

Consumer Goods

Optical uplift ahead; growth sustenance key

Sector Report

▶ QUARTERLY REVIEW ▶

November 9, 2023

NIFTY 50: 19,395

FMCG sector valuations (ex-ITC), trending near the last 10Y avg fwd P/E of 49x, are holding up on the hope of demand recovery in 2H and thus aiding double-digit earnings ahead, as the margin-led earnings story is largely at play. While we see continued recouping of margin ahead, recovery in demand may require players to pass-on raw-material benefits for accelerating volume growth. Q2FY24 results do not give us enough reason to change our stock calls, but we reduce topline for FY24E due to muted demand. We still prefer GCPL, Dabur, Britannia, ITC, Emami; we avoid Colgate and have a HOLD on HUL, Marico.

Our FMCG universe noted a lackluster topline, but at the back of better margin delivery earnings stood better than expectations. With shift in trade loading from Sep to Oct for the festive/winter portfolios, Q3FY24 topline performance is likely to improve. FMCG players are banking on the trend sustaining beyond Q3. As per AC Nielsen data, the sector's Q2FY24 volume growth is 8.6%; and we see players increasing focus on volume delivery. Double-digit earnings delivery sustained in Q2, aided by better margin delivery, which is a factor of limited price-cuts in an easing raw-material scenario.

Topline performance muted for our universe; sector growth decent at 9%

Overall topline show for our coverage universe was subdued, with a low single-digit miss. In Q2, our FMCG universe saw sales growth impact from the festive loading shifting to Q3 and from the price-hike anniversarization. Rural has seen recovery on a low base, but demand rebound is missing. Urban continues to do well on the back of accelerated growth in the modern trade and ecommerce channels. Foods & Beverages continues to outgrow the Home and Personal-care categories. This is in sharp contrast to the sector growing 9% (as reported by Nielsen), wherein small and regional players have seen healthy offtake. Unlike Domestic being afflicted by muted demand, International markets are offering FMCG players robust double-digit, constant-currency growth.

Better margin continues to aid earnings

In a muted demand setting amid easing raw-material prices, FMCG companies have largely maintained product prices. This has helped in a better than expected gross-margin delivery. While some players have utilized gross-margin benefits to further A&P spending, our overall coverage universe has seen healthy EBITDA margin expansion. Improved margin and higher yield have led to better than expected earnings in Q2FY24. Also, higher than estimated non-operating income further aided the earnings delivery.

Double-digit EPS growth firms-up valuation; demand recovery key to re-rating

FMCG sector valuations have been range-bound, due to a suppressed topline and margin-led earnings. Going into FY25, it would be key for FMCG players to revive topline growth, as margin rebound has largely crowned in FY24. Demand recovery would be a re-rating catalyst, while the slow momentum could trigger a de-rating if margin support diminishes. For our coverage universe, we prefer GCPL, Dabur, Britannia, ITC and Emami. We maintain HOLD on HUL and Marico, while retaining SELL on Colgate.

Rating, Target Price and Valuation

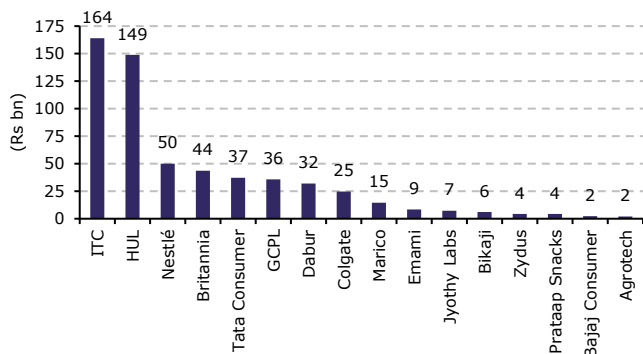
	Rating	CMP (Rs)	TP (Rs)	Upside (%)	P/E (x)		EV/EBITDA (x)	
					FY25	FY26	FY25	FY26
Britannia Industries	BUY	4,671	5,250	12	46.1	39.8	31.5	27.8
Colgate-Palmolive	SELL	2,138	1,800	(16)	43.2	40.0	29.2	27.8
Dabur India	BUY	539	650	21	40.8	36.3	29.9	26.3
Emami	BUY	511	625	22	26.5	24.0	18.9	16.9
Godrej Consumer Products	BUY	1,016	1,200	18	42.0	36.1	28.7	25.1
Hindustan Unilever	HOLD	2,519	2,800	11	49.5	44.3	34.9	31.2
ITC	BUY	437	525	20	24.2	21.9	18.5	16.8
Marico	HOLD	522	560	7	41.5	37.1	29.4	26.4

Source: Company, Emkay Research

Q2FY24 topline performance sub-par

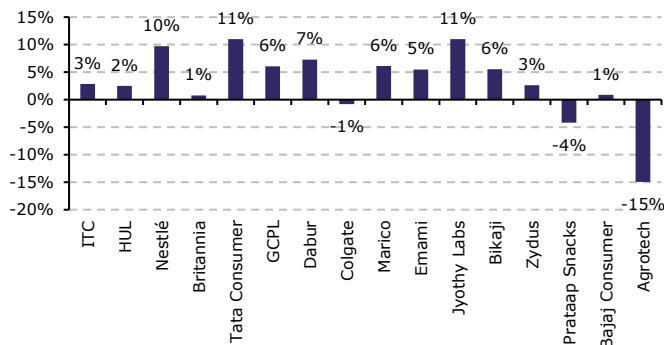
Overall topline performance of our coverage universe was muffled, missing estimates by a low single digit. Q2 volumes of players in our universe were impacted by the festive-loading shifting to Q3 and by price-hike anniversarization. Rural business has seen a recovery on a low base, but demand rebound is missing. Urban business continues to prosper on the back of accelerated growth in the modern trade and ecommerce channels. Foods & Beverages continues to outgrow the Home and Personal-care categories. This is in sharp contrast to the sector growth at 9% reported by Nielsen, wherein small and regional players have seen healthy offtake. Unlike in the dampened demand setting in Domestic markets, FMCG companies have seen a robust double-digit, constant-currency growth in the International markets.

Exhibit 1: Q1FY24 revenue for FMCG companies



Source: Company, Emkay Research

Exhibit 2: Q1FY24 revenue growth for FMCG companies



Source: Company, Emkay Research

Rural demand outlook remains elusive

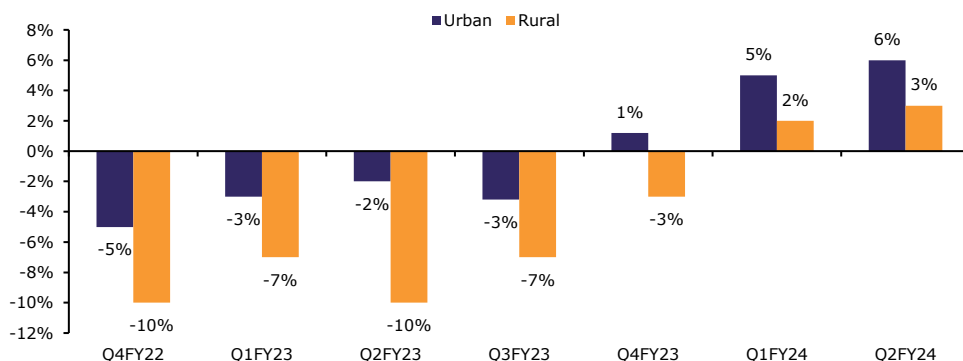
Unlike expectations of accelerated rebound in demand for Rural, trends have broadly remained firm QoQ. Monsoon-deficient states have seen weakness in consumer sentiment, leading to slow recovery in demand.

Exhibit 3: Southwest monsoon — Deviation from normal (for the Jun-Sep period)

(%)	India	Gangetic West Bengal	Bihar	East Uttar Pradesh	West Uttar Pradesh	Punjab	Tamil Nadu^	Coastal Karnataka	South interior Karnataka	Kerala
2019-20	10.4	-19.4	3.2	1.6	-27.4	-7.0	17.5	22.4	23.1	12.7
2020-21	9.2	-9.9	25.1	-6.8	-37.2	-17.1	24.4	19.0	19.7	8.7
2021-22	-0.7	30.7	2.7	3.4	-20.5	-6.5	17.0	-9.5	2.9	-16.1
2022-23	6.5	-25.4	-31.1	-30.4	-25.3	-5.9	45.3	4.9	48.9	-14.0
2023-24	-5.6	-22.4	-23.3	-28.7	3.3	-5.1	7.9	-12.5	-27.5	-34.2

Source: Company, Emkay Research; Note: ^ = Including Karaikal and Puducherry

Exhibit 4: Quarterly volume growth trend across Urban and Rural markets (for HUL categories)



Source: Nielsen (Sourced from HUL), Emkay Research

Delayed festive this year hits trade loading; to benefit Q3

The festive period, which is in general concentrated in Sep-Oct, has seen a shift to the Oct-Nov period in CY2023. As per the management of Dabur, due to this 20-day shift, related stocking has happened in Oct-23 vs Sep-22 in the base year, thus leading to lower sales YoY.

We believe this shift is likely to help in a better delivery in Q3FY24. Additionally, winter-related stocking has also shifted to Q3 this year, where we see additional benefits flowing through. We see an optically better topline growth in Q3 which companies would look to maintain in the following quarters, in our view.

Exhibit 5: Domestic volume growth trends for FMCG companies

	Q220	Q320	Q420	Q121	Q221	Q321	Q421	Q122	Q222	Q322	Q422	Q123	Q223	Q323	Q423	Q123	Q223
HUL	5%	5%	-7%	-8%	1%	4%	16%	9%	4%	2%	0%	6%	4%	5%	4%	3%	2%
Britannia	3%	2%	0%	22%	8%	4%	8%	1%	2%	5%	4%	-2%	5%	1%	1%	0%	0%
GCPL	7%	7%	-15%	3%	5%	7%	29%	15%	4%	0%	-3%	-6%	-5%	2%	13%	12%	11%
Colgate	4%	2%	-8%	-7%	3%	5%	14%	11%	5%	3%	-3%	-3%	-3%	-3%	-2%	5%	0%
Nestlé	6%	6%	5%	-11%	6%	9%	10%	25%	6%	5%	8%	7%	9%	-1%	5%	4%	1%
Dabur	5%	6%	-15%	-10%	17%	18%	25%	34%	10%	2%	2%	5%	1%	-3%	0%	3%	3%
Marico	1%	-1%	-3%	-14%	11%	15%	25%	21%	8%	0%	1%	-6%	3%	4%	5%	3%	3%
Emami	1%	-2%	-19%	-28%	10%	13%	39%	38%	6%	0%	0%	8%	-1%	-4%	2%	3%	2%

Source: Company, Emkay Research

Still awaiting volume recovery

Volume growth for our coverage companies has been subdued owing to: i) muted demand setting, ii) shift in loading for the winter season and festive stocking, and iii) surge in local competition. As highlighted above, Q3 is likely to reflect better volumes, but sustaining momentum in the following quarter would be crucial, in our view.

Exhibit 6: Growth trends across markets and key FMCG players

(%)	All India (Urban + Rural)			Volume growth		Volume growth for staples							
	Value	Price	Volume	Urban	Rural	Britannia	Colgate	Dabur	Emami	GCPL	HUL	Marico	Nestlé
3QFY19	16.3	3.8	12.0	10.0	14.0	7.0	7.0	12.4	3.5	1.0	10.0	5.0	9.4
4QFY19	14.0	3.6	10.0	9.0	11.0	7.0	5.0	4.3	0.0	1.0	7.0	8.0	8.9
1QFY20	10.2	3.8	6.2	6.0	6.0	3.0	4.0	9.6	2.0	5.0	5.0	6.0	10.5
2QFY20	7.3	3.3	3.9	5.4	1.8	3.0	4.0	4.8	2.9	7.0	5.0	1.0	6.4
3QFY20	6.6	3.0	3.5	4.6	2.1	2.0	2.3	5.6	-1.0	7.0	5.0	-1.0	5.5
4QFY20	6.3	3.1	3.1			0.0	-8.0	-14.6	-18.0	-15.0	-7.0	-3.0	5.5
1QFY21	-18.7	-5.4	-14.1	-17.9	-9.2	21.5	-7.0	-9.7	-28.0	3.0	-8.0	-14.0	-11.2
2QFY21	0.9	-0.7	1.6	-4.3	8.9	8.0	3.0	16.8	10.0	5.0	1.0	11.0	6.5
3QFY21	7.1	-0.2	7.3	4.3	11.4	4.0	5.0	18.2	13.0	7.0	4.0	15.0	9.2
4QFY21	9.5	1.4	8.0	6.5	10.0	8.0	14.0	25.4	36.0	29.0	16.0	25.0	10.3
1QFY22	36.9	13.0	21.1	24.4	17.2	1.0	11.0	34.4	38.0	15.0	9.0	21.0	25.2
2QFY22	13.2	11.6	1.4	4.6	-2.5	2.0	4.5	10.0	5.5	4.0	4.0	8.0	6.3
3QFY22	9.6	12.5	-2.6	-0.8	-4.8	5.0	3.0	2.0	0.0	0.0	2.0	0.0	5.0
4QFY22	6.0	10.5	-4.1	-3.1	-5.3	4.0	-3.0	2.0	0.0	-3.0	0.0	1.0	7.8
1QFY23	10.9	11.7	-0.7	0.6	-2.4	-2.0	-2.5	5.0	8.0	-6.2	6.0	-6.0	7.0
2QFY23	9.2	9.9	-0.6	1.7	-3.6	5.0	-3.0	1.0	-1.2	-5.0	4.0	3.0	8.8
3QFY23	7.6	7.9	-0.3	1.7	-2.8	1.0	-2.5	-3.0	-3.9	2.0	5.0	4.0	-0.8
4QFY23	10.2	6.9	3.1	5.3	0.3	1.0	-1.5	2.0	2.0	13.0	4.0	5.0	5.0
1QFY24	12.2	4.4	7.5	10.2	4.0	0.0	4.0	3.0	3.0	12.0	3.0	3.0	4.0
2QFY24	9.0	0.3	8.6	10.2	6.4	0.2	0.0	3.0	2.0	11.0	2.0	3.0	1.0
4Y CAGR	8.0	5.1	2.7	2.9	2.2	3.8	1.1	7.3	4.0	3.6	2.7	6.2	5.6
5Y CAGR	7.8	4.8	2.9	3.4	2.1	3.6	1.7	6.8	3.8	4.3	3.2	5.1	5.8

