

Result Preview



Company

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

Consumption trends sustain; jewelry to outperform

- In our consumer coverage universe, we expect FMCG/jewelry verticals to sustain/outperform their growth trajectory in 2QFY25, whereas QSR, paint and liquor verticals are expected to see weakness in growth and profitability.
- For staples companies, demand trends remained stable QoQ in 2QFY25, with rural markets outperforming urban areas for the third consecutive quarter. However, heavy rains and floods in certain regions have disrupted the supply chain. They also affected out-of-home consumption and consumer offtake, particularly for the beverages category. Food and beverage companies are likely to implement price hikes in response to rising costs of agricultural commodities. Gross margin expansion is expected to stabilize in 2Q after seeing significant improvements over the past 4-5 quarters. However, marketing and distribution expenses would remain elevated, leading to flat or marginal decrease in EBITDA margins for most companies. Looking ahead, 2HFY25 is expected to see better performances, bolstered by the festive season, rising incomes, government initiatives, and an above-average monsoon, all of which are likely to boost consumer demand across key categories.
- The alcoholic beverages segment was impacted by seasonality and heavy rains. We expect volume growth of 1% for UNSP and 7% for UBBL. For UNSP, 2Q was also affected by stock accumulation at the distributor level in 1Q; however, it is likely to improve in 2HFY25, driven by recent favorable policy changes, including Karnataka's MRP cut and Andhra Pradesh's retail shop privatization.
- For paints and adhesives companies, weakness in paint demand is expected to persist, with further QoQ deceleration anticipated in 2QFY25. Margins are expected to decline due to negative operating leverage and increased investments amid competitive intensity. We expect Asian Paints to report 5% volume growth and flat revenue growth, while Indigo Paints is expected to report 6% value growth for the quarter. Pidilite is expected to perform better with 11% volume growth and margin expansion, supported by lower VAM prices.
- The 19 consumer companies (excluding QSR and Jewelry) under our coverage are expected to deliver revenue growth of 5.5%, EBITDA growth of 3.2%, and PAT growth of 3.8% in 2QFY25.

Agri commodity prices rising, while non-agri prices cooling off

- As we highlighted in [our Sep'24 commodity note](#), most agricultural commodities have seen a YoY price increase, which is expected to impact FMCG companies like Dabur, HUL, Nestlé, Britannia, Marico, and Tata Consumer. Conversely, non-agricultural commodities such as crude oil and its derivatives, along with VAM prices, have shown a deflationary trend. This could benefit companies in the paints and adhesives sectors, as well as those in the soaps and detergents categories.
- **In the agricultural basket**, wheat prices have increased 11% YoY and 8% QoQ. Barley prices have surged 15% YoY and 7% QoQ, which is expected to affect companies such as UBBL and Nestle. Sugar prices have increased 4% YoY but

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remained flat QoQ, while coffee prices have surged 14% YoY and 6% QoQ, potentially impacting companies such as Nestle and HUL. Copra prices have increased 8% YoY and 5% QoQ. Palm oil prices have increased 5% YoY while stabilizing on a sequential basis. Further, the government has recently increased import duty on edible oil to support domestic producers. The import duty on crude palm oil, soybean oil, and sunflower oil has been raised from 0% to 20%, while the tariff on the refined varieties of these oils has surged from 12.5% to 32.5%.

- In the **non-agricultural basket**, Crude oil prices are witnessing a decline, primarily due to the economic slowdown in China, and are currently trading at around USD75/barrel. The average crude price has decreased 7% YoY and 5% QoQ, which is expected to benefit paint companies significantly. Additionally, the prices of other commodities such as TiO2 and TiO2 China are seeing a downward trend. VAM China prices have declined 19% YoY and 4% QoQ, which will benefit companies such as Pidilite. Gold prices have risen 21% YoY while remaining stable QoQ. Although gold prices initially declined by 8-10% following a cut in customs duty, they have surged again due to an increase in global prices.

2QFY25 – Key earnings outliers and underperformers

- Outliers: Britannia, Colgate, Marico
- Underperformers: Dabur, Asian Paint

Top picks

- **HUL:** HUL's wide product basket and presence across price segments should help the company achieve a steady growth recovery. Under the new leadership of Mr. Rohit Jawa, HUL is expected to take corrective actions to address the white space, particularly in BPC and F&R. The company commands strong leadership in Home Care, which can be capitalized during improving macros.
- **GCPL:** GCPL is consistently working to expand the total addressable market for its India business through product innovations to drive frequency. Besides, there has been a consistent effort to address the gaps in profitability and growth in its international business. We see margin headroom from the RCCL and Indonesia businesses.
- **DABUR:** Recovery in rural markets should support its portfolio, as it is heavily skewed toward rural areas. In the domestic business, we expect healthcare, oral care, and food business to grow faster than others. The distribution drive will further contribute to rural growth. EBITDA margin has remained in the range of 19-20% for the past several years. The margin is expected to improve in the coming years due to a better mix of products (such as higher healthcare offerings) and increased pricing in high market-share brands.

Exhibit 1: Summary of 2QFY25 earnings estimates

Sector	CMP (INR)	RECO	SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
			Sep-24	Var % YoY	Var % QoQ	Sep-24	Var % YoY	Var % QoQ	Sep-24	Var % YoY	Var % QoQ
Asian Paints	3277	Neutral	85,210	0.5	-5.0	15,028	-12.4	-11.3	10,760	-12.7	-9.3
Britannia	6446	Neutral	47,389	6.9	11.5	9,320	6.8	23.7	6,508	11.0	22.9
Colgate	3819	Neutral	16,621	13.0	11.0	5,635	16.9	10.9	4,053	19.2	11.4
Dabur	619	Buy	30,385	-5.2	-9.3	5,528	-16.4	-15.6	4,370	-16.5	-14.0
Emami	749	Buy	9,089	5.1	0.3	2,491	6.6	15.1	2,142	8.9	25.8
Godrej Consumer	1388	Buy	36,901	2.4	10.8	7,477	3.4	3.0	4,814	9.0	3.6
Hind. Unilever	2922	Buy	1,59,977	2.4	1.9	37,755	-0.6	0.8	26,964	1.4	1.9
Indigo Paints	1507	Buy	2,972	6.5	-4.4	437	3.6	-7.8	230	-9.3	-12.3
ITC	516	Buy	1,87,600	5.5	1.6	67,159	4.1	-0.5	51,194	4.5	0.5
Jyothy Labs	548	Neutral	7,983	9.0	7.6	1,509	11.4	13.1	1,146	10.2	12.7
Marico	693	Buy	26,575	7.3	0.5	5,208	4.8	-16.8	3,752	6.3	-19.1
Nestle	2707	Neutral	53,452	6.1	11.0	13,421	7.6	19.7	9,012	11.9	22.2
P&G Hygiene	16712	Neutral	12,419	9.1	33.3	3,057	7.3	132.8	2,285	8.4	151.5
Page Industries	42679	Neutral	11,994	6.6	-6.1	2,502	7.1	2.8	1,716	14.2	3.9
Pidilite Inds.	3340	Neutral	32,914	7.0	-3.1	7,623	12.1	-6.2	5,352	16.4	-6.5
Tata Consumer	1197	Buy	42,382	13.5	-2.6	5,844	8.8	-12.4	3,365	-3.6	11.0
United Breweries	2160	Sell	20,768	10.0	-16.0	2,097	13.6	-26.4	1,207	12.1	-30.4
United Spirits	1611	Neutral	29,411	2.7	25.0	4,887	4.0	6.7	3,357	5.5	12.3
Varun Beverages	612	Buy	47,607	23.0	-33.8	10,871	23.2	-45.4	5,870	17.2	-53.1
Consumer			8,61,649	5.5	-0.9	2,07,848	3.2	-3.6	1,48,098	3.8	-2.2

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

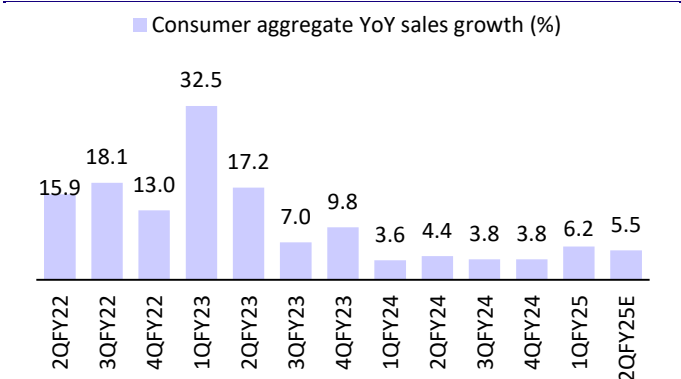
Volume growth (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25E
Asian Paints	37.0	10.0	0.0	16.0	10.0	6.0	12.0	10.0	7.0	5.5
Britannia	-2.0	5.0	3.0	3.0	0.0	0.0	5.5	6.0	8.0	9.0
Colgate	-2.5	-2.5	-4.5	0.5	3.0	-1.0	-1.0	1.0	7.0	8.0
Dabur	5.0	1.0	-3.0	1.0	3.0	3.0	4.0	3.0	5.2	-7.0
Emami	9.6	-1.0	-3.9	2.0	3.0	2.0	-1.0	6.4	8.7	3.0
Godrej Consumer	-6.0	-5.0	3.0	13.0	10.0	4.0	5.0	9.0	8.0	7.0
HUL	6.0	4.0	5.0	4.0	3.0	2.0	2.0	2.0	4.0	5.0
ITC	26.0	20.0	15.0	11.5	8.0	5.0	-1.0	2	3.0	3.5
Jyothy labs	3.0	1.4	2.1	3.3	9.0	9.0	11.0	10.0	10.8	10.0
Marico	-5.0	3.0	4.0	5.0	3.0	3.0	2.0	3.0	4.0	4.3
Page Industries	150.0	1.0	-11.0	-15.0	-11.5	-8.8	4.6	6.1	2.6	3.5
UBBL	121.0	23.0	4.0	3.1	-12.4	7.0	8.0	10.9	5.0	7.0
United spirits	17.9	8.3	-25.0	-27.3	5.8	1.0	-1.8	3.7	3.5	1.0

Source: Company, MOFSL

Exhibit 3: Gross and EBITDA margins expansion in 2QFY25E

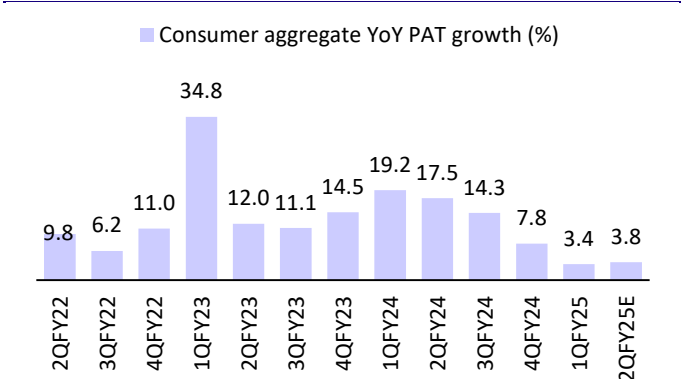
Companies	Gross Margin	YoY (bp)	QoQ (bp)	EBITDA Margin	YoY (bp)	QoQ (bp)
Asian Paints	43.0%	-37	47	17.6%	-261	-125
Britannia	43.7%	81	29	19.7%	-1	193
Colgate	69.8%	103	-85	33.9%	113	-6
Dabur	48.4%	8	61	18.2%	-243	-137
Emami	70.3%	22	263	27.4%	39	351
Godrej Consumer	54.1%	-76	-173	20.3%	18	-153
HUL	52.5%	-49	54	23.6%	-70	-24
Indigo Paints	46.1%	53	-50	14.7%	-41	-54
ITC	61.0%	77	46	35.8%	-51	-76
Jyothy	51.2%	199	-9	18.9%	41	91
Marico	50.0%	-48	-225	19.6%	-47	-409
Nestle	57.0%	51	-65	25.1%	35	182
P&G Hygiene	61.5%	60	232	24.6%	-41	1052
Page Industries	56.3%	64	215	20.9%	10	181
Pidilite	53.3%	199	-50	23.2%	106	-78
Tata consumer	42.2%	-34	-275	13.8%	-60	-155
United Breweries	44.3%	-23	126	10.1%	32	-142
United Spirits	43.6%	19	-87	16.6%	21	-286
Varun Beverages	55.2%	-11	51	22.8%	4	-483

