



TM

Consumer Staples

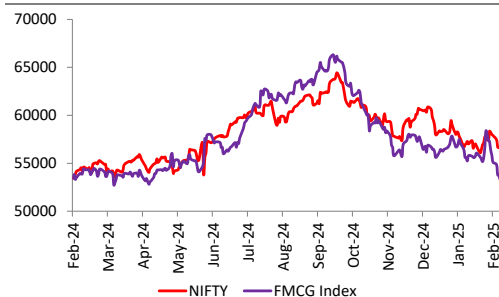
14 February 2025

3QFY25 RESULT REVIEW

Industry

FMCG & Paints

Nifty v/s NSE FMCG Index



Source: Bloomberg, Systematix Institutional Research

Company recommendations

| Companies | CMP | TP | Rating |
|-----------------|-------|-------|--------|
| Britannia | 4,945 | 5,755 | BUY |
| Colgate | 2,492 | 2,835 | HOLD |
| Dabur | 520 | 595 | HOLD |
| GCPL | 1,116 | 1,330 | BUY |
| HUL | 2,330 | 2,645 | HOLD |
| ITC | 412 | 475 | HOLD |
| Marico | 625 | 785 | BUY |
| Nestle | 2,178 | 2,560 | HOLD |
| Tata Consumer | 1,011 | 1,220 | BUY |
| CCL Products | 596 | 710 | HOLD |
| Prataap Snacks | 1,058 | 955 | HOLD |
| Dodla Dairy | 1,008 | 1,545 | BUY |
| Asian Paints | 2,250 | 2,870 | BUY |
| Berger Paints | 487 | 625 | BUY |
| Kansai Nerolac | 238 | 340 | BUY |
| Patanjali Foods | 1,801 | 2,115 | BUY |

Source: Systematix Institutional Research

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A weak quarter; demand, margins likely pick up from 1H26

Subdued demand in 3Q25; better numbers hoped for in 1Q26: Consumer staples' companies delivered 3QFY25 **revenue growth in mid-single digits (+5% YoY for our coverage) on low-single digit volume growth (c.+2% YoY)**, in yet another quarter of subdued consumption demand amid elevated food inflation and high competitive intensity. Rural/Tier 2-4 markets sustained their growth momentum while Metros/Tier-1/urban markets remained stressed, especially in general trade (GT) channel and largely among lower/lower-middle income (LMIG) consumers. Some downtrading to smaller packs/ economical brands was also seen, impacting mix and realizations.

In categories (*Exhibit 1: Category Growth Heatmap*), demand was strained in soaps, juices, paints, home insecticides, tea and skin care. Relatively better growth was seen in detergents, biscuits, noodles, edible oil, coffee, chocolates, spices and kitchen foods; oral care and hair care were moderate. **Britannia** and **Marico** outperformed with volume +6% YoY each and revenue +8%/+15% YoY respectively. **Paints industry** has been witnessing an unprecedented slowdown; volume growth languished at flat/low-single digits (except **Berger Paints** outperforming with 7.4% growth) and negative mix persisted leading to revenue decline of c.3% YoY for the top 5 listed players. However, negative pricing was lower as base-quarter price cuts phased out.

Looking ahead, most companies flagged sluggish demand extending into 4Q25 (partly influenced by price hikes), but some indicated that a recovery might initialize from 1Q26. Paint companies expect a pickup in volume/ value growth over 4Q25/ 1Q26 driven by weak base and improving pricing growth.

Further price hikes planned; to support margins but crimp volumes: Sharp inflation in agri-commodity costs - mainly palm oil, tea, coffee, cocoa, wheat, copra – drove calibrated price hikes/ grammage cuts in low-mid single digits (double digits in edible oils) by nearly all companies (**price/mix c.+3.5% YoY in 3Q25**), which likely limited volume growth. Further hikes are planned by many companies in 4Q25, **mainly in soaps, tea, biscuits, edible oils, hair oils, coffee, chocolates, toothpastes and juices**; these would improve realizations but also exert some pressure on volume growth.

Margins can pick up QoQ from here: Gross/ operating margins were meaningfully impacted in 3Q25 (**GPM/OPM decline of 200/135bps YoY for our coverage – EBITDA/PAT declines of 1%/6% YoY**) by (1) pricing actions materially lagging sharp raw material inflation, and (2) high brand/staff/distribution spends; OPMs were partly cushioned by cost-saving initiatives. **HUL and Dabur outperformed with OPMs -15/-20bps YoY and EBITDA +2%/+1% YoY respectively**. In paints, GPM/OPM declined 90/235bps YoY with EBITDA/PAT declines of 15-16% YoY; however, margins improved QoQ; Akzo Nobel and Berger Paints outperformed here. We expect staples' margins to improve QoQ from here, with (1) further price hikes and (2) volume growth pickup driving operating leverage. However, high brand/ salesforce/ reach/ trade spends would continue with no let-up in competitive intensity.

Stock picks: With valuations correcting materially over past 3 months (stock declines of 10-25%), we prefer stocks with (1) pricing power in key categories, (2) potential to gain market share from small/local players, and (3) relatively better growth tailwinds in operating segments. **We prefer Marico and GCPL in HPC, Britannia and Tata Consumer in foods, Berger Paints in paints and Dodla Dairy in small/ midcaps.**

