

Consumer



Tepid volumes & elevated input costs impact earnings print

3QFY25 earnings performance for staples is expected to be lacklustre with festive season/weak base failing to bring any acceleration on the volume growth. Rural is seeing a gradual recovery, which along with moderation in urban consumption, grammage cuts (in foods) and delayed winters (for Skin care, healthcare segment) have impacted the volume growth. Some of this was partly known from cautious commentary of staples players post 2QFY25 results. Value growth is estimated to be higher than volumes growth as pricing has turned positive (due to price hikes & anniversarisation of price cuts), after decline for past 4 quarters. For 2HFY25, while sales growth (+ 7% yoy) for staples players is expected to be better, operating profit is likely to be weaker (low-single-digit yoy) vs 1HFY25 and vs our earlier estimates primarily on account of higher than anticipated gross margin compression. Hence for staples peers we have cut our earnings by 2-7% over FY25-27E, with higher cuts for foods players. Going ahead, how urban consumption and RM basket (some moderation seen in palm oil, stable crude prices) shapes up will be key. We expect staples coverage (ex-ITC) earnings to grow at 13% CAGR over FY25-27E. Valuations at c.50x NTM PE are closer to 10 year average. While some of the issues are transient in nature, it is difficult to gauge the time period it will last for. Given volatile environment, we stay selective – prefer Varun Beverages, Marico, ITC within our coverage universe.

- Festive season fails to lift volume growth for staples:** Contrary to expectations of festive led improvement in underlying volumes for Staples, the quarter has been challenging with demand trends remaining weak – our channel checks and pre-quarter commentaries from staples players suggests that volume growths have moderated on sequential basis (barring Marico), despite favourable base. Rural is seeing recovery (although gradual), urban consumption is seeing moderation (Exhibit 9-13). This apart, grammage cuts (especially in Foods to offset some impact of high RM costs) and delayed winters (even base quarter had mild winters) too had impact on certain segments (Healthcare for Dabur, Skincare for HUL). On the Discretionary space, as per our checks and pre-quarter updates, the underlying trends have remained buoyant in certain pockets like Jewellery (Titan/Kalyan), Value Fashion (healthy SSSG registered by V-Mart, V2 Retail), Alcobev and Cigarettes.
- Price hikes to aid higher revenue growth (vs Q2), inflation in agri-commodities and scale-deleverage to impact profitability:** With pricing turning positive (especially in Foods & Personal Care – Exhibit 4), revenue growth for staples (ex-ITC) is expected to be higher at 6% yoy in 3QFY25 (vs c.3.6% in 2QFY25). Normalised sales growth on 2yr/5yr CAGR has not seen any acceleration. We expect Marico/TCPL to outperform with mid-teen sales growth, Bikaji/Colgate/GCPL (domestic) are likely to see moderation in sales growth vs 1H trends while rest of the staples pack is expected to see low to mid-single digit sales growth in Q3. Within discretionary, we expect VBL sales growth of c.42% yoy (organic sales growth c.5-6%), ITC-Cig sales growth of 7% yoy (volume growth of 3%) & flattish sales for Asian Paints. On the operating profit front, we expect EBITDA margin compression for all the staples players (on account of RM inflation led GM compression & weak operating leverage). EBITDA growth for staples (ex-ITC) is expected to be flattish on yoy basis for Q3, with margin compression of c.130bps yoy.
- 2H unlikely to be better than 1H:** For staples players, while sales growth (c.7%) is likely to be higher (led by higher pricing growth) vs 1HFY25, it is lower vs our earlier expectations (of high single digit) with volume growth acceleration remaining elusive. Moreover, the impact of RM inflation is also estimated to be higher (indicative from pre-quarter commentaries of staples players) than envisaged. As a result, EBITDA growth is likely to be in low single digits for 2HFY25, lower vs 1HFY25 as well as vs our earlier expectations (of mid-high single digit). (Exhibit 8)
- Key near term monitorables:** a) For staples players, sales growth is expected to be key earnings driver, estimated to contribute to >75% of FY26E incremental EBITDA. For our staples coverage universe, we are building acceleration in sales growth from mid-single

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digit in FY25E to high single digit in FY26E (a combination of improvement in volumes and higher pricing growth). b) RM basket has been inflationary (JM Proprietary FMCG RM Index up 6% yoy in Q3) primarily driven by agri-commodities (Copra,wheat,Palm Oil,Tea,coffee), partially offset by benign crude prices (down c.10% yoy in Q3). Price hikes typically come with a lag and are not commensurate to input cost inflation in certain segments (especially Foods & Soaps where RM inflation is steep). We are building a modest margin expansion for FY26E for staples peers. Hence how pervasive is the urban slowdown and how RM basket behaves will be the key monitorable over next 2-4 quarters.

- **Earnings trimmed factoring weaker Q3:** We tweak our estimates (Exhibit 19) as we build 3Q expectations (lower volume growth and impact of RM inflation on margins). For FY25E, material downgrades are in Bikaji (c.13%, impact of inflation in palm oil), Honasa (c.29%, muted growth/margins in 2H & recovery likely from FY26 onwards) and TCPL (c.11%, impact of inflation in tea prices). For most of the other staples players we have cut our earnings by 2-4% over FY25-27E, factoring higher input costs. As a result, there is commensurate change in TP for the coverage universe too (Exhibit 20).