Exhibit 4: Sales expected to grow 5.5% YoY for our coverage



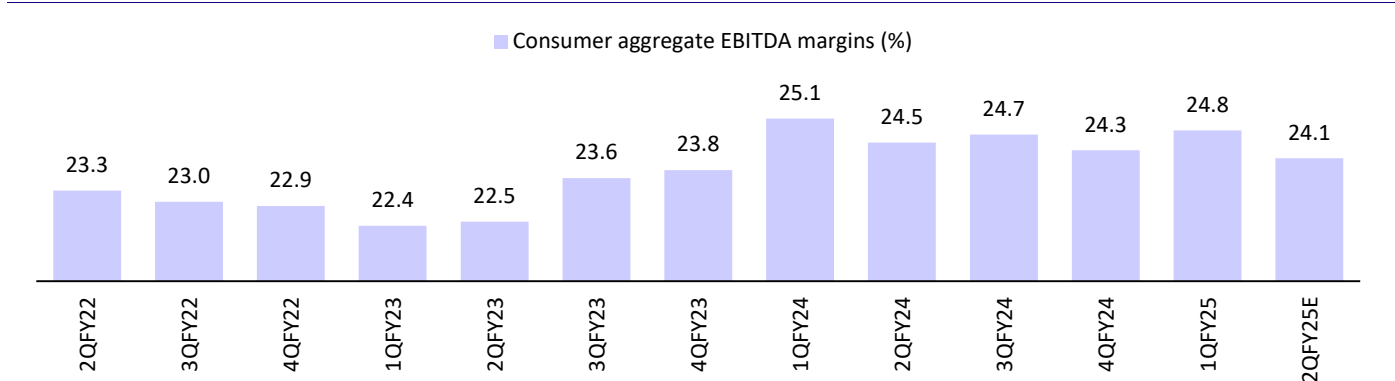
Source: Company, MOFSL

Exhibit 5: Aggregate adjusted PAT expected to grow 3.8%



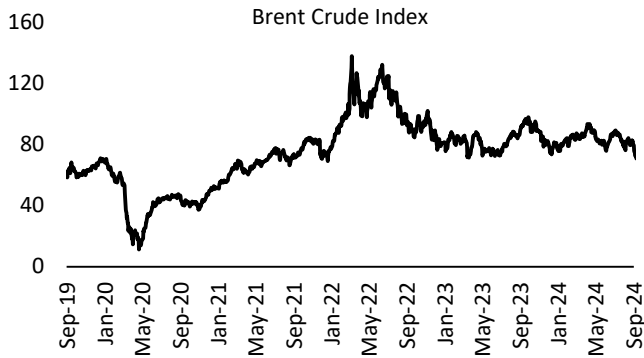
Source: Company, MOFSL

Exhibit 6: Aggregate EBITDA margin expected to decline 40bp YoY at 24.1% in 2QFY25



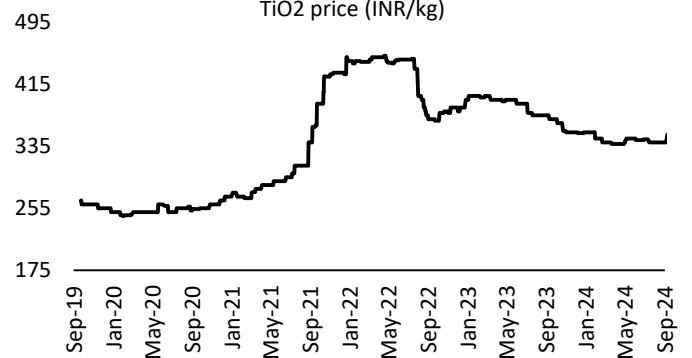
Source: Company, MOFSL

Exhibit 7: Crude oil prices down 7% YoY and 5% QoQ in Sep'24



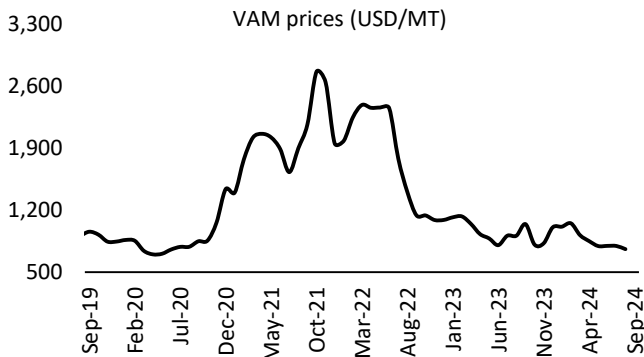
Source: Bloomberg, MOFSL

Exhibit 8: TiO2 prices fell 9% YoY while remain flattish QoQ in Sep'24



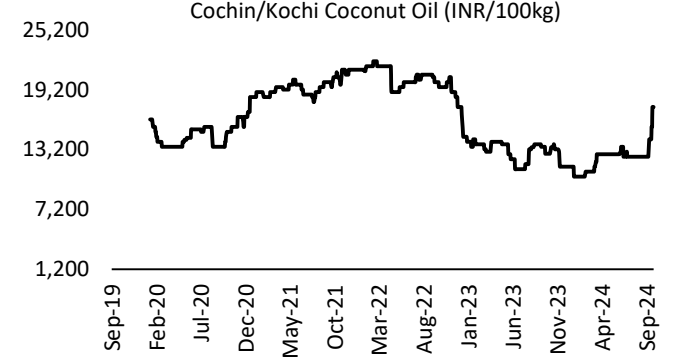
Source: Bloomberg, MOFSL

Exhibit 9: VAM prices fell 19% YoY/4% QoQ in Sep'24



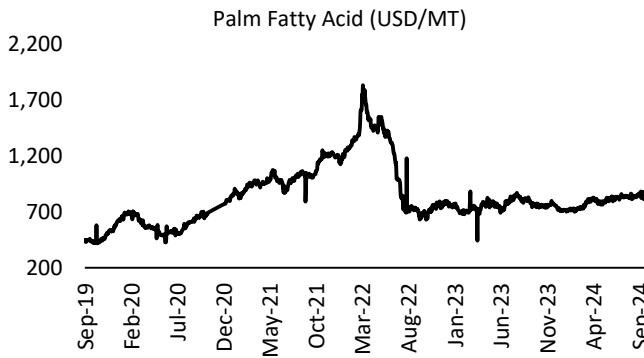
Source: Bloomberg, MOFSL

Exhibit 10: Coconut oil prices up 1% YoY 2% QoQ in Sep'24



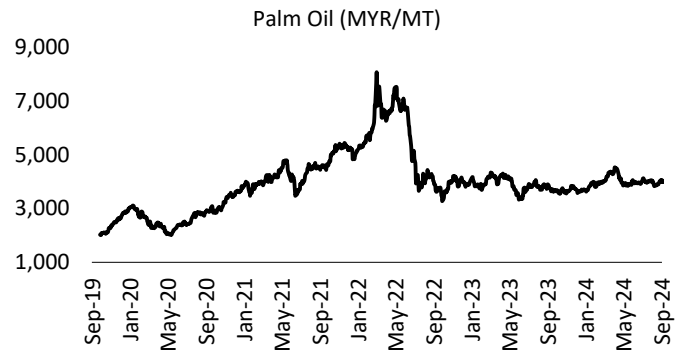
Source: Company, MOFSL

Exhibit 11: PFAD prices up by 4% YoY and QoQ in Sep'24



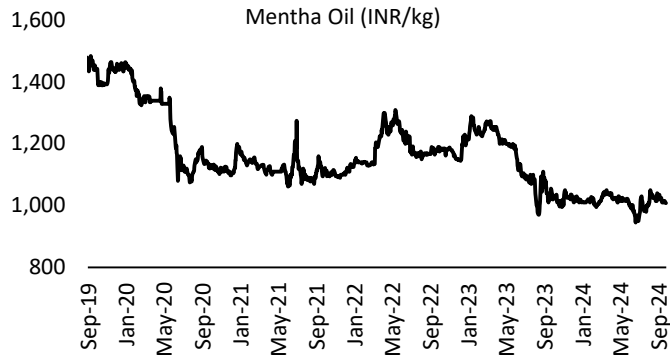
Source: Bloomberg, MOFSL

Exhibit 12: Malaysian palm oil prices rose 5% YoY and remained flat QoQ in Sep'24