Exhibit 1: Category value growth Heatmap

| Categories/ value growth YoY | 1Q24 | 2Q24 | 3Q24 | 4Q24 | 1Q25 | 2Q25 | 3Q25 |
|--|-------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|---|--------------------------------------|
| Paints | 7.1% | 1.2% | 5.6% | 0.6% | (0.9%) | (3.0%) | (3.0%) |
| Asian Paints | 6.7% | 0.2% | 5.4% | -0.6% | -2.3% | -5.3% | -6.1% |
| Berger Paints | 9.8% | 3.6% | 7.0% | 3.1% | 2.0% | 0.3% | 3.2% |
| Kansai Nerolac | 5.1% | 1.3% | 5.0% | 2.1% | -1.1% | -0.3% | 0.2% |
| Akzo Nobel | 6.6% | 3.2% | 4.7% | 2.3% | 3.7% | 2.7% | 1.7% |
| Soaps | 1.0% | (0.5%) | (0.5%) | 0.0% | (5.0%) | (5.0%) | (3.0%) |
| HUL Soaps | Low-single digit growth | Low-single digit volume growth | Impacted | Value decline | Mid/high-single digit decline | Value decline | Mid-single digit decline |
| GCPL soaps | Low-single digit growth | Flat growth | Mid-single digit volume growth | High-single digit volume growth | Low-single digit volume growth | Flat volume growth | Flat/low value decline |
| Jyothy personal care (soap, hand wash, toothpaste) | 21.1% | 22.3% | 22.3% | 18.0% | 10.9% | -4.5% | -3.7% |
| Detergents | 12.0% | 5.0% | 2.0% | 3.0% | 5.0% | 5.0% | 7.0% |
| HUL fabric care | DD growth | Mid-single digit volume growth | Mid-single digit volume growth | Mid-single digit volume growth | High-single digit volume growth | High-single digit volume growth | High-single digit volume growth |
| Jyothy fabric care | 18.1% | 10.6% | 11.9% | 10.0% | 8.8% | 0.1% | 9.3% |
| GCPL liquid detergents | | | Strong DD volume growth | Strong DD volume growth | Strong DD volume growth | Strong DD volume growth | Strong DD volume growth |
| Biscuits | 9.5% | 1.5% | 2.5% | 3.5% | 4.0% | 4.5% | 7.0% |
| Britannia overall | 9.0% | 1.0% | 2.0% | 3.0% | 4.0% | 4.5% | 6.5% |
| ITC Sunfeast | Strong growth | Resilient performance | Resilient performance | Resilient performance | Resilient performance | Resilient performance | High competitive intensity |
| Bector Foods | 25.3% | 25.7% | 22.4% | 18.2% | 22.4% | 23.6% | 15.0% |
| Noodles | 12.0% | 8.0% | 7.0% | 9.0% | 4.0% | 2.0% | 6.0% |
| Nestle noodles | DD growth | Growth momentum continued | Growth momentum continued | Strong growth | Continued growth momentum | Positive volume growth over last 9 months | High-single digit growth |
| ITC Yippee | Robust performance | Sustained no.2 amid high competition | Sustained no.2 amid high competition | Strengthening position | Sustained no.2 amid high competition | Sustained no.2 amid high competition | Sustained no.2 amid high competition |
| Edible oil | (14.0%) | (15.0%) | (20.0%) | (7.0%) | 5.0% | 12.0% | 30.0% |
| Adani Wilmar edible oil | -14.0% | -19.0% | -23.0% | -5.5% | 8.0% | 21.0% | 38.0% |
| Marico Saffola edible oil | -20.0% | -12.0% | -26.0% | -16.0% | -1.0% | 2.0% | 24.0% |
| Patanjali edible oil | -12.9% | -13.4% | -15.3% | -8.9% | -9.5% | 9.6% | 22.5% |
| Tea | 1.0% | 3.0% | 2.0% | 3.0% | 0.0% | 3.0% | 5.0% |
| HUL Tea | Muted growth | Muted growth | Muted growth | Strengthened mkt leadership | Flat/low-single digit growth | High-single digit growth | Low-single digit growth |
| Tata Consumer tea | 2.0% | 5.0% | 4.0% | 2.0% | -1.0% | -3.0% | 9.0% |
| Coffee | 8.0% | 9.0% | 10.0% | 11.0% | 10.5% | 12.0% | 10.0% |
| Nestle coffee | Robust DD growth | Strong growth | Strong DD growth | Strong DD growth | DD growth | High DD growth | Robust growth |
| HUL Coffee | Mid-single digit growth | DD growth | DD growth | DD growth | DD growth | DD growth | DD growth |
| Juices & nectars - Dabur | (2.0%) | (10.0%) | 6.9% | (1.5%) | 2.8% | (11.6%) | (10.3%) |
| Chocolate confectionery - Nestle | 10.0% | 7.0% | 4.5% | 6.0% | 5.0% | 5.0% | 7.0% |
| Aerated drinks - Varun Beverages | 13.6% | 21.2% | 21.0% | 11.3% | 28.7% | 24.1% | 38.3% |

