

India

Neutral (no change)

Consumer Staples - Overall

1QFY25 results preview

- We expect our staples/paint pack to post 3.3%/2.2% yoy sales growth in 1QFY25F. Demand scenario for FMCG products is likely to improve marginally.
- Demand trend for our paint pack continues to remain lacklustre for the quarter, with players expected to post low single digit-mid single digit sales growth.
- Retain our ADD rating on JYL, GCPL, Dabur India, Emami, Titan Company & Raymond, HOLD rating on BRGR/PIDI and REDUCE rating on APNT/KNPL.

Marginal improvement in rural demand expected

Our FMCG pack (aggregate) is expected to post a 3.3% yoy sales growth in 1QFY25F. The overall demand trend is expected to improve marginally, with a gradual improvement likely in rural markets while urban markets maintain their growth momentum. Given the strong summer season in 1Q, we believe that players like Emami have benefited (driving 9.1% sales growth owing to a 40%+ contribution from the summer range in 1Q), however the beverages category is likely to have missed another strong summer season for players like Dabur. F&B & oral care portfolios are likely to post better growth compared to HPC & personal care categories for the quarter. Gross margin expansion is expected to be supported by higher raw material prices in the base while the EBITDA margin (aggregate) is likely to expand by 77bp yoy to 22.6%, offset by higher advertising & promotional expenses and higher other expenses. The recovery in rural markets remains a key monitorable for the sector. We reiterate our ADD rating on Emami, Jyothy Labs, Dabur India & Godrej Consumer Products (GCPL).

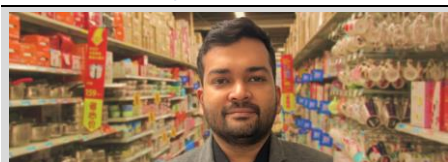
Heatwave and general elections likely impacted demand

Our paint pack (aggregate) is expected to post a 2.2% yoy sales growth in 1QFY25F. The demand environment continues to remain weak for the industry. Due to general elections in India during the quarter, the availability of labour and temporary halting of construction of government projects may have hit the projects business of most companies. Volumes are expected to grow in high single digits to double digits for the quarter led by price cuts. Rebating intensity remained elevated. We expect Berger Paints (BRGR) to perform better, growing 3.8%, while Asian Paints is expected to register another dull quarter (+0.9% sales growth expected). Pidilite Industries (PIDI) is expected to post a 4.3% yoy sales growth led by the C&B division. Given the heightened competitive intensity post Grasim's entry, we retain our pessimistic view on the sector and reiterate our REDUCE rating on Kansai Nerolac Paints and Asian Paints or APNT and a HOLD rating on BRGR and PIDI.

Weak show by Titan; Raymond to be supported by realty business

Titan Company's jewellery division is expected to post a 9% yoy sales growth in 1QFY25F due to elevated gold prices, low wedding dates and weaker studded mix. The performance is weak considering that Kalyan Jewellers/Senco Gold are expected to post 27%/11% yoy sales growth, respectively. Raymond is expected to post a 13% yoy growth in 1QFY25F led by a 75% growth in the realty business, despite a slowdown in the lifestyle business, due to lower wedding events. We retain our ADD rating on Titan Company & Raymond.

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Figure 1: 1QFY25F earnings preview of our FMCG coverage universe

Company	Revenue (Rs m)	% chg (yoy)	EBITDA (Rs m)	% chg (yoy)	Net Profit (Rs m)	% chg (yoy)
Britannia	41,297	3.0%	7,789	13.1%	5,245	14.6%
Colgate	14,289	8.0%	4,730	13.1%	3,296	12.4%
Dabur	33,391	6.7%	6,602	9.2%	4,945	6.6%
Emami	9,008	9.1%	2,127	11.9%	1,500	8.9%
Godrej Consumer	35,136	1.9%	7,315	13.8%	4,577	14.3%
Hindustan Unilever	1,50,577	-0.6%	34,934	-0.8%	24,556	-2.1%
Jyothy Labs	7,507	9.3%	1,291	10.0%	1,007	4.5%
Marico	26,921	8.7%	6,296	9.7%	4,594	7.6%
Nestle	50,253	8.8%	12,081	18.1%	8,200	17.4%
Total	3,68,379	3.3%	83,166	6.9%	57,921	5.6%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

