

Sector Thematic

India FMCG



India FMCG

The great moat reset

India FMCG is entering a decisive reset. Traditional moats—distribution scale, mass advertising and legacy brand strength—are losing force as young consumers and digital channels redefine discovery and loyalty. Growth remains healthy but is increasingly shifting toward premium, personalized and Q-commerce-led propositions where insurgent brands are moving faster. For incumbents, the path forward hinges on building new moats around data-led consumer insight, rapid innovation and channel-specific execution. In this new cycle, speed and relevance—not size—will determine leadership. We resume coverage with a preference for GCPL, Britannia, Honasa Consumer, Bikaji, Emami and Gopal Snacks, while we avoid Colgate and HUL.



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India FMCG

Building newer moat crucial for valuations

We resume coverage on Indian FMCG companies with an overall cautious stance, and preference for companies demonstrating better execution and alignment with evolving consumer needs (share of Gen Z gradually expanding in the working population, who seek differentiated and personalized offerings). While the earnings growth trajectory remains key for valuations, we expect the sector's valuation premiums to compress amid eroding traditional moats, unless new moats such as data analytics capabilities take shape. At the back of execution prowess and valuations, our preference is for GCPL, Britannia, Honasa, Bikaji, Emami, and Gopal Snacks. Marico and Nestlé India remain strong execution plays, but elevated valuations constrain upside.

- **Aligning with new-age consumer is crucial for growth:** Gone are the days when FMCG companies dictated trends. With the democratization of the internet, information flow has become seamless, empowering consumers like never before. While large millennials and Gen X continue to prefer standardized FMCG brands, new-age consumers (Gen Z and Gen Alpha) are increasingly seeking differentiated and personalized offerings. We expect players with stronger distribution and a strategic edge in data analytics (an increasingly critical moat) to be better positioned to ride the consumption wave. In our coverage, Marico has effectively leveraged the D2C ecosystem through calibrated, creeping acquisitions. Other companies are trying strategies with inorganic actions, which are relevant and crucial for growth.
- **Earnings trajectory depends on topline evolution:** Valuations for FMCG companies expanded in the previous decade, supported by sustained margin expansion. In the current decade, however, margins have largely plateaued, driven by a volatile raw material environment and competition. Given the sector's wide mass consumer base, operating leverage benefits are likely to accrue in the long term; however, we believe any material margin expansion from current levels will be challenging. As a result, earnings growth is likely to remain heavily dependent on topline momentum. Smaller, more agile FMCG players are building niche portfolios at the premium end and can deliver margin-led earnings growth in the near term; however, as they scale, they are likely to encounter similar structural pressures.
- **Shrinking traditional moats have a bearing on valuations; building new moats crucial:** FMCG sector's premium valuations have historically been anchored in strong moats, many of which are now gradually eroding. We believe building new moats will be critical to sustaining sector valuations. Barring Marico and Nestlé India, most companies in our coverage are currently trading at a discount to their historical average forward valuations, which in our view reflects both shrinking moats and a weaker macro backdrop. Until new moats emerge, we expect valuations to remain stressed, even with regulatory support.
- **Selective preference for GCPL, BRIT, BIKAJI, HONASA, and GOPAL:** In our FMCG coverage, our preference is for GCPL (democratizing homecare; limited insurgent competition), Britannia (attractive valuations with capability to address adjacencies), Honasa Consumer (leveraging data analytics to win consumers while controlling spends), Bikaji (benefiting from fast formalization in core with added growth levers), Emami (low base with attractive valuations), and Gopal Snacks (formalization benefits alongside market share recovery), while we avoid Colgate (single-category company with full potential) and Hindustan Unilever (reactive approach ceding share). We are positively biased toward Marico and Nestlé India, where the valuation is rich, but we believe they could be added on corrections.

HSIE FMCG Coverage

Company	TP (INR)	Upside	Reco.
HUL	2,100	0%	REDUCE
ITC	300	7%	ADD
Nestlé India	1,600	12%	ADD
Britannia Ind.	6,200	17%	BUY
Marico	925	10%	ADD
GCPL	1,250	18%	BUY
Dabur India	465	8%	ADD
Colgate	2,000	0%	REDUCE
Emami	530	30%	BUY
Bikaji Foods	750	17%	BUY
Honasa Cons	550	17%	BUY
Gopal Snacks	360	35%	BUY

Source: Bloomberg, HSIE Research

Note: Based on closing price as of 16-Jul-2026

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Executive summary

Traditional moats — distribution, media, and talent — have eroded, while access to data through ecommerce and social media has created new competitive levers. The era of claiming agility is over; executional agility is now the true differentiator. In a level playing field, consumer-centricity outweighs competitive obsession. Our checks with insurgents highlight data as the emerging moat — enabling sharper demand fulfillment, trend creation, and consumer influence. AI-driven execution is accelerating this shift. Players that fail to adapt risk continued de-rating, while nimble insurgents are scaling into investable opportunities.

A new consumer cohort is rewriting demand patterns

By 2030, millennials and Gen Z will make up nearly half of India, reshaping consumption with their preference for convenience, digital-first engagement and wellness-led choices. Their “know-before-you-buy” mindset—rooted in transparency, research and comparison—gives them disproportionate influence inside households, often acting as the real decision-makers behind brand adoption. This makes them the most decisive cohort for the next decade: a massive opportunity for new-age brands that can authentically resonate with them, and a real risk for incumbents that fail to adapt.

Marketing mix transformation essential; proactiveness key ahead

Ecommerce and social platforms generate vast data sets, now central to consumer engagement. Social media has evolved from an information tool to live commerce, with companies leveraging tech to listen, respond, and innovate. Social media has also paved the way for influencers to educate consumers; they have gained relevance from celebrity-driven brand endorsements. In recent times, we have also seen OTT platforms adopting live commerce. As Indian is pivoting toward global trends, we believe category incumbents need proactiveness in execution.

Distribution channels evolving as influencers

Large incumbents tied to traditional trade are losing ground on personalization, constrained by shelf-space and generic assortments. As general trade slows, Q-commerce is reshaping discovery with speed, precision and premium experiences that consumers willingly pay for. These platforms don't just deliver fast—they shape demand through real-time insights and curated baskets, strengthening their own economics while redefining distribution. To stay competitive, incumbents must rethink channel strategy with sharper assortments, trial-friendly SKUs and propositions tailored to differentiated consumer needs.

D2C brands reshaping the ecosystem

The legacy FMCG model—slow R&D cycles, mass launches and fragmented distribution—is being rapidly dismantled. Digital ecosystems, experimental consumers and a vibrant start-up culture have unlocked a new generation of D2C brands that innovate faster, target sharply and build deeper emotional connect. With influencer-led credibility, subscription models and community flywheels, these brands are driving superior retention and loyalty.

New moats key to valuations

Sector de-rating reflects earnings slowdown and the erosion of traditional moats. Arresting this trend requires earnings acceleration, but re-rating will demand creation of new moats — anchored in data, consumer intimacy, and executional agility. Post-COVID, moat shrinkage, has accelerated for traditional companies. In this report, we have discussed key themes for next decade, which will continue to test viability of traditional incumbents.

Focus charts

HSIE FMCG coverage – valuation snapshot

	Rating	TP (INR/sh)	Upside (%)	Mcap (USD bn)	P/E (x)			EV/EBITDA			EV/Sales		
					FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
HUL	REDUCE	2,100	0%	51.2	44.5	40.7	37.6	30.2	27.7	25.5	7.0	6.5	6.1
ITC	ADD	300	7%	36.3	18.0	15.9	14.6	12.6	11.1	10.1	3.8	3.5	3.2
Nestlé India	ADD	1,600	12%	28.5	73.0	60.9	53.1	46.2	39.0	34.4	10.5	9.4	8.5
Britannia Industries	BUY	6,200	17%	13.3	47.6	41.6	36.9	33.3	29.0	25.5	6.1	5.6	5.1
Marico	ADD	925	10%	11.3	48.2	43.8	39.7	37.2	32.8	29.0	7.1	6.4	5.9
Godrej Consumer	BUY	1,250	18%	11.2	45.4	38.8	33.8	30.8	26.7	23.5	6.4	5.8	5.3
Dabur	ADD	465	8%	7.9	35.4	33.0	30.8	24.5	22.6	20.7	4.7	4.4	4.1
Colgate-Palmolive	REDUCE	2,000	(0%)	5.6	39.0	35.9	32.9	27.2	25.1	22.9	8.2	7.7	7.2
Emami	BUY	530	30%	1.8	21.4	19.5	18.5	14.2	12.5	11.0	3.4	3.1	2.7
Bikaji	BUY	750	17%	1.7	51.2	45.4	37.5	32.7	29.2	24.4	4.6	4.0	3.4
Honasa Consumer	BUY	550	17%	1.6	57.5	45.6	37.4	43.7	34.6	28.3	5.0	4.3	3.7
Gopal Snacks	BUY	360	35%	0.3	51.6	29.6	18.7	24.9	17.1	11.5	1.8	1.5	1.3

Source: Company, Bloomberg, HSIE Research

Note: Price data updated till close of business on 16 Jul 2026

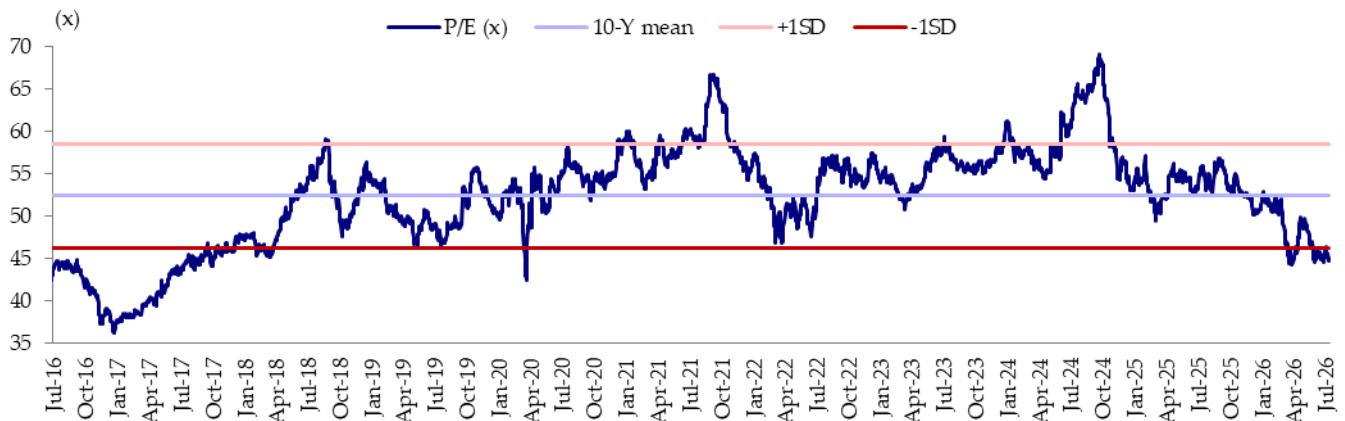
HSIE FMCG coverage – Return profile, dividend yield and FCF yield

	ROE (%)			ROCE (%)			Dividend yield (%)			FCF per share (INR)			FCF yield (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
HUL	22.5	24.4	26.3	29.8	32.3	34.9	2.1	2.4	2.6	37.4	47.8	55.5	1.8	2.3	2.6
ITC	26.6	29.2	30.2	30.5	33.9	35.1	5.2	5.5	6.1	14.2	14.0	15.7	5.1	5.0	5.6
Nestlé India	67.2	70.3	69.6	91.1	95.5	93.9	1.2	1.3	1.5	20.9	26.0	28.1	1.5	1.8	2.0
Britannia Industries	49.9	51.5	52.2	53.7	58.9	60.2	1.9	2.2	2.4	125.6	130.6	148.1	2.4	2.5	2.8
Marico	47.1	46.2	45.9	42.7	43.6	45.1	1.5	1.8	2.0	14.6	18.2	19.1	1.7	2.2	2.3
Godrej Consumer	18.7	21.6	24.4	19.4	22.6	25.9	2.1	2.5	2.7	21.6	30.2	32.5	2.0	2.9	3.1
Dabur	17.8	18.3	18.7	17.5	18.1	18.8	2.1	2.3	2.4	8.8	9.1	11.8	2.0	2.1	2.7
Colgate-Palmolive	90.2	92.3	93.9	110.0	112.4	114.8	2.4	2.6	2.8	35.2	56.4	60.8	1.8	2.8	3.0
Emami	24.1	21.7	20.5	32.4	28.5	27.4	2.7	2.9	3.2	21.5	23.2	25.5	5.3	5.7	6.3
Bikaji	17.0	16.7	17.7	16.9	16.6	17.9	0.4	0.6	0.9	5.9	9.2	12.1	1.2	2.0	2.6
Honasa Consumer	18.0	20.7	23.2	17.8	20.8	23.6	0.6	0.9	1.3	10.2	9.5	11.4	1.6	1.5	1.8
Gopal Snacks	12.8	19.9	26.6	17.0	24.8	33.1	0.6	1.0	1.5	5.9	3.4	8.7	2.2	1.3	3.3

Source: Company, Bloomberg, HSIE Research

Note: Price data updated till close of business on 16 Jul 2026

One year forward P/E for the FMCG sector (ex-ITC)



Source: Company, Bloomberg, HSIE Research

Note: Based on consensus data for HUL, Nestlé, Britannia, Colgate, Marico, Dabur, and GCPL; Price data updated till close of business on 16 Jul 2026

Sector Thematic: FMCG

Current 12M forward P/E vs historical averages

	Britannia	Colgate	Dabur India	Emami	HUL	ITC	GCPL	Marico	Nestlé India	Bikaji *	Honasa Consumer*
10Yr Average	48	41	44	30	51	21	43	43	61	-	-
5Yr Average	49	42	45	27	52	21	47	46	66	-	-
3Yr Average	51	46	44	27	50	23	49	46	66	56	67
1Yr Average	50	40	41	24	48	21	46	48	66	53	52
Current	44	37	36	21	43	17	43	49	67	48	58
vs 3Y Average	(12%)	(20%)	(18%)	(21%)	(14%)	(24%)	(12%)	6%	1%	(15%)	(13%)
vs 5Y Average	(10%)	(14%)	(21%)	(20%)	(17%)	(18%)	(8%)	8%	1%	-	-
vs 10Y Average	(7%)	(12%)	(18%)	(28%)	(16%)	(19%)	(1%)	14%	9%	-	-

Source: Company, Bloomberg, HSIE Research

* Note: Bikaji Foods got listed on 16 Nov 2022 and Honasa Consumer listed on 7 Nov 2023

Note: Price data updated till close of business on 16 Jul 2026

Theme-based rating for coverage companies (1-5), with 5 being the highest

	Key themes	HUL	ITC	Nestlé India	Britannia	Marico	GCPL	Dabur	Colgate-	Emami	Bikaji*	Honasa*	Gopal Snacks*
Theme 1	Innovation	2	3	4	2	4	4	2	3	3	2	4	2
Theme 2	Inorganic actions crucial	2	3	3	2	5	3	2	1	4	4	4	1
Theme 3	Channel mix evolving	2	2	4	2	4	3	2	3	3	3	4	2
Theme 4	Marketing mix key to connect	2	2	3	3	4	3	2	3	2	3	4	2
Theme 5	Data analytics strategic	2	3	3	3	3	3	1	3	2	2	5	2
Theme 6	Focus key to ward competition	2	2	4	3	3	3	2	2	1	3	4	3
Theme 7	Balancing margin with price value	2	3	3	4	3	4	2	1	3	4	4	4
Theme 8	Regulatory support	3	1	3	4	3	3	3	2	3	4	3	4
Theme 9	Prepare for disruptions	4	2	3	3	3	3	2	2	2	3	3	3
Theme 10	Valuations	3	3	3	4	3	4	3	3	4	3	3	4
	Average	2.4	2.4	3.3	3.0	3.5	3.3	2.1	2.3	2.7	3.1	3.8	2.7
One-year fed. P/E		43	17	67	44	49	44	35	37	21	48	58	NA
vs last 5Y avg. fwd. P/E		(17%)	(18%)	1%	(10%)	8%	(6%)	(22%)	(14%)	(20%)	NA	NA	NA
5Y avg. historical fwd. P/E		52	21	66	49	46	47	45	42	27	NA	NA	NA
HSIE recommendations		REDUCE	ADD	ADD	BUY	ADD	BUY	ADD	REDUCE	BUY	BUY	BUY	BUY
HSIE target PE		40	SoTP	66	47	47	44	35	35	25	50	5.25x Sales	40
HSIE Target price (June-27; INR)		2,100	300	1,600	6,200	925	1,250	465	2,000	530	750	550	360

Source: Company, Bloomberg, HSIE Research

* Note: Bikaji Foods got listed on 16 Nov 2022, Honasa Consumer listed on 7 Nov 2023 and Gopal Snacks Listed on 14 Mar 2024

Innovation needs to be aligned with India's rising share of millennials and Gen Z working-age population

(mn)	Working population	Working Millennials^	% of working population	Working Gen Z#	% of working population
2025	807	360	45	205	25
2030	858	356	41	329	38
2035	897	350	39	401	45

Source: Department of Economic and Social Affairs; HSIE Research

Note: ^ those born between 1981 and 1996; # those born between 1996 and 2012

Inorganic actions would be key ahead for growth, where liquidity situation helps strategies M&A better

(INR mn)	Current investments	Cash and bank balance	Short term borrowings	Net cash	Market cap^	Net cash as a % of Market Cap
HUL	43,590	32,480	0	76,070	4,930,382	2%
ITC	260,389	30,088	21,862	268,615	3,500,107	8%
Nestlé India	0	13,409	244	13,164	2,744,955	0%
Britannia	36,098	3,524	13,578	26,044	1,279,131	2%
Marico	19,480	4,930	3,550	20,860	1,089,801	2%
GCPL	18,524	10,054	41,360	(12,782)	1,082,350	(1%)
Dabur	89,266	5,621	12,873	82,014	761,824	11%
Colgate	0	14,688	474	14,214	544,270	3%
Emami	4,719	4,098	1,224	7,593	177,634	4%
Bikaji	0	3,165	2,993	172	160,471	0%
Honasa	2,522	2,137	0	4,659	153,264	3%
Gopal Snacks	0	8	1,538	(1,531)	33,255	(5%)

Source: Company, Bloomberg, HSIE Research

^Note: Based on closing price on 16 Jul 2026; Balance Sheet data as of 31 Mar 2026

Channel mix crucial to address wider cohort needs

	General trade	Modern trade	Ecommerce	Quick commerce
Positives	On-the-go consumption	Bulk pack salience	Convenience of delivery	Fast delivery convenience
	Low unit packs	Product pricing	Product pricing	Product pricing
	Touch and feel	Wider assortment	Widest assortment	Expanding assortment
	Small cart (Daily shopping)	Touch and feel	Consumer reviews (Detail assessment)	Faster resolution of product issues
	Assortment of unorganized offering for price sensitive consumers	Premiumization across categories possible (Promoters drive education)	Category discovery	Cold storage infra aids fresh products
	Credit to regular consumer	Fresh products (Cold storage infra)	Fast checkouts	Fast checkouts
Negative	Limited assortment	Billing time	Fresh not addressed well	Consumer reviews (only star ratings active)
	Delivery (select outlet delivery, but timeline not certain)	Big cart heavy to carry home (select chain started delivery)	Slotted delivery	
	Product pricing		Return experience	
	Fresh product			

Source: HSIE Research

Note: Comparative positive and negative items within the same servicing are highlighted with the same background color

Key metrics comparison across channels (estimates)

	Units	Kirana (General trade)	Modern trade	Quick commerce
Three key consumer needs				
Pricing	Indexed	106% (buying price high) Largely on MRP	97%	100% (index)
SKU	Count	600	4-5k	15k
Experience	Comment	Expensive	Cheaper, but need to visit	Faster
- Delivery	Min	10 min	Instant	10 min
- Delivery fees	% of AOV	nil	nil	0-4% of AOV
- Visit to store	Comment	Yes	Yes	No
Key metrics comparison				
Space	Sq. Ft.	200	30,000	4,000
Revenue (annual)	INR mn	3	1,924	493
Revenue per Sq ft	INR	15,400	64,142	1,23,240
Order	number / month	3,950	69,720	63,200
AOV	INR/Order	65	2,300	650

Source: HSIE Research

Domestic business FMCG supply-chain reach and sales contribution for key incumbent

	India outlet reach (mn)			Channel wise estimated domestic revenue break-down						
	Overall General trade	Direct GT	% direct	General trade - direct	General trade - wholesale	General trade total	Modern trade	E-commerce	Quick Commerce	Insti.
HUL	9.0	3.0	33%	44%	26%	70%	20%	4%	4%	2%
Dabur	8.5	1.5	18%	40%	28%	68%	12%	4%	7%	9%
ITC	7.0	2.5	36%	41%	30%	71%	14%	6%	8%	2%
Britannia	6.7	3.0	45%	50%	34%	84%	13%	2%	4%	1%
Colgate	6.5	1.7	26%	50%	35%	85%	9%	5%	5%	1%
Godrej Consumer	6.1	1.0	16%	45%	30%	75%	12%	6%	4%	3%
Marico	5.8	1.2	21%	36%	25%	62%	18%	5%	8%	7%
Nestlé India	5.3	1.6	30%	50%	21%	71%	11%	6%	9%	3%
Emami	4.9	1.0	20%	43%	27%	70%	13%	8%	5%	4%

Source: Company, HSIE Research

Data analytics and leveraging AI crucial to win with consumers: ITC's Mission DigiARC

Digital and FutureTech

In its journey to build a dynamic AI/ML-led digital ecosystem, ITC is powered by 'Mission DigiArc', a smart digital architecture anchored in a 'digital first' culture. ITC's vision is to embed next-generation digital capabilities across value chains, enabling data-driven insights, agile innovation, optimised operations, smart supply chains, and enhanced consumer and employee engagement for sustained competitive advantage.



Source: Company; HSIE Research

FMCG sector growth trend across different companies, by size

	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Giants (MAT revenue of >INR50bn) = 46%											
Value	12.2	10.7	8.0	7.7	2.5	3.4	7.0	6.8	10.1	9.0	4.2
Volume	5.1	8.7	8.9	8.1	3.5	3.0	4.2	1.8	3.1	2.7	0.9
Price	6.8	1.8	-0.8	-0.4	-1.0	0.4	2.7	4.9	6.8	6.1	3.3
Large (MAT revenue of INR10-50bn) = 20%											
Value	10.8	8.0	6.1	7.9	7.3	9.3	13.9	14.0	15.6	14.7	8.6
Volume	10.7	12.3	9.8	10.8	8.1	7.8	10.6	7.1	7.2	5.3	8.7
Price	0.1	-3.8	-3.4	-2.6	-0.7	1.4	3.0	6.4	7.8	8.9	-0.1
Mid (MAT revenue of INR1-10bn) = 18%											
Value	14.4	11.2	8.9	7.3	5.2	7.8	12.8	14.3	16.9	16.6	11.4
Volume	13.7	15.0	11.8	9.2	7.2	6.8	8.5	5.8	6.6	6.5	3.6
Price	0.6	-3.3	-2.6	-1.7	-1.9	0.9	4.0	8.0	9.7	9.5	7.5
Small (MAT revenue of <INR1bn) = 17%											
Value	11.0	6.3	0.4	0.5	-1.2	4.0	11.8	15.7	19.2	19.8	13.3
Volume	6.3	3.2	-2.5	-3.2	-5.0	-0.5	6.2	10.5	11.2	11.6	7.1
Price	4.4	3.0	3.0	3.8	4.0	4.5	5.3	4.7	7.2	7.3	5.8

Source: Nielsen, HSIE Research

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10 FMCG THEMES

Theme-based rating for coverage companies (1-5), with 5 being the highest

	Key themes	HUL	ITC	Nestlé India	Britannia	Marico	GCPL	Dabur	Colgate-	Emami	Bikaji*	Honasa*	Gopal Snacks*
Theme 1	Innovation	2	3	4	2	4	4	2	3	3	2	4	2
Theme 2	Inorganic actions crucial	2	3	3	2	5	3	2	1	4	4	4	1
Theme 3	Channel mix evolving	2	2	4	2	4	3	2	3	3	3	4	2
Theme 4	Marketing mix key to connect	2	2	3	3	4	3	2	3	2	3	4	2
Theme 5	Data analytics strategic	2	3	3	3	3	3	1	3	2	2	5	2
Theme 6	Focus key to ward competition	2	2	4	3	3	3	2	2	1	3	4	3
Theme 7	Balancing margin with price value	2	3	3	4	3	4	2	1	3	4	4	4
Theme 8	Regulatory support	3	1	3	4	3	3	3	2	3	4	3	4
Theme 9	Prepare for disruptions	4	2	3	3	3	3	2	2	2	3	3	3
Theme 10	Valuations	3	3	3	4	3	4	3	3	4	3	3	4
	Average	2.4	2.4	3.3	3.0	3.5	3.3	2.1	2.3	2.7	3.1	3.8	2.7
One-year fwd. P/E		43	17	67	44	49	44	35	37	21	48	58	NA
vs last 5Y avg. fwd. P/E		(17%)	(18%)	1%	(10%)	8%	(6%)	(22%)	(14%)	(20%)	NA	NA	NA
5Y avg. historical fwd. P/E		52	21	66	49	46	47	45	42	27	NA	NA	NA
HSIE recommendations		REDUCE	ADD	ADD	BUY	ADD	BUY	ADD	REDUCE	BUY	BUY	BUY	BUY
HSIE target PE		40	SoTP	66	47	47	44	35	35	25	50	5.25x Sales	40
HSIE Target price (June-27; INR)		2,100	300	1,600	6,200	925	1,250	465	2,000	530	750	550	360

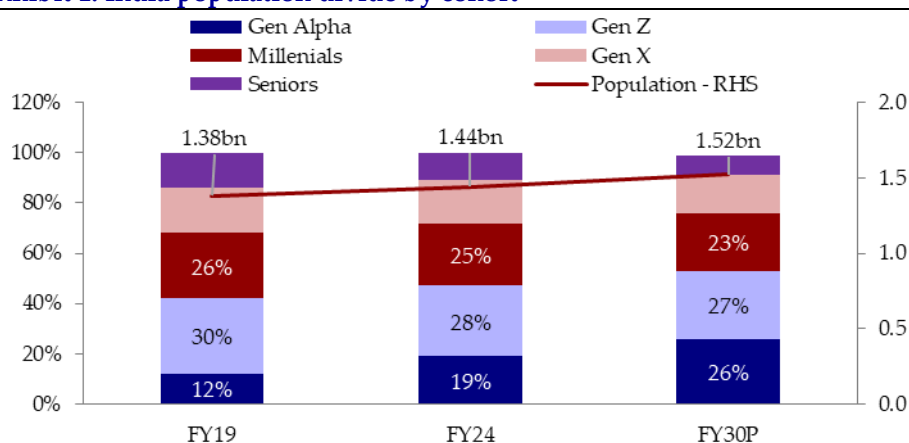
Source: Company, Bloomberg, HSIE Research

* Note: Bikaji Foods got listed on 16 Nov 2022, Honasa Consumer listed on 7 Nov 2023 and Gopal Snacks Listed on 14 Mar 2024

Theme 1: Innovation – segment portfolio for the future is key

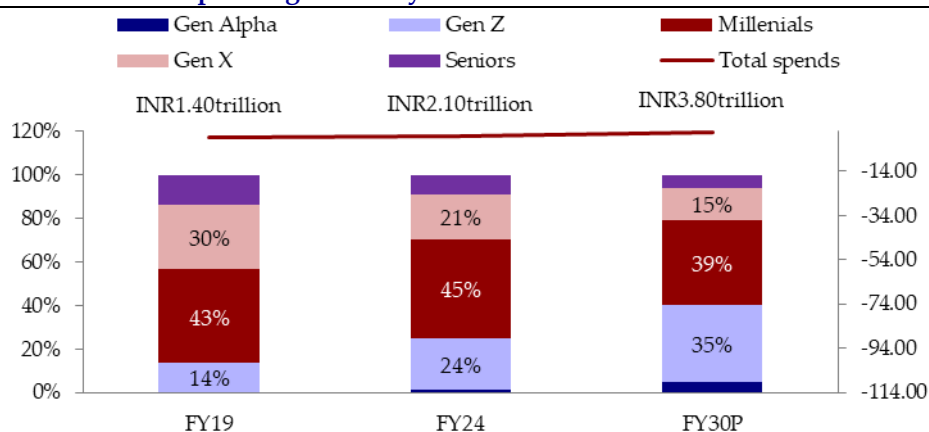
FMCG sector has seen demand stability in the last decade, where income population pyramid has seen limited shape change. At the same time, consumer consumption habit has seen change with increasing share of Gen Z in the working population base. With internet making access to trends seamless, consumers have turned demanding, where advent of new-age channels like ecommerce and built up of start-up ecosystem have addressed differentiated needs of new-age consumers, who are seeing personalized product offerings. While demand setting has been relatively muted, this trend is driving shift in market share in personal care categories.