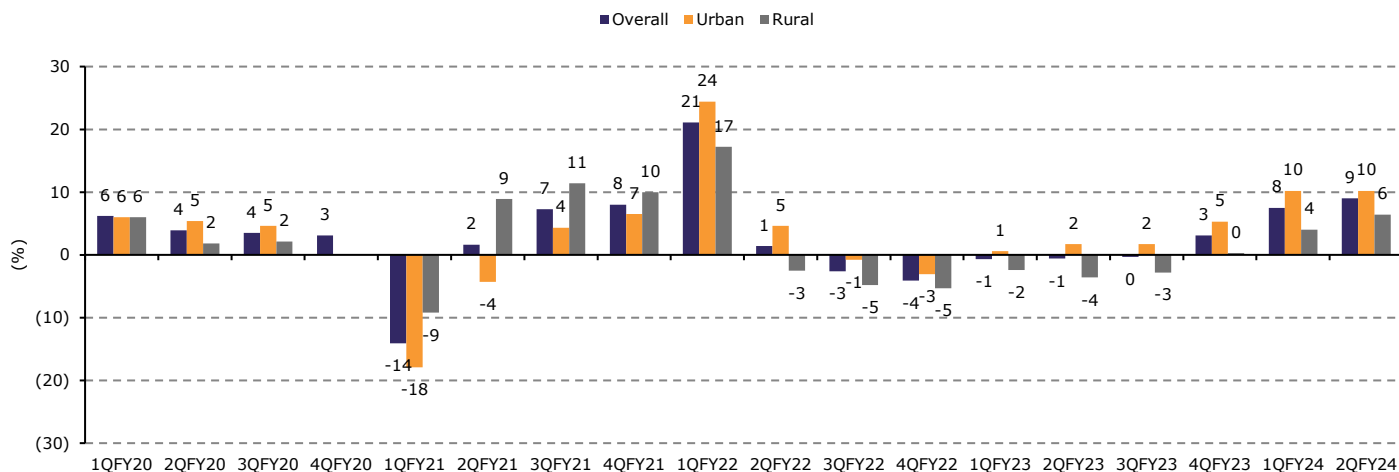
Source: Company, Media (sourced from AC Nielsen), Emkay Research

Performance of large listed FMCG companies has been sub-par in comparison with the sector growth rebound, wherein sales grew 9% with 8.6% volume growth, as per AC Nielsen.

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Exhibit 7: Quarterly volume growth trends for the FMCG sector



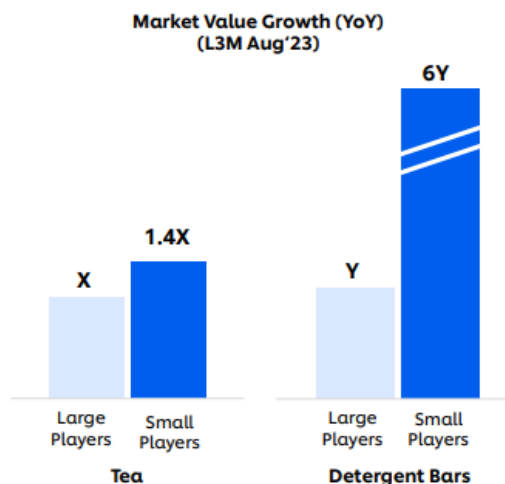
Source: Nielsen, Emkay Research

Local competition continues to corner share

With the raw material situation normalizing, local competition has seen a surge. Better pricing from regional players has made consumers downtrade in select categories, where large corporates are yet to effect price-cuts. This phenomenon is largely visible in non-food categories, as per AC Nielsen.

Some category incumbents believe price-cuts are unlikely to help volume growth and have used this as an opportunity to recoup gross margin. In our view, as volume rebounds (suggested by AC Nielsen data), FMCG will pass-on the raw-material benefits and accelerate the pace of growth.

Exhibit 8: Resurgence of small players in Tea and Detergent bars



Source: Hindustan Unilever

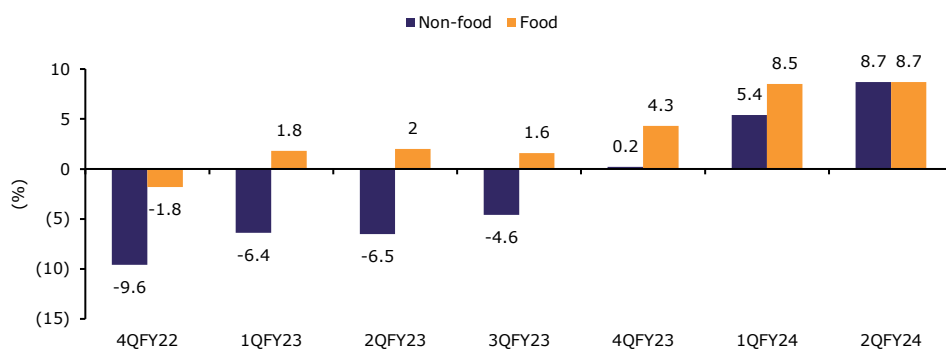
- **HUL:** 60% of the business saw value-share gains, while >75% of the business witnessed share gains in volume terms.
- **Marico:** 85% of the portfolio either sustained or gained market share and penetration on MAT basis.

Food continues with a faster growth pace; catchup seen in Non-Food

Food companies continue to clock better growth vs Home and Personal-care companies which, in our view, is mainly owing to elevated prices of raw material like wheat and milk. Also, post Covid, shift in the consumption trend has been more favorable for packaged-food offerings. Categories like spices, wheat flour, edible oil, chocolates and coffee have seen accelerated growth. We believe continued tailwinds will support food companies register better growth.

As per AC Nielsen, Food categories saw 8.7% volume growth in Q2FY24 (vs. >2% growth in Q3CY22 and >8.5% in Q2CY23). Non-Food category volume growth saw steady improvement to 8.4% YoY in Q3CY23 (vs. -6.5% in Q3CY22 and +5.4% in Q2CY23). Rural market volume growth for Non-Food categories stood at 6.7% YoY (up from 1.4% in Q2CY23). Personal-care category volume growth turned positive for the first time in Rural. Smaller players are growing relatively faster in the Non-Food segments.

Exhibit 9: Quarterly volume growth trend in Food and Non-Food categories



Source: AC Nielsen (Sourced from media reports), Emkay Research

As per AC Nielsen, impulse food segments (like salty snacks, chocolates, and confectionary) sustained strong growth in Q2FY24, while growth recovery (after a gap of five quarters) is seen for habit-forming categories like biscuits, tea, noodles, coffee, etc.

Trade-related stress persists

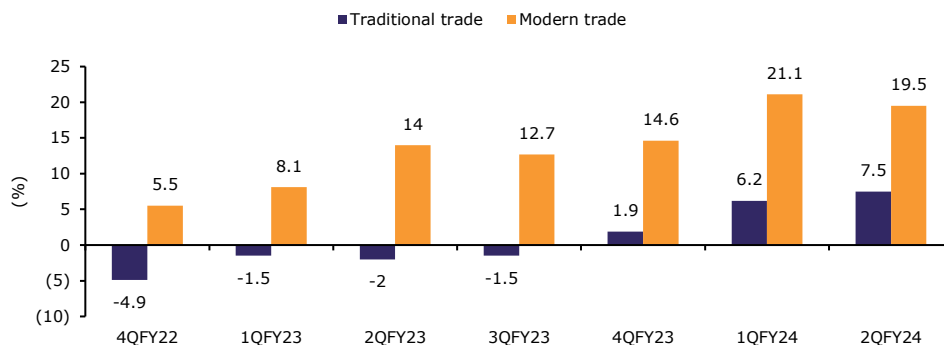
The general trade part of the business has been under stress amid easing product prices. In select categories like Soap and Edible oil—where companies have effected price-cuts, distributors are seeing diminishing returns on investment. This has an impact on the investment by distributors, who have reduced the number of credit days for retail partners. This has a bearing on secondary sales for players.

Exhibit 10: FMCG supply chain overview

	Outlet reach (# of)			Channel-wise revenue break-down					
	Overall GT	Direct GT	% direct	GT Direct	GT Wholesale	GT total	MT	Ecom	Institutional
HUL	9.0	3.0	33%	45%	30%	75%	14%	9%	2%
ITC	7.0	2.5	36%	38%	33%	71%	18%	10%	1%
Dabur	7.9	1.4	18%	50%	29%	79%	12%	9%	0%
Godrej Consumer	6.0	1.0	17%	50%	32%	82%	12%	6%	0%
Colgate	6.5	1.7	26%	50%	35%	85%	9%	5%	1%
Britannia	6.3	2.6	42%	52%	33%	85%	10%	3%	2%
Marico	5.6	1.0	18%	36%	27%	63%	18%	11%	8%
Nestlé	5.2	1.6	31%	56%	27%	83%	10%	7%	1%
Emami	4.9	0.9	19%	43%	35%	78%	9%	9%	3%

Source: Company, Emkay Research

Exhibit 11: Growth trend in the traditional trade and modern trade channels



Source: AC Nielsen (sourced from Media reports), Emkay Research

International growth decent

With an improving macro setting and distribution issues now resolved, FMCG companies have noted better growth in international business. Constant-currency growth has logged in double digits for most coverage companies. GCPL reported growth moderation in Q2 to 2%; this is a factor of the devaluation in Naira—in constant currency terms, growth has been in double digits. Going ahead, managements across companies are positive on the international business outlook.

Exhibit 12: International – Reported revenue growth (YoY)

	Q220	Q320	Q420	Q121	Q221	Q321	Q421	Q122	Q222	Q322	Q422	Q123	Q223	Q323	Q423	Q124	Q224
Marico	8%	8%	-5%	2%	12%	11%	25%	20%	14%	19%	16%	20%	9%	5%	10%	2%	7%
Dabur	3%	12%	0%	-22%	6%	13%	19%	28%	11%	7%	5%	0%	-1%	1%	1%	10%	10%
GCPL	4%	3%	-3%	-9%	12%	9%	22%	31%	7%	9%	5%	3%	5%	6%	5%	13%	2%
Emami	20%	18%	-4%	-18%	11%	26%	28%	17%	-6%	7%	8%	45%	17%	7%	19%	8%	12%

Source: Company, Emkay Research

Margins aid in Q2 earnings beat

FMCG companies have largely maintained product prices, in spite of the stifled demand setting amid easing raw-material prices. This has helped in better-than-expected gross-margin delivery. While some players have utilized gross-margin benefits for increasing their A&P spending, most coverage companies have seen healthy EBITDA margin expansion. Better margin and higher yield have aided better than expected earnings in Q2FY24. Additionally, higher than estimated non-operating income further aided the earnings delivery.

Exhibit 13: Gross margin expansion

(bps)	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
ITC	119	-47	-89	30	-770	-418	-436	-819	-307	-16	-580	-117	-167	-23	756	544	850	33
HUL	4	251	44	142	-222	-145	-24	-117	-139	-142	-186	-301	-309	-580	-463	-84	256	645
Nestlé	-137	-216	-218	-223	-193	54	231	223	67	-239	-216	-313	-304	-292	-206	-159	85	371
Britannia	41	12	-44	-152	124	236	224	80	-296	-502	-518	-243	-182	142	574	688	506	396
GCPL	125	236	44	-97	-286	-61	-167	-198	-210	-616	-439	-558	-558	-194	48	273	715	702
Dabur	-9	142	80	-66	-10	9	31	-35	-131	-204	-205	-130	-224	-346	-283	-163	74	295
Marico	522	561	282	23	138	-163	-223	-513	-785	-556	-318	33	401	117	123	294	494	685
Colgate	-5	-2	59	9	28	339	403	301	301	-130	-316	-84	-282	-308	-73	4	211	502
Emami	-209	111	124	436	231	55	214	-249	-47	-135	-299	-30	-341	-229	-153	76	281	345

Source: Company, Emkay Research

Exhibit 14: EBITDA margin expansion

(bps)	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
ITC	172	182	123	95	-1066	-298	-302	-476	298	10	-388	-1	-1	11	619	423	682	15
HUL	151	294	352	-42	-19	27	-87	146	-114	-46	99	-27	-114	-172	-182	-80	49	54
Nestlé	-107	-163	19	-88	129	177	70	168	-88	-86	47	-238	-295	-238	42	-40	169	225
Britannia	-69	31	94	24	634	361	249	30	-469	-428	-422	-66	-274	77	438	442	365	343
GCPL	127	207	79	-144	91	122	-44	-202	42	-223	-247	-337	-406	-487	-4	329	197	357
Dabur	157	92	70	-260	91	50	9	5	10	-60	29	-92	-188	-191	-129	-271	6	51
Marico	322	270	170	52	298	26	-99	-300	-521	-207	-156	16	159	-14	56	153	253	272
Colgate	9	-178	-105	-237	247	541	253	833	87	-221	-36	13	-325	-23	-174	46	438	337
Emami	108	25	1	-569	487	492	395	378	13	23	-129	-100	-341	-1120	-520	262	74	301

Source: Company, Emkay Research

Exhibit 15: Adjusted PAT growth

	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
ITC	12.6	36.2	33.2	9.1	-26.2	-19.2	-13.7	-4.6	28.6	13.7	12.7	16.2	38.4	20.8	21.0	19.1	17.6	10.3
HUL	11.7	20.4	20.7	-7.6	7.4	11.1	15.4	43.2	4.3	7.5	17.5	8.6	16.7	8.8	12.6	8.2	9.2	7.1
Nestlé	8.0	30.4	15.6	12.1	11.1	-0.2	-0.9	13.1	5.4	3.2	29.8	-0.3	3.9	8.5	5.0	25.0	28.7	19.5
Britannia	3.2	33.8	23.6	26.0	104.7	23.0	22.4	-3.0	-28.7	-23.0	-18.2	4.4	-13.3	28.4	48.9	46.0	34.6	19.3
GCPL	-8.3	7.1	3.8	-19.9	1.7	19.5	14.3	19.6	38.2	4.8	-1.3	-4.0	-16.5	-21.4	13.3	28.9	19.1	17.6
Dabur	14.9	15.5	12.7	4.8	-9.6	10.7	19.2	27.6	28.0	4.7	2.3	0.4	0.7	-2.8	-5.4	-17.8	7.8	7.3
Marico	28.8	16.5	10.0	-3.8	-3.1	20.2	12.9	16.7	12.3	4.0	1.0	5.5	4.2	-2.6	5.8	11.7	15.1	17.3
Colgate	4.3	19.1	8.7	-4.0	17.2	19.7	24.7	63.5	17.7	-1.8	1.6	3.0	-7.1	3.3	-3.6	9.1	35.3	22.3
Emami	23.8	13.7	1.2	-36.8	-9.8	28.9	29.2	97.1	49.5	8.5	4.3	-10.0	-11.3	-29.5	-15.6	27.5	30.0	19.1

Source: Company, Emkay Research

Limited raw material benefit pass-through

While FMCG companies have been proactive in taking price hikes in an inflationary setting, to pass-on the burden to the consumer, players in the deflationary phase are watchful of any price correction. Categories like Biscuits, where the category leader has taken cumulative 22% price hikes, have effected 1.5% price cuts in a deflationary setting.