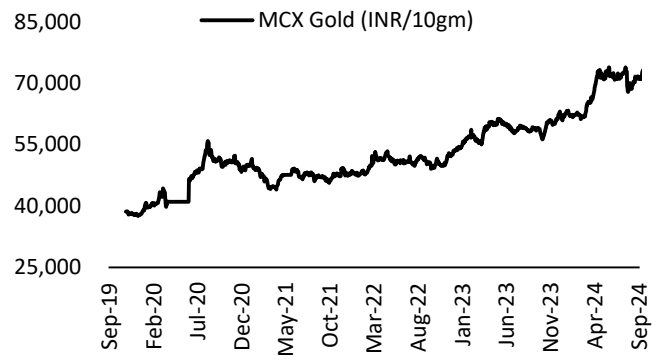
Source: Bloomberg, MOFSL

Exhibit 13: Mentha oil prices fell 4% YoY while flat QoQ in Sep'24



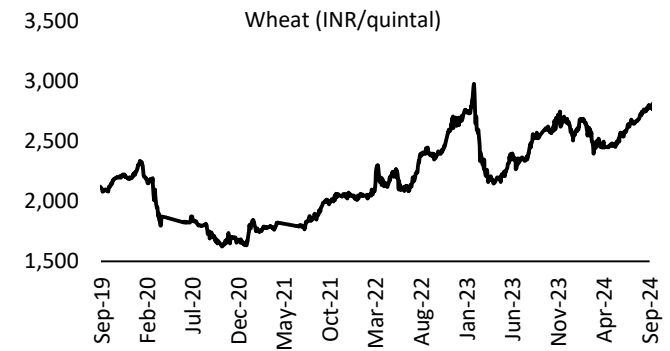
Source: Bloomberg, MOFSL

Exhibit 14: Average Gold prices rose 21% YoY while remain flattish QoQ in Sep'24



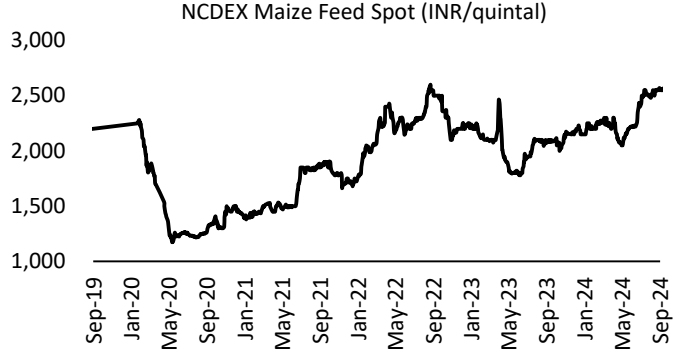
Source: Bloomberg, MOFSL

Exhibit 15: Wheat prices rose 11% YoY/8% QoQ in Sep'24



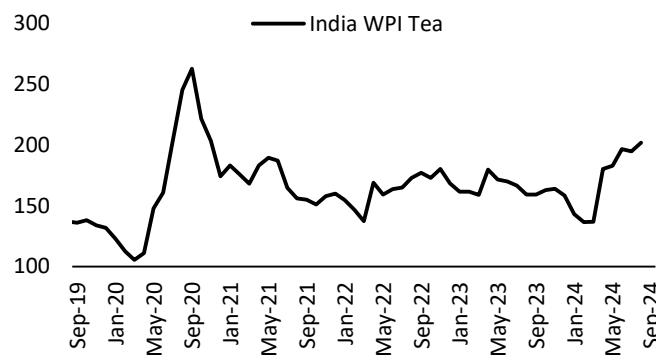
Source: Bloomberg, MOFSL

Exhibit 16: Maize prices rose 22% YoY/15% QoQ in Sep'24



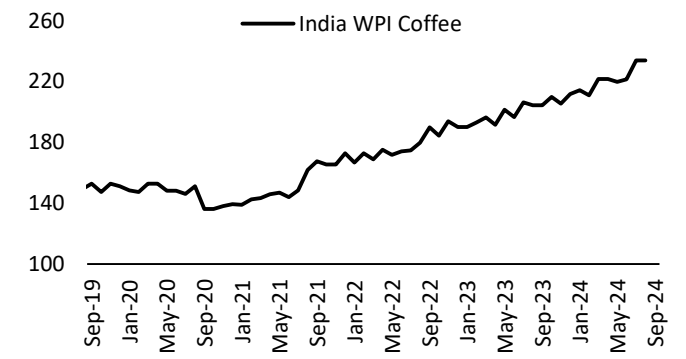
Source: Bloomberg, MOFSL

Exhibit 17: India WPI Tea prices up 23% YoY and 6% QoQ



Source: Bloomberg, MOFSL

Exhibit 18: India coffee prices rose 14% YoY and 6% QoQ

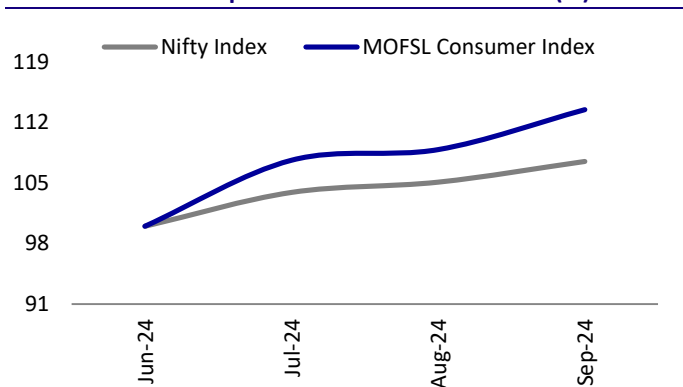


Source: Bloomberg, MOFSL

Exhibit 19: Comparative valuation

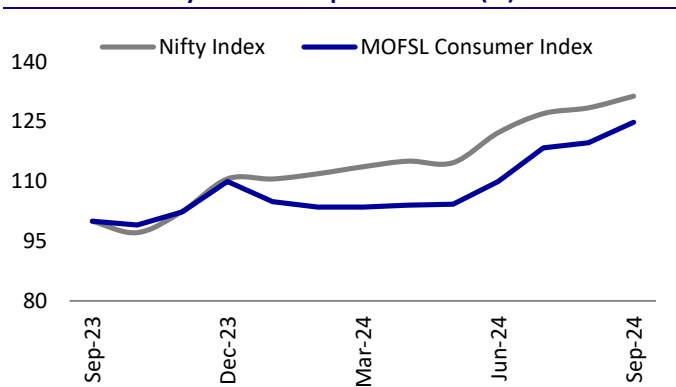
Company Name	CMP INR	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Consumer						53.4	47.3	42.8	13.3	12.3	11.2	24.9	26.0	26.2
Asian Paints	3,277	Neutral	55.5	62.0	70.1	59.1	52.8	46.7	15.7	14.3	12.8	27.5	28.4	28.9
Britannia	6,446	Neutral	101.2	113.9	127.3	63.7	56.6	50.7	34.1	28.6	23.6	57.4	54.9	51.0
Colgate	3,819	Neutral	56.9	63.4	69.5	67.1	60.3	55.0	47.2	40.5	35.1	76.0	72.4	68.5
Dabur	619	Buy	10.9	12.6	14.2	56.6	49.1	43.4	10.2	9.4	8.7	18.8	20.0	20.8
Emami	749	Buy	20.4	23.1	25.0	36.6	32.4	29.9	11.7	10.3	9.1	34.1	33.9	32.3
Godrej Consumer	1,388	Buy	21.7	26.7	30.2	64.1	52.1	45.9	10.4	9.4	8.6	16.8	18.9	19.6
Hind. Unilever	2,922	Buy	46.3	52.3	57.5	63.1	55.9	50.9	13.2	12.9	12.5	21.1	23.4	24.9
Indigo Paints	1,507	Buy	30.6	37.3	46.4	49.2	40.4	32.5	7.0	6.2	5.2	15.2	16.3	17.3
ITC	516	Buy	17.0	18.6	20.1	30.3	27.8	25.7	8.3	7.8	7.4	27.9	28.9	29.7
Jyothy Labs	548	Neutral	11.1	12.4	13.7	49.6	44.1	39.9	10.5	9.5	8.4	21.8	22.6	22.3
Marico	693	Buy	12.6	13.9	15.2	55.2	49.8	45.7	22.5	21.5	20.5	41.6	44.2	45.9
Nestle	2,707	Neutral	36.2	40.2	45.5	74.7	67.3	59.5	65.0	54.8	46.5	95.0	88.3	84.5
P&G Hygiene	16,712	Neutral	260.2	296.4	338.3	64.2	56.4	49.4	57.5	47.7	40.0	98.4	92.6	88.2
Page Industries	42,679	Neutral	573.3	701.4	838.3	74.4	60.8	50.9	27.3	23.5	20.2	36.7	38.6	39.6
Pidilite Inds.	3,340	Neutral	42.3	49.4	57.1	79.0	67.7	58.5	17.8	16.0	12.9	23.9	24.9	24.4
Tata Consumer	1,197	Buy	16.6	20.2	15.2	72.2	59.1	79.0	5.4	5.1	4.9	9.0	9.5	6.8
United Breweries	2,160	Sell	22.8	32.2	37.2	95	67	58.1	12.7	11.5	10.4	13.9	18.0	18.8
United Spirits	1,611	Neutral	18.4	20.8	23.0	88	77	70.1	14.1	11.9	10.2	16.1	15.4	14.5
Varun Beverages	612	Buy	8.3	10.4	13.1	74.1	59.1	46.8	21.4	16.1	12.3	33.1	31.1	29.8

Exhibit 20: Relative performance – three months (%)



Source: MOFSL, Company

Exhibit 21: One-year relative performance (%)



Source: MOFSL, Company

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

Asian Paints Neutral

CMP: INR3,277 | TP: INR3,150 (-4%)

EPS CHANGE (%): FY25 | FY26: -4.7 | -3.9

- The demand environment was weak in 2Q. We expect flat revenue growth and volume growth of 5% in domestic decorative paints.
- We expect gross margin to decline marginally by 40bp YoY to 43.0% due to product mix.
- EBITDA margin expected to decline 260bp YoY due to negative operating leverage.
- Key monitorable on the competition with new players.

Quarterly Performance (Consol.)

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Est. Dom. Deco. Vol. growth (%)	10.0	6.0	12.0	10.0	7.0	5.5	13.0	14.0	9.5	9.1
Net Sales	91,823	84,786	91,031	87,308	89,697	85,210	99,679	96,937	3,54,947	3,71,523
Change (%)	6.7	0.2	5.4	-0.6	-2.3	0.5	9.5	11.0	2.9	4.7
Gross Profit	39,419	36,771	39,695	38,160	38,152	36,640	43,360	43,438	1,54,045	1,61,590
Gross Margin (%)	42.9	43.4	43.6	43.7	42.5	43.0	43.5	44.8	43.4	43.5
EBITDA	21,213	17,162	20,561	16,914	16,938	15,028	22,065	20,332	75,850	74,362
Margin (%)	23.1	20.2	22.6	19.4	18.9	17.6	22.1	21.0	21.4	20.0
Change (%)	36.3	39.8	27.6	-9.3	-20.2	-12.4	7.3	20.2	21.2	-2.0
Interest	458	509	544	541	554	550	550	535	2,052	2,189
Depreciation	1,983	2,087	2,204	2,256	2,277	2,338	2,468	2,615	8,530	9,698
Other Income	1,971	1,652	1,386	1,871	1,562	1,817	1,802	1,836	6,880	7,017
PBT	20,743	16,218	19,199	15,988	15,669	13,958	20,848	19,017	72,148	69,492
Tax	5,301	4,186	4,926	3,488	4,168	3,489	5,108	4,607	17,901	17,373
Effective Tax Rate (%)	25.6	25.8	25.7	21.8	26.6	25.0	24.5	24.2	24.8	25.0
Adjusted PAT	15,749	12,324	14,752	12,753	11,868	10,760	15,980	14,398	55,577	53,005
Change (%)	48.5	53.3	34.5	-0.6	-24.6	-12.7	8.3	12.9	30.9	-4.6

E: MOFSL Estimates

Britannia Industries Neutral

CMP: INR6,446 | TP: INR 6,100 (-5%)

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

- We expect 7% revenue growth YoY, primarily led by volume growth of 9% in 2QFY25.
- BRIT has not taken a price hike in last 7-8 months, but it is expected in 2HFY25 amid rising RM prices.
- Margin expansion expected to remain moderate YoY.
- It focuses on innovation and distribution channel to gain the market share.

Consol. Quarterly Performance

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Base business volume growth (%)	0.0	0.0	5.5	6.0	8.0	9.0	9.0	9.0	2.9	8.8
Total Revenue	40,107	44,329	42,563	40,694	42,503	47,389	46,735	45,235	1,67,693	1,81,862
YoY change (%)	8.4	1.2	1.4	1.1	6.0	6.9	9.8	11.2	2.9	8.4
Gross Profit	16,820	19,011	18,673	18,269	18,449	20,709	20,563	20,298	72,772	80,019
Margins (%)	41.9	42.9	43.9	44.9	43.4	43.7	44.0	44.9	43.4	44.0
EBITDA	6,889	8,724	8,211	7,874	7,537	9,320	9,285	8,867	31,698	35,009
Margins (%)	17.2	19.7	19.3	19.4	17.7	19.7	19.9	19.6	18.9	19.3
YoY growth (%)	37.6	22.6	0.4	-1.7	9.4	6.8	13.1	12.6	12.0	10.4
Depreciation	708	717	781	799	739	825	825	925	3,005	3,314
Interest	531	534	311	264	290	300	325	357	1,640	1,271
Other Income	539	524	506	573	556	550	575	630	2,142	2,311
PBT	6,190	7,997	7,625	7,384	7,064	8,745	8,710	8,215	29,196	32,734
Tax	1,665	2,121	2,026	1,980	1,762	2,230	2,221	2,134	7,793	8,347
Rate (%)	26.9	26.5	26.6	26.8	24.9	25.5	25.5	26.0	26.7	25.5
Adjusted PAT	4,555	5,865	5,586	5,366	5,295	6,508	6,482	6,075	21,371	24,361
YoY change (%)	35.7	19.5	0.3	-3.8	16.3	11.0	16.1	13.2	10.1	14.0

E: MOFSL Estimates

Colgate

Neutral

CMP: INR3,819 | TP: INR3,550 (-7%)

EPS CHANGE (%): FY25|FY26: -1.4|+1.8

- Demand environment was healthy for oral care in 2Q, similar to trends observed in previous quarter.
- We expect 13% revenue growth, led by high-single-digit volume growth in toothpaste in 2QFY25.
- Focus on expanding distribution reach and improving product penetration in rural market through LUPs.
- Company continues to focus on innovation and new launches. It has launched Colgate visible white purple toothpaste in Sep'24 in premium segment in MT, e-commerce and quick commerce.

Quarterly Performance

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Volume Gr %	3.0	-1.0	-1.0	1.0	7.0	8.0	7.0	7.0	0.5	7.3
Net Sales (inclgd. OOI)	13,237	14,711	13,957	14,900	14,967	16,621	15,352	16,312	56,804	63,252
YoY change (%)	10.6	6.0	8.1	10.3	13.1	13.0	10.0	9.5	8.7	11.3
Gross Profit	9,058	10,117	10,073	10,327	10,574	11,601	10,900	11,327	39,574	44,403
Gross margin (%)	68.4	68.8	72.2	69.3	70.6	69.8	71.0	69.4	69.7	70.2
EBITDA	4,181	4,821	4,684	5,322	5,083	5,635	5,049	5,833	19,008	21,600
Margins (%)	31.6	32.8	33.6	35.7	34.0	33.9	32.9	35.8	33.5	34.2
YoY growth (%)	28.4	18.2	29.6	17.8	21.6	16.9	7.8	9.6	22.9	13.6
Depreciation	438	443	414	421	415	435	445	465	1,715	1,760
Interest	11	11	15	14	10	14	14	17	50	55
Financial other Income	150	210	179	227	234	225	225	224	765	908
PBT	3,883	4,578	4,434	5,114	4,893	5,411	4,815	5,575	18,008	20,693
Tax	951	1,178	1,133	1,315	1,253	1,358	1,209	1,389	4,577	5,208
Rate (%)	24.5	25.7	25.6	25.7	25.6	25.1	25.1	24.9	25.4	25.2
Adj PAT	2,883	3,401	3,301	3,798	3,640	4,053	3,606	4,186	13,383	15,485
YoY change (%)	33.1	22.3	35.7	19.6	26.2	19.2	9.2	10.2	26.8	15.7

E: MOFSL Estimates

Dabur

Buy

CMP: INR619 | TP: INR725 (+17%)

EPS CHANGE (%): FY25|FY26: -7.6|-4.7

- Revenue growth in 2Q was temporarily affected by Dabur's strategic decision of correcting distributor inventory at the GT level to improve their ROI. We model 5% revenue decline in 2Q.
- Demand trends were improving. However, heavy rains and floods across parts of the country affected out-of-home consumption and consumer offtake, particularly in beverages category.
- Dabur continued to invest heavily in its brands, with A&P spending growing ahead of revenue. On account of lower primary revenue and high A&P, the operating profit is expected to decline 16% YoY.
- Badshah Masala continued to witness healthy momentum and saw double-digit growth. International business is expected to deliver double-digit growth in CC terms.

Quarterly Performance (Consolidated)

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Domestic FMCG vol. growth (%)	3.0	3.0	4.0	3.0	5.2	-7.0	7.0	7.5	3.3	4.0
Net sales	31,305	32,038	32,551	28,146	33,491	30,385	35,347	30,863	1,24,040	1,30,087
YoY change (%)	10.9	7.3	6.7	5.1	7.0	-5.2	8.6	9.7	7.5	4.9
Gross profit	14,588	15,482	15,823	13,679	16,005	14,706	17,249	15,132	59,571	63,092
Margin (%)	46.6	48.3	48.6	48.6	47.8	48.4	48.8	49.0	48.0	48.5
EBITDA	6,047	6,609	6,678	4,668	6,550	5,528	7,498	5,401	24,002	24,977
Margins (%)	19.3	20.6	20.5	16.6	19.6	18.2	21.2	17.5	19.4	19.2
YoY growth (%)	11.2	10.0	8.1	13.9	8.3	-16.4	12.3	15.7	10.5	4.1
Depreciation	966	983	969	1,074	1,091	1,085	1,085	1,082	3,992	4,343
Interest	243	281	365	352	327	300	250	123	1,242	1,000
Other income	1,098	1,164	1,274	1,289	1,294	1,350	1,450	1,564	4,824	5,658
PBT	5,936	6,508	6,618	4,531	6,427	5,493	7,613	5,760	23,593	25,292
Tax	1,368	1,443	1,550	1,114	1,481	1,263	1,827	1,372	5,474	5,944
Rate (%)	23.0	22.2	23.4	24.6	23.0	23.0	24.0	23.8	23.2	23.5
Adjusted PAT	4,721	5,233	5,225	3,578	5,084	4,370	5,926	3,998	18,757	19,377
YoY change (%)	7.2	6.7	7.8	10.8	7.7	-16.5	13.4	11.7	9.3	3.3

Emami**Buy****CMP: INR749 | TP: INR950 (+27%)****EPS CHANGE (%): FY25 | FY26: -2.6 | -1.4**

- Demand was subdued in 2Q due to heavy rains. We model 5% revenue growth led by 3% domestic volume growth.
- The margins are expected to remain moderate YoY.
- Emami is taking initiatives to drive growth of Kesh King.
- D2C brands like The Man Company and Brillare are performing well.