Exhibit 1. 3QFY25E Earnings preview for coverage universe

Company	Sales (INR mn)			EBITDA (INR mn)			Adj PAT (INR mn)		
	3QFY25E	3QFY24	YoY	3QFY25E	3QFY24	YoY	3QFY25E	3QFY24	YoY
HUL	154,550	149,280	3.5%	36,281	35,400	2.5%	25,530	25,412	0.5%
Dabur	33,205	32,459	2.3%	6,692	6,678	0.2%	5,244	5,142	2.0%
GCPL	37,156	36,228	2.6%	7,738	8,407	-8.0%	5,208	5,862	-11.2%
Marico	27,868	24,220	15.1%	5,354	5,130	4.4%	4,031	3,830	5.3%
Colgate	14,848	13,864	7.1%	4,663	4,684	-0.4%	3,276	3,301	-0.8%
Britannia	44,046	41,918	5.1%	7,598	8,211	-7.5%	5,161	5,586	-7.6%
TCPL	44,451	38,039	16.9%	5,667	5,724	-1.0%	3,117	3,426	-9.0%
ITC	190,023	174,828	8.7%	63,375	60,243	5.2%	53,553	51,078	4.8%
Asian Paints	90,301	90,749	-0.5%	17,180	20,561	-16.4%	11,984	14,477	-17.2%
Varun Beverages	37,902	26,677	42.1%	6,075	4,183	45.2%	1,984	1,320	50.3%
Bikaji	6,802	6,239	9.0%	742	750	-1.0%	444	466	-4.8%
Honasa	5,097	4,882	4.4%	173	345	-49.7%	179	259	-31.0%
DOMS	4,575	3,716	23.1%	824	693	18.7%	468	373	25.4%
EMIL	19,386	17,745	9.2%	1,202	1,153	4.3%	447	458	-2.3%
Staples*	356,124	336,009	6.0%	73,995	74,234	-0.3%	51,567	52,559	-1.9%

Source: Company, JM Financial,*Aggregate of HUL,Dabur,GCPL,Marico,Colgate,TCPL and Britannia

Exhibit 2. Volume growth acceleration remains elusive...

Volume growth	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25E
HUL	5.0%	4.0%	3.0%	2.0%	2.0%	2.0%	4.0%	3.0%	2.0%
Dabur (Domestic)	-3.0%	1.0%	3.0%	3.0%	4.0%	4.2%	5.2%	-9.0%	0.0%
GCPL (Domestic)	3.0%	13.0%	10.0%	4.0%	5.0%	7.0%	8.0%	7.0%	0.0%
Marico (Domestic)	4.0%	5.0%	3.0%	3.0%	2.0%	3.0%	4.0%	5.0%	9.0%
Colgate	-4.0%	-1.0%	5.0%	-2.0%	-1.0%	2.0%	7.5%	7.0%	5.0%
Britannia	3.0%	1.0%	0.0%	0.2%	5.5%	6.0%	8.0%	8.0%	4.0%
ITC – Cigarette	15.5%	12.0%	8.0%	4.0%	-1.8%	2.0%	2.5%	2.7%	3.0%
Asian Paints	0.0%	16.0%	10.0%	6.0%	12.0%	10.0%	7.0%	-0.5%	5.0%

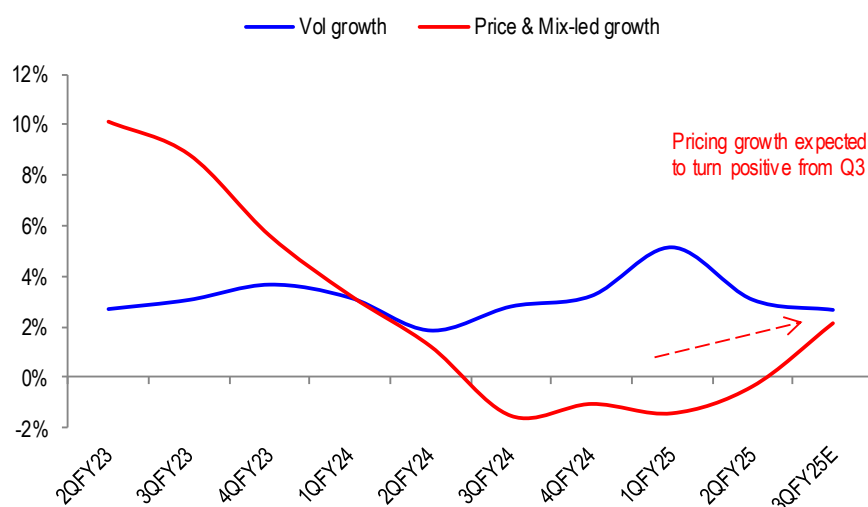
Source: Company, JM Financial

Exhibit 3. ..however positive pricing growth to result in higher sales growth for staples vs 2QFY25

Sales growth (%)	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25E
HUL	16.2%	11.0%	6.5%	3.5%	-0.4%	0.4%	1.6%	1.9%	3.5%
Dabur	3.4%	6.4%	11.0%	7.3%	7.0%	5.1%	7.0%	-5.5%	2.3%
GCPL	9.0%	9.6%	10.5%	6.1%	1.5%	6.1%	-3.1%	2.2%	2.6%
Marico	2.6%	3.7%	-3.2%	-0.8%	-1.9%	1.7%	6.7%	7.6%	15.1%
Colgate	0.8%	3.7%	10.8%	6.1%	8.2%	10.4%	13.0%	10.0%	7.1%
Britannia	16.2%	10.9%	8.6%	0.8%	2.2%	3.1%	4.0%	4.5%	5.1%
TCPL	8.3%	14.0%	12.5%	11.0%	9.5%	8.5%	16.3%	12.9%	16.9%
ITC	2.9%	6.1%	-7.3%	3.4%	2.1%	2.0%	7.3%	16.0%	8.7%
Asian Paints	1.7%	10.9%	6.7%	0.3%	5.4%	-0.6%	-2.3%	-5.3%	-0.5%
Staples* (Ex-ITC/Asian Paints)	11.5%	9.9%	7.6%	4.3%	2.1%	3.1%	4.4%	3.6%	6.0%

Source: Company, JM Financial. Sales growth computation excludes other operating income, *Aggregate of HUL,Dabur,GCPL,Marico,Colgate,TCPL and Britannia

Exhibit 4. Pricing growth expected to be positive in 3QFY25E



Source: Company, JM Financial

Exhibit 5. Gross margin performance expected to remain weak due to inflationary trends (especially for Foods & Soaps players)

