

India

Neutral (no change)**Highlighted Companies****Dabur India Ltd****ADD, TP Rs604, Rs545 close**

Dabur India is expected to maintain its domestic sales growth momentum, with a gradual recovery in volume growth likely, along with double-digit growth in its international business in the medium term.

Jyothy Labs Limited**ADD, TP Rs520, Rs394 close**

Jyothy Labs' performance in FY24 was strong, given the operating context for the mass segment. We expect a continuous better performance in the near term.

Titan Co Ltd**ADD, TP Rs3655, Rs3261 close**

We believe Titan Co's structural story of continued market share gains remains intact, but given the weak medium-term narrative, the stock is likely to underperform in the near term.

Summary Valuation Metrics

P/E (x)	Mar24-A	Mar25-F	Mar26-F
Dabur India Ltd	52.39	43.99	37.8
Jyothy Labs Limited	38.42	34.34	30.45
Titan Co Ltd	83.05	63.86	54.42

P/BV (x)	Mar24-A	Mar25-F	Mar26-F
Dabur India Ltd	9.78	8.63	7.72
Jyothy Labs Limited	8	6.87	5.88
Titan Co Ltd	30.9	17	15.52

Dividend Yield	Mar24-A	Mar25-F	Mar26-F
Dabur India Ltd	1%	1.12%	1.29%
Jyothy Labs Limited	0.76%	0.86%	0.84%
Titan Co Ltd	0.36%	0.47%	0.59%

Consumer Staples - Overall

4QFY24 Review: Demand remains weak

- Our FMCG/paints packs posted 3%/1.7% yoy sales growth, respectively, in 4QFY24. FMCG demand trend was soft but rural markets witnessed an uptick.
- Demand for our paint pack was lacklustre in 4QFY24, with players posting low to mid-single digit sales growth. Soft input prices provided comfort to margins.
- Retain ADD rating on JYL, Emami, GCPL, Dabur India, Titan Co & Raymond. Retain our negative stance on paints (REDUCE Asian Paints & KNPL).

Pressure at the mass-end sustains; premiumization focus stepped up

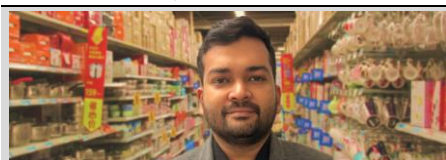
Our FMCG pack delivered a 3% yoy growth vs. our estimate of a 3.2% yoy growth in 4QFY24. The overall demand trend remained similar to 3Q but rural markets witnessed an uptick, growing slightly ahead of urban markets during 4Q. Demand momentum at the mass-end continued to remain subdued while premium portfolios fared better. Categories like food and oral care outpaced HPC and BPC, in line with our estimates. Gross margin expansion was supported by favourable raw material prices and gains continued to be re-invested into higher ad spending, leading to EBITDA margin expansion of 88bp yoy to 22.6% (vs. our estimate of 22%). FMCG cos have dialled up their premiumization play as well as ad spends to drive volume growth. We expect a gradual recovery in volumes, with higher optimism of a recovery in 2HFY25F.

Demand environment for paints remained weak in 4QFY24

Our paint pack posted a 1.7% yoy sales growth in 4QFY24, with the demand scenario continuing to remain weak, leading to low single-digit value growth. Volume grew in double digits led by price cuts. The industrial segment performed better than the decorative segment during the quarter, aided by an uptick in the automotive and general industrial segments. With Grasim's entry, we expect the pricing to remain a key lever for continued growth as consumer sentiment is likely to remain subdued in the near term. We retain our pessimistic view on the sector and reiterate our REDUCE rating on Kansai Nerolac Paints or KNPL and Asian Paints, and a HOLD rating on Berger Paints and Pidilite Industries.

Titan Co and Raymond maintain their healthy trajectory

Titan Company's jewellery division posted a growth of 18.8% yoy in 4QFY24, despite a rally in gold prices, maintaining healthy new buyer growth. Management guidance entailed a 15-20% sales CAGR over FY24-27F, with the EBIT margin expected at c.12%. We remain upbeat on Titan Company's (ADD; TP: Rs3,665) long-term structural play, but we believe it will be an underperformer in the near term due to weak near-term narrative. Raymond posted a 21.3% yoy sales growth led by a 131.8% growth in the real estate segment and a 23.2% yoy growth in the apparel segment. The positive surprise came from the real estate segment, which saw strong booking momentum (even in its first JDA project; 62% of launched units booked) as well as 100% sales of retail units launched within the TenX project. We maintain our positive stance on Raymond and retain our ADD rating on it with a target price of Rs2,500 based on Mar 2026F sum-of-the-parts or SOTP valuation.

Research Analyst(s)**Rohan KALLE**

T (91) 22 4161 1561

E rohan.kalle@incredresearch.com

Nishant BAGRECHA

T (91) 22 4161 1564

E nishant.bagrecha@incredresearch.com

Saurabh SINGH

T (91) 2241611558

E saurabh.singh@incredresearch.com

Figure 1: 4QFY24 results review of our FMCG coverage universe

Company	Revenue (Rs m)	% chg (yoy)	EBITDA (Rs m)	% chg (yoy)	Net Profit (Rs m)	% chg (yoy)
Britannia Industries	40,694	1.1%	7,874	-1.7%	5,383	-3.6%
Colgate-Palmolive	14,900	10.3%	5,322	17.8%	3,798	19.4%
Dabur India	28,146	5.1%	4,668	13.9%	3,495	16.2%
Emami	8,912	6.6%	2,110	5.6%	1,489	-18.8%
Godrej Consumer Products	33,850	5.8%	7,551	17.8%	4,818	1.6%
Hindustan Unilever	1,48,570	-0.2%	34,350	-1.0%	24,230	-2.0%
Jyothy Labs	6,600	7.0%	1,084	18.8%	782	32.4%
Marico	22,780	1.7%	4,420	12.5%	3,180	5.3%
Nestle India	52,544	9.3%	13,226	25.0%	9,241	25.4%
Total	3,56,997	3.0%	80,605	7.2%	56,416	4.4%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

