

## Result Preview



Asian Paints
Britannia Industries
Colgate-Palmolive India
Dabur India
Emami
Godrej Consumer Products
Hindustan Unilever
Indigo Paints
ITC
Jyothy Laboratories
Marico
Nestle India
Page Industries
Pidilite Industries
P&G Hygiene and Healthcare
Tata Consumer Products
United Breweries
United Spirits
Varun Beverages

## Steady demand; gradual volume improvement

### MOFSL coverage universe to clock 7.8%/9.2% YoY growth in revenue/EBITDA

Demand trends were steady in 1QFY25, with the summer portfolio likely to outperform. Rural markets have seen a gradual recovery (rural growth was better than urban) during the quarter. Most company managements remain positive about volume recovery in FY25. All eyes are on the govt's initiatives to boost rural income in the upcoming budget. Companies have been focusing on driving their core portfolios through various initiatives, like distribution expansion, product relaunches, step-up in marketing budgets, etc.

We expect marginal improvements in volume growth QoQ in 1QFY25. Considering steady macro, price cuts and consumer offers by companies, we expect that our FMCG universe is likely to post mid to high single-digit volume growth in FY25.

Paints and adhesive companies are expected to report high single-digit to double-digit volume growth. The cigarette segment is seeing a slight improvement in demand and is expected to deliver ~2-3% volume growth. Alcohol beverages were affected by election-related restrictions and there are some supply-side constraints limiting the sales. We expect volume growth of 4% in UNSP and 11% in UBBL. We are seeing select price hikes (HPC categories); hence, we believe that revenue growth could be slightly higher than volume growth for a few companies.

Gross margin is expected to see some improvement, albeit at a slower pace than witnessed over the last 3-4 quarters. Overhead expenses related to distribution and marketing are expected to remain elevated. Still, we expect some improvement in EBITDA margin for most companies in our universe. The 19 companies under our coverage are expected to deliver revenue growth of 7.8%, EBITDA growth of 9.2%, and PAT growth of 9.7% in 1QFY25.

## Stable price trends in commodities with gold continuing to rise

**Overall commodity cost basket:** The overall commodity cost basket has stabilized during the quarter, up 1.7% YoY and 1.5% QoQ. The agricultural basket increased by 3.6% YoY/3.1% QoQ. There was a decrease in prices of mentha and milk powder, whereas prices of palm oil, sugar, wheat, tea, coffee and maize increased. The non-agricultural commodity basket declined 2.0% YoY/1.7% QoQ, offsetting the rise in agri commodity prices.

- **In the agricultural basket,** maize prices went up by 17% YoY and currently trade at INR24/kg. Coffee prices continued to rise by 15% YoY (2% QoQ) due to labor shortages and higher demand. Tea prices increased sharply during the quarter after a moderation in 4QFY24 and went up by 31% QoQ/4% YoY due to geopolitical issues, climate change and changing consumer preferences. Wheat prices rose 10% YoY to INR26/kg, aided by government support to farmers. Barley prices remained flat YoY at INR21/kg. Sugar prices increased by 8% YoY to INR39/kg. Mentha oil prices dropped 14% YoY to INR975/kg. Malaysian palm oil prices increased by 5% YoY to MYR4,097/MT. Palm fatty acid prices rose 6% YoY; now trading at USD840/MT.
- **In the non-agricultural basket,** crude oil prices went up by 8% YoY and 2% QoQ in 1QFY25. Currently, spot price is ~USD89/bbl. VAM prices declined 2% YoY and 15% QoQ and reached to USD850/MT. Domestic gold prices increased by 20% YoY and 14% QoQ in 1QFY25, and currently trade at INR71,850 per 10gm. Titanium dioxide (TiO<sub>2</sub>) prices declined by 13% YoY and 1% QoQ; now trading at INR343/kg.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

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**1QFY25 – Expected key outliers and underperformers**

- Outliers: Emami, GCPL, Britannia, UBBL
- Underperformers: Asian Paints, HUL

**Top picks**

- **HUL:** We believe that volume growth has bottomed out and that a gradual volume recovery is expected in FY25. HUL's wide product range and presence across price segments should help the company achieve steady growth during the recovery period. Parts of the BPC and F&R have a turnaround scope; we will see how the new CEO addresses the gaps. The valuation at 47x FY26E EPS is reasonable given its last five-year average P/E of 60x on one-year forward earnings.
- **GCPL:** GCPL is consistently working to expand the total addressable market for its India business through product innovations to drive frequency. Besides, there has been a consistent effort to address the gaps in profitability and growth in its international business. We see margin headroom from the RCCL and Indonesia businesses. The valuation is expensive, but earnings are expected to outperform peers'.
- **DABUR:** Recovery in rural markets should support its portfolio, as it is heavily skewed toward rural areas. In the domestic business, we expect healthcare, oral care, and food business to grow faster than others. The distribution drive will further contribute to rural growth. EBITDA margin has remained in the range of 19-20% for the past several years. The margin is expected to improve in the coming years due to a better mix of products (such as higher healthcare offerings) and increased pricing in high market-share brands.

**Exhibit 1: Summary of 1QFY25 earnings estimates**

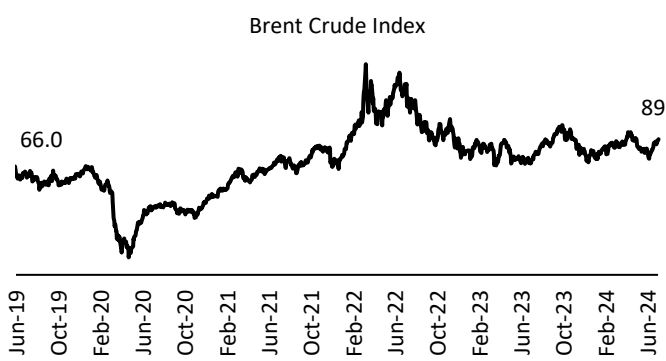
Sector	CMP (INR)	RECO	SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
			Jun-24	Var % YoY	Var % QoQ	Jun-24	Var % YoY	Var % QoQ	Jun-24	Var % YoY	Var % QoQ
Asian Paints	2926	Neutral	91,823	0.0	5.2	19,916	-6.1	17.8	14,330	-9.0	12.4
Britannia	5403	Neutral	42,283	5.4	3.9	7,847	13.9	-0.3	5,307	16.5	-1.1
Colgate	2870	Neutral	14,433	9.0	-3.1	4,698	12.4	-11.7	3,336	15.7	-12.2
Dabur	603	Buy	33,653	7.5	19.6	6,596	9.1	41.3	4,942	4.7	38.1
Emami	723	Buy	8,914	8.0	0.0	2,135	12.4	1.2	1,770	25.3	6.1
Godrej Consumer	1370	Buy	36,216	5.0	7.0	7,845	15.1	3.2	5,019	34.5	-12.7
Hind. Unilever	2485	Buy	1,55,530	0.4	2.3	37,113	1.3	5.0	26,432	2.4	5.7
Indigo Paints	1390	Buy	3,259	13.0	-15.3	600	22.2	-29.0	358	15.3	-34.3
ITC	425	Buy	1,83,622	7.0	2.5	70,667	5.9	6.6	54,263	6.3	5.9
Jyothy Labs	477	Neutral	7,524	9.5	14.0	1,317	12.1	21.5	977	12.0	25.0
Marico	603	Buy	26,719	7.9	17.3	6,341	10.5	43.5	4,615	8.1	45.1
Nestle	2545	Neutral	50,600	8.6	-3.9	12,067	13.2	-10.1	7,985	13.8	-12.6
P&G Hygiene	16547	Neutral	9,576	12.8	-4.5	2,652	25.4	3.1	1,894	28.2	2.2
Page Industries	38790	Neutral	13,187	7.0	32.5	2,625	8.5	57.0	1,767	11.6	63.3
Pidilite Inds.	3085	Neutral	35,044	7.0	20.8	8,117	14.8	40.7	5,651	19.1	49.5
Tata Consumer	1106	Buy	44,347	18.5	12.9	6,776	24.3	7.6	3,854	20.3	1.8
United Breweries	2032	Sell	26,187	15.2	22.9	3,087	38.6	117.5	2,025	48.8	150.5
United Spirits	1276	Neutral	23,550	8.4	-11.7	4,117	6.9	13.7	2,620	9.3	-35.7
Varun Beverages	1578	Buy	75,944	35.3	75.9	21,142	39.9	113.8	14,226	43.2	164.7
<b>Consumer</b>			<b>8,82,410</b>	<b>7.8</b>	<b>8.9</b>	<b>2,25,659</b>	<b>9.2</b>	<b>14.5</b>	<b>1,61,373</b>	<b>9.7</b>	<b>12.5</b>

**Exhibit 2: Expect most of the companies to post mid to high single-digit volume growth in 1QFY25**

Volume growth (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25E
Asian Paints	37.0	10.0	0.0	16.0	10.0	6.0	12.0	10.0	12.0
Britannia	-2.0	5.0	3.0	3.0	0.0	0.0	3.0	3.5	5.0
Colgate	-2.5	-2.5	-4.5	0.5	3.0	-1.0	-1.0	1.0	2.5
Dabur	5.0	1.0	-3.0	1.0	3.0	3.0	4.0	3.0	6.0
Emami	9.6	-1.0	-3.9	2.0	3.0	2.0	-1.0	6.4	7.0
Godrej Consumer	-6.0	-5.0	3.0	13.0	10.0	4.0	5.0	9.0	8.0
HUL	6.0	4.0	5.0	4.0	3.0	2.0	2.0	2.0	3.0
ITC	26.0	20.0	15.0	11.5	8.0	5.0	-1.0	2	2.5
Marico	-5.0	3.0	4.0	5.0	3.0	3.0	2.0	3.0	4.3
Nestle	7.0	8.8	-2.3	5.1	5.4	5.4	4.0	4.0	5.0
Page Industries	150.0	1.0	-11.0	-15.0	-11.5	-8.8	4.6	6.1	9.0
UBBL	121.0	23.0	4.0	3.1	-12.4	7.0	8.0	10.9	11.0
United spirits	17.9	8.3	-25.0	-27.3	5.8	1.0	-1.8	3.7	4.2