Given that the price correction is unlikely to help volume growth in a weak demand setting, recouping gross margin is prudent. With the expected volume recovery in Q3FY24, it would be interesting to note how companies balance volumes and margins.

Exhibit 16: Domestic realization growth for FMCG companies (YoY)

	Q220	Q320	Q420	Q121	Q221	Q321	Q421	Q122	Q222	Q322	Q422	Q123	Q223	Q323	Q423	Q123	Q123
HUL	2%	-1%	-2%	1%	2%	3%	4%	3%	7%	9%	10%	12%	12%	10%	7%	4%	2%
Britannia	4%	1%	0%	3%	2%	1%	1%	-1%	5%	9%	11%	11%	18%	17%	13%	10%	2%
GCPL	0%	0%	0%	3%	5%	4%	4%	3%	5%	7%	12%	20%	15%	10%	2%	-3%	-2%
Colgate	1%	2%	1%	3%	2%	2%	6%	1%	1%	1%	4%	5%	6%	3%	5%	7%	6%
Nestlé	2%	2%	3%	3%	4%	2%	1%	1%	1%	1%	3%	9%	9%	11%	13%	8%	6%
Dabur	0%	-1%	-3%	1%	1%	0%	5%	-1%	1%	4%	6%	5%	7%	8%	5%	5%	0%
Marico	-4%	-4%	-5%	-1%	-3%	3%	12%	14%	16%	12%	4%	2%	-2%	-2%	-3%	-8%	-6%
Emami	2%	0%	3%	7%	-19%	-19%	-28%	4%	3%	3%	3%	5%	2%	5%	-1%	4%	2%

Source: Company, Emkay Research

Spot raw material continues to see moderation

The overall raw-material situation is much more comfortable now, wherein players have been gradually recouping gross margin. In the food basket, milk, wheat and sugar have maintained elevated raw-material prices, while the rest has seen moderation from peak levels. In the non-food basket, prices of LLP have been holding up well, while prices of the remaining raw materials have seen moderation from their peak.

Exhibit 17: Key food raw material prices and movement over different time periods

Commodity	Units	Spot price	Price change			
			1M	3M	6M	12M
Barley	Rs/Quintal	2,146	4.8%	16.1%	-0.1%	-32.5%
Wheat - NCDEX	Rs/Quintal	2,756	6.0%	9.5%	19.9%	1.1%
Wheat International - BBG	USD/bu.	566	1.0%	-10.7%	-10.5%	-32.7%
Sugar	Rs/Quintal	3,930	0.5%	2.9%	7.4%	9.5%
Maize	Rs/Quintal	2,250	7.7%	7.1%	24.3%	-7.2%
Crude Palm oil - Kandla	Rs/10kg	780	1.3%	-5.1%	-11.5%	-16.6%
Crude Palm Oil - Spot	MYR/metric ton	3,649	-0.7%	-3.9%	-10.5%	-13.3%
Crude Palm Oil - Spot	Rs/MT	63,937	-1.2%	-7.3%	-14.5%	-12.9%
Refined Palm Oil - Malaysian	USD/mt	895	0.6%	-12.3%	-10.1%	-14.8%
Soybean oil	Rs/Quintal	9,150	5.2%	-4.7%	-4.7%	-33.7%
Sunflower oil	Rs/mt	85,000	6.3%	-7.6%	-4.5%	-42.6%
Milk - Cons Affairs	Rs/Liter	58	0.4%	1.3%	3.3%	4.6%
Copra - MRCO	Rs/100kg	7,973	-1.8%	3.1%	-1.8%	3.1%
Copra - WPI	Index	151	-1.8%	-1.8%	1.6%	-6.3%
Rice bran Oil	Rs/10kg	765	-2.2%	-22.3%	-2.2%	-22.3%
Sunflower Oil	Rs/10kg	881	-17.1%	-36.8%	-17.1%	-36.8%
Tea (Tea Board)	Rs/kg	175	-0.5%	-2.2%	29.3%	-7.7%
Coffee - Arabica	USD/Kg	4	-1.7%	-11.5%	-17.5%	-31.4%

Source: Company, NCDEX, Tea Board, Ministry of Consumer Affairs, Bloomberg, Emkay Research

Exhibit 18: Key non-food raw material prices and movement over different time periods

Commodity	Units	Spot price	Price change			
			1M	3M	6M	12M
Non-food staple raw material						
Linear alkylbenzene (LAB)	Rs/kg	119	4.0%	0.3%	-7.5%	-12.7%
High-density polyethylene	Rs/kg	124	0.0%	-9.5%	-5.5%	-9.5%
Menthe Oil	Rs/kg	1,010	-1.9%	-2.9%	-15.8%	-15.0%
Crude	USD/barrel	88	-6.5%	3.3%	21.8%	-8.8%
Light Liquid Paraffin (LLP)	Rs/Liter	76	9.8%	7.9%	7.2%	6.5%
Soda Ash	Rs/50kg	1,890	0.0%	-10.6%	-15.6%	-28.0%
Palm Fatty Acid Distillate (PFAD)	USD/MT	766	-0.6%	-6.6%	-0.3%	-2.5%
Caustic Soda	Rs/50kg	2,700	-10.0%	-18.2%	-3.6%	-15.6%

Source: Company, Bloomberg, Emkay Research

Accelerated A&P needs in the business

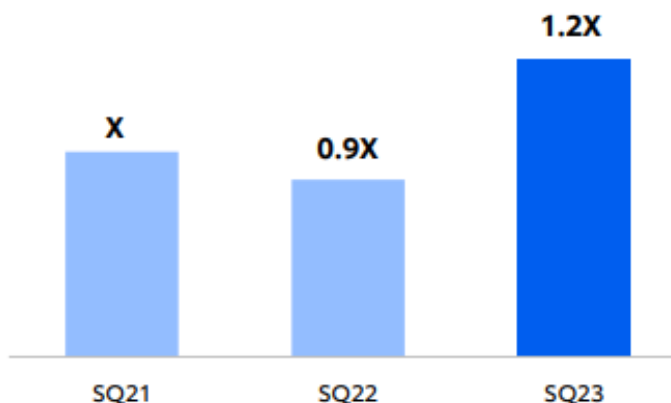
Amid the surge in competition, sustained new launches and expected recovery in demand, FMCG companies have enhanced their A&P spending in Q2FY24. Healthy gross margins have aided recovery in A&P spending.

Exhibit 19: A&P spends across our coverage companies

	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24
As a % of revenue (Sales + other operating income)													
HUL	10%	12%	12%	9%	10%	9%	10%	9%	7%	8%	9%	10%	11%
GCPL	7%	7%	7%	5%	6%	7%	6%	6%	8%	8%	7%	9%	10%
Dabur	8%	10%	7%	7%	7%	8%	6%	6%	5%	6%	6%	7%	7%
Marico	10%	9%	9%	7%	8%	9%	9%	8%	9%	9%	9%	9%	11%
Colgate	13%	16%	12%	14%	14%	12%	11%	14%	11%	13%	11%	14%	14%
Emami	15%	17%	18%	17%	13%	16%	19%	18%	17%	16%	16%	18%	18%
Change in absolute spends (YoY)													
HUL	-5%	19%	21%	28%	7%	-14%	-9%	30%	-14%	1%	0%	12%	65%
GCPL	-2%	11%	51%	41%	-9%	0%	-3%	37%	49%	21%	21%	59%	29%
Dabur	40%	39%	54%	29%	0%	-16%	-2%	-17%	-25%	-24%	1%	30%	43%
Marico	-4%	4%	37%	28%	3%	16%	18%	14%	10%	-1%	3%	7%	26%
Colgate	-6%	38%	-4%	41%	13%	-24%	-1%	2%	-15%	13%	-3%	11%	30%
Emami	3%	12%	36%	84%	-3%	2%	11%	24%	34%	-3%	-13%	11%	9%

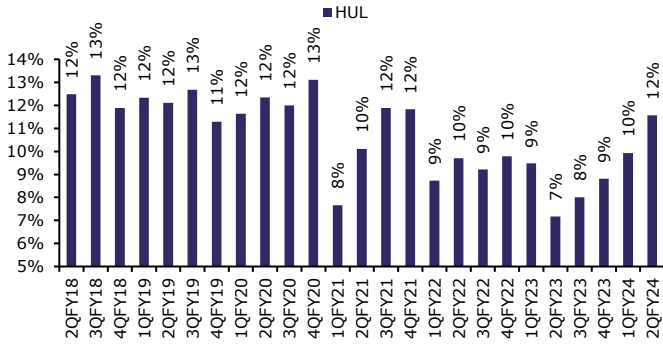
Source: Company, Emkay Research

Exhibit 20: Media GRPs for the FMCG market



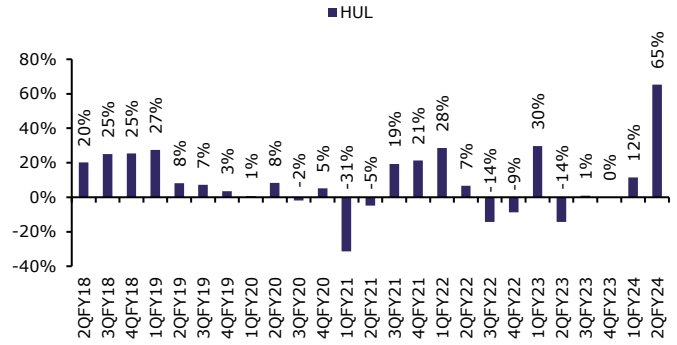
Source: Hindustan Unilever

Exhibit 21: HUL – A&P spends, as a % of sales



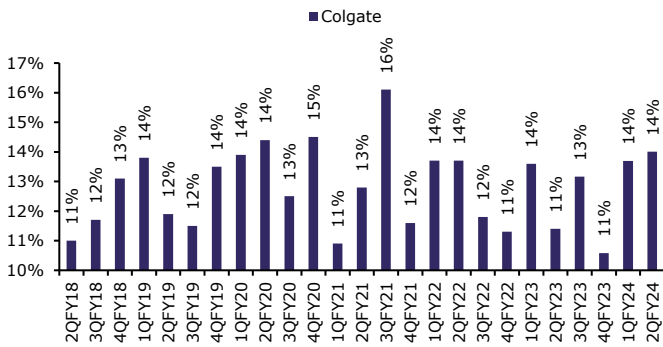
Source: Company, Emkay Research

Exhibit 22: HUL – A&P spends increase



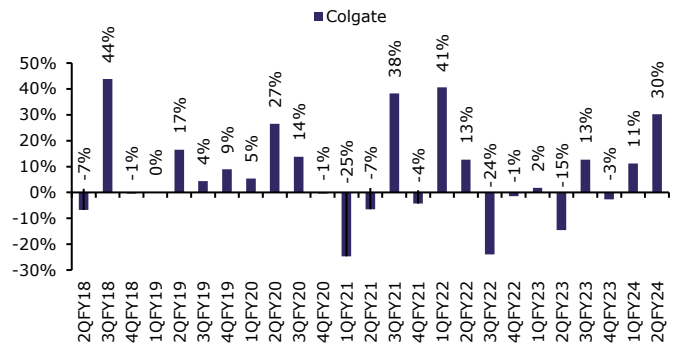
Source: Company, Emkay Research

Exhibit 23: Colgate – A&P spends, as a % of sales



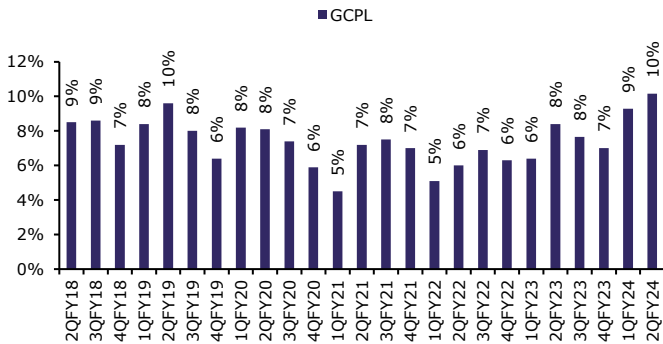
Source: Company, Emkay Research

Exhibit 24: Colgate – A&P spends increase



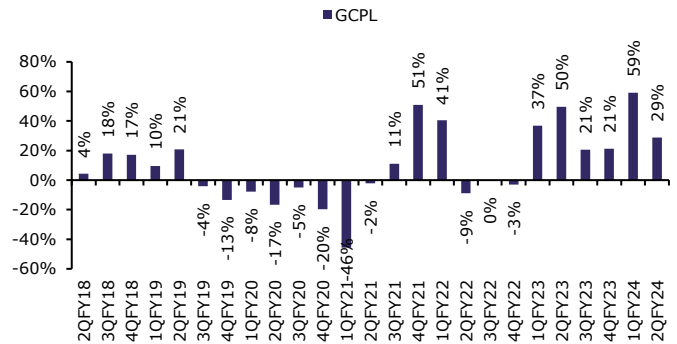
Source: Company, Emkay Research

Exhibit 25: GCPL – A&P spends, as a % of sales



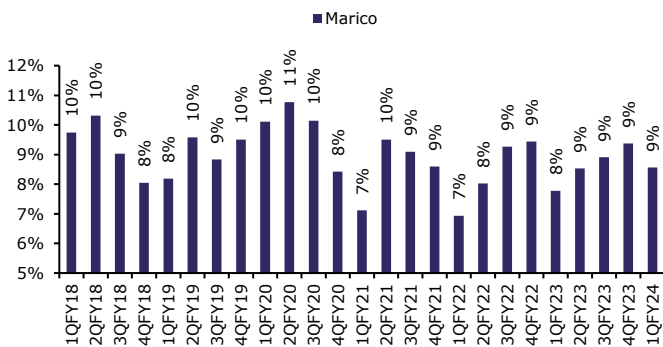
Source: Company, Emkay Research

Exhibit 26: GCPL – A&P spends increase



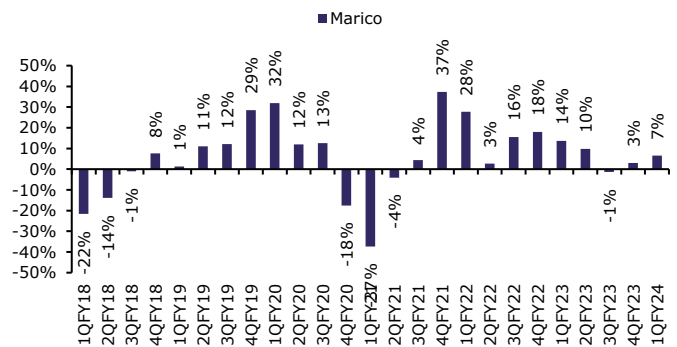
Source: Company, Emkay Research

Exhibit 27: Marico – A&P spends, as a % of sales



Source: Company, Emkay Research

Exhibit 28: Marico – A&P spends increase



Source: Company, Emkay Research

Liquidity aids higher other non-operating income

On the back of healthy liquidity and higher yields, FMCG companies have seen growth acceleration in 'other non-operating income' which partially drove the earnings outperformance in Q2FY23.