4QFY24 Review: Demand remains weak

Quarterly consolidated summary

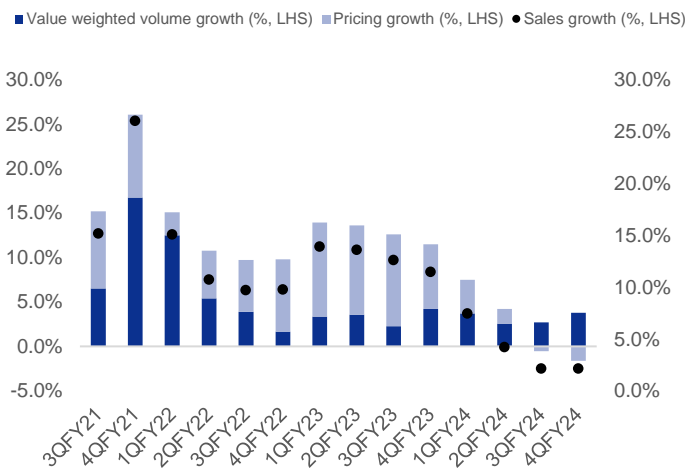
Figure 2: 4QFY24 review of our coverage universe

Company	Revenue (Rs m)	% chg (yoy)	EBITDA (Rs m)	% chg (yoy)	Net Profit (Rs m)	% chg (yoy)
Consumer staples						
Britannia Industries	40,694	1.1%	7,874	-1.7%	5,383	-3.6%
Colgate-Palmolive	14,900	10.3%	5,322	17.8%	3,798	19.4%
Dabur India	28,146	5.1%	4,668	13.9%	3,495	16.2%
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Godrej Consumer Products	33,850	5.8%	7,551	17.8%	4,818	1.6%
Hindustan Unilever	1,48,570	-0.2%	34,350	-1.0%	24,230	-2.0%
Jyothy Labs	6,600	7.0%	1,084	18.8%	782	32.4%
Marico	22,780	1.7%	4,420	12.5%	3,180	5.3%
Nestle India	52,544	9.3%	13,226	25.0%	9,241	25.4%
Aggregate (staples)	3,56,997	3.0%	80,605	7.2%	56,416	4.4%
Consumer Discretionary						
Asian Paints	87,308	-0.6%	16,913	-9.3%	12,566	-0.3%
Berger Paints	25,203	3.1%	3,509	-4.8%	2,221	19.6%
Kansai Nerolac Paints	17,694	2.1%	1,790	6.5%	1,160	23.7%
Pidilite Industries	29,019	7.9%	5,769	25.6%	3,006	6.2%
Aggregate (discretionary)	1,59,223	1.7%	27,981	-2.2%	18,954	4.0%
Titan Company	1,24,940	20.6%	11,900	9.3%	7,700	5.5%
Raymond	26,085	21.3%	4,359	29.4%	2,292	17.9%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

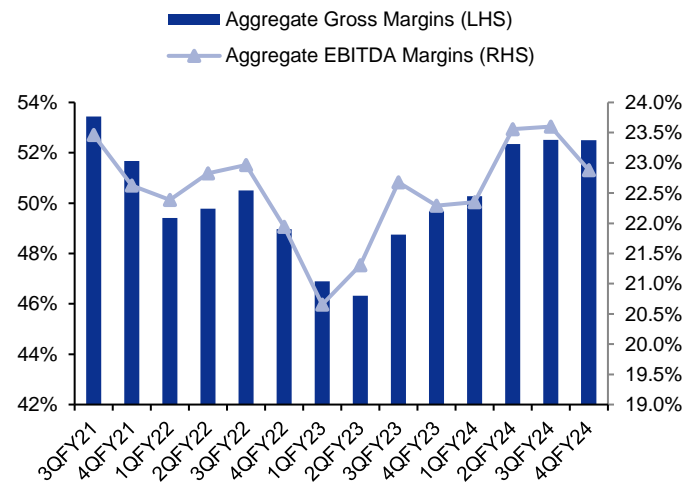
Consumer staples (standalone) aggregate – story so far

Figure 3: Value growth continues to remain subdued



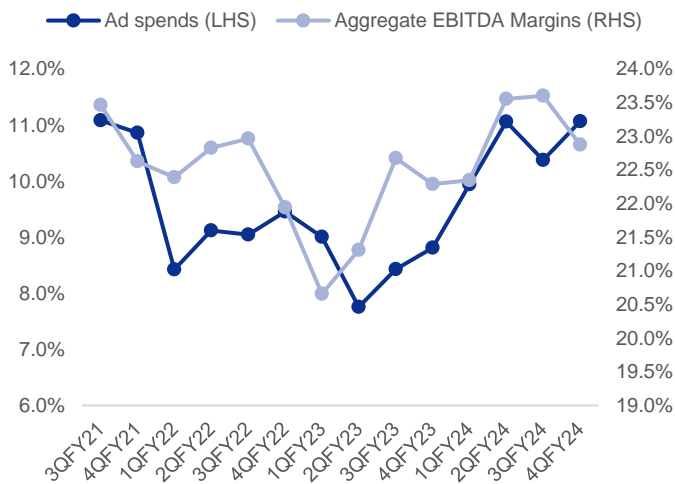
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Gross margin expands by 282bp yoy to 52.5% in 4Q



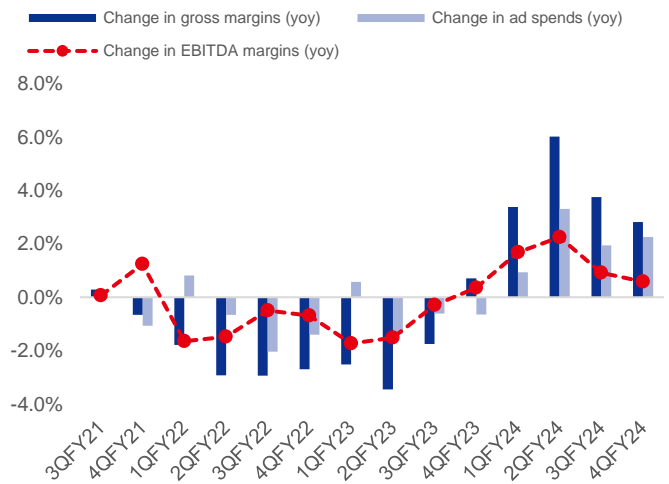
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: Advertising expenditure inched up in 4Q...