Exhibit 1: India population divide by cohort



Source: Redseer; HSIE Research

Exhibit 2: India spending divide by cohort



Source: Redseer; HSIE Research

- The youth is demanding and wants products customized for them. We are entering an era where we will see fragmented brands and consolidated distribution structures – reversing the past trend.
- Gen Z accounts for ~25% of the population, with ~57% having reached working age. This generation is not brand loyal and seeks differentiated products that meet personalized needs. By 2030, ~90% will be working age and will form ~38% of India's working-age population.
- Quick commerce, with presence in 100 cities and contributing 50-60% of e-commerce revenue for large FMCG players, offers granular consumer insights that can support a bottoms-up strategy. In contrast, traditional companies

continue to adopt a top-down approach, shaped by the legacy general trade moat.

Consumer brands in this decade are diverse in their traits. Agility is key for companies to succeed.

Exhibit 3: India's population and contribution of millennials and Gen Z

(mn)	Population	Millennials [^]	% of population	Gen Z [#]	% of population
2025	1,464	408	28	360	25
2030	1,525	404	26	356	23
2035	1,579	401	25	350	22

Source: Department of Economic and Social Affairs; HSIE Research

Note: [^] those born between 1981 and 1996; [#] those born between 1996 and 2012

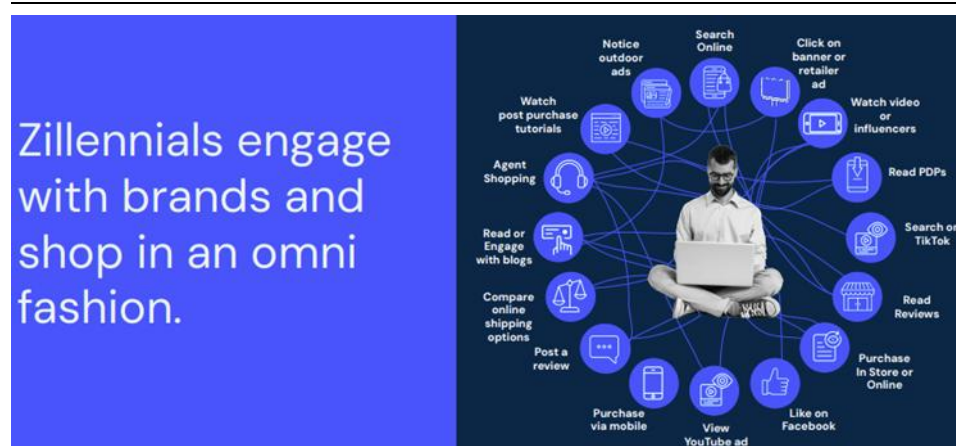
Exhibit 4: India's working-age population and contribution of millennials and Gen Z

(mn)	Working Population	Working Millennials [^]	% of working population	Working Gen Z [#]	% of working population
2025	807	360	45	205	25
2030	858	356	41	329	38
2035	897	350	39	401	45

Source: Department of Economic and Social Affairs; HSIE Research

Note: [^] those born between 1981 and 1996; [#] those born between 1996 and 2012

Exhibit 5: Zillennials (those born between 1993 and 1998) traits



Source: Company; HSIE Research

- With the advent of social media, the rise of influencers, and strong word of mouth, consumer awareness around categories and product offerings has significantly increased.
- Given the increasing number of Gen Z in the working population, traditional brands have begun to experience a gradual growth slowdown. As this demographic share expands, traditional brands may face further decline if they fail to pivot and align with evolving consumer needs.
- Some traditional categories such as functional nutrition, health food drinks, and Chyawanprash are already witnessing declines, as consumers increasingly opt for alternative products.

Exhibit 6: Immunity alternatives adopted by new-age consumers



Source: Industry, HSIE Research

Sector Thematic: FMCG

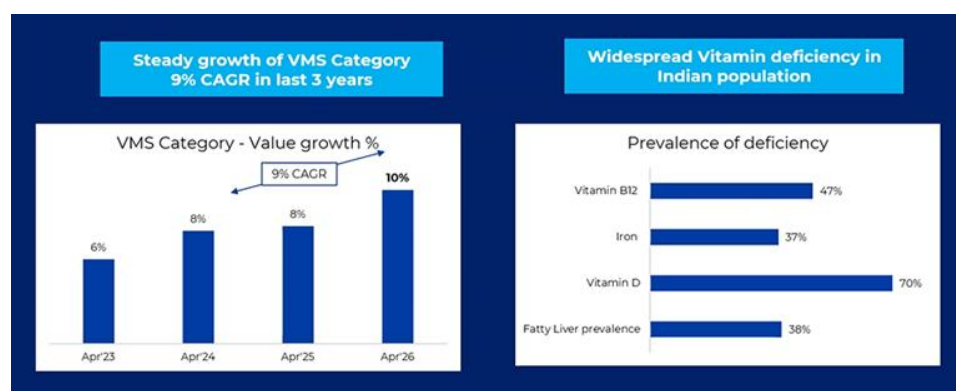
Exhibit 7: New-age brands driving shift in consumption and in turn traditional brands



Source: Industry, HSIE Research

Exhibit 8: Healthcare emerged as a global trend, where multiple participants addressing consumer needs

Vitamins, Minerals, and Supplements (VMS): A megatrend in the West, now gradually gaining relevance in India.



Source: Industry, HSIE Research

Exhibit 9: Traditional players like Dabur are also seeing merit in VMS participation



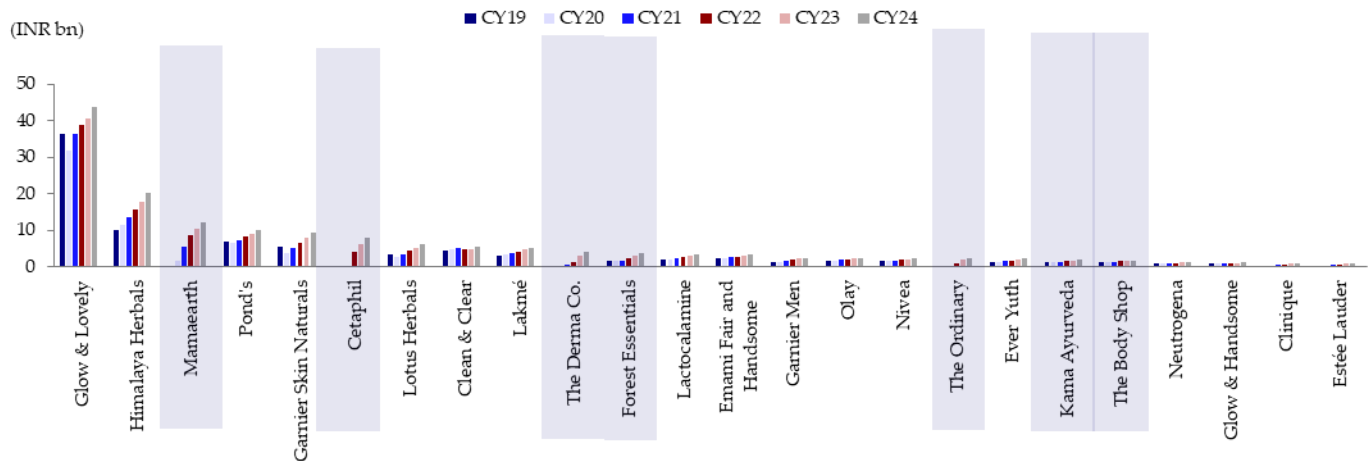
Source: Industry, HSIE Research

Exhibit 10: Indian skin care seeing a shift in brand preferences



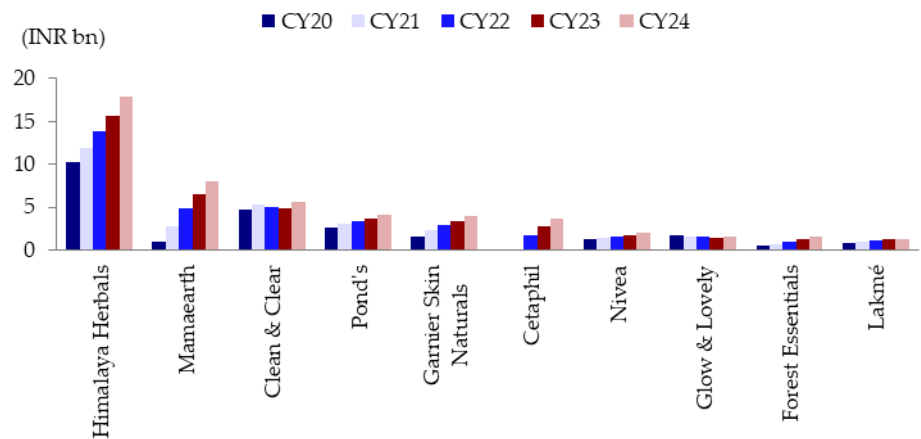
Source: Industry, HSIE Research

Exhibit 11: India facial care market – brand-wise revenue trends: new-age brands are gaining momentum and scale



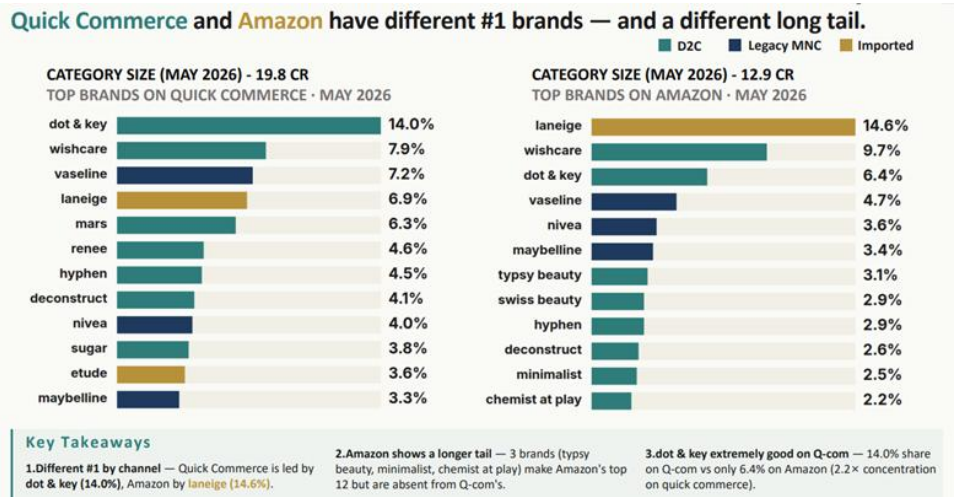
Source: Industry, HSIE Research

Exhibit 12: Facial cleansing segment – new brands scaling faster than traditional brands



Source: Industry, HSIE Research

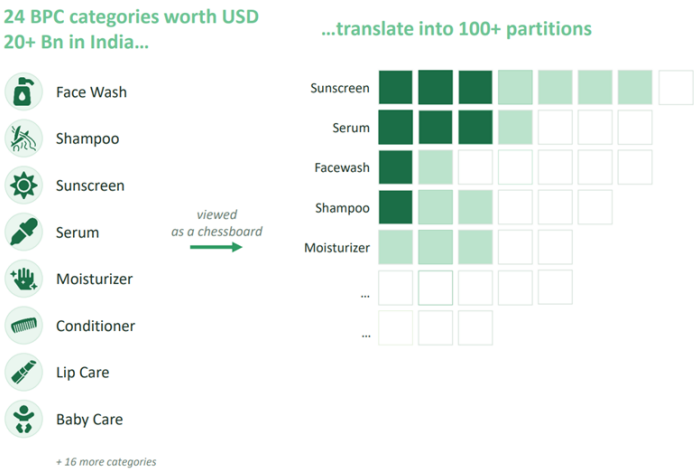
Exhibit 13: In new channels, lip care as a segment has seen resurgence of D2C brands, which have addressed the need of consumers better



Source: 1DigitalStack, HSIE Research

Exhibit 14: To win in category, players need to address wider consumer needs amid partitions vs play with generic products

Categories are seeing new partitions emerge as consumers seek differentiation. FMCG incumbents need dedicated products to address these partitions effectively.



Source: Company, HSIE Research

Exhibit 15: Disruptors are gradually winning share, with conducive ecosystem in place

Disruptor share has grown across categories—in some cases, dramatically.

Category and disruptor growth, by disruption level, 2020–25	Category size, 2025, ¹ \$ billions	Category growth in past 5 years, \$ billions	Disruptor contribution, %	Disruptor revenue growth, multiples	Disruptor s gain, percent points
Limited	Meat 73	18	2	4x	0.4
Nascent	Sweet snacks 42	13	12	10x	3.5
Nascent	Beverages 184	58	22	6x	6.2
Scaled	Salty snacks 101	28	20	5x	5.0
Intense	Bath and body 9	3	50	9x	14.2
Transformative	Pest and insect control 3	1	72	30x	22.8

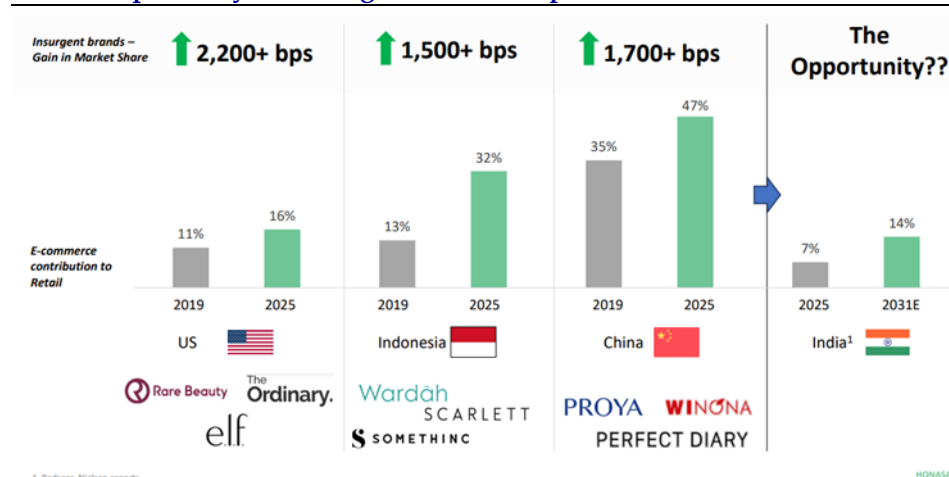
¹Trailing 60-month sales for year ended July 2025.
Source: Numerator; McKinsey ConsumerWise

McKinsey & Company

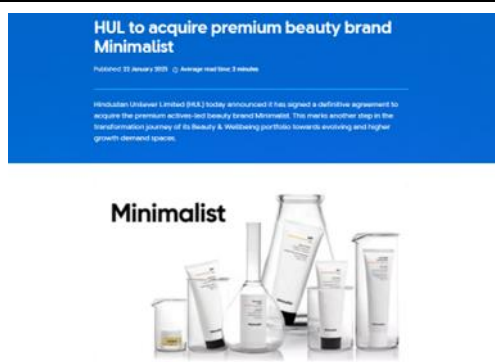
Source: Industry, HSIE Research

Exhibit 16: Like global trend, rising force of media, distribution, cohort base, and AI to pave way for insurgent brands, as per Honasa founders

As e-commerce becomes increasingly important, insurgent brands are gaining market share globally.



Source: Company, HSIE Research

Exhibit 17: Traditional brands build portfolios through D2C acquisitions


Source: Industry, HSIE Research

Hindustan Unilever (HUL): Category leader looking to move with consumer vs devising trends pre-Covid. With multiple management changes, HUL's strategy turned reactive from proactive approach in the past. This in our view is one of the biggest factors why it is ceding share to new incumbents. The company divides its strategy as per three cohorts - Power spenders, Premiumisers, and Democratisers; we see effectiveness in democratisers, where it has helped drive penetration into category with access packs. In the rest, it is participating to the extent of evolving trends but lags peers. We expect HUL to leverage its data analytics and enhance innovation flywheel.

Exhibit 18: HUL – Recent innovations


Source: Company, HSIE Research

Sector Thematic: FMCG

Strong NPD needs effective marketing execution and visibility to scale.

ITC: We consider ITC's R&D capabilities superior to its peers. Many of its new product actions are ahead of time, but we expect better execution with innovations. In cigarettes, being a large player, the company has been reactive with competitive actions. Post tax hikes, we expect the company to revamp its portfolio to address growth and margin needs. In Other FMCG, the company has a strategy to fortify core with superior formulation, expanding into adjacencies and seeks new Growth Vectors.

Exhibit 19: ITC's innovation approach



Source: Company, HSIE Research

Nestlé India: Nestlé India has been trying to be relevant for rural audience with affordable portfolio; at the same time, it continues to premiumize portfolio for urban consumers. In beverages, the company has launched cold coffee offerings and *NESCAFÉ Roastery*. To address consumer preference, in *Maggi* it has launched double masala SKUs. In confectionaries, new launches include *KITKAT Pops*, *MILKYBAR Butterscotch tablets* and *MUNCH MAX Crunchies* expanded. We expect the company to leverage parent portfolio and get more products in India.

Exhibit 20: Nestlé India can leverage the parent portfolio and get products in India

Brand	Information (as per Nestlé SA)	Segment
Aero	The bubbly chocolate bar made purely from milk chocolate.	Confectionary
Quality Street	Since 1936, the famous Quality Street tin has held a special place in people's hearts – everyone has their favourite.	Confectionary
Smarties	A long-time favourite colourful coated chocolate treat can brighten any moment - without artificial colours or Flavors. Now, that's smart.	Confectionary
Nido	Range of milk and milk-based products with nutrition solutions for each stage of childhood. A brand that mothers trust. And a taste that kids love.	Nutrition and Health Science
Vital Proteins	Vital Proteins is here to help make the most of every moment, every day. Because we know that feeling, looking and performing our best is vital.	Nutrition and Health Science
Bakers	Each meal contains the everyday nutrients your dog needs to get on with all the playful & cheeky things that happy & healthy Bakers dogs do!	Pet Care
Purina Pro Plan	Nourish your pet's health with products precisely formulated to deliver efficient nutrient absorption and targeted benefits at every stage of their life.	Pet care
Purina Pro Plan Veterinary Diets	Discover effective clinical nutrition from Purina Pro Plan Veterinary Diets - with complete meals full of nutrients and flavor.	Pet care
Terra Canis	In the Terra Canis product range, you can find tailored food lines, from puppy food, adult food and senior food to hypoallergenic and grain-free dog food for food intolerances and light dog food for overweight dogs.	Pet care
Tidy Cats	Combining our 70+ years of litter expertise with everything we learn from you, we're proud to keep growing our innovative portfolio of cat litter products.	Pet care
Nescafé Dolce Gusto	All your coffeehouse favorites are here, including lattes, cappuccinos, and Americanos. Nescafé Dolce Gusto makes it easy to get your coffee just the way you like it.	Powder and Liquid beverages
Fitness	With whole grain wheat and whole grain oats, we offer delicious, crunchy flakes, granola, and bars that come in a wide variety of tastes. Give your day an enjoyable start with Fitness Cereal.	Prepared Dishes and cooking aids
Hot Pockets	Stop hunger in a hurry with Hot Pockets. Ready in two minutes, Hot Pockets delicious savory snacks fit neatly into any schedule.	Prepared Dishes and cooking aids
Kitkat Cereal	Delight your tastebuds with the unique flavor and texture of KitKat Cereal: a delicious combination of milk chocolate and wafer taste, in a crunchy cereal!	Prepared Dishes and cooking aids
Nesquik Cereal	Loved by kids and parents, with Nesquik Cereal great days are created in the morning!	Prepared Dishes and cooking aids

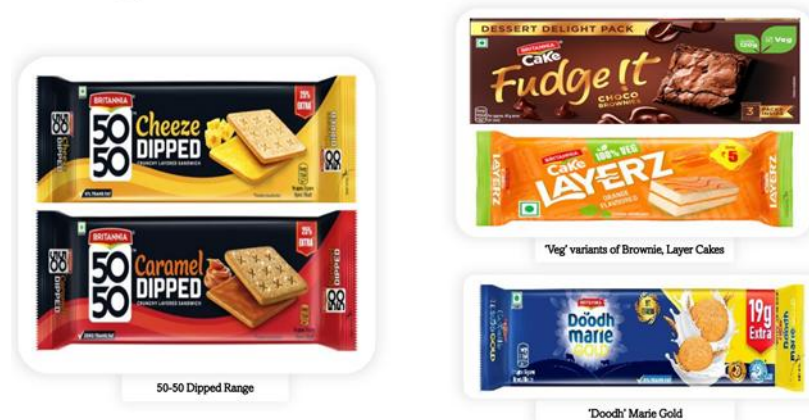
Source: Company, HSIE Research

Sector Thematic: FMCG

Being the category leader, Britannia must strengthen new product launch execution.

Britannia Industries under the new leadership is looking to enhance its portfolio with new-age channels. Given a high share of biscuits, where its share of LUP is at 65%, its e-commerce salience is at 6%, and adjusted for LUP e-commerce share, it is at 12% (70% via Q-Com). Leveraging adjacent portfolio, the company looks to ride on faster growth in new-age channels. The company is looking at exclusive launches, premium launches and customized D2C offerings as key. *50-50 cheese and caramel* (now 2nd biggest player in 3 months of launch) and *Doodh Marie Gold* (launched in select markets) are recent launches.

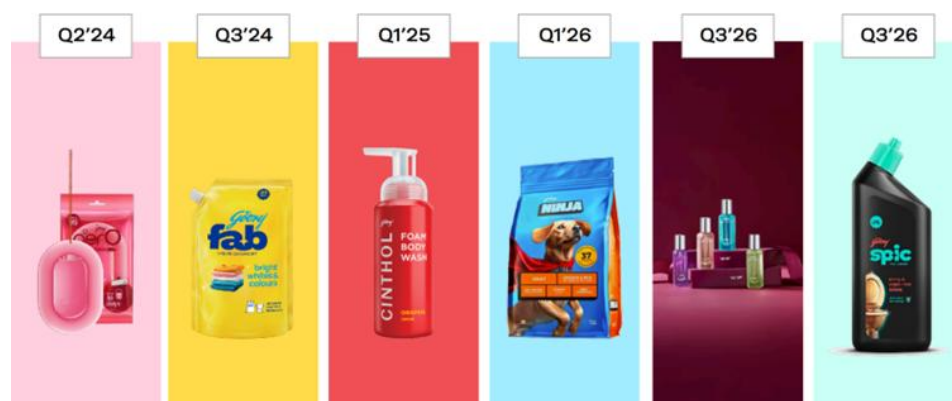
Exhibit 21: Britannia Industries – Recent launches



Source: Company; HSIE Research

Godrej Consumer has been selective in its organic approach, which is focused on addressing consumer need with differentiated promotions that aid in category democratisation. Its efforts in powder to liquid hand wash, liquid laundry, and toilet cleaner is focused on efficiency with relatively affordable innovations.

Exhibit 22: GCPL – New launches, thrust on fewer bigger bets



Source: Company; HSIE Research

GCPL focuses on delivering affordable yet differentiated innovations to drive consumer adoption and growth.

Exhibit 23: Godrej Consumer – thrust on affordable and right pricing products



Source: Company, HSIE Research

Dabur's innovation pipeline remains robust; however, improving the success rate and scale-up of new launches will be crucial for driving growth.

Dabur's efforts since covid have been to expand TAM, which pave entry into multiple FMCG categories without clear differentiation or edge. With consumer already seeing differentiation and personalization, new launches have seen limited effect on growth, largely cannibalized. Its recent product launch includes Real Active Coconut Water, Real Cheers (cocktail mixer) Dabur Herb'l toothpaste range, Dabur Bae Fresh gel toothpaste, Dabur Gulabari Shower Gel, SIENS (D2C nutraceutical offering), Dabur A2 Cow Ghee and Odomos liquid vaporisers.

Exhibit 24: Dabur – Key launches in FY26



Source: Company; HSIE Research

Marico has accelerated its innovation funnel, while its inorganic portfolio continues to fire on all cylinders, supporting overall growth.

Marico's organic business thrust has been to address the top end of the VAHO portfolio and enhance edible oil portfolio. Additionally, the company has been trying to add formats in the Oats portfolio. It has much wider portfolio in Bangladesh, where after Unilever, it is the No 2 FMCG player. Going ahead, we expect some of the Bangladesh launches to be cross-pollinated into India. During FY26, the company launched 25 new products in India and 17 globally. In India, notable innovations included Parachute Advanced Pro Hair Serum (backed by clinical trials), Parachute Advanced Pure Essential Oils (with variants such as Rosemary, Tea Tree, and Lavender), and Livon Keratin & Hyaluron Shampoo (launched through e-commerce channels). The company also expanded its oats portfolio with Multigrain Oats and High-Protein Chocolate Oats, while Saffola Edible Oils was extended into the cold-pressed oils segment with Groundnut, Sesame, Mustard, and Coconut oil variants. In Bangladesh, Marico entered the deodorant category with the launch of three variants under the new Raze brand, and also introduced Parachute Naturelle Long-Lasting Shine Shampoo and Fiera America Spotless Pink Brightening Cream.

Exhibit 25: Marico – Organic new launches in FY26



Source: Company, HSIE Research

Colgate India product launches have been aligned with parent's execution, which reduces the gap to global portfolio in toothpaste. We continue to await actions in new category endeavour, where the company is yet to decide on its execution strategy. Barring adjacencies, we expect variant launches and relaunches in the India portfolio.