Gross margins (%)	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25E
HUL	46.6%	47.8%	49.2%	51.9%	50.6%	51.3%	50.9%	50.4%	49.9%
Dabur	45.3%	45.6%	46.4%	48.2%	48.5%	48.4%	47.6%	49.2%	48.5%
GCPL	50.7%	52.5%	53.3%	54.5%	55.4%	55.9%	55.6%	55.4%	54.2%
Marico	44.9%	47.4%	50.0%	50.5%	51.3%	51.6%	52.3%	50.8%	49.0%
Colgate	65.6%	66.6%	68.2%	68.6%	72.0%	69.1%	70.4%	68.4%	70.5%
Britannia	42.3%	43.1%	41.3%	42.1%	43.0%	44.1%	41.8%	40.2%	40.5%
TCPL	41.5%	41.8%	42.2%	42.5%	43.8%	46.1%	44.9%	43.6%	41.4%
Asian Paints	38.6%	42.5%	42.9%	43.4%	43.6%	43.7%	42.5%	40.8%	42.0%
Staples (Ex-ITC/Asian Paints)*	46.5%	47.6%	48.4%	50.2%	50.2%	50.9%	50.1%	49.5%	48.8%

Source: Company, JM Financial, *Aggregate of HUL,Dabur,GCPL,Marico,Colgate,TCPL and Britannia

Exhibit 6. ..which along with weak operating leverage to result in moderation in operating profitability across staples players

EBITDA growth (%)	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25E
HUL	7.9%	7.0%	8.4%	9.4%	0.1%	-1.0%	2.4%	-1.3%	2.5%
Dabur	-2.8%	-9.6%	11.2%	10.0%	9.5%	13.9%	8.3%	-16.4%	0.2%
GCPL	3.9%	27.6%	23.4%	29.9%	15.7%	17.9%	12.7%	7.9%	-8.0%
Marico	5.8%	13.6%	8.7%	14.8%	12.5%	12.5%	9.1%	5.0%	4.4%
Colgate	-5.0%	5.2%	28.4%	18.2%	29.6%	17.8%	21.6%	3.2%	-0.4%
Britannia	51.5%	45.7%	37.6%	22.6%	0.4%	-1.7%	9.4%	-10.2%	-7.5%
TCPL	-1.7%	15.2%	19.2%	23.8%	26.2%	23.0%	22.4%	16.6%	-1.0%
ITC	22.0%	18.9%	10.7%	3.0%	-3.2%	-0.8%	0.7%	4.8%	5.2%
Asian Paints	4.5%	29.2%	36.3%	39.8%	27.6%	-9.3%	-20.2%	-27.8%	-16.4%
Staples (Ex-ITC/Asian Paints)*	8.5%	11.9%	14.2%	14.5%	6.6%	5.5%	7.8%	-0.8%	-0.3%

Source: Company, JM Financial, *Aggregate of HUL,Dabur,GCPL,Marico,Colgate,TCPL and Britannia

Exhibit 7. Operating margin compression expected across all staples companies

EBITDA margin (%)	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25E
HUL	23.6%	23.7%	23.6%	24.6%	23.7%	23.4%	23.8%	23.8%	23.5%
Dabur	20.1%	15.4%	19.4%	20.7%	20.6%	16.6%	19.6%	18.3%	20.2%
GCPL	20.4%	20.2%	18.8%	19.7%	23.2%	22.5%	21.9%	20.8%	20.8%
Marico	18.5%	17.5%	23.2%	20.1%	21.2%	19.4%	23.7%	19.6%	19.2%
Colgate	28.2%	33.7%	31.8%	33.0%	33.8%	35.9%	34.2%	30.9%	31.4%
Britannia	19.9%	20.6%	17.4%	20.0%	19.6%	19.6%	18.2%	17.2%	17.3%
TCPL	13.1%	14.1%	14.6%	14.4%	15.0%	16.0%	15.3%	14.9%	12.7%
ITC	36.3%	36.1%	37.1%	34.4%	34.5%	35.1%	34.8%	31.1%	33.4%
Asian Paints	18.7%	21.2%	23.1%	20.2%	22.6%	19.4%	18.9%	15.4%	19.0%
Staples (Ex-ITC/Asian Paints)	21.2%	21.2%	21.2%	22.0%	22.1%	21.6%	21.9%	21.1%	20.8%

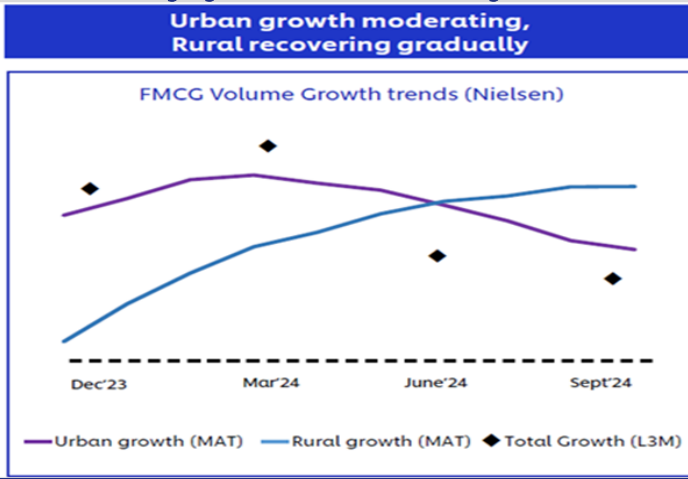
Source: Company, JM Financial

Exhibit 8. 2HFY25 expectations: Pricing actions to aid improvement in sales growth, while margins/profitability remains weaker vs. 1HFY25

Company	Sales growth (YoY)		Gross margin		EBITDA growth (YoY)		EBITDA margin	
	1HFY25	2HFY25E	1HFY25	2HFY25E	1HFY25	2HFY25E	1HFY25	2HFY25E
HUL	1.8%	4.0%	51.8%	51.4%	0.5%	3.7%	23.8%	23.5%
Dabur	0.7%	3.7%	48.7%	48.8%	-4.6%	3.0%	19.0%	18.6%
Colgate	11.4%	7.1%	70.0%	70.1%	11.7%	0.1%	32.5%	32.6%
Britannia	4.3%	6.1%	43.5%	43.1%	-1.6%	-4.4%	17.7%	17.7%
Marico	7.1%	13.8%	51.5%	49.2%	7.2%	3.0%	21.6%	18.4%
GCPL	-0.4%	4.1%	56.0%	55.3%	10.2%	-4.1%	21.3%	21.1%
TCPL	14.6%	17.4%	44.3%	42.1%	19.5%	-0.3%	15.1%	13.2%
Total	4.0%	6.7%	50.8%	50.0%	3.4%	1.3%	21.5%	20.8%