Exhibit 29: Other non-operating income, as a % of PBT

	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
ITC	13%	14%	19%	17%	29%	14%	20%	16%	11%	14%	15%	12%	6%	9%	13%	11%	11%	14%
HUL	6%	8%	6%	13%	6%	6%	4%	4%	3%	4%	3%	4%	4%	4%	7%	5%	5%	8%
Nestlé	11%	8%	7%	6%	6%	4%	5%	4%	4%	4%	4%	3%	3%	3%	3%	3%	3%	3%
Britannia	17%	14%	13%	17%	13%	11%	13%	13%	11%	10%	11%	10%	12%	8%	7%	7%	9%	7%
GCPL	6%	5%	4%	12%	5%	2%	2%	3%	4%	4%	4%	6%	6%	8%	6%	10%	12%	10%
Dabur	16%	16%	15%	21%	17%	15%	14%	19%	15%	17%	15%	21%	18%	19%	16%	29%	18%	17%
Marico	6%	10%	8%	12%	4%	7%	6%	10%	6%	6%	5%	7%	3%	5%	9%	11%	8%	8%
Colgate	6%	3%	2%	8%	2%	2%	3%	2%	2%	2%	2%	2%	4%	3%	3%	5%	4%	5%
Emami	9%	7%	6%	16%	6%	3%	3%	26%	7%	5%	5%	18%	4%	5%	2%	7%	5%	5%

Source: Company, Emkay Research

Outlook hinged on demand recovery

Managements' outlook remains positive, based on expectations of rebound in structural growth. The Rural demand setting has seen gradual improvement, but lacks acceleration. This was further affected by monsoon-rainfall deficiency. The Urban demand scenario looks stable and is likely to aid overall growth. Margin is likely to see expansion over the next couple of quarters, and aid growth in earnings.

Q3FY24 to be optically better; demand sustenance key

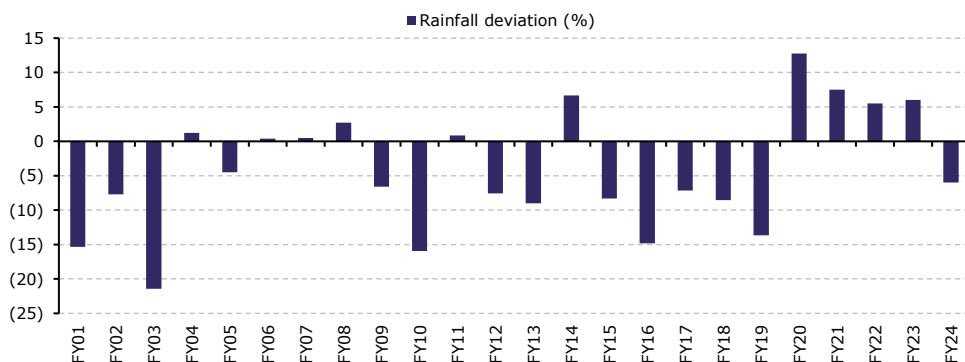
As highlighted in the aforementioned sections, Q3FY24 is likely to be a strong quarter, from the FY24 quarterly-results perspective. Festive- and winter-related loading is likely to aid companies' volume growth. Acceleration in future demand is key, and any slowdown will have a bearing on topline performance. For their domestic business, companies are hopeful of demand recovery, while staying confident of sustaining double-digit, constant-currency growth for their international business.

Monsoon deficit has a bearing on Rural

Monsoon rainfall this year stood 6% lower vs the long-period average. FMCG companies have called out that rain-deficit states are more pressurized than other states. Over the next couple of quarters, improvement in sentiment would be key, wherein elections could come handy, in our view. The recent GoI announcement of free food grain supply continuing for the next five years is comforting, and would support any medium-term demand weakness. As regards Rabi crops, we may see continued stress, given lower reservoir levels.

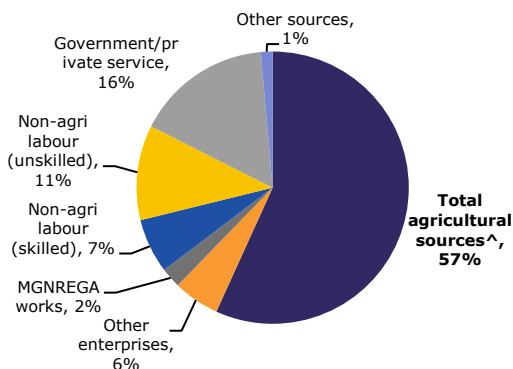
FY24: June saw deficit of 9%, July saw 13% above-average rainfall, August followed with deficit of 36%, and September stood better with 13% excess rains

Exhibit 30: Annual rainfall deficit vs long-period average (for the Jun-Sep period)



Source: IMD, Emkay Research

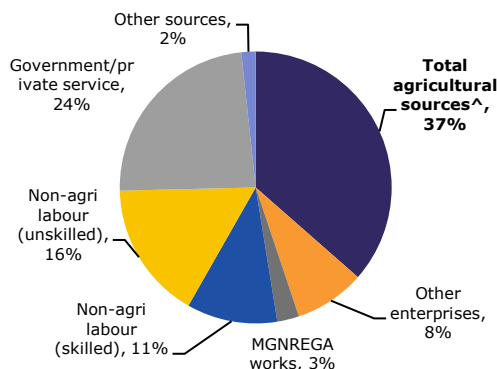
Exhibit 31: Sources of income for agriculture households



Source: NABARD All India Rural Financial Inclusion Survey 2016-17, CMIE Economic Outlook, Emkay Research

^ Includes income from cultivation, livestock rearing and wage from agricultural labour. Figures are for net income after deducting expenses incurred towards pursuing income generating activities like cultivation, livestock rearing and other enterprises

Exhibit 32: Sources of income for all rural households



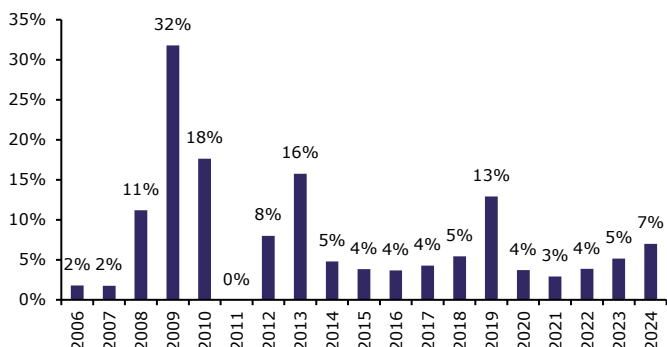
Source: NABARD All India Rural Financial Inclusion Survey 2016-17, CMIE Economic Outlook, Emkay Research

^ Includes income from cultivation, livestock rearing and wage from agricultural labour. Figures are for net income after deducting expenses incurred towards pursuing income generating activities like cultivation, livestock rearing and other enterprises

High MSP to aid better realizations

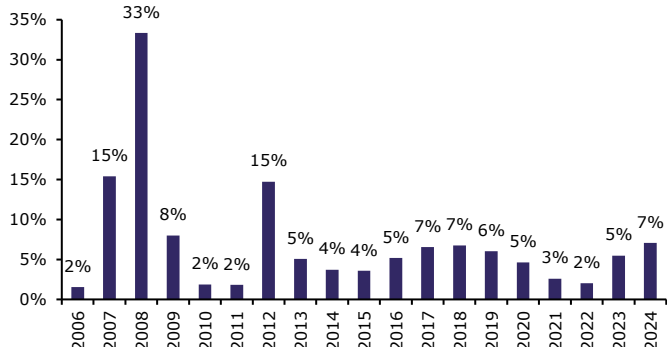
Ahead of the elections, the government has enhanced MSP rates for both, *Kharif* and *Rabi* crops. Despite the climate disturbance, farmers have been able to sustain income levels even in the face of weaker output in the past *Rabi* crop season. *Kharif* output is currently ongoing and has so far seen a mixed response, as per media articles.

Exhibit 33: MSP increases for Rice



Source: GOI, Emkay Research

Exhibit 34: MSP increases for Wheat

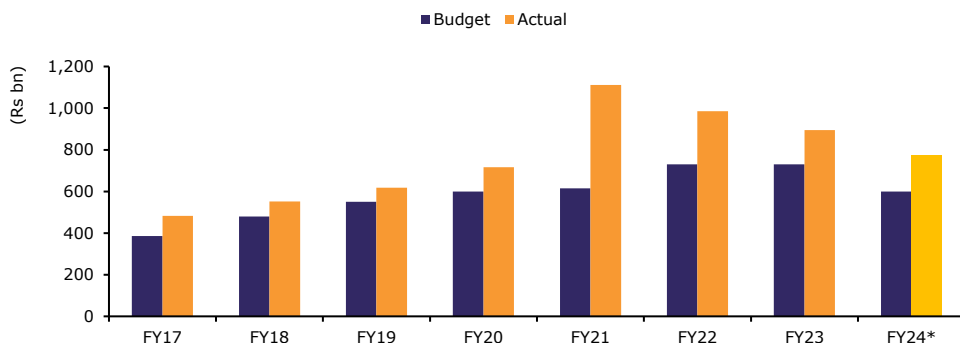


Source: GOI, Emkay Research

MNREGA demand remains buoyant—High capex to aid

Government infra spending has been firm, which helps in generating employment. This works as a better structural demand enabler than any tactical measure. Compared with the Budget estimate of Rs6trillion, spends on MNREGA have already crossed the Rs7.7trillion mark, as of Oct-23. Per media reports, the government is looking to allocate extra funds to the scheme, which in our view will be positive for the rural economy.

Exhibit 35: MGNERA budget estimates and actual spends (for FY24 actual data up to Oct-23)



Source: Media, Emkay Research

* Budget data for FY24, but actual data is for Apr-Oct '23

Modern retail channels continue to do well

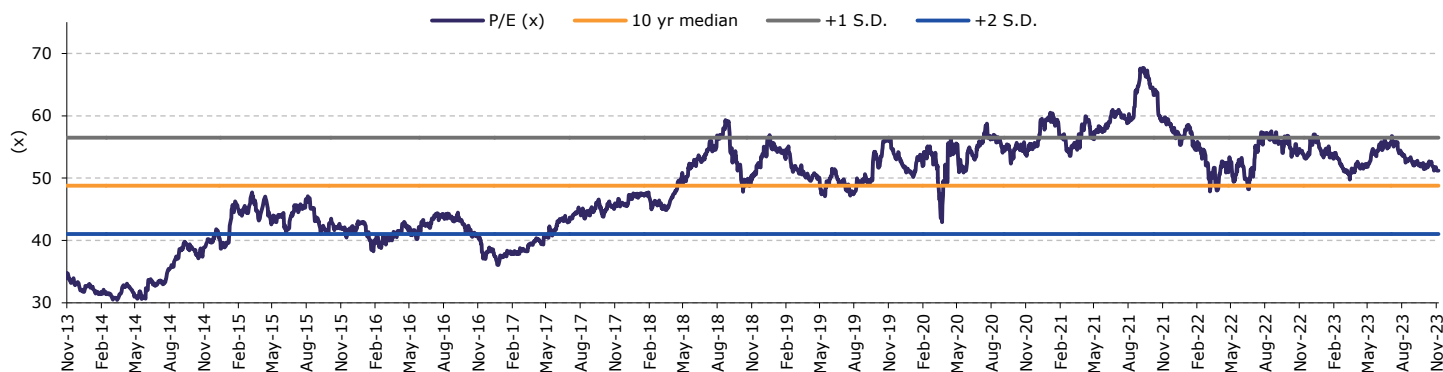
FMCG companies have maintained a positive outlook on modern retail channels like modern trade and ecommerce. These channels largely being used by formal industry participants paves the way for formalization in the sector.

Valuations ask for structural growth recovery

FMCG sector valuations (ex-ITC at 51x PE) have been hovering near the 10-year historical average forward PER of 49x. Despite the volume weakness, sustained valuation has been a factor of double-digit earnings delivery driven by the margin recovery. As companies look to recoup margin in FY24, we see the need for volume recovery in FY25 for upholding the double-digit earnings growth momentum.

Q3FY24 is likely to see an uptick in structural growth on the back of festive loading (shift from Q2), wherein sustenance of momentum would be key. FMCG companies are hopeful of the recovery sustaining beyond Q3FY24. In our coverage universe, we prefer GCPL, Dabur, Britannia, ITC and Emami. We maintain HOLD on HUL and Marico, while maintaining SELL on Colgate.

