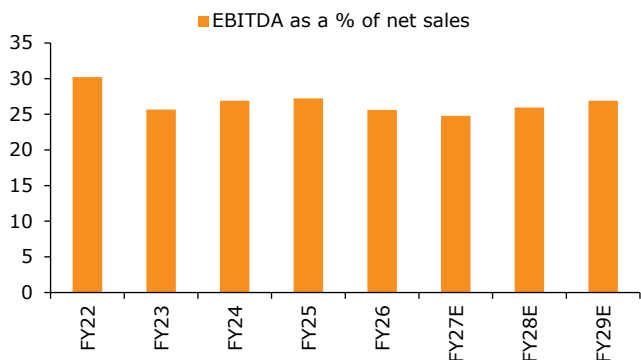
Exhibit 175: EBITDA trend



Source: Company, Emkay Research

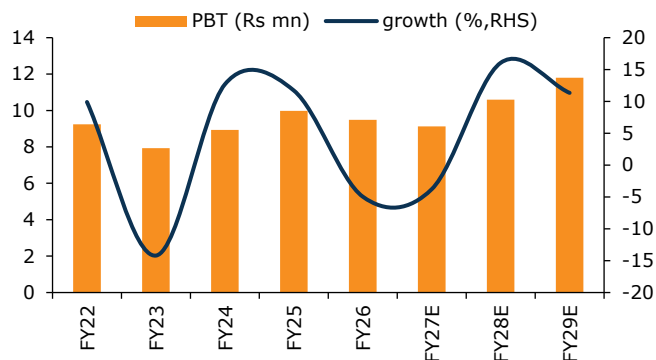
This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

Exhibit 176: EBITDA as a % of sales



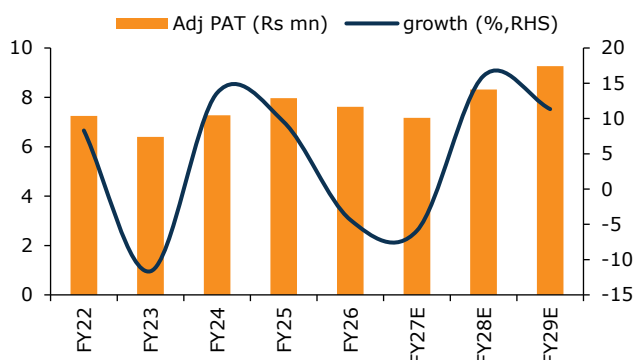
Source: Company, Emkay Research

Exhibit 177: PBT trend



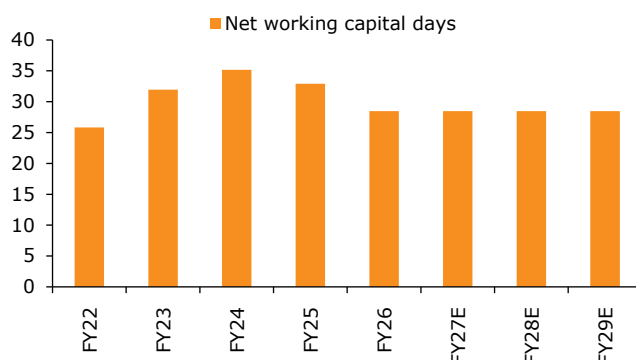
Source: Company, Emkay Research

Exhibit 178: Adjusted PAT trend



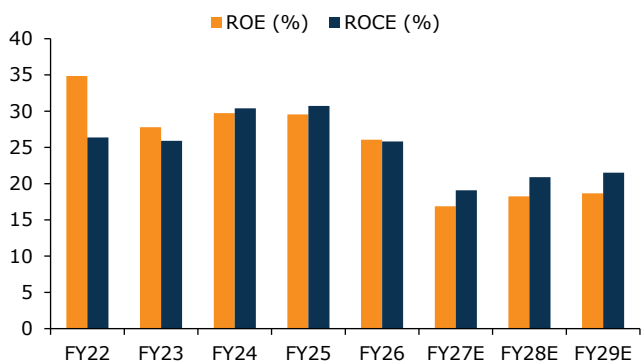
Source: Company, Emkay Research

Exhibit 179: Net working capital days



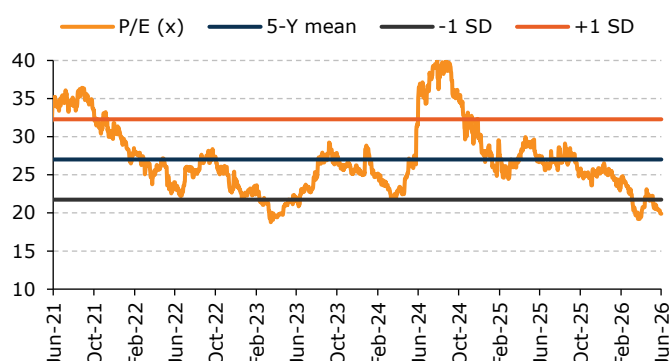
Source: Company, Emkay Research

Exhibit 180: RoE and RoCE trend



Source: Company, Emkay Research

Exhibit 181: 1 year forward P/E chart



Source: Company, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

Emami: Consolidated Financials and Valuations

Profit & Loss

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	38,092	37,795	41,468	45,095	48,657
Revenue growth (%)	6.5	(0.8)	9.7	8.7	7.9
EBITDA	10,251	9,637	10,177	11,590	12,599
EBITDA growth (%)	8.0	(6.0)	5.6	13.9	8.7
Depreciation & Amortization	857	889	907	925	943
EBIT	9,394	8,748	9,270	10,665	11,656
EBIT growth (%)	9.6	(6.9)	6.0	15.0	9.3
Other operating income	-	-	-	-	-
Other income	681	851	1,000	1,100	1,210
Financial expense	93	111	117	123	129
PBT	9,982	9,487	10,153	11,643	12,737
Extraordinary items	99	134	0	0	0
Taxes	1,935	1,727	1,828	2,096	2,293
Minority interest	(81)	(142)	(153)	(175)	(192)
Income from JV/Associates	-	-	-	-	-
Reported PAT	8,065	7,753	8,173	9,372	10,253
PAT growth (%)	11.5	(3.9)	5.4	14.7	9.4
Adjusted PAT	7,966	7,619	8,173	9,372	10,253
Diluted EPS (Rs)	18.2	17.5	18.7	21.5	23.5
Diluted EPS growth (%)	9.5	(4.4)	7.3	14.7	9.4
DPS (Rs)	10.0	0	11.0	12.0	12.0
Dividend payout (%)	54.1	0	58.7	55.9	51.1
EBITDA margin (%)	26.9	25.5	24.5	25.7	25.9
EBIT margin (%)	24.7	23.1	22.4	23.7	24.0
Effective tax rate (%)	19.4	18.2	18.0	18.0	18.0
NOPLAT (pre-IndAS)	7,573	7,156	7,602	8,746	9,558
Shares outstanding (mn)	437	437	437	437	437

Source: Company, Emkay Research

Cash flows

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
PBT (ex-other income)	9,301	8,636	9,153	10,543	11,527
Others (non-cash items)	(831)	(883)	481	1,883	2,080
Taxes paid	(1,848)	(1,719)	(1,828)	(2,096)	(2,293)
Change in NWC	462	272	(338)	(20)	11
Operating cash flow	8,959	8,191	9,242	12,057	12,998
Capital expenditure	(434)	(520)	(101)	(925)	(768)
Acquisition of business	(3,223)	(1,107)	0	0	0
Interest & dividend income	169	186	1,000	0	0
Investing cash flow	(3,402)	(1,811)	500	(1,200)	(1,200)
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	183	656	(424)	0	0
Payment of lease liabilities	0	0	0	0	0
Interest paid	(93)	(111)	(117)	(123)	(129)
Dividend paid (incl tax)	(3,492)	(5,238)	(4,802)	(5,238)	(5,238)
Others	(1,594)	(943)	10,891	-	-
Financing cash flow	(4,996)	(5,637)	5,549	(5,361)	(5,367)
Net chg in Cash	561	743	15,291	5,496	6,431
OCF	8,959	8,191	9,242	12,057	12,998
Adj. OCF (w/o NWC chg.)	8,497	7,920	9,580	12,077	12,987
FCFF	8,525	7,671	9,142	11,132	12,230
FCFE	8,601	7,746	10,025	11,009	12,101
OCF/EBITDA (%)	87.4	85.0	90.8	104.0	103.2
FCFE/PAT (%)	106.6	99.9	122.7	117.5	118.0
FCFF/NOPLAT (%)	112.6	107.2	120.3	127.3	128.0

Source: Company, Emkay Research

Balance Sheet

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Share capital	437	437	437	437	437
Reserves & Surplus	26,511	28,803	43,066	47,200	52,215
Net worth	26,948	29,240	43,503	47,636	52,651
Minority interests	(14)	(15)	(15)	(15)	(15)
Non-current liab. & prov.	(5,155)	(6,202)	(5,432)	(5,432)	(5,432)
Total debt	953	1,609	1,185	1,185	1,185
Total liabilities & equity	22,731	24,631	39,240	43,373	48,388
Net tangible fixed assets	5,956	5,693	4,917	4,917	4,742
Net intangible assets	2,922	2,068	1,288	588	(12)
Net ROU assets	-	-	-	-	-
Capital WIP	150	14	14	14	14
Goodwill	682	682	682	682	682
Investments [JV/Associates]	2,517	3,624	3,624	3,624	3,624
Cash & equivalents	2,729	4,098	15,524	23,942	29,163
Current assets (ex-cash)	14,660	15,298	16,237	17,089	17,934
Current Liab. & Prov.	7,366	7,472	7,947	8,648	9,367
NWC (ex-cash)	7,294	7,826	8,290	8,441	8,567
Total assets	22,731	24,631	38,996	42,855	47,438
Net debt	(1,776)	(2,490)	(18,361)	(22,757)	(27,978)
Capital employed	22,731	24,631	39,240	43,373	48,388
Invested capital	16,855	16,269	15,177	14,628	13,979
BVPS (Rs)	61.7	67.0	99.7	109.1	120.6
Net Debt/Equity (x)	(0.1)	(0.1)	(0.4)	(0.5)	(0.5)
Net Debt/EBITDA (x)	(0.2)	(0.3)	(1.8)	(2.0)	(2.2)
Interest coverage (x)	107.9	86.2	87.9	95.9	99.9
RoCE (%)	37.7	32.7	27.2	25.2	25.1

Source: Company, Emkay Research

Valuations and key Ratios

Y/E March	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	21.3	22.1	21.0	18.3	16.7
EV/CE(x)	6.0	5.4	3.7	3.4	3.1
P/B (x)	6.4	5.9	3.9	3.6	3.3
EV/Sales (x)	4.4	4.4	4.0	3.7	3.4
EV/EBITDA (x)	16.3	17.3	16.4	14.4	13.3
EV/EBIT(x)	17.8	19.1	18.0	15.7	14.3
EV/IC (x)	9.9	10.3	11.0	11.4	12.0
FCFF yield (%)	5.1	4.6	5.5	6.7	7.3
FCFE yield (%)	5.0	4.5	5.8	6.4	7.1
Dividend yield (%)	2.5	0	2.8	3.1	3.1
DuPont-RoE split					
Net profit margin (%)	20.9	20.2	19.7	20.8	21.1
Total asset turnover (x)	1.7	1.6	1.3	1.1	1.1
Assets/Equity (x)	0.9	0.8	0.9	0.9	0.9
RoE (%)	31.0	27.1	22.5	20.6	20.4
DuPont-RoIC					
NOPLAT margin (%)	19.9	18.9	18.3	19.4	19.6
IC turnover (x)	2.3	2.3	2.6	3.0	3.4
RoIC (%)	45.5	43.2	48.3	58.7	66.8
Operating metrics					
Core NWC days	69.9	75.6	73.0	68.3	64.3
Total NWC days	69.9	75.6	73.0	68.3	64.3
Fixed asset turnover	1.0	1.0	1.1	1.1	1.2
Opex-to-revenue (%)	41.7	44.4	44.0	43.3	43.1

Source: Company, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarqueresolutions.com)

Nestlé India delivered strong growth in FY26, driven by double-digit volume growth. Growth was broad-based – double-digit growth across categories except Milk Products – and was led by digital channels and rural expansion. However, improving salience of digital channels is likely to limit margin expansion as the company needs higher A&P spends for sustaining growth. The stock has run up sharply and offers little margin of safety. We assume coverage with REDUCE and TP of Rs1,350 (58x Jun-28E EPS).

Growth outperformance already priced-in

Nestlé India has logged strong double-digit growth in the past few quarters, leading to a sharp rerating in the stock (up ~12% in the last 6M vs ~11% decline in Nifty50 index). The outperformance was driven by strong sales growth of 18-23% YoY in 2HFY26 which was primarily volume-led. Growth was broad-based, with double-digit growth across all categories except Milk Products and Nutrition.

Higher salience of digital channels to limit margin improvement

Growth outperformance in the last few quarters was largely led by digital channels, particularly Quick Commerce (QC). E-com salience has risen sharply, from 8.5% in 2024 to the mid-teens currently, per our calculations. This was driven by targeted media interventions, a curated platform-specific pack portfolio, improved availability, etc. However, growth in digital channels—especially QC—requires higher A&P spends for maintaining visibility on platforms and will, thus, be a drag on margins, in our view.

High valuation to limit potential upside

Nestlé India has best-in-class return ratios among FMCG peers and strong brand equity with pricing power, due to which it trades at a premium to peers. It is currently trading at 66x 1-year forward P/E, which is slightly higher than its 5-year historical average and prices-in the recent strong operating performance, in our view. Moreover, growth rates are likely to moderate from 2QFY27, due to the high base.