Exhibit 26: Colgate Palmolive – thrust on product superiority; enhanced formulation

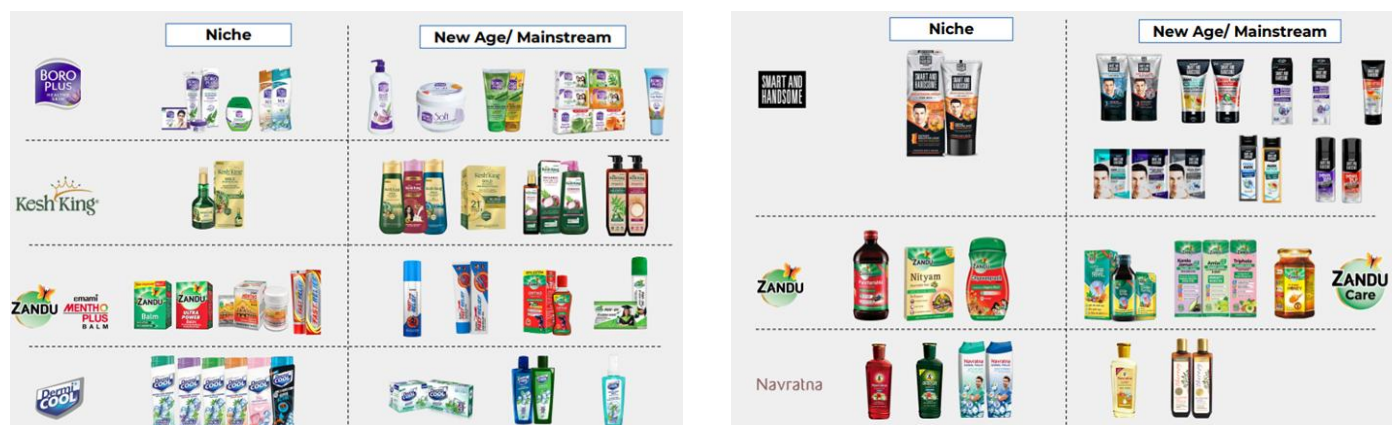


Source: Company; HSIE Research

Recent portfolio changes have strengthened performance in modern retail channels; however, growth in general trade remains subdued.

Emami has been transforming its portfolio, aligning with evolved consumer needs. The company has high seasonal influence with core and efficacy issues and new product offerings, which made it relaunch products annually. The company has seen relatively better execution in the healthcare portfolio, where it has seen decent build-up. With digital brands, focus has been to address consumer trends.

Exhibit 27: Emami is transforming its portfolio to remain relevant with consumer



Source: Company; HSIE Research

Bikaji Foods and **Gopal Snacks** have been trying to ride on steady formalization of portfolio. The thrust of the companies is on widening distribution, which is paving growth for the franchise. Gopal Snacks is trying to recover lost market share since production impact due to fire; the company has been trying to fortify growth with new launches like cupcakes, rusk, kaju biscuits and drinks. These launches have been 3P sourced and remain in the testing phase.

Sustained thrust on social listening and data analytics.

Honasa Consumer has been trying to address consumer needs through social listening and data analytics. Portfolio review suggested the need for wider category partition participation, existing product superiority and addressing needs with a mix of ingredients (vs ingredient specialist products). The company has entered Prestige Skin care under organic brand *Luminéve*, which is active in Nykaa and its D2C platform. The company also had soft launch in fragrance, under *FIKIN* brand (Elixer product).

Exhibit 28: Honasa Consumer new product actions



Source: Company; HSIE Research

Traditional FMCG companies are increasingly building specialized teams focused on e-commerce, marketing, and differentiated product development to drive growth.

As per media reports, the digital share of overall advertising has expanded from 12% in 2016 to 59% in 2025, which is projected to expand further to 70% by 2027.

Theme 2: Organic growth not sufficient; inorganic actions essential ahead

As the new-age channels' salience gradually expanded for companies and relevance of innovation increased, traditional FMCG firms started paying closer attention to and positioning offerings for such channels. HUL, in its recent earnings calls, noted the need for a business unit dedicated to e-commerce with its own team, tech capability, and marketing muscle, to address consumer needs with differentiated products. Nestlé India, also under a new leadership, discussed addressing quick commerce differently through differentiated product launches in the channel. This is a shift from focus on national launches in the past. Britannia, under a new leadership as well, is looking to enhance execution in adjacent businesses, which is helping it outpace growth.

Social media is an enabler for new-age brands

Traditional FMCG companies have created scalable brands with strong market share through television advertising, where space for voice has been limited. With better data affordability, the youth has been relying on OTT media for entertainment. Additionally, the bulk of the time on screen is being spent on navigating social media platforms, which have also pivoted to a business medium with direct shopping lists. Collaborating with relevant influencers and producing engaging content are crucial for brands to become relevant to consumers.

As per media reports, the digital share of overall advertising has expanded from 12% in 2016 to 59% in 2025, which is projected to expand further to 70% by 2027. The share of television advertising continues to shrink and is expected to contract, from 21% currently to 15% in 2027. FMCG's contribution to overall advertising has been at 30%, with digital spending share currently at 64%. TV advertising share is at 29%.

Pivoting toward consumption trends key for traditional players

We consider that the pivot is key for traditional FMCG companies to remain relevant.

- Portfolio actions are already in place, where we expect amplification.
- Channel-specific attentiveness has gradually been put in place.
- What is still not firing for the companies is the social media connect, where we expect more focus ahead. Having the right marketing mechanism will be crucial for winning consumers.

We see companies that lag in execution in addressing the above three needs will lose relevance. Also, with the share of youth going up, such companies' growth may start contracting. In our coverage, we like the enhanced execution by Marico and GCPL, while the rest appear to have started to get their act together.

Sector Thematic: FMCG

After BPC (enabled by e-commerce), we see the emergence of D2C brands in F&B (aided by quick commerce) driving consumption trends while better-addressing small-cohort needs.

M&A would be key for growth

We view that i) aligning with a new user base will be key for traditional growth companies ahead and ii) companies should focus on acquisitions, as building a brand is tough. After BPC (enabled by e-commerce), we see the emergence of D2C brands in F&B (aided by quick commerce) driving consumption trends while better-addressing small-cohort needs. In our coverage, ITC and Marico have been quickly expanding their inorganic brand portfolio.

Exhibit 29: Inorganic actions would be key ahead for growth, where liquidity situation helps strategies M&A better

(INR mn)	Current investments	Cash and bank balance	Short term borrowings	Net cash	Market cap^	Net cash as a % of Market Cap
HUL	43,590	32,480	0	76,070	4,930,382	2%
ITC	260,389	30,088	21,862	268,615	3,500,107	8%
Nestlé India	0	13,409	244	13,164	2,744,955	0%
Britannia	36,098	3,524	13,578	26,044	1,279,131	2%
Marico	19,480	4,930	3,550	20,860	1,089,801	2%
GCPL	18,524	10,054	41,360	(12,782)	1,082,350	(1%)
Dabur	89,266	5,621	12,873	82,014	761,824	11%
Colgate	0	14,688	474	14,214	544,270	3%
Emami	4,719	4,098	1,224	7,593	177,634	4%
Bikaji	0	3,165	2,993	172	160,471	0%
Honasa	2,522	2,137	0	4,659	153,264	3%
Gopal Snacks	0	8	1,538	(1,531)	33,255	(5%)

Source: Company, Bloomberg, HSIE Research

^Note: Based on closing price on 16 Jul 2026; Balance Sheet data as of 31 Mar 2026

Exhibit 30: Return on capital employed

	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
ITC	30%	28%	24%^	31%	36%	33%	33%	35%	32%	36%	38%
HUL	110%	111%	38%#	24%	26%	26%	27%	28%	30%	32%	36%
Nestlé India^^^	95%	141%	152%	146%		147%	103%	90%	91%	95%	94%
Britannia	39%	32%	40%	37%	45%	46%	49%	53%	50%	52%	54%
GCPL	20%	19%	21%	19%	16%\$	18%	18%	18%	20%	23%	26%
Dabur	25%	24%	23%	23%	19%@	11%	16%	16%	18%	18%	19%
Marico	38%	39%	42%	42%	40%	42%	43%	45%	52%	53%	54%
Colgate	71%	62%	90%	90%	76%	93%	98%	103%	108%	110%	113%
Emami	29%	29%	40%	41%	32%^	35%	36%	17%	28%	25%	25%
Honasa		-5%	14%	1%	0%	11%	2%	13%	18%	21%	24%
Bikaji	8%	9%	12%	8%	11%	19%	11%	12%	13%	12%	13%
Gopal Snacks			16%	22%	43%	32%	17%	12%	15%	23%	31%

Source: Company, HSIE Research

^ Sunrise spices brand acquisition by ITC for INR21.5bn

Horlicks brand acquisition by HUL for INR317bn

\$ Raymond consumer business acquisition by Godrej Consumer for INR28.25bn

@ 51% stake in Badshah spices brand by Dabur for INR5.87bn

^^ Dermicool brand acquisition by Emami for INR4.3bn

^^^ Nestlé India changed its financial reporting period from CY to FY starting FY24.

Sector Thematic: FMCG

Exhibit 31: Annual free cash generations

(INR mn)	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
ITC	122,755	106,929	137,670	161,837	137,238	155,238	163,319	178,494	176,893	199,506
HUL	68,250	84,317	79,690	89,200	140,120	106,240	96,670	87,846	112,385	130,302
Nestlé India [^]	19,804	15,406	20,897	0	22,965	9,320	42,213	40,252	50,109	54,258
Britannia	12,411	16,112	7,525	18,917	20,760	21,104	24,082	30,251	31,460	35,685
GCPL	14,361	18,658	11,741	19,309	17,933	20,176	19,464	22,060	30,941	33,289
Dabur	12,131	18,226	14,058	10,027	14,526	14,476	21,797	15,589	16,108	20,888
Marico	10,160	17,990	8,320	9,210	11,980	13,200	13,210	18,989	23,689	24,820
Colgate	8,295	7,265	15,762	11,068	11,234	13,231	17,300	9,582	15,335	16,545
Emami	3,826	8,895	1,636	7,188	7,502	8,525	7,701	9,386	10,133	11,135
Honasa	(108)	287	420	(633)	2,236	823	1,343	3,311	3,103	3,711
Bikaji	47	438	(599)	1,041	1,184	718	1,274	1,469	2,307	3,021
Gopal Snacks	192	(534)	(144)	962	380	(154)	(1,005)	730	420	1,087

Source: Company, HSIE Research

[^]Nestlé India changed its financial reporting period from CY to FY starting FY24.

Exhibit 32: EBITDA-to-free cash conversion

(%)	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
ITC	64	63	67	63	54	60	60	69	60	60
HUL	69	73	62	63	96	72	64	54	64	68
Nestlé India [^]	62	43	56		48	20	80	68	72	69
Britannia	67	64	34	67	65	66	68	80	73	73
GCPL	67	80	49	79	61	67	62	62	75	71
Dabur	68	91	62	46	61	62	89	56	54	65
Marico	69	113	49	51	59	62	57	65	72	67
Colgate	69	48	101	72	59	68	93	49	72	72
Emami	55	101	17	83	79	83	80	87	85	86
Honasa	138	105	366	(278)	163	120	57	98	73	72
Bikaji	5	30	(43)	49	30	22	31	30	43	48
Gopal Snacks	22	(89)	(15)	49	23	(15)	(99)	55	22	39

Source: Company, HSIE Research

[^] Nestlé India changed its financial reporting period from CY to FY starting FY24.

Actions by coverage companies

Marico executing for the future, aligning with consumption trends

Marico generated 23% of its FY26 domestic revenue from foods and premium personal care portfolios. The company expects growth from these to remain healthy, given strong consumer resonance and portfolio actions. The management is looking to continue to aggressively diversify through these portfolios, in line with its medium-term strategic priorities. It expects these portfolios to expand domestic revenue contribution to ~25% by FY27. These new businesses continue to deliver higher gross margins than core categories, thereby bearing the potential of margin accretion as they scale further.

Exhibit 33: Marico's digital-first offerings



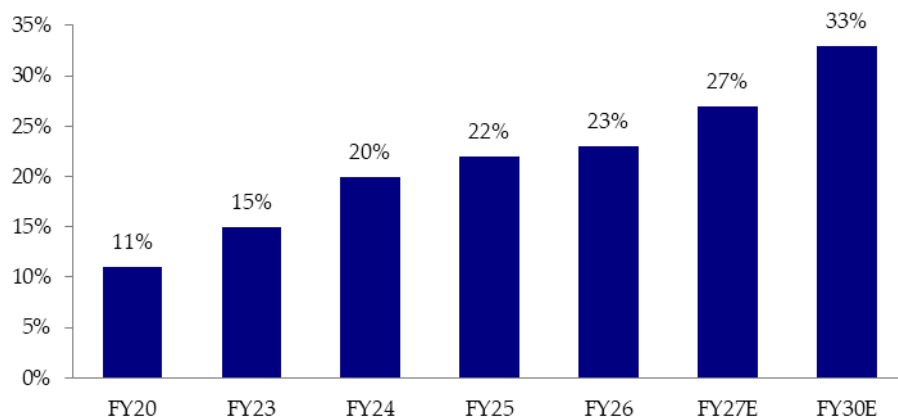
Source: Company; HSIE Research

Exhibit 34: Marico - M&As strengthened its engine 2 portfolio play

Brand / portfolio	Owner	Current stake	Acquisition date	Category	Deal Value (INR bn)	EV (INR bn)	EV/Sales	Period
Paras Pharma portfolio (<i>Livon, Medikare, Set Wet, Zatak</i> brands; for ~US\$100mn)	Reckitt Benckiser	100.0%	Feb-12	Personal care	6.50	6.50	4.3x	FY13
<i>Beardo</i>	Zed Lifestyle	100.0%	Mar-17	Male grooming	1.57	3.50	4.5x	FY20
<i>True Elements</i>	HW Wellness Solutions	100%	Oct-25	Healthy Snacks	1.55	3.00	1.8x	FY25
<i>Plix</i>	Satiya Nutraceuticals	60.0%	Dec-25	Plant based foods	3.80	6.33	1.5x	FY25
<i>Just Herbs</i>	Apcos Natural Private Limited	100.0%	Sep-24	Personal care	0.70	1.75	1.8x	FY24
<i>4700 BC</i>	Zea Maize Private Limited	93.3%	Jan-26	Packaged Food	2.27	2.43	1.7x	3M ARR till Dec-25
<i>Cosmix Wellness</i>	Cosmix Wellness Private Limited	60.0%	Feb-26	Health & Wellness	2.26	3.76	3.8x	6M ARR till Jan-26
<i>Skinetiq</i>	Skinetiq Joint Stock Company	75.0%	Feb-26	Beauty and Personal Care (in Vietnam)	2.62	3.49	2.3x	CY25

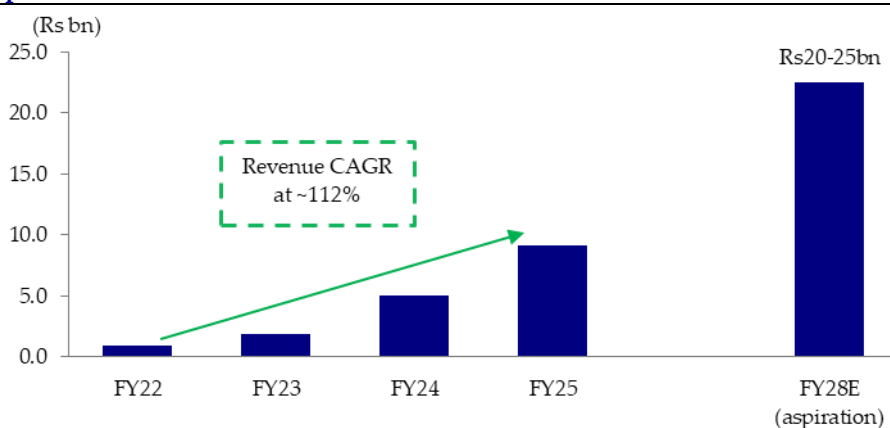
Source: Company, HSIE Research

Exhibit 35: Marico's engine 2 - Foods and premium personal care (including digital brands) revenue contribution to India business



Source: Company, HSIE Research

Exhibit 36: Marico - Digital brands (food and personal care) revenue and aspirations



Source: Company, HSIE Research

ITC's M&A strategy is focused on addressing portfolio gaps

ITC's FMCG strategy is premised on creating a portfolio of organic brands for leveraging FMCG sector opportunities organically. The company has selectively leveraged M&A as a strategy to address the TAM opportunity (*B Natural* juice), gain leadership regionally (via the *Sunrise* acquisition), and build the portfolio (organic strategy in HPC has not seen much success; hence, select categories like floor cleaner, skin care, hygiene, protein bar, and organic foods have seen M&As). In the current setting, the company's portfolio growth has slowed down, in line with the industry, despite its heightened innovation thrust. ITC is one of the few FMCG players which have better innovation funnels. We see the limited brand visibility causing pressure on execution.

Exhibit 37: ITC – Thrust on M&A for portfolio fortification

Brand / portfolio	Owner	Current stake	Acquisition date	Category	Deal Value (INR bn)	EV (INR bn)	EV/Sales	Period
Mint-O	Candico	100.0%	Apr-02	Confectionery	NA	NA	NA	NA
B Naturals	Balan Natural Food	100.0%	May-14	Juices	1.00	1.00	2.5x	FY14
Savlon	Johnson & Johnson	100.0%	Feb-15	Hygiene	2.25	2.25	2.6x	FY08
Shower and Shower	Johnson & Johnson	100.0%	Feb-15	Personal care				
Charmis	Colgate Palmolive	100.0%	Nov-17	Personal care	NA	NA	NA	NA
Nimyle	Arpita Agro Products	100.0%	Jun-18	Floor Cleaner	NA	NA	NA	NA
Sunrise	Sunrise Foods Pvt. Ltd.	100.0%	Jul-20	Spices	21.50	21.50	3.6x	FY20
Yoga Bar	Sproutlife Foods	47.5%	Sep-24	Health Foods	0.30	10.87	10.1x	FY24
Prasuma and Meatigo	Ample Foods Private Limited and Meat and Spice Private Limited (own 43% in Ample Foods)	43.8%	Mar-25	Frozen, chilled and ready to cook foods	1.31	2.99	2.3x	FY24
24 Mantra Organic	Sresta Natural Bioproducts Private Limited	100.0%	Apr-25	Organic foods	4.73	4.73	1.5x	FY24
Mother Sparsh	Mother Sparsh Baby Care Private Limited	39.5%	May-25	Baby care	0.51	3.90	3.9x	FY25

Source: Company, HSIE Research

Exhibit 38: ITC's digital-first brands have ARR of INR13.5bn

Source: Company, HSIE Research

Emami: Seeking a creeping acquisition opportunity with limited liquidity

Emami had a patchy past with M&As, with its Zandu acquisition in 2008 not having been perceived well by the market. But the management has been able to turn this around and has created strong revenue streams under the brand. Its next marquee acquisition of Kesh King has not worked in its favor, with the brand failing to accelerate overall growth for the company. Like some sector peers, the company has a creeping acquisition strategy amid limited liquidity and where there is no PE or venture capitalist stake. Over the years, the company has gained leadership in *Brillare Science*, *The Man Company*, *Fur Ball Story*, and *Alofruit Juices*. The company has financial investments in *TruNativ* (19% stake).

Sector Thematic: FMCG

Exhibit 39: Emami's M&A in the past was to expand portfolio play, while in recent years it has been scouting for emerging consumption segments under professional management

Brand / portfolio	Owner	Current stake	Acquisition date	Category	Deal Value (INR bn)	EV (INR bn)	EV/Sales	Period
Zandu	Zandu Pharmaceutical Works	100.0%	Oct-08	Pain management and Health care	7.50	7.50	5.4x	FY08
KeshKing	SBS Biotech Pvt. Ltd	100.0%	Jun-15	Hair care	16.51	16.50	5.5x	FY15
Dermicool	Reckitt Benckiser	100.0%	Mar-22	Talc	4.32	4.32	NA	NA
TruNativ	Tru Native F&B Pvt Ltd	19.0%	Mar-22	Health and Wellbeing	0.10	0.50		
Billare	Brillare Science Pvt. Ltd	100.0%	Mar-24	Professional beauty care		0.36	1.8x	FY24
Pet care (Fur Ball story)	Cannis Lupus Services India	100.0%	Aug-24	Pet care	0.05	0.10	1.4x	FY24
The Man Company	Helios Lifestyles Pvt Ltd	100.0%	Nov-24	Male grooming	1.78	2.54	1.4x	FY24
Alofruit Juices	Axiom Ayurveda	100.0%	Mar-26	Juices	3.10	3.10	2.8x	FY25
Vedix and SkinKraft	IncNut Digital Pvt. Ltd	60.0%	May-26	Personal care	3.21	5.35	3.1x	FY25

Source: Company, HSIE Research

HUL, a market creator, needs M&As to connect with new users

HUL, known for its market creation capability, is finding it tough to adapt to new categories. Additionally, technological disruption is affecting its execution prowess. After seeing sustained competitive stress in the high-margin beauty and wellbeing segment, the company has upped the ante in the last couple of years, via enhanced execution for mother brands and launch of premium brands. However, for sizable brands, we see a clear connection gap with new users. The recent acquisition of the *Minimalist* brand is proof of its execution miss in connecting with the youth. Going ahead, we see the company's Indian entity following in the parent's footsteps and accelerating growth through M&As. The company will need to address talent issues and create separate verticals for addressing youth needs faster. With its internal cloud data storage, the company also needs to speed up execution.

Exhibit 40: HUL – thrust on M&A for portfolio fortification

Brand / portfolio	Owner	Current stake	Acquisition date	Category	Deal Value (INR bn)	EV (INR bn)	EV/Sales	Period
Indulekha	Mosons Group	100.0%	Dec-15	Hair care	3.30	3.30	3.3x	FY16
V Wash	Glenmark Pharma	100.0%	Mar-20	Feminine Hygiene	2.98	2.98	1.6x	FY19
GSK portfolio (Horlicks + Boost)	GlaxoSmithKline Consumer Healthcare	100.0%	Dec-18	Nutrition	317.00	317.00	6.7x	FY19
Minimalist	Uprising Science	90.5%	Jan-25	Personal care	27.15	29.55	5.9x	FY25E
Ojiva	Zywie Ventures Private Limited	100.0%	Feb-25	Health and Wellbeing	10.88	10.88	4.2x	FY25

Source: Company, HSIE Research

GCPL: Leveraging proprietary edge to enter new categories

The company has in recent years leveraged its parent expertise for entering the mainstream FMCG segments with disruptive innovations. A case in point is the launch of Fab detergents, powder to liquid hand wash, floor cleaner, body wash, and the recent entry into the toilet cleaner category. Its inorganic actions have been limited in India, include the recent foray into sexual wellness and deodorants with Raymond Consumer portfolio and male facial cleansing with acquisition of *Muuchtac* brand.

Sector Thematic: FMCG

Exhibit 41: GCPL – M&A actions have been limited, reliance of proprietary know-how to offer differentiated offerings in home and personal care

Brand / portfolio	Owner	Current stake	Acquisition date	Category	Deal Value (INR bn)	EV (INR bn)	EV/Sales	Period
Mosquito repellent (<i>Good Knight, Hit</i>), air freshener (<i>Ambi Pur</i>) and shoe polish (<i>Kiwi</i>)	Sara Lee (JV stake)	100.0%	Jun-10	Multiple	10.60	20.70	2.1x	FY10
<i>Park Avenue</i> and <i>Kamasutra</i>	Raymond Consumer care Limited	100.0%	Apr-23	Sexual wellness and Deodorants	28.25	28.30	4.5x	FY23
<i>Muuchstac</i>	Triology Solutions Private Limited	100.0%	Oct-25	Face wash and personal care	2.89	3.80	4.8x	TTM Sep-25

Source: Company, HSIE Research

Dabur leveraged better liquidity for inorganic opportunities

Dabur has historically accumulated liquid assets for strong inorganic opportunity. This opportunity was envisaged in the HPC and healthcare segments, leading to the company enhancing its total addressable market. Historically, Dabur had seen one of its successful M&As for portfolio acquisition as part of the Balsara group of companies. Acquired brands have strengthened Dabur's play in respective categories. This has also helped Dabur to enter the wider home and personal care categories. In the last few years, the company has invested in spice (size: >INR250bn) brand Badshah, which has a leadership position in the West; and brand Sesa, which is ranked #3 in the Rs9bn ayurvedic hair oil category. In Badshah, the company has gained controlling share of 51%, where balance stake will be acquired five years from the initial stake acquisition. Both the recent acquisitions were made at a valuation of 19-20x trailing EBITDA. Going ahead, we see better liquidity supporting the company's M&A strategy. We see a need for the company to protect category relevance. There is also need for aligning its play with the youth.

Exhibit 42: Dabur India's M&A strategy has been to expand TAM and strengthen its play in existing categories

Brand / portfolio	Owner	Current stake	Acquisition date	Category	Deal Value (INR bn)	EV (INR bn)	EV/Sales	Period
<i>Promise, Babool, Meswak, Odonil, Odomos, Odopic</i> and <i>Sani Fresh</i>	Balsara group of companies	100.0%	Jan-05	Multiple	1.43	1.43	1.2x	FY05
<i>Badshah</i> [^]	Badshah Masala Private Limited	51.0%	Oct-22	Spices	5.87	11.52	4.5x	FY23
<i>Sesa</i> ^{^^}	Sesa Care	100.0%	Oct-24	Hair oil	3.25	3.25	2.4x	FY24
<i>RAS</i>	RAS Beauty Private Limited	20.0%	Mar-26	Skin care	0.60			

Source: Company, HSIE Research

[^] As per share purchase agreement, Dabur will gain 100% ownership in five years

^{^^} Sesa Care is currently awaiting NCLT approval, after which the business will be integrated

Honasa Consumer building BPC portfolio through inorganic route

The company has created a playbook under its core *Mamaearth* brand, which is successfully been used across other organic brands. Its M&As include *BBlunt* hair care range, *Dr Sheth's* skin care, *Fang* Oral care, and *Reginald* Men. It has also acquired an Indian formulator, Cosmogenesis Labs, for India skin type. At the back of its enhanced playbook and ability to address needs of consumer faster, it has able to turn around acquisitions.

Exhibit 43: Honasa Consumer has turned around portfolios like *BBlunt* and *Dr Sheth's* with right assortment addressing needs of consumer

Brand / portfolio	Owner	Current stake	Acquisition date	Category	Deal Value (INR bn)	EV (INR bn)	EV/Sales	Period
<i>B Blunt</i> (Products + Salon)	Bhabani Blunt Hair Dressing + Godrej consumer (30% stake)	100.0%	Feb-22	Hair care + Salon	1.34	1.34	3.9x	FY23
<i>Dr Sheth's</i>	Aneesh Sheth	63.0%	May-22	Skin care	0.28	0.44	NA	NA
CosmoGenesis Labs	Rohini Manoj	100.0%	May-24	Formulator	0.04	0.04	NA	NA
<i>Fang Oral</i>	Couch Commerce Private Limited	25.0%	Dec-25	Oral care	0.10	0.40	5.7x	ARR Sep-25
<i>Reginald Men</i>	BTM Ventures Private Limited	95.0%	Jan-26	Male grooming	1.85	1.95	2.6x	TTM Oct-25

Source: Company, HSIE Research

Bikaji aspiring higher – Aims to become a total foods company

Bikaji has limited M&A actions largely focused on countering regional competition, with flanker brand Bhujialal, addressing export capability needs under Ariba and aspirations in retails with The Hazelnut Factory.