| Spices | | | | | | | |
|---|-------------------------|--------------------------|-------------------------|--------------------------|------------------------------|--------------------------|--------------------------------|
| Dabur Badshah spices | 24.0% | 16.4% | 33.0% | 20.0% | 15.0% | 15.0% | 15.5% |
| ITC Sunrise spices | | Robust growth | Robust growth | Strengthening position | Robust growth | Strong growth | Strong growth |
| Kitchen foods | 40.0% | 40.0% | 30.0% | 30.0% | 30.0% | 25.0% | 28.0% |
| Tata Consumer Sampann foods | 51.0% | 47.0% | 40.0% | 42.0% | 37.0% | 26.0% | 23.0% |
| Marico foods | 24.0% | 25.0% | 18.0% | 24.0% | 37.0% | 28.0% | 31.0% |
| Dabur foods (chutneys, pastes, dressings) | 35.0% | 40.4% | 22.0% | 20.7% | 21.3% | 20.6% | 30.0% |
| Oral care | 12.0% | 5.5% | 7.5% | 11.0% | 10.5% | 8.0% | 5.0% |
| Colgate overall | 10.8% | 6.1% | 8.3% | 10.4% | 13.1% | 10.0% | 4.7% |
| HUL Oral Care | High DD growth | Mid-single digit growth | Mid-single digit growth | DD growth | Mid-single digit growth | High-single digit growth | Mid-single digit growth |
| Dabur oral care | 13.0% | 4.1% | 8.1% | 22.0% | 11.4% | 5.3% | 9.1% |
| Hair care | 5.0% | 4.0% | 4.0% | 2.0% | 4.0% | 5.0% | 5.0% |
| HUL Hair Care | Mid-single digit growth | High-single digit growth | DD growth | High-single digit growth | High-single digit growth | High-single digit growth | Mid-single digit volume growth |
| Dabur hair oils | 10.0% | 4.0% | 4.5% | -2.5% | 3.3% | 3.8% | 2.7% |
| Dabur shampoo | 9.0% | 4.1% | 11.3% | 6.1% | 13.7% | 3.2% | |
| Marico Parachute | -5.0% | -1.0% | 0.0% | 2.0% | 6.0% | 10.0% | 15.0% |
| Marico VAHO | 0.0% | 1.0% | 3.0% | -7.0% | -5.0% | -8.0% | -2.0% |
| Bajaj Consumer | 6.5% | 0.5% | 3.3% | -4.6% | -8.8% | -1.4% | |
| Emami hair oils (Kesh King) | 2.0% | -5.0% | -13.0% | -9.0% | -15.0% | -9.0% | -10.0% |
| Skin care | 9.0% | 9.0% | 0.0% | 0.5% | 2.0% | 3.0% | 3.0% |
| HUL Skin Care | DD growth | DD growth | Slightly impacted | Low-single digit growth | Flat/low-single digit growth | Mid-single digit growth | Muted performance |
| Dabur skin care | 3.5% | 5.0% | 4.5% | 0.6% | 6.1% | 0.0% | 5.6% |
| Emami skin care Boro Plus | 19.0% | -4.0% | -9.0% | 33.0% | 4.0% | 2.0% | 20.0% |
| Healthcare | 10.5% | 5.0% | 1.5% | 5.0% | 9.0% | 6.0% | 5.0% |
| Emami healthcare | 11.0% | 4.0% | 0.0% | 10.0% | 11.0% | 11.0% | 13.0% |
| Dabur healthcare | 10.0% | 5.4% | 3.0% | -1.5% | 7.0% | 4.0% | -1.3% |
| Cigarettes | 11.0% | 8.0% | 5.0% | 12.0% | 7.0% | 10.0% | 12.0% |
| ITC cigarettes | 10.9% | 8.5% | 2.3% | 7.0% | 6.1% | 7.3% | 8.1% |
| Godfrey Phillips | 28.7% | 14.9% | 40.2% | 21.0% | 14.8% | 28.9% | 38.7% |
| VST Industries | 10.9% | 1.4% | 7.7% | 24.4% | -3.8% | 3.1% | 1.3% |

| | |
|----------------------|--|
| More than 5% decline | |
| 5% decline to 0% | |
| 0% to 5% growth | |
| 5% to 10% | |
| More than 10% growth | |