1QFY25 results preview

Figure 2: 1QFY25F preview snapshot

Company	Revenue (Rs m)	% chg (yoy)	EBITDA (Rs m)	% chg (yoy)	Net Profit (Rs m)	% chg (yoy)
Consumer staples						
Britannia	41,297	3.0%	7,789	13.1%	5,245	14.6%
Colgate	14,289	8.0%	4,730	13.1%	3,296	12.4%
Dabur	33,391	6.7%	6,602	9.2%	4,945	6.6%
Emami	9,008	9.1%	2,127	11.9%	1,500	8.9%
Godrej Consumer	35,136	1.9%	7,315	13.8%	4,577	14.3%
Hindustan Unilever	1,50,577	-0.6%	34,934	-0.8%	24,556	-2.1%
Jyothy Labs	7,507	9.3%	1,291	10.0%	1,007	4.5%
Marico	26,921	8.7%	6,296	9.7%	4,594	7.6%
Nestle	50,253	8.8%	12,081	18.1%	8,200	17.4%
Aggregate (staples)	3,68,379	3.3%	83,166	6.9%	57,921	5.6%
Consumer Discretionary						
Asian Paints	92,656	0.9%	20,436	-1.8%	14,933	-1.1%
Berger Paints	31,449	3.8%	5,912	6.2%	3,718	4.9%
Kansai Nerolac	22,139	2.6%	3,198	-3.5%	2,143	2.5%
Pidilite	34,147	4.3%	7,117	0.7%	4,701	0.4%
Aggregate (discretionary)	1,80,391	2.2%	36,663	-0.3%	25,495	0.3%
Titan	1,30,869	10.0%	12,328	9.6%	8,153	8.3%
Raymond	20,057	13.2%	1,991	1.3%	882	-91.7%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Quarterly estimates

Figure 3: 1QFY25F preview of our coverage universe

	1QFY24	4QFY24	1QFY25F	yoy % chg	qoq % chg
Britannia - Consolidated					
Net Sales (Rs m)	40,107	40,694	41,297	3.0%	1.5%
EBITDA (Rs m)	6,889	7,874	7,789	13.1%	-1.1%
EBITDA Margin (%)	17.2%	19.4%	18.9%	168bp	-49bp
Core Net Profit (Rs m)	4,576	5,383	5,245	14.6%	-2.6%
Colgate - Standalone					
Net Sales (Rs m)	13,237	14,900	14,289	8.0%	-4.1%
EBITDA (Rs m)	4,181	5,322	4,730	13.1%	-11.1%
EBITDA Margin (%)	31.6%	35.7%	33.1%	151bp	-262bp
Core Net Profit (Rs m)	2,932	3,798	3,296	12.4%	-13.2%
Dabur - Consolidated					
Net Sales (Rs m)	31,305	28,146	33,391	6.7%	18.6%
EBITDA (Rs m)	6,047	4,668	6,602	9.2%	41.4%
EBITDA Margin (%)	19.3%	16.6%	19.8%	46bp	319bp
Core Net Profit (Rs m)	4,639	3,495	4,945	6.6%	41.5%
Emami - Consolidated					
Net Sales (Rs m)	8,257	8,912	9,008	9.1%	1.1%
EBITDA (Rs m)	1,900	2,110	2,127	11.9%	0.8%
EBITDA Margin (%)	23.0%	23.7%	23.6%	60bp	-6bp
Core Net Profit (Rs m)	1,377	1,489	1,500	8.9%	0.8%
Godrej Consumer - Consolidated					
Net Sales (Rs m)	34,489	33,850	35,136	1.9%	3.8%
EBITDA (Rs m)	6,428	7,551	7,315	13.8%	-3.1%
EBITDA Margin (%)	18.6%	22.3%	20.8%	218bp	-149bp
Core Net Profit (Rs m)	4,006	4,818	4,577	14.3%	-5.0%
Hindustan Unilever - Standalone					
Net Sales (Rs m)	1,51,480	1,48,570	1,50,577	-0.6%	1.4%
EBITDA (Rs m)	35,210	34,350	34,934	-0.8%	1.7%
EBITDA Margin (%)	23.2%	23.1%	23.2%	-4bp	8bp
Core Net Profit (Rs m)	25,090	24,230	24,556	-2.1%	1.3%
Jyothy Labs - Standalone					
Net Sales (Rs m)	6,871	6,600	7,507	9.3%	13.7%
EBITDA (Rs m)	1,174	1,084	1,291	10.0%	19.1%
EBITDA Margin (%)	17.1%	16.4%	17.2%	11bp	78bp
Core Net Profit (Rs m)	963	782	1,007	4.5%	28.8%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: 1QFY25F preview of our coverage universe