SOURCE: INCRED RESEARCH, COMPANY REPORTS

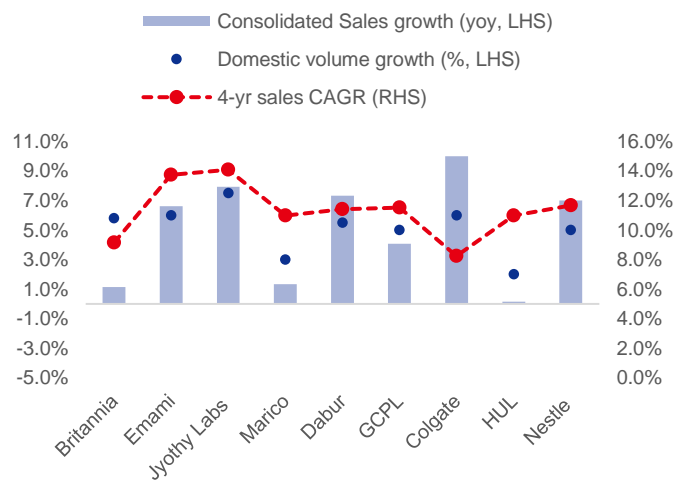
Figure 6: ...continuing to weigh on EBITDA margin expansion



SOURCE: INCRED RESEARCH, COMPANY REPORTS

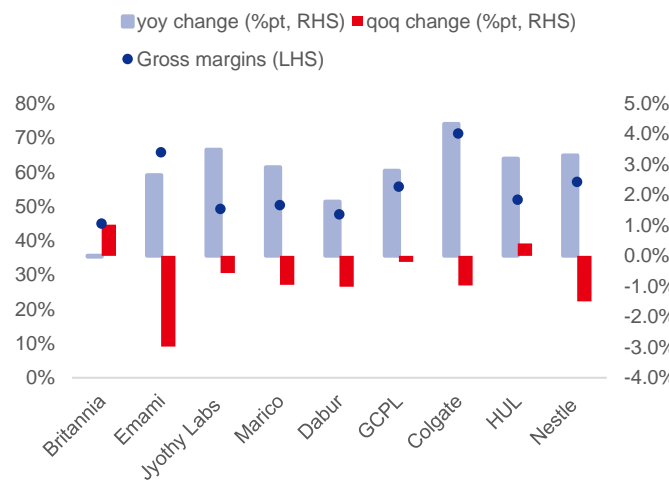
4QFY24 – Story in charts

Figure 7: JYL, Emami & Colgate-Palmolive posted better volume growth than the rest of the FMCG pack



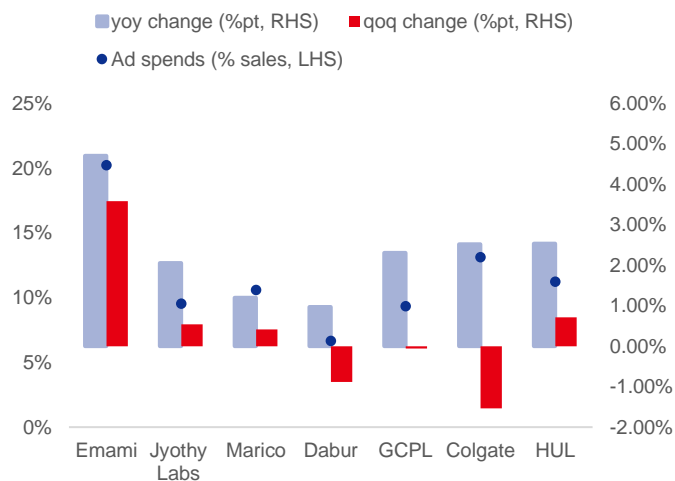
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 8: Gross margin improved for everyone barring BRIT (yoy)



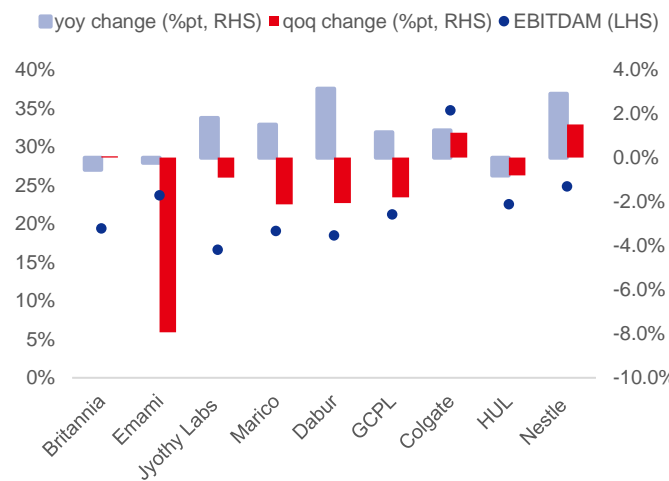
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 9: All players allocated a higher amount towards advertisement spending



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 10: Dabur India & Nestle India posted the highest EBITDA growth