FY27E outlook

We expect sales growth of ~12% in FY27E, with double-digit growth across all segments except Milk Products and Nutrition. We expect gross margin to be flattish YoY, while EBITDA margin is likely to marginally decline due to elevated A&P spends.

Valuation and risks

We expect sales/earnings CAGR of ~11/13%, respectively, over the next 3 years. We value the stock at 58x Jun-28E EPS, to arrive at TP of Rs1,350. We assume coverage with REDUCE, as current valuations provide little margin of safety. Key risks include stronger-than-expected sales growth and lower-than-expected growth in A&P spends.

Target Price – 12M	Jun-27
Change in TP (%)	NA
Current Reco.	REDUCE
Previous Reco.	NA
Upside/(Downside) (%)	(4.3)

Stock Data	NEST IN
52-week High (Rs)	1,499
52-week Low (Rs)	1,085
Shares outstanding (mn)	1,928.3
Market-cap (Rs bn)	2,720
Market-cap (USD mn)	28,522
Net-debt, FY27E (Rs mn)	(23,380.7)
ADTV-3M (mn shares)	1.6
ADTV-3M (Rs mn)	2,960.8
ADTV-3M (USD mn)	31.1
Free float (%)	37.2
Nifty-50	23,242.1
INR/USD	95.4

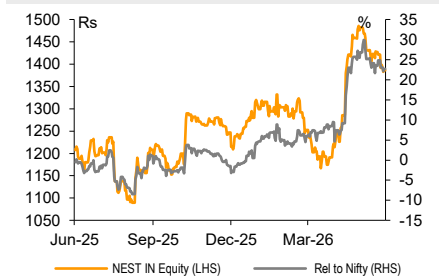
Shareholding, Mar-26

Promoters (%)	62.8
FPIs/MFs (%)	9.7/12.4

Price Performance

(%)	1M	3M	12M
Absolute	(4.9)	14.1	16.8
Rel. to Nifty	(1.0)	18.0	26.1

1-Year share price trend (Rs)



Nestlé India: Financial Snapshot (Standalone)

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	202,016	231,546	258,925	287,253	317,902
EBITDA	47,569	53,061	58,867	67,127	75,399
Adj. PAT	30,110	34,238	37,535	43,850	50,626
Adj. EPS (Rs)	7.8	17.8	19.5	22.7	26.3
EBITDA margin (%)	23.5	22.9	22.7	23.4	23.7
EBITDA growth (%)	(18.7)	11.5	10.9	14.0	12.3
Adj. EPS growth (%)	(62.0)	127.4	9.6	16.8	15.5
RoE (%)	80.7	72.6	64.3	62.5	60.5
RoIC (%)	98.0	120.8	132.8	166.8	221.3
P/E (x)	82.1	86.7	74.0	64.9	53.7
EV/EBITDA (x)	113.6	101.9	91.8	80.5	71.7
P/B (x)	66.1	57.3	53.3	49.6	30.0
FCFF yield (%)	0.2	0.8	0.7	0.9	1.0

Source: Company, Emkay Research

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Exhibit 182: Category-wise performance – All categories (ex Milk Products) saw a consistent double-digit growth

FY26	Confectionery	Beverages	Prepared Dishes and Cooking Aids	Milk Products and Nutrition	Pet Food	Nestlé OOH
1Q	High double-digit growth	Strong double-digit growth	Back to volume growth	Mixed growth	Strong performance	Double-digit growth
2Q	Strong double-digit growth	High double-digit growth	Strong double-digit (value) growth	Mixed growth	High double-digit growth	Strong double-digit growth
3Q	Double-digit growth; fastest-growing segment	18 th consecutive quarter of double-digit growth	Strong double-digit (value) growth	Mid-single-digit growth	Strong double-digit growth	Double-digit growth
4Q	High double-digit growth	High double-digit growth	Strong volume-driven growth	Steady growth	High double-digit growth	Sustained volume-driven growth

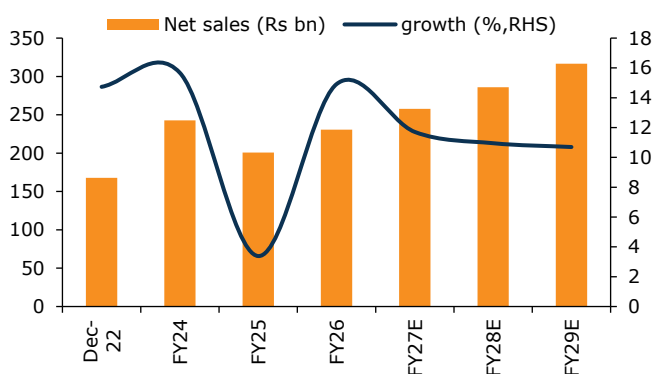
Source: Company, Emkay Research

Exhibit 183: Digital channels witnessed accelerated growth in FY26

FY26	E-com/QCom performance
1Q	E-com maintained growth momentum; now contributes 12.5% of domestic sales
2Q	Witnessed acceleration in Quick Commerce
3Q	Quick Commerce saw accelerated momentum
4Q	Growth momentum continued, led by strong Quick Commerce performance

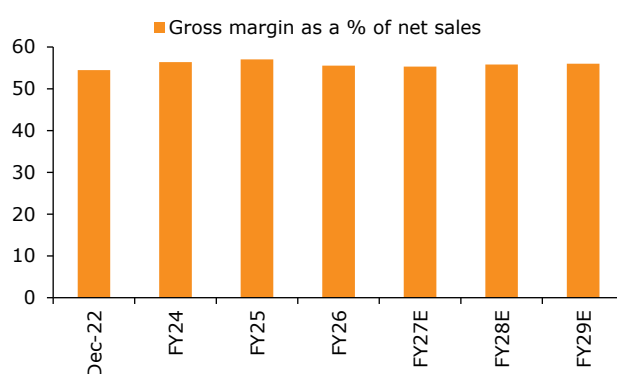
Source: Company, Emkay Research

Exhibit 184: Net sales trend



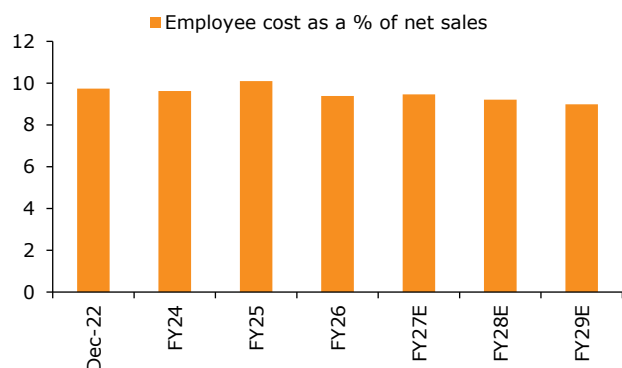
Source: Company, Emkay Research

Exhibit 185: Gross margin trend



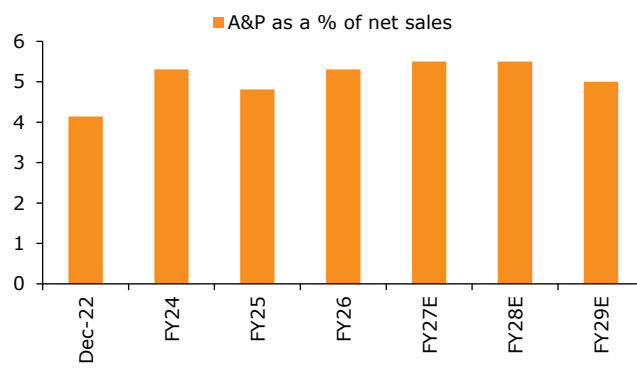
Source: Company, Emkay Research

Exhibit 186: Employee expenses, as a % of sales



Source: Company, Emkay Research

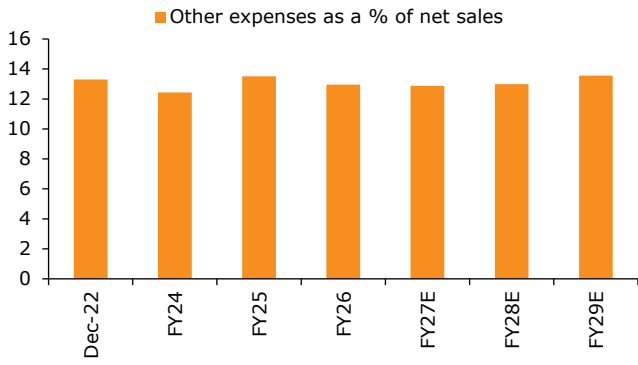
Exhibit 187: A&P expenses, as a % of sales



Source: Company, Emkay Research

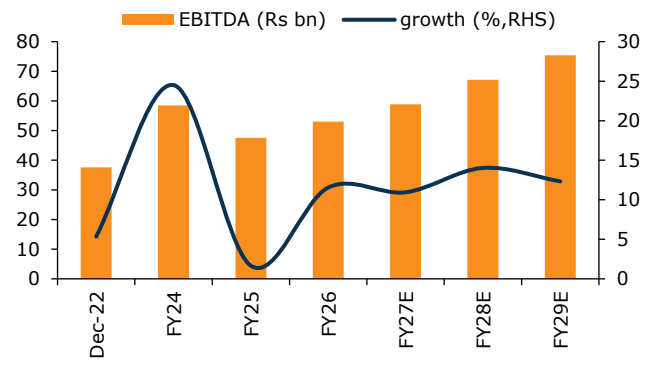
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Exhibit 188: Other expenses, as a % of sales



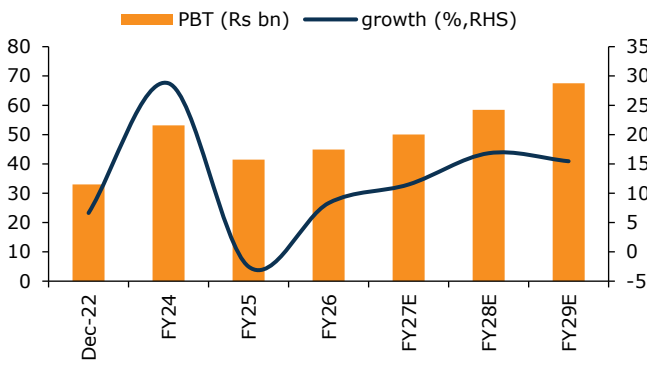
Source: Company, Emkay Research

Exhibit 189: EBITDA trend



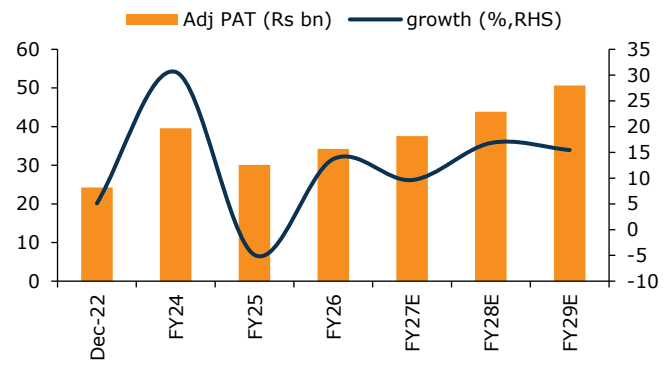
Source: Company, Emkay Research

Exhibit 190: PBT trend



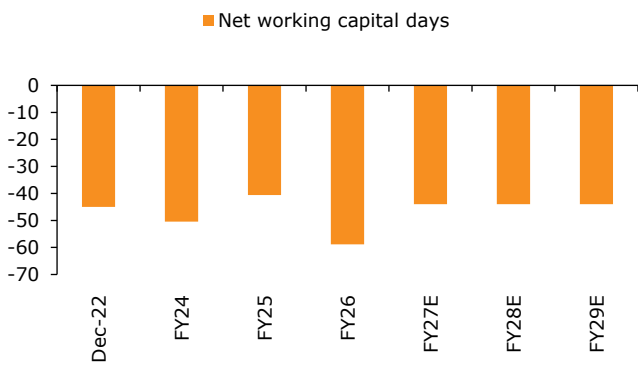
Source: Company, Emkay Research

Exhibit 191: Adjusted PAT trend



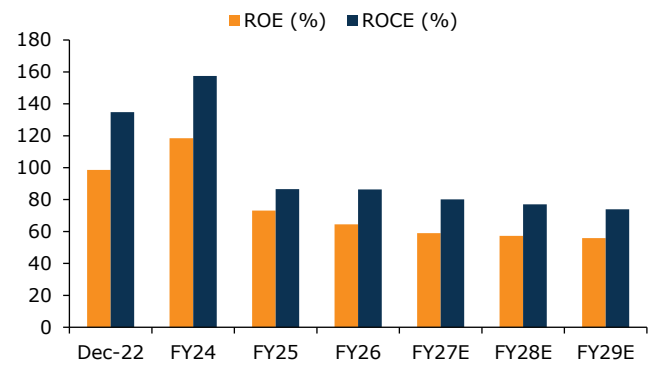
Source: Company, Emkay Research

Exhibit 192: Net working capital days



Source: Company, Emkay Research

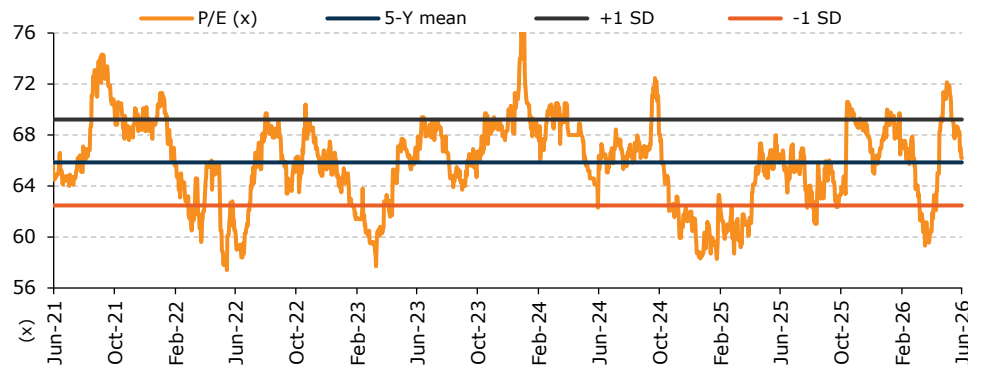
Exhibit 193: RoE and RoCE trends



Source: Company, Emkay Research

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Exhibit 194: Nestlé – One-year forward P/E