Source: Systematix Institutional Research

Exhibit 2: Consumer staples (Rs mn) – Quarterly results

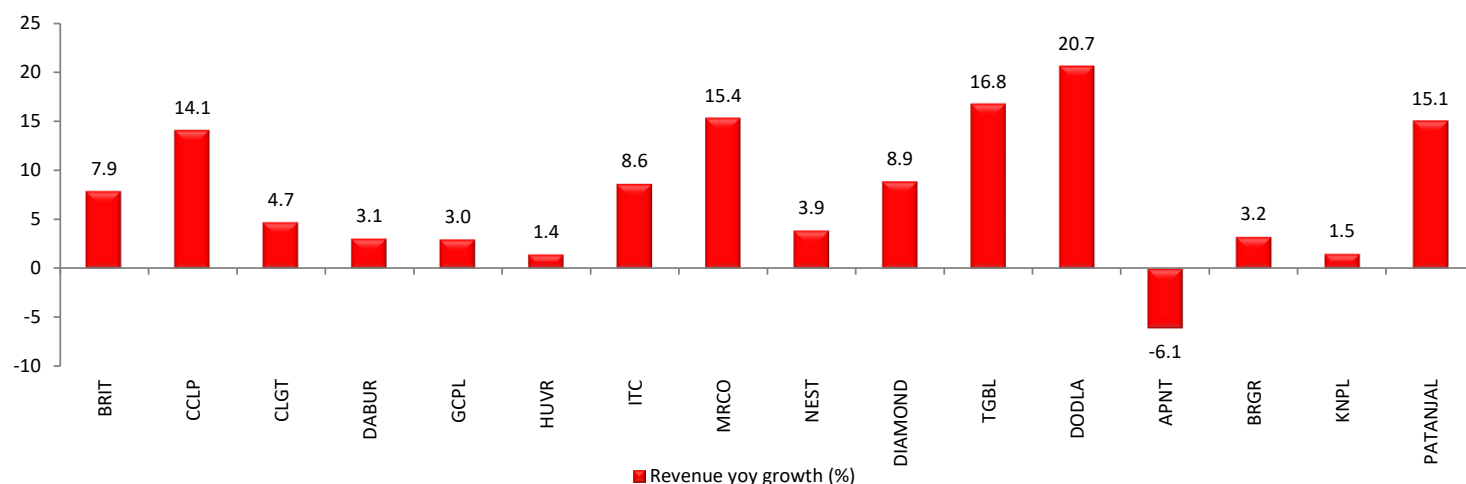
| Britannia Ind (Rs mn) | Q3FY25 | Q3FY24 | Q2FY25 | YoY | QoQ | Key Highlights |
|-------------------------|--------|--------|--------|------|-------|--|
| Revenue | 45,926 | 42,563 | 46,676 | 7.9 | -1.6 | Volume +6%; BRIT to take price hikes of 2.5%/1.5% in 4Q25/1Q26 (2% in 3Q25) |
| Gross Margin | 38.7 | 43.9 | 41.5 | -515 | -280 | Decline due to sharply higher RM inflation not mitigated by price hikes (effective RM inflation 11%) |
| EBITDA | 7,699 | 8,211 | 8,334 | -6.2 | -7.6 | |
| EBITDA Margin | 16.8 | 19.3 | 17.9 | -253 | -109 | Cost-savings programs expected to yield 2.5% to margins |
| Adj PAT | 5,067 | 5,593 | 5,816 | -9.4 | -12.9 | RTM 2.0/ direct reach initiatives, distribution-led/brand-led strategy in focus states, aggression in premium launches, adjacencies expected to drive topline growth; margins to improve QoQ |
| CCL Products Ltd | Q3FY25 | Q3FY24 | Q2FY25 | YoY | QoQ | Key Highlights |
| Revenue | 7,584 | 6,645 | 7,382 | 14.1 | 2.7 | Volume growth 3-4%; Long-term/ near-term guidance of 15%/ 10-20% |
| Gross Margin | 40.1 | 41.2 | 39.8 | -104 | 37 | India business grew 23% & Vietnam grew 6% YoY |
| EBITDA | 1,244 | 1,109 | 1,371 | 12.2 | -9.2 | Clients remain unwilling to commit to long-term contracts |
| EBITDA Margin | 16.4 | 16.7 | 18.6 | -29 | -216 | Margin contraction due to lag in coffee pricing vs elevated cost-inflation |
| Adj PAT | 630 | 633 | 740 | -0.4 | -14.8 | PAT growth partly impacted by higher interest cost and tax rate |
| Colgate Palmolive India | Q3FY25 | Q3FY24 | Q2FY25 | YoY | QoQ | Key Highlights |
| Revenue | 14,618 | 13,957 | 16,191 | 4.7 | -9.7 | Mid-single digit volume growth (our est. +4.5% YoY) in toothpaste; soft demand in urban mkts; premium growing 3x of portfolio |
| Gross Margin | 69.9 | 72.2 | 68.5 | -226 | 137 | Compression due lower realizations with aggressive trade/ consumer promotions |
| EBITDA | 4,544 | 4,684 | 4,974 | -3.0 | -8.6 | |
| EBITDA Margin | 31.1 | 33.6 | 30.7 | -248 | 36 | Compression due to sustained high A&P spend (14% of sales) & reach expansion; OPMs to remain meaningfully pressured near-term |
| Adj PAT | 3,228 | 3,301 | 3,386 | -2.2 | -4.7 | Near-term volume growth moderation with realizations pressured; premium launches to drive better mix |
| Dabur India | Q3FY25 | Q3FY24 | Q2FY25 | YoY | QoQ | Key Highlights |
| Revenue | 33,553 | 32,551 | 30,286 | 3.1 | 10.8 | India volume/ value growth +1%/ +2%; int'l rebounded to 8.5%; value growth expected in mid/mid-high single digits in 4Q25/ FY26 |
| Gross Margin | 48.1 | 48.6 | 49.3 | -55 | -128 | HPC performed well with 6% YoY sales' growth, Healthcare muted at -1% YoY, F&B declined 6% YoY |
| EBITDA | 6,819 | 6,678 | 5,526 | 2.1 | 23.4 | Dabur to take further price hikes mainly in premium toothpastes and juices |
| EBITDA Margin | 20.3 | 20.5 | 18.2 | -19 | 208 | OPMs cushioned by price hikes, mix improvement, cost-efficiency savings; Dabur aims to maintain OPMs in 4Q25/FY26 |
| Adj PAT | 5,224 | 5,142 | 4,250 | 1.6 | 22.9 | Sustained rural rebound, expanding reach to support gradual revival |

| Godrej Consumer Products | Q3FY25 | Q3FY24 | Q2FY25 | YoY | QoQ | Key Highlights |
|--------------------------|----------|----------|----------|-------|------|--|
| Revenue | 37,684 | 36,596 | 36,663 | 3.0 | 2.8 | India volume/value flat/+3% YoY; Indonesia strong volumes/ value growth of 6%/9% YoY; GAUM sales weak (-16% YoY) |
| Gross Margin | 54.1 | 55.9 | 55.6 | -175 | -145 | Soft demand in HI, soaps; price hikes taken in soaps slightly lagging cost-inflation |
| EBITDA | 7,559 | 8,407 | 7,596 | -10.1 | -0.5 | India biz. margin erosion, High RM inflation (mainly palm) not fully compensated by price hikes limited GPM gain |
| EBITDA Margin | 20.1 | 23.0 | 20.7 | -291 | -66 | Mgmt expects 4Q OPM similar to 3Q, expansion from 1Q26 onwards; FY26 India OPM guided at lower end of 24-26% |
| Adj PAT | 5,041 | 5,880 | 4,971 | -14.3 | 1.4 | Growth headwinds in soaps, HI seem near-term; other India segments, Indonesia, GAUM margins growing well |
| Hindustan Unilever | Q3FY25 | Q3FY24 | Q2FY25 | YoY | QoQ | Key Highlights |
| Revenue | 1,54,080 | 1,51,880 | 1,55,080 | 1.4 | -0.6 | Flat volumes & negative product mix with higher sale of small packs. Mass skin care, soaps, nutrition drinks, tea dragged growth; laundry, hair care, oral care did better |
| Gross Margin | 50.7 | 51.5 | 51.0 | -83 | -37 | Home Care volume grew in high-single digits, Beauty declined in low single digits, Personal care declined in mid single digits and F&R saw mid single digit volume decline |
| EBITDA | 35,700 | 35,400 | 36,470 | 0.8 | -2.1 | GPM contraction due to delayed price hikes in soaps & tea; HUL indicated further hikes will be taken |
| EBITDA Margin | 23.2 | 23.3 | 23.5 | -14 | -35 | OPM contraction moderated with rationalising A&P spends & cost savings |
| Adj PAT | 24,920 | 25,490 | 26,280 | -2.2 | -5.2 | Near-term demand moderation to persist. Gradual volume growth pickup expected over FY26-FY27E, margins to remain range bound |
| ITC | Q3FY25 | Q3FY24 | Q2FY25 | YoY | QoQ | Key Highlights |
| Revenue | 1,70,528 | 1,56,957 | 1,86,491 | 8.6 | -8.6 | Cigarette volume/revenue/EBIT margin growth of 4%/8%/-210bps YoY; sharp cost escalation in leaf tobacco |
| Gross Margin | 54.4 | 56.8 | 51.6 | -237 | 284 | FMCG grew 4% YoY led by growth in Atta, spices, snacks, dairy, premium personal wash, homecare and agarbatti; margins contracted due to raw material costs |
| EBITDA | 58,284 | 57,394 | 61,233 | 1.6 | -4.8 | Agri biz sales rebounded to +10% YoY driven by leaf tobacco and value-added products. EBIT margin strong rebound +120bps YoY |
| EBITDA Margin | 34.2 | 36.6 | 32.8 | -239 | 134 | Paperboards +3% YoY, impacted by low-priced Chinese & Indonesian supplies & soft domestic demand |
| Adj PAT | 48,934 | 49,504 | 49,759 | -1.2 | -1.7 | |
| Marico Ltd | Q3FY25 | Q3FY24 | Q2FY25 | YoY | QoQ | Key Highlights |
| Revenue | 27,940 | 24,220 | 26,640 | 15.4 | 4.9 | Domestic volume/ international CC growth of 6%/16% YoY. Price hikes in Parachute, Saffola oils drove topline |
| Gross Margin | 49.5 | 51.3 | 50.8 | -178 | -129 | Parachute value +15%, Saffola oil +24%, VAHO -2%, foods +31%, premium personal care (PPC)/digital-first brands robust |
| EBITDA | 5,330 | 5,130 | 5,220 | 3.9 | 2.1 | GPM contraction due to realizations lagging input-cost inflation |
| EBITDA Margin | 19.1 | 21.2 | 19.6 | -210 | -52 | EBITDA margin contracted likely due to higher distribution costs (Project Setu) & A&P spend (+19% YoY) |
| Adj PAT | 3,990 | 3,830 | 3,880 | 4.2 | 2.8 | Mgmt expects double-digit revenue growth in FY25, maintaining stable OPM above 20%, double-digit CC growth in int'l |