Exhibit 44: Bikaji Foods's M&As have been focused on addressing different niches and its aspirations to be a Total Food company

Brand / portfolio	Owner	Current stake	Acquisition date	Category	Deal Value (INR bn)	EV (INR bn)	EV/Sales	Period
Bhujialalji	Bhujialalji Pvt. Ltd.	49.0%	Jul-23	Salty Snacks	0.05	0.10	0.6x	FY23
Ariba Foods	Ariba Foods Private Limited	55.0%	Sep-24	Frozen snacks	0.60	1.10	2.7x	FY24
The Hazlenut Factory	Hazelnut Factory Food Products Private Limited	49.0%	Mar-26	QSR	1.01	4.66	8.6x	FY25
JBDSPL	Jai Barbareek Dev Snacks Private Limited	74.0%	May-26	Manufacturing and selling of snacks and other namkeen items	0.03	NA	NA	NA

Source: Company, HSIE Research

Nestlé India's reliance on parent brands – finding a fit in India crucial

Nestlé India's product offerings are largely urban focused, with 80% of revenue from urban markets. The company has seen success in *Maggi*, which has been made keeping the Indian consumer in mind. India-specific actions in recent years, like entry into the poha, upma, and breakfast cereal categories, have not worked well. The company generates 60% of its volume from the Prepared Dishes segment. Nestlé has never shown interest in M&As in India, given its strong parent portfolio, which is what helps its valuation to consistently stay at a premium. It is only in recent years that its Indian entity has scouted for M&A opportunities – the company has evaluated such opportunities first with *Horlicks*, and then with the Capital Foods portfolio. The only M&A by the company is in pet care, where Nestlé India has acquired the pet-care business from another subsidiary of Nestlé SA in India.

Sector Thematic: FMCG

Exhibit 45: Nestlé India – Largely focusing on organic actions; attempts acquiring GSK's functional nutrition and Capital foods offerings not worked

Brand / portfolio	Owner	Current stake	Acquisition date	Category	Deal Value (INR bn)	EV (INR bn)	EV/ Sales	Period
Purnia	Purnia petcare India	100.0%	Jul-22	Pet care	1.25	1.25	3.4x	FY22

Source: Company, HSIE Research

Colgate: Focusing on organic growth with a wider portfolio

Colgate India's only M&A in India is the *Cibaca* brand (in 1994 for INR1.31bn), which is a play in the mass-end category. Rebranding the acquisition as *Colgate Cibaca*, the focus has been limited. The company per its strategy has kept the brand as a mass-end play, where focus has been to keep *Colgate Dental Cream*, now *Colgate Strong Teeth*, as a core brand offering. With nearly 50% share in the toothpaste category and a strong parentage, the company continues to foster organic business growth. Additionally, oral care has limited small and D2C competition, resulting in nil M&As. From the personal care perspective, the company has a wider portfolio with the parent, which has largely not been leveraged. Its small action in personal care is under brand Palmolive. Given an opportunity, the company would look to leverage parent brands, rather than mulling an inorganic opportunity in India.

Exhibit 46: Colgate – Largely focusing on organic actions; attempts acquiring GSK's functional nutrition and Capital foods offerings not worked

Brand / portfolio	Owner	Current stake	Acquisition date	Category	Deal Value (INR bn)	EV (INR bn)	EV/ Sales	Period
Cibaca	Ciba Geigy	100.0%	Jun-94	Personal care	1.31	1.31	1.8x	FY94

Source: Company, HSIE Research

Britannia: Leveraged position limits M&A; thrust on adjacencies

In recent years, the company has been pairing its liquid position by offering higher payouts to shareholders. Britannia has been building business organically, where for select categories, it has done expert partnership. There were media speculations around expanding into the mass savory snacks vertical with the acquisition of Kishlay Foods in Sep-24, but there has been no execution on this so far. Last year, the company expanded into the protein bar segment. Going ahead, under the new leadership, we expect M&A to see actions.

Exhibit 47: Britannia has forged joint venture partnership with croissants (with Chipita) and cheese (with Bel) experts to address its Total Food Company aspiration



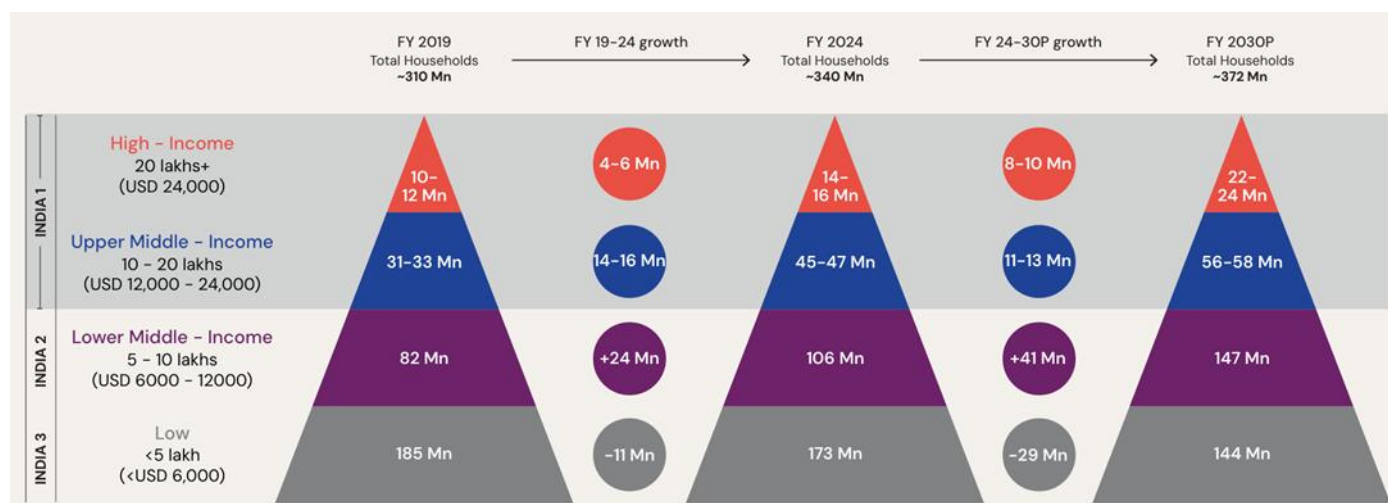
Source: Company, HSIE Research

Theme 3: Channel mix continues to evolve

The FMCG supply chain built around neighbourhood Kirana (retail) stores has been a material moat for FMCG companies, but with the setting changing, new distribution formats are making a headway now

The FMCG supply chain built around neighbourhood Kirana (retail) stores has been a material moat for FMCG companies, given the bargaining power that remains with the corporate, efficient distribution of products, and cash transactions with trade (leading to negative working capital). The supply chain also works as an entry barrier for new competition. This setting is changing though, with new distribution formats making headway. First modern trade, then E-commerce, and now Q-commerce have been gaining share from general trade incumbents. As the household income pyramid is shaping up, consumers seeking convenience are on the rise.

Exhibit 48: Household income pyramid transformation



Source: Redseer, HSIE Research

We expect quick commerce to continue to take share from general trade, which is where some of the FMCG companies are relooking its strategy for urban markets.

The case is similar with assortment access in organized formats. From an ecosystem perspective, multiple channels are seen emerging where consumer-facing channels like modern trade and e-commerce are well established. However, B2B partners, addressing the needs of Kirana partners, have ended up disrupting trade and not seeing shrinkage.

We expect quick commerce to continue to take share from general trade, which is where some of the FMCG companies are relooking its strategy for urban markets. It's a cost optimization opportunity for the urban markets (with Q-commerce penetration), where FMCG companies can re-route resources. The companies are strengthening direct outlet reach in markets where they see less of a modern retail disruption; we deem this crucial from having a portfolio play. In recent times, Marico was able to transform its general trade, under Project Setu (focus on direct outlet reach expansion), which has accelerated growth for the distributor. Indirect FMCG sales, via wholesalers, have continued to shrink, having started during demonetisation. We see wholesale dependency reduction to help large FMCG companies arrest volatility in topline performance, though the channel remains relevant for smaller FMCG companies. Having an apt channel mix suiting the need of portfolio would be key for growth and profitability, in our view.

Sector Thematic: FMCG

Advent of modern trade and e-commerce largely replicates the model of business in the developed world. Q-commerce is fast forming inroads as the channel has also evolved to address needs of the Indian consumer.

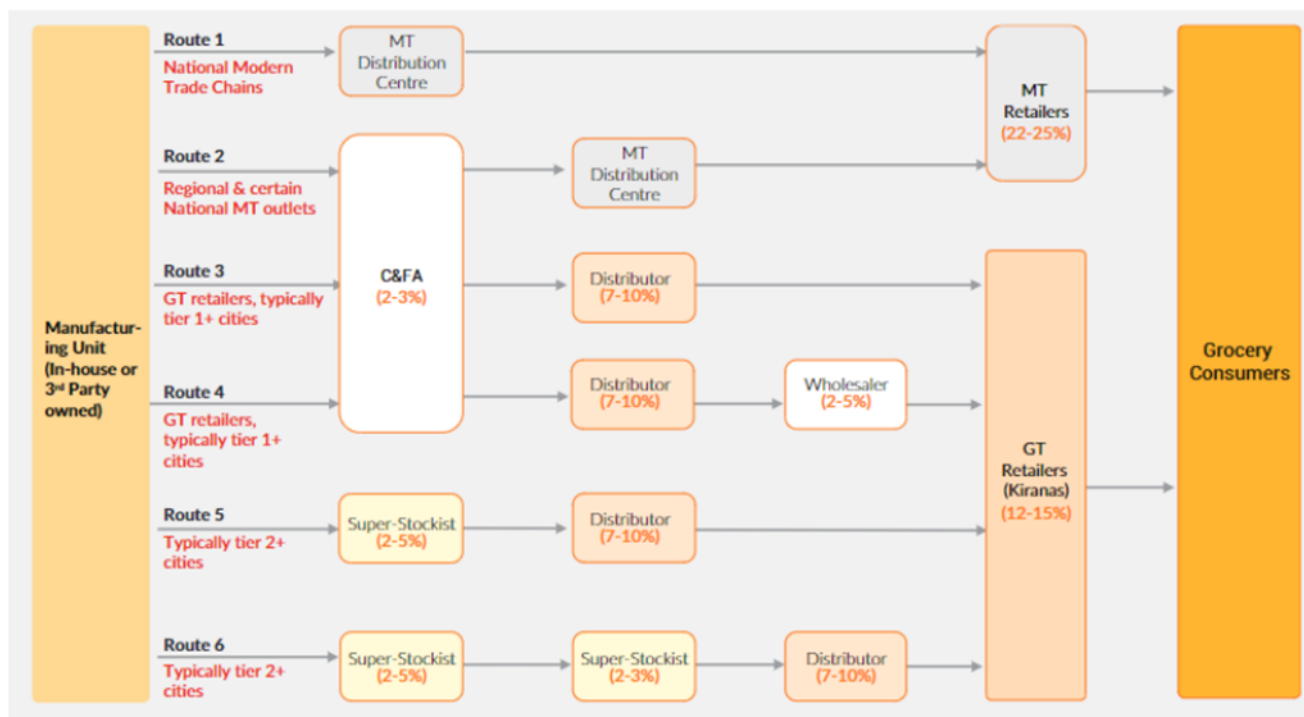
Channel/products curated for the Indian consumer seeing better prospects

Overall, we see high concentration of business, with general trade channel being India-specific; this addresses assortment as well as consumer needs. Advent of modern trade and e-commerce largely replicates the model of business in the developed world. Q-commerce is fast forming inroads as the channel has also evolved to address needs of the Indian consumer. Consumer products entail a similar business system, where some premium offerings saw tweaked formulations to adjust in the Indian setting. Indians in general are receptive to product offerings addressing needs. We already see consumers switching to new-age brands, where multiple D2C brands have emerged and are addressing nascent consumer needs.

Traditional players have leveraged opportunities in new channels

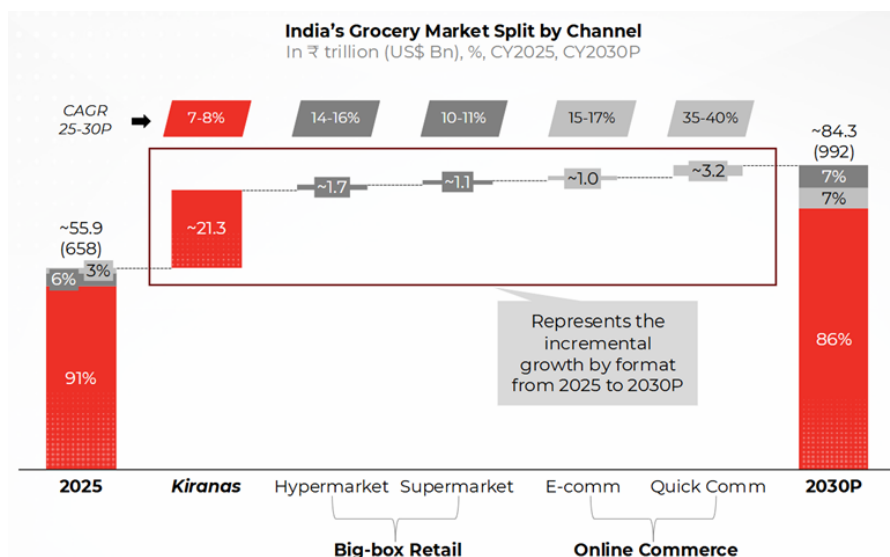
FMCG incumbents have leveraged general-trade reach as the key moat for arresting competitive pressure and driving growth. With the advent of organized channels like modern trade and ecommerce, traditional players have leveraged the opportunity well with joint business planning.

Exhibit 49: India FMCG – General Trade supply chain



Source: Redseer, HSIE Research

Exhibit 50: India grocery market split by channel



Source: Redseer; HSIE Research

Exhibit 51: FMCG distribution channels and channel-specific traits

**General trade**

- For General trade, space is a constraint. Focus is to have assortment which has high turns
- Given that credit is limited and space is a constraint, general trade operators are particular about well known brands
- For new brands, they need to offer higher margin and credit days to gain shelf space

**Modern Trade**

- For modern trade, traditional players have been important, as they look to build bulk business
- FMCG brands have high recall and has been the key driver of footfall in the store
- FMCG companies connect well with consumers appointing its promoters / ambassadors

**Ecommerce - Platform**

- Ecom platforms, though, have a wider assortment, but have concentration of revenue with large players
- In the overall scheme, small player revenue contribution is minuscule and is not too rewarding
- Large players have been able to capture space with a dedicated page and joint business planning

**Ecommerce - Quick Commerce**

- Quick commerce is a new consumer fad, where traditional shopping is considered a waste of time and money
- Platforms have established relevance on convenience, assortment, and price arbitrage
- Here focus is on driving frequency and AOV up which is not linked with any player but consumer experience

Source: HSIE Research

Sector Thematic: FMCG

Exhibit 52: Pros and cons of different B2C channels (cell color highlighted to ease comparison)

	General trade	Modern trade	Ecommerce	Quick commerce
Positives	On-the-go consumption	Bulk pack salience	Convenience of delivery	Fast delivery convenience
	Low unit packs	Product pricing	Product pricing	Product pricing
	Touch and feel	Wider assortment	Widest assortment	Expanding assortment
	Small cart (Daily shopping)	Touch and feel	Consumer reviews (Detail assessment)	Faster resolution of product issues
	Assortment of unorganized offering for price sensitive consumers	Premiumization across categories possible (Promoters drive education)	Category discovery	Cold storage infra aids fresh products
	Credit to regular consumer	Fresh products (Cold storage infra)	Fast checkouts	Fast checkouts
Negative	Limited assortment	Billing time	Fresh not addressed well	Consumer reviews (only star ratings active)
	Delivery (select outlet delivery, but timeline not certain)	Big cart heavy to carry home (select chain started delivery)	Slotted delivery	
	Product pricing		Return experience	
	Fresh product			

Source: HSIE Research

Note: Comparative positive and negative items within the same servicing are highlighted with the same background color

Exhibit 53: Key metrics comparison across channels (estimates)

	Units	Kirana	Modern trade	Quick commerce
Three key consumer needs				
Pricing	Indexed	106% (buying price high)	97%	100% (index)
SKU	Count	600	4-5k	15k
Experience	Comment	Expensive	Cheaper, but need to visit	Faster
- Delivery	Min	10 min	Instant	10 min
- Delivery fees	% of AOV	nil	nil	0-4% of AOV
- Visit to store	Comment	Yes	Yes	No
Key metrics comparison				
Space	Sq. Ft.	200	30,000	4,000
Revenue (annual)	INR mn	3	1,924	493
Revenue per Sq ft	INR	15,400	64,142	1,23,240
Order	number / month	3,950	69,720	63,200
AOV	INR/Order	65	2,300	650

Source: HSIE Research

General trade ceding share to modern retail formats

In the past, with >90% of sales driven by general trade (balance from institutional channels like canteen store departments, modern trade, and ecommerce), distributors have been a vital channel for FMCG companies. With penetration saturating across segments, FMCG players—in the quest to drive per-capita consumption—have been targeting retail outlets to drive sales with higher throughputs. This leads to a thrust toward gaining better control of direct retail outlets, wherein companies have rolled out palm tops to capture sales order data digitally, followed by a dedicated company app. Also, given the burgeoning affluent class, FMCG companies have been targeting modern retail channels like modern trade and ecommerce, to better address demand.

The urge to gain share has made FMCG companies offer better margin to modern retail partners and digital-B2B partners, which has started affecting distributor sales. This issue has aggravated and impacted the base business of distributors, in a post-COVID world. Our close observations reveal that distributors are losing

Given the burgeoning affluent class, FMCG companies have been targeting modern retail channels like modern trade and ecommerce, to better address demand.

relevance. Compared with large distributors managing operations historically, FMCG companies have trimmed coverage area for base distributors with scale and appointed new distributors for part area-coverage.

Exhibit 54: Marico's has seen significant transformation of its domestic revenue dependence on modern retail channels from 13% in FY18 to 31% in FY26

	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
General trade	87%	83%	78%	78%	77%	72%	71%	70%	69%
Modern trade	12%	13%	17%	14%	14%	18%	18%	18%	18%
E-commerce	1%	4%	5%	8%	9%	10%	11%	12%	13%

Source: Company; HSIE Research

Exhibit 55: HUL's domestic revenue dependency on modern retail expanded from 11% in FY18 to estimated 28% in FY26

	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
General trade	89%	86%	84%	83%	82%	79%	79%	75%	72%
Modern trade	9%	10%	11%	11%	12%	15%	15%	18%	20%
E-commerce	2%	4%	5%	6%	6%	6%	7%	8%	8%

Source: Company; HSIE Research

Direct supply to modern formats has been aiding savings in margin and assisting in push for bulk packs that are margin accretive. Since Covid, modern formats have sustained healthy growth

Exhibit 56: Nestlé India has been a laggard in catching up with modern retail, but has caught up significantly in last couple of years

	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
General trade	90%	88%	87%	86%	85%	84%	83%	80%	74%
Modern trade	9%	11%	12%	11%	11%	10%	10%	11%	11%
E-commerce	1%	1%	2%	4%	5%	7%	7%	9%	15%

Source: Company; HSIE Research

Exhibit 57: Britannia Industries has been a laggard leveraging modern retail, given high share of low unit packs in core biscuits business

	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
General trade	92%	91%	90%	89%	87%	87%	85%	84%	81%
Modern trade	8%	9%	9%	10%	11%	11%	13%	13%	13%
E-commerce	0%	0%	1%	1%	2%	3%	3%	4%	6%

Source: Company; HSIE Research

Now, in an evolved world, large players have started piloting direct distributors of products to retail and operating distributors as last-mile partners in select markets.

Exhibit 58: Domestic business FMCG supply-chain reach and sales contribution for key incumbent

	India outlet reach (mn)			Channel wise estimated domestic revenue break-down						
	Overall General trade	Direct General trade	% direct	General trade - direct	General trade - wholesale	General trade total	Modern trade	E-commerce	Quick Commerce	Insti.
HUL	9.0	3.0	33%	44%	26%	70%	20%	4%	4%	2%
ITC	7.0	2.5	36%	41%	30%	71%	14%	6%	8%	2%
Dabur	8.5	1.5	18%	40%	28%	68%	12%	4%	7%	9%
Godrej Consumer	6.1	1.0	16%	45%	30%	75%	12%	6%	4%	3%
Colgate	6.5	1.7	26%	50%	35%	85%	9%	5%	5%	1%
Britannia	6.7	3.0	45%	50%	34%	84%	13%	2%	4%	1%
Marico	5.8	1.2	21%	36%	25%	62%	18%	5%	8%	7%
Nestlé India	5.3	1.6	30%	50%	21%	71%	11%	6%	9%	3%
Emami	4.9	1.0	20%	43%	27%	70%	13%	8%	5%	4%

Source: Company, HSIE Research

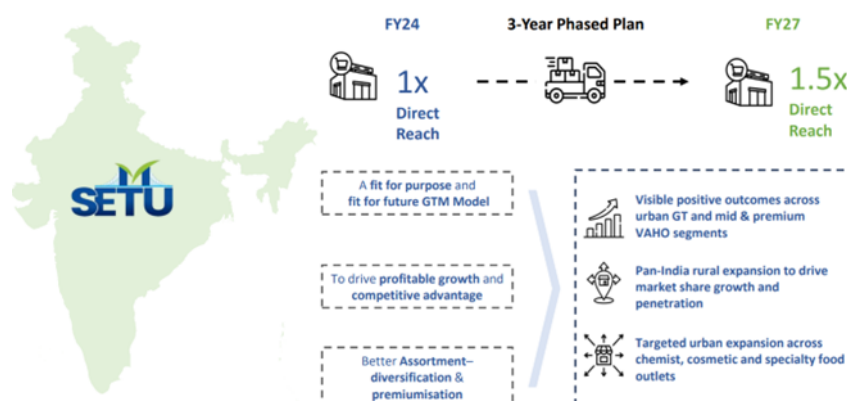
In general trade, FMCG companies focus on high throughput outlets with distributors; this is called 'direct reach.' HUL has the widest 9mn outlet reach, amid ~13mn outlets active in the country, wherein the company has direct reach to ~3mn outlets. These 3mn outlets help the company generate ~45% of its revenue, while the remaining 6mn outlets covered indirectly help generate the remaining 55% of sales in the general trade channel. These sales weighted distribution has been key for FMCG companies' distribution expansion thrust. As consumer upgrade has been limited, direct reach expansion has been slow in the last decade. This setting has made companies focus on new channels, where players seek premiumization opportunity.

Direct reach thrust enhanced amid dwindling e-B2B businesses and Q-Commerce insurgence

FMCG companies in last one year has realised the channel hygiene issues and have been correcting trade inventory and separating channel SKUs. This action that was necessitated as the key moat has seen fast shrinkage post-Covid, as highlighted above. In our coverage, Dabur had to destock inventory in the trade to arrest hygiene issues and now adopted project Saksham, while Marico and Britannia have charted direct reach expansion project to leverage portfolio, enhancing throughput per outlets. Some of the other companies like Godrej Consumer and Nestlé India have focused on enhancing rural reach.

Marico's Project Setu has been an enabler for its hair oil portfolio, which is seeing enhanced throughput. The company has been able to place value added portfolio to enhance the number of outlets, which had concentration of Shanti Amla and Parachute oil offerings. Project Setu also has been aiding companies in enhancing placement of foods portfolio.

Exhibit 59: Marico's general trade distribution revamp initiative under Project SETU



Source: Company; HSIE Research

Britannia has been trying to drive efficiency and enhance throughput per outlets shifting some of the market penetration from indirect to direct. Management always had a believe that GT will remain dominant given higher share of LUP for Britannia. Since FY25 the company has been working on Route to market 2.0.

Dabur had to destock inventory in the trade to arrest hygiene issues and now adopted project Saksham, while Marico and Britannia have charted direct reach expansion project to leverage portfolio, enhancing throughput per outlets.

Exhibit 60: Britannia's thrust on effectiveness of its 6.7mn outlet reach, driving throughput via 3mn direct outlet reach



Source: Company; HSIE Research

Dabur India is reinventing its go-to-market (GTM) strategy through GTM 2.0 under Project Saksham. Executed in partnership with EY, the initiative focuses on distributor consolidation. The distributor base is being streamlined from 3,500-4,000 distributors to approximately 2,000-2,500, with nearly 1,000 low-value distributors being rationalized. Following channel destocking, distributors have reported improved channel hygiene and healthier inventory levels.

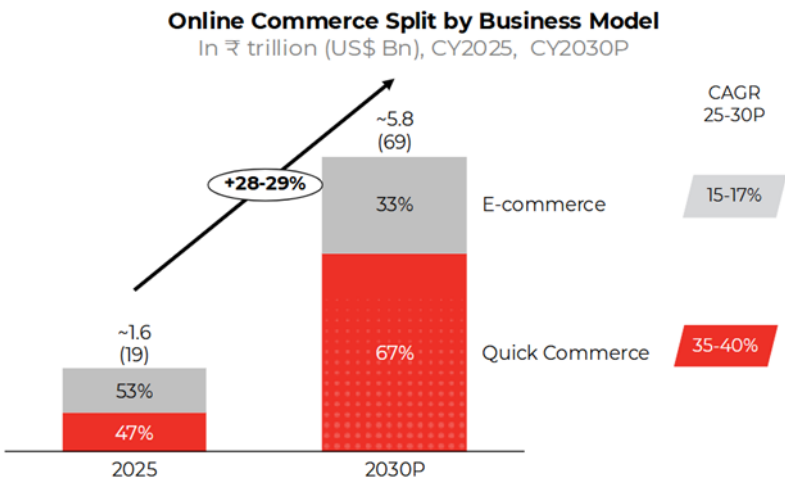
E-commerce is a bigger force, gaining share, a profitable channel for FMCG companies

E-commerce has moved from a high-growth channel to a strategic core driver of FMCG growth and channel strategy
- Nielsen

With access to data at a nominal cost, consumers occupancy on digital mediums have been on the rise. E-commerce emerged as a bigger force from platforms to social media and now into OTTs. As the consumer now have medium to broadcast, there is a diverse behaviour trait. Q-Commerce emerged as new engine of growth, cannibalising a part of the E-commerce growth. FMCG companies are incrementally looking at having a separate team for execution in ecommerce. Share of E-commerce has seen dramatic rise with Q-commerce; for listed FMCG companies, the share of domestic revenue now is at ~8-15% from E-commerce, where 50-70% is through Q-Commerce.