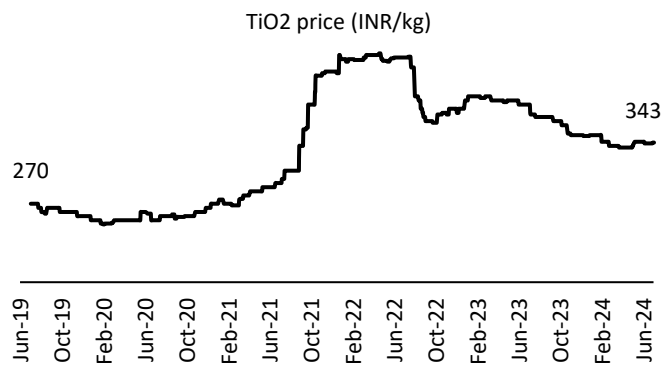
Source: Company, MOFSL

**Exhibit 3: Crude prices rose 9% YoY/ 2% QoQ in Jun'24**



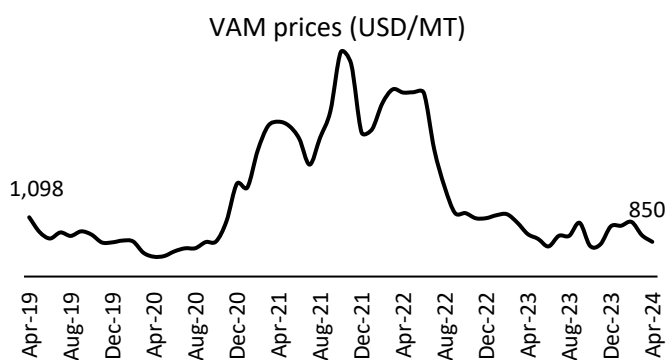
Source: Bloomberg, MOFSL

**Exhibit 4: TiO2 prices fell 13% YoY/1% QoQ in Jun'24**



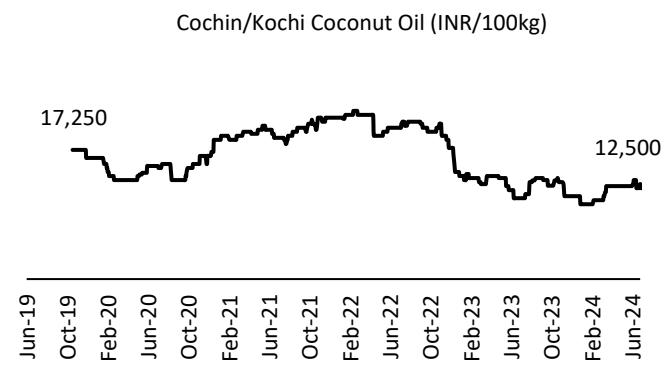
Source: Bloomberg, MOFSL

**Exhibit 5: VAM prices down 2% YoY/ 15% QoQ in Apr'24**



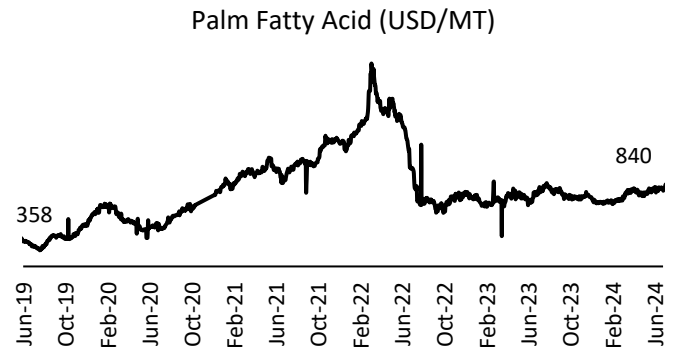
Source: Bloomberg, MOFSL

**Exhibit 6: Copra prices flat YoY while rose 14% QoQ in Jun'24**



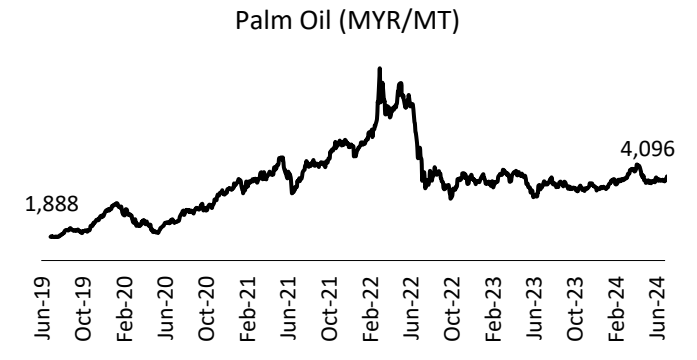
Source: Company, MOFSL

**Exhibit 7: PFAD prices rose 6% YoY/ 9% QoQ in Jun'24**



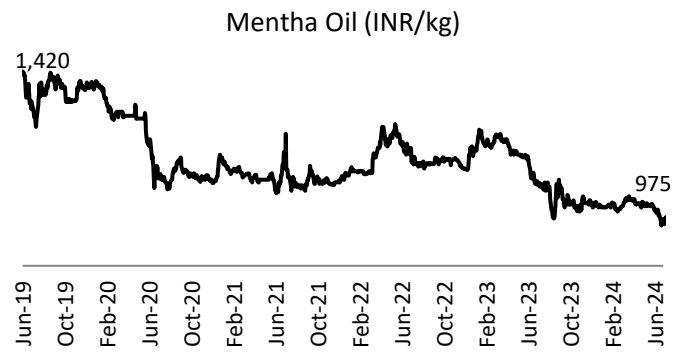
Source: Bloomberg, MOFSL

**Exhibit 8: Malaysian palm oil prices rose 5% YoY while flat QoQ in Jun'24**



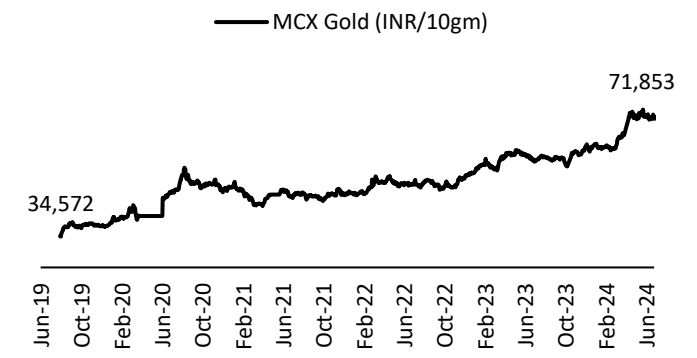
Source: Bloomberg, MOFSL

**Exhibit 9: Mentha oil prices fell 14% YoY/1% QoQ in Jun'24**



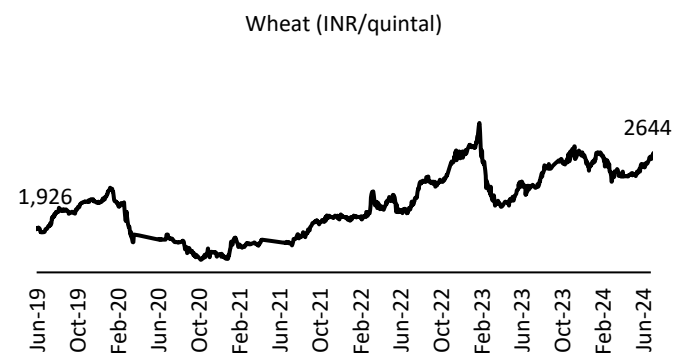
Source: Bloomberg, MOFSL

**Exhibit 10: Gold prices rose 20% YoY/ 14% QoQ in Jun'24**



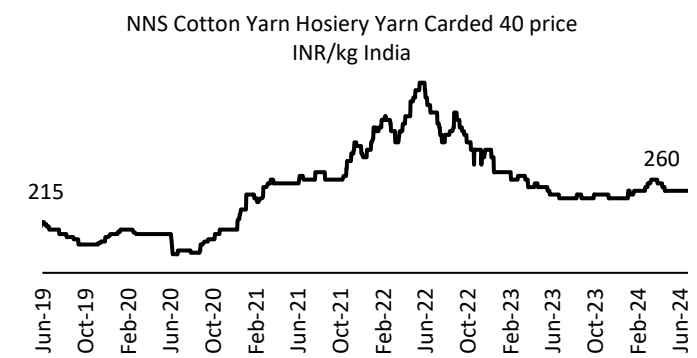
Source: Bloomberg, MOFSL

**Exhibit 11: Wheat prices rose 10%YoY while decline 1% QoQ in Jun'24**



Source: Bloomberg, MOFSL

**Exhibit 12: Yarn prices flat YoY and QoQ in Jun'24**

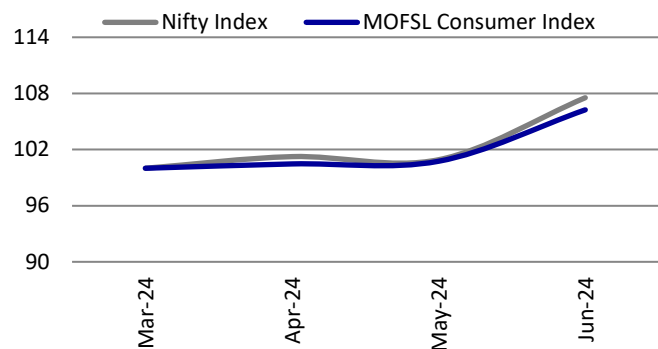


Source: Bloomberg, MOFSL

**Exhibit 13: Comparative valuation**

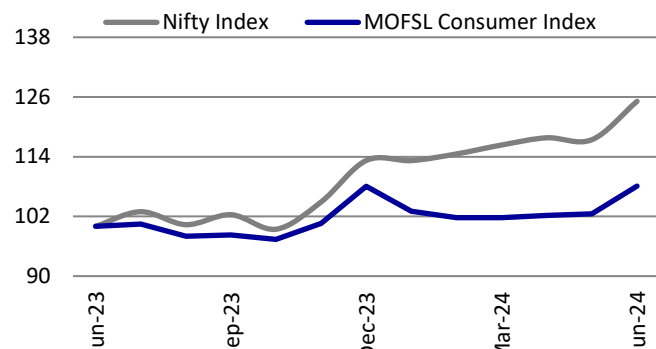
Company Name	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
	INR	Reco	FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY24	FY25E	FY26E
<b>Consumer</b>						<b>47.2</b>	<b>45.8</b>	<b>41.1</b>	<b>12.0</b>	<b>11.6</b>	<b>10.7</b>	<b>25.5</b>	<b>25.4</b>	<b>26.0</b>
Asian Paints	2,926	Neutral	57.9	59.0	65.7	49.1	49.6	44.5	14.6	13.8	12.4	32.0	29.0	29.3
Britannia	5,403	Neutral	88.7	102.6	115.0	55.4	52.7	47.0	30.0	28.4	23.8	57.2	58.0	55.2
Colgate	2,870	Neutral	49.2	54.1	58.4	55.1	53.0	49.2	39.3	35.0	29.2	74.5	71.7	64.7
Dabur	603	Buy	10.6	12.1	13.3	49.4	49.9	45.5	9.4	10.0	9.3	19.9	20.8	21.1
Emami	723	Buy	18.0	21.1	23.2	23.8	34.3	31.1	7.7	11.3	9.9	33.2	35.0	33.9
Godrej Consumer	1,370	Buy	19.3	22.5	26.7	64.8	60.9	51.4	10.2	9.9	8.9	15.0	17.2	18.2
Hind. Unilever	2,485	Buy	43.7	47.4	52.4	51.9	52.5	47.4	10.4	11.2	10.9	20.2	21.5	23.3
Indigo Paints	1,390	Buy	31.3	34.8	38.0	40.1	39.9	36.6	6.6	6.4	5.6	17.7	17.1	16.3
ITC	425	Buy	16.4	17.4	18.9	26.2	24.4	22.5	7.2	6.8	6.4	28.5	28.4	29.2
Jyothy Labs	477	Neutral	9.8	10.9	12.2	44.8	43.8	39.0	8.9	9.2	8.3	21.5	21.5	22.3
Marico	603	Buy	11.5	12.7	14.1	43.3	47.3	42.8	16.7	19.5	18.5	38.8	42.0	44.4
Nestle	2,545	Neutral	41.0	36.8	41.1	63.9	69.1	61.9	75.7	61.0	51.2	136.5	96.4	90.0
P&G Hygiene	16,547	Neutral	250.6	284.7	314.7	67.4	58.1	52.6	55.0	45.5	38.8	83.9	85.0	79.7
Page Industries	38,790	Neutral	510.3	597.6	722.8	67.5	64.9	53.7	24.0	23.2	19.8	35.6	35.7	36.8
Pidilite Inds.	3,085	Neutral	35.9	42.5	48.6	84.1	72.5	63.5	18.2	16.4	14.8	23.3	24.1	24.5
Tata Consumer	1,106	Buy	14.6	17.7	20.1	74.8	62.6	55.1	6.5	4.9	4.7	8.6	9.6	9.4
United Breweries	2,032	Sell	15.5	25.7	34.2	111	79	59.4	11.0	11.8	10.7	10.1	15.6	18.9
United Spirits	1,276	Neutral	18.1	18.7	21.1	63	68	60.5	11.8	11.1	9.4	18.9	16.3	15.6
Varun Beverages	1,578	Buy	15.8	21.7	26.6	88.4	72.7	59.4	26.2	21.7	16.3	34.2	34.5	31.4

**Exhibit 14: Relative performance – three months (%)**



Source: MOFSL, Company

**Exhibit 15: One-year relative performance (%)**



Source: MOFSL, Company

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL Coverage Universe. Highlighted columns indicate the quarter/financial year under review.

## Asian Paints Neutral

**CMP: INR2,926 | TP: INR3,150 (+8%)**

**EPS CHANGE (%): FY25 | FY26: 0.7 | 1.7**

- We expect 12% YoY domestic volume growth in 1QFY25.
- We expect gross margin to expand marginally 60bp YoY to 43.5%.
- TiO2 to decline 13% YoY/1% QoQ in 1QFY25.
- Key monitorable: competition from new players.

### Quarterly Performance (Consol.)

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Est. Dom. Deco. Vol. growth (%)	10.0	6.0	12.0	10.0	12.0	8.0	14.0	15.0	9.5	12.3
Net Sales	91,823	84,786	91,031	87,308	91,823	87,329	1,00,134	97,255	3,54,947	3,76,542
Change (%)	6.7	0.2	5.4	-0.6	0.0	3.0	10.0	11.4	2.9	6.1
Gross Profit	39,419	36,771	39,695	38,160	39,943	37,988	43,558	43,566	1,54,045	1,65,055
Gross Margin (%)	42.9	43.4	43.6	43.7	43.5	43.5	43.5	44.8	43.4	43.8
EBITDA	21,213	17,162	20,561	16,914	19,916	16,555	22,511	20,458	75,850	79,441
Margin (%)	23.1	20.2	22.6	19.4	21.7	19.0	22.5	21.0	21.4	21.1
Change (%)	36.3	39.8	27.6	-9.3	-6.1	-3.5	9.5	21.0	21.2	4.7
Interest	458	509	544	541	503	560	571	555	2,052	2,189
Depreciation	1,983	2,087	2,204	2,256	2,280	2,338	2,468	2,612	8,530	9,698
Other Income	1,971	1,652	1,386	1,871	1,774	1,817	1,663	1,763	6,880	7,017
PBT	20,743	16,218	19,199	15,988	18,906	15,475	21,135	19,055	72,148	74,571
Tax	5,301	4,186	4,926	3,488	4,821	3,946	5,389	4,859	17,901	19,016
Effective Tax Rate (%)	25.6	25.8	25.7	21.8	25.5	25.5	25.5	25.5	24.8	25.5
Adjusted PAT	15,749	12,324	14,752	12,753	14,330	11,820	15,985	14,480	55,577	56,615
Change (%)	48.5	53.3	34.5	-0.6	-9.0	-4.1	8.4	13.5	30.9	1.9

E: MOFSL Estimates

## Britannia Industries Neutral

**CMP: INR5,403 | TP: INR 5,400 (0%)**

**EPS CHANGE (%): FY25 | FY26: -0.3 | -0.5**

- We expect ~5% volume growth (pack growth) in 1QFY25.
- We expect gross margin to expand 160bp YoY to 43.5%.
- EBITDA margin expected to expand by 140bp YoY to 18.6% in 1QFY25.
- Look out for pack growth, likely to implement grammage addition to remain competitive.

### Consol. Quarterly Performance

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Base business volume growth (%)	0.0	0.0	3.0	3.5	5.0	7.0	7.0	9.0	1.6	7.0
Total Revenue	40,107	44,329	42,563	40,694	42,283	48,700	46,735	45,738	1,67,693	1,83,457
YoY change (%)	8.4	1.2	1.4	1.1	5.4	9.9	9.8	12.4	2.9	9.4
Gross Profit	16,820	19,011	18,673	18,269	18,393	20,941	20,657	20,730	72,772	80,721
Margins (%)	41.9	42.9	43.9	44.9	43.5	43.0	44.2	45.3	43.4	44.0
EBITDA	6,889	8,724	8,211	7,874	7,847	9,639	9,045	8,968	31,698	35,499
Margins (%)	17.2	19.7	19.3	19.4	18.6	19.8	19.4	19.6	18.9	19.4
YoY growth (%)	37.6	22.6	0.4	-1.7	8.1	0.6	0.3	1.3	12.0	12.0
Depreciation	708	717	781	799	800	825	825	864	3,005	3,314
Interest	531	534	311	264	350	400	375	368	1,640	1,493
Other Income	539	524	506	573	575	575	575	602	2,142	2,327
PBT	6,190	7,997	7,625	7,384	7,272	8,989	8,420	8,337	29,196	33,018
Tax	1,665	2,121	2,026	1,980	1,927	2,247	2,105	2,031	7,793	8,311
Rate (%)	26.9	26.5	26.6	26.8	26.5	25.0	25.0	24.4	26.7	25.2
Adjusted PAT	4,555	5,865	5,586	5,366	5,307	6,704	6,277	6,267	21,371	24,555
YoY change (%)	35.7	19.5	0.3	-3.8	16.5	14.3	12.4	16.8	10.1	14.9

E: MOFSL Estimates

**Colgate****Neutral****CMP: INR2,870 | TP: INR2,700 (-6%)****EPS CHANGE (%): FY25 | FY26: 3.6 | 3.6**

- We expect 9% revenue growth, led by the price hike taken by the company.
- Expecting ~2-3% volume growth in 1QFY25.
- Expect gross margin expansion of 60bp YoY to 69%.
- Key monitorables: Volume growth, RM costs, A&P spending, and performance of new launch category.