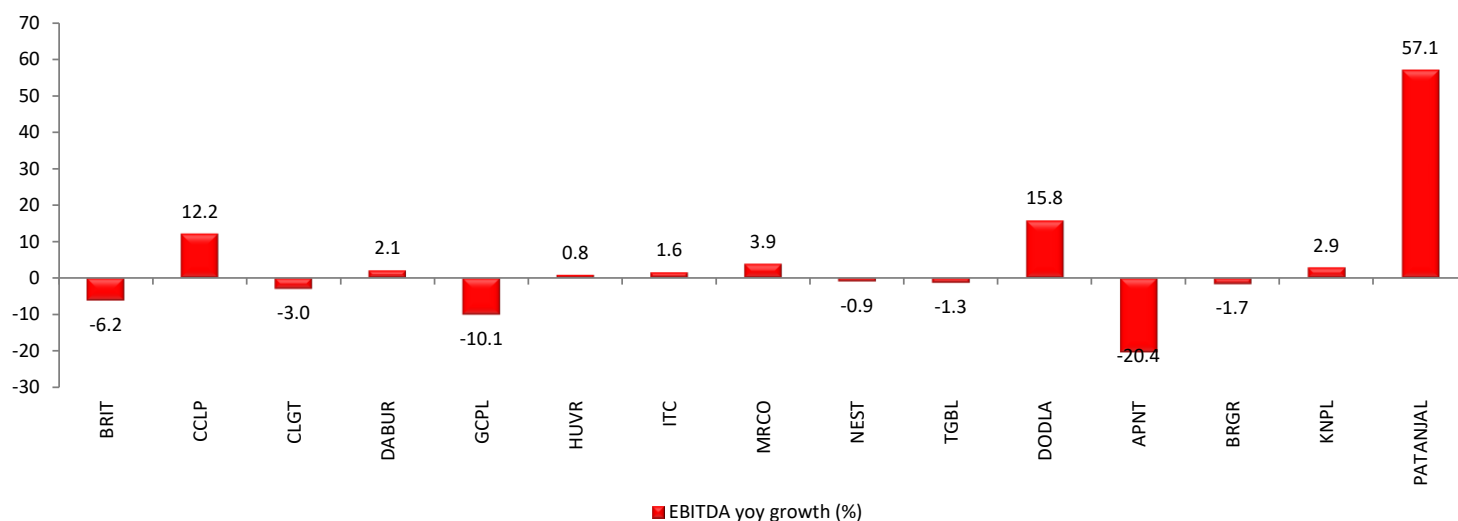
| Nestle India | Q3FY25 | Q3FY24 | Q2FY25 | YoY | QoQ | Key Highlights |
|------------------------|--------|--------|--------|--------|--------|---|
| Revenue | 47,797 | 46,004 | 51,040 | 3.9 | -6.4 | Volumes +2% YoY (our est.) supported by Maggi noodles reverting to growth, while milks & nutrition likely soft |
| Gross Margin | 56.4 | 58.6 | 56.6 | -221 | -24 | Significant food inflation continues in coffee, cocoa, wheat, edible oils; further price hikes likely planned |
| EBITDA | 10,849 | 10,951 | 11,677 | -0.9 | -7.1 | Focus on core categories, product innovations, reach expansion |
| EBITDA Margin | 22.7 | 23.8 | 22.9 | -111 | -18 | EBITDA margin contraction likely on high A&P/brand-building spends, network expansion, product launch-related costs |
| Adj PAT | 6,880 | 7,629 | 7,161 | -9.8 | -3.9 | Mgmt sees demand heading into a better growth trajectory going forward, but price hikes impacting volume growth |
| Prataap Snacks | Q3FY25 | Q3FY24 | Q2FY25 | YoY | QoQ | Key Highlights |
| Revenue | 4,446 | 4,083 | 4,411 | 8.9 | 0.8 | Volume growth c.+7% (our est.). Taking grammage cuts, adding new touchpoints, optimizing sales at existing touchpoints with range selling |
| Gross Margin | 23.1 | 33.1 | 29.1 | -1001 | -601 | Focusing on priority markets and opportunity markets, premium product launches, listing on e/q-commerce platforms |
| EBITDA | (54) | 347 | 192 | -115.6 | -128.3 | GPM contraction due to sharp palm oil inflation and potato inflation Palm oil. |
| EBITDA Margin | -1.2 | 8.5 | 4.3 | -973 | -556 | Grammage reduction, recipe adjustments, process reengineering & trade margin optimization partially helped impact mitigation |
| Adj PAT | (36) | 108 | (5) | -133.3 | 693.2 | Seeking to recover OPMs with cost optimization, SFA, trade margin rationalization; maintains double-digit OPM guidance in 1-1.5 yrs |
| Tata Consumer Products | Q3FY25 | Q3FY24 | Q2FY25 | YoY | QoQ | Key Highlights |
| Revenue | 44,436 | 38,039 | 42,145 | 16.8 | 5.4 | India tea volume +7% YoY, foods' biz grew value +31% YoY, Sampann grew +23% YoY. Took calibrated price hikes in tea. |
| Gross Margin | 41.1 | 43.8 | 43.6 | -273 | -253 | Int'l bevs grew 8% YoY driven by UK tea while US Coffee & Canada tea sales grew 5% YoY each |
| EBITDA | 5,647 | 5,724 | 6,263 | -1.3 | -9.8 | Gross margin contracted entirely on the sharp tea cost escalation not mitigated by pricing |
| EBITDA Margin | 12.7 | 15.0 | 14.9 | -234 | -215 | Op margin incorporated expansion in int'l but decline in India margins due to the tea cost escalation |
| Adj PAT | 2,850 | 3,704 | 3,176 | -23.0 | -10.2 | Sampann expected to remain the key growth engine. High pricing power in tea favourable for TCPL |
| Dodla Dairy | Q3FY25 | Q3FY24 | Q2FY25 | YoY | QoQ | Key Highlights |
| Revenue | 9,012 | 7,468 | 9,976 | 20.7 | -9.7 | Revenue growth supported by strong performance from Africa (+114%), Orgafeed (+62%) and VAP (+51%) sales |
| Gross Margin | 28.2 | 30.0 | 25.5 | -183 | 276 | Milk sales volumes grew 8% & procurement volumes were down 2% YoY (inventory drawdown) |
| EBITDA | 959 | 828 | 963 | 15.8 | -0.3 | Gross margin contracted due to high procurement cost in Africa/Kenya, higher sales of butter and SMP (low margin) |
| EBITDA Margin | 10.6 | 11.1 | 9.6 | -45 | 100 | EBITDA margin also contracted due to higher staff costs (+20% YoY) and other expenses (+9% YoY) |
| Adj PAT | 636 | 413 | 634 | 53.8 | 0.3 | Growth in Africa business, pick-up in prices, higher VAP sales and recent capacity expansions to aid growth |