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

Y/E MARCH	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Domestic volume growth (%)	3.0	2.0	-1.0	6.4	8.7	3.0	8.0	8.0	2.6	6.9
Net Sales	8,257	8,649	9,963	8,912	9,061	9,089	10,875	9,765	35,781	38,790
YoY change (%)	6.8	6.3	1.4	6.6	9.7	5.1	9.2	9.6	5.1	8.4
Gross Profit	5,401	6,061	6,851	5,863	6,131	6,390	7,526	6,408	24,176	26,455
Gross margin (%)	65.4	70.1	68.8	65.8	67.7	70.3	69.2	65.6	67.6	68.2
EBITDA	1,900	2,337	3,149	2,110	2,165	2,491	3,487	2,382	9,495	10,526
Margins (%)	23.0	27.0	31.6	23.7	23.9	27.4	32.1	24.4	26.5	27.1
YoY change	9.6	19.6	7.0	5.6	13.9	6.6	10.8	12.9	10.1	10.9
Depreciation	460	461	458	480	444	430	445	468	1,859	1,788
Interest	21	23	27	29	21	25	25	29	100	100
Other Income	83	111	167	107	105	125	135	139	468	503
PBT	1,502	1,964	2,831	1,708	1,805	2,161	3,152	2,023	8,005	9,142
Tax	129	158	155	225	278	195	284	158	667	914
Rate (%)	8.6	8.1	5.5	13.2	15.4	9.0	9.0	7.8	8.3	10.0
Adj. PAT	1,413	1,967	2,828	1,669	1,702	2,142	3,040	2,033	7,876	8,923
YoY change (%)	36.9	12.5	11.0	13.0	20.5	8.9	7.5	21.9	15.7	13.3
Reported PAT	1,368	1,800	2,607	1,468	1,506	1,960	2,858	1,849	7,241	8,174
YoY change (%)	88.1	-0.1	11.9	3.6	10.1	8.9	9.7	26.0	15.4	12.9

E: MOFSL Estimates

Godrej Consumer**Buy****CMP: INR1,388 | TP: INR1,650 (+19%)****EPS CHANGE (%): FY25 | FY26: -2.6 | -1.1**

- We expect 9% revenue growth in domestic business led by volume growth of 7%. The international business is expected to decline 8% due to currency fluctuation, SKU rationalization and East Africa business sale. We model 2% revenue growth at consol level.
- GCPL has not taken much price hike in soap category due to new formulation by the market leader.
- Gross and EBITDA margins are expected to remain stable YoY.

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

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Domestic volume Growth (%)	10	4	5	9	8	7	7	7	7	7
Net Sales (including OOI)	34,489	36,020	36,596	33,856	33,316	36,901	40,235	39,213	1,40,961	1,49,877
YoY change (%)	10.4	6.2	1.7	5.8	-3.4	2.4	9.9	15.8	5.9	6.3
Gross Profit	18,534	19,771	20,454	18,999	18,608	19,972	22,449	21,674	77,758	82,704
Margin (%)	53.7	54.9	55.9	56.1	55.9	54.1	55.8	55.3	55.2	55.2
EBITDA	6,818	7,234	9,048	7,604	7,262	7,477	9,577	8,778	30,704	33,095
Margins (%)	19.8	20.1	24.7	22.5	21.8	20.3	23.8	22.4	21.8	22.1
YoY growth (%)	28.0	26.0	17.9	14.4	6.5	3.4	5.8	15.4	20.9	7.8
Depreciation	763	609	539	499	495	550	575	605	2,410	2,224
Interest	740	773	666	785	878	850	825	798	2,964	3,350
Other Income	691	659	701	638	771	800	825	869	2,690	3,265
PBT	5,617	6,319	7,904	6,912	6,643	6,877	9,002	8,245	26,751	30,767
Tax	1,611	1,866	2,024	2,087	1,933	2,063	2,701	1,918	7,588	8,615
Rate (%)	28.7	29.5	25.6	30.2	29.1	30.0	30.0	23.3	28.4	28.0
Adj PAT	3,732	4,415	5,862	5,749	4,649	4,814	6,301	6,327	19,758	22,152
YoY change (%)	7.7	17.2	6.0	22.6	24.6	9.0	7.5	10.1	13.2	12.1
Reported PAT	3,188	4,328	5,811	-18,932	4,507	4,814	6,301	6,327	-5,605	22,152

E: MOFSL Estimate

Hindustan Unilever

Buy
CMP: INR2,922 | TP: INR3,400 (+16%)
EPS CHANGE (%): FY25 | FY26: -3.3 | -2.5

- Demand trends were stable QoQ, with rural outperforming urban. We expect 5% YoY domestic volume growth in 2QFY25.
- In the base quarter (2QFY24), a one-off benefit from the favorable resolution of an indirect tax litigation contributed to an additional 1% sales increase. We model 2.4% revenue growth in 2QFY25.
- Intrinsic EBITDA margin is expected to remain flat YoY. In 2QFY24, EBITDA margin was 24.3% with 80bp gain from a one-off tax benefit. Thereby, intrinsic EBITDA margin was ~23.5% in 2QFY24.
- We model 23.6% in 2QFY25 considering the impact of the increase in royalty and the discontinuation of distribution of OTC products of GSK.
- The company continues to prioritize reshaping its portfolio and expanding its existing brands

Quarterly performance (Consolidated)

(INR b)

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Domestic volume growth (%)	3.0	2.0	2.0	2.0	4.0	5.0	5.5	6.0	2.3	5.1
Revenue	155.0	156.2	155.7	152.1	157.1	160.0	165.9	162.6	619.0	645.6
YoY change (%)	6.0	3.2	-0.2	0.0	1.4	2.4	6.6	6.9	2.2	4.3
COGS	76.8	73.5	74.8	72.6	75.5	76.0	78.3	76.9	298	307
Gross Profit	78.2	82.8	80.9	79.5	81.6	84.0	87.6	85.7	321.4	338.9
Margin %	50.4	53.0	52.0	52.3	52.0	52.5	52.8	52.7	51.9	52.5
EBITDA	36.7	38.0	36.7	35.4	37.4	37.8	39.5	38.8	146.6	153.4
YoY change (%)	7.7	9.1	-0.8	-1.1	2.2	-0.6	7.7	9.7	3.6	4.6
Margins (%)	23.7	24.3	23.5	23.2	23.8	23.6	23.8	23.8	23.7	23.8
Depreciation	2.9	3.0	3.1	3.2	3.3	3.3	3.3	3.2	12.2	13.0
Interest	0.5	0.9	0.9	1.1	0.9	0.9	0.9	0.9	3.3	3.6
Other income	1.8	1.8	2.1	2.3	2.6	2.6	2.6	2.7	8.1	10.4
PBT	35.1	36.0	34.8	33.4	35.8	36.1	37.9	37.4	139.2	147.2
Tax	9.2	9.3	9.4	8.6	9.2	9.1	9.7	9.5	36.4	37.4
Rate (%)	26.1	25.9	27.0	25.7	25.6	25.2	25.5	25.3	26.2	25.4
PAT bei	25.8	26.6	25.3	25.0	26.5	27.0	28.2	27.9	102.7	108.9
YoY change (%)	8.0	-1.1	-2.0	-1.6	2.5	1.4	11.6	11.6	0.7	6.0
Reported Profit	25.5	26.6	25.1	25.6	26.1	27.0	28.2	27.9	102.8	109.2

E: MOFSL Estimates

Indigo Paints

Buy
CMP: INR1,507 | TP: INR1,750 (+16%)
EPS CHANGE (%): FY25 | FY26: -5.8 | -2.6

- We expect ~7% YoY sales growth in 2QFY25.
- We expect that gross margin and EBITDA margin remain stable YoY in 2QFY25.
- Watch out for commentaries on demand trends of the waterproofing business and expansion to larger cities.
- Expect strong competition and pressure on profits in the near future, as new competitors enter the market.

Consolidated Quarterly Performance

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	2,884	2,790	3,538	3,849	3,110	2,972	3,891	4,264	13,061	14,236
Change (%)	28.8	15.0	25.8	18.3	7.8	6.5	10.0	10.8	21.7	9.0
Raw Material/PM	1,519	1,519	1,833	1,968	1,661	1,602	2,043	2,212	6,839	7,517
Gross Profit	1,365	1,271	1,705	1,881	1,449	1,370	1,848	2,052	6,222	6,720
Gross Margin (%)	47.3	45.6	48.2	48.9	46.6	46.1	47.5	48.1	47.6	47.2
EBITDA	491	421	622	846	474	437	658	914	2,381	2,483
Margin (%)	17.0	15.1	17.6	22.0	15.2	14.7	16.9	21.4	18.2	17.4
Change (%)	39.2	24.8	53.5	17.9	-3.5	3.6	5.8	8.1	31.2	4.3
Interest	5	6	6	5	6	6	6	5	21	23
Depreciation	101	113	146	156	152	160	170	178	516	660
Other Income	38	32	31	42	42	40	40	42	142	163
PBT	423	335	501	727	357	311	522	774	1,986	1,963
Tax	108	81	125	183	90	77	130	194	497	491
Effective Tax Rate (%)	25.6	24.3	25.0	25.1	25.3	24.8	25.0	25.0	25.0	25.0
Adjusted PAT	310	253	373	537	262	230	389	576	1,474	1,457
Change (%)	55.9	22.1	41.9	10.3	-15.6	-9.3	4.3	7.4	27.5	-1.2

E: MOFSL Estimates

ITC**Buy****CMP: INR516 | TP: INR585 (+13%)****EPS CHANGE (%): FY25 | FY26: -1.6 | -1.3**

- Cigarette business showed stable volumes and pricing, with the portfolio continuing to grow, aided by improvements in product mix. We model ~3.5% volume growth in the business in 2QFY25.
- Unseasonal monsoon rains disrupted supply chains, impacting sales in some regions. However, the upcoming festive season in Q3 is expected to revive the demand.
- Margins in cigarette and FMCG business expected to remain stable YoY. We model EBIT margins of 59.5% in cigarette and 8.2% in FMCG business in 2QFY25.
- The paper segment remained weak, while the agriculture segment and hotel business performed well during the quarter.

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

Y/E March	FY24				FY25				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Est. cigarette vol. gr. (%)	8.0	5.0	-1.0	2.0	3.0	3.5	4.5	3.0	3.5	
Net Sales	171.6	177.7	180.2	179.2	184.6	187.6	194.8	202.5	708.8	769.5
YoY change (%)	-7.2	3.9	1.8	1.6	7.5	5.5	8.1	13.0	-0.1	8.6
Gross Profit	106.1	107.1	109.8	113.4	111.7	114.4	120.8	128.6	436.3	475.5
Margin (%)	61.8	60.2	60.9	63.2	60.5	61.0	62.0	63.5	61.6	61.8
EBITDA	66.7	64.5	65.0	66.3	67.5	67.2	71.0	73.5	262.5	279.1
Growth (%)	9.8	3.1	-3.0	0.0	1.2	4.1	9.2	10.9	2.3	6.3
Margins (%)	38.9	36.3	36.1	37.0	36.6	35.8	36.5	36.3	37.0	36.3
Depreciation	4.4	4.5	4.6	4.6	5.0	5.0	5.0	4.9	18.2	19.8
Interest	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.5	0.5
Other Income	7.2	6.6	6.6	6.8	6.9	7.2	7.4	7.7	27.3	29.2
PBT	69.4	66.6	66.9	68.4	69.3	69.3	73.3	76.1	271.2	288.0
Tax	17.6	17.0	12.8	16.5	17.6	17.3	18.3	19.2	63.9	72.5
Rate (%)	25.4	25.5	19.2	24.1	25.4	25.0	25.0	25.3	23.6	25.2
Adj PAT	51.0	49.0	53.4	51.2	50.9	51.2	54.2	56.1	204.6	212.4
YoY change (%)	16.3	6.0	6.7	0.0	-0.2	4.5	1.5	9.5	6.9	3.8

E: MOFSL estimate;

Jyothy Labs.**Neutral****CMP: INR549 | TP: INR575 (+5%)****EPS CHANGE (%): FY25 | FY26: - | -**

- We expect consolidated net sales to grow 9% YoY, led by volume growth of 10% in 2QFY25.
- We expect gross margin expansion of ~200bp YoY to 51.2% on lower RM prices and product mix.
- EBITDA margin expected to expand marginally by 40bp YoY to 18.9% in 2QFY25.
- It focuses on rural distribution, innovation, and introduction of SKUs to cater to specific consumer segments.