Source: Bloomberg, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

Nestlé India: Standalone Financials and Valuations

Profit & Loss

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	202,016	231,546	258,925	287,253	317,902
Revenue growth (%)	(17.2)	14.6	11.8	10.9	10.7
EBITDA	47,569	53,061	58,867	67,127	75,399
EBITDA growth (%)	(18.7)	11.5	10.9	14.0	12.3
Depreciation & Amortization	5,399	6,992	7,623	7,871	8,147
EBIT	42,170	46,068	51,244	59,256	67,252
EBIT growth (%)	(20.6)	9.2	11.2	15.6	13.5
Other operating income	1,241	831	1,203	1,306	1,369
Other income	630	404	402	710	1,249
Financial expense	1,360	1,583	1,600	1,500	1,000
PBT	41,440	44,889	50,047	58,466	67,501
Extraordinary items	0	0	0	0	0
Taxes	11,330	10,651	12,512	14,617	16,875
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
Reported PAT	30,110	34,238	37,535	43,850	50,626
PAT growth (%)	(23.4)	13.7	9.6	16.8	15.5
Adjusted PAT	30,110	34,238	37,535	43,850	50,626
Diluted EPS (Rs)	7.8	17.8	19.5	22.7	26.3
Diluted EPS growth (%)	(62.0)	127.4	9.6	16.8	15.5
DPS (Rs)	6.4	12.0	14.0	16.0	19.0
Dividend payout (%)	81.7	67.6	71.9	70.4	72.4
EBITDA margin (%)	23.5	22.9	22.7	23.4	23.7
EBIT margin (%)	20.9	19.9	19.8	20.6	21.2
Effective tax rate (%)	27.3	23.7	25.0	25.0	25.0
NOPLAT (pre-IndAS)	30,641	35,138	38,433	44,442	50,439
Shares outstanding (mn)	3,856	1,928	1,928	1,928	1,928

Source: Company, Emkay Research

Cash flows

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
PBT (ex-other income)	40,810	44,485	49,644	57,756	66,252
Others (non-cash items)	(2,965)	1	0	0	0
Taxes paid	(9,905)	(10,713)	(12,512)	(14,617)	(16,875)
Change in NWC	24,215	9,333	(4,945)	764	(1,572)
Operating cash flow	29,345	50,476	40,601	53,275	56,952
Capital expenditure	(20,044)	(8,263)	(3,000)	(3,663)	(4,000)
Acquisition of business	(2,817)	0	0	0	0
Interest & dividend income	-	-	-	-	-
Investing cash flow	(18,109)	(6,237)	(2,598)	(2,953)	(2,751)
Equity raised/(repaid)	0	964	0	0	0
Debt raised/(repaid)	6,495	(8,121)	47	0	9
Payment of lease liabilities	0	0	0	0	0
Interest paid	(337)	(502)	(1,600)	(1,500)	(1,000)
Dividend paid (incl tax)	(24,586)	(23,140)	(26,996)	(30,853)	(36,638)
Others	(35)	(996)	809	0	0
Financing cash flow	(18,463)	(31,795)	(27,740)	(32,353)	(37,629)
Net chg in Cash	(7,227)	12,444	10,263	17,969	16,572
OCF	29,345	50,476	40,601	53,275	56,952
Adj. OCF (w/o NWC chg.)	5,130	41,143	45,546	52,510	58,524
FCFF	9,301	42,213	37,601	49,611	52,952
FCFE	7,941	40,630	36,001	48,111	51,952
OCF/EBITDA (%)	61.7	95.1	69.0	79.4	75.5
FCFE/PAT (%)	26.4	118.7	95.9	109.7	102.6
FCFF/NOPLAT (%)	30.4	120.1	97.8	111.6	105.0

Source: Company, Emkay Research

Balance Sheet

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Share capital	964	1,928	1,928	1,928	1,928
Reserves & Surplus	40,207	51,164	61,703	74,700	88,688
Net worth	41,172	53,092	63,631	76,628	90,616
Minority interests	0	0	0	0	0
Non-current liab. & prov.	536	865	865	865	865
Total debt	7,533	244	292	292	300
Total liabilities & equity	49,241	54,202	64,788	77,785	91,782
Net tangible fixed assets	54,736	62,904	58,509	54,138	49,991
Net intangible assets	-	-	-	-	-
Net ROU assets	-	-	-	-	-
Capital WIP	11,726	5,070	4,842	5,005	5,005
Goodwill	0	0	0	0	0
Investments [JV/Associates]	7,056	7,056	7,056	7,056	7,056
Cash & equivalents	957	13,409	23,672	41,641	58,213
Current & ex-cash	48,765	45,133	53,184	58,204	63,622
Current Liab. & Prov.	73,998	79,370	82,475	88,260	92,105
NWC (ex-cash)	(25,233)	(34,237)	(29,291)	(30,056)	(28,483)
Total assets	49,241	54,202	64,788	77,785	91,782
Net debt	6,577	(13,164)	(23,381)	(41,350)	(57,913)
Capital employed	49,241	54,202	64,788	77,785	91,782
Invested capital	29,503	28,668	29,218	24,083	21,508
BVPS (Rs)	10.7	27.5	33.0	39.7	47.0
Net Debt/Equity (x)	0.2	(0.2)	(0.4)	(0.5)	(0.6)
Net Debt/EBITDA (x)	0.1	(0.2)	(0.4)	(0.6)	(0.8)
Interest coverage (x)	31.5	29.4	32.3	40.0	68.5
RoCE (%)	76.7	91.1	88.1	85.2	81.6

Source: Company, Emkay Research

Valuations and key Ratios

Y/E March	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	82.1	86.7	74.0	64.9	53.7
EV/CE(x)	111.0	101.3	84.5	70.3	59.4
P/B (x)	66.1	57.3	53.3	49.6	30.0
EV/Sales (x)	26.9	23.4	21.0	18.9	17.1
EV/EBITDA (x)	113.6	101.9	91.8	80.5	71.7
EV/EBIT(x)	128.2	117.3	105.5	91.2	80.4
EV/IC (x)	183.2	188.5	185.0	224.4	251.3
FCFF yield (%)	0.2	0.8	0.7	0.9	1.0
FCFE yield (%)	0.3	1.3	1.6	1.9	1.9
Dividend yield (%)	0.9	0.9	1.2	0.9	1.3
DuPont-RoE split					
Net profit margin (%)	14.9	14.8	14.5	15.3	15.9
Total asset turnover (x)	3.6	4.5	4.4	4.0	3.7
Assets/Equity (x)	1.5	1.1	1.0	1.0	1.0
RoE (%)	80.7	72.6	64.3	62.5	60.5
DuPont-RoIC					
NOPLAT margin (%)	15.2	15.2	14.8	15.5	15.9
IC turnover (x)	6.5	8.0	8.9	10.8	13.9
RoIC (%)	98.0	120.8	132.8	166.8	221.3
Operating metrics					
Core NWC days	(45.6)	(54.0)	(41.3)	(38.2)	(32.7)
Total NWC days	(45.6)	(54.0)	(41.3)	(38.2)	(32.7)
Fixed asset turnover	2.7	2.4	2.5	2.7	2.9
Opex-to-revenue (%)	33.1	32.4	32.6	32.4	32.3

Source: Company, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarqueresolutions)

Colgate faces intense competition amid a weak growth outlook, leading to elevated promotional spending that should keep margins under pressure. While premium share is increasing at a good pace (>35% in 2 years), we believe its impact on margins is likely to be offset by increased A&P spends. While the recent correction in the stock price makes valuations appear undemanding, we believe that even at current levels, there is limited upside due to the weak growth outlook. We assume coverage on Colgate with REDUCE and TP of Rs2,050 (35x Jun-28E EPS).

Increased competitive intensity

Colgate is witnessing heightened competition in its toothpaste portfolio from both larger peers and regional smaller players. Per our checks, there has been a rise in promotional spending as well as discounting activities. In FY26, Colgate underperformed larger peers (HUL, DABUR) with flattish growth YoY, while HUL and Dabur reported mid-to-high single-digit growth. As a result, we expect A&P spends to remain elevated, aimed at mitigating competitive intensity. This, coupled with the rise in packaging costs, will keep margins under pressure.

Focus on premiumization

Colgate has launched a number of new products/variants in the past few years, to drive premiumization. These include Colgate Visible White Purple, Visible White O2, MaxFresh premium variants, and Periogard in therapeutics. As a result, the premium share in toothpastes has risen >35% in the past 2 years, per the management. Also, the Palmolive portfolio saw a few launches in FY26, but overall growth remains underwhelming.

Valuation undemanding, but lacks clear triggers

Colgate's stock has corrected sharply in the past one year (-18% vs -7% for Nifty 50). It currently trades at an undemanding valuation multiple of 37x 1-year forward P/E – only ~10% above its trough valuation multiple in the past five years. While the stock appears much more appealing at current valuations, we believe that the weak growth outlook and expectations of elevated A&P spends will remain an overhang.

FY27E outlook

We expect sales growth to improve to ~7% in FY27E on a low base of -0.1% in FY26. We expect both gross margin and EBITDA margin to contract marginally YoY, mainly due to higher input costs and elevated A&P spends.

Valuation and risks

We expect sales/earnings CAGR of ~7% each over the next three years. We value the stock at 35x Jun-28E EPS and arrive at TP of Rs2,050. We assume coverage with REDUCE. Key risks: higher-than-expected sales growth and better-than-expected margins.

Target Price – 12M	Jun-27
Change in TP (%)	NA
Current Reco.	REDUCE
Previous Reco.	NA
Upside/(Downside) (%)	1.3

Stock Data	CLGT IN
52-week High (Rs)	2,505
52-week Low (Rs)	1,782
Shares outstanding (mn)	272.0
Market-cap (Rs bn)	550
Market-cap (USD mn)	5,771
Net-debt, FY27E (Rs mn)	(11,749.7)
ADTV-3M (mn shares)	0.5
ADTV-3M (Rs mn)	1,028.1
ADTV-3M (USD mn)	10.8
Free float (%)	49.0
Nifty-50	23,242.1
INR/USD	95.4

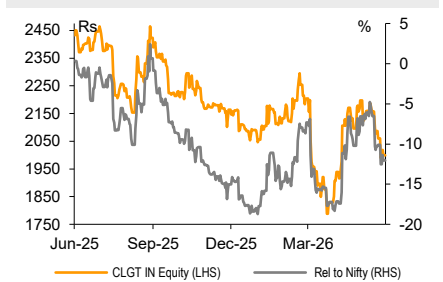
Shareholding, Mar-26

Promoters (%)	51.0
FPIs/MFs (%)	13.6/15.5

Price Performance

(%)	1M	3M	12M
Absolute	(7.9)	(6.2)	(17.4)
Rel. to Nifty	(4.2)	(3.0)	(10.8)

1-Year share price trend (Rs)



Colgate-Palmolive: Financial Snapshot (Standalone)

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	60,402	60,350	64,357	69,231	74,940
EBITDA	19,581	18,697	19,874	21,463	23,608
Adj. PAT	14,352	13,432	14,276	15,506	16,585
Adj. EPS (Rs)	52.8	49.4	52.5	57.0	61.0
EBITDA margin (%)	32.4	31.0	30.9	31.0	31.5
EBITDA growth (%)	3.0	(4.5)	6.3	8.0	10.0
Adj. EPS growth (%)	6.9	(6.4)	6.3	8.6	7.0
RoE (%)	81.1	82.7	89.0	92.4	94.9
RoIC (%)	281.7	431.0	587.3	437.9	544.2
P/E (x)	38.3	41.5	38.6	35.5	33.2
EV/EBITDA (x)	27.2	28.4	26.8	24.8	22.5
P/B (x)	33.1	34.7	33.9	31.7	31.3
FCFF yield (%)	2.5	3.3	1.9	3.0	3.0

Source: Company, Emkay Research

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Exhibit 195: Colgate underperformed peers in 3 of the 4 quarters in FY26

(% yoy)	1QFY26	2QFY26	3QFY26	4QFY26
Colgate	-4%	-6%	2%	9%
HUL - Oral Care	Mid-single digit growth	Marginal decline	Double-digit growth	Low-single digit growth
Dabur - Oral care	Mid-single digit growth	Double-digit growth	High-single digit growth	Mid-single digit growth

Source: Company, Emkay Research

Exhibit 196: Premiumizing the toothpaste portfolio via the launch of Colgate Total