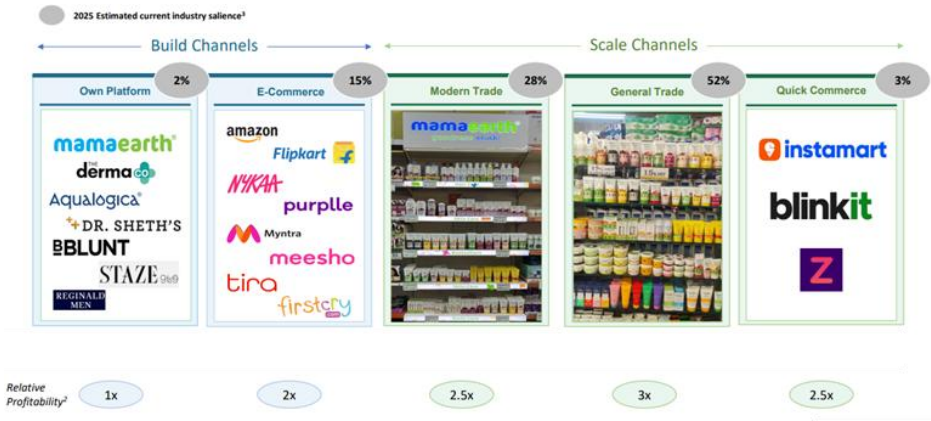
As per Nielsen data, share of E-commerce is at ~7% for all India Urban, same stood at 16% for all India metros (52 metros) and ~19% in top 8 metros. As per Nielsen study, there is consistent 1% quarterly gains in E-commerce share in the top metros. Growth is regionally skewed, with strong acceleration in South (salience at 22.5%) and West (salience at 16%) metros, while in North and East (at ~18%), E-commerce has already scaled to become the second largest channel, overtaking modern trade. As per Nielsen, this growth is not incremental—it is largely substituting traditional trade, signalling a permanent channel rebalancing within FMCG.

Exhibit 61: Traditional FMCG players have been enhancing exposure to quick commerce, which is seeing faster growth



Source: Redseer; HSIE Research

Exhibit 62: Quick commerce is a scale channel with at par profitability as Modern trade for a beauty focused company, with scale can get to GT profitability



Source: Company; HSIE Research

Note: ² Weighted average CM2 across all Honasa brands for FY26 (relative to own platform); ³. Based on Redseer report

Historically given limited access to media, large players have used capital muscle to control visibility on the prime-time slots

India's advertisement ecosystem has drastically shifted with media mix ratio between digital and traditional media changing from 12:88 in 2016 to 59:41 today

Theme 4: Marketing mix key to connect with consumer

Historically, the three core media — TV, radio, and paper — aided big players in building their brands. Given limited access to media, large players have used capital muscle to control visibility on the prime-time slots. We consider this to be a bigger moat for traditional companies building sizable brands, with top of the mid recall.

With availability of low-priced internet and rising smartphone usage, India's advertisement ecosystem has drastically shifted with media mix ratio between digital and traditional media changing from 12:88 in 2016 to 59:41 today. We think this trend will continue to gain momentum, driven by rapid expansion of UGC AI videos, deeper OTT penetration, and social media influencer ecosystems.

Exhibit 63: Relevance of traditional media continues to shrink (HUL)



Source: Company; HSIE Research

OTTs to be bigger force, address India's entertainment needs (live commerce)

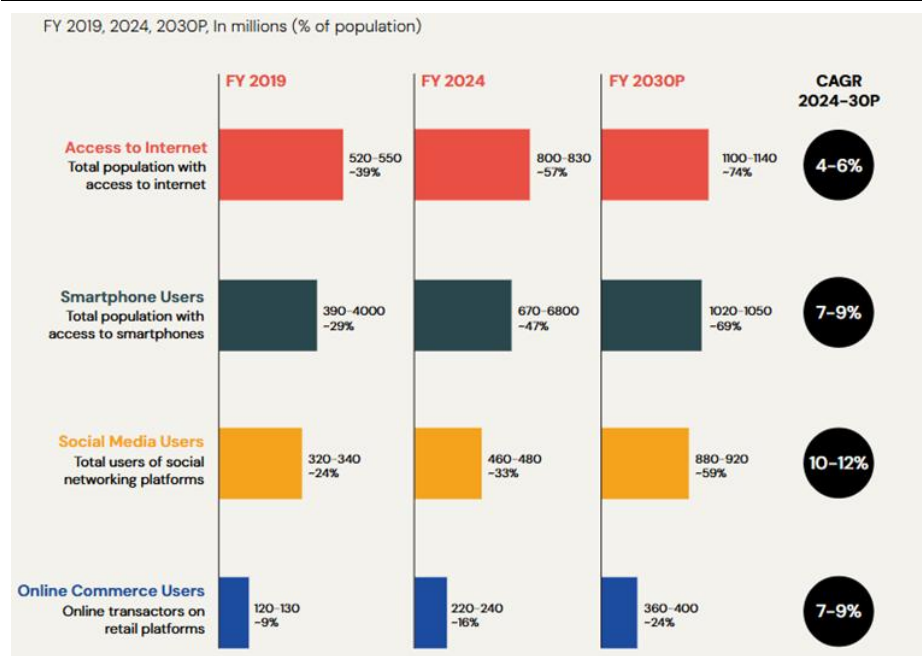
With wider penetration of internet, consumer moved from traditional entertainment medium to OTT channels. Internet has provided opportunity to audience having entertainment in real time and at their own choices. With sustained focus on luring consumer to OTT, there has been no advertisements, except for sporting event telecast. Now incrementally most of the OTT platforms have bundled advertisement with entertainment. In case a consumer wants to have seamless entertainment, there is a need for extra subscription fees. We consider larger audience living with the entertainment with ads, which create massive opportunity ahead for the advertisers. Relatively OTTs are helping with data analytics, where platforms have understanding on consumer type, viewing hours, ad completion rate, etc, which in a way is enriching for advertiser's vs traditional medium. Globally there is a trend of consumer shopping convenience watching OTT content, which is been recently adopted by India platforms.

Exhibit 64: Evolution of India entertainment destinations



Source: LinkedIn; HSIE Research

Exhibit 65: India internet to online shopping penetration over time



Source: Redseer; HSIE Research

As per Dentsu Digital Advertising Report 2026, social media accounts for the largest portion of India's digital advertising spend at ~29% (INR210bn)

Social media pave opportunity for individuals to broadcast

Additionally, word of mouth has gained preference over celebrity endorsements, which has broken barriers. Today everyone has capability to broadcast themselves. Additionally, the share of time spends on social media in daily digital spends per user has been substantial. As per Dentsu Digital Advertising Report 2026, social media accounts for the largest portion of India's digital advertising spend at ~29% (INR210bn), fuelled by strong user engagement, thriving creator economy, and the growing influence of social commerce.

Influencers driving brand and category education

As social media evolved, some of the active users have taken up active profession of educating consumer around products and brands. There has been surge in influencer advocacy where new age brands got built. We have seen surge in regional influencers who have built credibility with users and have created category awareness. We see a bigger force in educating consumer, where

consumer has leveraged the internet as a tool to understand product formulations. Now we see consumption trends evolving fast, where consumer started seeking superior formulations.

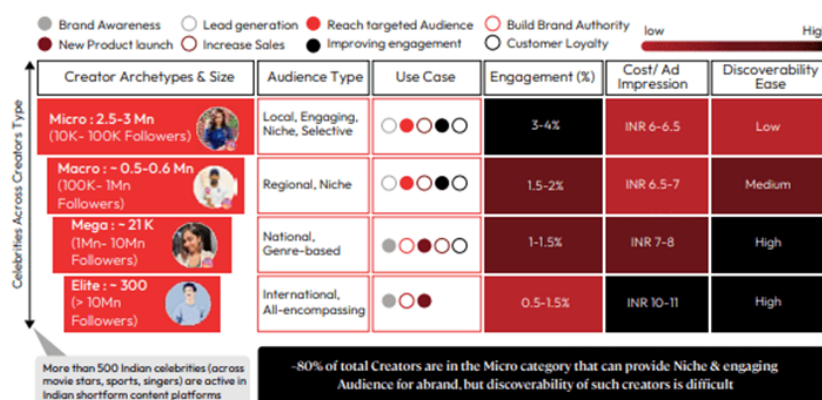
Exhibit 66: Consumers are more inclined to trust and act on suggestions from influencers they regard as credible



Source: Company; HSIE Research

Exhibit 67: User generated content (UGC) a hit with Indian shoppers

Creator Archetypes and their characteristics
-India, Descriptive



Note(s): 1. Creator # are all accounts with >10k follower base, not all will be actively monetizing
2. Used MAU of Instagram, Expert Interactions & influencer marketplace website for the Creator base

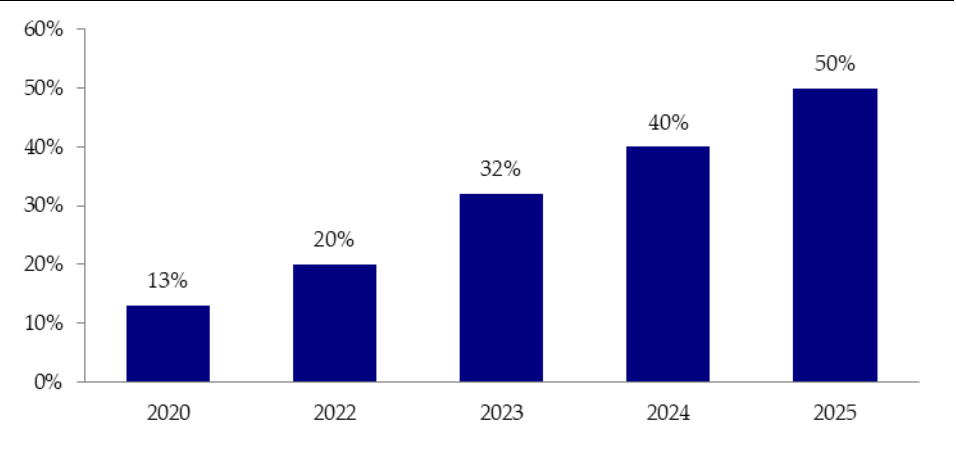
redseer

Source: Redseer; HSIE Research

Traditional players are late to the party

Interestingly, traditional players have realized the relevance of influencers quite late, where the actions are underway now. With time, ASCI (The Advertising Standards Council of India) has tightened influencer-driven marketing, asking influencers to have an appropriate disclosure. We see increased regulations around disclaimer around product advocacy made consumer aware if the influencer is incentivized to promote brands. Now influencers are liable for the claims they advocate in the reel. As traditional players are looking to leverage influencer base, by significant enhancement in the coverage, new age brands have shifted been leveraging AI to create content for consumer. While regional UGCs are taking center stage, compared to national influencers, adopted by traditional brands.

Exhibit 68: HUL's digital advertising expenditure



Source: Company; HSIE Research

Today's consumer has a better understanding around their skin and body type, which made them seek customisation. As large players continue to focus on product fit for all, new age brands have emerged, who have leveraged Private Equity / Venture Capital funding ecosystem and started addressing market needs.

New-age brands are addressing customized needs better

As the consumer has increased awareness about category and brands, there is a trend of consumer seeking customised product offerings. Today's consumer has a better understanding around their skin and body type, which made them seek customisation. As large players continue to focus on product fit for all, new age brands have emerged, who have leveraged Private Equity / Venture Capital funding ecosystem and started addressing market needs. This has driven the slowdown in the traditional brands and channelling growth towards new age brands. Large players like HUL have conceptualised nano factories but have not able to address needs in a seamless manner. Also traditional brands have started reacting to trend getting devised by new age brands, case in point would be focus on formulation improvement by all traditional companies' vs focus on relaunching products in improved packaging in the past. HUL, largest HPC player in India, has devised its SASSY brands strategy, which focuses on Science (superior technology), Aesthetics (enhanced product packaging appeal), Sensorial (elevated experience), Said by others (content creation and influencer engagements) and Young spirited (connect with new age consumers). When tested, it has found 85% products in the portfolio are superior to competition.

Exhibit 69: HUL's SASSY approach to win vs competition



Source: Company; HSIE Research

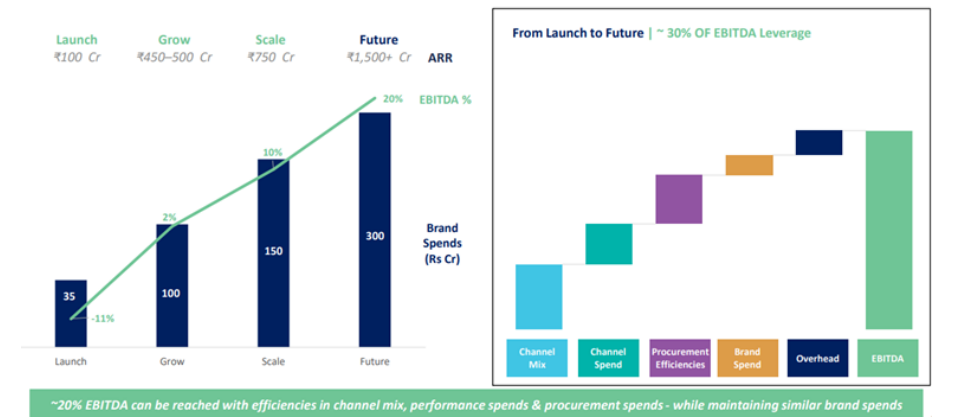
New-age brands have also tightened formulation with incremental thrust on 3P blind tests of their formulations, which is helping brands becoming efficacious. In the evolved world, gimmicks are unlikely to work. With world's widest population base, Indian consumers have preferences, which producers need to adhere to win in the market.

Feel good factor has been a factor of continued resurgence of new-age brands. Some of the digital-first brand founders have created a playbook, which continues to build brands

New-age founders have crafted repeatable playbook for brand creation

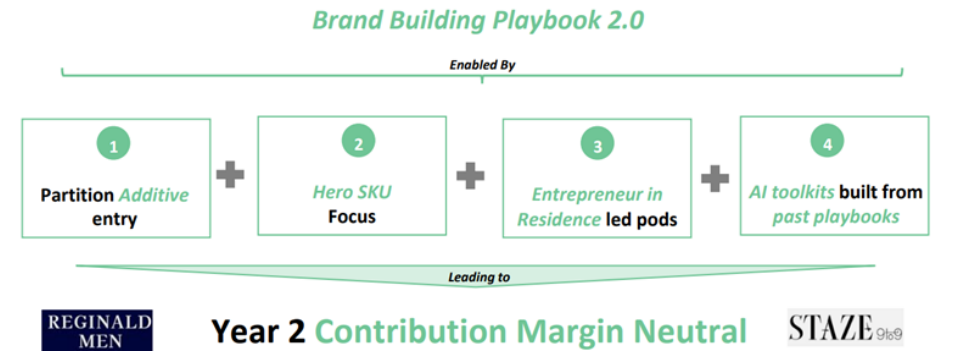
E-commerce and Q-commerce have paved way to smaller brands to address needs in a fast turnaround time. Interestingly, consumer is open for premium price as the products addressed customised needs. Feel good factor has been a factor of continued resurgence of new-age brands. Some of the digital-first brand founders have created a playbook, which continues to build brands. Cases in point are a) Honasa Consumer, which now has House of Brands, b) Beardo founders Ashutosh Valani and Priyank Shah built their D2C beauty brand, Renee Cosmetics (now revenue at over INR4bn), and c) Rohit Chawla, co-founder The Man Company, helped establish men’s grooming brand in 2015 has created science-led personal care company Innovist. We see limited success for traditional players, who have worked on getting new brands to lure consumer, like HUL’s Simple brand (clocking ARR of INR1.6bn, launched in 2019).

Exhibit 70: Honasa’s playbook in scaling brands profitably



Source: Company; HSIE Research

Exhibit 71: Honasa’s playbook supported by enablers



Source: Company; HSIE Research

Brands are actively creating UGC-style AI videos that look like real customer content but are produced, scaled, and optimized using AI tools

AI-driven content generation addressing the task better

The rise of UGC combined with AI-powered video creation is transforming brands and connect with consumers in a highly cluttered digital environment. Brands are actively creating UGC-style AI videos that look like real customer content but are produced, scaled, and optimized using AI tools. Instead of waiting for organic content, companies now simulate or enhance UGC through AI workflows, blending authenticity with efficiency. Apart from this, using other tools like WhatsApp broadcast lists, and location-based ads, brands reached niche audiences with relevant messaging, leading to higher CTR (Click-Through Rate), better engagement, and increased footfalls in local kirana stores.

For instance, Emami created a fully AI-generated ad film, where everything from visuals and characters to storytelling was developed using generative AI tools, rather than traditional shoots. The campaign portrayed heat rashes as animated “villains” and positioned Dermicool as the hero, using visually striking, fantasy-style imagery making them one of the most powerful tools for driving engagement and conversions.

Exhibit 72: User generated content (UGC) a hit with Indian shoppers



Source: Company; HSIL Research

New age brands leveraging new age channel well to address differentiated needs of consumers through social listening and data analytics

Theme 5: Data analytics strategic ahead

We consider wider consumer data access with proprietary sales data, channel joint planning exercise, and data repositories like Gohub, Brandwatch, Meltwater and Sprinkler are strengthening the sector's fundamentals. New-age brands with a focus on a vicinity are addressing needs better and winning with consumers. Traditional players have not been able to leverage the data effectively, given the traditional way of operation through general trade. Now with growing salience of new-age channels and learnings with startup investments, traditional players are gearing to leverage data well.

Data analytics is turning crucial across the length and breadth of the business, which is visible with improvement in the metrics across the business lines. FY26 annual report for most FMCG companies highlight amplified actions round data, which is going to be the key ahead. In the age of AI, it's relatively easier to gauge trends, while at the same time, having robust analytics inside the company is crucial to leverage trend. We see it has a role across functions of the business and can be used to drive efficiency. HUL notes that AI across value chain is not just optimising operations, but also building operating systems for the next decade.

We believe that building newer moats is crucial to not only win with consumers but also strengthen the competitive edge.

Exhibit 73: ITC's Mission DigiArc

ITC: Building a Future-Forward Enterprise for a Viksit Bharat

Digital and FutureTech

In its journey to build a dynamic AI/ML-led digital ecosystem, ITC is powered by 'Mission DigiArc', a smart digital architecture anchored in a 'digital first' culture. ITC's vision is to embed next-generation digital capabilities across value chains, enabling data-driven insights, agile innovation, optimised operations, smart supply chains, and enhanced consumer and employee engagement for sustained competitive advantage.



Indicative image, generated using AI

Source: Company; HSIE Research

Exhibit 74: ITC leveraging AI for its ecosystem



Source: Company; HSIE Research

HUL is using technology-driven capabilities to enhance the performance of its business verticals.

HUL: Embedding AI across the enterprise

At HUL, the company has been building an interconnected ecosystem that brings together consumer, customer, and operations spaces with data, technology, and analytics. Here are some of the concrete examples.

- **Sangam:** AI-powered platform Sangam uses market-mix modelling to optimize media campaigns, crunching terabytes of internal and external data to identify the right audience, channel, frequency, and creative, ensuring every rupee of media spending works harder.
- **Shikhar:** eB2B platform Shikhar enables kirana stores to place orders directly, contributing to more than a third of its total sales and giving it real-time visibility into demand patterns across millions of retail touchpoints
- **Samarth:** It's a supply chain nerve centre - a unified intelligence layer with over 90 terabytes of data at the foundation, integrated with 30+ AI solutions, digital twins, and advanced analytics to enable predictive, self-healing operations.
- **Samadhan** model is transforming distribution in metros. HUL directly manages warehousing and delivery logistics, reducing delivery times from three days to under 24 hours.
- **Nano DC:** In the supply chain, the Nano DC initiative launched in FY26 introduces compact, channel-focused distribution units that enable high-frequency replenishment for fast-growing channels like quick commerce, using RFID tracking, and GPS-enabled controls for real-time visibility

Exhibit 75: HUL – View of NanoDC



Source: Company; HSIE Research

Exhibit 76: HUL – Leveraging AI in supply chain, ~15% of volumes in key pack-formats already running through dark operations, supported by AI-powered controls, real-time optimization, and advanced process controls

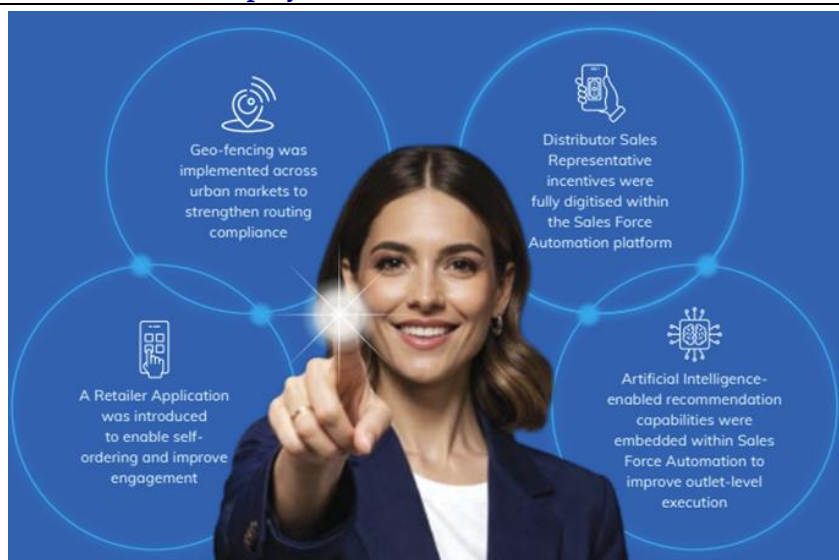
~15% of volumes in key pack-formats already running through dark operations, supported by AI-powered controls, real-time optimization, and advanced process controls



Source: Company; HSIE Research

Exhibit 77: Tata Consumer – Leveraging AI for sales interventions: Multiple digital enablers were deployed to transform frontline execution

AI has been widely adopted across the organization to enhance efficiency, speed up decision-making, and support cost optimization initiatives.



Source: Company; HSIE Research

Exhibit 78: Tata Consumer – The Role of data enhanced in decision making

With AI, decision-making has become more insightful, data-driven, and impactful.



Source: Company; HSIE Research

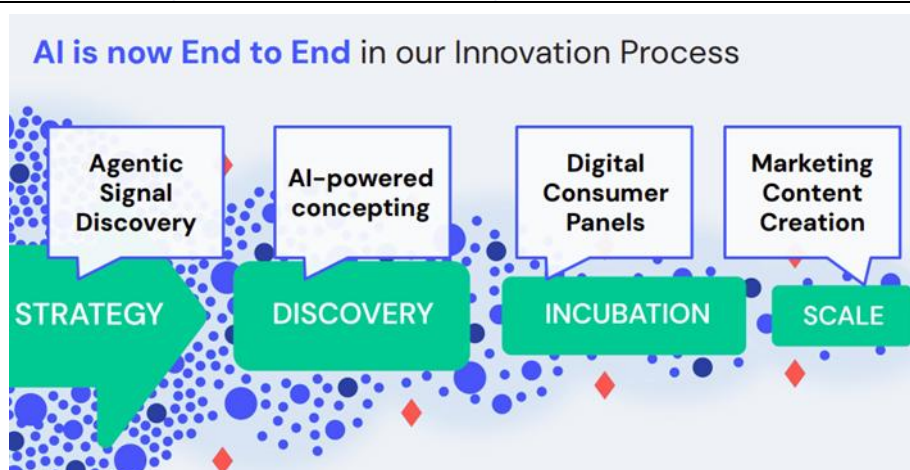
Leveraging a unified data layer can enhance execution, improve visibility, and drive better outcomes across the organization.

Exhibit 79: Nestlé India – Leveraging data to delight consumers and customers



Source: Company; HSIE Research

Exhibit 80: Colgate-Palmolive – AI is integral to innovation



Source: Company; HSIE Research

New age companies are leveraging data aggressively: Honasa

Exhibit 81: Honasa Consumer – Innovation speed continues to see tech enablement

Advanced data analytics capabilities are a key enabler of enhanced decision-making and business outcomes.



Source: Company; HSIE Research

During its maiden Investor Day in May 2026, Honasa Consumer highlighted its advanced data capabilities and their role in driving business performance.

Honasa has developed a proprietary consumer intelligence system called **ResearchOS**, which reduces the traditional FMCG product development timeline - from idea to launch - from 12-15 months to just 4-5 months. This system is built on three integrated tools:

- **Prophet:** Detects emerging trends before they reach virality by analysing data from social media, search engines, reviews, video comments, and marketplaces. Unlike third-party tools like Sprinklr (have data repository, not using), Meltwater, Gohub, and Brandwatch (which are data repositories), Prophet predicts trends by identifying inflection points in real time.
- **CIA (Consumer Insight Agent):** Identifies unmet consumer needs and gaps in existing product categories. For example, in the acne face wash segment, it reveals issues such as poor sensorial experience, oily residue, and low efficacy.
- **Vani:** Validates these insights by engaging real consumers through AI-powered one-on-one voice calls and surveys on first- and third-party panels, testing interest and relevance of new product concepts.

While ResearchOS solves for speed, **Tesseract solves for accuracy and in-market success** - historically less than 5%, often as low as 1%. Tesseract uses AI-simulated consumer environments ("living city" of AI clones) that mimic real-world social media interactions (liking, commenting, and sharing) to predict:

- Which consumer cohorts will respond to a product
- The winning message, call-to-action (CTA), and messaging effectiveness for each cohort

A case study highlights a Himalayan Neem loyalist named Priya. Tesseract predicted that a "3-day pimple challenge" message would drive high purchase intent in her cohort, increasing conversion from 88% to 90%, while failing in other cohorts. This enables targeted go-to-market strategies-e.g., emphasizing speed over herbal claims for certain segments.

Once messaging is validated, Optimus Prime generates marketing content end-to-end:

1. **Ideation:** Uses the Tesseract output as a marketing brief.
2. **Script Generation:** Analyzes thousands of competitor and influencer videos, Instagram/YouTube trends (with <7-day lag), and creates scripts aligned with the brief.
3. **Visuals and Video:** AI generates consistent characters, scenes, and full videos (e.g., a 24-second AI-generated college farewell ad for a face wash).
4. **Post-Production Checks:**
 - **Curator:** Ensures compliance with copyright, ASCI guidelines, and brand standards.
 - **Vibe Check:** Uses an ML model trained on four years of performance data to map brain responses, scoring retention, attention, and persuasion to predict ad success before launch.

Amid incumbents, Nestlé India and Marico have got the execution right and riding the new-age wave with right channel mix, while some are lagging in the channel to new age brands and some needs to drive portfolio transformation.

For traditional FMCG companies there is a fair chance to gain share in the already developed niches or acquire brands to leverage the DNA. MNCs can double down with parent portfolio and domestic incumbents can ride on M&A wave.

Theme 6: Focus critical to ward off competitive threat

As the distribution channels and media democratized, challenger brands have emerged, who through localized operations have been able to address consumer needs better. The role of category development and devising trend in select categories shifted to new age brands/insurgents. In this light, traditional FMCG companies need to tighten seat belt and have execution in place to match/fast-paced execution. Some incumbents like Nestlé India and Marico have got the execution right and riding the new-age wave with right channel mix, while some are lagging in the channel to new age brands and some needs to drive portfolio transformation to ride on the channel growth journey.