Consolidated Quarterly Performance**(INR m)**

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Volume growth (%)	9%	9%	11%	10%	11%	10%	7%	9%	9%	9%
Net Sales	6,871	7,323	6,775	6,600	7,418	7,983	7,453	7,360	27,569	30,213
YoY change (%)	15.1	11.1	10.6	7.0	8.0	9.0	10.0	11.5	10.9	9.6
Gross Profit	3,289	3,604	3,371	3,267	3,805	4,087	3,801	3,716	13,531	15,409
Margin (%)	47.9	49.2	49.8	49.5	51.3	51.2	51.0	50.5	49.1	51.0
EBITDA	1,174	1,354	1,186	1,084	1,335	1,509	1,312	1,244	4,798	5,398
EBITDA growth %	96.2	68.3	40.6	18.7	13.7	11.4	10.6	14.8	51.9	12.5
Margins (%)	17.1	18.5	17.5	16.4	18.0	18.9	17.6	16.9	17.4	17.9
Depreciation	120	123	128	129	134	130	136	134	500	535
Interest	11	12	12	13	14	13	13	13	47	52
Other Income	79	132	106	130	137	130	125	108	447	500
PBT	1,123	1,351	1,152	1,072	1,324	1,496	1,288	1,205	4,698	5,312
Tax	250	311	243	291	307	350	301	290	1,095	1,248
Rate (%)	22.3	23.0	21.1	27.1	23.2	23.4	23.4	24.1	23.3	23.5
Adjusted PAT	873	1,040	909	781	1,017	1,146	986	915	3,603	4,064
YoY change (%)	124.1	78.2	34.9	31.9	16.6	10.2	8.5	17.1	54.8	12.8

E: MOFSL Estimates

Marico**Buy****CMP: INR693 | TP: INR780 (+12%)****EPS CHANGE (%): FY25 | FY26: -3.0 | -2.9**

- Domestic business has shown sequential improvement. We model 7% revenue growth led by higher domestic realization, while currency headwinds in some international markets offset gains.
- Gross margins are expected to moderate YoY, with a lag in operating profit growth compared to revenue due to higher input costs.
- Parachute oil delivered mid-single digit volume growth, Saffola oil delivered low-single-digit revenue growth and VAHO demand was subdued.
- International business delivered low-teen growth in CC terms, with positive contributions from all markets. Bangladesh delivered a high single-digit growth, showing resilience despite a challenging environment.

Quarterly Performance

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Domestic volume growth (%)	3.0	3.0	2.0	3.0	4.0	4.3	7.0	8.7	2.8	6.0
Net Sales	24,770	24,760	24,220	22,780	26,430	26,575	26,873	25,034	96,530	1,04,912
YoY Change (%)	-3.2	-0.8	-1.9	1.7	6.7	7.3	11.0	9.9	-1.1	8.7
Gross Profit	12,380	12,500	12,420	11,750	13,810	13,287	13,705	13,017	49,050	53,820
Gross margin (%)	50.0	50.5	51.3	51.6	52.3	50.0	51.0	52.0	50.8	51.3
EBITDA	5,740	4,970	5,130	4,420	6,260	5,208	5,740	4,871	20,260	22,080
Margins (%)	23.2	20.1	21.2	19.4	23.7	19.6	21.4	19.5	21.0	21.0
YoY Change (%)	8.7	14.8	12.5	12.5	9.1	4.8	11.9	10.2	11.9	9.0
Depreciation	360	390	420	410	410	450	475	481	1,580	1,816
Interest	170	200	190	170	170	170	165	145	730	650
Other Income	460	380	430	150	370	375	385	420	1,420	1,550
PBT	5,670	4,760	4,950	3,990	6,050	4,963	5,485	4,665	19,370	21,164
Tax	1,310	1,160	1,090	790	1,310	1,142	1,262	1,049	4,350	4,762
Rate (%)	23.1	24.4	22.0	19.8	21.7	23.0	23.0	22.5	22.5	22.5
Adjusted PAT	4,270	3,530	3,830	3,180	4,640	3,752	4,194	3,627	14,810	16,213
YoY Change (%)	15.1	17.3	16.8	5.3	8.7	6.3	9.5	14.1	13.7	9.5

E: MOFSL Estimates

Nestlé India**Neutral****CMP: INR2,707 | TP: INR2,650 (-2%)****EPS CHANGE (%): FY25 | FY26: -1.6 | -1.6**

- We model sales growth of 6% YoY; the growth momentum will continue.
- We anticipate that the company has implemented a price hike in response to rising commodity prices.
- We model moderate margin expansion of 50bp YoY in GM and 30bp in EBITDA.
- The company continues to focus on expanding its distribution reach.

Quarterly performance

Y/E December	FY24					FY25E				FY24*	FY25E
	1Q	2Q	3Q	4Q	5Q	1Q	2QE	3QE	4QE		
Net Sales	48,305	46,585	50,368	46,004	52,676	48,140	53,452	49,950	58,714	2,43,939	2,10,255
YoY Change (%)	21.0	15.1	9.5	8.1	9.0	3.3	6.1	8.6	11.5	15.5	-13.8
COGS	22,315	21,050	21,916	19,046	22,759	20,388	22,984	21,229	25,178	1,07,086	89,779
Gross Profit	25,990	25,535	28,452	26,959	29,917	27,751	30,468	28,721	33,536	1,36,853	1,20,476
Margin (%)	53.8	54.8	56.5	58.6	56.8	57.6	57.0	57.5	57.1	56.1	57.3
Operating Exp	14,748	14,872	15,984	15,670	16,491	16,543	17,047	16,694	18,522	77,765	68,805
EBITDA	11,242	10,663	12,468	11,289	13,426	11,209	13,421	12,027	15,015	59,088	51,671
Margins (%)	23.3	22.9	24.8	24.5	25.5	23.3	25.1	24.1	25.6	24.2	24.6
YoY Growth (%)	19.8	24.5	21.6	13.5	19.4	5.1	7.6	6.5	11.8	23.9	-12.6
Depreciation	1,017	1,074	1,112	1,087	1,089	1,127	1,175	1,200	1,198	5,378	4,700
Interest	370	328	314	230	262	317	317	285	281	1,455	1,200
Other income	337	240	333	303	268	391	350	325	316	1,480	1,382
PBT	10,192	9,501	11,375	10,275	12,343	10,156	12,279	10,867	13,851	53,735	47,153
Tax	2,538	2,410	3,139	2,309	3,164	2,625	3,164	2,582	3,269	13,560	11,639
Rate (%)	24.9	25.4	27.6	22.5	25.6	25.8	25.8	23.8	23.6	25.2	24.7
Adjusted PAT	7,511	7,017	8,055	7,808	9,138	7,377	9,012	8,183	10,378	39,577	34,950
YoY Change (%)	25.8	30.0	20.7	23.5	21.7	5.1	11.9	4.8	13.6	30.0	-11.7

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

Page Industries

Neutral

CMP: INR42,679 | TP: INR40,000 (-6%)

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

- We expect ~7% YoY growth in revenue on the back of seasonality and base effect.
- Margin expansion is expected to remain moderate YoY.
- ARS has worked well for the categories with lower SKUs like men's innerwear.
- Watch out for commentaries on recovery in rural demand and in kids and women athleisure.

Quarterly Statement

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Volume growth (%)	-11.5	-8.8	4.6	6.1	2.6	3.5	7.0	7.6	-3.5	4.7
Net Sales	12,291	11,251	12,288	9,925	12,775	11,994	13,542	10,927	45,817	49,239
YoY change (%)	-8.4	-8.4	2.4	2.9	3.9	6.6	10.2	10.1	-2.8	7.5
Gross Profit	6,544	6,262	6,522	5,562	6,918	6,753	7,313	6,197	24,971	27,180
Gross margin (%)	53.2	55.7	53.1	56.0	54.1	56.3	54.0	56.7	54.5	55.2
Other Expenditure	4,159	3,927	4,226	3,918	4,484	4,251	4,648	4,351	16,248	17,735
% to sales	33.8	34.9	34.4	39.5	35.1	35.4	34.3	39.8	35.5	36.0
EBITDA	2,385	2,335	2,297	1,643	2,433	2,502	2,664	1,845	8,723	9,445
Margins (%)	19.4	20.8	18.7	16.6	19.0	20.9	19.7	16.9	19.0	19.2
YoY change	-19.9	-1.8	19.1	22.3	2.0	7.1	16.0	12.3	1.1	8.3
Depreciation	210	246	226	226	221	235	250	275	908	981
Interest	127	112	105	105	117	110	110	128	449	465
Other Income	52	17	55	137	129	125	125	121	200	500
PBT	2,100	1,994	2,021	1,450	2,225	2,282	2,429	1,563	7,565	8,499
Tax	517	491	497	368	572	566	603	364	1,873	2,104
Rate (%)	24.6	24.6	24.6	25.4	25.7	24.8	24.8	23.3	24.8	24.8
PAT	1,584	1,503	1,524	1,082	1,652	1,716	1,827	1,200	5,692	6,395
YoY change (%)	-23.5	-7.3	23.1	38.1	4.3	14.2	19.9	10.9	-0.4	12.3

E: MOFSL Estimates

P&G Hygiene

Neutral

CMP: INR16,712 | TP: INR17,000 (+2%)

EPS CHANGE (%): FY24 | 25: - | -

- Sales expected to grow ~9% YoY in 1QFY25 (June qtr. Yaer ending).
- Gross margin expected to increase by 60bp YoY to 61.5%.
- EBITDA margin expected to decline 40bp YoY to 24.6%.
- A&P spending and demand outlook are key monitorables.

Standalone - Quarterly Earnings

(INR m)

Y/E June	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	11,384	11,334	10,022	9,318	12,419	12,014	11,124	11,259	42,057	46,817
YoY Change (%)	9.2	-0.3	13.5	9.7	9.1	6.0	11.0	20.8	7.5	11.3
Gross profit	6,932	6,825	6,644	5,514	7,638	7,665	7,119	6,510	25,915	28,933
Margin (%)	60.9	60.2	66.3	59.2	61.5	63.8	64.0	57.8	61.6	61.8
EBITDA	2,849	3,097	2,573	1,313	3,057	3,318	2,887	2,209	9,833	11,470
Growth	33.1	6.6	72.4	-37.9	7.3	7.1	12.2	68.2	13.2	16.7
Margins (%)	25.0	27.3	25.7	14.1	24.6	27.6	26.0	19.6	23.4	24.5
Depreciation	143	143	145	134	164	159	157	173	565	653
Interest	19	26	224	-1	21	29	40	25	268	115
Other Income	158	156	136	73	162	160	140	142	523	605
PBT	2,845	3,085	2,339	1,253	3,034	3,290	2,830	2,153	9,522	11,308
PBT after EO expense	2,845	3,085	2,029	1,123	3,034	3,290	2,830	2,153	9,082	11,308
Tax	738	796	796	345	749	823	688	590	2,674	2,850
Rate (%)	25.9	25.8	39.2	30.7	24.7	25.0	24.3	27.4	29.4	25.2
Adj PAT	2,107	2,289	1,854	908	2,285	2,468	2,142	1,563	7,159	8,458
YoY Change (%)	36.4	10.1	72.5	-38.5	8.4	7.8	15.5	72.1	15.3	18.2
Margins (%)	18.5	20.2	18.5	9.7	18.4	20.5	19.3	13.9	17.0	18.1

E: MOFSL Estimates

Pidilite Industries

Neutral

CMP: INR3,340 | TP: INR3,200 (-4%)

EPS CHANGE (%): FY25 | FY26: -2.4 | -0.8

- We expect consolidated revenue to grow 7% YoY.
- We expect gross margin to expand 200bp YoY to 53.3% on a decrease in VAM prices.
- We expect 11% volume growth during the quarter.
- Outlook on domestic and international demand is a key monitorable.

Consolidated - Quarterly Earning Model

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Volume growth (%)	7.9	8.2	10.4	15.2	9.6	11.0	12.0	12.0	10.4	11.15
Net Sales	32,751	30,760	31,300	29,019	33,954	32,914	34,430	32,119	1,23,830	1,33,416
YoY change (%)	5.6	2.2	4.4	7.9	3.7	7.0	10.0	10.7	4.9	7.7
Gross Profit	16,054	15,783	16,551	15,503	18,268	17,543	18,351	17,176	63,890	71,339
Margin (%)	49.0	51.3	52.9	53.4	53.8	53.3	53.3	53.5	51.6	53.5
EBITDA	7,070	6,797	7,425	5,769	8,127	7,623	8,275	6,433	27,073	30,458
YoY change (%)	33.5	36.0	49.7	25.6	15.0	12.1	11.5	11.5	36.4	12.5
Margins (%)	21.6	22.1	23.7	19.9	23.9	23.2	24.0	20.0	21.9	22.8
Depreciation	734	752	795	1,125	844	850	850	843	3,407	3,387
Interest	119	131	128	134	118	118	121	108	512	466
Other Income	234	316	370	489	539	500	500	508	1,397	2,047
PBT	6,451	6,230	6,872	4,999	7,704	7,155	7,804	5,990	24,551	28,653
Tax	1,704	1,631	1,765	1,219	1,984	1,803	1,951	1,426	6,319	7,163
Rate (%)	26.4	26.2	25.7	24.4	25.7	25.2	25.0	23.8	26.5	25.0
Adj PAT	4,746	4,599	5,107	3,779	5,721	5,352	5,853	4,564	18,231	21,490
YoY change (%)	34.0	37.4	66.8	31.5	20.5	16.4	14.6	20.8	42.2	17.9
Margins (%)	14.5	15.0	16.3	13.0	16.8	16.3	17.0	14.2	14.7	16.1

E: MOFSL Estimates

Tata Consumer Products

Buy

CMP: INR1,197 | TP: INR1,380 (+15%)

EPS CHANGE (%): FY25 | FY26: -9 | -1

- We expect revenue to grow ~13.5% YoY, led by higher growth from new businesses.
- Capital foods and organic segments are expected to witness margin expansion.
- EBITDA margin is likely to contract to ~13.8% in 2QFY25 vs. 14.4% in 2QFY24.
- High tea costs are expected to weigh on the Indian tea business