Premiumise: Own Proactive Health with Colgate Total



- ~3X growth vs. TP category**
- Driving Accessibility + Availability**
Pricing : 0.77X vs Dec '23
Distribution : 30k + 3L stores
- Total Anti-Tartar New Launch**
Available across major Ecom platforms

Source: Company, Emkay Research

Exhibit 197: Launch of Visible White Purple in the premium segment

Bringing NEWNESS Into People's Lives



VISIBLE WHITE PURPLE

Source: Company, Emkay Research

Exhibit 198: Launched premium variants of Maxfresh as well

Premiumise: Freshness with MaxFresh Sensorials



- Entry into Premium Freshness**
★★★★★ It's safe with hearts in it. ★★★★★ almost better than a real substitute.
Reviewed in India on 27 February 2023. Reviewed in India on 27 March 2023.
Flavour Name: Rainbow Fresh Squeezy. Flavour Name: Watermelon Blast Fresh Gel. **Noted Product**
- Priced 1.4X Vs Maxfresh Base**
- 2 Variants: Watermelon Blast & Rainbow Fresh Gel**

Source: Company, Emkay Research

Exhibit 199: Colgate is focusing on science-backed products

Science Backed Portfolio

- Ultrafreeze Technology
- Arginine + Calcium Boost
- Color Correcting Technology
- Dual Zinc + Arginine Technology
- Zinc Citrate + Fluoride

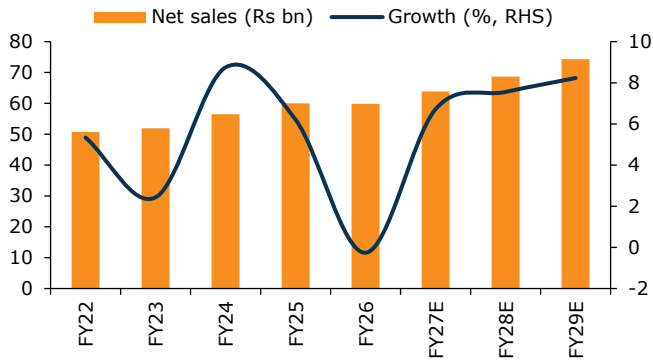
Future Forward Innovation

- Mouthwash Sachet
- Palmolive Moments
- Kids Squeezy

Source: Company, Emkay Research

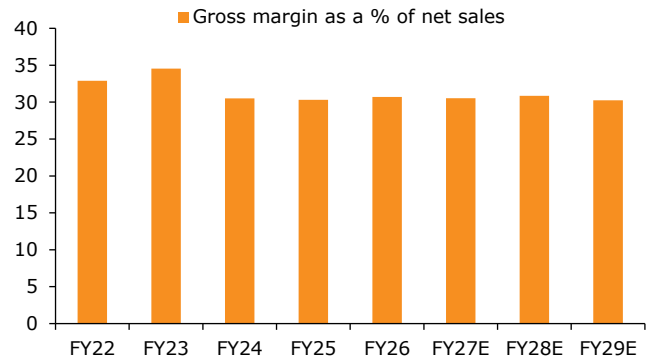
This report is intended for Team White Marque Solutions (team.emkay@whitemarqueresolutions)

Exhibit 200: Net sales trend



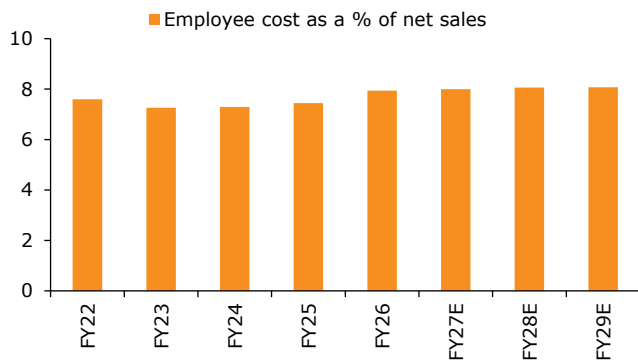
Source: Company, Emkay Research

Exhibit 201: Gross margin trend



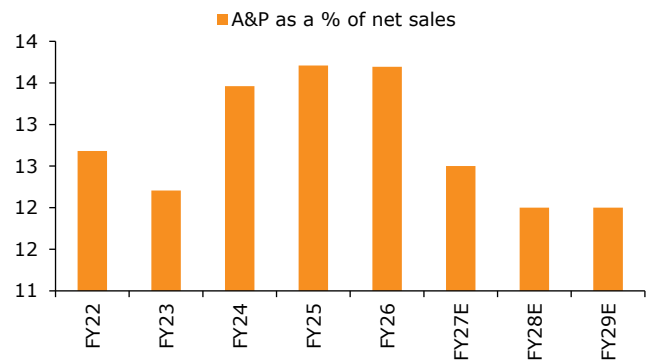
Source: Company, Emkay Research

Exhibit 202: Employee expenses as a % of sales



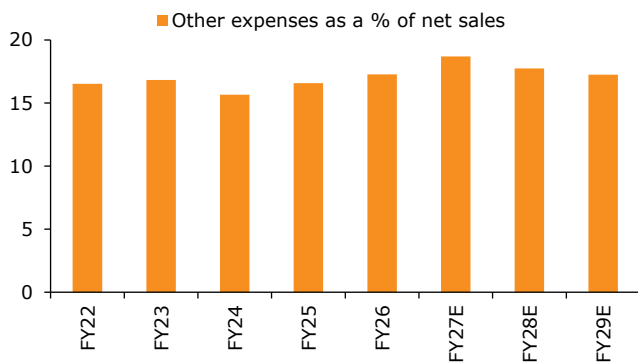
Source: Company, Emkay Research

Exhibit 203: A&P expenses as a % of sales



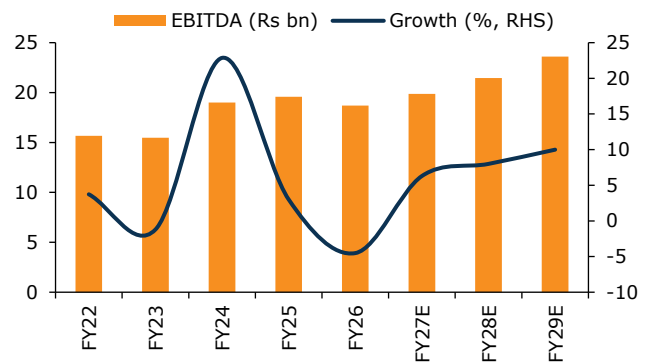
Source: Company, Emkay Research

Exhibit 204: Other expenses as a % of sales



Source: Company, Emkay Research

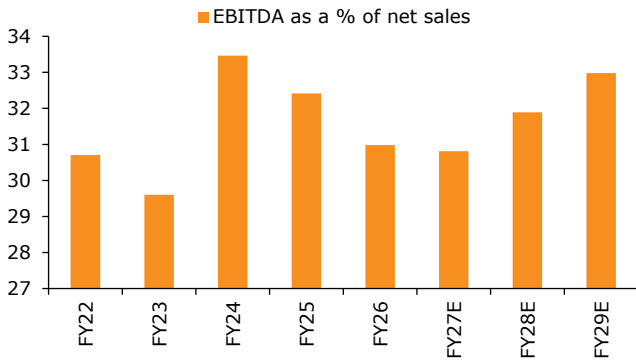
Exhibit 205: EBITDA trend



Source: Company, Emkay Research

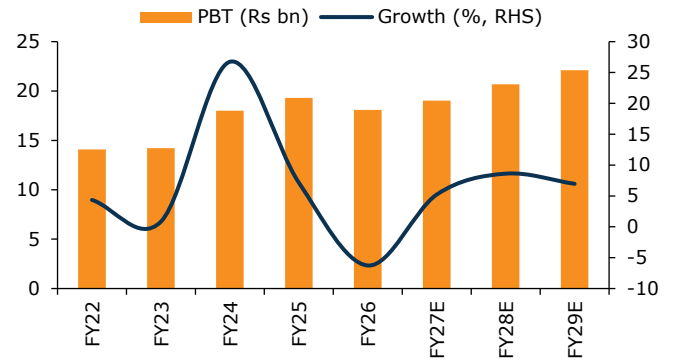
This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

Exhibit 206: EBITDA as a % of net sales



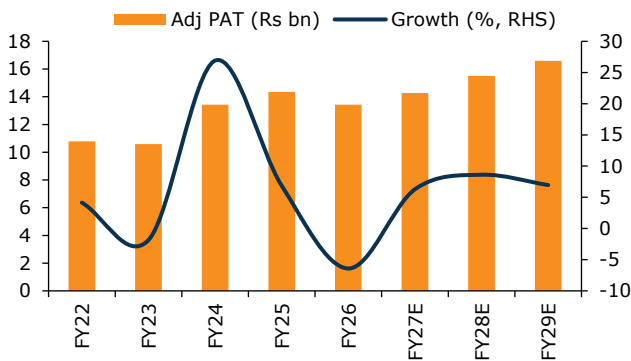
Source: Company, Emkay Research

Exhibit 207: PBT trend



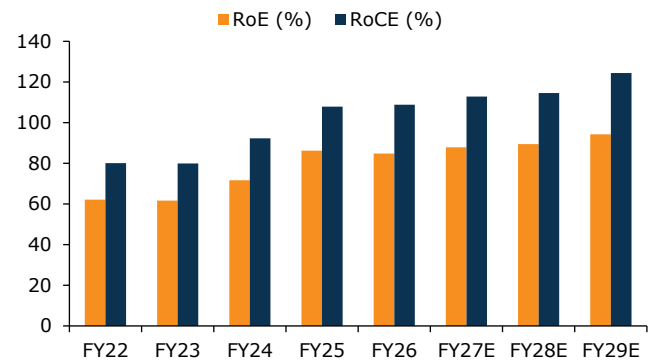
Source: Company, Emkay Research

Exhibit 208: Adjusted PAT trend



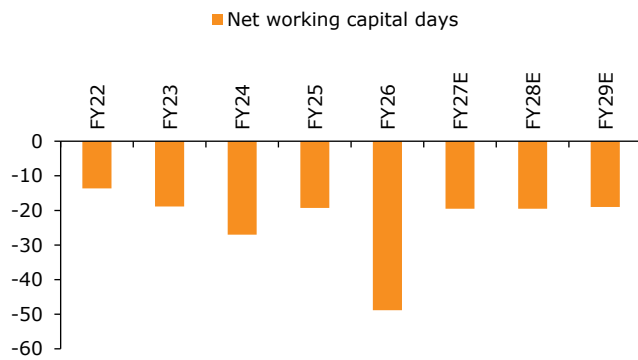
Source: Company, Emkay Research

Exhibit 209: RoE and RoCE trend



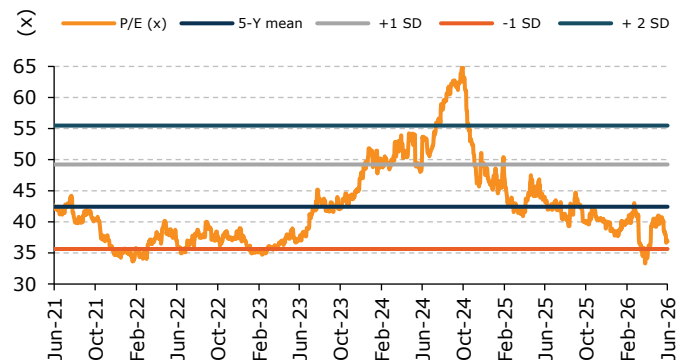
Source: Company, Emkay Research

Exhibit 210: Net working capital days



Source: Company, Emkay Research

Exhibit 211: Colgate – One-year forward P/E



Source: Company, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

Colgate-Palmolive: Standalone Financials and Valuations

Profit & Loss

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	60,402	60,350	64,357	69,231	74,940
Revenue growth (%)	6.3	(0.1)	6.6	7.6	8.2
EBITDA	19,581	18,697	19,874	21,463	23,608
EBITDA growth (%)	3.0	(4.5)	6.3	8.0	10.0
Depreciation & Amortization	1,627	1,461	1,550	1,602	1,709
EBIT	17,953	17,236	18,323	19,862	21,899
EBIT growth (%)	3.8	(4.0)	6.3	8.4	10.3
Other operating income	410	515	500	550	605
Other income	1,388	891	751	854	256
Financial expense	43	38	40	41	42
PBT	19,298	18,089	19,035	20,674	22,114
Extraordinary items	16	(179)	0	0	0
Taxes	4,946	4,658	4,759	5,169	5,528
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
Reported PAT	14,368	13,253	14,276	15,506	16,585
PAT growth (%)	8.5	(7.8)	7.7	8.6	7.0
Adjusted PAT	14,352	13,432	14,276	15,506	16,585
Diluted EPS (Rs)	52.8	49.4	52.5	57.0	61.0
Diluted EPS growth (%)	6.9	(6.4)	6.3	8.6	7.0
DPS (Rs)	60.0	51.0	51.0	53.0	60.0
Dividend payout (%)	113.6	104.7	97.2	93.0	98.4
EBITDA margin (%)	32.4	31.0	30.9	31.0	31.5
EBIT margin (%)	29.7	28.6	28.5	28.7	29.2
Effective tax rate (%)	25.6	25.7	25.0	25.0	25.0
NOPLAT (pre-IndAS)	13,352	12,798	13,743	14,896	16,424
Shares outstanding (mn)	272	272	272	272	272