**Quarterly Performance****(INR m)**

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
<b>Volume Gr %</b>	<b>3.0</b>	<b>-1.0</b>	<b>-1.0</b>	<b>1.0</b>	<b>2.5</b>	<b>3.5</b>	<b>4.5</b>	<b>5.0</b>	<b>0.5</b>	<b>3.9</b>
<b>Net Sales (inclgd. OOI)</b>	<b>13,237</b>	<b>14,711</b>	<b>13,957</b>	<b>14,900</b>	<b>14,433</b>	<b>16,036</b>	<b>15,214</b>	<b>16,066</b>	<b>56,804</b>	<b>61,755</b>
YoY change (%)	10.6	6.0	8.1	10.3	9.0	9.0	9.0	7.8	8.7	8.7
<b>Gross Profit</b>	<b>9,058</b>	<b>10,117</b>	<b>10,073</b>	<b>10,327</b>	<b>9,959</b>	<b>11,065</b>	<b>10,802</b>	<b>11,090</b>	<b>39,574</b>	<b>42,922</b>
Gross margin (%)	68.4	68.8	72.2	69.3	69.0	69.0	71.0	69.0	69.7	69.5
<b>EBITDA</b>	<b>4,181</b>	<b>4,821</b>	<b>4,684</b>	<b>5,322</b>	<b>4,698</b>	<b>5,305</b>	<b>4,963</b>	<b>5,752</b>	<b>19,008</b>	<b>20,718</b>
Margins (%)	31.6	32.8	33.6	35.7	32.6	33.1	32.6	35.8	33.5	33.5
YoY growth (%)	28.4	18.2	29.6	17.8	12.4	10.0	6.0	8.1	22.9	9.0
Depreciation	438	443	414	421	445	445	445	475	1,715	1,810
Interest	11	11	15	14	14	14	14	13	50	55
Financial other Income	150	210	179	227	215	215	215	177	765	822
<b>PBT</b>	<b>3,883</b>	<b>4,578</b>	<b>4,434</b>	<b>5,114</b>	<b>4,454</b>	<b>5,061</b>	<b>4,719</b>	<b>5,442</b>	<b>18,008</b>	<b>19,676</b>
Tax	951	1,178	1,133	1,315	1,118	1,270	1,184	1,380	4,577	4,952
Rate (%)	24.5	25.7	25.6	25.7	25.1	25.1	25.1	25.4	25.4	25.2
<b>Adj PAT</b>	<b>2,883</b>	<b>3,401</b>	<b>3,301</b>	<b>3,798</b>	<b>3,336</b>	<b>3,791</b>	<b>3,534</b>	<b>4,062</b>	<b>13,383</b>	<b>14,723</b>
YoY change (%)	33.1	22.3	35.7	19.6	15.7	11.5	7.1	6.9	26.8	10.0

E: MOFSL Estimates

**Dabur****Buy****CMP: INR603 | TP: INR700 (+16%)****EPS CHANGE (%): FY25 | FY26: -0.7 | -0.9**

- We expect 7.5% revenue growth mainly driven by 6% domestic volume growth.
- Recovery in rural market, with rural growth outpacing the urban markets.
- We expect gross margin to improve 100bp YoY to 47.6% in 1QFY25.
- EBITDA is expected to grow marginally ahead of revenue.

**Quarterly Performance (Consolidated)****(INR m)**

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
<b>Domestic FMCG vol. growth (%)</b>	<b>3.0</b>	<b>3.0</b>	<b>4.0</b>	<b>3.0</b>	<b>6.0</b>	<b>6.0</b>	<b>7.0</b>	<b>7.0</b>	<b>3.3</b>	<b>6.5</b>
<b>Net sales</b>	<b>31,305</b>	<b>32,038</b>	<b>32,551</b>	<b>28,146</b>	<b>33,653</b>	<b>35,029</b>	<b>35,724</b>	<b>31,197</b>	<b>1,24,040</b>	<b>1,35,603</b>
YoY change (%)	10.9	7.3	6.7	5.1	7.5	9.3	9.7	10.8	7.5	9.3
<b>Gross profit</b>	<b>14,588</b>	<b>15,482</b>	<b>15,823</b>	<b>13,679</b>	<b>16,019</b>	<b>16,989</b>	<b>17,433</b>	<b>15,326</b>	<b>59,571</b>	<b>65,768</b>
Margin (%)	46.6	48.3	48.6	48.6	47.6	48.5	48.8	49.1	48.0	48.5
<b>EBITDA</b>	<b>6,047</b>	<b>6,609</b>	<b>6,678</b>	<b>4,668</b>	<b>6,596</b>	<b>7,426</b>	<b>7,645</b>	<b>5,867</b>	<b>24,002</b>	<b>27,534</b>
Margins (%)	19.3	20.6	20.5	16.6	19.6	21.2	21.4	18.8	19.4	20.3
YoY growth (%)	11.2	10.0	8.1	13.9	9.1	12.4	14.5	25.7	10.5	14.7
Depreciation	966	983	969	1,074	1,001	1,018	1,003	1,321	3,992	4,343
Interest	243	281	365	352	300	300	200	150	1,242	950
Other income	1,098	1,164	1,274	1,289	1,208	1,281	1,401	1,973	4,824	5,863
<b>PBT</b>	<b>5,936</b>	<b>6,508</b>	<b>6,618</b>	<b>4,531</b>	<b>6,503</b>	<b>7,389</b>	<b>7,843</b>	<b>6,369</b>	<b>23,593</b>	<b>28,104</b>
Tax	1,368	1,443	1,550	1,114	1,561	1,773	1,882	1,501	5,474	6,717
Rate (%)	23.0	22.2	23.4	24.6	24.0	24.0	24.0	23.6	23.2	23.9
<b>Adjusted PAT</b>	<b>4,721</b>	<b>5,233</b>	<b>5,225</b>	<b>3,578</b>	<b>4,942</b>	<b>5,615</b>	<b>5,960</b>	<b>4,900</b>	<b>18,757</b>	<b>21,418</b>
YoY change (%)	7.2	6.7	7.8	10.8	4.7	7.3	14.1	37.0	9.3	14.2
<b>Reported PAT</b>	<b>4,639</b>	<b>5,151</b>	<b>5,142</b>	<b>3,495</b>	<b>4,859</b>	<b>5,533</b>	<b>5,878</b>	<b>4,818</b>	<b>18,427</b>	<b>21,089</b>

E: MOFSL Estimates

**Emami****Buy****CMP: INR723 | TP: INR850 (+18%)****EPS CHANGE (%): FY25 | FY26: 0.0 | 0.0**

- We expect 8% YoY revenue growth led by 7% volume growth in 1QFY25.
- Summer portfolio (Navratna and Dermicool range) has benefitted from a severe summer season
- We expect gross margin to improve 110bp YoY and EBITDA margin by 90bp YoY in 1QFY25.
- D2C brands like The Man Company and Brillare are performing well.

**Consol. Quarterly performance****(INR m)**

Y/E MARCH	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Domestic volume growth (%)	3.0	2.0	-1.0	6.4	7.0	7.0	8.0	8.0	2.6	7.5
<b>Net Sales</b>	<b>8,257</b>	<b>8,649</b>	<b>9,963</b>	<b>8,912</b>	<b>8,914</b>	<b>9,348</b>	<b>10,978</b>	<b>9,851</b>	<b>35,781</b>	<b>39,091</b>
YoY change (%)	6.8	6.3	1.4	6.6	8.0	8.1	10.2	10.5	5.1	9.3
<b>Gross Profit</b>	<b>5,401</b>	<b>6,061</b>	<b>6,851</b>	<b>5,863</b>	<b>5,928</b>	<b>6,590</b>	<b>7,630</b>	<b>6,629</b>	<b>24,176</b>	<b>26,777</b>
Gross margin (%)	65.4	70.1	68.8	65.8	66.5	70.5	69.5	67.3	67.6	68.5
<b>EBITDA</b>	<b>1,900</b>	<b>2,337</b>	<b>3,149</b>	<b>2,110</b>	<b>2,135</b>	<b>2,630</b>	<b>3,606</b>	<b>2,391</b>	<b>9,495</b>	<b>10,762</b>
Margins (%)	23.0	27.0	31.6	23.7	23.9	28.1	32.8	24.3	26.5	27.5
YoY change	9.6	19.6	7.0	5.6	12.4	12.6	14.5	13.3	10.1	13.3
Depreciation	460	461	458	480	483	483	483	490	1,859	1,939
Interest	21	23	27	29	25	25	25	25	100	100
Other Income	83	111	167	107	135	145	175	148	468	603
<b>PBT</b>	<b>1,502</b>	<b>1,964</b>	<b>2,831</b>	<b>1,708</b>	<b>1,762</b>	<b>2,267</b>	<b>3,273</b>	<b>2,024</b>	<b>8,005</b>	<b>9,326</b>
Tax	129	158	155	225	194	204	295	240	667	933
Rate (%)	8.6	8.1	5.5	13.2	11.0	9.0	9.0	11.9	8.3	10.0
<b>Adj. PAT</b>	<b>1,413</b>	<b>1,967</b>	<b>2,828</b>	<b>1,669</b>	<b>1,770</b>	<b>2,269</b>	<b>3,180</b>	<b>1,974</b>	<b>7,876</b>	<b>9,195</b>
YoY change (%)	36.9	12.5	11.0	13.0	25.3	15.3	12.5	18.3	15.7	16.7
<b>Reported PAT</b>	<b>1,368</b>	<b>1,800</b>	<b>2,607</b>	<b>1,468</b>	<b>1,563</b>	<b>2,057</b>	<b>2,968</b>	<b>1,768</b>	<b>7,241</b>	<b>8,356</b>
YoY change (%)	88.1	-0.1	11.9	3.6	14.3	14.3	13.9	20.5	15.4	15.4

E: MOFSL Estimates

**Godrej Consumer****Buy****CMP: INR1,370 | TP: INR1,600 (+17%)****EPS CHANGE (%): FY25 | FY26: -0.6 | -2.6**

- We expect 5% consolidated sales growth YoY in 1QFY25. There is also the effect of East Africa business sale.
- We expect ~8% domestic organic volume growth in 1QFY25.
- EBITDA margin expected to increase by 190bp YoY benefitting from operating leverage.
- Commentaries on restructuring of the international businesses are key monitorables

**Quarterly Performance (Consolidated)****(INR m)**

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
<b>Net Sales (including OOI)</b>	<b>34,489</b>	<b>36,020</b>	<b>36,596</b>	<b>33,856</b>	<b>36,216</b>	<b>37,498</b>	<b>40,406</b>	<b>37,835</b>	<b>1,40,961</b>	<b>1,51,955</b>
YoY change (%)	10.4	6.2	1.7	5.8	5.0	4.1	10.4	11.8	5.9	7.8
<b>Gross Profit</b>	<b>18,534</b>	<b>19,771</b>	<b>20,454</b>	<b>18,999</b>	<b>19,773</b>	<b>20,707</b>	<b>22,820</b>	<b>20,456</b>	<b>77,758</b>	<b>83,757</b>
Margin (%)	53.7	54.9	55.9	56.1	54.6	55.2	56.5	54.1	55.2	55.1
<b>EBITDA</b>	<b>6,818</b>	<b>7,234</b>	<b>9,048</b>	<b>7,604</b>	<b>7,845</b>	<b>8,218</b>	<b>9,905</b>	<b>8,462</b>	<b>30,704</b>	<b>34,431</b>
Margins (%)	19.8	20.1	24.7	22.5	21.7	21.9	24.5	22.4	21.8	22.7
YoY growth (%)	28.0	26.0	17.9	14.4	15.1	13.6	9.5	11.3	20.9	12.1
Depreciation	763	609	539	499	675	675	675	713	2,410	2,738
Interest	740	773	666	785	700	700	700	500	2,964	2,600
Other Income	691	659	701	638	700	710	725	719	2,690	2,854
<b>PBT</b>	<b>5,617</b>	<b>6,319</b>	<b>7,904</b>	<b>6,912</b>	<b>7,170</b>	<b>7,553</b>	<b>9,255</b>	<b>7,969</b>	<b>26,751</b>	<b>31,947</b>
Tax	1,611	1,866	2,024	2,087	2,151	2,266	2,777	1,752	7,588	8,945
Rate (%)	28.7	29.5	25.6	30.2	30.0	30.0	30.0	22.0	28.4	28.0
<b>Adj PAT</b>	<b>3,732</b>	<b>4,415</b>	<b>5,862</b>	<b>5,749</b>	<b>5,019</b>	<b>5,287</b>	<b>6,479</b>	<b>6,217</b>	<b>19,758</b>	<b>23,002</b>
YoY change (%)	7.7	17.2	6.0	22.6	34.5	19.8	10.5	8.1	13.2	16.4
<b>Reported PAT</b>	<b>3,188</b>	<b>4,328</b>	<b>5,811</b>	<b>-18,932</b>	<b>5,019</b>	<b>5,287</b>	<b>6,479</b>	<b>6,217</b>	<b>-5,605</b>	<b>23,002</b>

E: MOFSL Estimate



**Hindustan Unilever****Buy****CMP: INR2,485 | TP: INR2,950 (+19%)****EPS CHANGE (%): FY25 | FY26: -1.0 | -0.6**

- Demand trends stable QoQ. We expect 3% YoY domestic volume growth in 1QFY25.
- Revenue growth likely to be flat YoY in 1QFY25. Price cut taken in the personal care portfolio.
- We expect gross margin to expand 160bp YoY due to lower RM costs.
- Expect EBITDA growth marginally due to increase in royalty rates and the termination of the distribution agreement for OTC and oral care products of GSK.