Consolidated - Quarterly Earning Model

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Gross Sales	37,412	37,338	38,039	39,269	43,521	42,382	43,884	46,119	152,059	175,906
YoY Change (%)	12.5	11.0	9.5	8.5	16.3	13.5	15.4	17.4	10.3	15.7
Total Expenditure	31,962	31,967	32,315	32,974	36,847	36,538	37,079	38,699	129,218	149,164
EBITDA	5,450	5,371	5,724	6,296	6,674	5,844	6,805	7,420	22,841	26,742
Margins (%)	14.6	14.4	15.0	16.0	15.3	13.8	15.5	16.1	15.0	15.2
Depreciation	820	939	855	1,158	1,480	1,520	1,560	1,580	3,772	6,140
Interest	262	276	332	428	936	600	625	645	1,298	2,806
Other Income	578	898	596	385	392	900	700	710	2,456	2,702
PBT before EO expense	4,946	5,054	5,133	5,095	4,650	4,624	5,320	5,905	20,228	20,497
Extra-Ord expense	-52	-146	-915	-2,158	-171	0	0	0	-3,270	-171
PBT	4,894	4,909	4,217	2,937	4,479	4,624	5,320	5,905	16,957	20,326
Tax	1,309	1,317	1,062	260	1,337	1,248	1,436	1,594	3,947	5,616
Rate (%)	26.7	26.8	25.2	8.8	29.9	27.0	27.0	27.0	23.3	27.6
Minority Interest	211	257	226	-44	-11	40	67	70	651	167
Profit/Loss of Asso. Cos.	-209	47	-140	-555	-249	30	-180	-326	-856	-725
Reported PAT	3,166	3,382	2,789	2,166	2,903	3,365	3,636	3,914	11,503	13,818
Adj PAT	3,205	3,492	3,475	3,785	3,031	3,365	3,636	3,914	13,956	13,947
YoY Change (%)	17.2	42.8	18.7	38.4	-5.4	-3.6	4.6	3.4	28.7	-0.1
Margins (%)	8.6	9.4	9.1	9.6	7.0	7.9	8.3	8.5	9.2	7.9

United Breweries

Sell
CMP: INR2,160 | TP: INR1,950 (-10%)
EPS CHANGE (%): FY25 | FY26: -4.0 | -2.6

- We expect 10% revenue growth and volume growth of 7% YoY in 2QFY25.
- We model stability in gross margin and EBITDA margin expansion on YoY basis.
- We expect some improvement in the glass bottle returns.
- Outlook on state mix and realization growth is a monitorable.

Standalone Quarterly Performance

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Volume growth (%)	-12	7	8	11	5	7	7	9	2	7
Net Sales	22,732	18,880	18,227	21,315	24,730	20,768	20,432	24,009	81,227	89,938
YoY Change (%)	-6.7	12.4	13.1	20.8	8.8	10.0	12.1	12.6	8.3	10.7
Gross Profit	9,221	8,408	8,018	8,894	10,642	9,200	9,092	10,638	34,703	39,573
Margin (%)	40.6	44.5	44.0	41.7	43.0	44.3	44.5	44.3	42.7	44.0
EBITDA	2,228	1,846	1,456	1,420	2,847	2,097	1,905	2,598	6,962	9,446
YoY Change (%)	-15.9	-15.8	89.9	165.6	27.8	13.6	30.8	83.0	13.0	35.7
Margins (%)	9.8	9.8	8.0	6.7	11.5	10.1	9.3	10.8	8.6	10.5
Depreciation	513	508	518	577	577	550	523	445	2,119	2,095
Interest	17	14	21	18	16	20	20	14	69	70
Other Income	103	122	241	263	73	100	217	437	737	826
PBT	1,801	1,446	1,158	1,088	2,327	1,627	1,578	2,576	5,511	8,108
Tax	440	369	310	280	595	420	407	579	1,403	2,092
Rate (%)	24.5	25.5	26.7	25.7	25.5	25.8	25.8	22.5	25.5	25.8
Adj PAT	1,361	1,076	849	808	1,733	1,207	1,171	1,996	4,109	6,016
YoY Change (%)	-15.8	-19.8	274.9	730.8	27.3	12.1	38.0	147.0	24.7	46.4
Margins (%)	6.0	5.7	4.7	3.8	7.0	5.8	5.7	8.3	5.1	6.7

E: MOFSL Estimates

United Spirits

Neutral
CMP: INR1,611 | TP: INR1,550 (-4%)
EPS CHANGE (%): FY25 | FY26: -4.5 | -4.2

- The demand environment was subdued in 2Q. We model 4% revenue growth in P&A and revenue decline of 4% in popular, leading overall 3% revenue growth.
- We model flat volume growth (1%) in 2Q with popular is declining (-6%) and P&A is showing muted growth of 2% YoY.
- Gross margin remained stable YoY. A&P spends expected to be 9% of sales in 2Q. Normally, the company spends more in 2HFY25.
- Andhra Pradesh policy for privatized retail shops and Karnataka policy of MRP cut will drive growth in 2HFY25.

Quarterly Performance

(INR m)

Y/E March (Standalone)	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Volume growth %	5.8	1.0	-1.8	3.7	3.5	1.0	5.3	6.2	1.9	4.0
Total revenues	21,719	28,647	29,893	26,660	23,520	29,411	32,433	29,284	1,06,920	1,14,648
YoY change (%)	-1.0	-1.4	7.5	6.9	8.3	2.7	8.5	9.8	3.1	7.2
Gross Profit	9,474	12,437	12,979	11,550	10,460	12,823	14,206	12,842	46,440	50,331
Margin (%)	43.6	43.4	43.4	43.3	44.5	43.6	43.8	43.9	43.4	43.9
Total Exp	17,868	23,946	24,979	23,040	18,940	24,524	26,982	25,171	89,840	95,617
EBITDA	3,851	4,701	4,914	3,620	4,580	4,887	5,451	4,113	17,080	19,032
Margins (%)	17.7	16.4	16.4	13.6	19.5	16.6	16.8	14.0	16.0	16.6
EBITDA growth (%)	42.4	6.3	33.6	7.1	18.9	4.0	10.9	13.6	20.4	11.4
Depreciation	650	653	628	710	650	676	687	687	2,640	2,700
Interest	193	262	164	290	220	225	225	230	910	900
Other income	209	388	461	2,290	320	500	700	877	3,350	2,397
PBT	3,217	4,174	4,583	4,910	4,030	4,486	5,239	4,073	16,880	17,829
Tax	814	1,068	1,102	760	1,040	1,129	1,319	1,025	3,740	4,457
Rate (%)	25.3	25.6	24.0	15.5	25.8	25.2	25.2	25.2	22.2	25.0
Adj. PAT	2,397	3,183	3,481	4,073	2,990	3,357	3,921	3,048	13,140	13,371
YoY change (%)	8.1	20.7	61.0	91.7	24.8	5.5	12.6	-25.2	49.2	1.8

E: MOFSL Estimate

Varun Beverages

Buy
CMP: INR612 | TP: INR730 (+19%)
EPS CHANGE (%): CY24|25: -3|-2

- We expect total sales volume to grow 23% YoY in 3QCY24.
- We expect EBITDA margin to sustain at 22.8% in 3QCY24
- Integration and ramp up of BevCo will be in focus.
- Scale-up in international geographies and further capex update are the key monitorables.

Consolidated - Quarterly Earning Model

Y/E December	CY23				CY24E				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	CY23	CY24E
Gross Sales	38,930	56,114	38,705	26,677	43,173	71,969	47,607	38,849	160,425	201,598
YoY Change (%)	37.7	13.3	21.8	20.5	10.9	28.3	23.0	45.6	21.8	25.7
Total Expenditure	30,949	41,004	29,884	22,494	33,286	52,056	36,736	32,640	124,331	154,718
EBITDA	7,980	15,110	8,821	4,183	9,888	19,912	10,871	6,209	36,095	46,880
Margins (%)	20.5	26.9	22.8	15.7	22.9	27.7	22.8	16.0	22.5	23.3
Depreciation	1,722	1,719	1,708	1,660	1,875	2,425	2,430	2,435	6,809	9,165
Interest	626	694	625	737	937	1,292	1,150	990	2,681	4,368
Other Income	101	416	185	91	84	440	400	350	794	1,274
PBT before EO expense	5,734	13,113	6,673	1,878	7,159	16,636	7,691	3,134	27,398	34,620
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
PBT	5,734	13,113	6,673	1,878	7,159	16,636	7,691	3,134	27,398	34,620
Tax	1,348	3,057	1,529	442	1,678	4,012	1,692	689	6,375	8,072
Rate (%)	23.5	23.3	22.9	23.5	23.4	24.1	22.0	22.0	23.3	23.3
MI & Profit/Loss of Asso. Cos.	95	118	130	118	107	98	129	136	461	469
Reported PAT	4,291	9,938	5,015	1,318	5,374	12,526	5,870	2,309	20,561	26,080
Adj PAT	4,291	9,938	5,015	1,318	5,374	12,526	5,870	2,309	20,561	26,080
YoY Change (%)	68.8	26.2	31.6	76.3	25.2	26.0	17.1	75.2	37.3	26.8
Margins (%)	11.0	17.7	13.0	4.9	12.4	17.4	12.3	5.9	12.8	12.9

Company

Barbeque Nation
Devyani Intl.
Jubilant Foodworks
Restaurant Brands
Sapphire Foods
Westlife Foodworld

QSR – Demand weakness persists; delivery better than dine-in**Near-term outlook remains cautious**

- QSR companies have sustained their sluggish performance, as growth metrics (SSSG, ADS) remained weak during the quarter due to competition from local players and weak dine-in demand. Oversupply of store network during the last two years has affected SSSG/ADS. Overall growth deceleration is expected to continue. Delivery business is expected to sustain outperformance over dine-in business. Companies have initiated several consumer offers and waived off delivery charges to drive demand. Value segment has been seeing better traffic growth than other segments.
- Our coverage universe is expected to deliver 13% YoY revenue growth (+6% organic growth) in 2QFY25, similar to the previous quarter. Sales were weak in Jul'24 due to the Shravan period and heavy rains across regions. While some improvements were noted in Aug'24, sales tapered off again in Sep'24 due to the Shraad period. Weak growth was observed across markets (metros/tier2/tier3).
- We remain cautious on QSR recovery in the near term. Unlike other discretionary categories, we do not anticipate significant benefits from the festive period for QSR. While the ADS/SSSG bases have been favorable, we do not expect much underlying improvement in 2HFY25. Restaurant operating margins were under pressure, and we expect this to continue in the near term too. Jubilant FoodWorks appears to be an outlier among QSR companies in the near term (driven by delivery moat), but its valuations are rich. Though dine-in companies are struggling, their operating growth metrics are likely to improve significantly once recovery begins. We reiterate BUY on Devyani, Sapphire, and RBA and NEUTRAL on Jubilant FoodWorks, Westlife Foodworld and Barbeque Nation.

Outliers: Jubilant**Underperformers:** Devyani, Sapphire, Westlife, RBA**Exhibit 22: QSR quarterly trends**

Particulars	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25E
Revenue Growth (%)										
Barbeque Nation	209%	41%	14%	12%	3%	-3%	1%	6%	-6%	1%
Devyani	100%	45%	27%	28%	20%	10%	7%	39%	44%	42%
-KFC	109%	47%	27%	26%	22%	15%	14%	11%	7%	6%
-Pizza hut	71%	36%	18%	16%	11%	2%	-2%	-4%	-1%	2%
Jubilant	41%	17%	10%	8%	6%	5%	3%	6%	10%	9%
Sapphire	80%	36%	17%	13%	20%	14%	12%	13%	10%	8%
-KFC	98%	36%	26%	24%	21%	19%	16%	16%	11%	10%
-Pizza hut	85%	60%	20%	18%	12%	-6%	-4%	-3%	3%	0%
Restaurant Brands (Consol)	64%	47%	21%	29%	25%	19%	15%	16%	6%	6%
Westlife	108%	49%	28%	22%	14%	7%	-2%	1%	0%	2%
SSSG										
Barbeque Nation	182%	23%	-1%	-3%	-8%	-11%	-5%	1%	-7%	-1%
Devyani - KFC	64%	13%	3%	2%	-1%	-4%	-5%	-7%	-7%	-7%
Devyani - PH	32%	3%	-6%	-3%	-5%	-10%	-13%	-14%	-9%	-3%
Jubilant (LFL)	28%	8%	0%	-1%	-1%	-1%	-3%	0%	3%	3%
Sapphire - KFC	65%	15%	3%	2%	0%	0%	-2%	-3%	-6%	-7%
Sapphire - PH	47%	23%	-4%	-4%	-9%	-20%	-19%	-15%	-7%	-3%
Restaurant Brands	66%	27%	9%	8%	4%	4%	3%	2%	3%	-3%
Westlife	97%	40%	20%	14%	7%	1%	-9%	-5%	-7%	-7%