Source: Company, Emkay Research

Cash flows

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
PBT (ex-other income)	17,910	17,198	18,283	19,821	21,857
Others (non-cash items)	104	134	0	0	0
Taxes paid	(5,620)	(4,558)	(4,759)	(5,169)	(5,528)
Change in NWC	(815)	3,785	(4,091)	482	443
Operating cash flow	13,945	18,063	11,022	16,776	18,521
Capital expenditure	(714)	(763)	(800)	(850)	(2,602)
Acquisition of business	0	0	0	0	0
Interest & dividend income	-	-	-	-	-
Investing cash flow	560	3,736	(49)	4	(2,345)
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	(175)	(187)	0	0	0
Payment of lease liabilities	0	0	0	0	0
Interest paid	(276)	(162)	(40)	(41)	(42)
Dividend paid (incl tax)	(16,262)	(13,871)	(13,872)	(14,416)	(16,320)
Others	-	-	-	-	-
Financing cash flow	(16,713)	(14,220)	(13,912)	(14,457)	(16,362)
Net chg in Cash	(2,209)	7,579	(2,938)	2,323	(186)
OCF	13,945	18,063	11,022	16,776	18,521
Adj. OCF (w/o NWC chg.)	14,759	14,278	15,114	16,294	18,079
FCFF	13,231	17,300	10,222	15,926	15,920
FCFE	13,188	17,262	10,182	15,885	15,878
OCF/EBITDA (%)	71.2	96.6	55.5	78.2	78.5
FCFE/PAT (%)	91.8	130.2	71.3	102.4	95.7
FCFF/NOPLAT (%)	99.1	135.2	74.4	106.9	96.9

Source: Company, Emkay Research

Balance Sheet

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Share capital	272	272	272	272	272
Reserves & Surplus	16,373	15,569	15,973	17,063	17,328
Net worth	16,645	15,841	16,245	17,335	17,600
Minority interests	0	0	0	0	0
Non-current liab. & prov.	(680)	(820)	(820)	(820)	(820)
Total debt	0	0	0	0	0
Total liabilities & equity	16,889	15,972	16,399	17,514	17,806
Net tangible fixed assets	7,765	7,183	6,432	5,680	6,574
Net intangible assets	-	-	-	-	-
Net ROU assets	-	-	-	-	-
Capital WIP	384	272	272	272	272
Goodwill	-	-	-	-	-
Investments [JV/Associates]	0	0	0	0	0
Cash & equivalents	10,951	14,688	11,750	14,072	13,887
Current & ex-cash	10,126	10,774	10,993	11,435	12,051
Current Liab. & Prov.	12,617	17,291	13,410	14,327	15,378
NWC (ex-cash)	(2,491)	(6,517)	(2,418)	(2,892)	(3,326)
Total assets	16,889	15,972	16,399	17,514	17,806
Net debt	(10,951)	(14,688)	(11,750)	(14,072)	(13,887)
Capital employed	16,889	15,972	16,399	17,514	17,806
Invested capital	5,273	665	4,014	2,789	3,247
BVPS (Rs)	61.2	58.2	59.7	63.7	64.7
Net Debt/Equity (x)	(0.7)	(0.9)	(0.7)	(0.8)	(0.8)
Net Debt/EBITDA (x)	(0.6)	(0.8)	(0.6)	(0.7)	(0.6)
Interest coverage (x)	447.7	478.3	476.9	507.7	532.4
RoCE (%)	109.3	111.6	118.9	123.4	126.8

Source: Company, Emkay Research

Valuations and key Ratios

Y/E Mar	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	38.3	41.5	38.6	35.5	33.2
EV/CE(x)	31.9	33.6	32.7	30.7	30.2
P/B (x)	33.1	34.7	33.9	31.7	31.3
EV/Sales (x)	8.9	8.9	8.3	7.7	7.2
EV/EBITDA (x)	27.2	28.4	26.8	24.8	22.5
EV/EBIT(x)	29.6	30.9	29.0	26.8	24.3
EV/IC (x)	100.8	799.4	132.5	190.7	163.8
FCFF yield (%)	2.5	3.3	1.9	3.0	3.0
FCFE yield (%)	2.4	3.1	1.9	2.9	2.9
Dividend yield (%)	3.0	2.5	2.5	2.6	3.0
DuPont-RoE split					
Net profit margin (%)	23.8	22.3	22.2	22.4	22.1
Total asset turnover (x)	3.4	3.7	4.0	4.1	4.2
Assets/Equity (x)	1.0	1.0	1.0	1.0	1.0
RoE (%)	81.1	82.7	89.0	92.4	94.9
DuPont-RoIC					
NOPLAT margin (%)	22.1	21.2	21.4	21.5	21.9
IC turnover (x)	12.7	20.3	27.5	20.4	24.8
RoIC (%)	281.7	431.0	587.3	437.9	544.2
Operating metrics					
Core NWC days	(15.1)	(39.4)	(13.7)	(15.2)	(16.2)
Total NWC days	(15.1)	(39.4)	(13.7)	(15.2)	(16.2)
Fixed asset turnover	2.6	2.5	2.6	2.7	2.7
Opex-to-revenue (%)	37.5	38.6	38.8	38.4	38.0

Source: Company, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarqueresolutions)

Distribution expansion to drive double-digit growth; BUY

Consumer Goods ▶ Company Update ▶ June 10, 2026

CMP (Rs): 656 | TP (Rs): 800

Bikaji targets a higher growth trajectory driven by direct distribution expansion. Growth is being led by focus states, other states, and exports (the recent Ariba Foods acquisition). Product diversification is under way via scale-up of the non-ethnic portfolio. Margins are likely to improve on the back of operating leverage. Further, retail formats are seeing strong growth. We assume coverage on Bikaji with BUY and TP of Rs800 (52x Jun-28E EPS).

Focus and expansion of 'other markets' to elevate the growth trajectory

Core markets (Rajasthan, Bihar, Assam), which account for ~70% of Bikaji's total sales, have witnessed growth moderate from 20% a few years ago to 9-11% YoY over the past two years. In contrast, focus states have continued to grow at >20%. Exports growth has picked up sharply (52% YoY in FY26) following the acquisition of Ariba Foods. Direct distribution-reach surpassed 350k outlets in FY26, with an indirect reach of over 1mn outlets. The company aims to add 50k outlets per year, improving its direct distribution network to 500k outlets over the next three years.

Product portfolio diversification under way

While Bikaji is the market leader in the Bhujia category, it has entered a number of new snacking categories—such as western snacks, papad, sweets—to diversify its product portfolio and become a pan-India player. Ethnic snacks (Bhujia and Namkeen) for Bikaji still account for ~2/3rd of its total sales. The salience of higher-margin family packs has risen sharply to 60% in 4QFY26 led by the exports segment. Digital channels are also growing at a rapid pace, contributing 3% of sales in FY26 (up from 2% in FY25).

Retail formats offer real optionality

Bikaji is also growing its retail franchise and has 26 retail outlets as of 4QFY26, under two brands—The Hazelnut Factory (THF, acquired in 2024) and Bikaji Food Junxon. THF is growing exponentially (revenue of Rs1bn in FY26, up 130% YoY); the management targets >50% YoY growth over the next three years, on the back of store additions (8-10 new stores every year).

FY27E outlook

We expect consolidated sales growth to maintain at 14% in FY27E, led by a mid-teens growth in the ethnic portfolio. We believe gross margin will contract by ~40bps YoY in FY27E due to higher RM costs (packaging, etc), while EBITDA margin is likely to be flattish YoY due to cost controls.

Valuation and risk

We expect sales/earnings CAGR of ~14/27% over the next three years. We value the stock at 52x Jun-28E EPS and arrive at TP of Rs800; we assume coverage with BUY. Key risks: higher-than-expected inflation in key inputs, heightened competition from regional players, and a weaker-than-expected monsoon.

Target Price – 12M	Jun-27
Change in TP (%)	NA
Current Reco.	BUY
Previous Reco.	NA
Upside/(Downside) (%)	22.0

Stock Data	BIKAJI IN
52-week High (Rs)	821
52-week Low (Rs)	592
Shares outstanding (mn)	250.7
Market-cap (Rs bn)	164
Market-cap (USD mn)	1,725
Net-debt, FY27E (Rs mn)	624.1
ADTV-3M (mn shares)	0.2
ADTV-3M (Rs mn)	130.5
ADTV-3M (USD mn)	1.4
Free float (%)	25.0
Nifty-50	23,242.1
INR/USD	95.4

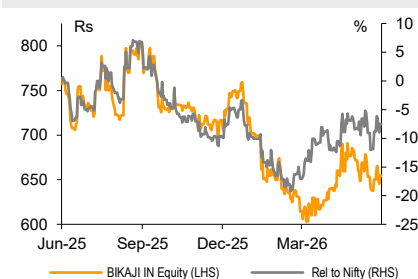
Shareholding, Mar-26

Promoters (%)	73.9
FPIs/MFs (%)	4.7/17.3

Price Performance

(%)	1M	3M	12M
Absolute	(2.3)	8.3	(14.3)
Rel. to Nifty	1.6	11.9	(7.4)

1-Year share price trend (Rs)



Bikaji Foods International: Financial Snapshot (Consolidated)

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	26,168	29,939	34,177	39,182	44,223
EBITDA	3,283	4,106	4,693	5,909	6,901
Adj. PAT	2,004	2,628	3,028	3,967	4,888
Adj. EPS (Rs)	8.0	10.5	12.1	15.9	19.5
EBITDA margin (%)	12.5	13.7	13.7	15.1	15.6
EBITDA growth (%)	(16.1)	25.1	14.3	25.9	16.8
Adj. EPS growth (%)	(24.6)	31.1	15.2	31.0	23.2
RoE (%)	15.4	17.6	17.5	19.6	21.2
RoIC (%)	15.2	16.8	19.1	24.1	29.8
P/E (x)	81.8	63.6	54.2	41.4	33.6
EV/EBITDA (x)	50.1	40.1	35.1	27.9	23.8
P/B (x)	11.9	10.2	8.8	7.5	6.8
FCFF yield (%)	(0.9)	0.7	1.5	1.7	3.9

Source: Company, Emkay Research

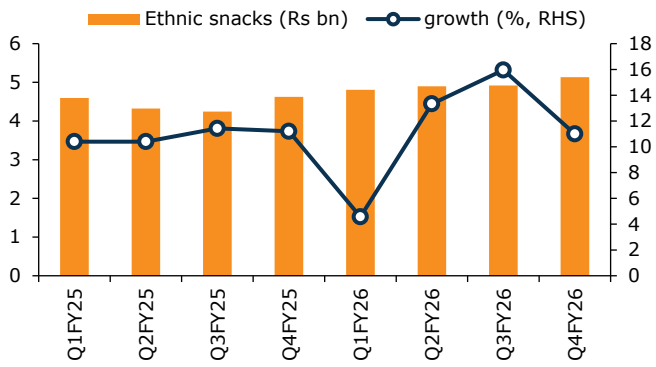
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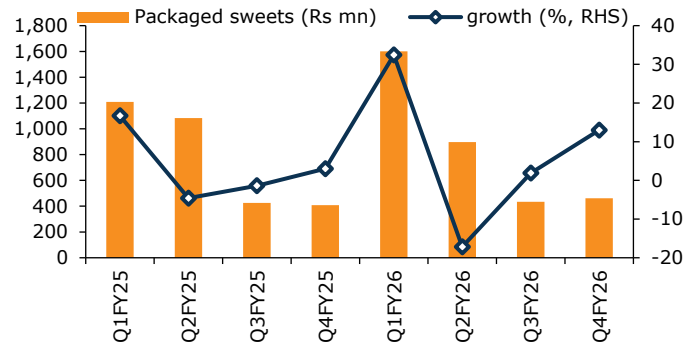
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Exhibit 212: Ethnic snacks sales trend