Source: Company, JM Financial

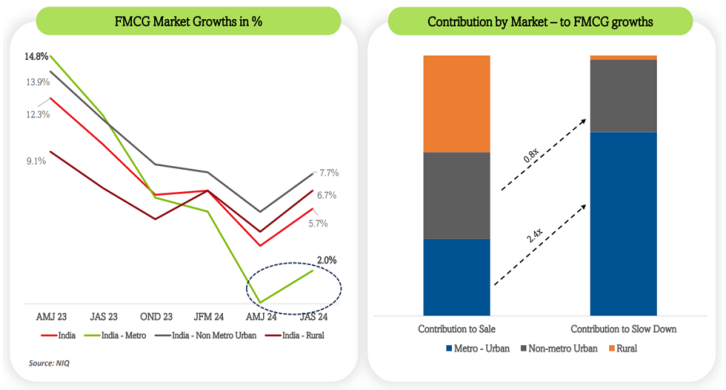
Exhibit 9. HUL highlighted moderation in urban growth in Q2FY25



Source: HUL's 2QFY25 Earnings Presentation, JM Financial

Exhibit 10. Britannia too echoed similar concern about urban (especially in Metro markets) ...

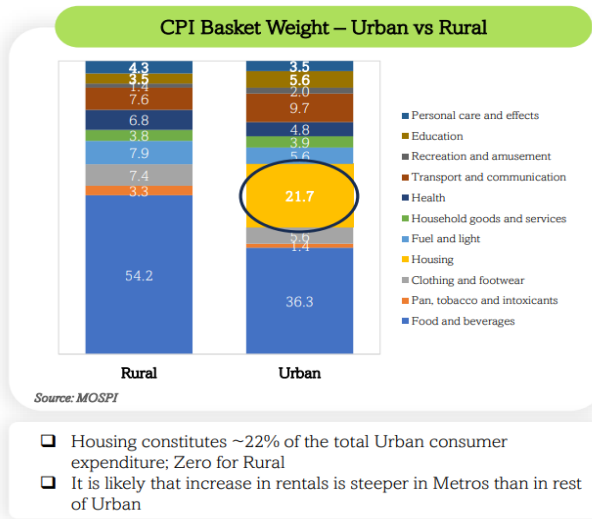
Slowdown in Urban led by Metros



Source: Britannia's 2QFY25 Earnings Presentation, JM Financial

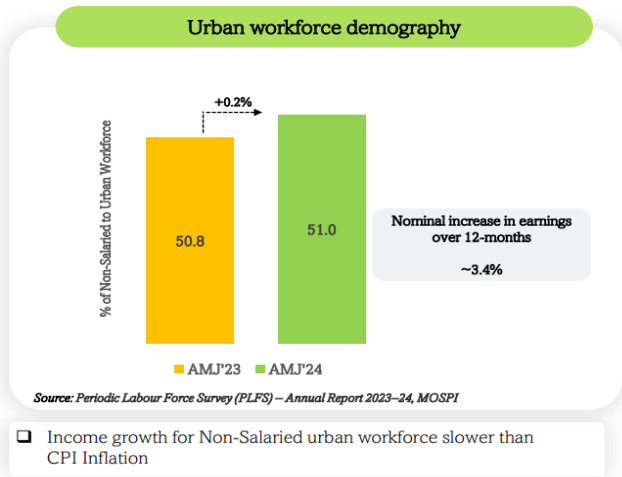
Exhibit 11. ...led by rising housing cost and slower income growth

Low income growth for >50% of Urban working population...



Source: MOSPI

- ❑ Housing constitutes ~22% of the total Urban consumer expenditure; Zero for Rural
- ❑ It is likely that increase in rentals is steeper in Metros than in rest of Urban

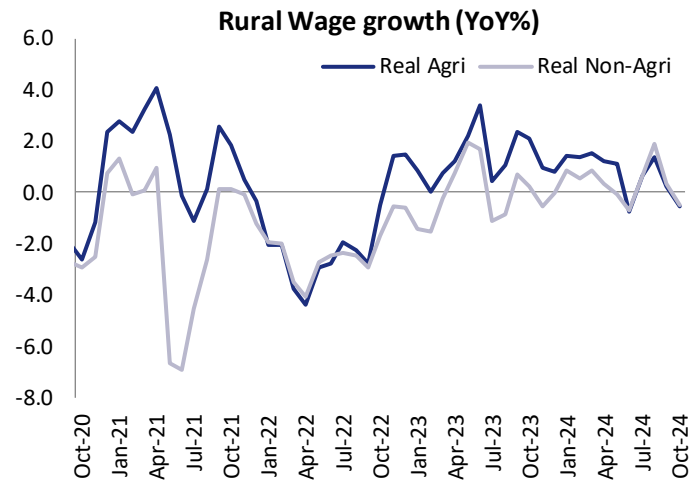


Source: Periodic Labour Force Survey (PLFS) - Annual Report 2023-24, MOSPI

- ❑ Income growth for Non-Salaried urban workforce slower than CPI Inflation

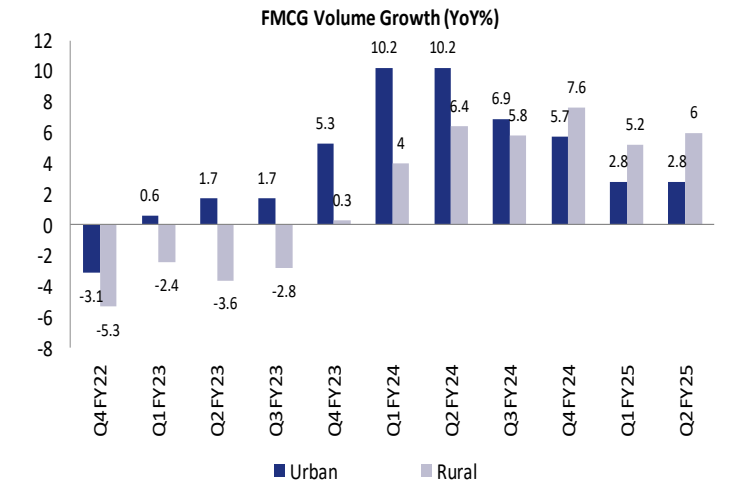
Source: Britannia's 2QFY25 Earnings Presentation, JM Financial