**Quarterly performance (Consolidated)****(INR b)**

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
<b>Domestic volume growth (%)</b>	<b>3.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>3.0</b>	<b>4.0</b>	<b>5.0</b>	<b>5.5</b>	<b>2.3</b>	<b>4.4</b>
<b>Net sales</b>	<b>155.0</b>	<b>156.2</b>	<b>155.7</b>	<b>152.1</b>	<b>155.5</b>	<b>164.1</b>	<b>167.5</b>	<b>165.2</b>	<b>619.0</b>	<b>652.3</b>
YoY change (%)	6.0	3.2	-0.2	0.0	0.4	5.0	7.6	8.6	2.2	5.4
COGS	76.8	73.5	74.8	72.6	74.7	78.7	80.4	79.3	298	313
<b>Gross Profit</b>	<b>78.2</b>	<b>82.8</b>	<b>80.9</b>	<b>79.5</b>	<b>80.9</b>	<b>85.3</b>	<b>87.1</b>	<b>85.9</b>	<b>321.4</b>	<b>339.2</b>
Margin %	50.4	53.0	52.0	52.3	52.0	52.0	52.0	52.0	51.9	52.0
<b>EBITDA</b>	<b>36.7</b>	<b>38.0</b>	<b>36.7</b>	<b>35.4</b>	<b>37.1</b>	<b>39.4</b>	<b>40.2</b>	<b>39.1</b>	<b>146.6</b>	<b>155.8</b>
YoY change (%)	7.7	9.1	-0.8	-1.1	1.3	3.8	9.6	10.7	3.6	6.3
Margins (%)	23.7	24.3	23.5	23.2	23.9	24.0	24.0	23.7	23.7	23.9
Depreciation	2.9	3.0	3.1	3.2	3.2	3.2	3.1	3.4	12.2	12.8
Interest	0.5	0.9	0.9	1.1	0.9	0.9	0.9	0.9	3.3	3.5
Other income	1.8	1.8	2.1	2.3	2.3	2.3	2.4	2.4	8.1	9.3
<b>PBT</b>	<b>35.1</b>	<b>36.0</b>	<b>34.8</b>	<b>33.4</b>	<b>35.4</b>	<b>37.7</b>	<b>38.6</b>	<b>37.3</b>	<b>139.2</b>	<b>148.9</b>
Tax	9.2	9.3	9.4	8.6	8.9	9.5	9.7	9.4	36.4	37.5
Rate (%)	26.1	25.9	27.0	25.7	25.2	25.2	25.2	25.2	26.2	25.2
<b>PAT bei</b>	<b>25.8</b>	<b>26.6</b>	<b>25.3</b>	<b>25.0</b>	<b>26.4</b>	<b>28.1</b>	<b>28.8</b>	<b>27.9</b>	<b>102.7</b>	<b>111.3</b>
YoY change (%)	8.0	-1.1	-2.0	-1.6	2.4	5.8	13.9	11.5	0.7	8.3
<b>Reported Profit</b>	<b>25.5</b>	<b>26.6</b>	<b>25.1</b>	<b>25.6</b>	<b>26.4</b>	<b>28.1</b>	<b>28.8</b>	<b>27.9</b>	<b>102.8</b>	<b>111.3</b>

E: MOFSL Estimates

**Indigo Paints****Buy****CMP: INR1,390 | TP: INR1,650 (+19%)****EPS CHANGE (%): FY25 | FY26: 2.0 | -3.5**

- We expect ~13% YoY sales growth in 1QFY25.
- We estimate gross margin and EBITDA margin expanded by 100bp and 140bp YoY in 1QFY25.
- Watch out for commentaries on demand trends of the waterproofing business and expansion to larger cities.
- Expect strong competition and pressure on profits in the near future, as new competitors enter the market.

**Consolidated Quarterly Performance****(INR m)**

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
<b>Net Sales</b>	<b>2,884</b>	<b>2,790</b>	<b>3,538</b>	<b>3,849</b>	<b>3,259</b>	<b>3,181</b>	<b>4,210</b>	<b>4,240</b>	<b>13,061</b>	<b>14,889</b>
Change (%)	28.8	15.0	25.8	18.3	13.0	14.0	19.0	10.2	21.7	14.0
Raw Material/PM	1,519	1,519	1,833	1,968	1,685	1,749	2,189	2,149	6,839	7,772
<b>Gross Profit</b>	<b>1,365</b>	<b>1,271</b>	<b>1,705</b>	<b>1,881</b>	<b>1,574</b>	<b>1,431</b>	<b>2,021</b>	<b>2,091</b>	<b>6,222</b>	<b>7,117</b>
Gross Margin (%)	47.3	45.6	48.2	48.9	48.3	45.0	48.0	49.3	47.6	47.8
<b>EBITDA</b>	<b>491</b>	<b>421</b>	<b>622</b>	<b>846</b>	<b>600</b>	<b>484</b>	<b>727</b>	<b>950</b>	<b>2,381</b>	<b>2,761</b>
Margin (%)	17.0	15.1	17.6	22.0	18.4	15.2	17.3	22.4	18.2	18.5
Change (%)	39.2	24.8	53.5	17.9	22.2	14.8	16.8	12.3	31.2	16.0
Interest	5	6	6	5	5	6	6	6	21	23
Depreciation	101	113	146	156	160	170	180	180	516	690
Other Income	38	32	31	42	42	40	40	42	142	163
<b>PBT</b>	<b>423</b>	<b>335</b>	<b>501</b>	<b>727</b>	<b>477</b>	<b>348</b>	<b>580</b>	<b>805</b>	<b>1,986</b>	<b>2,210</b>
Tax	108	81	125	183	119	86	145	203	497	553
Effective Tax Rate (%)	25.6	24.3	25.0	25.1	25.0	24.8	25.0	25.2	25.0	25.0
<b>Adjusted PAT</b>	<b>310</b>	<b>253</b>	<b>376</b>	<b>544</b>	<b>358</b>	<b>261</b>	<b>435</b>	<b>602</b>	<b>1,489</b>	<b>1,657</b>
Change (%)	55.9	22.1	43.0	11.8	15.3	3.1	15.9	10.7	28.8	11.3

E: MOFSL Estimates

**ITC****Buy****CMP: INR427 | TP: INR500 (+18%)****EPS CHANGE (%): FY25 | FY26: - | -**

- We expect ~3% YoY volume growth in Cigarettes business in 1QFY25.
- Rural recovery not much visible in 1QFY25 but expectation of government initiatives to drive consumption.
- We expect marginal improvement in gross margin of 70bp YoY in 1QFY25.
- Outlook on the agri and paper & packaging businesses a key monitorable.

**Consol. Quarterly Performance****(INR b)**

Y/E March	FY24E				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
<b>Est. cigarette vol. gr. (%)</b>	<b>8.0</b>	<b>5.0</b>	<b>-1.0</b>	<b>2.0</b>	<b>2.5</b>	<b>3.0</b>	<b>3.5</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>
<b>Net Sales</b>	<b>171.6</b>	<b>177.7</b>	<b>180.2</b>	<b>179.2</b>	<b>183.6</b>	<b>189.3</b>	<b>194.5</b>	<b>193.8</b>	<b>708.8</b>	<b>761.3</b>
YoY change (%)	-7.2	3.9	1.8	1.6	7.0	6.5	8.0	8.1	-0.1	7.4
<b>Gross Profit</b>	<b>106.1</b>	<b>107.1</b>	<b>109.8</b>	<b>113.4</b>	<b>114.8</b>	<b>117.4</b>	<b>120.6</b>	<b>120.0</b>	<b>436.3</b>	<b>472.8</b>
Margin (%)	61.8	60.2	60.9	63.2	62.5	62.0	62.0	61.9	61.6	62.1
<b>EBITDA</b>	<b>66.7</b>	<b>64.5</b>	<b>65.0</b>	<b>66.3</b>	<b>70.7</b>	<b>70.2</b>	<b>72.4</b>	<b>71.5</b>	<b>262.5</b>	<b>284.9</b>
Growth (%)	9.8	3.1	-3.0	0.0	5.9	8.8	11.3	8.0	2.3	8.5
Margins (%)	38.9	36.3	36.1	37.0	38.5	37.1	37.2	36.9	37.0	37.4
Depreciation	4.4	4.5	4.6	4.6	4.7	4.8	4.9	4.9	18.2	19.2
Interest	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.5	0.5
Other Income	7.2	6.6	6.6	6.8	7.7	7.2	7.2	7.4	27.3	29.5
<b>PBT</b>	<b>69.4</b>	<b>66.6</b>	<b>66.9</b>	<b>68.4</b>	<b>73.5</b>	<b>72.6</b>	<b>74.6</b>	<b>73.9</b>	<b>271.2</b>	<b>294.6</b>
Tax	17.6	17.0	12.8	16.5	18.5	18.9	17.8	19.0	63.9	74.2
Rate (%)	25.4	25.5	19.2	24.1	25.2	26.0	23.8	25.7	23.6	25.2
<b>Adj PAT</b>	<b>51.0</b>	<b>49.0</b>	<b>53.4</b>	<b>51.2</b>	<b>54.3</b>	<b>52.9</b>	<b>56.1</b>	<b>54.1</b>	<b>204.6</b>	<b>217.4</b>
YoY change (%)	16.3	6.0	6.7	0.0	6.3	8.1	5.1	5.6	6.9	6.2

E: MOFSL estimate;

**Jyothy Labs.****Neutral****CMP: INR477 | TP: INR500 (+5%)****EPS CHANGE (%): FY25 | FY26: 0.0 | 0.4**

- We expect consolidated net sales to grow 9.5% YoY in 1QFY25.
- We expect gross margin expansion of ~60bp YoY to 48.5%.
- EBITDA margin to expand 40bp YoY to 17.5% in 1QFY25.
- Watch out for expansion in personal care category and performance of Health and Wellness (HI) segment.

**Consolidated Quarterly Performance****(INR m)**

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
<b>Net Sales</b>	<b>6,871</b>	<b>7,323</b>	<b>6,775</b>	<b>6,600</b>	<b>7,524</b>	<b>8,056</b>	<b>7,453</b>	<b>7,287</b>	<b>27,569</b>	<b>30,319</b>
YoY change (%)	15.1	11.1	10.6	7.0	9.5	10.0	10.0	10.4	10.9	10.0
<b>Gross Profit</b>	<b>3,289</b>	<b>3,604</b>	<b>3,371</b>	<b>3,267</b>	<b>3,649</b>	<b>3,947</b>	<b>3,614</b>	<b>3,645</b>	<b>13,531</b>	<b>14,856</b>
Margins (%)	47.9	49.2	49.8	49.5	48.5	49.0	48.5	50.0	49.1	49.0
<b>EBITDA</b>	<b>1,174</b>	<b>1,354</b>	<b>1,186</b>	<b>1,084</b>	<b>1,317</b>	<b>1,536</b>	<b>1,282</b>	<b>1,189</b>	<b>4,798</b>	<b>5,323</b>
EBITDA growth %	96.2	68.3	40.6	18.7	12.1	13.4	8.1	9.7	51.9	10.9
Margins (%)	17.1	18.5	17.5	16.4	17.5	19.1	17.2	16.3	17.4	17.6
Depreciation	120	123	128	129	132	130	136	137	500	535
Interest	11	12	12	13	12	13	13	15	47	52
Other Income	79	132	106	130	95	135	122	127	447	479
<b>PBT</b>	<b>1,123</b>	<b>1,351</b>	<b>1,152</b>	<b>1,072</b>	<b>1,269</b>	<b>1,527</b>	<b>1,255</b>	<b>1,164</b>	<b>4,698</b>	<b>5,215</b>
Tax	250	311	243	291	292	357	282	284	1,095	1,216
Rate (%)	22.3	23.0	21.1	27.1	23.0	23.4	22.5	24.4	23.3	23.3
<b>Adjusted PAT</b>	<b>873</b>	<b>1,040</b>	<b>909</b>	<b>781</b>	<b>977</b>	<b>1,170</b>	<b>972</b>	<b>880</b>	<b>3,603</b>	<b>3,999</b>
YoY change (%)	124.1	78.2	34.9	31.9	12.0	12.5	7.0	12.6	54.8	11.0

E: MOFSL Estimates

**Marico****Buy****CMP: INR603 | TP: INR700 (+16%)****EPS CHANGE (%): FY25 | FY26: 2.1 | 1.4**

- We expect 4% YoY domestic volumes growth in 1QFY25.
- We expect 8% revenue growth in 1QFY25 on a softer base (price correction in 1QFY24).
- We expect a 100bp YoY expansion in gross margin and 600bp YoY in EBITDA.
- Improvement in rural market will drive the domestic performance.

**Quarterly Performance****(INR m)**

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Domestic volume growth (%)	3.0	3.0	2.0	3.0	4.3	7.7	8.0	9.4	2.8	7.4
<b>Net Sales</b>	<b>24,770</b>	<b>24,760</b>	<b>24,220</b>	<b>22,780</b>	<b>26,719</b>	<b>27,471</b>	<b>27,039</b>	<b>25,204</b>	<b>96,530</b>	<b>1,06,433</b>
YoY Change (%)	-3.2	-0.8	-1.9	1.7	7.9	10.9	11.6	10.6	-1.1	10.3
<b>Gross Profit</b>	<b>12,380</b>	<b>12,500</b>	<b>12,420</b>	<b>11,750</b>	<b>13,626</b>	<b>13,941</b>	<b>13,722</b>	<b>12,991</b>	<b>49,050</b>	<b>54,281</b>
Gross margin (%)	50.0	50.5	51.3	51.6	51.0	50.8	50.8	51.5	50.8	51.0
<b>EBITDA</b>	<b>5,740</b>	<b>4,970</b>	<b>5,130</b>	<b>4,420</b>	<b>6,341</b>	<b>5,658</b>	<b>5,800</b>	<b>5,006</b>	<b>20,260</b>	<b>22,804</b>
Margins (%)	23.2	20.1	21.2	19.4	23.7	20.6	21.5	19.9	21.0	21.4
YoY Change (%)	8.7	14.8	12.5	12.5	10.5	13.9	13.1	13.2	11.9	12.6
Depreciation	360	390	420	410	425	450	450	491	1,580	1,816
Interest	170	200	190	170	165	165	120	200	730	650
Other Income	460	380	430	150	400	375	375	400	1,420	1,550
<b>PBT</b>	<b>5,670</b>	<b>4,760</b>	<b>4,950</b>	<b>3,990</b>	<b>6,151</b>	<b>5,418</b>	<b>5,605</b>	<b>4,714</b>	<b>19,370</b>	<b>21,888</b>
Tax	1,310	1,160	1,090	790	1,445	1,300	1,356	1,151	4,350	5,253
Rate (%)	23.1	24.4	22.0	19.8	23.5	24.0	24.2	24.4	22.5	24.0
<b>Adjusted PAT</b>	<b>4,270</b>	<b>3,530</b>	<b>3,830</b>	<b>3,180</b>	<b>4,615</b>	<b>4,048</b>	<b>4,218</b>	<b>3,564</b>	<b>14,810</b>	<b>16,446</b>
YoY Change (%)	15.1	17.3	16.8	5.3	8.1	14.7	10.1	12.1	13.7	11.0

E: MOFSL Estimates

**Nestlé India****Neutral****CMP: INR2,545 | TP: INR2,500 (-2%)****EPS CHANGE (%): FY25 | FY26: 2.8 | 0.6**

- We expect sales growth of 8.6% YoY; growth momentum will continue.
- We expect a higher contribution from out-of-home consumption
- Expect gross margin expansion of 70bp YoY and EBITDA margin expansion of 90bp.
- Watch out for commentaries on demand and material costs