Gross profit margin (%)										
Barbeque Nation	66.8%	66.1%	66.7%	65.8%	64.0%	65.9%	67.9%	68.9%	68.1%	66.2%
Devyani	71.1%	70.2%	69.3%	69.6%	70.8%	70.8%	70.6%	69.2%	69.2%	69.2%
-KFC	69.0%	67.9%	67.6%	68.6%	69.7%	69.0%	69.4%	69.9%	69.5%	69.5%
-Pizza hut	76.2%	74.5%	73.6%	73.2%	74.9%	75.7%	75.8%	77.3%	76.8%	76.8%
Jubilant	76.7%	76.2%	75.5%	75.3%	76.0%	76.4%	76.7%	76.6%	76.1%	75.5%
Sapphire	67.9%	66.4%	67.1%	67.9%	68.5%	68.7%	68.9%	68.9%	68.6%	68.5%
-KFC	67.3%	65.6%	66.5%	66.8%	68.1%	67.9%	68.4%	68.3%	68.2%	68.4%
-Pizza hut	75.3%	74.7%	74.4%	74.3%	75.1%	76.1%	75.7%	75.5%	76.1%	76.0%
Restaurant Brands (Consol)	64.3%	64.6%	63.6%	64.1%	64.0%	64.2%	64.4%	64.2%	64.5%	64.7%
Westlife	68.0%	69.3%	70.2%	71.9%	70.6%	70.1%	70.3%	70.2%	70.8%	70.8%
EBITDA Pre-Ind AS margins (%)										
Barbeque Nation	13.7%	10.0%	10.3%	3.8%	5.5%	4.5%	11.0%	8.0%	6.9%	5.0%
Devyani	16.1%	15.1%	14.8%	12.1%	13.2%	11.5%	9.3%	9.2%	11.6%	10.8%
Jubilant	18.9%	18.7%	15.7%	13.4%	15.4%	15.3%	14.5%	12.4%	13.7%	12.6%
Sapphire	13.2%	11.1%	12.4%	10.0%	11.8%	10.6%	10.8%	8.6%	9.8%	8.3%
Restaurant Brands (Consol)	-2.2%	-2.9%	-2.4%	-3.8%	-0.4%	1.5%	2.8%	-0.5%	1.3%	1.4%
Westlife	13.0%	13.4%	14.3%	12.0%	12.9%	11.9%	11.4%	8.7%	8.1%	9.1%
ADS ('000')										
Barbeque Nation	179	168	172	144	170	158	175	157	159	155
Devyani										
-KFC	127	121	116	106	117	109	104	93	104	94
-Pizza hut	44	45	43	39	40	39	37	32	36	36
Jubilant	85	84	84	78	79	78	78	75	79	78
Sapphire										
-KFC	144	134	136	127	138	125	125	114	122	110
-Pizza hut	61	64	58	50	52	48	45	41	48	46
Restaurant Brands	115	121	113	108	120	126	119	105	119	120
Westlife	181	189	199	173	189	185	176	157	170	169
Store (India)										
Barbeque Nation	195	205	212	216	212	212	210	211	213	217
Devyani	961	1,047	1,120	1,184	1,230	1,298	1,387	1,429	1,473	1,498
-KFC	391	423	461	490	510	540	590	596	617	639
-Pizza hut	436	466	483	506	521	535	565	567	570	573
Jubilant	1,676	1,753	1,814	1,863	1,891	1,949	2,007	2,096	2,148	2,196
Sapphire	516	550	599	627	660	692	725	748	762	781
-KFC	281	301	325	341	358	381	406	429	442	460
-Pizza hut	235	249	274	286	302	311	319	319	320	321
Restaurant Brands	328	334	379	391	396	404	441	455	456	465
Westlife	331	337	341	357	361	370	380	397	403	413
PBT Margins										
Barbeque Nation	6.6%	2.2%	2.0%	-4.5%	-1.7%	-5.0%	2.3%	-0.3%	-1.8%	-6.0%
Devyani	10.9%	9.4%	9.3%	5.5%	7.1%	4.0%	1.1%	0.4%	3.1%	1.7%
Jubilant	13.2%	12.6%	9.1%	7.4%	7.7%	7.2%	6.0%	3.8%	4.7%	4.8%
Sapphire	6.5%	4.8%	5.6%	2.2%	5.1%	3.3%	2.1%	0.1%	1.6%	0.6%
Restaurant Brands (Consol)	-10.4%	-10.5%	-10.6%	-15.6%	-8.8%	-8.1%	-6.6%	-15.4%	-8.1%	-7.5%
Westlife	5.9%	7.4%	7.9%	5.1%	6.6%	4.9%	3.9%	0.4%	0.7%	1.9%

Barbeque Nation Hospitality**Neutral**

CMP: INR650 | TP: INR700 (+8%)

EBITDA CHANGE (%): FY25 | FY26: -6.8 | -3.9

- Demand trends remained stable QoQ. We model flat revenue growth in 2QFY25.
- Margins are expected to remain stable YoY. We model 30bp expansion in GP margin and EBITDA margin.
- Expect to add 4 stores in 2QFY25, while SSSG is expected to decline marginally.
- Demand is expected to pick up from 2HFY25.

Quarterly Performance

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
SSSG (%)	-7.7	-10.7	-4.9	1.4	-7.4	-1.0	2.5	1.9	-6.5	-1.0
No. of stores	212	212	210	211	213	217	224	233	211	233
Net Sales	3,239	3,017	3,309	2,981	3,057	3,037	3,531	3,300	12,545	12,926
YoY change (%)	2.9	-2.8	0.8	6.4	-5.6	0.7	6.7	10.7	1.7	3.0
Gross Profit	2,073	1,990	2,245	2,053	2,081	2,010	2,394	2,226	8,361	8,712
Margin (%)	64.0	65.9	67.9	68.9	68.1	66.2	67.8	67.5	66.6	67.4
EBITDA	468	444	663	547	509	456	696	628	2,122	2,288
EBITDA growth %	-33.6	-23.9	7.0	37.3	8.8	2.7	4.9	14.7	-8.0	7.8
Margin (%)	14.4	14.7	20.0	18.4	16.6	15.0	19.7	19.0	16.9	17.7
Depreciation	375	443	414	447	405	456	466	450	1,679	1,777
Interest	187	195	190	186	186	211	209	169	759	775
Other Income	40	43	16	77	27	30	33	50	176	140
PBT	-55	-151	75	-9	-55	-181	53	59	-140	-124
Tax	-14	-32	27	-9	-11	-46	13	15	-28	-31
Rate (%)	26.1	21.3	35.5	95.9	20.9	25.2	25.2	25.2	20.3	25.2
Adjusted PAT	-41	-119	48	0	-43	-136	40	44	-112	-93
YoY change (%)	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M

E: MOFSL Estimates

Devyani International**Buy**

CMP: INR192 | TP: INR220 (+15%)

EBITDA CHANGE (%): FY25 | FY26: -4.1 | -3.3

- Consolidated revenue expected to increase by 42% on acquisition of Thailand business. Organic revenue growth would be ~12%.
- The expansion of Pizza Hut stores is expected to be muted (model 3 stores) in 2QFY25.
- KFC ADS/SSSG are expected to remain under pressure as seen in 1QFY25.
- Margin pressure will persist due to lower demand.

Quarterly Performance

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
KFC - No. of stores	510	540	590	596	617	639	666	696	596	696
PH - No. of stores	521	535	565	567	570	573	577	582	567	582
KFC - SSSG (%)	-0.9	-3.9	-4.7	-7.1	-7.0	-7.0	-2.0	-2.0	-4.6	-4.5
PH - SSSG (%)	-5.3	-10.4	-12.6	-14.0	-8.6	-3.0	2.0	1.6	-10.9	-2.0
Net Sales	8,466	8,195	8,431	10,471	12,219	11,665	11,991	11,929	35,563	47,805
YoY change (%)	20.1	9.6	6.6	38.7	44.3	42.4	42.2	13.9	18.6	34.4
Gross Profit	5,998	5,802	5,954	7,244	8,450	8,072	8,298	8,277	24,997	33,097
Margin (%)	70.8	70.8	70.6	69.2	69.2	69.2	69.2	69.4	70.3	69.2
EBITDA	1,734	1,588	1,463	1,739	2,234	2,080	2,188	2,187	6,524	8,688
EBITDA growth %	5.6	-4.1	-15.9	14.9	28.8	31.0	49.5	25.8	-0.4	33.2
Margin (%)	20.5	19.4	17.4	16.6	18.3	17.8	18.2	18.3	18.3	18.2
Depreciation	796	907	930	1,275	1,322	1,335	1,340	1,360	3,907	5,357
Interest	404	417	482	567	630	630	630	633	1,869	2,523
Other Income	68	66	46	146	99	80	88	83	326	350
PBT	603	330	97	44	381	195	305	277	1,074	1,158
Tax	146	-168	46	110	81	39	61	51	133	232
Rate (%)	24.1	-50.9	47.6	249.9	21.2	20.0	20.0	18.3	12.4	20.0
Adjusted PAT	339	506	51	33	281	156	244	227	929	908
Margin (%)	4.0	6.2	0.6	0.3	2.3	1.3	2.0	1.9	2.6	1.9
YoY change (%)	-54.4	-21.4	-93.5	-94.6	-17.2	-69.2	381.6	589.0	-66.5	-2.3

E: MOFSL Estimates

Jubilant FoodWorks**Neutral**

CMP: INR659 | TP: INR625 (-5%)

EBITDA CHANGE (%): FY25 | FY26: -1.2 | -1.7

- The demand trend remained stable, with Jul'24 showing weakness, Aug'24 seeing improvement, and Sept'24 gain turning weak.
- We model 2.5% LFL in 2QFY25 (3% in 1QFY25).
- With the launch of many value-segment products, we expect a gross margin contraction YoY. EBITDA margin is expected to contract 150bp YoY to 19.4%.
- The focus has been on value-driven innovations, emphasizing new product developments over the past seven months.

Quarterly Standalone Perf.

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
No of stores (Dominos)	1,838	1,888	1,928	1,995	2,029	2,077	2,125	2,175	1,995	2,175
LFL growth (%)	-1.3	-1.3	-2.9	0.1	3.0	2.5	4.0	4.0	-1.4	3.4
Net Sales	13,097	13,448	13,551	13,313	14,396	14,659	15,109	15,054	53,409	59,217
YoY change (%)	5.6	4.5	2.9	6.3	9.9	9.0	11.5	13.1	4.8	10.9
Gross Profit	9,956	10,275	10,387	10,200	10,955	11,067	11,483	11,500	40,817	45,005
Gross margin (%)	76.0	76.4	76.7	76.6	76.1	75.5	76.0	76.4	76.4	76.0
EBITDA	2,764	2,807	2,827	2,543	2,782	2,844	2,938	2,861	10,941	11,425
EBITDA growth %	-9.2	-10.2	-2.5	0.8	0.6	1.3	3.9	12.5	-5.6	4.4
Margins (%)	21.1	20.9	20.9	19.1	19.3	19.4	19.4	19.0	20.5	19.3
Depreciation	1,328	1,379	1,465	1,511	1,552	1,574	1,571	1,566	5,684	6,263
Interest	513	534	583	609	619	635	640	650	2,239	2,544
Other Income	91	69	40	86	73	75	90	104	285	342
PBT	1,014	963	819	508	683	710	817	749	3,303	2,959
YoY Change (%)	-38.2	-40.5	-31.4	-45.3	-32.6	-26.3	-0.2	47.4	-38.6	-10.4
Tax	262	241	209	132	168	179	206	187	844	740
Rate (%)	25.8	25.1	25.6	26.0	24.6	25.2	25.2	25.0	25.6	25.0
Adjusted PAT	752	721	610	345	515	531	611	562	2,428	2,219
YoY change (%)	-38.2	-39.5	-31.16	-44.38	-31.5	-26.4	0.29	62.84	-38.0	-8.6

E: MOFSL Estimates

Restaurants Brand Asia**Buy**

CMP: INR110 | TP: INR140 (+27%)

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

- The demand environment remained subdued. The recent delivery hike is also expected to have some impact on demand. We model a 3% decline in same store sales for 2QFY25.
- The ADS is expected to decline to ~120k.
- The gross profit margin is expected to remain stable sequentially. We model 67.5% in 2QFY25.
- Indonesia has been adversely impacted; revenue likely to decline.

Quarterly Standalone Performance

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
SSSG (%)	3.6	3.5	2.6	1.9	3.1	-3.0	-1.0	0.9	2.9	0.0
No. of stores	396	404	441	455	456	465	485	505	455	505
Net Sales	4,221	4,535	4,454	4,391	4,905	4,968	4,911	4,945	17,601	19,728
YoY change (%)	25.3	23.2	20.5	20.3	16.2	9.6	10.3	12.6	22.3	12.1
Gross Profit	2,806	3,031	2,990	2,971	3,318	3,353	3,330	3,336	11,798	13,336
Margin (%)	66.5	66.8	67.1	67.7	67.6	67.5	67.8	67.5	67.0	67.6
EBITDA	485	634	708	551	625	641	756	703	2,377	2,725
EBITDA growth %	45.9	50.7	47.9	30.3	29.0	1.0	6.9	27.6	128.6	992.3
Margin (%)	11.5	14.0	15.9	12.5	12.7	12.9	15.4	14.2	13.5	13.8
Depreciation	507	494	522	586	633	615	615	612	2,110	2,475
Interest	264	273	281	324	319	300	285	266	1,141	1,169
Other Income	65	40	32	48	57	65	65	63	185	250
PBT	-222	-93	-64	-310	-269	-209	-79	-112	-689	-669
Tax	0	0	0	0	0	0	0	0	0	0
Rate (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted PAT	-222	-93	-64	-310	-269	-209	-79	-112	-689	-669
YoY change (%)	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM

E: MOFSL Estimates

Sapphire Foods

Buy

CMP: INR358 | TP: INR415 (+16%)

EBITDA CHANGE (%): FY25 | FY26: -9.8 | -9.0

- KFC is expected to see a decline of ~7% in same-store sales, along with 18 store additions.
- PH same-store sales expected to decline ~3% despite the favorable base. The expansion of stores to be muted (model 1-2 stores) in 2QFY25.
- In PH, despite gross margin improvement, we model ~400bp contraction in ROM to 3.5% due to an increase in marketing spends by 2% and negative operating leverage.
- In KFC, restaurant operating margin is expected to contract, and we model ~200bp YoY decline to 17% in 2QFY25.