Exhibit 12. Rural wages did not keep pace with inflation



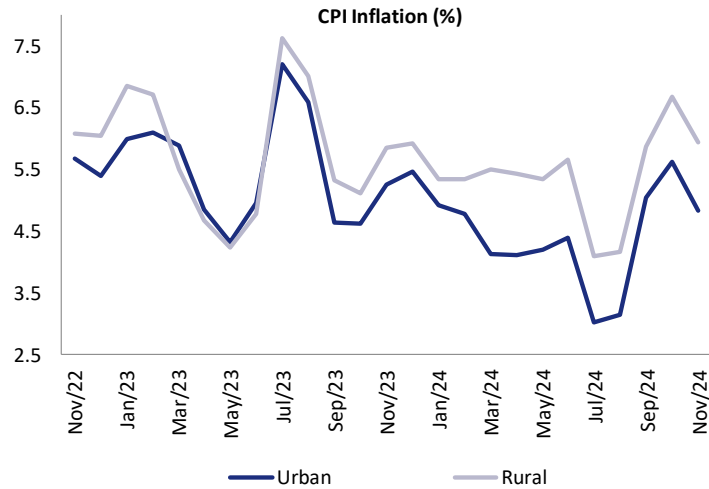
Source: CMIE, JM Financial

Exhibit 13. Rural demand continues to outpace urban demand



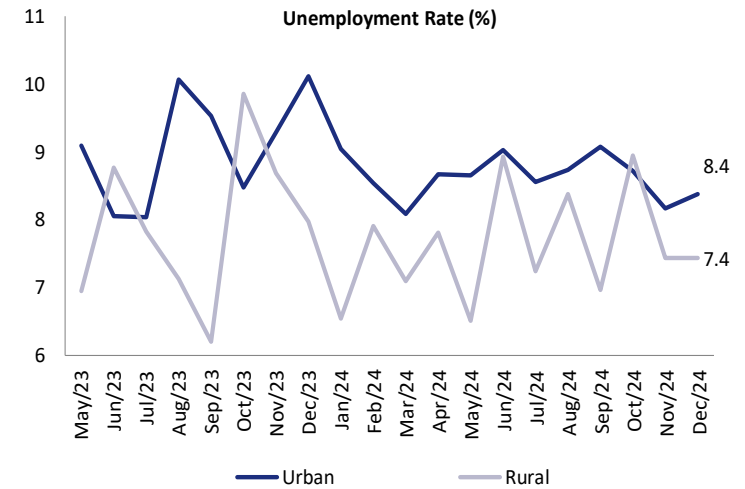
Source: Nielsen IQ, JM Financial

Exhibit 14. Inflation in rural areas elevated vs. urban areas



Source: CMIE, JM Financial

Exhibit 15. Unemployment rate stable in 2024



Source: CMIE, JM Financial

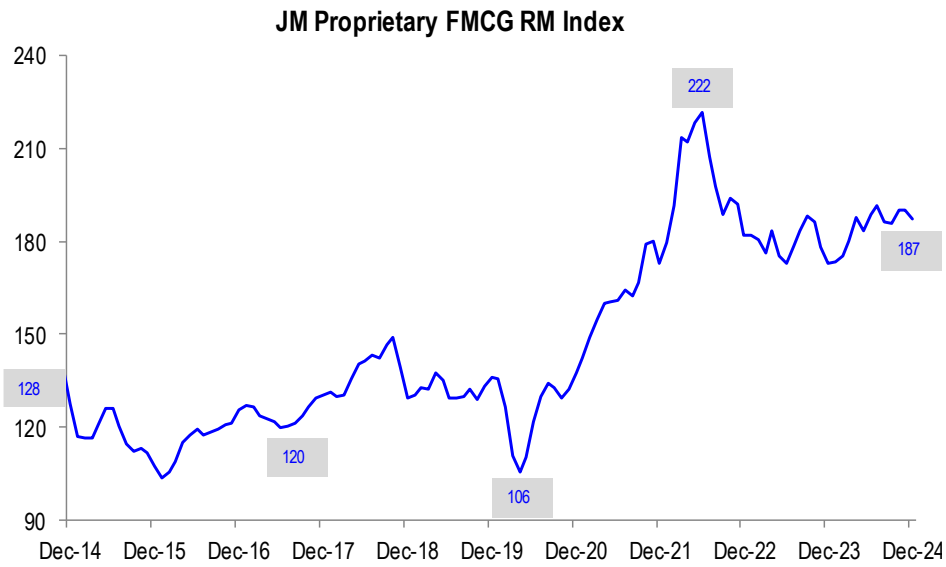
Exhibit 16. 3QFY25 expectations for JMF consumer coverage companies

(INR mn)