**Quarterly performance****(INR m)**

Y/E December	FY24					FY25E				FY24E*	FY25E
	1Q	2Q	3Q	4Q	5Q	1QE	2QE	3QE	4QE		
<b>Net Sales</b>	<b>48,305</b>	<b>46,585</b>	<b>50,368</b>	<b>46,004</b>	<b>52,676</b>	<b>50,600</b>	<b>54,695</b>	<b>49,950</b>	<b>56,484</b>	<b>2,43,939</b>	<b>2,11,729</b>
YoY Change (%)	21.0	15.1	9.5	8.1	9.0	8.6	8.6	8.6	7.2	15.5	12.1
COGS	22,315	21,050	21,916	19,046	22,759	22,517	23,792	21,229	24,564	1,07,086	92,102
<b>Gross Profit</b>	<b>25,990</b>	<b>25,535</b>	<b>28,452</b>	<b>26,959</b>	<b>29,917</b>	<b>28,083</b>	<b>30,903</b>	<b>28,721</b>	<b>31,920</b>	<b>1,36,853</b>	<b>1,19,627</b>
Margin (%)	53.8	54.8	56.5	58.6	56.8	55.5	56.5	57.5	56.5	56.1	56.5
<b>EBITDA</b>	<b>11,242</b>	<b>10,663</b>	<b>12,468</b>	<b>11,289</b>	<b>13,426</b>	<b>12,067</b>	<b>14,007</b>	<b>12,600</b>	<b>14,047</b>	<b>59,088</b>	<b>52,721</b>
Margins (%)	23.3	22.9	24.8	24.5	25.5	23.8	25.6	25.2	24.9	24.2	24.9
YoY Growth (%)	19.8	24.5	21.6	13.5	19.4	13.2	12.3	11.6	4.6	23.9	-10.8
Depreciation	1,017	1,074	1,112	1,087	1,089	1,150	1,200	1,250	1,250	5,378	4,850
Interest	370	328	314	230	262	275	275	275	266	1,455	1,091
Other income	337	240	333	303	268	270	270	270	296	1,480	1,106
<b>PBT</b>	<b>10,192</b>	<b>9,501</b>	<b>11,375</b>	<b>10,275</b>	<b>12,343</b>	<b>10,912</b>	<b>12,802</b>	<b>11,345</b>	<b>12,826</b>	<b>53,735</b>	<b>47,886</b>
Tax	2,538	2,410	3,139	2,309	3,164	2,745	3,249	2,876	2,953	13,560	11,823
Rate (%)	24.9	25.4	27.6	22.5	25.6	25.2	25.4	25.4	23.0	25.2	24.7
<b>Adjusted PAT</b>	<b>7,511</b>	<b>7,017</b>	<b>8,055</b>	<b>7,808</b>	<b>9,138</b>	<b>7,985</b>	<b>9,450</b>	<b>8,367</b>	<b>9,697</b>	<b>39,577</b>	<b>35,499</b>
YoY Change (%)	25.8	30.0	20.7	23.5	21.7	13.8	17.3	7.2	6.1	30.0	-10.3

E: MOFSL Estimates y \*Note: FY24 is 15-month period as the company changed its accounting year-end from December to March

## Page Industries

Neutral

CMP: INR38,790 | TP: INR37,500 (-3%)

EPS CHANGE (%): FY25 | FY26: -1.2 | -1.2

- We expect ~7% YoY increase in revenue on the back of seasonality and base effect.
- Watch out for athleisure demand momentum.
- We expect gross margin expansion of 190bp YoY to 55.4% in 1QFY25.
- Watch out for commentaries on recovery in rural demand and in kids and women athleisure.

## Quarterly Statement

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
<b>Net Sales</b>	<b>12,324</b>	<b>11,251</b>	<b>12,288</b>	<b>9,954</b>	<b>13,187</b>	<b>12,354</b>	<b>13,861</b>	<b>11,273</b>	<b>45,817</b>	<b>50,674</b>
YoY change (%)	-8.1	-8.4	2.4	3.2	7.0	9.8	12.8	13.3	-2.8	10.6
<b>Gross Profit</b>	<b>6,596</b>	<b>6,262</b>	<b>6,522</b>	<b>5,590</b>	<b>7,305</b>	<b>7,042</b>	<b>7,485</b>	<b>6,292</b>	<b>24,971</b>	<b>28,124</b>
Gross margin (%)	53.5	55.7	53.1	56.2	55.4	57.0	54.0	55.8	54.5	55.5
<b>EBITDA</b>	<b>2,419</b>	<b>2,335</b>	<b>2,297</b>	<b>1,672</b>	<b>2,625</b>	<b>2,619</b>	<b>2,788</b>	<b>1,990</b>	<b>8,723</b>	<b>10,021</b>
Margins (%)	19.6	20.8	18.7	16.8	19.9	21.2	20.1	17.7	19.0	19.8
YoY change	-18.8	-1.8	19.1	24.5	8.5	12.1	21.4	19.0	1.1	14.9
Depreciation	210	246	226	226	235	250	265	287	908	1,037
Interest	127	112	105	105	105	105	105	110	449	425
Other Income	19	17	55	109	65	70	80	85	200	300
<b>PBT</b>	<b>2,100</b>	<b>1,994</b>	<b>2,021</b>	<b>1,450</b>	<b>2,350</b>	<b>2,334</b>	<b>2,498</b>	<b>1,679</b>	<b>7,565</b>	<b>8,860</b>
Tax	517	491	497	368	583	579	619	413	1,873	2,194
Rate (%)	24.6	24.6	24.6	25.4	24.8	24.8	24.8	24.6	24.8	24.8
<b>PAT</b>	<b>1,584</b>	<b>1,503</b>	<b>1,524</b>	<b>1,082</b>	<b>1,767</b>	<b>1,755</b>	<b>1,878</b>	<b>1,266</b>	<b>5,692</b>	<b>6,666</b>
YoY change (%)	-23.5	-7.3	23.1	38.1	11.6	16.8	23.3	17.0	-0.4	17.1

E: MOFSL Estimates

## P&amp;G Hygiene

Neutral

CMP: INR16,547 | TP: INR17,000 (+3%)

EPS CHANGE (%): FY24 | 25: 0.4 | 0.0

- Sales to grow ~13% YoY in 4QFY24 (June year-end).
- Gross margin expected to increase by 770bp YoY to 65.3%.
- We expect gross margin and EBITDA margin increase of 250bp/460bp YoY in 3QFY24 (June year-end).
- A&P spending and demand outlook are key monitorables.

## Standalone - Quarterly Earnings

(INR m)

Y/E June	FY23				FY24				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	<b>10,428</b>	<b>11,374</b>	<b>8,831</b>	<b>8,491</b>	<b>11,384</b>	<b>11,334</b>	<b>10,022</b>	<b>9,576</b>	<b>39,123</b>	<b>42,315</b>
YoY Change (%)	-1.5	4.1	-0.9	12.1	9.2	-0.3	13.5	12.8	3.0	8.2
<b>Gross profit</b>	<b>6,116</b>	<b>6,513</b>	<b>4,992</b>	<b>4,893</b>	<b>6,932</b>	<b>6,825</b>	<b>6,644</b>	<b>6,257</b>	<b>22,549</b>	<b>26,659</b>
Margin (%)	58.6	57.3	56.5	57.6	60.9	60.2	66.3	65.3	57.6	63.0
<b>EBITDA</b>	<b>2,140</b>	<b>2,905</b>	<b>1,493</b>	<b>2,114</b>	<b>2,849</b>	<b>3,097</b>	<b>2,573</b>	<b>2,652</b>	<b>8,686</b>	<b>11,171</b>
Growth	-29.0	-2.0	-9.5	215.1	33.1	6.6	72.4	25.4	4.7	28.6
Margins (%)	20.5	25.5	16.9	24.9	25.0	27.3	25.7	27.7	22.2	26.4
Depreciation	140	144	146	154	143	143	145	158	584	589
Interest	10	39	36	30	19	26	224	44	114	313
Other Income	67	93	144	101	158	156	136	146	406	595
<b>PBT</b>	<b>2,058</b>	<b>2,815</b>	<b>1,456</b>	<b>2,031</b>	<b>2,845</b>	<b>3,085</b>	<b>2,339</b>	<b>2,595</b>	<b>8,395</b>	<b>10,864</b>
Tax	514	737	380	553	738	796	796	701	2,184	3,030
Rate (%)	25.0	26.2	18.7	27.2	25.9	25.8	34.0	27.0	24.4	27.9
<b>Reported PAT</b>	<b>1,544</b>	<b>2,075</b>	<b>1,650</b>	<b>1,478</b>	<b>2,107</b>	<b>2,289</b>	<b>1,544</b>	<b>1,894</b>	<b>6,781</b>	<b>7,834</b>
<b>Adj PAT</b>	<b>1,544</b>	<b>2,079</b>	<b>1,075</b>	<b>1,478</b>	<b>2,107</b>	<b>2,289</b>	<b>1,854</b>	<b>1,894</b>	<b>6,210</b>	<b>8,145</b>
YoY Change (%)	-29.3	-2.0	-4.9	247.2	36.4	10.1	72.5	28.2	6.0	31.2
Margins (%)	14.8	18.3	12.2	17.4	18.5	20.2	18.5	19.8	15.9	19.2

E: MOFSL Estimates

## Pidilite Industries

Neutral

CMP: INR3,085 | TP: INR2,850 (-8%)

EPS CHANGE (%): FY25 | FY26: -0.3 | -1.6

- We expect consolidated revenue to grow 7% YoY in 1QFY25.
- We expect gross margin expand 380bp YoY to 52.8% on decrease in VAM prices.
- The surge in real estate is positive for demand.
- Outlook on domestic and international demand is a key monitorable.

## Consolidated - Quarterly Earning Model

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
<b>Net Sales</b>	<b>32,751</b>	<b>30,760</b>	<b>31,300</b>	<b>29,019</b>	<b>35,044</b>	<b>34,452</b>	<b>35,682</b>	<b>33,559</b>	<b>1,23,830</b>	<b>1,38,736</b>
YoY change (%)	5.6	2.2	4.4	7.9	7.0	12.0	14.0	15.6	4.9	12.0
<b>Gross Profit</b>	<b>16,054</b>	<b>15,783</b>	<b>16,551</b>	<b>15,503</b>	<b>18,503</b>	<b>17,674</b>	<b>18,555</b>	<b>17,454</b>	<b>63,890</b>	<b>72,185</b>
Margin (%)	49.0	51.3	52.9	53.4	52.8	51.3	52.0	52.0	51.6	52.0
<b>EBITDA</b>	<b>7,070</b>	<b>6,797</b>	<b>7,425</b>	<b>5,769</b>	<b>8,117</b>	<b>7,755</b>	<b>8,516</b>	<b>6,561</b>	<b>27,073</b>	<b>30,949</b>
YoY change (%)	33.5	36.0	49.7	25.6	14.8	14.1	14.7	13.7	36.4	14.3
Margins (%)	21.6	22.1	23.7	19.9	23.2	22.5	23.9	19.6	21.9	22.3
Depreciation	734	752	795	1,125	837	805	843	862	3,407	3,346
Interest	119	131	128	134	120	118	121	107	512	466
Other Income	234	316	370	489	375	411	451	461	1,397	1,698
<b>PBT</b>	<b>6,451</b>	<b>6,230</b>	<b>6,872</b>	<b>4,999</b>	<b>7,534</b>	<b>7,243</b>	<b>8,003</b>	<b>6,054</b>	<b>24,551</b>	<b>28,835</b>
Tax	1,704	1,631	1,765	1,219	1,884	1,825	2,001	1,499	6,319	7,209
Rate (%)	26.4	26.2	25.7	24.4	25.0	25.2	25.0	24.8	26.5	25.0
<b>Adj PAT</b>	<b>4,746</b>	<b>4,599</b>	<b>5,107</b>	<b>3,779</b>	<b>5,651</b>	<b>5,418</b>	<b>6,002</b>	<b>4,555</b>	<b>18,231</b>	<b>21,626</b>
YoY change (%)	34.0	37.4	66.8	31.5	19.1	17.8	17.5	20.5	42.2	18.6
Margins (%)	14.5	15.0	16.3	13.0	16.1	15.7	16.8	13.6	14.7	15.6

E: MOFSL Estimates

## Tata Consumer Products

Buy

CMP: INR1,106 | TP: INR1,350 (+22%)

EPS CHANGE (%): FY25 | FY26: -4 | -2

- We expect revenue for the India-branded tea business to grow 3% YoY, led by volume growth of 3% YoY
- Nourishco is likely to continue its strong performance
- EBITDA margin is likely to improve to ~15.3% in 1QFY25 vs. 14.6% in 1QFY24, led by better gross margins.
- Tea and coffee prices are the key monitorables

## Consolidated - Quarterly Earning Model

(INR m)

Y/E March	FY24E				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
<b>Gross Sales</b>	<b>37,412</b>	<b>37,338</b>	<b>38,039</b>	<b>39,269</b>	<b>44,347</b>	<b>43,333</b>	<b>43,864</b>	<b>46,119</b>	<b>1,52,059</b>	<b>1,77,663</b>
YoY Change (%)	12.5	11.0	9.5	8.5	18.5	16.1	15.3	17.4	10.3	16.8
Total Expenditure	31,962	31,967	32,315	32,974	37,571	36,720	36,885	38,479	1,29,218	1,49,656
<b>EBITDA</b>	<b>5,450</b>	<b>5,371</b>	<b>5,724</b>	<b>6,296</b>	<b>6,776</b>	<b>6,612</b>	<b>6,979</b>	<b>7,640</b>	<b>22,841</b>	<b>28,007</b>
Margins (%)	14.6	14.4	15.0	16.0	15.3	15.3	15.9	16.6	15.0	15.8
Depreciation	820	939	855	1,158	1,108	1,120	1,125	1,130	3,772	4,483
Interest	262	276	332	428	475	520	575	645	1,298	2,215
Other Income	578	898	596	385	405	900	700	697	2,456	2,702
<b>PBT before EO expense</b>	<b>4,946</b>	<b>5,054</b>	<b>5,133</b>	<b>5,095</b>	<b>5,598</b>	<b>5,872</b>	<b>5,979</b>	<b>6,562</b>	<b>20,228</b>	<b>24,010</b>
Extra-Ord expense	-52	-146	-915	-2,158	0	0	0	0	-3,270	0
<b>PBT</b>	<b>4,894</b>	<b>4,909</b>	<b>4,217</b>	<b>2,937</b>	<b>5,598</b>	<b>5,872</b>	<b>5,979</b>	<b>6,562</b>	<b>16,957</b>	<b>24,010</b>
Tax	1,309	1,317	1,062	260	1,511	1,585	1,614	1,772	3,947	6,483
Rate (%)	26.7	26.8	25.2	8.8	27.0	27.0	27.0	27.0	23.3	27.0
Minority Interest	211	257	226	-44	22	40	67	70	651	199
Profit/Loss of Asso. Cos.	-209	47	-140	-555	-210	30	-180	-326	-856	-686
<b>Reported PAT</b>	<b>3,166</b>	<b>3,382</b>	<b>2,789</b>	<b>2,166</b>	<b>3,854</b>	<b>4,277</b>	<b>4,118</b>	<b>4,393</b>	<b>11,503</b>	<b>16,642</b>
<b>Adj PAT</b>	<b>3,205</b>	<b>3,492</b>	<b>3,475</b>	<b>3,785</b>	<b>3,854</b>	<b>4,277</b>	<b>4,118</b>	<b>4,393</b>	<b>13,956</b>	<b>16,642</b>
YoY Change (%)	17.2	42.8	18.7	38.4	20.3	22.5	18.5	16.1	28.7	19.2
Margins (%)	8.6	9.4	9.1	9.6	8.7	9.9	9.4	9.5	9.2	9.4

## United Breweries

**Sell**
**CMP: INR2,032 | TP: INR1,800 (-11%)**
**EPS CHANGE (%): FY25 | FY26: 0.9 | 5.7**

- We expect revenue to grow ~15% YoY in 1QFY25
- We expect gross margin increase of 290bp to 43.5%.
- Expect EBITDA margin expansion of 200bp YoY to 11.8%.
- Outlook on state mix and realization growth a key monitorable.