More importantly, new age channels are paving way to boost growth momentum, which otherwise has been in the slow lane for the last decade. Addressing regional consumer needs with differentiated and personalised product offerings has been a global trend. Interestingly, this is also a premiumization opportunity, which has been captured by insurgents acting regionally in the quick commerce channels. Given some of the insurgents are operating on playbook, which is aiding repeatable brand success, for traditional FMCG companies there is a fair chance to gain share in the already developed niches or acquire brands to leverage the DNA. MNCs can double down with parent portfolio and domestic incumbents can ride on M&A wave.

Focus of market share should shift from category to share amid new users

A key observation with respect to traditional FMCG companies is that players hold leadership positions across categories but are losing share to the new user base. The extent of market share loss may not be fully visible, as Nielsen's data does not comprehensively capture e-commerce sales. This is one of the factors of slow growth with traditional players. In select cases, we have seen emergence of options with consumers shifting from the traditional category. After beauty and personal care, foods and beverages are the second segment where competition has recently surged. Given that quick commerce helps target the user base well, new-age brands are finding it easier to build business with the platform.

Exhibit 82: FMCG sector growth trend across different companies, by size

	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Giants (MAT revenue of >INR50bn) = 46%											
Value	12.2	10.7	8.0	7.7	2.5	3.4	7.0	6.8	10.1	9.0	4.2
Volume	5.1	8.7	8.9	8.1	3.5	3.0	4.2	1.8	3.1	2.7	0.9
Price	6.8	1.8	-0.8	-0.4	-1.0	0.4	2.7	4.9	6.8	6.1	3.3
Large (MAT revenue of INR10-50bn) = 20%											
Value	10.8	8.0	6.1	7.9	7.3	9.3	13.9	14.0	15.6	14.7	8.6
Volume	10.7	12.3	9.8	10.8	8.1	7.8	10.6	7.1	7.2	5.3	8.7
Price	0.1	-3.8	-3.4	-2.6	-0.7	1.4	3.0	6.4	7.8	8.9	-0.1
Mid (MAT revenue of INR1-10bn) = 18%											
Value	14.4	11.2	8.9	7.3	5.2	7.8	12.8	14.3	16.9	16.6	11.4
Volume	13.7	15.0	11.8	9.2	7.2	6.8	8.5	5.8	6.6	6.5	3.6
Price	0.6	-3.3	-2.6	-1.7	-1.9	0.9	4.0	8.0	9.7	9.5	7.5
Small (MAT revenue of <INR1bn) = 17%											
Value	11.0	6.3	0.4	0.5	-1.2	4.0	11.8	15.7	19.2	19.8	13.3
Volume	6.3	3.2	-2.5	-3.2	-5.0	-0.5	6.2	10.5	11.2	11.6	7.1
Price	4.4	3.0	3.0	3.8	4.0	4.5	5.3	4.7	7.2	7.3	5.8

Source: Nielsen, HSIE Research

Traditional players consider this channel as an opportunity to refine business for the better.

Aligning with Q-Commerce platform crucial to ward competition

We have engaged with traditional FMCG companies to gain perspective on quick commerce operations from the business lens. One common factor is that quick commerce is a cultural shift in shopping and is here to stay. Traditional players consider this channel as an opportunity to refine business for the better. Gap in evolution can be detrimental to business prospects ahead and is seen as a major threat. Key findings:

- **Dedicated distributor key for quick commerce:** Distribution centres are being serviced by modern trade distributors. In select cases, players evaluate cases for a dedicated distributor of the channel. Here, the idea of direct distribution to dark store is not feasible at this stage. Given centralized placement of inventory, quick commerce has emerged as a most profitable channel for traditional FMCG companies.
- **Quick commerce, an opportunity, while posing a threat at the same time:** As modern retail is gaining pace, general trade moats continue to shrink. Again, in modern trade, the challenge has been from private labels, in ecommerce D2C has been a threat. Companies have able to largely negate competition. In Quick commerce, the moat is likely to shrink further. Traditional players are strategizing to align innovation timelines, leverage the nascent opportunity, and target the consumer better.
- **Trade margins similar; managing portfolio mix crucial:** Traditional players note that the take rate across category differs, but at an aggregate level it not materially different vs other channels. It is the portfolio mix, pack size, and throughput that decide aggregate take rate to the platform. If the company has an imbalanced sales mix, profitability issues may arise.
- **Inventory situation is better managed:** Dealing in quick commerce has helped traditional players improve trade hygiene. As the data is now available at a pin code level, players have a better sense of inventory needs across high throughput pin codes. While platforms do not share data at a pin code level, FCMG companies have improved the health of the business with the right assortment, factoring in seasonality and needs of consumers.
- **Brand investments managed well:** As target consumers are better understood, companies are planning prudent A&P spends. In categories where alternatives are limited and a player is a leader, the need for spend is limited. In categories where the hit rate is better, investments can be enhanced for driving growth.
- **Innovations managed well:** Idea of innovation is better managed in quick commerce, where a pilot can be run with the right set of consumers. Quick commerce can help with apt data feeds, which help curate products better.
- **Joint business planning to strengthen business:** With scale-up of quick commerce, many issues have now been resolved for players. With joint planning, companies are now able to address cohort needs better and pivot the business model based on regional nuances. With joint marketing plans, players make targeted investments, where chances of leakage are minimal.

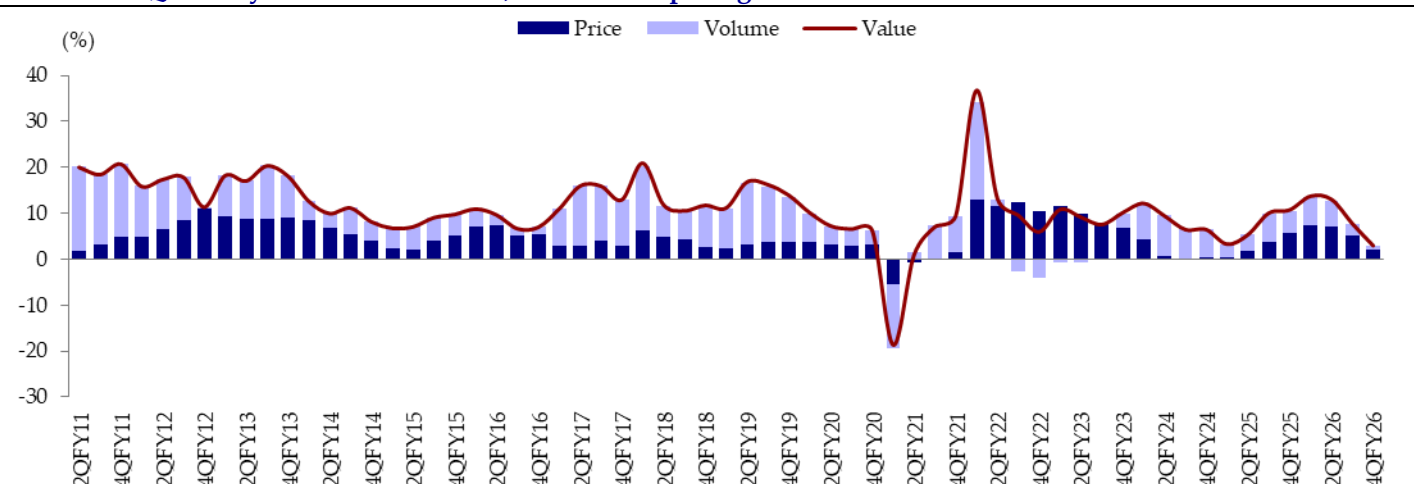
Sector Thematic: FMCG

Exhibit 83: Quarterly FMCG sector growth trend

(%)	All India (Urban + Rural)			Unit Volume growth			Volume growth		Channel volume growth	
	Value	Price	Volume	Growth	Urban	Rural	Home and personal care	Food	General trade	Modern trade
1QFY21	(19)	(5)	(14)		(18)	(9)				
2QFY21	1	(1)	2		(4)	9				
3QFY21	7	(0)	7		4	11				
4QFY21	10	1	8		7	10				
1QFY22	37	13	21		24	17				
2QFY22	13	12	1		5	(3)				
3QFY22	10	13	(3)		(1)	(5)				
4QFY22	6	11	(4)		(3)	(5)	(10)	(2)	(5)	6
1QFY23	11	12	(1)		1	(2)	(6)	2	(2)	8
2QFY23	9	10	(1)		2	(4)	(7)	2	(2)	14
3QFY23	8	8	(0)		2	(3)	(5)	2	(2)	13
4QFY23	10	7	3		5	0	0	4	2	15
1QFY24	12	4	8		10	4	5	9	6	21
2QFY24	10	1	9		11	6	9	9	7	25
3QFY24	7	0	6	5	8	5	9	6	5	20
4QFY24	7	0	6	2	5	7	11	4	5	15
1QFY25	3	1	3	3	1	5	7	1	2	7
2QFY25	5	2	4	6	2	6	6	3	4	4
3QFY25	10	4	6	6	4	9	7	6	7	(2)
4QFY25	11	6	5	8	2	8	6	5	6	(4)
1QFY26	14	7	6	8	4	8	7	6	7	0
2QFY26	13	7	6	4	4	8	6	6	6	5
3QFY26	8	5	3	(1)	2	3	2	3	1	16
4QFY26	3	2	1	1	2	(1)	0	1	(2)	23
2Y CAGR	7	4	3	5	2	4	3	3	2	8
4Y CAGR	8	4	4	3	4	4	4	4	3	12
5Y CAGR	7	5	2	2	2	2	1	3	1	10

Source: Nielsen, HSIE Research

Exhibit 84: Quarterly FMCG sector value, volume and price growth trend



Source: Nielsen, HSIE Research

Exhibit 85: Quarterly volume growth trend across different listed FMCG companies

(%)	Britannia	Colgate	Dabur	Emami	GCPL	HUL	Marico	Nestlé	Jyothy	Bikaji	Honasa
1QFY21	22	(7)	(10)	(28)	3	(8)	(14)	(0)	6		
2QFY21	8	3	17	10	5	1	11	7	9		
3QFY21	4	5	18	13	7	4	15	8	15		
4QFY21	8	14	25	36	29	16	25	9	25		
1QFY22	1	11	34	38	15	9	21	13	17		
2QFY22	2	5	10	6	4	4	8	9	11		
3QFY22	5	3	2	0	0	2	0	8	7		
4QFY22	4	(3)	2	0	(3)	0	1	7	4		
1QFY23	(2)	(3)	5	8	(6)	6	(6)	8	5		
2QFY23	5	(3)	1	(1)	(5)	4	3	9	1		
3QFY23	1	(3)	(3)	(4)	2	5	4	3	4		
4QFY23	1	(2)	2	2	13	4	5	9	3	13	
1QFY24	0	4	3	3	10	3	3	5	9	15	43
2QFY24	0	0	2	2	4	6	0	5	9	5	27
3QFY24	6	(1)	4	(1)	5	2	2	4	11	29	35
4QFY24	6	2	4	2	7	2	3	4	7	15	28
1QFY25	8	6	5	9	8	4	4	1	11	16	25
2QFY25	8	6	(8)	2	7	3	5	(2)	3	15	7
3QFY25	6	5	1	4	0	0	6	2	8	3	2
4QFY25	3	0	(4)	5	4	2	7	2	4	9	21
1QFY26	2	(4)	(1)	(3)	5	3	9	3	4	8	11
2QFY26	(3)	(8)	2	(16)	3	0	7	9	3	11	17
3QFY26	5	(1)	3	9	9	4	8	17	7	8	30
4QFY26	6	5	6	(7)	8	6	9	19	11	16	30
2Y CAGR	4	2	1	(1)	6	4	8	10	7	12	26
4Y CAGR	4	1	2	0	8	3	6	8	6	13	
5Y CAGR	4	0	2	0	6	3	5	8	6		

Source: Company, HSIE Research

For FMCG companies, it is crucial to address needs of small cohorts, for remaining relevant.

F&B sees higher competition; in HPC, Colgate and GCPL better placed

We see adoption of the quick commerce platform by consumers as an area of concern for traditional FMCG companies. In select categories, a consumer is open to customized product offerings like addressing specific needs, healthier options, and sustainable products. For FMCG companies, it is crucial to address needs of small cohorts, for remaining relevant. Our assessment of category threats from emerging industry participants who have a level playing field in quick commerce platforms is listed below.

HPC: Colgate and GCPL less impacted by competition

In the home and personal care space, we see new-age competition being high in categories like skin care, male grooming, colour cosmetics, shampoo, baby care, fragrance, shower gel, and intimate hygiene; these together represent ~1/3rd of the HPC category size. For ~55% category size, we see competition from new-age brands being limited. With a closer look at the category presence for our coverage companies, we see Colgate and GCPL being less impacted by new-age competition.

Sector Thematic: FMCG

Exhibit 86: Home and personal care categories and competitive threat

Category	Market Size (INR bn)	Key incumbents	Threat of new players	New players
Laundry – Powder	268	HUL, P&G, Jyothy Labs, RSPL	Low	No major competitive threat
Soap	286	HUL, GCPL, ITC, Wipro Consumer	Low	Regional players (differentiation limited); Premium international offerings (addressing skin care needs)
Skin care	219	HUL, Himalaya L'Oréal, Honasa	High	<i>Minimalist, Clean & Clear, Cetaphil, Plum, Lacto, Biotique, Dot & Key, MCaffine</i>
Toothpaste	124	Colgate, HUL, Dabur, Patanjali	Low	No major competitive threat
Male grooming	151	Emami, HUL	High	Multiple D2C brands – <i>Bombay Shaving Company, Wild stone, Bella Vita, Denver, Ustraa</i> , etc
Hair Oil	140	Marico, Dabur, Emami, Bajaj Consumer	Medium	Premium D2C brands (focus on efficacy) – <i>Plum, Khadi, Kama Ayurveda, Wow</i> , etc
Color Cosmetics	111	HUL, L'Oréal, Honasa, Garnier	High	Multiple D2C brands – <i>Sugar, Good Glamm, Biotique, Colour Bar, Renee</i> , etc
Detergent bar	102	HUL, P&G	Low	Regional players, no major competitive threat
Shampoo	89	HUL, P&G, Cavin Kare, Dabur	High	Premium D2C brands (focus on efficacy) – <i>Herbal Essence, Plum, Naturali, Sebamed, Khadi</i> , etc
Sanitary pads	70	P&G, Johnson and Johnson	Low	Limited player (Capital intensive segment)
Hair Color	59	L'Oréal, GCPL	Medium	<i>Schwarzkopf, Indica, Streax, Biotique</i>
Home insecticides	57	GCPL, SC Johnson, Reckitt	Low	No major competitive threat
Baby care	60	Johnson & Johnson, Himalaya, Dabur	High	Multiple industry participants – <i>Mee, Sebamed, Chicco, Little's, LuvLap, Mother Sparsh</i>
Deodorant	53	HUL, Vinni Cosmetics, ITC, GCPL	Low	Multiple industry participants but limited differentiation - <i>Yardley, Secret</i>
Dish wash	53	HUL, Jyothy Lab	Low	Select competition – <i>Beco, Finish</i>
Fragrance	36	Baccarose, Tarz, Titan	High	Fragmented market with multiple participants – <i>Bela Vita, Ustraa, Wild Stone, Renee, Denver</i>
Floor cleaner	30	Reckitt Benckiser, HUL, ITC	Low	Limited industry participant
Toothbrush	25	Colgate, P&G	Low	Low industry participant given low per capita usage
Depilatories	28	Reckitt Benckiser, Dabur, Visage	Low	Limited industry participants
Toilet cleaner	18	Reckitt Benckiser, HUL, Dabur	Low	Multiple regional player
Talcum powder	14	HUL, Emami, Zydus Wellness	Medium	<i>Yardley, Enchanteur, Himalaya</i>
Hand wash	15	HUL, Reckitt Benckiser, Dabur	Low	Limited industry participants
Air freshener	6	Dabur, GCPL, P&G	Low	Limited industry participants
Disinfectants	14	Reckitt Benckiser, ITC	Low	Limited industry participants
Liquid detergents	25	HUL, P&G, GCPL, Wipro	Medium	Multiple industry participants – <i>Beco, Mother Sparsh</i> , and regional players
Fabric conditioner	15	HUL, Jyothy Lab	Low	Limited industry participants
Hair Conditioner	10	HUL, P&G, Marico	Medium	<i>Pilgrim, Plum, Khadi, Earth Rhythm, Wow</i>
Shower gel	6	HUL, ITC, Nivea, Colgate	High	Multiple industry participants
Intimate hygiene	3	HUL, P&G	High	<i>Plush, Kotex, Sirona, Pee Safe, I active</i>
Mouth wash	4	Colgate, Johnson & Johnson	Low	Limited participants

Source: HSIE Research

- For **Colgate**, ~75% of the domestic revenue is from toothpaste, which has an oligopoly (Colgate, HUL, Dabur, and Patanjali). Select D2C brands have emerged, albeit are focused on the super-premium end like *Perfora*. Similarly, for its 15% domestic revenue from the toothbrush category, we see a duopoly (Colgate and P&G). Balance 5% revenue is from personal wash, where competition is high.
- For **GCPL**, 1/3rd revenue is from soap, where we see limited competition. For another 1/3rd revenue from household insecticides, we see regulatory setting maintaining the market oligopoly. Balance 1/3rd revenue is exposed to competitive threats, including hair colour, liquid detergents, air freshener, anti-perspirants, sexual wellness, and hand wash.
- For **HUL**, the threat from new-age brands is medium, given large incumbents continue to control market for segments like soap, laundry, oral care, and dish wash (together, ~45% of domestic revenue). However, we see surge in new age brands advocating sustainable product offerings, which need to be watched. We continue to see pressure from new-age competition in skin care, colour cosmetics, and shampoo (together, ~20% of revenue). For rest of the revenue, new-age competition is medium.

For the rest of HPC-focused coverage companies, we see a medium to high threat of competition.

Exhibit 87: HPC coverage company category presence and competition from new players

Category	Threat of new players	Colgate	Dabur	HUL	GCPL	Marico	ITC	Emami	Honasa
Laundry – Powder	Low			Y					
Soap	Low			Y	Y		Y	Y	Y
Skin care	High		Y	Y		Y	Y	Y	Y
Toothpaste	Low	Y	Y	Y					
Male grooming	High				Y	Y		Y	Y
Hair Oil	Medium		Y	Y		Y		Y	Y
Color Cosmetics	High			Y					Y
Detergent bar	Low			Y					
Shampoo	High		Y	Y				Y	Y
Sanitary pads	Low								
Hair Color	Medium				Y				
Home insecticides	Low		Y		Y				
Baby care	High		Y						Y
Deodorant	Low			Y	Y	Y	Y	Y	Y
Dish wash	Low			Y			Y		
Fragrance	High						Y		
Floor cleaner	Low			Y	Y				
Toothbrush	Low	Y		Y					
Depilatories	Low		Y	Y					
Toilet cleaner	Low		Y	Y	Y				
Talcum powder	Medium		Y	Y				Y	
Hand wash	Low	Y		Y					Y
Air freshener	Low		Y		Y				
Disinfectants	Low						Y		
Liquid detergents	Medium			Y	Y				
Fabric conditioner	Low			Y					
Hair Conditioner	Medium		Y	Y		Y			Y
Shower gel	High	Y		Y			Y	Y	Y
Intimate hygiene	High			Y					
Mouth wash	Low	Y							

Source: HSIE Research

Quick commerce is likely to aid formalization, where unorganized participation is restricted.

Food and beverage (F&B) face higher competition

Food and beverage consumption (industry size: ~INR10trillion, based on coverage company TAM) is many times higher than that in the home and personal care categories (size: ~INR2trillion), given higher penetration of categories. Quick commerce is likely to aid formalization, where unorganized participation is restricted. We see scale-up of quick commerce to help in faster formalization of the food and beverage categories. However, category incumbents need to be agile for addressing small cohort needs.

Exhibit 88: Foods and beverages categories and competitive threat ...

Category	Organized market size (INR bn)	Key incumbents	Threat of new players	New players (looking to gain share)
Pouch Milk	1,576	GCMMF, Nadani, Mother Dairy, Parag Milk	Low	Limited competition
Edible Oil	2,205	Adani Wilmar, Emami Agro, Marico, Sundrop Brands	Medium	Surge in premium-end, where players are focusing on Cold pressed offerings. KRBL is a new entrant in the mass-end
Rice	1,115	KRBL, LT Foods	Low	Limited competition
Biscuits	635	Parle, Britannia, ITC, Unibic, Mrs Bector, Bisk Farm, Priya Gold	High	Malkist, Cookie Man, Karachi Bakery, McVitie's Open Secret, Theobroma, Orion, Rite Bite, CookieMan, Tasties, Jaggit, Lo! Foods, Dukes
Ghee	625	GCMMF, Nandini, Heritage, ITC	High	Surge in entrants like Milky Mist, Organic India, Himalayan Natives, Vedic Ghee, Sids Farm, Rosier Foods, Jivika, Anveshan etc. Multiple regional players emerged focusing on premium A2 cow ghee
Carbonated beverages	432	Coca Cola, PepsiCo, Reliance	Low	Focused participants in premium end
Tea	265	Tata Consumer, HUL, Society (Amar Tea), Wagh Bakri	Medium	Limited competition - largely regional and premium-end players
Spices	236	Everest, MDH, DS Group, ITC, Nestlé India, JK Spices	High	Each regional has local player as leader. Competitive intensity is high
Traditional snacks	225	Haldiram, Bikanervala, Balaji, Bikaji, Gopal Snacks	High	Multiple players going national from West India
Ice Cream	230	GCMMF, HUL	High	NIC, Havmor, Cream Bell, Baskin Robbins, Cream Pot, Dairy Day, Hocco, Amore, etc
Chocolate	220	Cadbury, Nestlé, MNC CF	High	Mars, Hershey's, Ferrero, Zydus Wellness, The Whole Truth
Sugar	194	Perry's, Madhur, Adani Wilmar	Low	Limited competition
Atta	183	ITC, Adani Wilmar, Patanjali	High	Pillsbury, Khapli, Nutrapoorna, Organic Tattva, 24 Mantra
Western snacks (ex-Potato wafers)	170	ITC, Pepsi Co, Prataap Snacks, Balaji	Medium	Competition in the premium-end, focused on health – Let's Try, VS Mani, Kettle, Heka Bites, Orion, BRB, Rite bite, Mr Makhana
Sugar Confectionaries	147	ITC, Nestlé India, Parle, Perfetti Van Melle	High	Multiple small players active in this category
Instant noodle	140	Nestlé, ITC, Tata Consumer, Nissin	High	Nongshim, Samyang, Master chow, Wok tok, Orion, Wai, Kab
Bottled water	134	Parle Agro, Pepsi Co, Coca Cola	Low	Competition from select few in the premium end like Ocean Drinks, Jade Forest

Source: HSIE Research

- **F&B sees fast formalization; commodity nature distanced focus in the past:** In food and beverage, FMCG companies have historically not been able to make a mark, given diverse taste and preferences regionally, low margin profile, and need for higher working capital needs. Large players have either focused on high 'on the go' consumption like biscuits or value-added offerings.
- **With value added product adoption, and formalization, F&B got attention:** After GST implementation, the food and beverage categories have seen steady formalization. This also accentuated owing to the surge in adulteration. While large players continue to focus on the value-added opportunity, we see emergence of multiple regional players happy to operate with lower margin, given large formalization benefits. Additionally, given their size, such players are well-prepared to address cohort needs.
- **Quick commerce an enabler for D2C in F&B:** Unlike beauty and personal care seeing a resurgence of D2C brands from 2015, with ecommerce, D2C entry in F&B was constrained given perishability and need for temperature-controlled handling. Quick commerce emerged as an enabler for D2C brands in the F&B category and provides a channel to small players for addressing

Quick commerce emerged as an enabler for D2C brands in the F&B category and provides a channel to small players for addressing small cohort needs.

Sector Thematic: FMCG

small cohort needs. Unlike HPC categories, we see heightened competitive intensity for the F&B category in Quick commerce. Not only are brands surging, quick commerce platforms are also engaging with new brands, to address new consumer needs. We see food incumbents facing challenges in the quick commerce channel. Here, aligning with evolving consumer needs would be key. We also see the channel as an opportunity to premiumize the portfolio while liaising with the quick commerce platform.

Exhibit 89: ...(contd)...Foods and Beverages categories and competitive threat ...

Category	Organized market size (INR bn)	Key incumbents	Threat of new players	New players (looking to gain share)
Functional nutrition (Health food drinks)	122	HUL, Cadbury, Zydus	High	Limited competition, given slow category growth. But multiple players emerged addressing immediate needs of consumers
Potato Wafers	116	ITC, Pepsi Co, Balaji, Prataap Snacks, Gopal Snacks	Medium	Traditional players entering this space. New players are active with no palm oil offerings
Butter	112	GCMMF, Zydus Wellness	Low	Select regional players active in milk butter. New player focusing on peanut butter
Coffee	100	Nestlé India, HUL, ITC, Tata Consumer	Medium	Continental, Bevzilla, VS Mani, Sleepy Owl, Davidoff, Columbian, Country Bean
Baby Food	92	Nestlé, Amul, Abbott	High	Slurrr Farm, Manna, Yogi Baby, Nutricia
Bread	78	Britannia, Modern, Mrs Bector	Medium	The Health Factory, Protein Chef, Harvest Gold, D'lecta, Heritage, Cremetalia, Milky Mist, Mother Dairy
Cheese	78	GCMMF, Britannia, Parag	Medium	The Health Factory, Protein Chef, Harvest Gold, D'lecta, Heritage, Cremetalia, Milky Mist, Mother Dairy
Packaged Sweets	70	Bikaji, Bikanery, Haldiram, Gits, MTR, KC Das, Milky Mist	Low	Low competition
Pasta	55	Nestlé, ITC	High	Keya, Chef's Basket, Bambino, Borges, Disano, Bambino
Juice	53	Dabur, ITC, Pepsi Co	High	Raw Pressery, Rio, Mogu, Coco Charge, Pluckk
Cake	52	Britannia, ITC	Medium	Winkies, Bauli
Breakfast Cereals	52	Tata Consumer, Kellogg's	High	Bagrry's, Yoga Bar, True Elements, Slurrr Farm, Quaker
Salt	50	Tata Consumer, ITC	Medium	Premium end – Conscious Food, Catch, Popular Essential, Himalayan Natives, Only
Oat	40	Marico, Pepsi Co	Low	Low competition
Papad	33	Lijjat, Bikaji, Gopal Snacks, Shree Ram, Agarwal 420	Low	Low competition
Honey	33	Dabur, Emami, Marico, Patanjali	High	Multiple players emerged addressing premium offerings – Organic India, Disano
Ketchup	24	Heinz, HUL, Nestlé India, Tata Consumer	High	Multiple participants – Veeba, Sriracha, Del Monte, Wingreens, Habero, Moi Soi
Chyawanprash	15	Patanjali, Dabur, Emami	Low	Limited competition from new players
Soup	14	Tata Consumer, HUL	High	Multiple players emerged – Borges, Veeba, Nongshim
Soya Chunks	12	Patanjali Foods, Marico	Low	No major competition in Quick commerce
Dry Fruits	10	Tata Consumer	High	Category is up for grab with high share of unorganized

Source: HSIE Research

Exhibit 90: ...(contd)...Foods and Beverages coverage company category presence and competition from new players

Category	Threat of new players	Bikaji	Britannia	Dabur	Emami	Gopal Snacks	HUL	ITC	Marico	Nestlé
Pouch Milk	Low							Y		
Rice	Low							Y		
Edible Oil	Medium			Y				Y	Y	
Ghee	High			Y				Y		Y
Biscuits	High	Y	Y					Y		
Carbonated beverages	Low			Y						
Spices	High			Y		Y		Y		Y
Tea	Medium						Y			
Traditional snacks - Namkeen, Bhujia and Gathiya	High	Y	Y			Y		Y		
Chocolate	High									Y
Ice Cream	High						Y			
Sugar	Low							Y		
Atta	High							Y		
Western snacks (ex-Potato wafers)	Medium	Y				Y		Y		
Sugar Confectionaries	High							Y		Y
Instant noodle	High	Y			Y			Y		Y
Bottled water	Low						Y			
Functional nutrition (Health Food Drinks)	Low			Y			Y			Y
Potato Wafers	Medium	Y				Y		Y		
Butter	Low		Y					Y		
Coffee	Medium						Y	Y		Y
Baby Food	High									Y
Bread	Medium		Y							
Cheese	Medium		Y							Y
Packaged Sweets	Low	Y								
Juice	High		Y	Y	Y			Y		
Cake	Medium		Y					Y		
Breakfast Cereals	High			Y				Y		Y
Salt	Medium							Y		
Pasta	High						Y	Y		Y
Oat	Low								Y	
Papad	Low	Y				Y				
Honey	High			Y	Y					
Ketchup	High						Y			Y
Chyawanprash	Low			Y	Y				Y	
Soup	High						Y	Y	Y	Y
Soya chunks	Low								Y	

Source: HSIE Research

Theme 7: Balancing margin with the price-value equation is imperative

Stable raw material setting or steady inflation in commodity is an ideal setting for FMCG companies, as companies look to drive price levers of growth. However, commodity prices have volatility, which needs swift execution. Any sharp inflation/deflation is difficult to manage, which hurts topline and margin delivery. Amid key raw material, crude and palm oil trajectory is crucial for FMCG companies, given higher dependence on this raw material. While crude is not directly linked to COGS, companies use commodities that are derivatives of crude, leading to replication of prices.