	1QFY24	4QFY24	1QFY25F	yoy % chg	qoq % chg
Marico - Consolidated					
Net Sales (Rs m)	24,770	22,780	26,921	8.7%	18.2%
EBITDA (Rs m)	5,740	4,420	6,296	9.7%	42.5%
EBITDA Margin (%)	23.2%	19.4%	23.4%	22bp	399bp
Core Net Profit (Rs m)	4,270	3,180	4,594	7.6%	44.5%
Nestle India - Standalone					
Net Sales (Rs m)	46,195	52,544	50,253	8.8%	-4.4%
EBITDA (Rs m)	10,227	13,226	12,081	18.1%	-8.7%
EBITDA Margin (%)	22.1%	25.2%	24.0%	190bp	-113bp
Core Net Profit (Rs m)	6,983	9,241	8,200	17.4%	-11.3%
Titan Company - Consolidated					
Net Sales (Rs m)	1,18,970	1,24,940	1,30,869	10.0%	4.7%
EBITDA (Rs m)	11,250	11,900	12,328	9.6%	3.6%
EBITDA Margin (%)	9%	10%	9%	-4bp	-10bp
Core Net Profit (Rs m)	7,530	7,700	8,153	8.3%	5.9%
Raymond - Consolidated					
Net Sales (Rs m)	17,715	26,085	20,057	13.2%	-23.1%
EBITDA (Rs m)	1,966	4,359	1,991	1.3%	-54.3%
EBITDA Margin (%)	11%	17%	10%	-117bp	-678bp
Core Net Profit (Rs m)	10,653	2,292	882	-91.7%	-61.5%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: 1QFY25F preview of our paint coverage universe

	1QFY24	4QFY24	1QFY25F	yoy % chg	qoq % chg
Asian Paints - Consolidated					
Net Sales (Rs m)	91,823	87,308	92,656	0.9%	6.1%
EBITDA (Rs m)	20,806	16,913	20,436	-1.8%	20.8%
EBITDA Margin (%)	22.7%	19.4%	22.1%	-60bp	268bp
Core Net Profit (Rs m)	15,097	12,566	14,933	-1.1%	18.8%
Berger Paints - Consolidated					
Net Sales (Rs m)	30,295	25,203	31,449	3.8%	24.8%
EBITDA (Rs m)	5,568	3,509	5,912	6.2%	68.5%
EBITDA Margin (%)	18.4%	13.9%	18.8%	42bp	488bp
Core Net Profit (Rs m)	3,544	2,221	3,718	4.9%	67.4%
Kansai Nerolac Paints - Consolidated					
Net Sales (Rs m)	21,568	17,694	22,139	2.6%	25.1%
EBITDA (Rs m)	3,315	1,790	3,198	-3.5%	78.6%
EBITDA Margin (%)	15%	10%	14%	-93bp	433bp
Core Net Profit (Rs m)	2,091	1,160	2,143	2.5%	84.7%
Pidilite Industries - Consolidated					
Net Sales (Rs m)	32,751	29,019	34,147	4.3%	17.7%
EBITDA (Rs m)	7,070	5,769	7,117	0.7%	23.4%
EBITDA Margin (%)	21.6%	19.9%	20.8%	-74bp	96bp
Core Net Profit (Rs m)	4,682	3,006	4,701	0.4%	56.4%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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