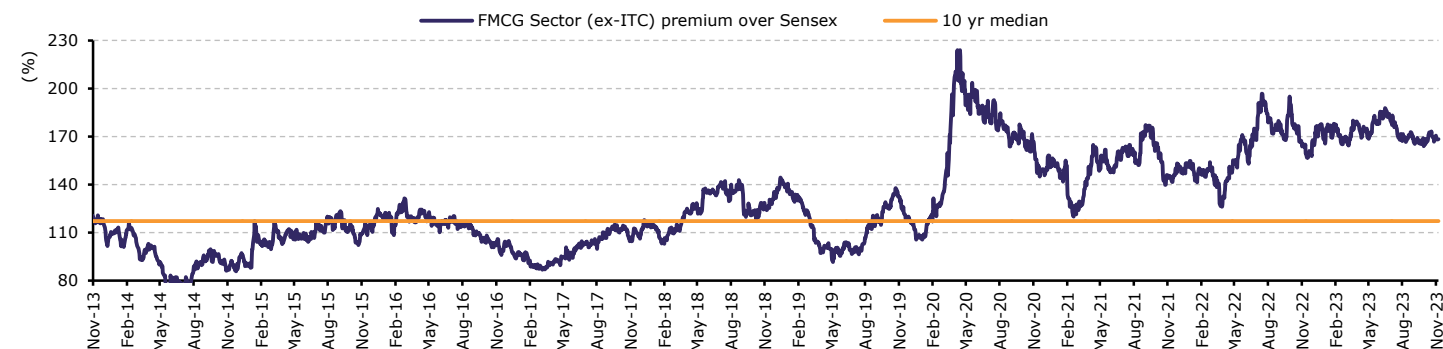
Exhibit 36: One-Year forward PER for the FMCG sector (ex-ITC)



Source: Company, Bloomberg, Emkay Research

Note: We have considered financials for Britannia, Colgate, Dabur, Godrej Consumer, Hindustan Unilever, Marico and Nestlé India; estimates are based on Bloomberg consensus

Exhibit 37: FMCG sector valuation (one-year forward PER) premium over the Sensex



Source: Company, Bloomberg, Emkay Research

Exhibit 38: Earnings growth dependence on topline growth over FY25-26E (On consensus)

	Sales growth			Growth from margin expansion			Other non-operating factors and tax			Earnings growth		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
ITC	9.5%	10.7%	8.6%	0.7%	1.4%	1.0%	1.4%	-0.5%	-0.2%	11.5%	11.7%	9.4%
HUL	7.2%	9.8%	9.4%	2.4%	2.1%	1.1%	1.1%	0.5%	0.2%	10.7%	12.4%	10.7%
Nestle	14.8%	12.2%	11.2%	5.6%	3.5%	1.5%	3.7%	-0.3%	-0.5%	24.0%	15.3%	12.1%
Britannia	9.3%	11.3%	9.5%	-0.8%	2.7%	1.6%	1.6%	1.1%	1.4%	10.1%	15.1%	12.4%
GCPL	11.4%	10.9%	10.0%	11.0%	6.3%	2.5%	-7.2%	3.6%	2.5%	15.2%	20.8%	15.0%
Dabur	11.8%	11.0%	10.5%	4.3%	4.4%	2.6%	-2.7%	1.0%	1.3%	13.4%	16.4%	14.4%
Marico	4.1%	11.4%	10.8%	10.8%	0.4%	-0.1%	-1.0%	0.4%	1.3%	14.0%	12.2%	12.1%
Colgate	8.8%	7.6%	7.3%	6.9%	0.2%	0.4%	1.9%	0.7%	0.8%	17.6%	8.4%	8.5%
Emami	9.9%	9.6%	8.7%	6.1%	2.2%	0.5%	5.9%	1.3%	2.4%	21.9%	13.0%	11.6%

Source: Bloomberg, Emkay Research

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Exhibit 39: Stock price performance of our FMCG universe

Company name	Mcap (Rs mn)	CMP (Rs/sh)	5 days	1-month	3-month	6-month	1-year	3-year CAGR	5-year CAGR	10-year CAGR
Sensex		64,976	2%	-2%	-1%	5%	6%	16%	13%	12%
Britannia Industries	1,124,999	4,671	6%	3%	1%	1%	12%	9%	9%	25%
Colgate-Palmolive India	581,410	2,138	2%	7%	8%	36%	35%	12%	14%	13%
Dabur India	955,570	539	4%	-1%	-4%	5%	-3%	1%	7%	13%
Emami	224,872	511	0%	-3%	4%	34%	5%	11%	4%	8%
Godrej Consumer Products	1,038,611	1,016	4%	5%	1%	8%	23%	15%	8%	14%
Hindustan Unilever	5,919,443	2,519	2%	1%	-2%	0%	-1%	6%	9%	16%
ITC	5,449,400	437	2%	-1%	-3%	2%	24%	36%	10%	7%
Marico	673,123	520	-3%	-3%	-10%	-2%	3%	11%	9%	17%
Nestlé India	2,341,123	24,282	2%	6%	9%	10%	19%	13%	19%	15%
Jyothy Laboratories	152,942	417	15%	16%	30%	106%	114%	46%	17%	16%
Tata Consumer	851,253	916	1%	5%	8%	16%	19%	22%	34%	19%
Bajaj Consumer	34,102	238	3%	3%	7%	36%	45%	9%	-8%	0%
Agro Tech	19,934	818	1%	-2%	-6%	4%	6%	4%	9%	5%
Zyduz Wellness	97,828	1,537	1%	-1%	1%	1%	-11%	-4%	6%	10%
Adani Wilmar	397,897	306	-3%	-12%	-22%	-22%	-55%			
Bikaji Foods International	130,073	520	11%	11%	8%	40%				
Mrs Bectors Food Specialities	69,910	1,189	4%	14%	20%	92%	202%			

Source: Company, Emkay Research

Note: Prices based on close of business on 8-Nov-2023

Exhibit 40: Emkay FMCG coverage – Valuation snapshot

	CMP (Rs/sh)	Mcap (Rs bn)	Reco	TP (Rs/sh)	Upside (%)	P/E (x)			EV/EBITDA (x)			EV/sales (x)		
						FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Britannia Industries	4,671	1,125	Buy	5,250	12	52.0	46.1	39.8	35.4	31.5	27.8	6.7	6.1	6.6
Colgate-Palmolive	2,138	581	Sell	1,800	-16	46.0	43.2	40.0	31.1	29.2	27.0	10.0	9.3	5.5
Dabur India	539	956	Buy	650	21	48.1	40.8	36.3	35.4	29.9	26.3	7.1	6.3	8.7
Emami	511	225	Buy	625	22	28.7	26.5	24.0	21.1	18.9	16.9	5.9	5.3	5.6
Godrej Consumer Products	1,016	1,039	Buy	1,200	18	52.7	42.0	36.1	35.1	28.7	25.1	7.0	6.2	4.8
Hindustan Unilever	2,519	5,919	Hold	2,800	11	56.3	49.5	44.3	39.5	34.9	31.2	9.4	8.5	5.5
ITC	437	5,449	Buy	525	20	27.4	24.2	21.9	21.1	18.5	16.8	7.4	6.8	7.8
Marico	522	675	Hold	560	7	45.1	41.5	37.1	32.1	29.4	26.4	6.7	5.9	6.2

Source: Company, Emkay Research

Note: Prices based on close of business on 8-Nov-2023

Exhibit 41: Emkay FMCG coverage – Financial ratios

	EBITDA margin (%)			RoE (%)			ROIC (%)			Dividend yield (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Britannia Industries	18.6	18.9	19.4	61.7	66.3	70.2	68.0	69.9	79.1	1.8	2.1	2.5
Colgate-Palmolive	32.0	31.8	31.9	70.6	69.4	69.7	195.6	275.9	428.4	1.9	2.1	2.2
Dabur India	19.8	20.9	21.2	21.1	22.8	23.2	42.9	50.2	57.7	1.2	1.4	1.6
Emami	27.5	27.8	28.1	30.3	28.0	27.5	44.7	50.8	57.6	1.8	2.0	2.2
Godrej Consumer Products	19.6	21.3	21.9	13.6	16.0	17.3	16.4	18.2	20.5	1.1	1.3	1.8
Hindustan Unilever	23.5	24.2	24.6	20.8	23.4	26.1	22.0	25.3	28.6	1.7	2.0	2.3
ITC	34.9	36.5	36.9	29.4	32.0	32.8	28.7	31.5	32.4	3.2	3.4	3.8
Marico	20.6	19.9	19.9	37.1	36.2	36.4	72.0	72.6	74.8	1.5	1.7	1.9

Source: Company, Bloomberg, Emkay Research

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Appendix 1: Quarterly performance

Exhibit 42: Assessing Q2FY24 performance

(Rs mn)	Total revenue					EBITDA					EBITDA margin			Adjusted PAT				
	Q2FY23	Q1FY24	Q2FY24	YoY	QoQ	Q2FY23	Q1FY24	Q2FY24	YoY	QoQ	Q2FY23	Q1FY24	Q2FY24	Q2FY23	Q1FY24	Q2FY24	YoY	QoQ
ITC	161,299	158,282	165,501	3%	5%	58,643	62,501	60,416	3%	-3%	36%	39%	37%	44,661	49,027	49,270	10%	0%
HUL	147,510	151,480	151,257	3%	0%	33,770	35,210	35,437	5%	1%	23%	23%	23%	23,790	25,000	25,479	7%	2%
Britannia	43,796	40,107	44,329	1%	11%	7,117	6,889	8,724	23%	27%	16%	17%	20%	4,932	4,546	5,886	19%	29%
GCPL	33,919	34,489	36,020	6%	4%	5,421	6,428	7,042	30%	10%	16%	19%	20%	3,770	4,132	4,433	18%	7%
Dabur	29,865	31,305	32,038	7%	2%	6,007	6,047	6,609	10%	9%	20%	19%	21%	4,901	4,749	5,261	7%	11%
Colgate	13,875	13,237	14,711	6%	11%	4,080	4,181	4,821	18%	15%	29%	32%	33%	2,780	2,932	3,401	22%	16%
Marico	24,960	24,770	24,760	-1%	0%	4,330	5,740	4,970	15%	-13%	17%	23%	20%	3,010	4,270	3,530	17%	-17%
Emami	8,138	8,257	8,649	6%	5%	1,954	1,900	2,337	20%	23%	24%	23%	27%	1,477	1,448	1,759	19%	21%

Source: Company, Emkay Research

Exhibit 43: Quarterly net sales trends

(Rs mn)	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24
ITC	115,380	117,048	107,223	88,452	112,252	118,803	131,611	121,424	125,336	156,893	153,315	171,331	159,415	160,824	161,159	156,756	163,937
HUL	97,080	96,960	88,850	104,060	112,760	116,820	119,470	117,300	125,160	129,000	131,900	140,160	145,140	149,860	146,380	149,310	148,767
Nestlé	31,993	31,307	33,058	30,415	35,254	34,175	36,002	34,624	38,650	37,149	39,509	40,069	45,666	42,333	48,084	46,195	50,095
Britannia	30,229	29,360	28,078	33,845	33,544	31,061	30,381	33,519	35,537	35,307	35,084	36,538	43,376	41,015	38,920	39,698	43,705
GCPL	26,082	27,551	21,327	23,112	28,939	30,253	27,057	28,628	31,436	32,736	28,942	30,943	33,645	35,677	31,722	34,179	35,684
Dabur	22,120	23,530	18,654	19,800	25,160	27,288	23,368	26,115	28,176	29,418	25,178	28,224	29,865	30,432	26,778	31,305	32,038
Marico	18,290	18,240	14,960	19,250	19,890	21,220	20,120	25,250	24,190	24,070	21,610	25,580	24,960	24,700	22,400	24,770	24,760
Colgate	12,132	11,360	10,624	10,336	12,777	12,242	12,750	11,579	13,440	12,713	12,934	11,866	13,784	12,812	13,417	13,147	14,624
Emami	6,601	8,126	5,327	4,813	7,278	9,247	7,289	6,542	7,771	9,605	7,635	7,679	8,074	9,751	8,166	8,143	8,514

Source: Company, Emkay Research

Exhibit 44: Quarterly net sales growth trends (YoY)

	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24
ITC	4.0%	3.2%	-11.1%	-20.8%	-2.7%	1.5%	22.7%	37.3%	11.7%	32.1%	16.5%	41.1%	27.2%	2.5%	5.1%	-8.5%	2.8%
HUL	6.2%	3.6%	-9.4%	4.2%	16.2%	20.5%	34.5%	12.7%	11.0%	10.4%	10.4%	19.5%	16.0%	16.2%	11.0%	6.5%	2.5%
Nestlé	9.5%	8.8%	10.8%	2.0%	10.2%	9.2%	8.9%	13.8%	9.6%	8.7%	9.7%	15.7%	18.2%	14.0%	21.7%	15.3%	9.7%
Britannia	5.9%	3.8%	1.6%	26.4%	11.0%	5.8%	8.2%	-1.0%	5.9%	13.7%	15.5%	9.0%	22.1%	16.2%	10.9%	8.6%	0.8%
GCPL	-1.3%	2.1%	-12.2%	-0.8%	11.0%	9.8%	26.9%	23.9%	8.6%	8.2%	7.0%	8.1%	7.0%	9.0%	9.6%	10.5%	6.1%
Dabur	4.1%	7.0%	-12.3%	-12.9%	13.7%	16.0%	25.3%	31.9%	12.0%	7.8%	7.7%	8.1%	6.0%	3.4%	6.4%	10.9%	7.3%
Marico	-0.4%	-2.0%	-7.0%	-11.1%	8.7%	16.3%	34.5%	31.2%	21.6%	13.4%	7.4%	1.3%	3.2%	2.6%	3.7%	-3.2%	-0.8%
Colgate	4.5%	4.1%	-7.4%	-3.9%	5.3%	7.8%	20.0%	12.0%	5.2%	3.8%	1.4%	2.5%	2.6%	0.8%	3.7%	10.8%	6.1%
Emami	5.1%	0.2%	-16.7%	-25.8%	10.3%	13.8%	36.8%	35.9%	6.8%	3.9%	4.7%	17.4%	3.9%	1.5%	7.0%	6.0%	5.5%