Quarterly Performance

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
KFC - No. of stores	358	381	406	429	442	460	482	504	429	504
PH - No. of stores	302	311	319	319	320	321	322	324	319	324
KFC - SSSG (%)	0.0	0.0	-2.0	-3.0	-6.0	-7.0	-2.0	3.0	-1.0	-3.0
PH - SSSG (%)	-9.0	-20.0	-19.0	-15.0	-7.0	-3.0	1.0	1.0	-16.0	-2.0
Net Sales	6,544	6,426	6,656	6,317	7,183	6,968	7,428	7,365	25,943	28,944
YoY change (%)	19.8	14.2	11.6	12.7	9.8	8.4	11.6	16.6	14.5	11.6
Gross Profit	4,483	4,417	4,583	4,351	4,927	4,772	5,106	5,046	17,834	19,845
Margin (%)	68.5	68.7	68.9	68.9	68.6	68.5	68.7	68.5	68.7	68.6
EBITDA	1,214	1,151	1,217	1,029	1,242	1,119	1,322	1,235	4,613	4,918
EBITDA growth %	10.0	11.6	4.3	4.9	2.3	-2.8	8.6	20.0	7.7	6.6
Margin (%)	18.6	17.9	18.3	16.3	17.3	16.1	17.8	16.8	17.8	17.0
Depreciation	727	768	874	870	904	906	918	904	3,239	3,631
Interest	226	245	263	275	273	270	265	256	1,009	1,063
Other Income	75	75	60	124	53	100	100	108	334	361
PBT	336	214	140	8	118	43	240	184	699	585
Tax	88	62	42	-12	36	11	60	40	180	147
Rate (%)	26.0	28.9	30.0	-143.0	30.8	25.2	25.2	21.5	25.7	25.2
Adjusted PAT	249	152	98	20	82	32	179	144	520	438
YoY change (%)	-34.8	-43.4	-69.9	-82.2	-67.1	-78.7	82.3	606.3	-52.4	-15.8

Westlife Development

Neutral

CMP: INR904 | TP: INR825 (-9%)

EBITDA CHANGE (%): FY25 | FY26: -15.7 | -11.6

- The demand environment remained subdued in 2Q; same-store sales likely to decline ~7%.
- Marketing efforts for the new crispy burger are set to commence in Oct'24, which will add a new growth driver.
- EBITDA margins expected to remain stable QoQ. We model 13.5% margins.
- Expect to add 10 new stores in 2QFY25.

Consolidated quarterly performance

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
SSSG %	7.0	1.0	(9.0)	(5.0)	(6.7)	(6.5)	2.0	3.2	-1.5	-2.0
No. of McDonald's restaurants	361	370	380	397	403	413	428	442	397	442
Net Sales	6,145	6,147	6,003	5,623	6,163	6,284	6,615	6,168	23,918	25,230
YoY Change (%)	14.2	7.4	-1.8	1.1	0.3	2.2	10.2	9.7	5.0	5.5
Gross profit	4,337	4,310	4,219	3,945	4,362	4,449	4,684	4,368	16,811	17,863
Margin (%)	70.6	70.1	70.3	70.2	70.8	70.8	70.8	70.8	70.3	70.8
EBITDA	1,053	997	960	771	799	851	1,008	879	3,780	3,537
YoY Change (%)	14.3	0.9	-12.9	-16.1	-24.1	-19.2	1.2	-8.5	-3.8	-6.4
Margins (%)	17.1	16.2	16.0	13.7	13.0	13.5	15.2	14.2	15.8	14.0
Depreciation	439	453	491	503	506	508	513	510	1,886	2,038
Interest	260	274	282	283	298	279	280	256	1,099	1,114
Other Income	52	32	44	35	51	55	65	66	162	237
PBT	406	302	231	20	45	118	280	178	958	622
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
PBT after EO expense	406	302	231	20	45	118	280	178	958	622
Tax	118	78	59	12	13	30	70	43	266	155
Rate (%)	29.0	26.0	25.3	60.6	28.0	25.0	25.0	24.2	27.8	25.0
Adj PAT	288	224	172	8	33	89	210	135	692	466
YoY Change (%)	22.0	-29.2	-52.6	-96.1	-88.7	-60.3	21.8	1,643.8	L/P	L/P
Margins (%)	4.7	3.6	2.9	0.1	0.5	1.4	3.2	2.2	2.9	1.8

Company

Kalyan
Senco Gold
Titan

Jewelry – Strong demand momentum

- Jewelry companies are expected to deliver strong momentum in 2QFY25, with healthy sales in Jul'24, followed by stronger Aug'24, benefiting from the reduction in custom duty rates. The first half of Sep'24 also saw solid performance; however, sales slowed in the last 10-15 days due to the Shradh period.
- We anticipate revenue growth of 20% for Titan (Standalone Jewelry ex-bullion), 34% for Kalyan and 27% for Senco. The pace of store addition will continue for Titan, Kalyan, and Senco; they are expected to add 36/30/6 stores during the quarter, taking the total count to 1,010/307/171 stores, respectively.
- The reduction in customs duty is expected to result in an inventory loss of INR5b-5.5b for Titan, INR1.2-1.3b for Kalyan, and ~INR500m for Senco. This will hurt profitability in 2Q and 3Q. In our numbers, we have not taken the impact of inventory loss. A higher revenue mix from franchise stores will weigh on quarterly reported margin. We remain optimistic about the jewelry category and expect continued rapid shifts in consumer purchasing behavior from unorganized/local to organized channels. Accordingly, we maintain a BUY rating on Titan, Kalyan, and Senco.

Kalyan Jewellers

Buy

CMP: INR 750 | TP: INR850 (+13%)

EPS CHANGE (%): FY25|26: +1.0|0.0

- We model 39% revenue growth in India business. SSSG is expected to be 23%.
- We expect 15 store additions for India Kalyan, 15 for Candere and no store addition in the Middle East, taking the total count to 307 stores.
- We expect inventory loss of INR700-750m due to custom rate cut in 2QFY25. We have not considered the impact in our numbers.

Consolidated Quarterly Performance

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Stores	192	206	228	253	277	307	343	378	253	378
Net Sales	43,757	44,145	52,231	45,349	55,355	59,164	66,637	66,542	1,85,483	2,47,698
Change (%)	31.3	27.1	34.5	34.1	26.5	34.0	27.6	46.7	31.8	33.5
Raw Material/PM	37,153	37,840	44,616	38,737	47,419	50,869	57,107	58,416	1,58,346	2,13,812
Gross Profit	6,604	6,306	7,615	6,612	7,935	8,295	9,530	8,126	27,137	33,886
Gross Margin (%)	15.1	14.3	14.6	14.6	14.3	14.0	14.3	12.2	14.6	13.7
Operating Expenses	3,375	3,169	3,916	3,550	4,175	4,194	4,956	3,887	14,010	17,212
% of Sales	7.7	7.2	7.5	7.8	7.5	7.1	7.4	5.8	7.6	6.9
EBITDA	3,229	3,137	3,698	3,062	3,760	4,101	4,574	4,239	13,127	16,675
Margin (%)	7.4	7.1	7.1	6.8	6.8	6.9	6.9	6.4	7.1	6.7
Change (%)	22.2	17.9	13.1	19.3	16.4	30.8	23.7	38.4	17.8	27.0
Interest	821	817	817	778	852	850	830	805	3,232	3,337
Depreciation	641	669	697	736	755	735	757	904	2,743	3,150
Other Income	116	131	201	288	222	302	327	475	737	1,326
PBT	1,885	1,781	2,386	1,837	2,375	2,818	3,314	3,006	7,888	11,513
Tax	449	433	582	462	599	688	801	767	1,925	2,855
Effective Tax Rate (%)	23.8	24.3	24.4	25.1	25.2	24.4	24.2	25.5	24.4	24.8
Adjusted PAT	1,439	1,352	1,806	1,376	1,776	2,130	2,513	2,239	5,973	8,658
Change (%)	33.3	27.1	21.5	96.3	23.4	57.5	39.1	62.7	28.1	44.9

E: MOFSL Estimates

Senco Gold**Buy****CMP: INR1,480 | TP: INR1,700 (+15%)****EPS CHANGE (%): FY25|26: -|-**

- We expect revenue growth of ~27% YoY and SSSG of 20% in 2QFY25.
- GP margin is expected to expand by 420bp YoY to 16.0% and EBITDA margin is expected to expand by 320bp YoY to 6.7% in 2QFY25.
- Expect to add four stores, taking the total store count to 169.
- We expect inventory loss of INR300-330m due to custom rate cut in 2QFY25. We have not considered the impact in our numbers.

Consolidated Quarterly Performance**(INR m)**

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Stores	142	145	155	159	165	171	175	179	159	179
Net Sales	13,054	11,466	16,522	11,373	14,039	14,561	19,826	14,565	52,414	62,992
Change (%)	29.6	25.8	23.3	39.7	7.5	27.0	20.0	28.1	28.5	20.2
Gross Profit	1,632	1,354	3,083	1,944	2,428	2,330	3,470	2,222	8,014	10,450
Gross Margin (%)	12.5	11.8	18.7	17.1	17.3	16.0	17.5	15.3	15.3	16.6
Operating Expenses	960	960	1,272	1,067	1,341	1,359	1,590	1,297	4,259	5,587
% of Sales	7.4	8.4	7.7	9.4	9.5	9.3	8.0	8.9	8.1	8.9
EBITDA	672	395	1,811	877	1,087	971	1,879	925	3,755	4,862
Margin (%)	5.1	3.4	11.0	7.7	7.7	6.7	9.5	6.4	7.2	7.7
Change (%)	22.1	21.2	11.3	31.5	61.8	145.9	3.8	5.5	18.6	29.5
Interest	266	234	283	298	322	325	335	346	1,081	1,328
Depreciation	126	133	158	184	181	185	195	194	601	755
Other Income	94	110	89	128	123	125	122	116	422	486
PBT	375	139	1,459	524	708	586	1,471	501	2,495	3,266
Tax	98	20	366	202	195	147	369	121	685	833
Effective Tax Rate (%)	26.1	14.1	25.1	38.6	27.6	25.1	25.1	24.2	27.5	25.5
Adjusted PAT	277	119	1,093	322	513	439	1,102	380	1,810	2,433
Change (%)	23.5	22.9	5.3	24.9	84.0	310.3	1.4	17.8	14.2	34.4

E: MOFSL Estimates

Titan Company**Buy****CMP: INR3,775 | TP: INR4,300 (+14%)****EPS CHANGE (%): FY25|26: -1.0|-0.9**

- We model 20% standalone revenue growth (ex-bullion) and SSSG of 14% in 2QFY25.
- Standalone Jewelry EBIT margin expected to remain stable YoY at 13.8% vs. 14.1% in 2QFY24.
- We expect healthy growth in watches and other business while muted growth in eye care segment.
- We expect inventory loss of INR3-3.5b due to custom rate cut in 2QFY25. We have not considered the impact in our numbers.

Consolidated Quarterly Performance**(INR b)**

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Stores (Jewelry)	792	844	898	937	974	1,010	1,046	1,079	937	1,079
Net Sales	119.0	125.3	141.6	124.9	132.7	144.3	165.7	147.7	510.8	590.3
YoY change (%)	26.0	36.7	22.0	20.6	11.5	15.2	17.0	18.2	25.9	15.6
Gross Profit	26.4	29.3	32.9	27.9	29.3	33.3	38.6	34.5	116.5	135.8
Margin (%)	22.2	23.4	23.3	22.3	22.1	23.1	23.3	23.4	22.8	23.0
EBITDA	11.3	14.1	15.7	11.9	12.5	16.4	18.0	14.7	52.9	61.6
EBITDA growth %	-5.9	13.2	16.2	9.4	10.8	16.4	15.1	23.3	8.5	16.4
Margin (%)	9.5	11.3	11.0	9.5	9.4	11.4	10.9	9.9	10.4	10.4
Depreciation	1.3	1.4	1.5	1.6	1.6	1.7	1.7	1.7	5.8	6.7
Interest	1.1	1.4	1.7	2.0	2.3	1.8	1.7	1.7	6.2	7.5
Other Income	1.1	1.2	1.4	1.6	1.2	1.4	1.7	1.9	5.3	6.1
PBT	10.0	12.5	13.8	9.9	9.7	14.3	16.3	13.2	46.2	53.6
Tax	2.5	3.4	3.3	2.2	2.6	3.5	4.0	3.0	11.3	13.1
Rate (%)	24.6	26.9	23.6	22.2	26.5	24.4	24.4	22.8	24.4	24.4
Adjusted PAT	7.6	9.2	10.5	7.7	7.2	10.8	12.3	10.2	35.0	40.5
YoY change (%)	-4.3	9.6	15.5	4.8	-5.4	18.4	16.9	32.4	6.8	15.9

E: MOFSL Estimates

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