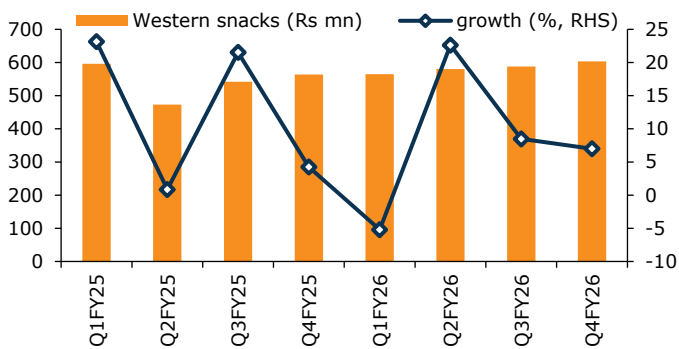
Source: Company, Emkay Research

Exhibit 213: Packaged sweets sales trend



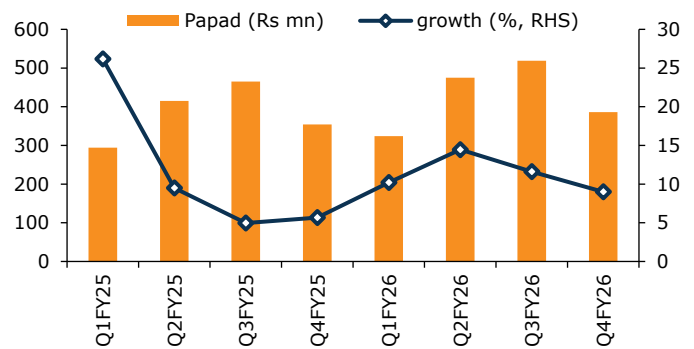
Source: Company, Emkay Research

Exhibit 214: Western snacks sales trend



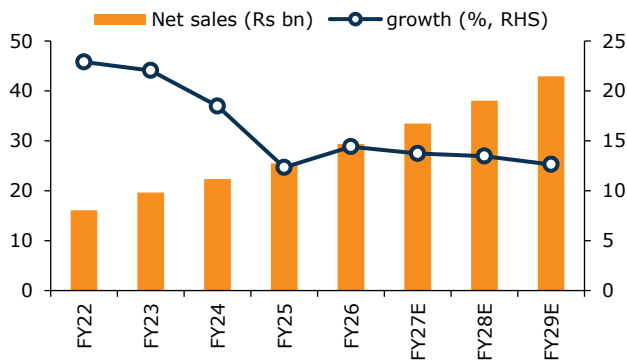
Source: Company, Emkay Research

Exhibit 215: Papad sales trend



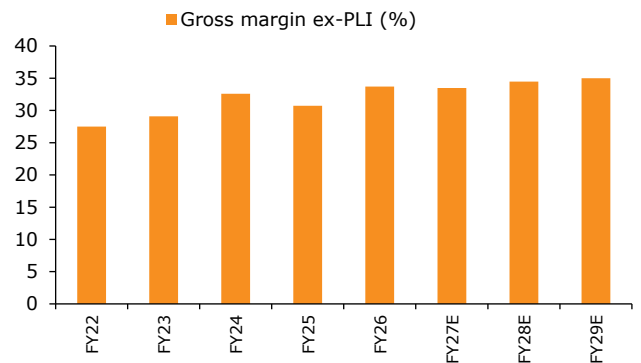
Source: Company, Emkay Research

Exhibit 216: Net sales trend



Source: Company, Emkay Research

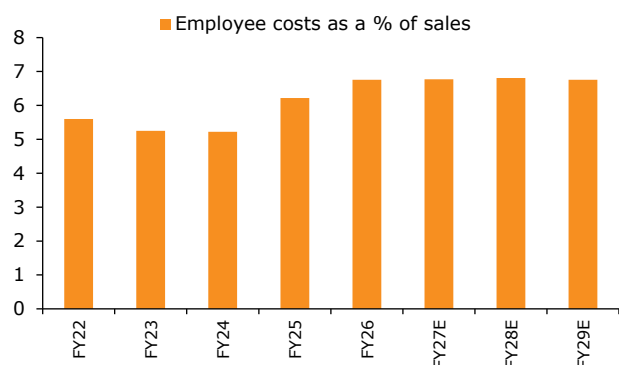
Exhibit 217: Gross margin trend



Source: Company, Emkay Research

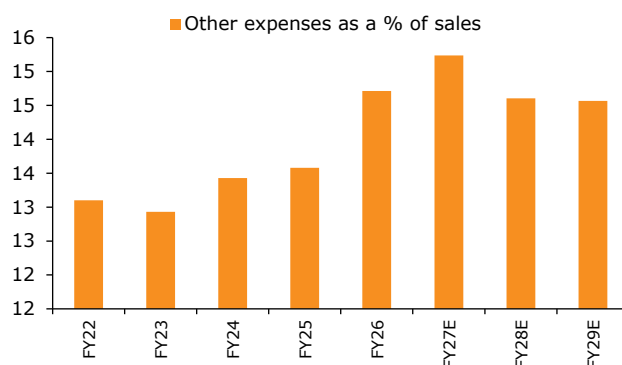
This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

Exhibit 218: Employee expenses, as a % of sales



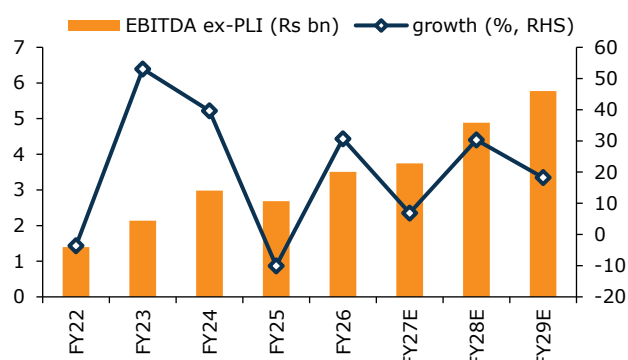
Source: Company, Emkay Research

Exhibit 219: Other expenses, as a % of sales



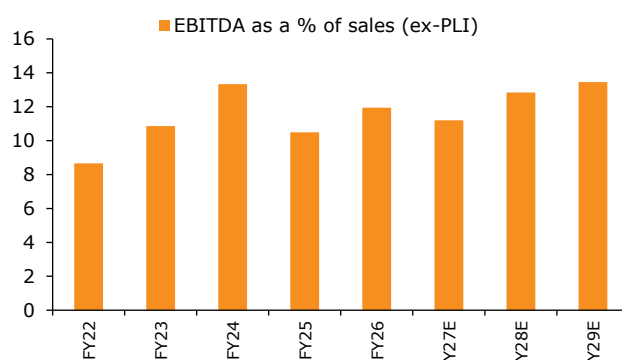
Source: Company, Emkay Research

Exhibit 220: EBITDA trend



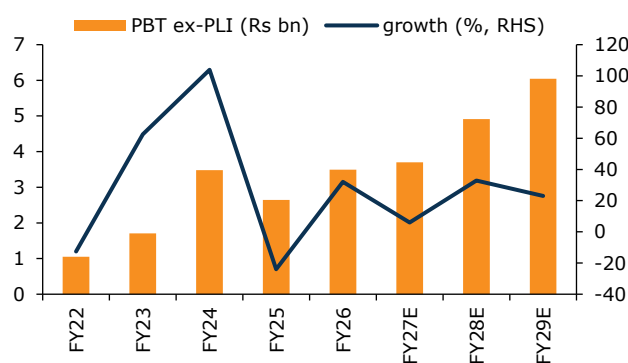
Source: Company, Emkay Research

Exhibit 221: EBITDA, as a % of sales



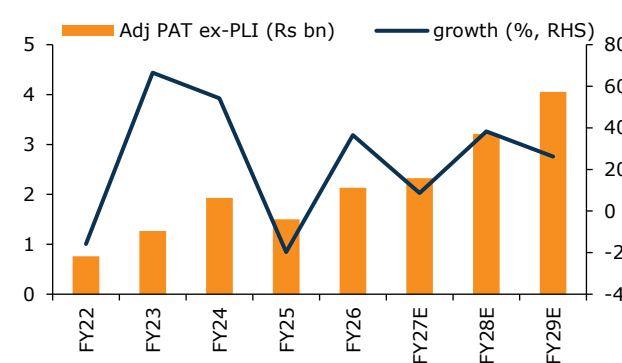
Source: Company, Emkay Research

Exhibit 222: PBT trend



Source: Company, Emkay Research

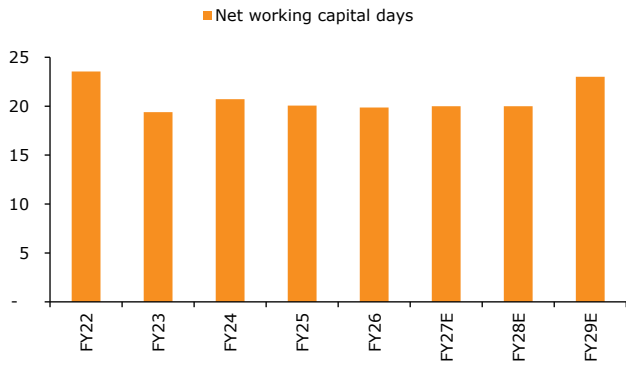
Exhibit 223: Adjusted PAT trend



Source: Company, Emkay Research

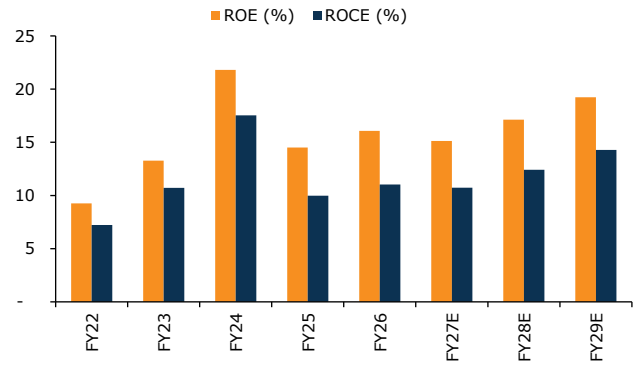
This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

Exhibit 224: Net working capital days



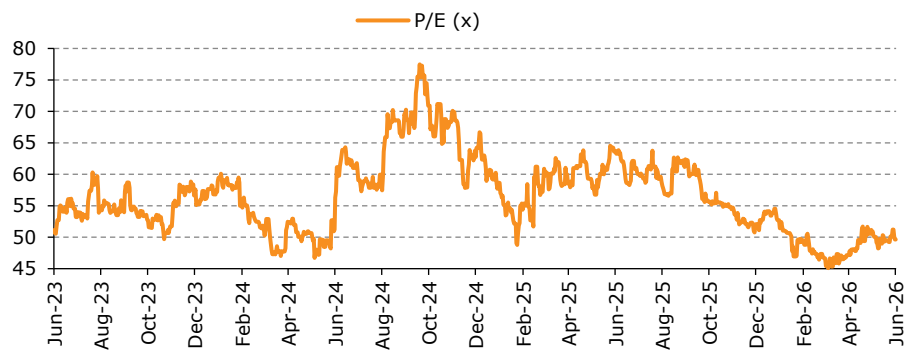
Source: Company, Emkay Research

Exhibit 225: RoE and RoCE trend



Source: Company, Emkay Research

Exhibit 226: Bikaji – One-year forward P/E



Source: Bloomberg, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

Bikaji Foods International: Consolidated Financials and Valuations

Profit & Loss

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	26,168	29,939	34,177	39,182	44,223
Revenue growth (%)	12.3	14.4	14.2	14.6	12.9
EBITDA	3,283	4,106	4,693	5,909	6,901
EBITDA growth (%)	(16.1)	25.1	14.3	25.9	16.8
Depreciation & Amortization	815	950	1,008	1,083	942
EBIT	2,468	3,155	3,685	4,826	5,959
EBIT growth (%)	(25.5)	27.9	16.8	31.0	23.5
Other operating income	684	591	594	600	607
Other income	322	514	540	675	776
Financial expense	144	178	188	175	175
PBT	2,645	3,491	4,037	5,325	6,561
Extraordinary items	3	(45)	0	0	0
Taxes	705	902	1,009	1,358	1,673
Minority interest	65	39	0	0	0
Income from JV/Associates	-	-	-	-	-
Reported PAT	2,007	2,583	3,028	3,967	4,888
PAT growth (%)	(24.4)	28.7	17.2	31.0	23.2
Adjusted PAT	2,004	2,628	3,028	3,967	4,888
Diluted EPS (Rs)	8.0	10.5	12.1	15.9	19.5
Diluted EPS growth (%)	(24.6)	31.1	15.2	31.0	23.2
DPS (Rs)	1.0	0	2.0	2.5	10.7
Dividend payout (%)	12.5	0	16.5	15.8	55.0
EBITDA margin (%)	12.5	13.7	13.7	15.1	15.6
EBIT margin (%)	9.4	10.5	10.8	12.3	13.5
Effective tax rate (%)	26.7	25.8	25.0	25.5	25.5
NOPLAT (pre-IndAS)	1,809	2,340	2,764	3,595	4,440
Shares outstanding (mn)	250	250	250	250	250

Source: Company, Emkay Research

Cash flows

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
PBT (ex-other income)	2,323	2,977	3,497	4,651	5,785
Others (non-cash items)	-	-	-	-	-
Taxes paid	(646)	(934)	(1,009)	(1,358)	(1,673)
Change in NWC	(1,550)	(268)	(83)	(604)	825
Operating cash flow	1,928	3,041	3,602	3,946	6,053
Capital expenditure	(3,477)	(1,955)	(1,200)	(1,100)	406
Acquisition of business	202	(56)	(2,000)	(2,000)	(2,000)
Interest & dividend income	-	-	-	-	-
Investing cash flow	(1,306)	(2,893)	(2,660)	(2,425)	(818)
Equity raised/(repaid)	94	65	0	0	0
Debt raised/(repaid)	(410)	(191)	(200)	(200)	(200)
Payment of lease liabilities	0	0	0	0	0
Interest paid	(144)	(178)	(188)	(175)	(175)
Dividend paid (incl tax)	(250)	(251)	(501)	(626)	(2,688)
Others	160	560	0	0	0
Financing cash flow	(551)	5	(889)	(1,001)	(3,063)
Net chg in Cash	71	152	53	520	2,172
OCF	1,928	3,041	3,602	3,946	6,053
Adj. OCF (w/o NWC chg.)	3,478	3,309	3,684	4,551	5,228
FCFF	(1,549)	1,086	2,402	2,846	6,459
FCFE	(1,693)	908	2,213	2,671	6,285
OCF/EBITDA (%)	58.7	74.1	76.7	66.8	87.7
FCFE/PAT (%)	(84.4)	35.1	73.1	67.3	128.6
FCFF/NOPLAT (%)	(85.6)	46.4	86.9	79.2	145.5