As noted above, GST rate reduction made setting for FMCG companies tougher, now with inflation trade inventory situation again getting impacted. Unlike price cuts, proving to be tough to manage, we see price increases are relatively easier to place with trade. After a sharp surge in crude since Mar-26, FMCG companies have affected 2-4% price hikes. With West Asia situation coming under control, spot crude prices have eased, but we see derivatives reacting with a lag as supply chain ecosystem will take some time to get in order. On palm oil, we see prices remaining in a band at an elevated level.

As can be seen in the tables below, with crude and palm oil prices softer around Covid, we have seen healthier gross margin for the sector. But disruptions in supply chains followed, leading to inflationary settings in FY22-23, when most FMCG companies have reported lower gross margin in the last 10 years.

Exhibit 91: Gross margin trends across coverage companies

	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
ITC	63.2%	62.5%	63.5%	64.0%	64.9%	59.1%	56.5%	59.1%	60.3%	57.5%	58.7%
HUL	52.1%	50.8%	53.0%	53.0%	54.1%	52.9%	50.9%	47.6%	51.9%	51.5%	50.9%
Nestlé	57.9%	56.8%	59.4%	57.8%	57.5%	57.0%	54.1%	53.8%	56.7%	56.7%	55.3%
Britannia	42.4%	38.2%	38.4%	40.6%	40.3%	41.9%	38.0%	41.2%	43.4%	40.9%	41.7%
GCPL	57.1%	55.4%	56.6%	56.2%	57.0%	54.5%	49.9%	49.0%	54.2%	53.3%	51.3%
Dabur	54.9%	50.7%	50.5%	49.6%	50.0%	50.0%	48.2%	45.6%	44.3%	48.0%	48.3%
Marico	50.1%	52.2%	47.0%	45.2%	48.8%	46.9%	42.9%	45.2%	50.8%	50.3%	44.5%
Colgate	64.1%	62.9%	64.4%	65.1%	65.2%	68.0%	67.3%	65.7%	69.7%	69.9%	69.6%
Emami	69.0%	66.5%	68.0%	65.7%	67.0%	67.7%	66.3%	64.7%	67.6%	68.6%	59.8%
Honasa				64.7%	66.5%	71.2%	70.0%	70.1%	69.8%	70.3%	70.1%
Bikaji	25.8%	26.6%	28.5%	28.5%	30.7%	28.5%	27.4%	29.0%	35.2%	32.3%	35.1%
Gopal Snacks				17.5%	21.9%	18.1%	20.6%	28.4%	28.5%	25.0%	27.0%
HSIE FMCG Coverage	63.2%	62.5%	63.5%	64.0%	64.9%	59.1%	56.5%	59.1%	60.3%	57.5%	58.7%
HSIE FMCG Coverage (ex-ITC)	52.1%	50.8%	53.0%	53.0%	54.1%	52.9%	50.9%	47.6%	51.9%	51.5%	50.9%

Source: Company, HSIE Research

Note: Peak and trough highlighted in green and red, respectively

Sector Thematic: FMCG

Exhibit 92: EBITDA margin trends across coverage companies

	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
ITC	36.2%	36.1%	37.9%	38.1%	39.0%	34.5%	34.1%	36.2%	37.2%	34.5%	34.6%
HUL	17.9%	19.0%	21.1%	22.6%	24.8%	24.7%	24.5%	23.4%	23.7%	24.0%	23.5%
Nestlé	20.2%	22.2%	24.2%	23.4%	24.1%	24.3%	22.2%	22.3%	24.2%	23.6%	22.9%
Britannia	14.1%	14.1%	15.1%	15.7%	15.9%	19.1%	15.6%	17.4%	18.9%	17.8%	18.6%
GCPL	18.1%	18.3%	21.0%	20.9%	21.6%	21.6%	19.8%	18.5%	21.3%	21.5%	20.8%
Dabur	18.1%	19.8%	20.9%	20.4%	20.6%	21.0%	20.7%	18.8%	13.5%	18.4%	18.6%
Marico	17.3%	19.6%	18.0%	18.1%	20.1%	19.8%	17.8%	18.5%	21.0%	19.7%	17.1%
Colgate	22.4%	23.7%	26.6%	27.7%	26.6%	31.2%	30.7%	29.6%	33.5%	32.4%	31.0%
Emami	26.1%	30.3%	28.4%	27.0%	26.0%	30.7%	29.9%	25.3%	26.5%	26.9%	15.4%
Honasa				(26.5%)	(7.1%)	5.9%	1.2%	1.5%	7.1%	3.3%	9.9%
Bikaji	11.4%	12.0%	12.8%	10.3%	8.8%	11.0%	8.7%	10.9%	16.8%	12.5%	13.7%
Gopal Snacks				6.8%	9.7%	5.3%	7.0%	14.1%	12.0%	7.2%	6.7%
HSIE FMCG Coverage	23.8%	25.2%	26.6%	26.8%	27.8%	26.5%	25.7%	26.1%	26.7%	26.1%	25.5%
HSIE FMCG Coverage (ex-ITC)	18.2%	19.4%	21.0%	21.2%	22.3%	23.0%	21.7%	21.0%	21.9%	21.9%	21.2%

Source: Company, HSIE Research

Note: Peak and trough highlighted in green and red, respectively

Exhibit 93: Estimated raw material break-up for coverage companies

	HUL	GCPL	Marico	Dabur	Emami	Colgate	Britannia	Nestlé	Bikaji	Gopal Snacks
Raw material mix										
Non-Food	55%	80%	20%	42%	69%	25%	13%	14%	12%	20%
Food	19%	0%	65%	37%	15%	40%	88%	69%	65%	57%
Others	26%	20%	15%	21%	16%	35%	0%	17%	23%	23%
Non-food raw material mix										
Packaging	11%	20%	10%	27%	20%	10%	13%	14%	12%	20%
Soda ash	17%									
LAB	10%									
LLP			10%	15%	17%					
Crude derivatives		25%				15%				
Paper					15%					
Powder					17%					
PFAD	9%	15%								
PKFAD	8%	20%								
Food raw material mix										
Vegetable oils			15%	15%	5%		30%	12%	25%	32%
Mentha oil					10%	20%				
Wheat							30%	10%		
Maize	3%					20%				
Copra			50%							
Daal									30%	25%
Sugar (Incl Honey)	3%			10%			20%	7%	5%	
Juice concentrate				12%						
Milk							8%	27%	5%	
Coffee	3%							13%		
Tea	10%									
Crude linked	38%	45%	20%	42%	37%	25%	13%	14%	12%	20%
Palm linked	17%	35%	15%	15%	5%		30%	12%	25%	32%
Crude + Palm	55%	80%	35%	57%	42%	25%	43%	26%	37%	52%

Source: HSIE Research

For LUP, FMCG companies adjust for volumes to effect price hikes and cuts. Here companies have relatively lower price power.

LUP dependent category sees higher impact of RM volatility

Low unit packs (LUP) are designed for Indian consumers to drive penetration but eventually turn out to be a crucial selling SKU for select categories. For LUP, FMCG companies adjust for volumes to effect price hikes and cuts. Here companies have relatively lower price power as SKUs have high competition. Amid inflationary stress, consumers tend to down trade, which makes the incumbent operate with lower margins.

Exhibit 94: Category SKU salience (for 10 categories represents 44% of FMCG revenue)

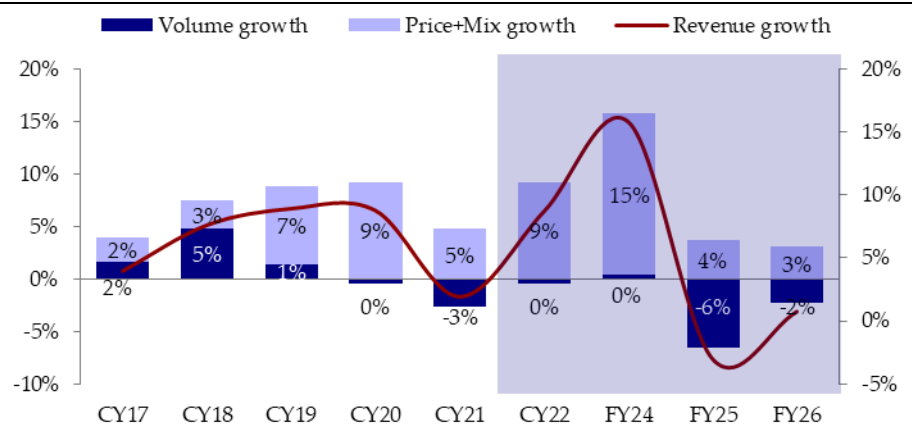
	INR 5	INR 10	Family pack
Shampoo sachets	98%	2%	
Salty snacks	75%	15%	10%
Biscuits	53%	27%	20%
Chocolate	53%	20%	27%
Vermicelli and noodles	19%	39%	42%
Spices	17%	17%	66%
Detergents bar	13%	75%	12%
Toilet soap	1%	31%	68%
Toothpaste	1%	24%	75%
Washing powder	1%	19%	80%

Source: Nielsen; HSIE Research

Price value equation crucial for consumer

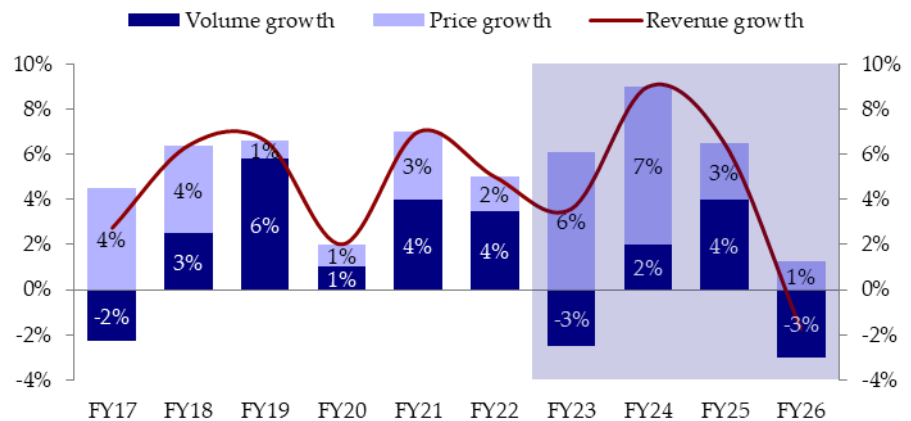
Even if an incumbent has price power, it does not mean it can sell at any price. Pricing strategy for any category is not only dependent on commodity price but also on relative options, competition, and financial health of cohort. Case in point is Nestlé India in its Baby care and Colgate in toothpastes have relatively higher price power, given strong market share. In the last few years, with steady pricing, volume growth has been under pressure. For Nestlé, volume pressure is also a factor of social media backlash. For Colgate, price hikes were advocated on superior formulations, when raw material prices remained steady.

Exhibit 95: Nestlé India has seen sharp volume pressure in its milk products segment over FY25-26, at the back of sharp price hikes undertaken in CY22-FY24



Source: Company; HSIE Research

Exhibit 96: Colgate Palmolive India took sharp price hikes over FY23-24, affecting volume delivery in FY23-26, though have helped expand margin



Source: Company; HSIE Research

Palm oil price trajectory crucial for personal care and food companies

Palm oil prices likely to remain elevated

Amid ongoing global conflict, concerns have risen around palm oil prices strengthening in tandem with crude oil, given biofuel-related linkages. Indonesia and Malaysia remain the dominant producers of palm oil due to favourable tropical conditions. Palm oil is extracted from palm fruit for edible use, while by-products such as PFAD and PKFAD are widely used in personal care products, especially soaps and shampoos. We expect palm oil prices to remain range-bound as geopolitical risk premiums gradually stabilize. With relatively comfortable availability of soybean oil and sunflower oil, the overall global edible oil balance appears manageable. However, Indonesia's planned implementation of B50 (effective 1 Jul 2026) is likely to keep prices firm, limiting any meaningful downside from current levels. The main harvest season (Aug-Oct) in the two largest producing countries will remain an important near-term pricing catalyst. El Nino scenario is also likely to have a bearing on the price trajectory ahead.

We expect palm oil prices to remain range-bound as geopolitical risk premiums gradually stabilize. With relatively comfortable availability of soybean oil and sunflower oil, the overall global edible oil balance appears manageable.

Exhibit 97: Palm oil prices over different time period

Commodity	Units	Spot price	Price change				
			1M	3M	6M	12M	24M
Food staple raw material							
Crude Palm oil - Kandla	INR/10kg	1,362	0.6%	3.5%	17.3%	24.1%	58.8%
Crude Palm oil - Future	MYR/metric ton	4,569	2.7%	2.2%	12.4%	10.2%	17.3%
Crude Palm Oil - Spot	MYR/metric ton	4,491	0.5%	0.7%	11.6%	8.1%	11.9%
Refined Palm Oil - Malaysian	USD/mt	2,170	7.4%	(5.3%)	16.0%	18.6%	70.9%
Vanaspati oil	INR/tin	2,350	2.6%	5.1%	21.4%	22.7%	40.3%
Soybean oil	INR/quintal	15,100	1.7%	(2.3%)	14.8%	25.8%	56.5%
Sunflower oil	INR/mt	1,61,000	2.5%	3.2%	9.5%	25.8%	75.0%
Non-food staple raw material							
Crude	USD/barrel	85	2.7%	(10.0%)	30.4%	24.3%	0.6%
Palm Fatty Acid Distillate (PFAD)	USD/MT	1,073	2.8%	(1.8%)	7.0%	18.7%	29.0%
PKFAD	MYR/MT	7,854	11.6%	(5.8%)	13.8%	14.5%	46.4%

Source: Bloomberg, NCDEX, HSIE Research

Note: Based on Price data till 15 Jul 2026

Sector Thematic: FMCG

Palm oil prices should not be analysed in isolation, as movements in crude-linked raw materials and packaging will collectively determine margin outcomes.

PFAD has broadly tracked movements in CPO prices. In contrast, PKFAD has exhibited divergent price behaviour.

Broader FMCG companies such as HUL, GCPL, and food manufacturers have been passing on inflation via calibrated price hikes. Palm oil prices should not be analysed in isolation, as movements in crude-linked raw materials and packaging will collectively determine margin outcomes. A sharp volatility in crude could create lag effects across multiple inputs, keeping margins under pressure in FY27.

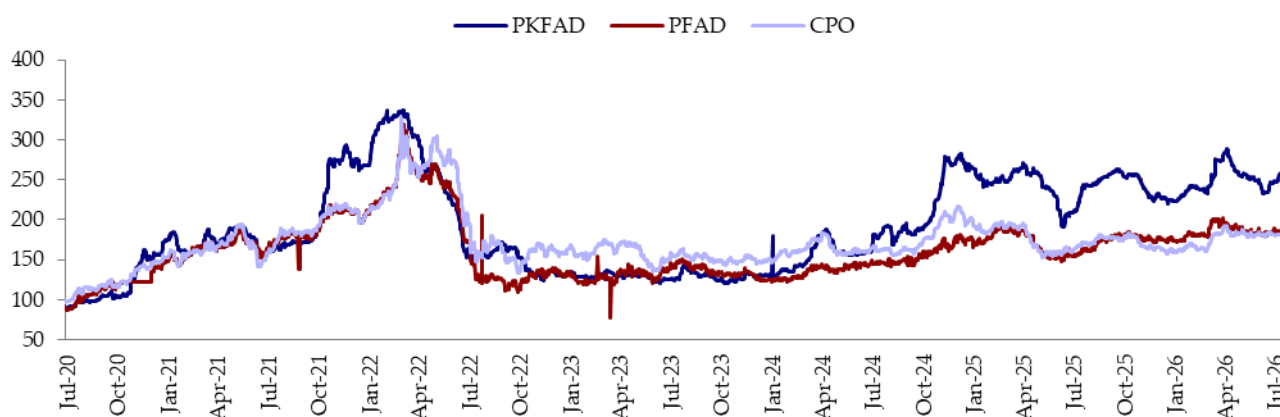
Food companies have affected 4-6% price hikes amid rising packaging and raw material costs. GCPL, in its Q4 business update, highlighted a 6-9% cost inflation for FY27 based on crude prices of US\$100–110/bbl and palm oil at MYR 4,500–4,800/mt. GCPL plans to mitigate pressures through pricing actions, cost savings, operating leverage, and disciplined media spends. With crude now easing to below USD80, we see some comfort on margin emerging, while palm oil prices remained in the guided range.

PKFAD divergent move bothers soap players

In personal care categories such as soaps and shampoos, palm derivatives like PFAD and PKFAD are widely used. Historically, PFAD (Palm Fatty Acid Distillate; a by-product from refining crude palm oil, with crude palm oil extracted from the flesh of the palm fruit) has broadly tracked movements in CPO prices. In contrast, PKFAD (Palm Kernel Fatty Acid Distillate; a by-product from refining palm kernel oil, with palm kernel oil extracted from the seed of the palm fruit) has exhibited divergent price behaviour, which has been an area of concern. Given its limited supply (only ~4–5% yield from the palm fruit versus ~20–22% yield for CPO), PKFAD prices tend to remain elevated. PKFAD supply cannot be ramped up even if PFAD availability improves, and small shifts in demand can lead to significant price volatility.

Soaps (toilet and laundry) typically contain ~70-85% fats and oils as primary raw materials, with the balance comprising water, alkali (NaOH), fragrance, fillers, and additives. In high-foam soap formulations, PKFAD (a functional additive) accounts for ~5–6% of total raw material input, implying a ~10–12% contribution to total raw material cost. In comparison, PFAD represents ~25–45% of total raw material input in soap manufacturing. In the current environment, elevated PKFAD prices are likely to exert sustained pressure on margins for personal care companies.

Exhibit 98: Assessing movement in PKFAD, PFAD, and CPO from Apr-20 (Indexed 1 Apr 2020 = 100)



Source: Bloomberg, NCDEX, HSIE Research

Palm oil has an indirect relationship with crude (via biofuel utilization)

Palm oil has no direct linkage with crude prices, as it is derived from agricultural production. However, Malaysian CPO prices show a correlation of ~0.64 with crude oil over the past decade. Over a longer period (2010 onwards), the correlation moderates to ~0.23, reflecting a structural regime change post-2016.

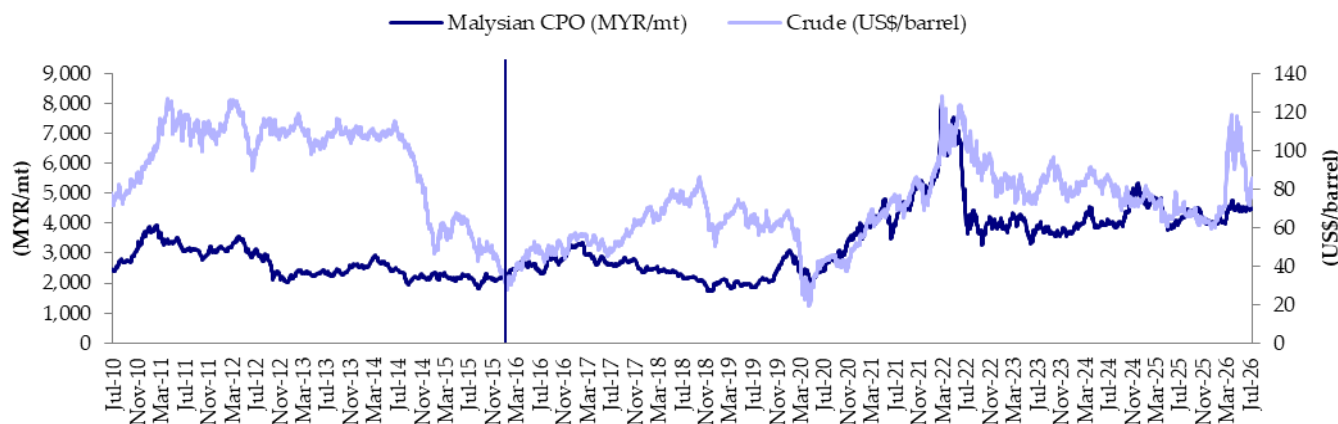
Malaysian CPO prices show a correlation of ~0.64 with crude oil over the past decade.

Sector Thematic: FMCG

Between 2010–15, correlation stood at ~0.49. Palm oil's indirect linkage to crude stems also through soybean oil. During periods of elevated crude prices, the US diverts more soybean oil toward biofuel production, tightening edible supplies and pushing prices higher. Given palm oil's role as a close substitute, it tends to mirror these price movements, creating an indirect correlation with crude.

Indonesia's biodiesel blending program strengthens this indirect relationship. After phased implementation since 2000, Indonesia's blending mandate now stands at B40 (CY25) and is slated to rise to B50 from 1 Jul 2026. Higher crude prices increase incentives to divert palm oil (ex-food) toward biodiesel production.

Exhibit 99: Malaysian CPO and Crude price



Source: Bloomberg, NCDEX, HSIE Research

Indonesia has adopted a plan to enhance the blend to 50% under the B50 initiative in the current year (effective 1 Jul 2026).

Soybean is used in the USA for biofuel, there is a direct link with crude prices (especially in case of inflation), which drives soybean oil prices. This also creates an indirect linkage with crude oil prices.

For processing, there may be a need for crude derivatives. While there is no direct relationship, given the blending norms adopted by Indonesia at the start of the century, a relative correlation exists. The Indonesian government has been blending palm oil with diesel to reduce its import bills. After multiple phases of implementation (since 2000), the blending ratio in Indonesia now stands at 40% palm oil (2016 B20; 2019 B30; 2023 B35; and 2025 B40). Indonesia has adopted a plan to enhance the blend to 50% under the B50 initiative in the current year (effective 1 Jul 2026). With a surge in crude prices, the country is likely to utilize excess palm oil (ex-foods) for its biodiesel production.

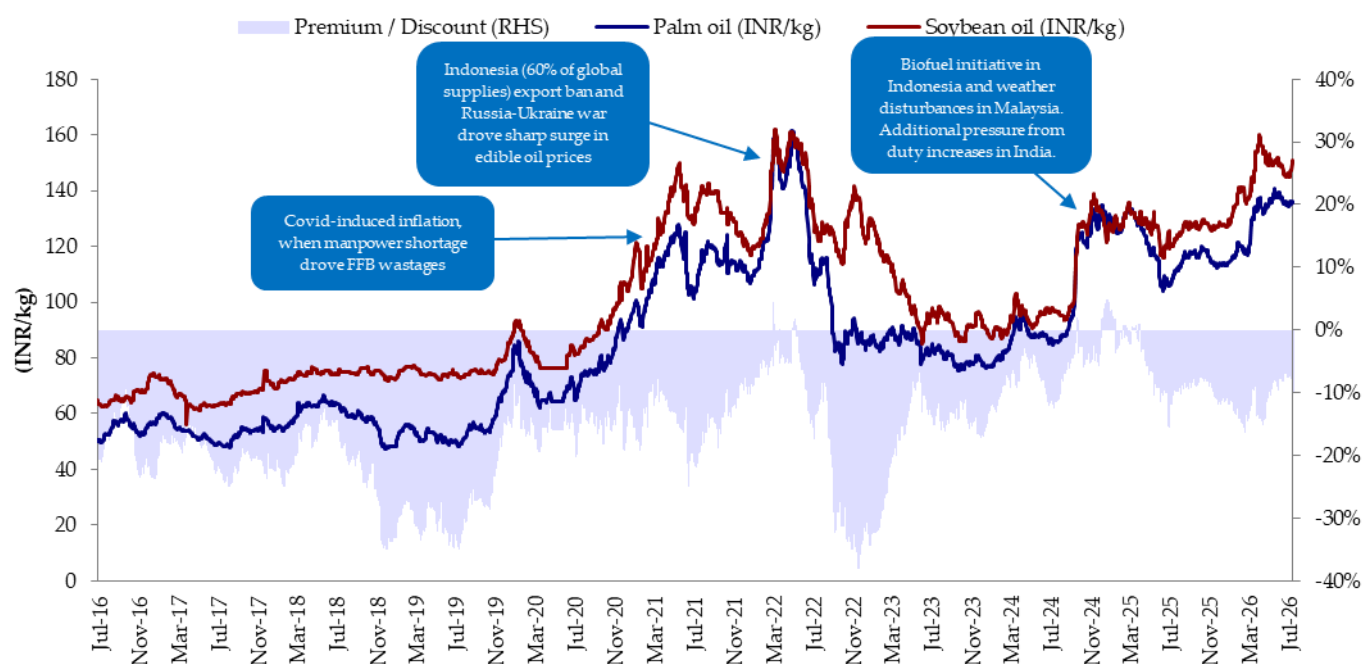
Palm oil and soybean oil move closely together

Palm oil accounts for ~35% of global edible oil consumption, largely produced in Southeast Asia. Soybean oil follows at ~30%, predominantly produced in LATAM (mainly Argentina). Sunflower oil contributes ~10%, with production concentrated in Russia and Ukraine. Palm oil and soybean oil prices show a very high correlation of ~0.97 over 2010–26 and ~0.96 over the past decade. Given that soybean is used in the USA for biofuel, there is a direct link with crude prices (especially in case of inflation), which drives soybean oil prices. This also creates an indirect linkage with crude oil prices.