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Raw material price trends

Figure 11: Key raw material price movement on a YoY basis

% YoY Change	Companies impacted	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	Apr-24	May-24
Groundnut (Rs/kg)	Marico	5.3%	10.2%	14.3%	17.4%	2.8%	13.2%	0.2%	-9.9%	-12.1%	-10.0%
PFAD (Rs/kg)	HUL, GCPL, Jyothy	46.4%	-21.4%	-30.5%	-45.5%	-39.9%	13.6%	0.5%	4.8%	3.8%	7.0%
Sunflower oil (Rs/kg)	Marico	10.4%	4.8%	6.7%	-25.0%	-49.4%	-39.6%	-35.5%	-18.8%	-5.4%	-0.5%
Mentha oil (Rs/kg)	Emami	11.2%	5.4%	5.4%	5.8%	-6.4%	-3.9%	-6.5%	-14.4%	-12.1%	-10.8%
Palm oil (Rs/kg)	HUL, GCPL, Jyothy, BRIT	54.4%	-10.8%	-24.7%	-32.3%	-40.4%	-3.5%	-7.0%	-5.6%	-2.0%	-0.1%
Refined Palm Oil Index		51.5%	-13.0%	-29.3%	-37.9%	-45.5%	-14.3%	-11.8%	-7.8%	-6.8%	-3.9%
LABSA (\$/mt)		-12.0%	-12.8%	-16.7%	-10.1%	-7.4%	-4.7%	-3.3%	-5.2%	-6.7%	-3.6%
Tlo2, Solvents & other paints related											
Titanium dioxide (Du Pont) (Rs /kg)	Asian, Berger and Kansai	54.9%	22.4%	-10.1%	-10.6%	-12.0%	-6.5%	-6.8%	-13.4%	-14.3%	-12.8%
Acetic Acid Glacial price Rs/kg	Asian, Berger and Kansai	-43.3%	-41.0%	-54.8%	-38.6%	-26.6%	-13.9%	14.7%	-4.0%	1.8%	0.2%
Brent (INR/bbl)	All companies	70.0%	44.1%	22.3%	-8.0%	-25.9%	-9.3%	-5.3%	0.6%	9.1%	11.1%
VAM (US\$/mt)	Pidilite	16.4%	1.6%	-55.5%	-46.3%	-59.9%	-52.2%	-20.4%	-8.0%	-12.1%	-8.3%
VAM (Rs/mt)	Pidilite	21.9%	9.4%	-51.2%	-41.3%	-57.3%	-50.5%	-19.4%	-7.1%	-10.6%	-7.2%
China Titanium Dioxide (Rs/kg)	Asian, Berger and Kansai	30.1%	9.7%	-31.8%	-30.2%	-28.2%	-23.6%	-6.2%	2.5%	2.6%	-0.6%
Foods-related (milk, tea, coffee, etc)											
Barley (Rs/kg)	HUL, Nestle	67.7%	48.8%	33.5%	8.4%	-35.0%	-37.2%	-32.5%	-25.1%	-10.5%	0.7%
Wheat (Rs/kg)	Britannia	21.5%	26.1%	28.7%	17.5%	4.9%	2.1%	-3.8%	-3.6%	7.0%	4.8%
Sugar (Rs/kg)	HUL, Nestle, Britannia	6.5%	4.0%	0.5%	0.2%	4.1%	6.0%	10.9%	10.7%	6.3%	9.5%
Milk Powder Prices (Rs/L)	Nestle, Britannia	31.7%	26.3%	28.5%	17.3%	1.2%	-3.9%	-13.7%	-19.9%	-7.2%	-1.0%
Leaf Tea - North India (Rs/kg)	HUL, Tata Consumer	1.4%	18.5%	4.7%	3.0%	-6.1%	-10.8%	-3.6%	-11.1%	8.8%	18.9%
Leaf Tea - South India (Rs/kg)	HUL, Tata Consumer	-13.6%	8.5%	20.6%	14.7%	10.1%	-3.1%	-11.1%	-13.5%	-5.2%	1.1%
Leaf Tea - All India (Rs/kg)	HUL, Tata Consumer	-2.9%	16.9%	6.0%	4.3%	-0.8%	-10.0%	-7.6%	-10.7%	-3.9%	17.8%
Coffee Index	HUL, Nestle	52.1%	43.0%	27.9%	9.7%	-1.2%	-1.2%	-5.4%	3.5%	12.5%	33.4%
Packaging Material											
LDPE (Rs/kg)	All companies	19.8%	0.4%	-14.2%	-11.1%	-20.8%	-7.4%	-3.3%	-5.0%	-0.6%	0.4%
Others											
Soda Ash (Rs/kg)	HUL, Jyothy	56.0%	65.0%	42.4%	12.3%	-5.3%	-6.0%	-11.2%	-10.2%	-5.0%	-3.2%
Gold Prices (per 10gm)	Titan, Kalyan, Senco	8.1%	7.7%	8.9%	14.3%	16.9%	15.7%	16.4%	11.4%	19.1%	19.2%
Inflation - WPI		15.6%	14.2%	8.4%	4.5%	-1.1%	-1.9%	0.0%	0.5%	0.6%	1.3%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

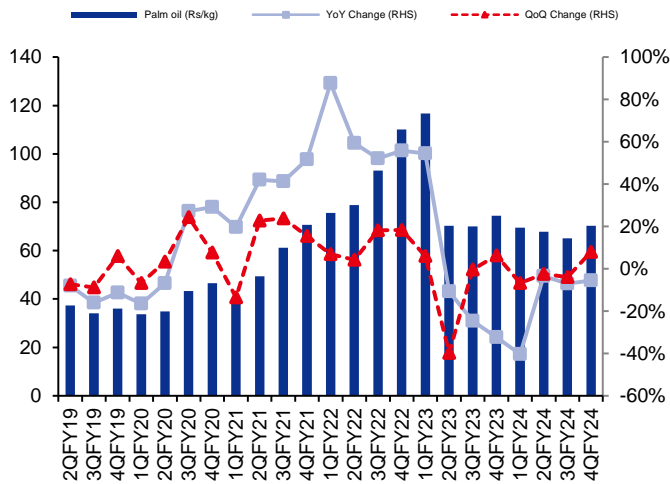
Figure 12: Key raw material movement on a MoM basis

% M-o-M Change (sequential)	Companies impacted	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24
Groundnut (Rs/kg)	Marico	1.1%	-2.0%	-12.6%	-4.0%	3.0%	-2.7%	-5.1%	1.7%	-0.4%	-0.8%
PFAD (Rs/kg)	HUL, GCPL, Jyothy	-1.4%	-4.4%	-2.8%	1.8%	-5.7%	-0.5%	1.5%	8.3%	1.2%	1.2%
Sunflower oil (Rs/kg)	Marico	-0.2%	-8.9%	1.4%	7.1%	-3.2%	0.6%	-0.7%	5.4%	-1.8%	-1.1%
Mentha oil (Rs/kg)	Emami	5.6%	3.7%	-3.7%	-1.9%	-5.4%	0.0%	-0.6%	2.4%	-0.6%	-0.8%
Palm oil (Rs/kg)	HUL, GCPL, Jyothy, BRIT	-1.4%	-3.5%	-2.9%	3.5%	-1.3%	4.0%	0.6%	9.2%	0.2%	-8.0%
Refined Palm Oil Index		-2.7%	-2.7%	-3.7%	3.3%	-1.4%	3.3%	1.1%	10.1%	-2.0%	-7.5%
Tlo2, Solvents & other paints related											
Titanium dioxide (Du Pont) (Rs /kg)	Asian, Berger and Kansai	-0.9%	-0.9%	-2.4%	-2.7%	-0.2%	0.0%	-2.6%	-1.2%	-0.4%	1.9%
Acetic Acid Glacial price Rs/kg	Asian, Berger and Kansai	-6.7%	24.6%	12.7%	-3.2%	-10.2%	-9.8%	4.2%	1.1%	0.8%	-1.4%
Brent (INR/bbl)	All companies	7.3%	8.7%	-3.3%	-7.9%	-5.6%	2.2%	2.8%	4.1%	5.6%	-6.9%
VAM (US\$/mt)	Pidilite	12.8%	0.5%	13.0%	-21.7%	2.5%	21.1%	0.8%	3.2%	-12.6%	-7.1%
VAM (Rs/mt)	Pidilite	13.7%	0.7%	13.3%	-21.6%	2.4%	20.9%	0.7%	3.3%	-12.3%	-7.1%
China Titanium Dioxide (Rs/kg)	Asian, Berger and Kansai	-0.4%	-1.0%	-0.5%	-0.5%	-0.3%	0.3%	1.0%	2.2%	0.1%	0.4%
Foods Related (Milk, Tea, coffee, etc)											
Barley (Rs/kg)	HUL, Nestle	0.8%	7.3%	2.6%	3.4%	-1.8%	-1.4%	-3.9%	-0.4%	-1.7%	6.6%
Wheat (Rs /kg)	Britannia	2.6%	2.0%	6.2%	0.0%	-4.8%	1.0%	-5.0%	4.6%	-5.7%	2.1%
Sugar (Rs / kg)	HUL, Nestle, Britannia	1.3%	3.0%	2.7%	3.2%	-4.2%	-1.0%	-1.4%	-0.4%	2.7%	1.8%
Leaf Tea - North India (Rs/kg)	HUL, Tata Consumer	-6.6%	-1.8%	0.3%	2.9%	-13.4%	-18.6%	-8.9%	-2.3%	75.1%	3.6%
Leaf Tea - South India (Rs/kg)	HUL, Tata Consumer	-2.5%	-1.4%	6.0%	1.1%	-2.6%	4.9%	-1.4%	5.9%	-0.1%	1.7%
Leaf Tea - All India (Rs/kg)	HUL, Tata Consumer	-4.5%	-0.4%	-9.5%	6.2%	-4.7%	-15.9%	-10.6%	0.1%	33.2%	22.2%
Packaging Material											
LDPE (Rs/kg)	All companies	5.7%	1.6%	-0.4%	-4.2%	-0.1%	3.2%	0.7%	1.5%	0.3%	0.3%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