	3QFY25E	3QFY24	YoY	2QFY25	Key growth assumptions	Expectation
Asian Paints						
Sales	90,301	90,749	-0.5%	80,030	Vols +5% offset to a large extent by	Mid-single-digit volume growth given weak demand, entirely offset by adverse price/mix. Price hikes to aid GM expansion qoq, however, adverse mix & negative operating leverage to result in margin compression on yoy basis.
EBITDA	17,180	20,561	-16.4%	12,395	adverse mix	
EBITDA margin %	19.0%	22.7%	-363 bps	15.5%		
Adjusted Profit	11,984	14,477	-17.2%	8,233		
Bikaji Foods						
Sales	6,802	6,239	9.0%	7,040	GPM:-300bps yoy	Ethnic snacks sales expected to grow in low-double-digit, packaged sweets to see decline. GM & EBITDAM (ex-PLI) sharply down, owing to impact of high palm oil prices.
EBITDA	742	750	-1.0%	1,067	EBITDA ex-PLI: -21% yoy	
EBITDA margin %	10.9%	12.0%	-111 bps	15.2%	EBITDAM ex-PLI: -330bps yoy	
Adjusted Profit	444	466	-4.8%	692		
Britannia						
Sales	44,046	41,918	5.1%	45,662	Biscuits Vol: +4%, Pricing: 1%	We forecast 4% volume growth, lower vs 1H owing to grammage cuts, pricing to turn positive. Higher input costs & lack of operating leverage to result in EBITDA decline on yoy basis.
EBITDA	7,598	8,211	-7.5%	7,834	GPM -250bps yoy	
EBITDA margin %	17.3%	19.6%	-234 bps	17.2%		
Adjusted Profit	5,161	5,586	-7.6%	5,316		
Colgate						
Sales	14,848	13,864	7.1%	16,092	Vols: +5%, Pricing/Mix +2%	Demand trends weaker compared to 1H, we forecast mid-single-digit volume growth, high gross margin base & increased brand investment to result flattish EBITDA on yoy basis.
EBITDA	4,663	4,684	-0.4%	4,974	GPM: -150bps yoy	
EBITDA margin %	31.4%	33.8%	-238 bps	30.9%		
Adjusted Profit	3,276	3,301	-0.8%	3,951		
Dabur						
Sales	33,205	32,459	2.3%	30,200	India Vols flat.	Consol sales growth of low-single-digit as mid-single-digit growth in HPC is offset by flat growth in Healthcare and decline in Foods. Weak operating leverage to result in flattish EBITDA on yoy basis
EBITDA	6,692	6,678	0.2%	5,526		
EBITDA margin %	20.2%	20.6%	-42 bps	18.3%	GPM flat yoy	
Adjusted Profit	5,244	5,142	2.0%	4,250		
DOMS						
Sales	4,575	3,716	23.1%	4,578	Organic sales growth of +15%	Organic sales growth of 15% and Unican sales to drive overall revenue performance, margins to see some compression on yoy basis owing to consolidation of lower margin Unican business
EBITDA	801	693	15.5%	859	Unican consolidation to result in margin	
EBITDA margin %	17.5%	18.7%	-116 bps	18.8%	compression on yoy basis	
Adjusted Profit	451	373	20.9%	513		
EMIL						
Sales	19,386	17,745	9.2%	13,861	Store count +24% yoy	Revenue growth impacted by weak demand post festive season. Moderation in growth for Mobiles, deflation in panel TVs and decline in washing machines.
EBITDA	1,202	1,153	4.3%	839	stable GM yoy	
EBITDA margin %	6.2%	6.5%	-29 bps	6.1%		
Adjusted Profit	447	458	-2.3%	245		
Godrej Consumer						
Sales	37,156	36,228	2.6%	36,471	India Sales +5%	India sales growth in mid-single-digit, muted volumes in Soaps (due to steep hikes) and HI (due to adverse season). Indonesia sales resilient. High palm oil inflation to impact standalone & consol margins.
EBITDA	7,738	8,407	-8.0%	7,596	International sales down 1% yoy	
EBITDA margin %	20.8%	23.2%	-238 bps	20.8%	GPM: -120bps yoy; OPM: -240bps	
Adjusted Profit	5,208	5,862	-11.2%	4,956		
Honasa Consumer						
Sales	5,097	4,882	4.4%	4,618	Mamaearth to see decline	With transition underway, revenue growth expected to be soft. Gross margins are likely to remain stable, however, negative operating leverage to impact EBITDA performance.
EBITDA	173	345	-49.7%	-307	New brands to grow 30%+	
EBITDA margin %	3.4%	7.1%	-366 bps	-6.6%		
Adjusted Profit	179	259	-31.0%	-186		
HUL						
Sales	154,550	149,280	3.5%	153,190	UVG: +2%; Pricing +1.5%	Volume growth to remain muted (weakness in soaps,tea, foods,winter portfolio), pricing to improve. Higher RM cost to impact margins resulting in lower growth in EBITDA.
EBITDA	36,281	35,400	2.5%	36,470	GM down 100bps yoy	
EBITDA margin %	23.5%	23.7%	-24 bps	23.8%		
Adjusted Profit	25,530	25,412	0.5%	26,240		
ITC						
Sales	190,023	174,828	8.7%	203,600	Cig vols +3% and EBIT +6.3%	Cig volume to remain resilient at +3% resulting in sales growth of +7%, EBIT growth lower due to RM inflation. FMCG sales & margins to moderate given weak demand and high RM prices.
EBITDA	63,375	60,243	5.2%	63,352	FMCG sales +6% & EBIT -7%	
EBITDA margin %	33.4%	34.5%	-111 bps	31.1%	Hotels Revenue +13%	
Adjusted Profit	53,553	51,078	4.8%	50,795	Agri/Paper sales: +20%/+5%	
Marico						
Sales	27,868	24,220	15.1%	26,640	Parach Vols: +3.5%	Stable volumes in core segment, strong growth in Foods & Personal care along with price hikes in Parachute,Saffola to drive revenue growth. High copra prices led GM compression to impact EBITDA growth on yoy basis.
EBITDA	5,354	5,130	4.4%	5,220	VAHO Vols: -1%; Saffola Vols flat	
EBITDA margin %	19.2%	21.2%	-197 bps	19.6%	GPM -230bps yoy	
Adjusted Profit	4,031	3,830	5.3%	4,230		
Tata Consumer Products						
Sales	44,451	38,039	16.9%	42,145	India Tea: low single digit vol growth	Recovery in India tea performance, scale up in recent acquisitions and stable international beverage performance to drive overall revenue growth (organic growth:8%). Sharp inflation in tea prices to result in EBITDA seeing marginal decline on yoy basis.
EBITDA	5,667	5,724	-1.0%	6,263	India Foods: +32% yoy	
EBITDA margin %	12.7%	15.0%	-230 bps	14.9%	Intl Beverages +7% yoy	
Adjusted Profit	3,117	3,426	-9.0%	3,761		
Varun Beverages						
Sales	37,902	26,677	42.1%	48,047	India vol:+6% yoy	Mid-single-digit volumes in India & international (organic) coupled with additional volumes coming from scale up in SA & DRC to drive overall revenue growth.
EBITDA	6,075	4,183	45.2%	11,511	International organic vol: +5% yoy	
EBITDA margin %	16.0%	15.7%	35 bps	24.0%		
Adjusted Profit	1,984	1,320	50.3%	6,196		