| Asian Paints | Q3FY25 | Q3FY24 | Q2FY25 | YoY | QoQ | Key Highlights |
|-----------------|--------|--------|--------|-------|------|--|
| Revenue | 85,494 | 91,031 | 80,275 | -6.1 | 6.5 | Sales impacted by subdued consumption demand (esp. urban), downtrading, weak festive season; Volume growth of +1.6% |
| Gross Margin | 42.4 | 43.6 | 40.8 | -116 | 167 | GPM contraction due to weak volumes & price/mix remaining negative. Pricing should turn positive in 4Q25 with base-qtr cuts phasing out |
| EBITDA | 16,367 | 20,561 | 12,395 | -20.4 | 32.0 | Op margin decline led by higher employee & other costs. OPMs recovered QoQ basis |
| EBITDA Margin | 19.1 | 22.6 | 15.4 | -344 | 370 | |
| Adj PAT | 11,105 | 14,477 | 8,748 | -23.3 | 26.9 | APNT aiming for low-single digit volume growth in 4Q25, but value growth could remain pressured |
| Berger Paints | Q3FY25 | Q3FY24 | Q2FY25 | YoY | QoQ | Key Highlights |
| Revenue | 29,751 | 28,818 | 27,746 | 3.2 | 7.2 | Decorative volume +7.4% YoY (industry-leading); negative product mix |
| Gross Margin | 41.6 | 41.1 | 41.7 | 54 | -8 | Volumes driven by distribution expansion, progress in urban expansion initiatives |
| EBITDA | 4,717 | 4,800 | 4,342 | -1.7 | 8.6 | Gross margin expansion led by better volumes |
| EBITDA Margin | 15.9 | 16.7 | 15.6 | -80 | 21 | OPM decline due to higher manpower recruitment for urban expansion, and some currency depreciation |
| Adj PAT | 2,951 | 2,997 | 2,697 | -1.5 | 9.4 | BRGR expects double-digit volume growth in 4Q25 with mid-high single digit value growth; OPMs in 15-17% band |
| Kansai Nerolac | Q3FY25 | Q3FY24 | Q2FY25 | YoY | QoQ | Key Highlights |
| Revenue | 19,219 | 19,187 | 18,638 | 0.2 | 3.1 | Subdued decorative demand (our est. -2.5% YoY), firm auto coatings' demand (our est. +5.5% YoY), strong non-auto industrial (our est. +8% YoY) |
| Gross Margin | 35.2 | 36.1 | 34.0 | -83 | 127 | GM declined due to adverse segment mix (decorative growing slower vs industrial) and lagging pricing (vs RM inflation) |
| EBITDA | 2,351 | 2,440 | 2,119 | -3.7 | 10.9 | |
| EBITDA Margin | 12.2 | 12.7 | 11.4 | -49 | 86 | Decorative demand expected to pick up, auto/industrial growth to sustain, increasing salience of 'Paint+' premium products and B2B sales; OPM expected to remain in 13-14% guidance. |
| Adj PAT | 1,739 | 1,543 | 1,358 | 12.7 | 28.0 | |
| Patanjali Foods | Q3FY25 | Q3FY24 | Q2FY25 | YoY | QoQ | Key Highlights |
| Revenue | 91,031 | 79,107 | 81,542 | 15.1 | 11.6 | Revenue growth driven by edible oil sales growth of 23% YoY, while foods sales declined 18% YoY |
| Gross Margin | 15.8 | 12.7 | 15.3 | 313 | 52 | Gross margins benefited from pass-through of oil cost inflation & raw material inventory gains |
| EBITDA | 5,405 | 3,440 | 4,491 | 57.1 | 20.4 | Edible oil margins expanded 340bps YoY, foods OPM declined 330bps YoY due to higher palm oil, wheat, A&P costs |
| EBITDA Margin | 5.9 | 4.3 | 5.5 | 159 | 43 | PFL expects pickup in edible oil volumes and foods/ghee sales, HPC to grow 10-12%; remains cautiously optimistic of demand recovery; plans to increase direct reach to 2mn near-term |
| Adj PAT | 3,709 | 2,165 | 3,086 | 71.3 | 20.2 | PFL expects edible oil margins to normalize to 4%-odd medium-term, food margins to improve to 8-10% going fwd, HPC margins to improve beyond 13.6% in 3Q25 |