### Standalone Quarterly Performance

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
<b>Net Sales</b>	<b>22,732</b>	<b>18,880</b>	<b>18,227</b>	<b>21,315</b>	<b>26,187</b>	<b>21,354</b>	<b>20,432</b>	<b>24,236</b>	<b>81,227</b>	<b>92,209</b>
YoY Change (%)	-6.7	12.4	13.1	20.8	15.2	13.1	12.1	13.7	8.3	13.5
<b>Gross Profit</b>	<b>9,221</b>	<b>8,408</b>	<b>8,018</b>	<b>8,894</b>	<b>11,391</b>	<b>9,481</b>	<b>9,174</b>	<b>10,987</b>	<b>34,703</b>	<b>41,033</b>
Margin (%)	40.6	44.5	44.0	41.7	43.5	44.4	44.9	45.3	42.7	44.5
<b>EBITDA</b>	<b>2,228</b>	<b>1,846</b>	<b>1,456</b>	<b>1,420</b>	<b>3,087</b>	<b>2,336</b>	<b>2,136</b>	<b>2,968</b>	<b>6,962</b>	<b>10,528</b>
YoY Change (%)	-15.9	-15.8	89.9	165.6	38.6	26.6	46.7	109.0	13.0	51.2
Margins (%)	9.8	9.8	8.0	6.7	11.8	10.9	10.5	12.2	8.6	11.4
Depreciation	513	508	518	577	518	521	523	533	2,119	2,095
Interest	17	14	21	18	28	25	25	28	69	105
Other Income	103	122	241	263	188	190	217	232	737	826
<b>PBT</b>	<b>1,801</b>	<b>1,446</b>	<b>1,158</b>	<b>1,088</b>	<b>2,729</b>	<b>1,980</b>	<b>1,805</b>	<b>2,639</b>	<b>5,511</b>	<b>9,154</b>
Tax	440	369	310	280	704	511	466	681	1,403	2,362
Rate (%)	24.5	25.5	26.7	25.7	25.8	25.8	25.8	25.8	25.5	25.8
<b>Reported PAT</b>	<b>1,361</b>	<b>1,076</b>	<b>849</b>	<b>808</b>	<b>2,025</b>	<b>1,469</b>	<b>1,340</b>	<b>1,958</b>	<b>4,109</b>	<b>6,792</b>
<b>Adj PAT</b>	<b>1,361</b>	<b>1,076</b>	<b>849</b>	<b>808</b>	<b>2,025</b>	<b>1,469</b>	<b>1,340</b>	<b>1,958</b>	<b>4,109</b>	<b>6,792</b>
YoY Change (%)	-15.8	-19.8	274.9	730.8	48.8	36.5	57.9	142.3	24.7	65.3
Margins (%)	6.0	5.7	4.7	3.8	7.7	6.9	6.6	8.1	5.1	7.4

*E: MOFSL Estimates*

## United Spirits

**Neutral**
**CMP: INR1,276 | TP: INR1,250 (-2%)**
**EPS CHANGE (%): FY25 | FY26: -2.1 | -1.4**

- We expect ~4% volume growth. Demand was low due to heat waves reducing social activities and fewer weddings.
- The demand for the popular category is still lagging.
- Gross margin likely to remain flat YoY at 43.2%. ENA prices remained inflationary, and glass bottle prices were stable.
- Decline in A&P spending due to seasonal effects and dry days during elections.

### Quarterly Performance

Y/E March (Standalone)	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
<b>Volume growth %</b>	<b>5.8</b>	<b>1.0</b>	<b>-1.8</b>	<b>3.7</b>	<b>4.2</b>	<b>6.5</b>	<b>7.6</b>	<b>5.1</b>	<b>1.9</b>	<b>5.9</b>
<b>Total revenues</b>	<b>21,719</b>	<b>28,647</b>	<b>29,893</b>	<b>26,660</b>	<b>23,550</b>	<b>31,425</b>	<b>33,032</b>	<b>28,822</b>	<b>1,06,920</b>	<b>1,16,828</b>
YoY change (%)	-1.0	-1.4	7.5	6.9	8.4	9.7	10.5	8.1	3.1	9.3
<b>Gross Profit</b>	<b>9,474</b>	<b>12,437</b>	<b>12,979</b>	<b>11,550</b>	<b>10,173</b>	<b>13,670</b>	<b>14,402</b>	<b>12,575</b>	<b>46,440</b>	<b>50,820</b>
Margin (%)	43.6	43.4	43.4	43.3	43.2	43.5	43.6	43.6	43.4	43.5
<b>EBITDA</b>	<b>3,851</b>	<b>4,701</b>	<b>4,914</b>	<b>3,620</b>	<b>4,117</b>	<b>5,208</b>	<b>5,628</b>	<b>4,032</b>	<b>17,080</b>	<b>18,984</b>
Margin (%)	17.7	16.4	16.4	13.6	17.5	16.6	17.0	14.0	16.0	16.3
EBITDA growth (%)	42.4	6.3	33.6	7.1	6.9	10.8	14.5	11.4	20.4	11.2
Depreciation	650	653	628	710	663	666	641	780	2,640	2,750
Interest	193	262	164	290	232	209	198	211	910	850
Other income	209	388	461	2,290	280	290	300	1,833	3,350	2,703
<b>PBT</b>	<b>3,217</b>	<b>4,174</b>	<b>4,583</b>	<b>4,910</b>	<b>3,502</b>	<b>4,623</b>	<b>5,089</b>	<b>4,873</b>	<b>16,880</b>	<b>18,087</b>
Tax	814	1,068	1,102	760	881	1,164	1,281	1,227	3,740	4,522
Rate (%)	25.3	25.6	24.0	15.5	25.2	25.2	25.2	25.2	22.2	25.0
<b>Adj. PAT</b>	<b>2,397</b>	<b>3,183</b>	<b>3,481</b>	<b>4,073</b>	<b>2,620</b>	<b>3,460</b>	<b>3,808</b>	<b>3,647</b>	<b>13,140</b>	<b>13,565</b>
YoY change (%)	8.1	20.7	61.0	91.7	9.3	8.7	9.4	-10.5	49.2	3.2

*E: MOFSL Estimate*

## Varun Beverages

**Buy**
**CMP: INR1,578 | TP: INR1,830 (+16%)**
**EPS CHANGE (%): CY24|25: 0|0**

- We expect overall sales volume to grow 35% YoY in 2QCY24
- We expect EBITDA margin to improve to ~27.8% in 2QCY24 vs. 26.9% in 2QCY23
- Integration and ramp-up of BevCo will be in focus
- Scale-up in international geographies and further capex update are the key monitorables

### Consolidated - Quarterly Earning Model

Y/E December	(INR m)									
	CY23				CY24				CY23	CY24E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
<b>Gross Sales</b>	<b>38,930</b>	<b>56,114</b>	<b>38,705</b>	<b>26,677</b>	<b>43,173</b>	<b>75,944</b>	<b>49,543</b>	<b>37,777</b>	<b>1,60,425</b>	<b>2,06,437</b>
YoY Change (%)	37.7	13.3	21.8	20.5	10.9	35.3	28.0	41.6	21.8	28.7
Total Expenditure	30,949	41,004	29,884	22,494	33,286	54,802	38,197	31,806	1,24,331	1,58,091
<b>EBITDA</b>	<b>7,980</b>	<b>15,110</b>	<b>8,821</b>	<b>4,183</b>	<b>9,888</b>	<b>21,142</b>	<b>11,345</b>	<b>5,971</b>	<b>36,095</b>	<b>48,346</b>
Margins (%)	20.5	26.9	22.8	15.7	22.9	27.8	22.9	15.8	22.5	23.4
Depreciation	1,722	1,719	1,708	1,660	1,875	2,250	2,300	2,333	6,809	8,758
Interest	626	694	625	737	937	950	970	980	2,681	3,837
Other Income	101	416	185	91	84	470	350	292	794	1,196
<b>PBT before EO expense</b>	<b>5,734</b>	<b>13,113</b>	<b>6,673</b>	<b>1,878</b>	<b>7,159</b>	<b>18,412</b>	<b>8,425</b>	<b>2,950</b>	<b>27,398</b>	<b>36,946</b>
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
<b>PBT</b>	<b>5,734</b>	<b>13,113</b>	<b>6,673</b>	<b>1,878</b>	<b>7,159</b>	<b>18,412</b>	<b>8,425</b>	<b>2,950</b>	<b>27,398</b>	<b>36,946</b>
Tax	1,348	3,057	1,529	442	1,678	4,052	1,854	649	6,375	8,234
Rate (%)	23.5	23.3	22.9	23.5	23.4	22.0	22.0	22.0	23.3	22.3
Minority Interest & Profit/Loss of Asso. Cos.	95	118	130	118	107	134	129	136	461	505
<b>Reported PAT</b>	<b>4,291</b>	<b>9,938</b>	<b>5,015</b>	<b>1,318</b>	<b>5,374</b>	<b>14,226</b>	<b>6,443</b>	<b>2,165</b>	<b>20,561</b>	<b>28,208</b>
<b>Adj PAT</b>	<b>4,291</b>	<b>9,938</b>	<b>5,015</b>	<b>1,318</b>	<b>5,374</b>	<b>14,226</b>	<b>6,443</b>	<b>2,165</b>	<b>20,561</b>	<b>28,208</b>
YoY Change (%)	68.8	26.2	31.6	76.3	25.2	43.2	28.5	64.3	37.3	37.2
Margins (%)	11.0	17.7	13.0	4.9	12.4	18.7	13.0	5.7	12.8	13.7

### Company

Barbeque Nation

Devyani Intl.

Jubilant Foodworks

Restaurant Brands

Sapphire Foods

Westlife Foodworld

## QSR – Looks weak scorecard; delivery better than dine-in

### Near-term outlook remains cautious

The performance of QSR companies is expected to remain sluggish as growth metrics (SSSG, ADS) remained weak during the quarter due to competition from local players and weak dine-in demand. Oversupply of store network during the last two years affected SSSG/ADS. Overall growth deceleration is expected to continue. Delivery business may continue to outperform dine-in business. Companies have initiated several consumer offers and waived off delivery charges to drive demand. Value segment has been seeing better traffic growth than other segments. Our coverage universe is expected to deliver 10% YoY revenue growth (organic growth) in 1QFY25 vs. 7% in 4QFY24. SSSG/ADS continued to decline, barring Restaurant Brand Asia (BK), Jubilant and Barbeque, which reported SSSG of 2%/3%/3%. Most companies have maintained aggressive store addition momentum in FY25. We maintain a cautious outlook on the QSR sector in the near term due to the ongoing demand challenges that are expected to hurt operating margins. We have BUY ratings on Devyani, Sapphire and RBA.

**Outliers:** Jubilant

**Underperformers:** Devyani, Sapphire, Westlife

**Exhibit 16: QSR quarterly trends**

Particulars	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25E
<b>Revenue Growth</b>									
Barbeque Nation	209%	41%	14%	12%	3%	-3%	1%	6%	10%
Devyani (organic)	100%	45%	27%	28%	20%	10%	7%	5%	10%
Jubilant	41%	17%	10%	8%	6%	5%	3%	6%	9%
Sapphire	80%	36%	17%	13%	20%	14%	12%	13%	12%
Restaurant Brands	64%	47%	21%	29%	25%	19%	15%	16%	17%
Westlife	108%	49%	28%	22%	14%	7%	-2%	1%	4%
<b>Total</b>	<b>75%</b>	<b>34%</b>	<b>18%</b>	<b>17%</b>	<b>14%</b>	<b>9%</b>	<b>6%</b>	<b>7%</b>	<b>10%</b>
<b>SSSG</b>									
Barbeque Nation	182%	23%	-1%	-3%	-8%	-11%	-5%	1%	3%
Devyani - KFC	64%	13%	3%	2%	-1%	-4%	-5%	-7%	-6%
Devyani - PH	32%	3%	-6%	-3%	-5%	-10%	-13%	-14%	-9%
Jubilant (LFL)	28%	8%	0%	-1%	-1%	-1%	-3%	0%	3%
Sapphire - KFC	65%	15%	3%	2%	0%	0%	-2%	-3%	-5%
Sapphire - PH	47%	23%	-4%	-4%	-9%	-20%	-19%	-15%	-8%
Restaurant Brands	66%	27%	9%	8%	4%	4%	3%	2%	2%
Westlife	97%	40%	20%	14%	7%	1%	-9%	-5%	-5%
<b>Store (India)</b>									
Barbeque Nation	195	205	212	216	212	212	216	217	223
Devyani	961	1,047	1,120	1,184	1,230	1,298	1,387	1,429	1,429
Jubilant	1,676	1,753	1,814	1,863	1,891	1,949	2,007	2,096	2,040
Sapphire	516	550	599	627	660	692	725	748	769
Restaurant Brands	328	334	379	391	396	404	441	455	470
Westlife	331	337	341	357	361	370	380	397	405
<b>PBT (INR M)</b>									
Barbeque Nation	208	69	67	(125)	(55)	(151)	75	(9)	(18)
Devyani	771	700	736	412	603	330	97	44	224
Jubilant	1,642	1,619	1,194	930	1,014	963	819	508	774
Sapphire	356	269	336	123	336	214	140	8	229
Restaurant Brands	-227	-133	-112	-246	-222	-93	-64	-310	-147
Westlife	318	420	480	277	406	302	231	20	128
<b>PBT Margins</b>									
Barbeque Nation	7%	2%	2%	-4%	-2%	-5%	2%	0%	0%
Devyani	11%	9%	9%	5%	7%	4%	1%	0%	2%
Jubilant	13%	13%	9%	7%	8%	7%	6%	4%	5%
Sapphire	7%	5%	6%	2%	5%	3%	2%	0%	3%
Restaurant Brands	-7%	-4%	-3%	-7%	-5%	-2%	-1%	-7%	-3%
Westlife	6%	7%	8%	5%	7%	5%	4%	0%	2%



**Barbeque Nation Hospitality****Neutral**

CMP: INR570 | TP: INR600 (+5%)

EPS CHANGE (%): FY25 | FY26: - | -

- We expect 10.4% YoY revenue growth in 1QFY25.
- Expect to add 6 stores in 1QFY25, while SSSG is expected to grow 3% on softer base.
- Gross margin expected to increase by 220bp YoY to 66.2% in 1QFY24.
- EBITDA margins increase by 250bp YoY to 17% on operations efficiency.