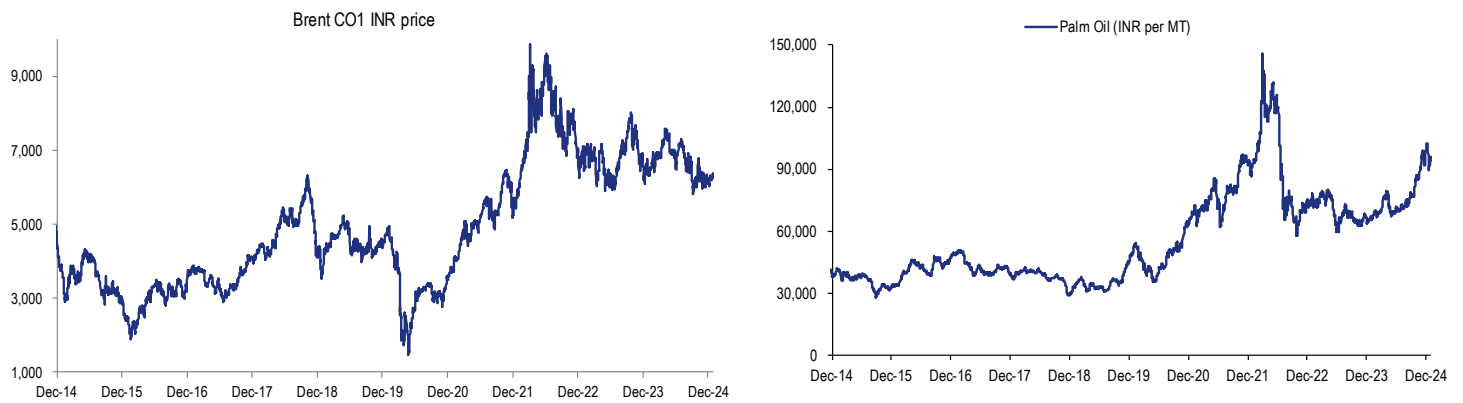
Source: Companies Data, JM Financial

Exhibit 17. JM Proprietary FMCG RM Index was up 5-6% yoy and largely stable qoq (+0-1%) during Dec-Q



Source: Companies Data, Bloomberg, JM Financial

Exhibit 18. Crude oil prices at reasonable levels now (c.16% lower vs recent high) whilst Palm-oil has seen steep inflation (c.44% higher vs recent low)



Source: Bloomberg, JM Financial

Exhibit 19. Revision in estimates

HUL	Revised			Earlier			Change (YoY)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Sales (INR mn)	627,575	677,531	736,295	630,717	684,978	748,619	-0.5%	-1.1%	-1.6%
EBITDA (INR mn)	150,885	164,799	180,924	151,475	166,607	184,703	-0.4%	-1.1%	-2.0%
PAT (INR mn)	105,554	115,796	127,327	106,008	117,196	130,246	-0.4%	-1.2%	-2.2%
EPS (INR)	44.9	49.3	54.2	45.1	49.9	55.4	-0.4%	-1.2%	-2.2%
Colgate	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Sales (INR mn)	62,014	67,807	74,167	62,989	68,883	75,353	-1.5%	-1.6%	-1.6%
EBITDA (INR mn)	20,133	22,478	24,671	20,860	23,027	25,277	-3.5%	-2.4%	-2.4%
PAT (INR mn)	14,730	16,109	17,717	15,278	16,527	18,179	-3.6%	-2.5%	-2.5%
EPS (INR)	54.2	59.2	65.1	56.2	60.8	66.8	-3.6%	-2.5%	-2.5%
Dabur	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Sales (INR mn)	126,982	138,182	150,625	128,845	140,755	154,271	-1.4%	-1.8%	-2.4%
EBITDA (INR mn)	23,751	26,642	29,324	24,479	27,549	30,504	-3.0%	-3.3%	-3.9%
PAT (INR mn)	18,259	20,361	22,481	18,820	21,060	23,390	-3.0%	-3.3%	-3.9%
EPS (INR)	10.3	11.5	12.7	10.6	11.9	13.2	-3.0%	-3.3%	-3.9%
GCPL	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Sales (INR mn)	142,893	158,529	175,089	144,284	160,223	177,280	-1.0%	-1.1%	-1.2%
EBITDA (INR mn)	30,338	35,183	40,368	30,912	36,238	41,492	-1.9%	-2.9%	-2.7%
PAT (INR mn)	19,959	25,758	30,145	20,528	26,693	31,168	-2.8%	-3.5%	-3.3%
EPS (INR)	19.5	25.2	29.5	20.1	26.1	30.5	-2.9%	-3.5%	-3.4%
Marico	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Sales (INR mn)	106,115	118,019	130,432	105,088	116,844	129,116	1.0%	1.0%	1.0%
EBITDA (INR mn)	21,213	24,344	27,667	21,605	24,809	28,098	-1.8%	-1.9%	-1.5%
PAT (INR mn)	15,867	17,644	19,806	16,169	17,998	20,139	-1.9%	-2.0%	-1.7%
EPS (INR)	12.3	13.7	15.4	12.5	14.0	15.6	-1.9%	-2.0%	-1.7%
Britannia	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Sales (INR mn)	174,348	192,451	211,871	177,605	196,253	215,887	-1.8%	-1.9%	-1.9%
EBITDA (INR mn)	30,777	34,901	38,823	32,002	36,309	40,270	-3.8%	-3.9%	-3.6%
PAT (INR mn)	21,017	24,403	27,511	21,900	25,455	28,597	-4.0%	-4.1%	-3.8%
EPS (INR)	87.2	101.3	114.2	90.9	105.7	118.7	-4.0%	-4.1%	-3.8%
TCPL	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Sales (INR mn)	175,875	193,896	214,484	175,006	193,550	213,959	0.5%	0.2%	0.2%
EBITDA (INR mn)	24,986	28,461	32,678	26,980	30,164	34,013	-7.4%	-5.6%	-3.9%
PAT (INR mn)	13,282	17,005	20,416	14,995	18,335	21,490	-11.4%	-7.3%	-5.0%
EPS (INR)	13.4	17.2	20.6	15.2	18.5	21.7	-11.4%	-7.3%	-5.0%
Bikaji	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Sales (INR mn)	26,085	30,474	35,894	26,542	31,034	36,560	-1.7%	-1.8%	-1.8%
EBITDA (INR mn)	3,574	4,307	5,200	4,053	4,742	5,716	-11.8%	-9.2%	-9.0%
PAT (INR mn)	2,362	3,025	3,766	2,726	3,370	4,184	-13.3%	-10.2%	-10.0%
EPS (INR)	9.5	12.1	15.1	10.9	13.5	16.7	-13.3%	-10.4%	-9.8%
Honasa	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Sales (INR mn)	20,204	23,423	27,228	21,188	25,603	30,893	-4.6%	-8.5%	-11.9%
EBITDA (INR mn)	583	1,668	2,613	911	1,807	2,953	-36.0%	-7.7%	-11.5%
PAT (INR mn)	617	1,357	2,054	868	1,471	2,314	-28.9%	-7.8%	-11.2%
EPS (INR)	1.9	4.2	6.3	2.7	4.5	7.1	-28.9%	-7.8%	-11.2%