Source: Company, Emkay Research

Exhibit 45: Quarterly gross-margin trend

	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24
ITC	61.6%	61.5%	62.5%	55.7%	57.4%	57.1%	54.3%	52.6%	57.2%	51.3%	53.1%	51.0%	57.0%	58.9%	58.6%	59.5%	57.3%
HUL	54.5%	54.2%	53.7%	51.8%	53.0%	54.0%	52.6%	50.4%	51.6%	52.1%	49.5%	47.4%	45.8%	47.5%	48.7%	49.9%	52.3%
Nestlé	57.6%	56.8%	56.3%	56.3%	58.1%	59.1%	58.5%	57.0%	55.7%	56.9%	55.4%	54.0%	52.8%	54.9%	53.8%	54.8%	56.5%
Britannia	40.2%	40.9%	39.7%	41.7%	42.5%	43.1%	40.5%	38.7%	37.5%	37.9%	38.0%	36.9%	38.9%	43.7%	44.9%	41.9%	42.9%
GCPL	56.6%	56.7%	57.7%	54.3%	56.0%	55.1%	55.7%	52.2%	49.8%	50.7%	50.2%	46.6%	47.9%	51.1%	52.9%	53.7%	54.9%
Dabur	50.8%	50.1%	49.1%	49.4%	50.9%	50.4%	48.7%	48.1%	48.8%	48.3%	47.4%	45.9%	45.4%	45.5%	45.8%	46.6%	48.3%
Marico	49.6%	49.1%	49.3%	48.9%	48.0%	46.9%	44.1%	41.0%	42.5%	43.7%	44.5%	45.0%	43.6%	44.9%	47.4%	50.0%	50.5%
Colgate	64.7%	65.7%	64.7%	66.1%	68.1%	69.8%	67.7%	69.1%	66.8%	66.6%	66.8%	66.3%	63.8%	65.9%	66.9%	68.4%	68.8%
Emami	69.7%	68.2%	65.2%	66.5%	70.3%	70.4%	62.7%	66.0%	68.9%	67.4%	62.4%	62.6%	66.6%	65.9%	63.1%	65.4%	70.1%

Source: Company, Emkay Research

Exhibit 46: Quarterly A&P spending

	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24
A&P spends (Rs mn)																	
HUL	11,980	11,630	11,640	7,970	11,390	13,880	14,130	10,240	12,150	11,890	12,900	13,280	10,410	12,000	12,900	14,810	17,200
GCPL	2,133	2,063	1,266	1,047	2,086	2,291	1,909	1,472	1,899	2,286	1,851	2,014	2,839	2,758	2,245	3,204	3,659
Dabur	1,442	2,035	1,002	1,456	2,022	2,824	1,542	1,884	2,022	2,371	1,503	1,572	1,518	1,796	1,516	2,043	2,165
Marico	1,970	1,850	1,260	1,370	1,890	1,930	1,730	1,750	1,940	2,230	2,040	1,990	2,130	2,200	2,100	2,120	2,680
Colgate	1,758	1,434	1,555	1,139	1,644	1,983	1,489	1,602	1,853	1,509	1,468	1,630	1,582	1,699	1,429	1,813	2,060
Emami	1,049	1,383	989	597	1,081	1,554	1,350	1,099	1,053	1,583	1,495	1,363	1,415	1,533	1,297	1,519	1,544
A&P spends - Change																	
HUL	8.3%	-1.9%	5.1%	-31.4%	-4.9%	19.3%	21.4%	28.5%	6.7%	-14.3%	-8.7%	29.7%	-14.3%	0.9%	0.0%	11.5%	65.2%
GCPL	-16.6%	-4.9%	-19.6%	-45.7%	-2.2%	11.0%	50.8%	40.5%	-8.9%	-0.2%	-3.1%	36.8%	49.5%	20.6%	21.3%	59.1%	28.9%
Dabur	8.0%	14.3%	2.5%	-27.9%	40.2%	38.8%	53.8%	29.3%	0.0%	-16.0%	-2.5%	-16.5%	-24.9%	-24.2%	0.9%	30.0%	42.6%
Marico	11.9%	12.6%	-17.6%	-37.4%	-4.1%	4.3%	37.3%	27.7%	2.6%	15.5%	17.9%	13.7%	9.8%	-1.3%	2.9%	6.5%	25.8%
Colgate	26.5%	13.8%	-0.5%	-24.7%	-6.5%	38.3%	-4.3%	40.6%	12.7%	-23.9%	-1.4%	1.8%	-14.6%	12.6%	-2.7%	11.2%	30.2%
Emami	5.4%	7.1%	-0.1%	-53.7%	3.0%	12.4%	36.5%	84.0%	-2.6%	1.9%	10.7%	24.1%	34.3%	-3.2%	-13.3%	11.4%	9.1%
A&P spends, as a % of sales																	
HUL	12.2%	11.9%	12.9%	7.5%	10.0%	11.7%	11.6%	8.6%	9.5%	9.1%	9.6%	9.3%	7.1%	7.9%	8.7%	9.8%	11.4%
GCPL	8.1%	7.4%	5.9%	4.5%	7.2%	7.5%	7.0%	5.1%	6.0%	6.9%	6.3%	6.4%	8.4%	7.7%	7.0%	9.3%	10.2%
Dabur	6.5%	8.6%	5.4%	7.4%	8.0%	10.3%	6.6%	7.2%	7.2%	8.1%	6.0%	5.6%	5.1%	5.9%	5.7%	6.5%	6.8%
Marico	10.8%	10.1%	8.4%	7.1%	9.5%	9.1%	8.6%	6.9%	8.0%	9.3%	9.4%	7.8%	8.5%	8.9%	9.4%	8.6%	10.8%
Colgate	14.4%	12.5%	14.5%	10.9%	12.8%	16.1%	11.6%	13.7%	13.7%	11.8%	11.3%	13.6%	11.4%	13.2%	10.6%	13.7%	14.0%
Emami	15.9%	17.0%	18.6%	12.4%	14.7%	16.6%	18.5%	16.6%	13.4%	16.3%	19.4%	17.5%	17.4%	15.6%	15.5%	18.4%	17.9%

Source: Company, Emkay Research

Exhibit 47: Quarterly employee costs

	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24
Employee costs (Rs mn)																	
ITC	6,323	6,691	6,665	6,969	6,643	7,242	7,356	7,341	7,532	7,652	8,095	8,621	9,364	8,770	8,940	9,038	9,092
HUL	4,300	4,540	3,550	5,920	5,590	5,560	5,220	6,180	5,820	6,570	5,420	5,970	7,090	6,760	6,830	6,510	7,080
Nestlé	3,220	3,227	3,584	3,696	3,697	4,033	3,681	3,783	3,883	3,889	3,966	4,084	4,179	4,070	4,543	4,572	5,176
Britannia	1,236	1,216	1,209	1,370	1,345	1,318	1,242	1,393	1,536	1,279	1,214	1,470	1,626	1,782	1,706	1,883	1,599
GCPL	2,665	2,687	2,237	2,618	2,667	2,865	3,084	2,904	2,578	2,828	2,733	2,597	2,593	2,917	3,008	3,140	3,356
Dabur	2,415	2,448	2,301	2,238	2,673	2,740	2,684	2,582	2,697	2,730	2,791	2,699	2,876	2,908	2,887	2,972	3,155
Marico	1,270	1,160	1,080	1,350	1,370	1,480	1,500	1,500	1,530	1,440	1,390	1,560	1,660	1,600	1,710	1,810	1,870
Colgate	819	770	899	907	966	869	915	950	1,047	1,006	849	937	945	989	898	958	1,062
Emami	753	749	721	781	784	767	760	845	821	724	789	888	935	934	921	1,014	1,017
Employee costs - Change																	
ITC	6.0%	6.3%	-12.3%	1.0%	5.1%	8.2%	10.4%	5.3%	13.4%	5.7%	10.1%	17.4%	24.3%	14.6%	10.4%	4.8%	-2.9%
HUL	-1.8%	-2.4%	-11.7%	31.0%	30.0%	22.5%	47.0%	4.4%	4.1%	18.2%	3.8%	-3.4%	21.8%	2.9%	26.0%	9.0%	-0.1%
Nestlé	10.9%	15.3%	18.0%	17.5%	14.8%	25.0%	2.7%	2.4%	5.0%	-3.6%	7.8%	7.9%	7.6%	4.6%	14.5%	12.0%	23.8%
Britannia	14.4%	3.9%	11.7%	13.6%	8.8%	8.4%	2.7%	1.7%	14.2%	-2.9%	-2.2%	5.5%	5.8%	39.3%	40.5%	28.1%	-1.7%
GCPL	8.3%	-2.3%	-17.2%	-1.3%	0.1%	6.6%	37.9%	10.9%	-3.4%	-1.3%	-11.4%	-10.6%	0.6%	3.2%	10.1%	20.9%	29.4%
Dabur	3.1%	3.0%	-4.9%	-3.3%	10.7%	12.0%	16.6%	15.4%	0.9%	-0.4%	4.0%	4.5%	6.6%	6.5%	3.5%	10.1%	9.7%
Marico	10.4%	-3.7%	-7.7%	6.3%	7.9%	27.6%	38.9%	11.1%	11.7%	-2.7%	-7.3%	4.0%	8.5%	11.1%	23.0%	16.0%	12.7%
Colgate	7.2%	8.4%	22.3%	8.7%	18.0%	12.8%	1.8%	4.7%	8.4%	15.8%	-7.2%	-1.3%	-9.7%	-1.7%	5.8%	2.2%	12.4%
Emami	5.5%	7.1%	5.8%	1.1%	4.1%	2.5%	5.4%	8.2%	4.7%	-5.7%	3.8%	5.1%	13.9%	29.1%	16.8%	14.2%	8.8%
Employee costs, as a % of sales																	
ITC	5.4%	5.7%	6.1%	7.8%	5.9%	6.1%	5.5%	6.0%	5.9%	4.8%	5.2%	5.0%	5.8%	5.4%	5.5%	5.8%	5.5%
HUL	4.4%	4.6%	3.9%	5.6%	4.9%	4.7%	4.3%	5.2%	4.6%	5.0%	4.0%	4.2%	4.8%	4.4%	4.6%	4.3%	4.7%
Nestlé	10.0%	10.2%	10.8%	12.1%	10.4%	11.7%	10.2%	10.9%	10.0%	10.4%	10.0%	10.1%	9.1%	9.6%	9.4%	9.8%	10.3%
Britannia	4.1%	4.1%	4.2%	4.0%	3.9%	4.2%	4.0%	4.1%	4.3%	3.6%	3.4%	4.0%	3.7%	4.2%	4.2%	4.7%	3.6%
GCPL	10.1%	9.7%	10.4%	11.2%	9.1%	9.4%	11.3%	10.0%	8.1%	8.6%	9.4%	8.3%	7.6%	8.1%	9.4%	9.1%	9.3%
Dabur	10.9%	10.4%	12.3%	11.3%	10.6%	10.0%	11.5%	9.9%	9.6%	9.3%	11.1%	9.6%	9.6%	9.6%	10.8%	9.5%	9.8%
Marico	6.9%	6.4%	7.2%	7.0%	6.9%	7.0%	7.5%	5.9%	6.3%	6.0%	6.4%	6.1%	6.7%	6.5%	7.6%	7.3%	7.6%
Colgate	6.7%	6.7%	8.4%	8.7%	7.5%	7.1%	7.1%	8.1%	7.7%	7.9%	6.5%	7.8%	6.8%	7.7%	6.7%	7.2%	7.2%
Emami	11.4%	9.2%	13.5%	16.2%	10.7%	8.2%	10.4%	12.8%	10.4%	7.4%	10.2%	11.4%	11.5%	9.5%	11.0%	12.3%	11.8%

Source: Company, Emkay Research

Exhibit 48: Quarterly 'other operating expenses' trend

	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24
Other operating costs (Rs mn)																	
ITC	19,830	19,774	19,452	16,209	17,371	17,992	20,099	17,048	19,166	22,747	22,171	23,032	23,912	24,543	25,005	22,588	25,350
HUL	12,950	12,560	12,570	14,400	15,000	16,050	14,840	15,210	16,370	16,980	15,930	15,860	16,300	18,180	18,100	19,070	19,330
Nestlé	7,693	7,923	7,130	5,906	7,887	8,674	8,151	7,697	8,221	9,001	8,776	9,207	9,885	9,515	10,348	10,374	10,989
Britannia	6,089	5,949	5,625	5,709	6,441	6,209	6,375	6,239	6,411	6,878	6,795	7,171	8,308	8,363	8,358	8,048	8,688
GCPL	4,337	4,580	4,165	4,237	4,837	4,732	4,741	4,722	4,688	4,939	5,165	4,739	5,385	5,467	5,267	5,762	5,714
Dabur	2,482	2,374	2,332	1,924	2,413	2,445	2,740	2,576	2,835	2,846	3,116	3,236	3,150	3,047	3,766	3,524	3,553
Marico	2,310	2,220	2,210	2,020	2,400	2,410	2,460	2,300	2,570	2,540	2,720	2,690	2,770	2,740	2,880	2,710	2,980
Colgate	2,104	2,176	1,844	1,757	2,056	2,036	2,062	1,959	2,131	2,206	2,085	2,114	2,238	2,203	2,185	2,106	2,173
Emami	815	773	776	592	728	848	842	723	779	827	882	888	1,119	1,063	1,062	968	1,163
Other expenses - Change																	
ITC	-9.5%	-9.1%	-13.9%	-15.4%	-12.4%	-9.0%	3.3%	5.2%	10.3%	26.4%	10.3%	35.1%	24.8%	7.9%	12.8%	-1.9%	6.0%
HUL	4.8%	-13.0%	-8.4%	10.7%	15.8%	27.8%	18.1%	5.6%	9.1%	5.8%	7.3%	4.3%	-0.4%	7.1%	13.6%	20.2%	18.6%
Nestlé	6.4%	-2.7%	1.2%	-18.8%	2.5%	9.5%	14.3%	30.3%	4.2%	3.8%	7.7%	19.6%	20.2%	5.7%	17.9%	12.7%	11.2%
Britannia	3.8%	-1.7%	-7.5%	-0.9%	5.8%	4.4%	13.3%	9.3%	-0.5%	10.8%	6.6%	14.9%	29.6%	21.6%	23.0%	12.2%	4.6%
GCPL	4.6%	5.9%	-4.0%	-1.0%	11.5%	3.3%	13.8%	11.5%	-3.1%	4.4%	9.0%	0.4%	14.9%	10.7%	2.0%	21.6%	6.1%
Dabur	7.7%	6.5%	-11.0%	-17.9%	-2.8%	3.0%	17.5%	33.9%	17.5%	16.4%	13.7%	25.6%	11.1%	7.1%	20.9%	8.9%	12.8%
Marico	8.5%	-2.6%	-1.3%	-9.0%	3.9%	8.6%	11.3%	13.9%	7.1%	5.4%	10.6%	17.0%	7.8%	7.9%	5.9%	0.7%	7.6%
Colgate	-0.6%	6.4%	-9.9%	-5.3%	-2.3%	-6.4%	11.8%	11.5%	3.7%	8.3%	1.1%	7.9%	5.0%	-0.1%	4.8%	-0.4%	-2.9%
Emami	11.9%	-4.5%	15.7%	-21.9%	-10.6%	9.6%	8.6%	22.1%	7.0%	-2.4%	4.8%	22.9%	43.6%	28.4%	20.4%	9.0%	4.0%
Other op exp as a % of sales																	
ITC	17.0%	16.7%	17.9%	18.2%	15.4%	15.0%	15.1%	14.0%	15.1%	14.3%	14.3%	13.3%	14.8%	15.1%	15.2%	14.3%	15.3%
HUL	13.1%	12.8%	13.9%	13.6%	13.1%	13.5%	12.2%	12.8%	12.9%	13.0%	11.8%	11.1%	11.1%	11.9%	12.2%	12.6%	12.8%
Nestlé	23.9%	25.2%	21.4%	19.4%	22.3%	25.3%	22.6%	22.1%	21.2%	24.0%	22.0%	22.8%	21.5%	22.4%	21.4%	22.3%	21.8%
Britannia	20.0%	19.9%	19.6%	16.7%	18.8%	19.6%	20.4%	18.3%	17.8%	19.2%	19.1%	19.4%	19.0%	19.9%	20.8%	20.1%	19.6%
GCPL	16.5%	16.5%	19.3%	18.2%	16.6%	15.5%	17.4%	16.3%	14.8%	15.0%	17.7%	15.2%	15.9%	15.2%	16.5%	16.7%	15.9%
Dabur	11.2%	10.1%	12.5%	9.7%	9.6%	9.0%	11.7%	9.9%	10.1%	9.7%	12.4%	11.5%	10.5%	10.0%	14.1%	11.3%	11.1%
Marico	12.6%	12.2%	14.8%	10.5%	12.1%	11.4%	12.2%	9.1%	10.6%	10.6%	12.6%	10.5%	11.1%	11.1%	12.9%	10.9%	12.0%
Colgate	17.2%	19.0%	17.2%	16.9%	16.0%	16.5%	16.1%	16.8%	15.8%	17.2%	16.0%	17.7%	16.1%	17.1%	16.2%	15.9%	14.8%
Emami	12.3%	9.5%	14.6%	12.3%	9.9%	9.1%	11.5%	10.9%	9.9%	8.5%	11.5%	11.4%	13.7%	10.8%	12.7%	11.7%	13.5%