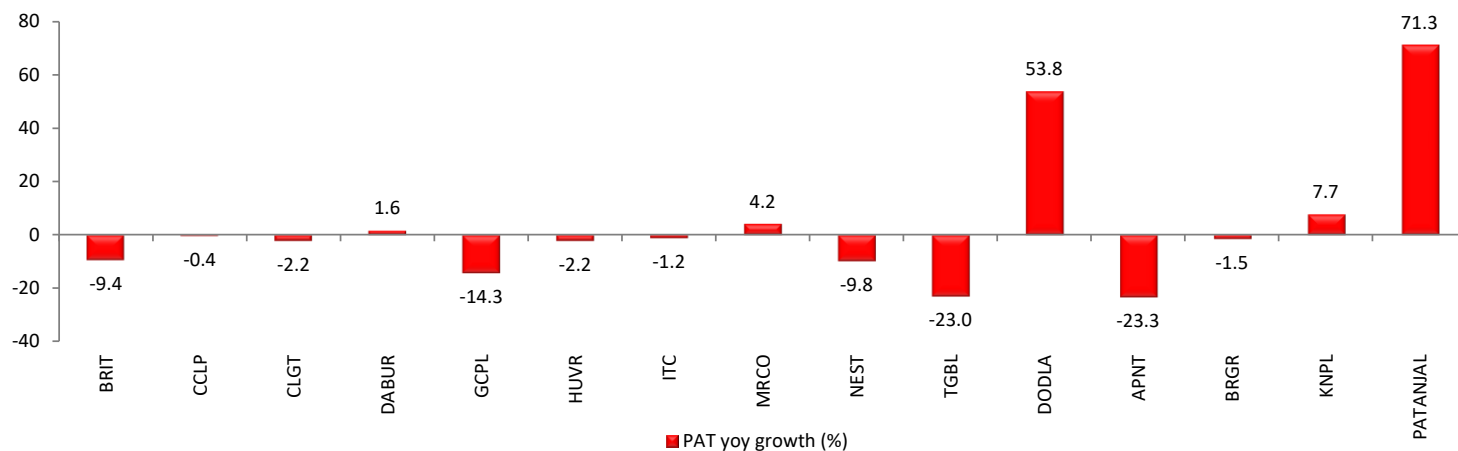
Source: Systematix Institutional Research

Exhibit 3: YoY revenue growth in 3QFY25 for our coverage universe

Source: Systematix Institutional Research

Exhibit 4: YoY EBITDA growth in 3QFY25 for our coverage universe

Source: Systematix Institutional Research

Exhibit 5: YoY PAT growth in 3QFY25 for our coverage universe

Source: Systematix Institutional Research

Exhibit 6: Revised estimates – Upgrade / Downgrade

| Consumer Staples | Upgrade/Downgrade | Upgrade/Downgrade | Upgrade/Downgrade |
|---------------------------------|-------------------|-------------------|-------------------|
| Britannia Ind (Rs mn) | FY25E | FY26E | FY27E |
| Revenue | 0.2% | 0.5% | 0.7% |
| EBITDA | -1.6% | 0.2% | 2.1% |
| Adj PAT | -1.3% | 0.4% | 2.4% |
| CCL Products Ltd | FY25E | FY26E | FY27E |
| Revenue | -3.9% | -3.4% | -3.8% |
| EBITDA | 0.5% | 0.9% | 1.0% |
| Adj PAT | 3.0% | 0.6% | -0.4% |
| Colgate Palmolive India | FY25E | FY26E | FY27E |
| Revenue | -1.7% | -1.7% | -1.7% |
| EBITDA | -0.9% | 0.4% | 0.7% |
| Adj PAT | -1.1% | 0.2% | 0.4% |
| Dabur India | FY25E | FY26E | FY27E |
| Revenue | -0.4% | -3.4% | -3.4% |
| EBITDA | -0.8% | -5.4% | -6.5% |
| Adj PAT | 1.0% | -3.8% | -5.1% |
| Godrej Consumer Products | FY25E | FY26E | FY27E |
| Revenue | 0.5% | 0.4% | 0.4% |
| EBITDA | -1.0% | -1.2% | -0.8% |
| Adj PAT | -2.8% | -2.2% | -1.2% |
| Hindustan Unilever | FY25E | FY26E | FY27E |
| Revenue | -1.1% | -1.1% | -1.1% |
| EBITDA | -0.7% | -0.7% | -0.7% |
| Adj PAT | -1.3% | -1.2% | -1.1% |
| ITC | FY25E | FY26E | FY27E |
| Revenue | -2.2% | -5.2% | -5.0% |
| EBITDA | -2.7% | -6.1% | -6.5% |
| Adj PAT | -4.9% | -7.7% | -8.0% |
| Marico Ltd | FY25E | FY26E | FY27E |
| Revenue | 2.8% | 2.9% | 2.9% |
| EBITDA | 2.3% | 3.3% | 4.6% |
| Adj PAT | 4.4% | 3.3% | 4.6% |
| Nestle India | FY25E | FY26E | FY27E |
| Revenue | -0.7% | -0.8% | -1.0% |
| EBITDA | -1.4% | -1.5% | -2.0% |
| Adj PAT | -3.6% | -5.0% | -5.4% |
| Prataap Snacks | FY25E | FY26E | FY27E |
| Revenue | 0.9% | 0.9% | 0.9% |
| EBITDA | -51.1% | -5.4% | -3.0% |
| Adj PAT | -102.8% | -8.8% | -3.1% |