Source: Company, JM Financial

Exhibit 20. Change in Target price post earnings revision

Company	Change in TP	
	Revised	Earlier
HUL	2,807	2,870
Colgate	2,865	2,870
Dabur	557	580
GCPL	1,420	1,415
Marico	705	720
Britannia	5,550	5,610
TCPL	1,145	1,235
Bikaji	860	960
Honasa	340	410
ITC	550	530

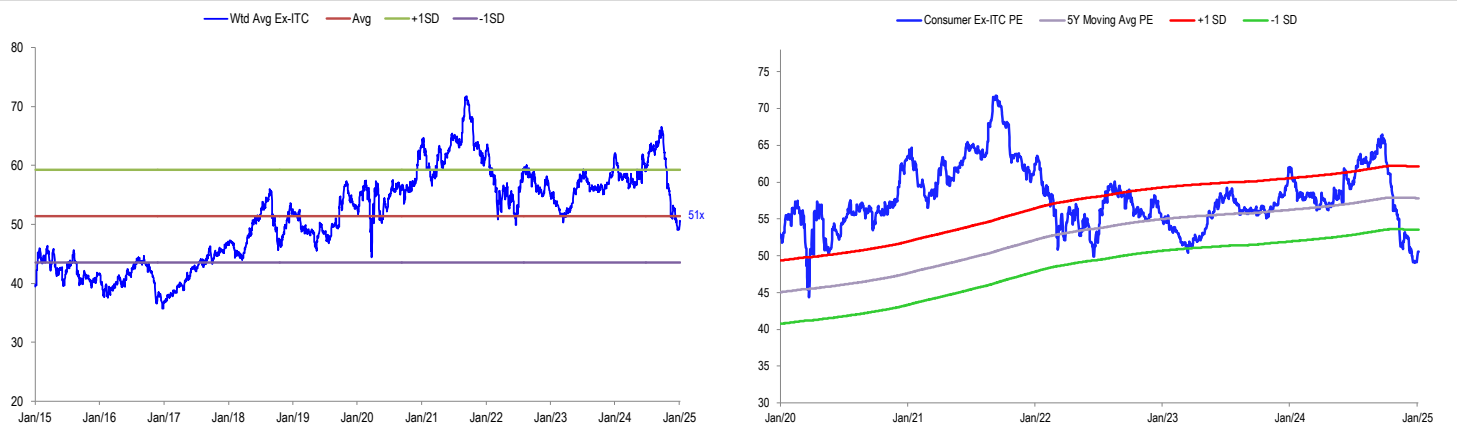
Source: Company, JM Financial

Exhibit 21. Valuation metrics

Company	CMP (INR)	TP (INR)	Upside	Rating	EPS (INR)			PE (x)			FY25-27E (CAGR)		
					FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	Sales	EBITDA	EPS
Asian Paints	2,334	2,512	7.6%	SELL	45.5	51.1	58.1	51.3	45.7	40.2	11.7%	11.1%	13.0%
Bikaji Foods	748	860	15.0%	BUY	9.5	12.1	15.1	79.1	61.8	49.6	17.3%	20.6%	26.3%
Britannia	4,835	5,550	14.8%	BUY	87.2	101.3	114.2	55.4	47.7	42.3	10.2%	12.3%	14.4%
Colgate	2,820	2,738	-2.9%	HOLD	54.2	59.2	65.1	52.1	47.6	43.3	9.4%	10.7%	9.7%
Dabur	525	557	6.1%	HOLD	10.3	11.5	12.7	50.9	45.7	41.4	8.9%	11.1%	11.0%
DOMS Industries	2,768	3,000	8.4%	BUY	33.9	40.8	49.7	81.6	67.8	55.7	22.3%	20.1%	21.0%
Electronic Marts	165	244	47.9%	BUY	5.4	6.2	7.3	30.4	26.5	22.6	15.2%	15.6%	16.1%
GCPL	1,116	1,420	27.2%	BUY	19.5	25.2	29.5	57.2	44.3	37.9	10.7%	15.4%	22.9%
Honasa Consumer	253	340	34.4%	BUY	1.9	4.2	6.3	133.0	60.5	39.9	16.1%	111.7%	82.5%
HUL	2,406	2,807	16.7%	BUY	44.9	49.3	54.2	53.6	48.8	44.4	8.3%	9.5%	9.8%
ITC	482	550	14.1%	BUY	16.8	18.4	20.0	28.7	26.2	24.1	8.5%	9.7%	9.1%
Marico	660	705	6.8%	BUY	12.3	13.7	15.4	53.7	48.3	43.0	10.9%	14.2%	11.7%
TCPL	938	1,145	22.1%	BUY	13.7	17.2	20.6	68.3	54.6	45.5	10.4%	14.4%	22.6%
Varun Beverages	652	725	11.2%	BUY	7.8	10.9	13.1	83.4	59.6	49.8	18.7%	18.1%	29.1%

Source: Company, JM Financial

Exhibit 22. Consumer sector valuations have corrected and are at 10 year average and below 5 year moving average



Source: Companies Data, JM Financial

APPENDIX I

JM Financial Institutional Securities Limited

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Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
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