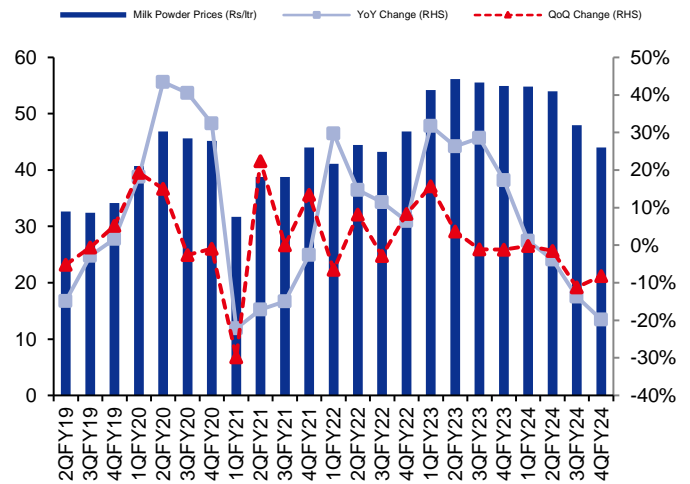
Price movement in key commodities

Figure 13: Palm oil (Rs/kg) prices declined 6% yoy to Rs70/kg in 4QFY24



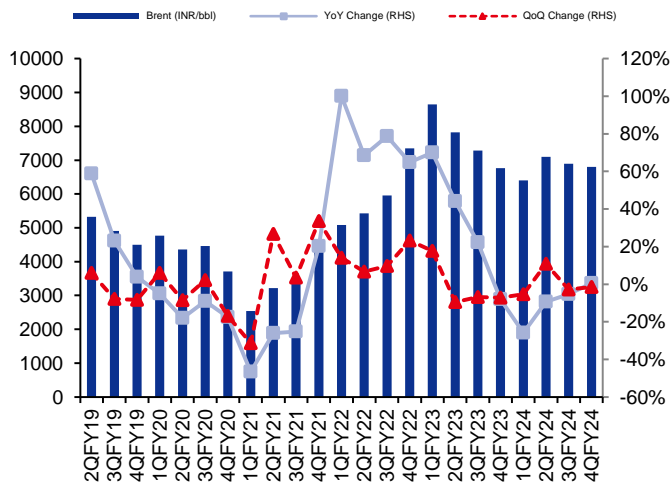
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 14: Skimmed milk powder prices were down 20% yoy in 4QFY24



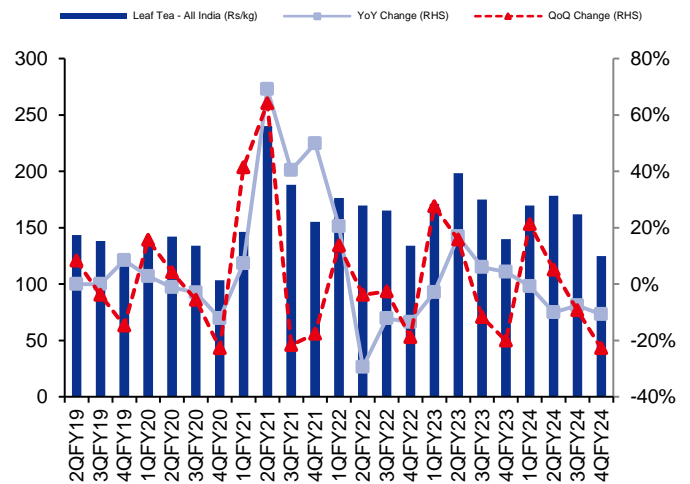
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 15: Prices of Brent crude oil (INR/bbl) were up 1% yoy in 4QFY24



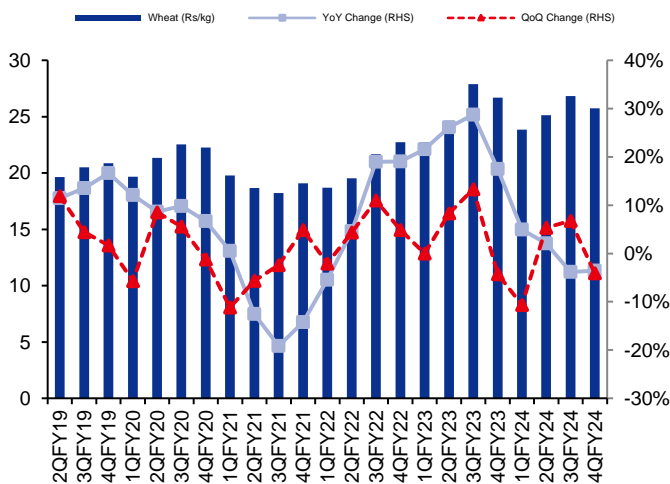
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 16: Prices of tea (All India leaf tea) declined 11% yoy to Rs125/kg in 4QFY24