Source: Company, Emkay Research

Exhibit 49: Quarterly EBITDA trend

	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24
EBITDA (Rs mn)																	
ITC	45,624	46,127	41,635	26,466	40,882	43,147	44,730	39,922	46,150	51,021	52,244	56,475	58,643	62,232	62,094	62,501	60,416
HUL	24,440	24,450	20,650	26,440	28,690	28,540	29,570	28,470	31,320	32,790	32,450	32,470	33,770	35,370	34,710	35,210	35,437
Nestlé	7,595	6,730	8,006	7,584	8,991	7,574	9,301	8,339	9,523	8,445	9,308	8,492	10,166	9,769	11,100	10,588	12,287
Britannia	4,922	5,020	4,543	7,169	6,754	6,115	5,054	5,538	5,583	5,397	5,497	5,007	7,117	8,176	8,009	6,889	8,724
GCPL	5,749	6,427	4,765	4,727	6,729	6,935	5,490	6,000	6,596	6,680	4,880	5,208	5,421	7,266	6,409	6,428	7,042
Dabur	4,895	4,929	3,523	4,166	5,694	5,742	4,425	5,520	6,207	6,275	4,536	5,437	6,007	6,099	4,098	6,047	6,609
Marico	3,530	3,730	2,820	4,670	3,890	4,130	3,190	4,810	4,230	4,310	3,460	5,280	4,330	4,560	3,930	5,740	4,970
Colgate	3,230	3,161	2,629	3,080	4,093	3,706	4,218	3,552	4,008	3,806	4,294	3,257	4,080	3,615	4,519	4,181	4,821
Emami	1,985	2,640	985	1,230	2,571	3,402	1,628	1,697	2,772	3,415	1,640	1,733	1,954	2,943	1,998	1,900	2,337
EBITDA growth																	
ITC	8.5%	6.6%	-8.9%	-42.0%	-10.4%	-6.5%	7.4%	50.8%	12.9%	18.2%	16.8%	41.5%	27.1%	22.0%	18.9%	10.7%	3.0%
HUL	21.1%	19.5%	-11.0%	3.6%	17.4%	16.7%	43.2%	7.7%	9.2%	14.9%	9.7%	14.0%	7.8%	7.9%	7.0%	8.4%	4.9%
Nestlé	2.4%	9.6%	6.8%	7.2%	18.4%	12.6%	16.2%	9.9%	5.9%	11.5%	0.1%	1.8%	6.8%	15.7%	19.3%	24.7%	20.9%
Britannia	8.3%	11.1%	4.1%	81.7%	37.2%	21.8%	11.3%	-22.8%	-17.3%	-11.7%	8.8%	-9.6%	27.5%	51.5%	45.7%	37.6%	22.6%
GCPL	9.2%	5.6%	-17.5%	3.8%	17.0%	7.9%	15.2%	26.9%	-2.0%	-3.7%	-11.1%	-13.2%	-17.8%	8.8%	31.3%	23.4%	29.9%
Dabur	8.6%	10.7%	-23.0%	-9.0%	16.3%	16.5%	25.6%	32.5%	9.0%	9.3%	2.5%	-1.5%	-3.2%	-2.8%	-9.6%	11.2%	10.0%
Marico	15.7%	6.9%	-4.4%	1.3%	10.2%	10.7%	13.1%	3.0%	8.7%	4.4%	8.5%	9.8%	2.4%	5.8%	13.6%	8.7%	14.8%
Colgate	-2.0%	0.5%	-15.3%	4.6%	26.7%	17.3%	60.4%	15.3%	-2.1%	2.7%	1.8%	-8.3%	1.8%	-5.0%	5.2%	28.4%	18.2%
Emami	5.9%	0.2%	-36.3%	-8.3%	29.5%	28.9%	65.2%	38.0%	7.8%	0.4%	0.7%	2.1%	-29.5%	-13.8%	21.9%	9.6%	19.6%
EBITDA margin																	
ITC	39.1%	39.1%	38.4%	29.7%	36.1%	36.0%	33.6%	32.7%	36.3%	32.2%	33.6%	32.7%	36.4%	38.4%	37.9%	39.9%	36.5%
HUL	24.8%	24.9%	22.9%	25.0%	25.1%	24.1%	24.4%	23.9%	24.6%	25.0%	24.1%	22.8%	22.9%	23.2%	23.3%	23.2%	23.4%
Nestlé	23.6%	21.4%	24.1%	24.9%	25.4%	22.1%	25.8%	24.0%	24.5%	22.5%	23.4%	21.0%	22.1%	22.9%	23.0%	22.7%	24.4%
Britannia	16.1%	16.8%	15.8%	21.0%	19.8%	19.3%	16.1%	16.3%	15.5%	15.1%	15.5%	13.5%	16.3%	19.5%	19.9%	17.2%	19.7%
GCPL	21.9%	23.1%	22.1%	20.3%	23.1%	22.7%	20.1%	20.7%	20.8%	20.2%	16.7%	16.7%	16.0%	20.2%	20.0%	18.6%	19.5%
Dabur	22.1%	20.9%	18.9%	21.0%	22.6%	21.0%	18.9%	21.1%	22.0%	21.3%	18.0%	19.3%	20.1%	20.0%	15.3%	19.3%	20.6%
Marico	19.3%	20.4%	18.9%	24.3%	19.6%	19.5%	15.9%	19.0%	17.5%	17.9%	16.0%	20.6%	17.3%	18.5%	17.5%	23.2%	20.1%
Colgate	26.4%	27.6%	24.5%	29.6%	31.8%	30.1%	32.9%	30.5%	29.6%	29.7%	33.0%	27.2%	29.4%	28.0%	33.5%	31.6%	32.8%
Emami	30.1%	32.5%	18.5%	25.5%	35.0%	36.4%	22.3%	25.7%	35.2%	35.1%	21.3%	22.3%	24.0%	29.9%	23.9%	23.0%	27.0%

Source: Company, Emkay Research

Exhibit 50: Quarterly non-operating items

(Rs mn)	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24
D&A																	
ITC	3,957	4,162	3,925	3,982	3,834	3,923	3,880	3,955	4,015	4,093	4,459	4,115	4,220	4,072	4,219	4,025	4,132
HUL	2,370	2,320	2,550	2,420	2,490	2,720	2,490	2,440	2,650	2,550	2,610	2,600	2,480	2,600	2,620	2,570	2,690
Nestlé	780	796	914	924	911	955	936	953	955	1,060	1,043	1,016	981	987	1,017	1,074	1,112
Britannia	449	467	485	480	485	486	528	491	502	504	509	510	517	580	653	708	717
GCPL	477	490	532	493	509	491	545	509	509	542	540	571	533	573	686	763	609
Dabur	545	544	588	567	596	572	666	613	633	632	651	676	705	709	801	748	765
Marico	350	320	380	340	330	360	360	330	330	360	370	360	370	390	430	360	390
Colgate	504	515	462	454	461	456	455	447	449	439	438	442	439	437	431	438	443
Emami	178	214	219	194	216	341	240	234	236	242	230	242	245	238	250	228	227
Interest cost																	
ITC	133	124	147	168	138	138	31	103	105	107	105	91	107	102	118	107	105
HUL	310	250	260	290	290	410	90	110	260	250	360	260	250	260	240	470	720
Nestlé	299	284	410	408	405	420	540	517	519	436	356	370	370	448	370	328	314
Britannia	161	237	270	256	298	318	237	342	390	374	338	420	541	381	349	531	534
GCPL	531	477	615	483	313	241	229	273	245	256	328	351	483	399	525	740	773
Dabur	152	105	86	78	75	69	86	75	83	111	118	122	151	189	321	243	281
Marico	130	120	130	90	80	70	100	80	100	100	110	100	150	140	170	170	200
Colgate	24	29	20	20	18	19	16	15	15	15	14	13	13	13	11	11	11
Emami	93	49	24	47	25	14	47	6	8	18	18	25	18	18	14	21	23
Other non-operating income																	
ITC	6,543	9,836	7,555	8,968	6,104	9,718	7,720	4,290	6,770	8,099	6,741	3,127	5,069	8,717	7,463	7,087	8,956
HUL	1,800	1,400	2,660	1,560	1,510	970	1,090	670	1,130	910	1,220	1,370	1,150	2,280	1,600	1,850	2,830
Nestlé	564	447	429	379	345	306	297	295	337	274	214	194	306	296	337	240	333
Britannia	682	652	786	937	735	826	632	605	534	551	538	555	532	508	564	539	524
GCPL	266	235	492	218	139	150	166	209	226	224	238	275	399	432	579	691	659
Dabur	818	745	758	718	876	809	850	848	1,124	967	991	1,006	1,233	1,008	1,207	1,098	1,164
Marico	350	290	320	190	270	240	290	270	250	220	240	170	190	400	400	460	380
Colgate	86	58	196	63	76	99	66	52	65	57	89	115	113	104	204	150	210
Emami	134	156	145	67	79	92	465	107	136	166	303	63	81	69	138	83	111

Source: Company, Emkay Research

Exhibit 51: Quarterly profit before tax and tax trend

	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24
PBT (Rs mn)																	
ITC	48,077	51,676	45,118	31,284	43,014	48,804	48,539	40,154	48,801	54,920	54,420	55,396	59,385	66,775	65,219	65,456	65,135
HUL	23,560	23,280	20,500	25,290	27,420	26,380	28,080	26,590	29,540	30,900	30,700	30,980	32,190	34,790	33,450	34,020	34,857
Nestlé	7,080	6,097	7,111	6,631	8,020	6,505	8,121	7,164	8,386	7,223	8,124	7,300	9,122	8,630	10,049	9,427	11,195
Britannia	4,994	4,969	4,574	7,370	6,706	6,137	4,921	5,310	5,226	5,071	5,188	4,633	6,591	7,722	7,571	6,190	7,997
GCPL	5,006	5,694	4,110	3,968	6,045	6,353	4,882	5,427	6,068	6,107	4,249	4,562	4,804	6,726	5,777	5,617	6,319
Dabur	5,016	5,025	3,606	4,238	5,899	5,911	4,522	5,681	6,616	6,500	4,759	5,645	6,385	6,209	4,183	6,154	6,727
Marico	3,400	3,580	2,630	4,430	3,750	3,940	3,020	4,670	4,050	4,070	3,220	4,990	4,000	4,430	3,730	5,670	4,760
Colgate	2,788	2,674	2,344	2,669	3,689	3,330	3,814	3,142	3,609	3,408	3,931	2,918	3,741	3,269	4,281	3,883	4,578
Emami	1,847	2,533	887	1,056	2,409	3,139	1,806	1,564	2,664	3,322	1,694	1,530	1,773	2,756	1,872	1,733	2,199
Tax (Rs mn)																	
ITC	7,846	8,936	7,148	7,857	10,488	11,926	12,309	10,019	11,829	13,358	12,323	13,702	14,725	16,465	15,079	16,429	15,865
HUL	5,240	6,370	5,810	6,480	7,070	6,870	7,050	6,970	7,670	7,980	7,870	8,090	8,400	8,980	8,740	9,020	9,378
Nestlé	1,045	1,416	1,784	1,657	1,994	1,869	2,096	1,919	2,169	1,205	2,115	1,850	2,379	2,310	2,538	2,410	3,139
Britannia	955	1,273	849	1,944	1,750	1,611	1,326	1,442	1,410	1,362	1,410	1,274	1,686	2,169	2,035	1,665	2,121
GCPL	1,170	1,354	945	963	1,463	1,400	1,092	1,272	1,267	1,216	610	1,093	1,034	1,188	1,086	1,484	1,886
Dabur	662	885	637	825	1,067	975	744	1,297	1,558	1,455	954	1,231	1,473	1,435	1,035	1,368	1,443
Marico	880	820	530	1,170	690	820	560	1,020	890	900	650	1,220	930	1,100	896	1,310	1,160
Colgate	497	683	612	687	947	847	982	810	917	885	1,015	751	961	837	1,100	951	1,178
Emami	339	527	183	206	470	558	443	294	531	611	439	384	315	529	349	290	419
Effective tax rate																	
ITC	16.3%	17.3%	15.8%	25.1%	24.4%	24.4%	25.4%	25.0%	24.2%	24.3%	22.6%	24.7%	24.8%	24.7%	23.1%	25.1%	24.4%
HUL	22.2%	27.4%	28.3%	25.6%	25.8%	26.0%	25.1%	26.2%	26.0%	25.8%	25.6%	26.1%	26.1%	25.8%	26.1%	26.5%	26.9%
Nestlé	14.8%	23.2%	25.1%	25.0%	24.9%	28.7%	25.8%	26.8%	25.9%	16.7%	26.0%	25.3%	26.1%	26.8%	25.3%	25.6%	28.0%
Britannia	19.1%	25.6%	18.6%	26.4%	26.1%	26.2%	26.9%	27.2%	27.0%	26.9%	27.2%	27.5%	25.6%	28.1%	26.9%	26.9%	26.5%
GCPL	23.4%	23.8%	23.0%	24.3%	24.2%	22.0%	22.4%	23.4%	20.9%	19.9%	14.3%	23.9%	21.5%	17.7%	18.8%	26.4%	29.8%
Dabur	13.2%	17.6%	17.6%	19.5%	18.1%	16.5%	16.4%	22.8%	23.6%	22.4%	20.0%	21.8%	23.1%	23.1%	24.7%	22.2%	21.4%
Marico	25.9%	22.9%	20.2%	26.4%	18.4%	20.8%	18.5%	21.8%	22.0%	22.1%	20.2%	24.4%	23.3%	24.8%	24.0%	23.1%	24.4%
Colgate	17.8%	25.6%	26.1%	25.7%	25.7%	25.4%	25.7%	25.8%	25.4%	26.0%	25.8%	25.7%	25.7%	25.6%	25.7%	24.5%	25.7%
Emami	18.4%	20.8%	20.6%	19.5%	19.5%	17.8%	24.6%	18.8%	19.9%	18.4%	25.9%	25.1%	17.8%	19.2%	18.6%	16.7%	19.1%