Source: Company, Emkay Research

Balance Sheet

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Share capital	251	251	251	251	251
Reserves & Surplus	13,580	15,819	18,346	21,688	23,887
Net worth	13,831	16,070	18,597	21,939	24,138
Minority interests	974	1,004	1,004	1,004	1,004
Non-current liab. & prov.	0	0	0	0	0
Total debt	3,343	4,042	4,051	4,103	3,979
Total liabilities & equity	18,148	21,116	23,652	27,046	29,121
Net tangible fixed assets	9,865	10,336	10,527	10,544	10,708
Net intangible assets	-	-	-	-	-
Net ROU assets	-	-	-	-	-
Capital WIP	978	1,511	1,511	1,511	0
Goodwill	-	-	-	-	-
Investments [JV/Associates]	862	918	2,918	4,918	6,918
Cash & equivalents	2,191	3,165	3,427	4,199	6,447
Current Liab. & Prov.	1,193	1,280	1,921	2,207	2,495
NWC (ex-cash)	3,709	3,977	4,059	4,664	3,839
Total assets	18,148	21,116	23,652	27,046	29,121
Net debt	1,152	877	624	(96)	(2,469)
Capital employed	18,148	21,116	23,652	27,046	29,121
Invested capital	13,574	14,312	14,587	15,208	14,547
BVPS (Rs)	55.3	64.2	74.3	87.6	96.4
Net Debt/Equity (x)	0.1	0.1	-	-	(0.1)
Net Debt/EBITDA (x)	0.4	0.2	0.1	-	(0.4)
Interest coverage (x)	19.3	20.6	22.5	31.4	38.6
RoCE (%)	17.2	18.7	18.9	21.7	24.0

Source: Company, Emkay Research

Valuations and key Ratios

Y/E March	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	81.8	63.6	54.2	41.4	33.6
EV/CE(x)	9.1	7.8	7.0	6.1	5.7
P/B (x)	11.9	10.2	8.8	7.5	6.8
EV/Sales (x)	6.5	5.6	4.9	4.3	3.8
EV/EBITDA (x)	50.1	40.1	35.1	27.9	23.8
EV/EBIT(x)	66.7	52.2	44.7	34.1	27.6
EV/IC (x)	12.1	11.5	11.3	10.8	11.3
FCFF yield (%)	(0.9)	0.7	1.5	1.7	3.9
FCFE yield (%)	(1.0)	0.6	1.3	1.6	3.8
Dividend yield (%)	0.2	0	0.3	0.4	1.6
DuPont-RoE split					
Net profit margin (%)	7.7	8.8	8.9	10.1	11.1
Total asset turnover (x)	1.6	1.5	1.5	1.5	1.6
Assets/Equity (x)	1.2	1.3	1.3	1.3	1.2
RoE (%)	15.4	17.6	17.5	19.6	21.2
DuPont-RoIC					
NOPLAT margin (%)	6.9	7.8	8.1	9.2	10.0
IC turnover (x)	2.2	2.1	2.4	2.6	3.0
RoIC (%)	15.2	16.8	19.1	24.1	29.8
Operating metrics					
Core NWC days	51.7	48.5	43.4	43.4	31.7
Total NWC days	51.7	48.5	43.4	43.4	31.7
Fixed asset turnover	2.1	2.1	2.2	2.4	2.5
Opex-to-revenue (%)	19.6	21.3	20.9	20.4	20.3

Source: Company, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarqueresolutions.com)

Gopal Snacks is poised for strong growth, led by faster scale-up in its focus states and higher throughput per distributor in its core state of Gujarat. Operationalization of the Rajkot plant after the fire incident last year and commissioning of the Modasa plant will help drive growth (via higher fill-rates) and aid margins (on lower transportation costs). We expect earnings CAGR of ~60% over the next 3 years, on a low base, and assume coverage on the stock with BUY and TP of Rs425 (35x Jun-28E EPS).

Focused strategy to drive growth in both core and non-core markets

Gopal Snacks is implementing a two-pronged strategy for driving growth. In its core state of Gujarat, which accounts for around two-third of sales, emphasis is on increasing throughput-per-dealer. For this, the company is shifting to the 'servicing twice a week' strategy and, as of 4Q, ~29% of the network is already operating based on the double service module. However, in focus states (Rajasthan, UP, MP, and Maharashtra), the priority is to expand the distribution base at a rapid pace. Of the total 953 distributors as of 4QFY26, 1/3rd are in Gujarat. Also, Gopal has 125 additional micro-distributors across various states.

Operationalization of the Rajkot and Modasa plants to aid margins

Operationalization of the Rajkot plant (in May-25), which is the company's largest facility, is likely to help improve operational efficiency – this is owing to the plant's scale, in addition to the improved supply chain on account of the facility's strategic location for servicing the Saurashtra and Kutch regions. Also, per the management, commissioning of Modasa plant would lead to annual gain of 40-50bps, due to lower transportation costs.

Diversified product portfolio

The company has diversified its product portfolio via launch of western snacks, besan, papad, spices, etc. As a result, salience of the two largest categories (Gathiya and Namkeen) has declined, from 65% in FY22 to ~49% in FY26.

FY27E outlook

For FY27E, we expect revenue growth of ~22%, driven by operationalization of the Rajkot plant. Gross margin is expected to be flattish YoY, while we expect EBITDA margin to cross the 8% level in FY27E, on the back of operating leverage, despite A&P costs continuing to trend at current levels.

Valuation and risks

We expect sales/earnings CAGR of ~18%/60% over the next three years, on a low base. We value the company at 35x Jun-28E EPS and arrive at TP of Rs425; we assume coverage with BUY on the stock. Key risks include higher-than-expected competition from regional/local players and higher-than-expected raw material inflation.

Target Price – 12M	Jun-27
Change in TP (%)	NA
Current Reco.	BUY
Previous Reco.	NA
Upside/(Downside) (%)	50.2

Stock Data	GOPAL IN
52-week High (Rs)	398
52-week Low (Rs)	248
Shares outstanding (mn)	124.7
Market-cap (Rs bn)	35
Market-cap (USD mn)	370
Net-debt, FY27E (Rs mn)	1,455.2
ADTV-3M (mn shares)	0.1
ADTV-3M (Rs mn)	47.5
ADTV-3M (USD mn)	0.5
Free float (%)	18.7
Nifty-50	23,242.1
INR/USD	95.4

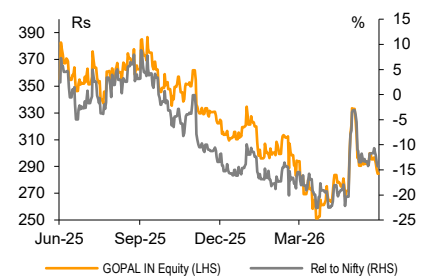
Shareholding, Mar-26

Promoters (%)	81.5
FPIs/MFs (%)	0.7/6.3

Price Performance

(%)	1M	3M	12M
Absolute	(15.0)	(0.1)	(22.6)
Rel. to Nifty	(11.6)	3.3	(16.4)

1-Year share price trend (Rs)



Gopal Snacks: Financial Snapshot (Standalone)

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	14,680	15,082	18,332	21,767	24,992
EBITDA	1,052	1,013	1,552	2,413	3,006
Adj. PAT	544	442	795	1,410	1,826
Adj. EPS (Rs)	4.4	3.5	6.4	11.3	14.7
EBITDA margin (%)	7.2	6.7	8.5	11.1	12.0
EBITDA growth (%)	(37.6)	(3.8)	53.3	55.5	24.5
Adj. EPS growth (%)	(45.4)	(18.8)	80.1	77.3	29.5
RoE (%)	13.7	10.0	15.7	24.2	26.2
RoIC (%)	12.5	9.4	14.8	23.7	27.5
P/E (x)	185.6	240.3	44.3	25.0	19.3
EV/EBITDA (x)	33.9	35.2	23.0	14.8	11.9
P/B (x)	8.7	7.4	6.6	5.6	4.6
FCFF yield (%)	0.1	(2.9)	1.1	2.8	3.3

Source: Company, Emkay Research

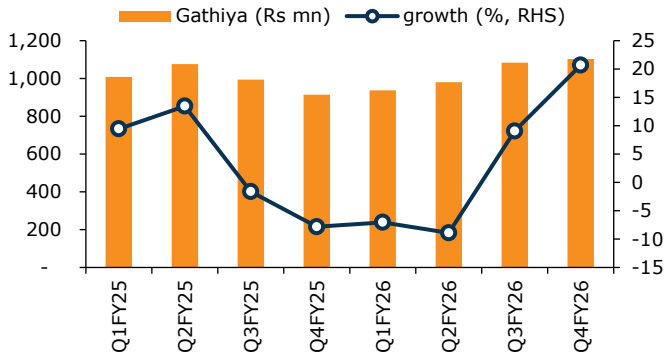
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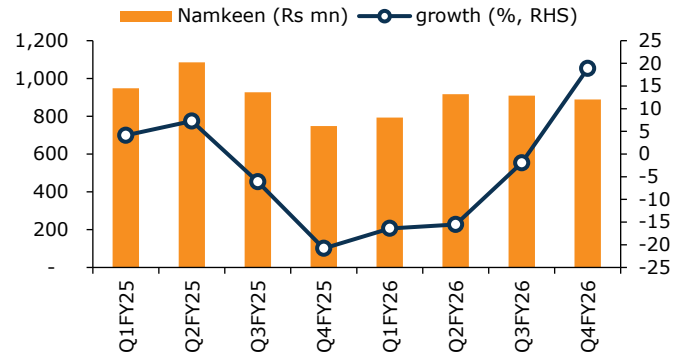
mohit.dodeja@emkayglobal.com
+91-22-66242481

Exhibit 227: The Gathiya segment has delivered strong growth, aided by distribution and a favorable base



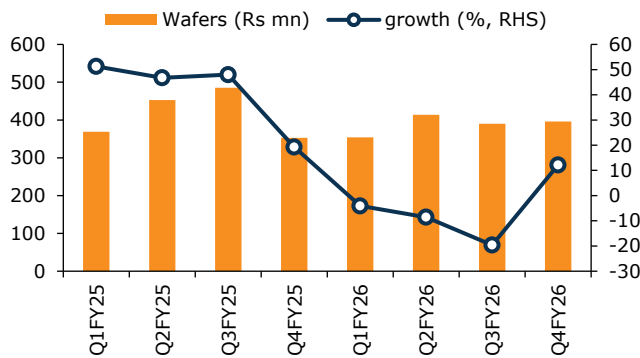
Source: Company, Emkay Research

Exhibit 228: Namkeen segment growth is led by improved product availability and continued traction



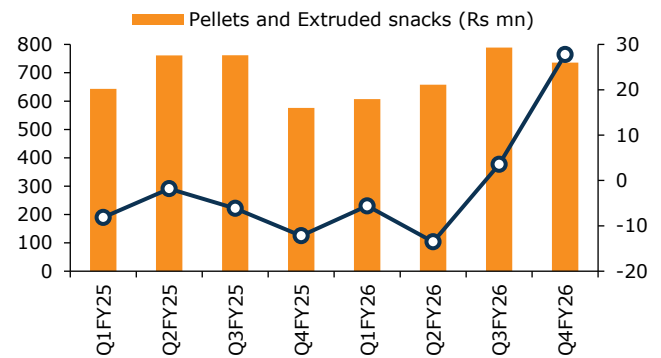
Source: Company, Emkay Research

Exhibit 229: Wafer segment degrowth was primarily owing to a higher price gap vs the market leader; the gap has now narrowed



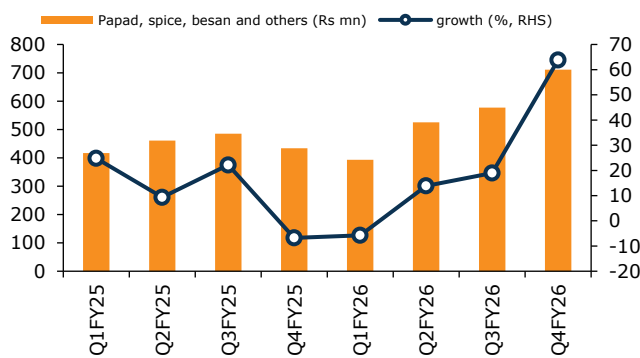
Source: Company, Emkay Research

Exhibit 230: The Pellets segment is supported by improving demand trends and continued distribution across newer geographies



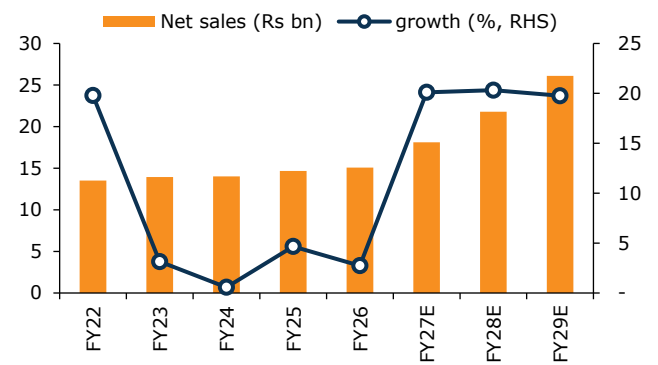
Source: Company, Emkay Research

Exhibit 231: Papad, spice, besan, and 'others' segment sales trend



Source: Company, Emkay Research

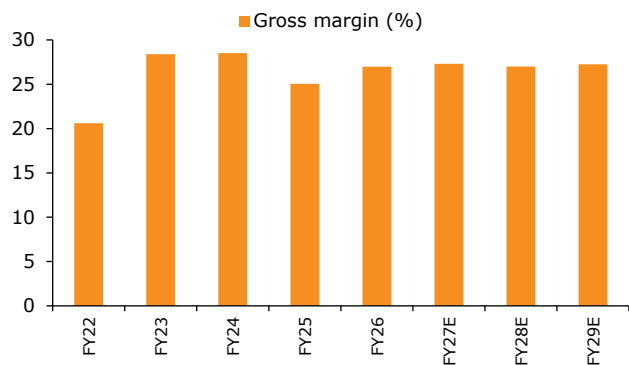
Exhibit 232: We expect ~20% revenue CAGR over coming 3Y