**Quarterly Performance**

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
SSSG (%)	-7.7	-10.7	-4.9	1.4	3.0	4.0	6.0	7.0	-6.5	5.0
No. of stores	212	212	216	217	223	229	235	242	217	242
Net Sales	3,239	3,017	3,309	2,981	3,576	3,378	3,747	3,471	12,545	14,172
YoY change (%)	2.9	-2.8	0.8	6.4	10.4	12.0	13.3	16.5	1.7	13.0
Gross Profit	2,073	1,990	2,245	2,053	2,367	2,256	2,518	2,354	8,361	9,495
Margin (%)	64.0	65.9	67.9	68.9	66.2	66.8	67.2	67.8	66.6	67.0
EBITDA	468	444	663	547	606	583	704	615	2,122	2,508
EBITDA growth %	-33.6	-23.9	7.0	37.3	29.6	31.3	6.3	12.4	-8.0	18.2
Margin (%)	14.4	14.7	20.0	18.4	17.0	17.3	18.8	17.7	16.9	17.7
Depreciation	375	443	414	447	450	456	466	474	1,679	1,846
Interest	187	195	190	186	210	211	209	210	759	840
Other Income	40	43	16	77	36	38	33	42	176	150
PBT	-55	-151	75	-9	-18	-46	62	-26	-140	-27
Tax	-14	-32	27	-9	-4	-12	16	-7	-28	-7
Rate (%)	26.1	21.3	35.5	95.9	25.2	25.2	25.2	25.2	20.3	25.2
Adjusted PAT	-41	-119	48	0	-13	-34	46	-20	-112	-21
YoY change (%)	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M

E: MOFSL Estimates

**Devyani International****Buy**

CMP: INR168 | TP: INR200 (+19%)

EPS CHANGE (%): FY25 | FY26: -6.1 | -1.3

- Expect KFC/PH store adds of 30/5 for 1QFY25.
- Revenue likely to grow ~41% on acquisition of Thailand business. Organic revenue growth is ~10%.
- Same-store sales expected to decline by 9% for Pizza Hut and 6% for KFC.
- Margins may see pressure due to lower demand.

**Quarterly Performance**

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
KFC - No. of stores	510	540	590	596	626	656	686	721	596	721
PH - No. of stores	521	535	565	567	572	576	580	587	567	587
KFC - SSSG (%)	-0.9	-3.9	-4.7	-7.1	-6.0	3.0	7.0	6.0	-4.6	2.5
PH - SSSG (%)	-5.3	-10.4	-12.6	-14.0	-9.0	-2.0	11.0	12.0	-10.9	3.0
Net Sales	8,466	8,195	8,431	10,471	11,936	12,443	12,985	12,210	35,563	49,574
YoY change (%)	20.1	9.6	6.6	38.7	41.0	51.8	54.0	16.6	18.6	39.4
Gross Profit	5,998	5,802	5,954	7,244	8,236	8,610	8,999	8,476	24,997	34,321
Margin (%)	70.8	70.8	70.6	69.2	69.0	69.2	69.3	69.4	70.3	69.2
EBITDA	1,734	1,588	1,463	1,739	2,008	2,093	2,402	2,633	6,524	9,136
EBITDA growth %	5.6	-4.1	-15.9	14.9	15.8	31.9	64.2	51.4	-0.4	40.0
Margin (%)	20.5	19.4	17.4	16.6	16.8	16.8	18.5	21.6	18.3	18.4
Depreciation	796	907	930	1,275	1,297	1,323	1,362	1,392	3,907	5,374
Interest	404	417	482	567	565	575	579	588	1,869	2,307
Other Income	68	66	46	146	78	76	88	108	326	350
PBT	603	330	97	44	224	271	549	761	1,074	1,805
Tax	146	-168	46	110	45	54	110	152	133	361
Rate (%)	24.1	-50.9	47.6	249.9	20.0	20.0	20.0	20.0	12.4	20.0
Adjusted PAT	339	506	51	33	179	217	439	609	929	1,444
Margin (%)	4.0	6.2	0.6	0.3	1.5	1.7	3.4	5.0	2.6	2.9
YoY change (%)	-54.4	-21.4	-93.5	-94.6	-47.1	-57.2	765.7	1,750.3	-66.5	55.5

E: MOFSL Estimates

**Jubilant FoodWorks****Neutral****CMP: INR575 | TP: INR525 (-9%)****EPS CHANGE (%): FY25 | FY26: -3.9 | -2.5**

- LFL for 1QFY25 is expected to improve by 2.5%.
- Expect net store additions of 45 for Domino's
- We expect ~8.5% revenue growth led by the store addition.
- EBITDA growth is expected to remain flat at 19.5%

**Quarterly Standalone Perf.****(INR m)**

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
<b>No of stores (Dominos)</b>	<b>1,838</b>	<b>1,888</b>	<b>1,928</b>	<b>1,995</b>	<b>2,040</b>	<b>2,085</b>	<b>2,130</b>	<b>2,175</b>	<b>1,995</b>	<b>2,175</b>
<b>LFL growth (%)</b>	<b>-1.3</b>	<b>-1.3</b>	<b>-2.9</b>	<b>0.1</b>	<b>2.5</b>	<b>3.0</b>	<b>4.5</b>	<b>4.0</b>	<b>-1.4</b>	<b>3.5</b>
<b>Net Sales</b>	<b>13,097</b>	<b>13,448</b>	<b>13,551</b>	<b>13,313</b>	<b>14,210</b>	<b>14,793</b>	<b>15,109</b>	<b>14,905</b>	<b>53,409</b>	<b>59,016</b>
YoY change (%)	5.6	4.5	2.9	6.3	8.5	10.0	11.5	12.0	4.8	10.5
<b>Gross Profit</b>	<b>9,956</b>	<b>10,275</b>	<b>10,387</b>	<b>10,200</b>	<b>10,871</b>	<b>11,361</b>	<b>11,604</b>	<b>11,430</b>	<b>40,817</b>	<b>45,266</b>
Gross margin (%)	76.0	76.4	76.7	76.6	76.5	76.8	76.8	76.7	76.4	76.7
<b>EBITDA</b>	<b>2,764</b>	<b>2,807</b>	<b>2,827</b>	<b>2,543</b>	<b>2,775</b>	<b>2,872</b>	<b>2,976</b>	<b>3,012</b>	<b>10,941</b>	<b>11,634</b>
EBITDA growth %	-9.2	-10.2	-2.5	0.8	0.4	2.3	5.2	18.4	-5.6	6.3
Margins (%)	21.1	20.9	20.9	19.1	19.5	19.4	19.7	20.2	20.5	19.7
Depreciation	1,328	1,379	1,465	1,511	1,528	1,592	1,591	1,680	5,684	6,391
Interest	513	534	583	609	564	587	612	622	2,239	2,385
Other Income	91	69	40	86	91	82	79	89	285	342
<b>PBT</b>	<b>1,014</b>	<b>963</b>	<b>819</b>	<b>508</b>	<b>774</b>	<b>775</b>	<b>852</b>	<b>798</b>	<b>3,303</b>	<b>3,200</b>
YoY Change (%)	-38.2	-40.5	-31.4	-45.3	-23.6	-19.5	4.0	57.1	-38.6	-3.1
Tax	262	241	209	132	195	195	214	196	844	800
Rate (%)	25.8	25.1	25.6	26.0	25.2	25.2	25.2	24.5	25.6	25.0
<b>Adjusted PAT</b>	<b>752</b>	<b>721</b>	<b>610</b>	<b>345</b>	<b>579</b>	<b>580</b>	<b>637</b>	<b>603</b>	<b>2,428</b>	<b>2,400</b>
YoY change (%)	-38.2	-39.5	-31.16	-44.38	-22.9	-19.6	4.54	74.70	-38.0	-1.2

E: MOFSL Estimates

**Restaurants Brand Asia****Buy****CMP: INR108 | TP: INR140 (37%)****EPS CHANGE (%): FY25 | FY26: - | -**

- Expect SSSG to grow 2% YoY in 1QFY24 and 15 store add during the quarter.
- EBITDA margins expected to expand by 140bp YoY to 12.9%.
- Revenue growth is expected at 20% YoY to INR5.1b
- Expect net losses to narrow down to INR147m.

**Quarterly Standalone Performance****(INR m)**

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
<b>SSSG (%)</b>	<b>3.6</b>	<b>3.5</b>	<b>2.6</b>	<b>1.9</b>	<b>2.0</b>	<b>5.5</b>	<b>6.5</b>	<b>10.0</b>	<b>2.9</b>	<b>6.0</b>
<b>No. of stores</b>	<b>396</b>	<b>404</b>	<b>441</b>	<b>455</b>	<b>470</b>	<b>485</b>	<b>500</b>	<b>520</b>	<b>455</b>	<b>520</b>
<b>Net Sales</b>	<b>4,221</b>	<b>4,535</b>	<b>4,454</b>	<b>4,391</b>	<b>5,061</b>	<b>5,540</b>	<b>5,416</b>	<b>5,439</b>	<b>17,601</b>	<b>21,455</b>
YoY change (%)	25.3	23.2	20.5	20.3	19.9	22.2	21.6	23.9	22.3	21.9
<b>Gross Profit</b>	<b>2,806</b>	<b>3,031</b>	<b>2,990</b>	<b>2,971</b>	<b>3,416</b>	<b>3,706</b>	<b>3,645</b>	<b>3,672</b>	<b>11,798</b>	<b>14,439</b>
Margin (%)	66.5	66.8	67.1	67.7	67.5	66.9	67.3	67.5	67.0	67.3
<b>EBITDA</b>	<b>485</b>	<b>634</b>	<b>708</b>	<b>551</b>	<b>653</b>	<b>859</b>	<b>845</b>	<b>927</b>	<b>2,377</b>	<b>3,284</b>
EBITDA growth %	45.9	50.7	47.9	30.3	34.7	35.4	19.4	68.3	128.6	1,216.2
Margin (%)	11.5	14.0	15.9	12.5	12.9	15.5	15.6	17.1	13.5	15.3
Depreciation	507	494	522	586	570	570	570	540	2,110	2,250
Interest	264	273	281	324	285	292	300	307	1,141	1,185
Other Income	65	40	32	48	55	50	54	54	185	213
<b>PBT</b>	<b>-222</b>	<b>-93</b>	<b>-64</b>	<b>-310</b>	<b>-147</b>	<b>46</b>	<b>28</b>	<b>134</b>	<b>-689</b>	<b>62</b>
Tax	0	0	0	0	0	0	0	0	0	6
Rate (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.0
<b>Adjusted PAT</b>	<b>-222</b>	<b>-93</b>	<b>-64</b>	<b>-310</b>	<b>-147</b>	<b>46</b>	<b>28</b>	<b>134</b>	<b>-689</b>	<b>55</b>
YoY change (%)	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM

E: MOFSL Estimates

## Sapphire Foods

Buy

CMP: INR1,561 | TP: INR1,800 (15%)

EPS CHANGE (%): FY25 | FY26: -8.1 | -3.7

- KFC is expected to see a decline of ~4-5% in same-store sales, along with 20 store additions.
- Revenue growth expected at 12% to INR7.3b.
- PH's same-store sales expected to fall 8%; store addition muted, expected to add only 1 new outlet.
- There will be slight pressure on margin due to lower demand.

## Quarterly Performance

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
KFC - No. of stores	358	381	406	429	449	469	489	509	429	509
PH - No. of stores	302	311	319	319	320	321	322	324	319	324
KFC - SSSG (%)	0.0	0.0	-2.0	-3.0	-4.5	3.0	5.5	6.0	-1.0	2.5
PH - SSSG (%)	-9.0	-20.0	-19.0	-15.0	-8.0	-2.0	8.0	12.0	-16.0	2.5
<b>Net Sales</b>	<b>6,544</b>	<b>6,426</b>	<b>6,656</b>	<b>6,317</b>	<b>7,332</b>	<b>7,483</b>	<b>7,882</b>	<b>7,502</b>	<b>25,943</b>	<b>30,199</b>
YoY change (%)	19.8	14.2	11.6	12.7	12.0	16.4	18.4	18.8	14.5	16.4
<b>Gross Profit</b>	<b>4,483</b>	<b>4,417</b>	<b>4,583</b>	<b>4,351</b>	<b>5,013</b>	<b>5,119</b>	<b>5,404</b>	<b>5,206</b>	<b>17,834</b>	<b>20,742</b>
Margin (%)	68.5	68.7	68.9	68.9	68.4	68.4	68.6	69.4	68.7	68.7
<b>EBITDA</b>	<b>1,214</b>	<b>1,151</b>	<b>1,217</b>	<b>1,029</b>	<b>1,269</b>	<b>1,311</b>	<b>1,496</b>	<b>1,394</b>	<b>4,613</b>	<b>5,470</b>
EBITDA growth %	10.0	11.6	4.3	4.9	4.5	13.9	22.9	35.4	7.7	18.6
Margin (%)	18.6	17.9	18.3	16.3	17.3	17.5	19.0	18.6	17.8	18.1
Depreciation	727	768	874	870	880	906	918	938	3,239	3,641
Interest	226	245	263	275	260	257	276	243	1,009	1,037
Other Income	75	75	60	124	100	100	100	101	334	401
<b>PBT</b>	<b>336</b>	<b>214</b>	<b>140</b>	<b>8</b>	<b>229</b>	<b>248</b>	<b>402</b>	<b>314</b>	<b>699</b>	<b>1,193</b>
Tax	88	62	42	-12	58	62	101	79	180	300
Rate (%)	26.0	28.9	30.0	-143.0	25.2	25.2	25.2	25.2	25.7	25.2
<b>Adjusted PAT</b>	<b>249</b>	<b>152</b>	<b>98</b>	<b>20</b>	<b>172</b>	<b>186</b>	<b>301</b>	<b>235</b>	<b>520</b>	<b>893</b>
YoY change (%)	-34.8	-43.4	-69.9	-82.2	-31.0	22.0	206.0	1,053.2	-52.4	71.9

E: MOFSL Estimates

## Westlife Development

Neutral

CMP: INR829 | TP: INR775 (-7%)

EPS CHANGE (%): FY25 | FY26: -6.8 | -2.4

- Same-store sales to decline 5% YoY in 1QFY25
- Expect to add 8 new stores in 1QFY25.
- Expect revenue to grow 4% YoY to INR6.4b
- EBITDA margin to decline by 370bp YoY to 13.5% YoY led by weak same-store sales.