Source: Company, Emkay Research

Exhibit 52: Quarterly earnings trend

	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24
Adj PAT (Rs mn)																	
ITC	40,231	42,740	37,971	23,428	32,526	36,879	36,230	30,135	36,972	41,562	42,097	41,694	44,661	50,310	50,140	49,027	49,270
HUL	18,320	16,910	14,690	18,810	20,350	19,510	21,030	19,620	21,870	22,920	22,830	22,890	23,790	25,810	24,710	25,000	25,479
Nestlé	6,035	4,681	5,327	4,975	6,026	4,637	6,024	5,245	6,217	6,018	6,008	5,450	6,743	6,319	7,511	7,017	8,055
Britannia	4,053	3,723	3,749	5,457	4,985	4,557	3,637	3,893	3,840	3,729	3,798	3,376	4,932	5,553	5,546	4,546	5,886
GCPL	3,833	4,334	3,168	3,009	4,581	4,952	3,790	4,157	4,799	4,888	3,640	3,470	3,770	5,538	4,690	4,132	4,433
Dabur	4,350	4,127	2,962	3,418	4,817	4,920	3,778	4,373	5,044	5,033	3,792	4,403	4,901	4,759	3,118	4,749	5,261
Marico	2,470	2,720	2,040	3,170	2,970	3,070	2,380	3,560	3,090	3,100	2,510	3,710	3,010	3,280	2,804	4,270	3,530
Colgate	2,290	1,991	1,732	1,982	2,742	2,484	2,832	2,332	2,692	2,523	2,916	2,167	2,780	2,432	3,181	2,932	3,401
Emami	1,497	1,990	684	839	1,930	2,572	1,349	1,255	2,095	2,682	1,214	1,114	1,477	2,262	1,548	1,448	1,759
PAT growth																	
ITC	36.2%	33.2%	9.1%	-26.2%	-19.2%	-13.7%	-4.6%	28.6%	13.7%	12.7%	16.2%	38.4%	20.8%	21.0%	19.1%	17.6%	10.3%
HUL	20.4%	20.7%	-7.6%	7.4%	11.1%	15.4%	43.2%	4.3%	7.5%	17.5%	8.6%	16.7%	8.8%	12.6%	8.2%	9.2%	7.1%
Nestlé	30.4%	15.6%	12.1%	11.1%	-0.2%	-0.9%	13.1%	5.4%	3.2%	29.8%	-0.3%	3.9%	8.5%	5.0%	25.0%	28.7%	19.5%
Britannia	33.8%	23.6%	26.0%	104.7%	23.0%	22.4%	-3.0%	-28.7%	-23.0%	-18.2%	4.4%	-13.3%	28.4%	48.9%	46.0%	34.6%	19.3%
GCPL	7.1%	3.8%	-19.9%	1.7%	19.5%	14.3%	19.6%	38.2%	4.8%	-1.3%	-4.0%	-16.5%	-21.4%	13.3%	28.9%	19.1%	17.6%
Dabur	15.5%	12.7%	4.8%	-9.6%	10.7%	19.2%	27.6%	28.0%	4.7%	2.3%	0.4%	0.7%	-2.8%	-5.4%	-17.8%	7.8%	7.3%
Marico	16.5%	10.0%	-3.8%	-3.1%	20.2%	12.9%	16.7%	12.3%	4.0%	1.0%	5.5%	4.2%	-2.6%	5.8%	11.7%	15.1%	17.3%
Colgate	19.1%	8.7%	-4.0%	17.2%	19.7%	24.7%	63.5%	17.7%	-1.8%	1.6%	3.0%	-7.1%	3.3%	-3.6%	9.1%	35.3%	22.3%
Emami	13.7%	1.2%	-36.8%	-9.8%	28.9%	29.2%	97.1%	49.5%	8.5%	4.3%	-10.0%	-11.3%	-29.5%	-15.6%	27.5%	30.0%	19.1%
EPS (Rs)																	
ITC	3.27	3.48	3.09	1.91	2.65	3.00	2.95	2.45	3.00	3.37	3.42	3.38	3.60	4.05	4.03	3.94	3.95
HUL	8.48	7.83	6.80	8.00	8.66	8.30	9.74	8.35	9.31	9.75	9.71	9.74	10.12	10.98	10.51	10.64	10.84
Nestlé	62.46	48.67	55.06	51.31	62.09	48.67	62.48	54.79	16.84	15.32	62.15	55.71	69.77	65.43	77.52	72.68	86.27
Britannia	16.87	15.52	15.59	22.68	20.72	18.92	15.12	16.17	15.95	15.45	15.77	14.01	20.48	23.11	23.19	18.99	24.39
GCPL	3.76	4.25	3.09	2.94	4.48	4.85	3.71	4.06	4.70	4.79	3.56	3.39	3.69	5.41	4.59	4.04	4.33
Dabur	2.46	2.34	1.68	1.93	2.73	2.78	2.14	2.47	2.85	2.85	2.15	2.49	2.77	2.69	1.76	2.68	2.97
Marico	1.91	2.11	1.58	2.46	2.30	2.38	1.84	2.76	2.39	2.40	1.95	2.87	2.33	2.54	2.17	3.31	2.73
Colgate	8.42	7.32	6.37	7.29	10.08	9.13	10.41	8.57	9.90	9.28	10.72	7.97	10.22	8.94	11.69	10.78	12.50
Emami	3.30	4.38	1.51	1.88	4.34	5.66	3.03	2.82	4.71	6.03	2.75	2.52	3.35	5.13	3.51	3.30	4.03

Source: Company, Emkay Research

BRITANNIA INDUSTRIES

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
02-Nov-23	4,527	5,250	Buy	Nitin Gupta
20-Oct-23	4,580	5,350	Buy	Nitin Gupta
03-Oct-23	4,495	5,350	Buy	Nitin Gupta
28-Aug-23	4,511	5,350	Buy	Nitin Gupta
15-Aug-23	4,500	5,350	Buy	Nitin Gupta
07-Aug-23	4,660	5,350	Buy	Nitin Gupta
06-Aug-23	4,799	5,550	Buy	Nitin Gupta
18-Jun-23	5,045	5,700	Buy	Nitin Gupta
15-Jun-23	4,975	5,700	Buy	Nitin Gupta

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

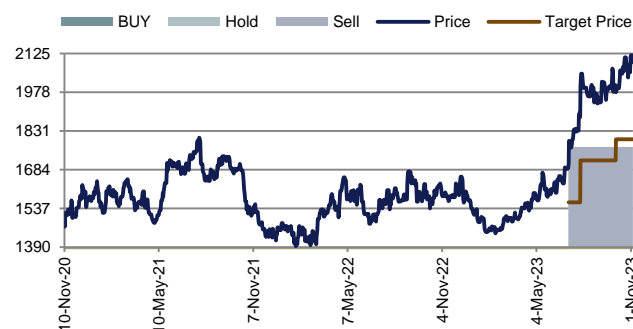
COLGATE-PALMOLIVE

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
26-Oct-23	2,034	1,800	Sell	Nitin Gupta
24-Oct-23	2,076	1,800	Sell	Nitin Gupta
20-Oct-23	2,111	1,800	Sell	Nitin Gupta
03-Oct-23	1,978	1,800	Sell	Nitin Gupta
28-Aug-23	1,936	1,720	Sell	Nitin Gupta
22-Aug-23	1,940	1,720	Sell	Nitin Gupta
15-Aug-23	1,963	1,720	Sell	Nitin Gupta
27-Jul-23	2,002	1,720	Sell	Nitin Gupta
04-Jul-23	1,705	1,560	Sell	Nitin Gupta

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

DABUR INDIA

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
03-Nov-23	536	650	Buy	Nitin Gupta
03-Nov-23	536	650	Buy	Nitin Gupta
20-Oct-23	525	650	Buy	Nitin Gupta
20-Oct-23	525	650	Buy	Nitin Gupta
19-Oct-23	526	650	Buy	Nitin Gupta
19-Oct-23	526	650	Buy	Nitin Gupta
06-Oct-23	547	650	Buy	Nitin Gupta
06-Oct-23	547	650	Buy	Nitin Gupta
03-Oct-23	554	650	Buy	Nitin Gupta
03-Oct-23	554	650	Buy	Nitin Gupta

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

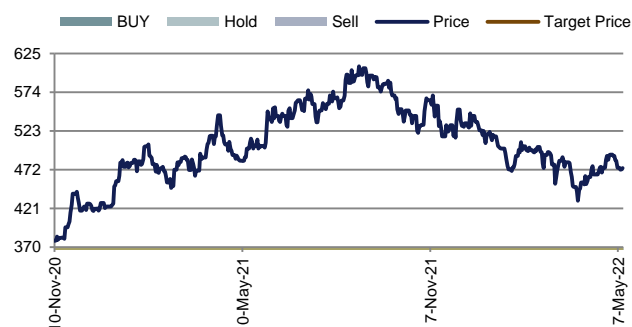
EMAMI

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
06-Nov-23	519	625	Buy	Nitin Gupta
06-Nov-23	519	625	Buy	Nitin Gupta
20-Oct-23	510	625	Buy	Nitin Gupta
20-Oct-23	510	625	Buy	Nitin Gupta
03-Oct-23	535	625	Buy	Nitin Gupta
03-Oct-23	535	625	Buy	Nitin Gupta
25-Sep-23	515	625	Buy	Nitin Gupta
25-Sep-23	515	625	Buy	Nitin Gupta

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

GODREJ CONSUMER PRODUCTS

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
01-Nov-23	975	1,200	Buy	Nitin Gupta
20-Oct-23	988	1,200	Buy	Nitin Gupta
03-Oct-23	993	1,200	Buy	Nitin Gupta
28-Aug-23	1,028	1,225	Buy	Nitin Gupta
15-Aug-23	1,036	1,225	Buy	Nitin Gupta
08-Aug-23	1,009	1,225	Buy	Nitin Gupta
30-Jun-23	1,081	1,225	Buy	Nitin Gupta

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

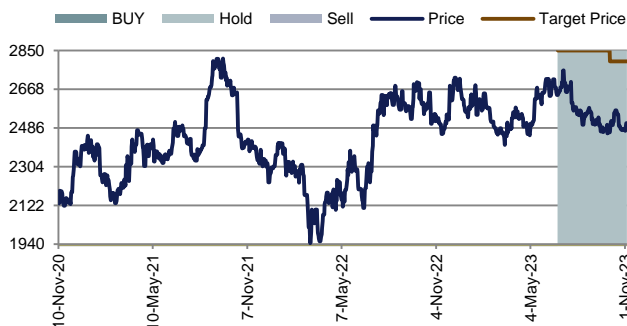
HINDUSTAN UNILEVER

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
20-Oct-23	2,495	2,800	Hold	Nitin Gupta
03-Oct-23	2,469	2,800	Hold	Nitin Gupta
28-Aug-23	2,556	2,850	Hold	Nitin Gupta
15-Aug-23	2,533	2,850	Hold	Nitin Gupta
20-Jul-23	2,703	2,850	Hold	Nitin Gupta
25-Jun-23	2,642	2,850	Hold	Nitin Gupta

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

ITC

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
20-Oct-23	438	525	Buy	Nitin Gupta
03-Oct-23	440	535	Buy	Nitin Gupta
28-Aug-23	441	535	Buy	Nitin Gupta
15-Aug-23	449	535	Buy	Nitin Gupta
28-Jul-23	468	525	Buy	Nitin Gupta
24-Jul-23	471	525	Buy	Nitin Gupta
15-Jul-23	473	525	Buy	Nitin Gupta
19-Jun-23	454	525	Buy	Nitin Gupta

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

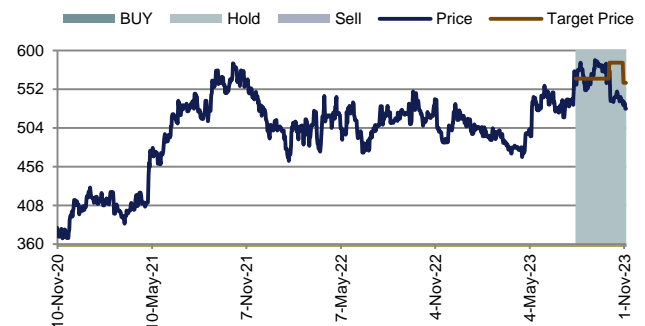
MARICO

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
30-Oct-23	532	560	Hold	Nitin Gupta
20-Oct-23	542	585	Hold	Nitin Gupta
04-Oct-23	571	585	Hold	Nitin Gupta
03-Oct-23	576	585	Hold	Nitin Gupta
28-Aug-23	558	565	Hold	Nitin Gupta
15-Aug-23	568	565	Hold	Nitin Gupta
31-Jul-23	561	565	Hold	Nitin Gupta

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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