Source: Company, Emkay Research

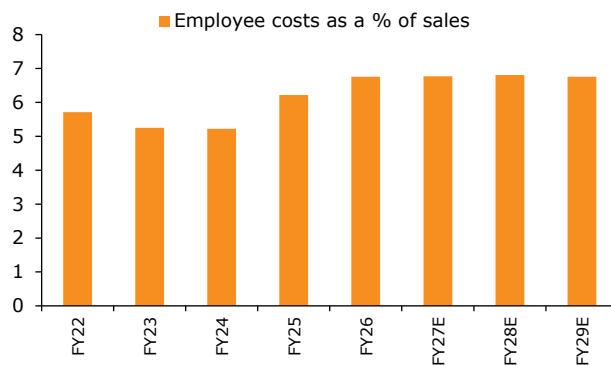
This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

Exhibit 233: We expect gross margin to be range-bound



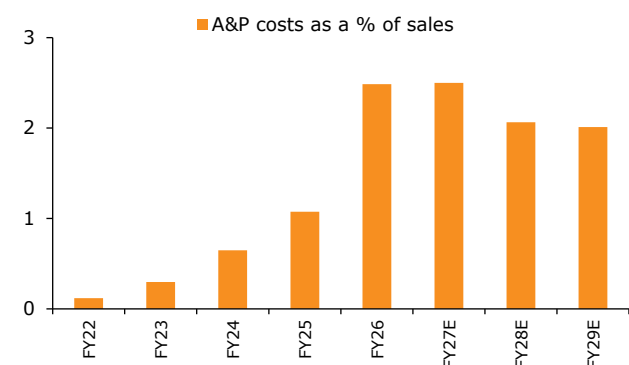
Source: Company, Emkay Research

Exhibit 234: We expect employee expenses to be stable



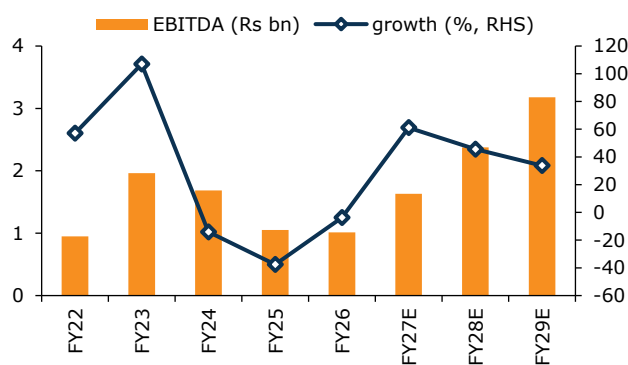
Source: Company, Emkay Research

Exhibit 235: A&P costs to stay elevated, as the company is now aggressively moving into the market



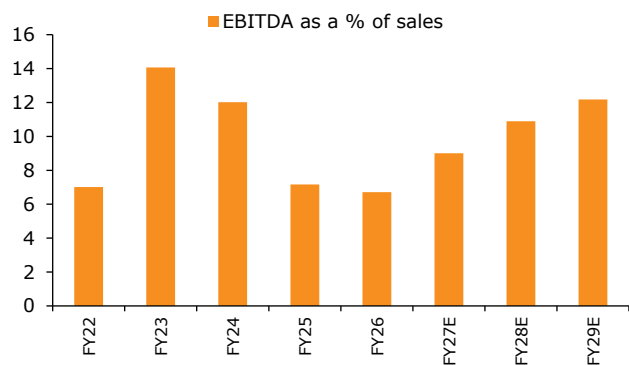
Source: Company, Emkay Research

Exhibit 236: EBITDA growth to be strong on the back of operating leverage and a favorable base



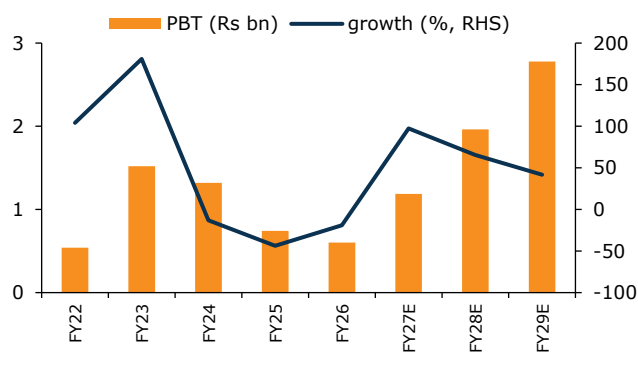
Source: Company, Emkay Research

Exhibit 237: We expect EBITDA margin to improve and enter the double-digit territory by FY28E



Source: Company, Emkay Research

Exhibit 238: PBT trend



Source: Company, Emkay Research

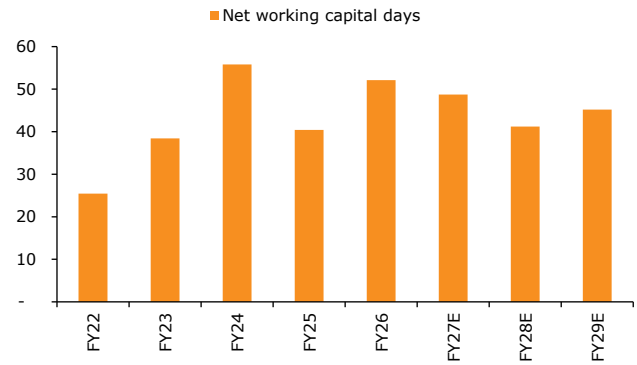
This report is intended for Team White Marquee Solutions (team.emkay@whitemarquesolutions)

Exhibit 239: Adjusted PAT trend



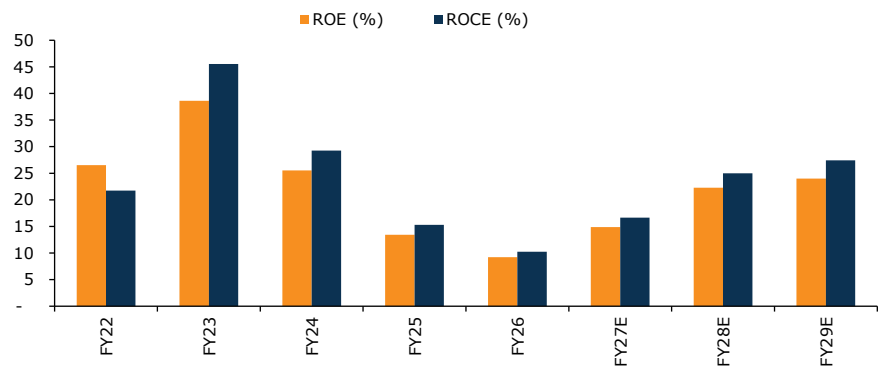
Source: Company, Emkay Research

Exhibit 240: Number of WC days to improve going forward



Source: Company, Emkay Research

Exhibit 241: Return profile to improve



Source: Company, Emkay Researchs

This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

Gopal Snacks: Standalone Financials and Valuations

Profit & Loss

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	14,680	15,082	18,332	21,767	24,992
Revenue growth (%)	4.7	2.7	21.5	18.7	14.8
EBITDA	1,052	1,013	1,552	2,413	3,006
EBITDA growth (%)	(37.6)	(3.8)	53.3	55.5	24.5
Depreciation & Amortization	332	387	432	468	501
EBIT	720	626	1,121	1,945	2,505
EBIT growth (%)	(45.8)	(13.1)	79.0	73.6	28.8
Other operating income	-	-	-	-	-
Other income	56	44	50	50	50
Financial expense	34	69	110	115	120
PBT	742	601	1,061	1,881	2,435
Extraordinary items	(354)	(295)	0	0	0
Taxes	198	159	265	470	609
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
Reported PAT	190	147	795	1,410	1,826
PAT growth (%)	(80.9)	(22.8)	442.3	77.3	29.5
Adjusted PAT	544	442	795	1,410	1,826
Diluted EPS (Rs)	4.4	3.5	6.4	11.3	14.7
Diluted EPS growth (%)	(45.4)	(18.8)	80.1	77.3	29.5
DPS (Rs)	0.5	0.1	1.9	3.4	4.4
Dividend payout (%)	30.2	10.7	30.0	30.0	30.0
EBITDA margin (%)	7.2	6.7	8.5	11.1	12.0
EBIT margin (%)	4.9	4.1	6.1	8.9	10.0
Effective tax rate (%)	26.7	26.5	25.0	25.0	25.0
NOPLAT (pre-IndAS)	528	460	840	1,459	1,879
Shares outstanding (mn)	125	125	125	125	125

Source: Company, Emkay Research

Cash flows

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
PBT (ex-other income)	686	557	1,011	1,831	2,385
Others (non-cash items)	494	-	-	-	-
Taxes paid	(200)	(115)	(265)	(470)	(609)
Change in NWC	(212)	(514)	(495)	(485)	(449)
Operating cash flow	683	464	792	1,393	1,878
Capital expenditure	(654)	(1,488)	(418)	(400)	(700)
Acquisition of business	-	1	0	0	0
Interest & dividend income	-	-	-	-	-
Investing cash flow	(824)	(1,261)	(368)	(400)	(700)
Equity raised/(repaid)	-	-	0	0	0
Debt raised/(repaid)	(9)	876	66	69	73
Payment of lease liabilities	0	0	0	0	0
Interest paid	(34)	(69)	(110)	(115)	(120)
Dividend paid (incl tax)	(57)	(16)	(239)	(423)	(548)
Others	2	6	0	0	0
Financing cash flow	(99)	797	(283)	(469)	(595)
Net chg in Cash	(239)	1	142	525	583
OCF	683	464	792	1,393	1,878
Adj. OCF (w/o NWC chg.)	895	978	1,287	1,878	2,327
FCFF	29	(1,024)	374	993	1,178
FCFE	(4)	(1,093)	264	879	1,059
OCF/EBITDA (%)	64.9	45.9	51.0	57.7	62.5
FCFE/PAT (%)	(2.3)	(745.4)	33.2	62.3	58.0
FCFF/NOPLAT (%)	5.5	(222.6)	44.6	68.1	62.7

Source: Company, Emkay Research

Balance Sheet

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Share capital	125	125	125	125	125
Reserves & Surplus	3,923	4,663	5,220	6,208	7,486
Net worth	4,048	4,788	5,345	6,332	7,611
Minority interests	-	-	-	-	-
Non-current liab. & prov.	9	61	40	40	40
Total debt	663	1,538	1,604	1,673	1,746
Total liabilities & equity	4,719	6,388	6,989	8,046	9,397
Net tangible fixed assets	2,276	2,559	2,827	3,060	3,259
Net intangible assets	-	-	-	-	-
Net ROU assets	-	-	-	-	-
Capital WIP	464	789	1,000	700	700
Goodwill	-	-	-	-	-
Investments [JV/Associates]	46	46	46	46	46
Cash & equivalents	6	8	149	789	1,492
Current Liab. (ex-cash)	2,574	3,253	3,840	4,450	5,026
Current Liab. & Prov.	647	759	873	998	1,126
NWC (ex-cash)	1,927	2,493	2,967	3,452	3,901
Total assets	4,719	6,388	6,989	8,046	9,397
Net debt	656	1,531	1,455	885	254
Capital employed	4,719	6,388	6,989	8,046	9,397
Invested capital	4,203	5,546	5,794	6,511	7,159
BVPS (Rs)	32.5	38.4	42.9	50.8	61.1
Net Debt/Equity (x)	0.2	0.3	0.3	0.1	-
Net Debt/EBITDA (x)	0.6	1.5	0.9	0.4	0.1
Interest coverage (x)	23.0	9.7	10.6	17.4	21.3
RoCE (%)	16.7	12.1	17.6	26.7	29.4

Source: Company, Emkay Research

Valuations and key Ratios

Y/E March	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	185.6	240.3	44.3	25.0	19.3
EV/CE(x)	7.6	5.6	5.1	4.5	3.8
P/B (x)	8.7	7.4	6.6	5.6	4.6
EV/Sales (x)	2.4	2.4	1.9	1.6	1.4
EV/EBITDA (x)	33.9	35.2	23.0	14.8	11.9
EV/EBIT(x)	49.5	56.9	31.8	18.3	14.2
EV/IC (x)	8.5	6.4	6.1	5.5	5.0
FCFF yield (%)	0.1	(2.9)	1.1	2.8	3.3
FCFE yield (%)	-	(3.1)	0.7	2.5	3.0
Dividend yield (%)	0.2	-	0.7	1.2	1.6
DuPont-RoE split					
Net profit margin (%)	3.7	2.9	4.3	6.5	7.3
Total asset turnover (x)	3.1	2.7	2.7	2.9	2.9
Assets/Equity (x)	1.2	1.3	1.3	1.3	1.3
RoE (%)	13.7	10.0	15.7	24.2	26.2
DuPont-RoIC					
NOPLAT margin (%)	3.6	3.0	4.6	6.7	7.5
IC turnover (x)	3.5	3.1	3.2	3.5	3.7
RoIC (%)	12.5	9.4	14.8	23.7	27.5
Operating metrics					
Core NWC days	47.9	60.3	59.1	57.9	57.0
Total NWC days	47.9	60.3	59.1	57.9	57.0
Fixed asset turnover	3.2	3.0	3.2	3.4	3.5
Opex-to-revenue (%)	17.9	20.3	18.5	16.1	15.4

Source: Company, Emkay Research

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