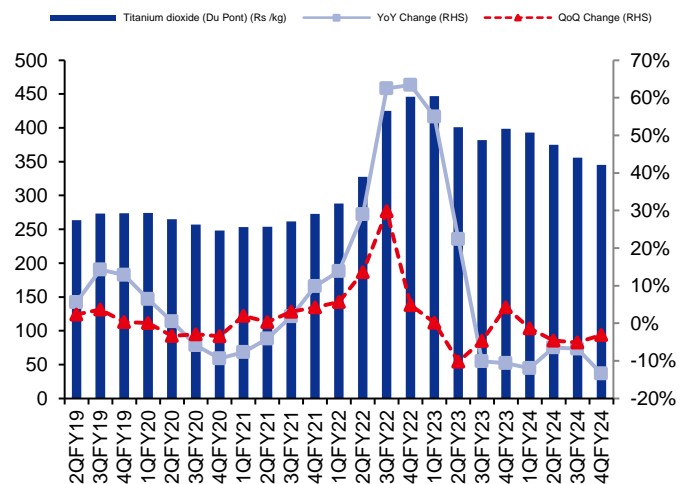
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 17: Prices of wheat were down 4% yoy to Rs26/kg in 4QFY24



SOURCE: INCRED RESEARCH, COMPANY REPORTS

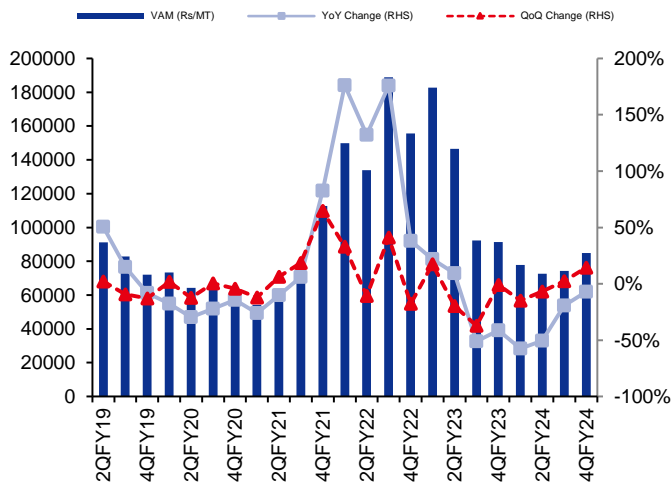
Figure 18: Prices of titanium dioxide (TiO2) declined 13% yoy in 4Q



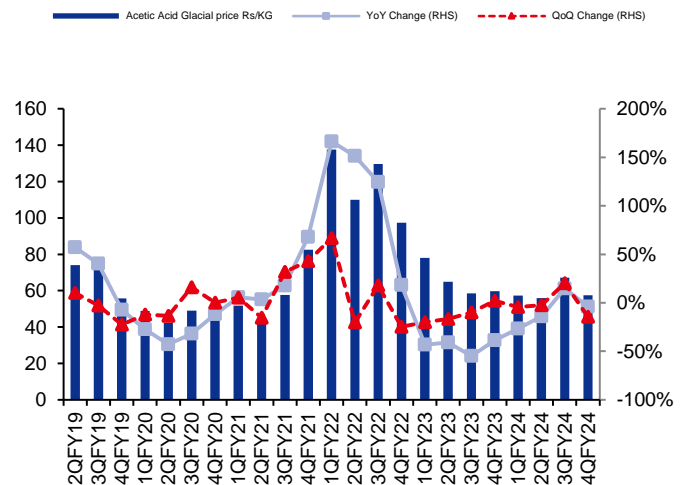
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 19: Prices of vinyl acetate monomer declined 7% yoy to Rs84,921/mt in 4QFY24

Figure 20: Prices of glacial acetic acid declined 4% yoy to Rs57/kg in 4QFY24



SOURCE: INCRED RESEARCH, COMPANY REPORTS



SOURCE: INCRED RESEARCH, COMPANY REPORTS

4QFY24 earnings call summaries

Britannia Industries ➤

- **Demand:** Market share has improved. Price cuts were taken by way of grammage hikes, which led to a better market share. Management believes that smaller players are witnessing pressure in new markets and hence, their market share gains have stabilized.
- **Distribution reach:** Expanded the direct reach to 2.79m outlets in Mar 2024 (vs. 2.68m in Mar 2023). Rural distributors increased to 30k in Mar 2024 vs. 28k in Mar 2023.
- Focus states continued to grow faster (2.4x) than the rest of India.
- **Volume:** In FY25F, volume is expected to be better post general elections - aiming at double-digit volume growth. Pricing in 4Q stood at -3% and is expected to be flat in 1Q.
- **Adjacency business:** Adjacency business has a c.25% sales contribution, with the average margin being slightly better than biscuits at the gross margin level but lower at the PAT margin level. **Cake:** Base formats performed well in traditional trade. Specialty products were pushed on e-commerce channels. **Rusk:** Posted robust double-digit growth. Bread: Growth was led by the health and variety segment.
- **Dairy (Bel SA partnership): Cheese:** Posted double-digit growth in India business. Laughing Cow Portions (round box) has done well. **Drinks:** Distribution reach was expanded before the summer season. **Lassi:** Improved the product and value proposition (now at Rs20/bottle).
- **Input costs and margins:** Cost savings were 7x higher in 2024 vs. 2013. Management has been focusing on cost savings in a strong manner. Spending on advertisements was higher in 4QFY24.
- **Outlook:** 3-4% inflation is expected in FY25F, largely post general elections in India. Management will continue to invest in brands and innovation. Price corrections were taken in specific channels to drive market share higher. The focus will remain on driving volume (in double digits - on a low base of FY24) and focused market share gains while sustaining profitability.

Colgate-Palmolive India ➤

- **Demand:** Rural markets outperformed their urban counterparts by 200bp in 4QFY24 led by improved distribution expansion and media spending. Strong Teeth toothpaste has performed well. Macroeconomic indicators for the upcoming monsoon suggest optimism and hence, management believes this is sustainable. Both rural and urban markets are expected to perform better in FY25F.
- Brand awareness has improved for Colgate-Palmolive India to 67% in FY24 vs. 64%/61% in FY23/FY22, respectively. Recall, as an oral care expert, has also improved.
- **Oral care category in India:** Average toothpaste consumption continues to be under-indexed. The Philippines is the closest, where India is at 0.6 in terms of per capita consumption (indexed to the Philippines). Compared to Brazil, India is at the 0.3 level.
- **Modern trade:** Planogram at a few stores, being piloted with Reliance Industries – is witnessing significant ASP growth in toothpastes as well as boost premiumization. Will continue to evolve this.
- **Personal care:** Palmolive: 60% of the target audience is aware of the brand. Body wash penetration is at 3% in India but is growing rapidly (growing 30-40% on a relatively smaller position). The Smile store assortment platform will be used to scale in modern trade and e-commerce as well as general trade or GT in a calibrated manner.
- **Oral care:** a) **Toothpaste:** The focus will be on driving category growth by improving the brushing frequency (backed by media spending). b) **Toothbrush:** Periogard toothbrush launched to complement the toothpaste offering. In Uttar Pradesh (a key market), Colgate was losing market share over the last two years, but this has been fixed and now the market share has improved.
- **Input costs and margins:** Almost 100% of the portfolio was relaunched this year. Packaging has been revamped. Recyclable tubes are expected to come in this year in a major way. Advertising expenditure was up 20% yoy at 13.5% of sales in FY24. A sizeable portion was spent on driving the brushing frequency.
- **Outlook:** Diversification presents a significant opportunity for the company as it aims to enter more categories. Management is optimistic about growing the category led by premiumization. Bulk of the premiumization growth will come from the Rs50-100 price points. Management believes that there is some scope for increasing the pricing led by improved product superiority and premiumization.