## Consolidated quarterly performance

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
SSSG %	7.0	1.0	(9.0)	(5.0)	(5.0)	3.0	7.0	9.0	-1.5	3.5
No. of McDonald's restaurants	361	370	380	397	405	415	430	442	397	442
<b>Net Sales</b>	<b>6,145</b>	<b>6,147</b>	<b>6,003</b>	<b>5,623</b>	<b>6,400</b>	<b>6,930</b>	<b>7,055</b>	<b>6,682</b>	<b>23,918</b>	<b>27,066</b>
YoY Change (%)	14.2	7.4	-1.8	1.1	4.1	12.7	17.5	18.8	5.0	13.2
<b>Gross profit</b>	<b>4,337</b>	<b>4,310</b>	<b>4,219</b>	<b>3,945</b>	<b>4,512</b>	<b>4,899</b>	<b>4,995</b>	<b>4,757</b>	<b>16,811</b>	<b>19,163</b>
Margin (%)	70.6	70.1	70.3	70.2	70.5	70.7	70.8	71.2	70.3	70.8
<b>EBITDA</b>	<b>1,053</b>	<b>997</b>	<b>960</b>	<b>771</b>	<b>863</b>	<b>1,187</b>	<b>1,257</b>	<b>1,159</b>	<b>3,780</b>	<b>4,465</b>
YoY Change (%)	14.3	0.9	-12.9	-16.1	-18.1	12.7	26.1	20.7	-3.8	18.1
Margins (%)	17.1	16.2	16.0	13.7	13.5	17.1	17.8	17.3	15.8	16.5
Depreciation	439	453	491	503	517	519	523	500	1,886	2,059
Interest	260	274	282	283	263	279	285	276	1,099	1,103
Other Income	52	32	44	35	45	45	45	60	162	195
<b>PBT</b>	<b>406</b>	<b>302</b>	<b>231</b>	<b>20</b>	<b>128</b>	<b>434</b>	<b>493</b>	<b>444</b>	<b>958</b>	<b>1,499</b>
Tax	118	78	59	12	32	108	123	111	266	375
Rate (%)	29.0	26.0	25.3	60.6	25.0	25.0	25.0	25.0	27.8	25.0
<b>Adj PAT</b>	<b>288</b>	<b>224</b>	<b>172</b>	<b>8</b>	<b>96</b>	<b>325</b>	<b>370</b>	<b>333</b>	<b>692</b>	<b>1,124</b>
YoY Change (%)	22.0	-29.2	-52.6	-96.1	-66.7	45.6	114.6	4,195.0	L/P	L/P
Margins (%)	4.7	3.6	2.9	0.1	1.5	4.7	5.2	5.0	2.9	4.2

E: MOFSL Estimates

## Company

Kalyan

Senco Gold

Titan

## Jewelry – Store addition-led growth to sustain; all eyes on operating margin

Jewelry companies are expected to report steady growth in 1QFY25 owing to increase in footfall, store addition and healthy SSSG, driven by gold inflation. The quarter was marred by purchase delays due to high gold inflation and fewer wedding days. We anticipate revenue growth of 9% for Titan, 27% for Kalyan and 18% for Senco. The pace of store addition will continue, with Titan (Jewelry), Kalyan, and Senco likely to add 37/24/4 stores during the quarter (taking total count to 974/277/163). Operating margin may see pressure due to rise in gold prices and competitive pressure. Companies have initiated various consumer offers to attract consumers to drive footfalls. Besides, a higher revenue mix from franchise stores will also affect reported margin. We remain optimistic about the jewelry category and expect a continued rapid shift in consumer purchasing behavior from unorganized/local to organized channels. Accordingly, we maintain a BUY rating on Titan, Kalyan, and Senco.

## Kalyan Jewellers

Buy

CMP: INR 496 | TP: INR570 (+15%)

EPS CHANGE (%): FY25 | 26: - | -

- Consolidated revenue grew by ~27% YoY, with strong performance across all market in India and ME.
- India business grew ~29% YoY, driven by healthy SSSG growth of ~12%.
- It has open 24 stores of Kalyan and Candere in 1QFY25, taking the total store count to 277.
- We expect gross margin to decline by 140bp and EBITDA margin by ~60bp.

### Consolidated Quarterly Performance

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
<b>Stores</b>	<b>192</b>	<b>206</b>	<b>228</b>	<b>253</b>	<b>277</b>	<b>282</b>	<b>311</b>	<b>378</b>	<b>253</b>	<b>378</b>
<b>Net Sales</b>	<b>43,757</b>	<b>44,145</b>	<b>52,231</b>	<b>45,349</b>	<b>55,791</b>	<b>58,051</b>	<b>70,250</b>	<b>59,742</b>	<b>1,85,483</b>	<b>2,43,834</b>
Change (%)	31.3	27.1	34.5	34.1	27.5	31.5	34.5	31.7	31.8	31.5
<b>Gross Profit</b>	<b>6,604</b>	<b>6,306</b>	<b>7,615</b>	<b>6,612</b>	<b>7,643</b>	<b>7,837</b>	<b>9,695</b>	<b>8,136</b>	<b>27,137</b>	<b>33,311</b>
Gross Margin (%)	15.1	14.3	14.6	14.6	13.7	13.5	13.8	13.6	14.6	13.7
<b>EBITDA</b>	<b>3,229</b>	<b>3,137</b>	<b>3,698</b>	<b>3,062</b>	<b>3,754</b>	<b>4,020</b>	<b>4,821</b>	<b>4,089</b>	<b>13,127</b>	<b>16,684</b>
Margin (%)	7.4	7.1	7.1	6.8	6.7	6.9	6.9	6.8	7.1	6.8
Change (%)	22.2	17.9	13.1	19.3	16.2	28.2	30.4	33.5	17.8	27.1
Interest	821	817	817	778	804	797	784	746	3,232	3,131
Depreciation	641	669	697	736	782	797	823	840	2,743	3,241
Other Income	116	131	201	288	314	328	342	366	737	1,351
<b>PBT</b>	<b>1,885</b>	<b>1,781</b>	<b>2,386</b>	<b>1,837</b>	<b>2,483</b>	<b>2,755</b>	<b>3,557</b>	<b>2,869</b>	<b>7,888</b>	<b>11,662</b>
Tax	449	433	582	462	616	683	882	711	1,925	2,892
Effective Tax Rate (%)	23.8	24.3	24.4	25.1	24.8	24.8	24.8	24.8	24.4	24.8
<b>Adjusted PAT</b>	<b>1,439</b>	<b>1,352</b>	<b>1,806</b>	<b>1,376</b>	<b>1,867</b>	<b>2,071</b>	<b>2,675</b>	<b>2,157</b>	<b>5,973</b>	<b>8,770</b>
Change (%)	33.3	27.1	21.5	96.3	29.8	53.2	48.1	56.8	28.1	46.8

E: MOFSL Estimates

**Senco Gold****Buy****CMP: INR1,108 | TP: INR1,350 (+22%)****EPS CHANGE (%): FY25|26: -|-**

- We expect revenue growth of ~18% YoY in 1QFY25.
- GP margin is expected to expand by 20bp YoY, while EBITDA margins to remain flat YoY.
- Expect to add four stores, taking the total store count to 163.
- Watch out for commentary on demand, expansions, and market competitiveness.

**Consolidated Quarterly Performance****(INR m)**

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
<b>Stores</b>	<b>142</b>	<b>145</b>	<b>155</b>	<b>159</b>	<b>163</b>	<b>167</b>	<b>171</b>	<b>175</b>	<b>159</b>	<b>175</b>
<b>Net Sales</b>	<b>13,054</b>	<b>11,466</b>	<b>16,522</b>	<b>11,373</b>	<b>15,469</b>	<b>13,873</b>	<b>20,239</b>	<b>13,541</b>	<b>52,414</b>	<b>63,123</b>
Change (%)	29.6	25.8	23.3	39.7	18.5	21.0	22.5	19.1	28.5	20.4
<b>Gross Profit</b>	<b>1,632</b>	<b>1,354</b>	<b>3,083</b>	<b>1,944</b>	<b>1,965</b>	<b>1,595</b>	<b>3,886</b>	<b>2,336</b>	<b>8,014</b>	<b>9,782</b>
Gross Margin (%)	12.5	11.8	18.7	17.1	12.7	11.5	19.2	17.2	15.3	15.5
<b>EBITDA</b>	<b>672</b>	<b>395</b>	<b>1,811</b>	<b>877</b>	<b>809</b>	<b>491</b>	<b>2,251</b>	<b>991</b>	<b>3,755</b>	<b>4,543</b>
Margin (%)	5.1	3.4	11.0	7.7	5.2	3.5	11.1	7.3	7.2	7.2
Change (%)	22.1	21.2	11.3	31.5	20.4	24.3	24.3	13.0	18.6	21.0
Interest	266	234	283	298	285	266	311	305	1,081	1,167
Depreciation	126	133	158	184	151	159	193	195	601	698
Other Income	94	110	89	128	113	118	110	124	422	465
<b>PBT</b>	<b>375</b>	<b>139</b>	<b>1,459</b>	<b>524</b>	<b>487</b>	<b>184</b>	<b>1,857</b>	<b>614</b>	<b>2,495</b>	<b>3,142</b>
Tax	98	20	366	202	122	46	466	154	685	789
Effective Tax Rate (%)	26.1	14.1	25.1	38.6	25.1	25.1	25.1	25.1	27.5	25.1
<b>Adjusted PAT</b>	<b>277</b>	<b>119</b>	<b>1,093</b>	<b>322</b>	<b>365</b>	<b>138</b>	<b>1,391</b>	<b>460</b>	<b>1,810</b>	<b>2,353</b>
Change (%)	22.7	35.9	5.8	23.6	31.8	15.1	27.2	43.0	14.2	30.0

E: MOFSL Estimates

**Titan Company****Buy****CMP: INR3,400 | TP: INR4,000 (+18%)****EPS CHANGE (%): FY25|26: -4.6|-4.6**

- We expect consol. revenue growth of ~10% YoY in 1QFY25.
- We anticipate jewelry segment revenue growth of ~9% YoY (ex-bullion), with a five-year revenue CAGR of 20%.
- GP margin expected to expand by 50bp YoY to 22.7%.
- There would be pressure on margin due to increase in competition and gold prices.

**Consolidated Quarterly Performance****(INR b)**

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
<b>Stores (Jewelry)</b>	<b>792</b>	<b>844</b>	<b>898</b>	<b>937</b>	<b>974</b>	<b>1,010</b>	<b>1,046</b>	<b>1,079</b>	<b>937</b>	<b>1,079</b>
<b>Net Sales</b>	<b>119.0</b>	<b>125.3</b>	<b>141.6</b>	<b>124.9</b>	<b>130.5</b>	<b>141.5</b>	<b>175.1</b>	<b>144.5</b>	<b>510.8</b>	<b>591.6</b>
YoY change (%)	26.0	36.7	22.0	20.6	9.7	13.0	23.7	15.6	25.9	15.8
<b>Gross Profit</b>	<b>26.4</b>	<b>29.3</b>	<b>32.9</b>	<b>27.9</b>	<b>29.6</b>	<b>32.7</b>	<b>40.8</b>	<b>33.0</b>	<b>116.5</b>	<b>136.1</b>
Margin (%)	22.2	23.4	23.3	22.3	22.7	23.1	23.3	22.8	22.8	23.0
<b>EBITDA</b>	<b>11.3</b>	<b>14.1</b>	<b>15.7</b>	<b>11.9</b>	<b>11.8</b>	<b>16.0</b>	<b>19.0</b>	<b>14.6</b>	<b>52.9</b>	<b>61.4</b>
EBITDA growth %	-5.9	13.2	16.2	9.4	5.3	13.1	21.5	22.2	8.5	16.0
Margin (%)	9.5	11.3	11.0	9.5	9.1	11.3	10.9	10.1	10.4	10.4
Depreciation	1.3	1.4	1.5	1.6	1.5	1.6	1.7	1.8	5.8	6.6
Interest	1.1	1.4	1.7	2.0	1.4	1.4	1.4	1.4	6.2	5.5
Other Income	1.1	1.2	1.4	1.6	1.5	1.5	1.6	1.5	5.3	6.1
<b>PBT</b>	<b>10.0</b>	<b>12.5</b>	<b>13.8</b>	<b>9.9</b>	<b>10.4</b>	<b>14.5</b>	<b>17.6</b>	<b>12.9</b>	<b>46.2</b>	<b>55.4</b>
Tax	2.5	3.4	3.3	2.2	2.6	3.5	4.3	3.1	11.3	13.5
Rate (%)	24.6	26.9	23.6	22.2	25.0	24.4	24.4	23.8	24.4	24.4
<b>Adjusted PAT</b>	<b>7.6</b>	<b>9.2</b>	<b>10.5</b>	<b>7.7</b>	<b>7.8</b>	<b>10.9</b>	<b>13.3</b>	<b>9.9</b>	<b>35.0</b>	<b>41.9</b>
YoY change (%)	-4.3	9.6	15.5	4.8	3.5	19.6	26.3	27.8	6.8	19.9

E: MOFSL Estimates

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NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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