| Consumer Staples | Upgrade/Downgrade | Upgrade/Downgrade | Upgrade/Downgrade |
|-------------------------------|-------------------|-------------------|-------------------|
| Tata Consumer Products | FY25E | FY26E | FY27E |
| Revenue | 0.0% | 0.0% | 0.0% |
| EBITDA | -7.1% | -6.2% | -4.2% |
| Adj PAT | -14.3% | -7.7% | -5.1% |
| Dodla Dairy | FY25E | FY26E | FY27E |
| Revenue | 2.0% | 2.0% | 2.0% |
| EBITDA | 0.0% | 2.0% | 2.0% |
| Adj PAT | 3.0% | 5.0% | 5.0% |
| Asian Paints | FY25E | FY26E | FY27E |
| Revenue | -4.1% | -4.0% | -4.1% |
| EBITDA | -8.0% | -5.6% | -2.1% |
| Adj PAT | -9.4% | -6.3% | -2.5% |
| Berger Paints | FY25E | FY26E | FY27E |
| Revenue | -1.5% | -2.3% | -2.3% |
| EBITDA | -2.0% | -2.7% | -2.7% |
| Adj PAT | -4.3% | -5.2% | -5.2% |
| Kansai Nerolac | FY25E | FY26E | FY27E |
| Revenue | -2.6% | -2.6% | -2.6% |
| EBITDA | -2.7% | -3.0% | -2.2% |
| Adj PAT | -0.1% | -1.7% | -1.0% |
| Patanjali Foods | FY25E | FY26E | FY27E |
| Revenue | 0.6% | 0.2% | -0.2% |
| EBITDA | -0.6% | -4.3% | -6.9% |
| Adj PAT | 2.3% | -2.5% | -5.5% |

Source: Systematix Institutional Research

Exhibit 7: Valuation snapshot

| Consumer Staples | | | | | | | | | | |
|--------------------------|--------|------|--------------|------------|-----------------|------------------------|--------|----------|--------------------|---------------|
| Company | Rating | CMP | Target Price | Upside (%) | Mkt.Cap (Rs bn) | CAGR over FY24-27E (%) | | | Valuation on FY27E | |
| | | | | | | Revenue | EBITDA | Adj. EPS | PE (x) | EV/EBITDA (x) |
| Britannia Ind | BUY | 4945 | 5,755 | 16 | 1191 | 9.0 | 8.4 | 9.4 | 42 | 29.9 |
| CCL Products Ltd | HOLD | 596 | 710 | 19 | 80 | 19.1 | 19.3 | 21.9 | 17 | 12.4 |
| Colgate Palmolive India | HOLD | 2492 | 2,835 | 14 | 678 | 9.6 | 9.3 | 9.6 | 38 | 26.8 |
| Dabur India | HOLD | 520 | 595 | 14 | 921 | 6.2 | 6.5 | 7.4 | 40 | 31.9 |
| Godrej Consumer Products | BUY | 1116 | 1330 | 19 | 1141 | 8.5 | 10.1 | 13.9 | 40 | 29.7 |
| Hindustan Unilever | HOLD | 2330 | 2,645 | 14 | 5476 | 6.6 | 8.1 | 8.2 | 42 | 29.2 |
| ITC | HOLD | 412 | 475 | 15 | 5155 | 8.7 | 6.9 | 5.3 | 21 | 15.8 |
| Marico | BUY | 625 | 785 | 26 | 809 | 11.0 | 11.9 | 13.1 | 38 | 28.3 |
| Nestle India* | HOLD | 2178 | 2,560 | 18 | 2100 | 9.3 | 10.4 | 8.9 | 51 | 33.0 |
| Prataap snacks | HOLD | 1058 | 955 | -10 | 25 | 9.9 | 10.3 | 16.3 | 30 | 13.3 |
| Tata Consumer Products | BUY | 1011 | 1,220 | 21 | 1000 | 12.4 | 14.3 | 12.3 | 46 | 29.4 |
| Dodla Dairy | BUY | 1008 | 1,545 | 53 | 60 | 16.7 | 22.6 | 27.2 | 18 | 11.1 |
| Asian Paints | BUY | 2250 | 2,870 | 28 | 2158 | 5.9 | 1.9 | 0.4 | 40 | 26.5 |
| Berger Paints | BUY | 487 | 625 | 28 | 568 | 7.8 | 6.2 | 7.8 | 40 | 25.3 |
| Kansai Nerolac | BUY | 238 | 340 | 43 | 192 | 6.3 | 4.5 | 7.7 | 23 | 15.1 |
| Patanjali Foods | BUY | 1801 | 2,115 | 17 | 652 | 9.0 | 33.5 | 42.4 | 30 | 21.5 |

Source: Systematix Institutional Research

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|--|--------|
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