Dabur India ➤

- **Demand:** Demand remains similar to that in 3Q. Rural markets grew ahead of urban markets for the first time (for Dabur India) in the last three years. The company's rural markets grew 8% vs. 3-4% in the case of urban markets. 150k villages and 22k yoddhas (village entrepreneurs) covered as of FY24-end.
- E-commerce channel grew the fastest in FY24, at 19-20%. Q-commerce accounted for c.13% of e-commerce sales.
- **Premiumization:** Contributed 18% to sales as of FY24-end. Management aims to increase the sales mix of the premium range going ahead.
- **Healthcare:** a) **Health supplements** declined by 9.1% yoy in 4Q led by a delayed winter season impacting Chyawanprash sales. The glucose range grew 9.3% yoy. Chyawanprash's market share gains continued (as the wholesale channel destocked). Honey was soft, in line with seasonality. The tea range has been reworked and relaunched with a new formulation. b) **Digestives** grew 16% yoy in 4Q led by Hajmola and Pudina Hara. c) **OTC & ethicals:** Posted flat growth in 4Q, impacted by a delayed winter season. d) **Baby care** business is now at Rs400-450m vs. Rs300m in FY23. e) **Therapeutics** division clocked Rs1,200m in revenue in FY24, reaching

- 1,10,000 doctors (ayurvedic + allopathic) now vs. 20k ayurvedic doctors earlier.
- **Home and personal care** a) **Oral care:** Posted a 22% yoy growth in 4Q (on a low base of -3%) led by the herbal segment. The oral care category is 93% penetrated in India and is growing 7.5% vs. 6% in case of the overall FMCG market. b) **Hair oils:** Declined by 2.5% yoy in 4Q but market share improved by 115bp. The overall category grew 8% in value terms in FY24 vs. 4.2% for Dabur India. c) **Shampoo:** Grew 6.1% yoy in 4Q led by the Vatika range. Market share gains continued. d) **Home care** grew 7.5% yoy led by robust double-digit growth in Odomos (MS up 600bp). e) **The liquid variant** of Odonil is scaling up well. f) **Skin care** was flat in 4Q. The Gulabari range posted an 18% growth in FY24.
 - **Food & beverages:** a) Beverages declined by 1.5% yoy in 4Q on a high base and some supply chain constraints. Real Activ posted double-digit growth. 1QFY25F is expected to see better growth due to expectations of a hotter summer season. b) **Foods:** Badshah range grew 23.2% yoy in FY24. The home-made range grew in mid-teens. Management stated that Badshah's product offerings are within the limits set by the Spice Board. The market leader (MDH) was slightly higher in content and hence, management believes Badshah is in a safer position. Going ahead, as the inflationary trend in raw materials is expected to tone down, some price cuts will be rolled out in the category.
 - **International business:** MENA grew 11.8% yoy, Egypt grew 46.6%, SSA was up 15.1%, Turkey was up 52.3%, while Namaste business was down 7.3% yoy in constant currency or CC terms. International business (IBD) was up 16.4% in CC terms in 4QFY24.
 - **Outlook:** Management is optimistic about growth going ahead. Rural markets are expected to continue to inch up gradually. Targeting a 5-6% volume growth in FY25F. As price growth will be limited going ahead (2-3%), gross margin expansion is expected to be lower than the past years (where price hikes were higher). Advertising expenditure will be elevated. The EBITDA margin should gradually improve (19.4% in FY24). Targeting 20% in FY25F. Once the healthcare range starts posting faster growth, the EBITDA margin profile can improve.

Emami ▶

- **Demand:** Market share has improved. Price cuts were taken by way of grammage hikes, which led to a better market share. Management believes that smaller players are witnessing pressure in new markets and hence, their market share gains have stabilized.
- **Distribution reach:** Expanded the direct reach to 2.79m outlets in Mar 2024 (vs. 2.68m in Mar 2023). Rural distributors increased to 30k in Mar 2024 vs. 28k in Mar 2023.
- Focus states continued to grow faster (2.4x) than the rest of India.
- **Volume:** In FY24, volume and revenue growth were similar. In FY25F, volume is expected to be better post general elections - aiming at double-digit volume growth. Pricing in 4Q stood at -3% and is expected to be flat in 1Q.
- **Innovation:** Teat: Brand architecture was reworked. 50:50 Golmaal biscuits continue to do well. Recent launches: Fruit and Nut Gooday (for MT), cake, rusk & bourbon milkshake are doing well. Recent launches contributed to Rs2.75bn in FY24.
- **Advertising and marketing:** Good Day and Marie Gold were supported by spending on advertisements. Nutrchoice is the only product in the market in the digestive segment which has 'atta', as per management. Winking Cow was supported by media spending. Atta Milk Bikis are doing well in the eastern region.
- **Adjacency business:** Adjacency business has a c.25% sales contribution, with the average margin being slightly better than biscuits at the gross margin level but lower at the PAT margin level. **Cake:** Base formats performed well in traditional trade. Specialty products were pushed on e-commerce channels.

- **Rusk:** Posted robust double-digit growth. **Bread:** Growth was led by the health and variety segment.
- Dairy (Bel SA partnership): **Cheese:** Posted double-digit growth in India business. Laughing Cow Portions (round box) has done well. **Drinks:** Distribution reach was expanded before the summer season. **Lassi:** Improved the product and value proposition (now at Rs20/bottle).
- International business: Growth was robust during the quarter (and year) led by GCC and America.
- **Input costs and margins:** Cost savings were 7x in 2024 vs. 2013. Management has been focusing on cost savings in a strong manner. Spending on advertisements was higher in 4QFY24.
- **Outlook:** 3-4% inflation is expected in FY25F, largely post general elections in India. Management will continue to invest in brands and innovation. Price corrections taken in specific channels to drive market share higher. The focus will remain on driving volume (in double digits - on a low base of FY24) and focused market share gains while sustaining profitability. In the previous decade, both volume and value growth were strong. This decade it was weaker.

Godrej Consumer Products ►

- **FY25F strategy:** 1) Premiumization (premium innovations, premium categories, premium channels), 2) efficiency (manufacturing footprint, media), and 3) affordability (GT-specific).
- **Premiumization:** Launched foam body wash, LV with RNF, Aer O air fresheners.
- **Distribution premiumization:** Increase OTC and cosmetic channel presence by 50% in FY25F. In D-mart, GCPL has a 40% share in deodorants. Currently, modern trade or MT and e-com are growing in high single digits.
- **Outlook:** High single-digit (>7%) growth (double-digit in the long term) led by TAM expansion, and upgradation from soaps. Household insecticides is expected to post near double digit growth. These will take GCPL to double digits volume growth. The EBITDA margin is expected to remain at 27- 28% in India.
- **Indonesia:** Indonesia's GDP growth pre/post Covid-19 pandemic was 5.1%/5.3%, respectively. GCPL's performance was down in comparison. The LV portfolio is at 7% penetration annually. Significantly underpenetrated. For the last two years, the benefits of setting the price value equation have aided growth.
- **Africa:** The environment is volatile and tough. Interest rates are high (24% in Feb 2024 vs. 17.5% in Apr 2023), besides there is forex volatility and geopolitical volatility. Larger FMCG salience: 50%\40% in FY24/FY22, respectively. Growth will remain faster than the rest of the range.
- **New targets in place:** Innovation will be a strong focus area. Fewer innovations are expected but are expected to do well.
- **Vistaar 2.0 (rural outreach program):** Van operations will sell ready stock in rural India. Reached 10m outlets.
- Capex expected at Rs9bn for two factories over 18-24 months. Capex will normalize after this.

Hindustan Unilever ►

- **Demand:** In FY24, softening in key commodity prices was passed on to the customers, leading to flat price growth during the year. Rural demand (40% salience for HUVR) remained weak in FY24. From 2HFY25F, management expects an uptick in demand.
- **On change in distributor margins:** Distributors under the pilot scheme in 100 top cities are seeing an improvement in margins and have improved service levels as well, as per management.
- **Home care:** a) **Fabric wash:** Posted mid-single digit volume growth. b) **Household care:** Volume was up in mid-single digits. c) **Home care:** Liquid salience in home care is more than Rs30bn.
- **Beauty and personal care:** a) As per new reporting (from 1QFY25F onwards): Beauty and wellbeing was up 4% in sales terms. b) **Skin cleansing:** Posted a decline due to the impact of price cuts (in the mass and popular range) and a drop in volume at the mass-end. c) **Hair care:** Volume-driven high single-digit growth. d) **Skin care and colour cosmetics:** They posted a low single-digit growth. e) **Oral care:** Posted double-digit growth. f) **Innovations:** New sunscreen under Lakme which is 'invisible' in its finish.
- **Foods and refreshments:** a) **Beverages:** Tea business continued to witness a downgrade; coffee grew in double digits. b) **Health food drinks:** Delivered high single-digit growth led by the Plus range based on a mix of volume and pricing growth. c) **Foods:** Posted mid-single digit growth. d) **Ice-Cream:** Posted volume-led double-digit growth.
- **Input costs and margins:** Gross margin improvement was driven by softening raw material prices and improvement in the mix. Spending on advertisements will remain elevated as the company will invest more in its premium offerings.
- **Outlook:** The focus will be on growing the core business by driving superiority in packaging and formulation, backed by spending on advertisements. Management believes that overall demand is improving gradually and is optimistic about the mid-term impact of monsoons and improving macroeconomic indicators.

Jyothy Labs ►

- **Fabric care:** Market share gains have been healthy. Liquids' contribution is low currently in both Henko and Ujala brands. The acceptance has been good across channels. The category is growing well. Growth has been better in South India as well as in modern trade channel. New launches expected at lower prices in the next few quarters.
- **Dishwash:** Market shares have been held on. Jyothy Labs or JYL is growing in line with the overall category growth (bar & liquid). Both Exo and Pril are the No.2 brands currently. In East India, the market share used to be in single digits earlier but now is in double digits.
- **Household insecticides:** The sales decline was due to seasonality in core markets of North and East India due to the extended winter season. The focus has been on liquids. Actress Kareena Kapoor engaged as the brand ambassador.
- **Personal care:** Growth was led by the core Margo variant. The new variant is also performing well.
- **Outlook:** Rural market slowdown seems to be bottoming out, as per management. The focus will be on continuing to drive volume-led topline growth. Targeting EBITDA margin in the range of 16-17% in FY25F. Advertisement expenditure will remain elevated as the company continues to spend on brand building. Capex is expected to be at Rs400-500m per year.

Marico ➤

- **Demand:** Volume growth of the sector has been stable, despite inflation and a slower-than-expected recovery in rural demand. Urban market growth moderated while rural market growth improved slightly. FY25F is likely to see a gradual uptick across urban and rural markets.
- **Outlook on rural/urban growth:** Marico witnessed an uptick towards the end of the quarter in rural markets. The core portfolio should see better rural growth. Benefits of Project Setu will be visible from 2HFY25F.
- Alternate channels gained salience as the general trade or GT channel witnessed muted growth in mass categories.
- **Saffola edible oils:** Trade channels have stabilized. Revenue growth is expected to trend in a positive direction in FY25F. 4QFY24 saw range advertising under Saffola (edible oils + foods). By 2QFY25F, price hikes are expected to be anniversarized (last price hike was towards the end of 1QFY24).
- **VAHO:** Optically weak quarter on a high base. The bottom of the pyramid continued to drag sales. Mid and premium segments fared better. Expects a more competitive environment going ahead at the mass-end (Shanti Amla and Sarson) led by shrinkflation and volume impact.
- **Parachute:** Saw a steady recovery amidst loose to branded conversions. Market share improved by 50bp.
- **Foods business:** Closed FY24 at 4x higher than in FY20. Will drive a 20% CAGR in foods business over the medium term.
- **Input costs and margins:** Margins can improve over three-to-four years. In the foods business, an 800bp gross margin expansion (most of which is sustainable, as per management) gave a good ramp-up. No improvement expected in FY25F but will be visible going ahead.
- **Outlook:** Building blocks are in place to drive double-digit growth going ahead. The double-digit sales growth outlook remains unchanged.

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