From a food products perspective in daily cooking, palm oil and soybean oil are used interchangeably based on pricing. In 2024, amid weak weather conditions, soybean oil prices surged; at the same time, palm oil prices also saw an increase. For a short period in Dec-24, palm oil started trading at a premium to soybean oil. Soybean oil has a relationship with crude prices, as higher crude prices increase biofuel requirements in the USA (which uses ~30% of its soybean production for biofuel), thereby constraining global supply.

Sector Thematic: FMCG

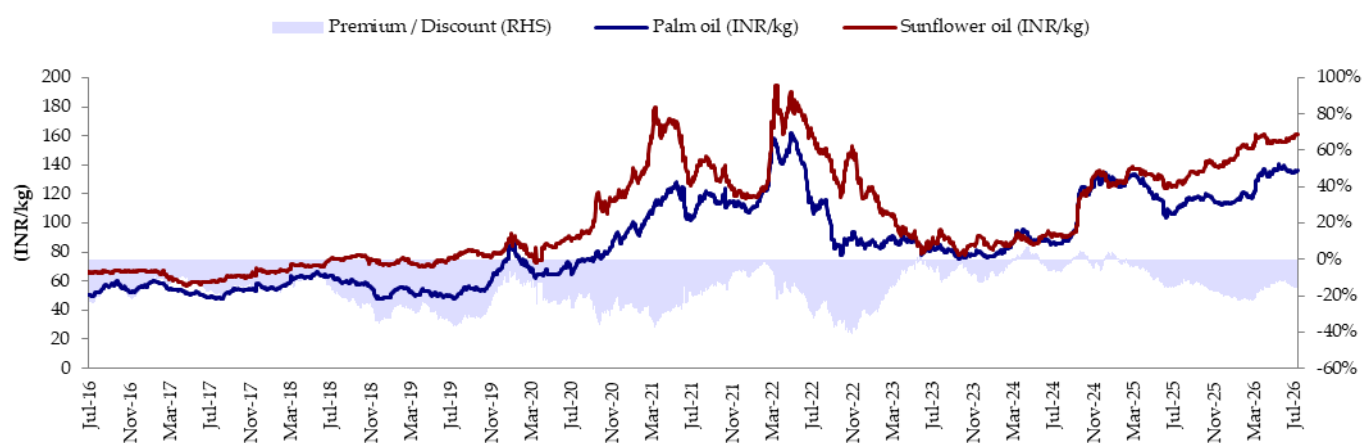
Exhibit 100: Indian palm oil and soybean oil prices



Source: Bloomberg, NCDEX, HSIE Research

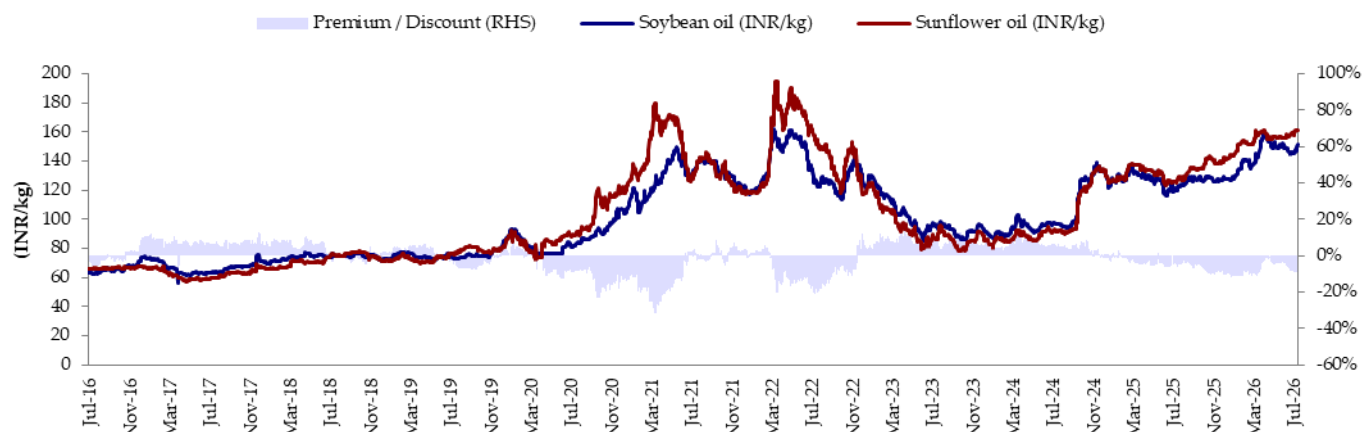
Global soybean oil supplies: From a global supply perspective, China leads (largely for domestic food and animal feed usage), followed by the USA (largely meeting food demand and its biofuel requirements), Brazil (utilizing the oil for both food and its large biodiesel program), and Argentina (the largest exporter). As per the Foreign Agricultural Service (FAS) of the US Department of Agriculture, recent rains in Feb have improved the outlook for the current soybean crop.

Exhibit 101: Indian Palm oil and sunflower oil prices



Source: Bloomberg, NCDEX, HSIE Research

Exhibit 102: Indian Soybean and Sunflower oil largely move in pair



Source: Bloomberg, NCDEX, HSIE Research

Indonesia supplies: Of the supplies, ~44% is used for domestic consumption, wherein food usage accounts for ~40% of consumption and biodiesel usage ~51% of domestic consumption. Indonesia exports ~56% of its production, with processed palm oil constituting ~70% of exports.

Indonesia's rising domestic usage and B50 policy to constrain global supply

Indonesia is the largest producer of palm oil globally, with an estimated ~60% share of world production. As per data sourced from GAPKI, the Indonesian industry body, production of CPO and PKO combined stood at ~56 mn tons in CY25. Of this, ~44% is used for domestic consumption, wherein food usage accounts for ~40% of consumption (down from ~65% in CY18) and biodiesel usage ~51% of domestic consumption (up from ~28% in CY18). Indonesia exports ~56% of its production (vs ~77% in CY18), with processed palm oil constituting ~70% of exports. In recent years, the country has witnessed a steady depletion in inventory levels. Indonesia had been exporting biodiesel to European countries; however, exports have been negligible in CY25. With the surge in crude prices, Indonesia is again exploring export opportunities.

As per media reports, Indonesia has formalised its biofuel roadmap, with B50 implementation scheduled to commence from 1 July 2026. With higher diversion of palm oil toward biodiesel, experts foresee tighter export supplies from Indonesia. Thailand, which produces ~5% of global palm oil, has tightened its CPO exports from 7 Apr by requiring permits for one year to protect domestic supply amid rising energy and export demand.

Exhibit 103: Assessing Indonesia palm production and consumption trends

('000 tons)	CY18	CY19	CY20	CY21	CY22	CY23	CY24	CY25
Total production	47,388	51,828	51,583	51,300	51,248	54,840	52,762	56,553
YoY		9%	0%	(1%)	0%	7%	(4%)	7%
Consumption	13,491	16,747	17,349	18,422	20,968	23,213	23,859	24,772
as a % of production	28%	32%	34%	36%	41%	42%	45%	44%
YoY		24%	4%	6%	14%	11%	3%	4%
- Food	8,704	9,860	8,428	8,954	9,941	10,298	10,205	9,834
- Biodiesel	3,824	5,831	7,226	7,342	8,842	10,647	11,447	12,704
- Oleo-chemical	963	1,056	1,695	2,126	2,185	2,268	2,207	2,234
Export	36,333	37,430	34,007	33,674	30,803	32,215	29,535	32,343
as a % of production	77%	72%	66%	66%	60%	59%	56%	57%
YoY		3%	(9%)	(1%)	(9%)	5%	(8%)	10%
Imports / Others	1,675	3,684	44	58	52	75	632	562
Stock	3,261	4,596	4,867	4,129	3,658	3,145	2,577	2,068
YoY		41%	6%	(15%)	(11%)	(14%)	(18%)	(20%)
Biodiesel blend	B20	B20	B30	B30	B30	B35	B35	B40

Source: GAPKI, HSIE Research

Malaysia: Export-led inventory drawdown in CY26

Exhibit 104: Assessing Malaysian palm production and consumption trends

(mt)	CY22	CY23	CY24	CY25	YTD Jun-26
Opening inventory	1,615	2,197	2,291	1,709	3,051
Production	18,547	18,552	19,338	20,283	9,023
YoY		0%	4%	5%	24%
Export	15,712	15,131	16,712	15,268	7,670
YoY		(4%)	10%	(9%)	35%
% of availability	87%	82%	84%	81%	80%
Balance	2,253	3,327	3,209	3,673	1,570
Closing inventory	2,197	2,291	1,709	3,051	2,428
YoY		4%	(25%)	79%	(20%)

Source: MPOB; HSIE Research

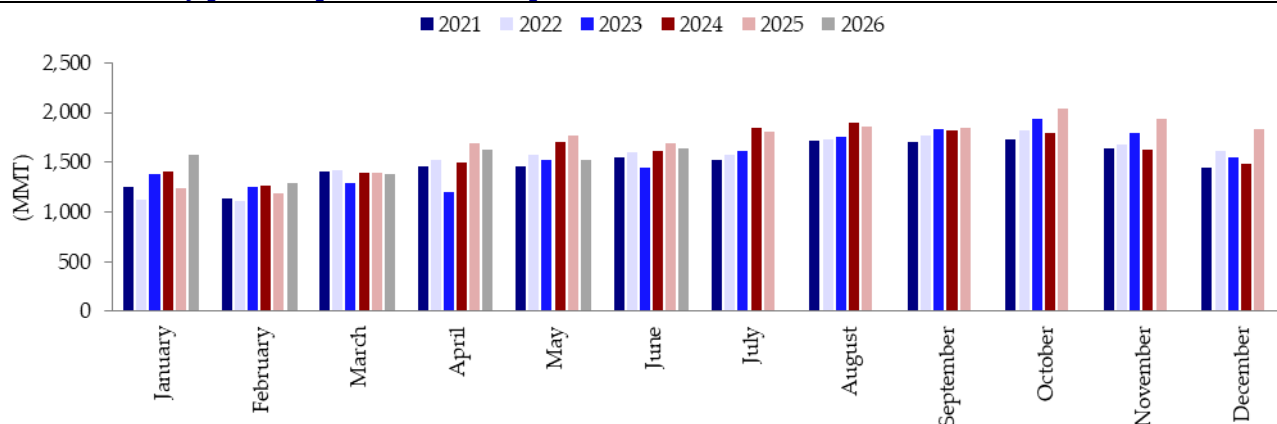
Malaysia is the second-largest producer and exporter of palm oil globally. With relatively superior quality, Malaysian palm oil has historically been in strong demand, and plantations have commanded a price premium over neighbouring countries. However, in the recent period, the country has witnessed an easing in exports; in CY25, exports declined by ~9%, whereas Indonesia recorded a ~10% increase in CY25. Reduced exports have helped Malaysia rebuild its inventory position, which had seen a sharp correction in CY24 amid a surge in exports. In CY26, with build-up of exports and production remaining muted at 2% YoY, its inventory levels have dropped 20% from CY25-end.

Exhibit 105: Malaysian spot crude palm oil price



Source: Bloomberg, HSIE Research

Exhibit 106: Monthly palm oil production trend production



Source: MPOB, HSIE Research

Crude derivatives have fair share of raw material mix for coverage companies

FMCG sector has been facing inflationary headwinds, driven by crude price surge amid West Asia war situation. With war situation subsided, we expect FMCG companies building gross margin back. Crude is one of the largest components of the raw-material basket, given usage in product formulations (derivatives), packaging material, and freight costs. In the last 12 months, prices have been stable.

Exhibit 107: Crude price trend crucial for FMCG sector margin



Source: Bloomberg; HSIE Research

Exhibit 108: Annual price movement for key raw material prices

Raw material	Category	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Food RM												
Barley	Health food drinks	-6%	20%	-4%	4%	19%	-16%	22%	52%	-26%	3%	7%
Wheat	Biscuits, Noodles, Bread	2%	12%	0%	4%	11%	-7%	0%	24%	5%	7%	4%
Wheat International	Biscuits, Noodles, Bread	-13%	-13%	3%	14%	1%	13%	34%	12%	-29%	-7%	-6%
Sugar	All food	-9%	36%	-3%	-14%	6%	0%	3%	2%	6%	2%	4%
Maize	Toothpaste	9%	14%	-6%	-10%	58%	-26%	11%	38%	-9%	15%	-5%
Crude Palm oil – India price	Soap, Shampoo, all food	-16%	23%	2%	11%	-6%	38%	47%	3%	-28%	19%	20%
Crude Palm oil – Malaysian Future	Soap, Shampoo, all food	0%	18%	-5%	-14%	6%	25%	58%	-4%	-15%	12%	-3%
Crude Palm Oil – Malaysian Spot	Soap, Shampoo, all food	-5%	28%	-7%	-19%	8%	35%	61%	-8%	-17%	15%	-5%
Refined Palm Oil – Malaysian Spot	All food	-14%	56%	-16%	-30%	-17%	35%	87%	-30%	-26%	65%	23%
Vanaspati oil	All food	-8%	19%	2%	7%	-1%	21%	41%	-1%	-17%	21%	4%
Soyabean oil	Edible oil	-4%	11%	1%	11%	4%	23%	40%	-3%	-28%	22%	13%
Sunflower oil	Edible oil	12%	2%	-4%	16%	6%	43%	25%	0%	-38%	29%	24%
Liquid Milk	Milk and Baby foods	7%	2%	4%	2%	3%	6%	6%	9%	8%	3%	0%
Powder Milk	Milk and Baby foods	-8%	-4%	7%	-10%	26%	1%	0%	14%	5%	-2%	-1%
Coconut oil	Coconut oil	-9%	64%	4%	-3%	0%	14%	-5%	-17%	-5%	70%	44%
Milling Copra	Coconut oil	-27%	-12%	75%	-2%	-9%	17%	-12%	-18%	1%	59%	46%
Tea	Tea	1%	7%	-2%	6%	-2%	38%	-10%	5%	-8%	20%	-4%
Coffee	Coffee	-5%	-7%	-1%	-4%	3%	4%	16%	32%	-1%	47%	26%
Chocolate and Cocoa Powder	Chocolate	2%	5%	-2%	2%	-2%	-1%	4%	5%	5%	25%	14%
Non-food RM												
Linear alkylbenzene (LAB)	Laundry	-19%	-3%	4%	9%	-3%	1%	31%	15%	-15%	-2%	17%
High-density polyethylene	All packed products	-12%	-2%	-1%	12%	-24%	12%	30%	3%	-12%	-3%	-2%
Menthe Oil	Toothpaste, Hair oil, balm	27%	0%	37%	25%	-15%	-20%	-4%	8%	-12%	-5%	7%
Crude (derivative usage)	Multiple FMCG categories	-44%	2%	16%	22%	-14%	-25%	75%	19%	-14%	-5%	-12%
Light Liquid Paraffin (LLP)	Hair oil	-31%	-1%	21%	13%	-8%	4%	24%	33%	7%	0%	0%
Soda Ash	Laundry	2%	-3%	1%	5%	0%	-7%	22%	67%	-13%	-19%	-6%
PKFAD	Soap						20%	122%	-34%	-34%	87%	29%
Palm Fatty Acid Distillate (PFAD)	Soap	-27%	28%	-1%	-27%	9%	37%	69%	-23%	-14%	19%	9%
Caustic Soda	Laundry	4%	10%	18%	-10%	-11%	-20%	61%	36%	-27%	-21%	9%

Source: Bloomberg, NCDEX, Tea Board, MPOB, HSIE Research

Theme 8: Regulatory support crucial for macro

India is a consumption-driven economy with ~58% of GDP depending on consumption. Its widest population base is an enabler for the economy, where consumption is a long-term theme. This is also a realization with the government, who have been doing timely interventions, but efforts have been jeopardized with weak macro settings absorbing benefits at consumer.

Key initiatives at center and state levels enhancing the fundamentals

Manufacturing infra enhanced by state support, some continues to offer benefits to attract investments

Historically, state governments have offered fiscal benefits for setting up manufacturing units to develop states, which has been an enabler for the sector, where most production is indigenous. Additionally, this paves an opportunity for new-age brands, who can source required products from third party units in a timely manner. Traditional companies have been enhancing the capex to create integrated manufacturing facilities, which enhances cost efficiency and enhance premiumization push.

Exhibit 109: Pivot toward integrated manufacturing and logistic facilities

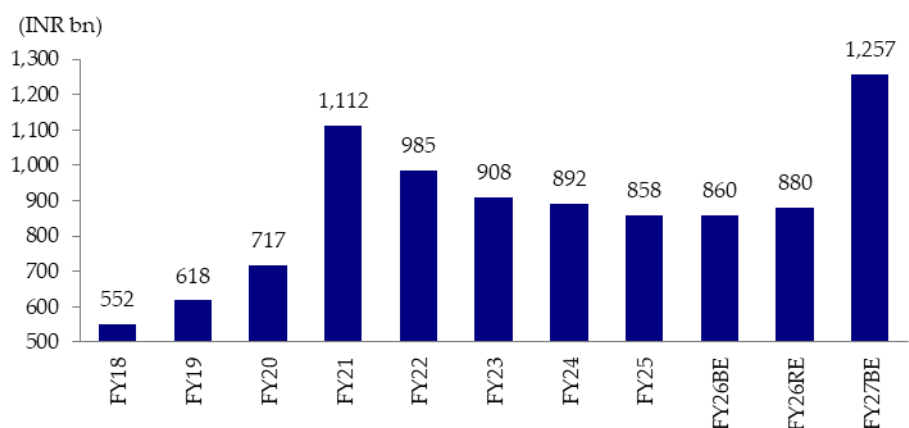


Source: Company; HSIE Research

Central government initiatives paved infra development, paving enhanced FMCG distribution

This followed by infusion of funding in rural markets, where the government has been attentive on employment. MGNREGA (now replaced by Viksit Bharat-Guarantee for Rozgar and Aajeevika Mission - Gramin) as is a big enabler, not only providing income avenues for population, but also helped building infra, which has been a constraint for FMCG companies in distributing products in the hinterland.

Exhibit 110: Annual outlay toward rural employment scheme (MGNREGA+ VB-G RAM G)



Source: Indiabudget.gov; HSIE Research Note: BE= Budget Estimates; RE=Revised Estimates

Sector Thematic: FMCG

Exhibit 111: Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) 2005 helped enhance infra across country

BEFORE COMMENCEMENT OF WORK



AFTER COMPLETION OF CONSTRUCTION:



Source: PIB, HSIE Research

Central and state initiatives enhancing consumer profile for population in poverty line

Under the current government, there has been a push for uplifting a section of population, which has no relevance for the sector. We consider initiatives like Pradhan Mantri Awas Yojna (housing for all), sanitation (toilets at home), Ujjwala scheme, Swachh Bharat Abhiyaan and Jal Jeevan Mission as a structural initiative, which will not only help enhance standard of living for the households, but also help penetration of FMCG sector as they seek health and hygiene products.

Exhibit 112: Key central government schemes support for rural economy (INR bn)

Initiatives	Scheme	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26BE	FY26RE	FY27BE
Food subsidy	Pradhan Mantri Garib Kalyan Anna Yojana	1,003	1,013	1,087	5,413	2,890	2,728	2,118	1,999	2,034	2,282	2,276
Rural Employment guarantee	MGNREGA	552	618	717	1,112	985	908	892	858	860	880	300
Rural Employment guarantee	Viksit Bharat-Guarantee for Rozgar and Aajeevika Mission (Gramin)											957
Rural road construction	Pradhan Mantri Gram Sadak Yojna	169	154	140	137	140	188	154	179	190	110	190
National livelihood mission	National Livelihood Mission - Aajeevika	49	63	98	100	102	115	139	147	190	160	192
PMAY Rural	Pradhan Mantri Awas Yojana-Gramin (PMAY-G)	226	193	181	210	262	450	218	323	548	325	549
Irrigation scheme	Pradhan Mantri Krishi Sinchai Yojna	66	81	82	79	113	56	61	65	83	69	71
Rural drinking water mission	Jal Jeevan Mission (JJM)	70	55	100	110	631	547	699	226	670	170	677
Crop insurance scheme	Crop Insurance Scheme	94	119	126	142	135	103	129	145	122	123	122
Health insurance scheme		5	22									
Income support scheme	Pradhan Mantri Kisan Samman Nidhi	-	12	487	610	668	583	614	661	635	635	635

Source: Indiabudget.gov, HSIE Research

Note: BE= Budget Estimates; RE=Revised Estimates

Women upliftment an agenda with Central, state and corporates

Additionally, there has been a plethora of opportunities for the women in the households, in the form of funding entrepreneurship, and incentives. Women have been centre of attention for all the state governments. FMCG companies have also dedicated projects around women like Shakti Amma network by HUL and Project Swabhiman by Nestlé India.

Exhibit 113: Women focused central government initiatives

Scheme	Focus Area	Highlights
Mission Shakti	Safety, security & empowerment	Umbrella program with two verticals: <i>Sambal</i> (safety/security) and <i>Samarthya</i> (empowerment). Includes One Stop Centres, Women Helpline (181), and Nari Adalat for grievance redressal.
Beti Bachao Beti Padhao	Gender equality & education	Improved Sex Ratio at Birth from 918 (2014–15) to 930 (2023–24). Increased girls' enrolment in secondary schools.
Pradhan Mantri Matru Vandana Yojana	Maternal health & nutrition	Provides cash benefits to pregnant and lactating women to support nutrition and reduce maternal mortality.
Saksham Anganwadi & POSHAN 2.0	Child & maternal nutrition	Covers 9.88 crore beneficiaries; strengthens Anganwadi infrastructure with toilets, drinking water, and buildings.
Lakshpati Didi	Centrally Sponsored (DAY-NRLM)	Enables SHG women to earn INR100k+ annually; 14.8mn women already "Lakshpati Didis."
Sakhi Niwas	Economic empowerment	Secure accommodation for working women.
Palna	Childcare support	Daycare facilities for children of working mothers.
Pradhan Mantri Mudra Yojana	Entrepreneurship & credit	Provides loans to women entrepreneurs; expenditure rose from INR14.78bn (2021–22) to INR18.15bn (2023–24).
Mahila Samman Savings Certificate	Financial inclusion	Small savings scheme exclusively for women, with higher interest rates.

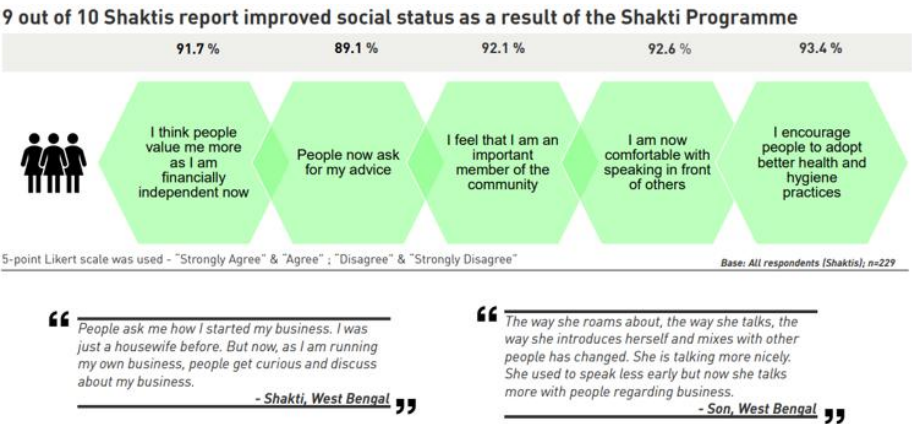
Source: Media, HSIE Research

Exhibit 114: Women focused state government initiatives

Scheme	State	Benefit	Eligibility Highlights
Mukhyamantri Mazhi Ladki Bahin Yojana	Maharashtra	INR1,500 monthly allowance (total outlay INR460bn)	Women aged 21–65, family income ≤ INR2.5 lakh; excludes govt employees & IT payees.
Ladli Behna Yojana	Madhya Pradesh	INR1,250 monthly (cover 12mn women)	Women aged 23–60, family income ≤ INR2.5 lakh, landholding < 5 acres.
Gruha Lakshmi Yojana	Karnataka	INR2,000 monthly	Woman head of BPL families; aimed at homemakers.
Orunodoi Scheme	Assam	INR1,250 monthly	Women from low-income households; covers health, education, nutrition.
Mahtari Vandan Yojana	Chhattisgarh	INR1,000 monthly	Married women aged 21–60; family income ≤ INR2.5 lakh.
Mukhyamantri Mahila Samman Yojana	Delhi	INR2,500 monthly	Women aged 18–60, family income ≤ INR3 lakh; excludes govt employees.
Magalir Urimai Thogai	Tamil Nadu	INR1,000 monthly	Women heads of households; launched in 2023.
Lakshmir Bhandar	West Bengal	INR1,000–INR1,200 monthly	Women aged 25–60, family income ≤ INR2.5 lakh.
Subhadra Yojana	Odisha	INR10,000 annually (INR5,000 twice a year; cover 10 mn women)	Women aged 21–60, family income ≤ INR2.5 lakh.
Lado Laxmi Yojana	Haryana	INR2,100 monthly	Women aged 18+, economically weaker sections.

Source: Media, HSIE Research

Exhibit 115: HUL's Shakti initiative empowering women



Source: Company; HSIE Research

Exhibit 116: Nestlé India's Project Swabhimaan



Source: Company; HSIE Research

Post-Covid initiatives on self sufficiency

In Covid-19, the government realized the importance of self-sufficiency. To boost indigenous capacities and create India as an export hub, government has laid out production-linked initiatives across multiple consumption class. These initiatives have been promoted for a define time period and is awaiting extension now, as some of the projects with 5-6 years duration is getting at tenure. As per Mar-26 release of PIB, the PLI scheme attracted over INR2.16trn investments, drove INR20.41trn production and generated 1.44mn employment.

Exhibit 117: Production-linked incentive scheme and allocated outlay

Sector	Outlay (INR bn)
Large Scale Electronics Manufacturing	410
Automobiles & Auto Components	259
High Efficiency Solar PV Modules - Tranche II	195
Advance Chemistry Cell (ACC) Battery	181
IT Hardware 2.0	170
Pharmaceuticals Drugs	150
Telecom & Networking Products	122
Food Products	109
Textile Products: MMF segment and technical textiles	107
Bulk Drugs	69
Specialty Steel	63
White Goods (ACs & LED)	62
High Efficiency Solar PV Modules - Tranche I	45
Medical Devices	34
Drones and Drone Components	1
Total	1,978

Source: Company; HSIE Research

GST implementation, followed by rate rationalization

Since the government implemented GST in 2017, there has been a steady formalisation in the economy, where category incumbents have benefited from demand surge. This setting further enhanced where government has reduced GST rates across multiple categories in Sep-25, which is likely to accelerate formalization. FMCG companies have seen mixed reaction to rate cut, as the trade pipeline got disrupted with differential priced SKUs. However, players are optimistic on structural long-term benefits.

Exhibit 118: Portfolio benefits from GST rate reduction

	GST 1.0	GST 2.0
HUL	30-40%	33%
Dabur	30-35%	68%
GCPL	75-80%	35%
Nestlé	30-35%	67%
Britannia	40-50%	88%
Marico	60-70%	22%
Colgate	90-95%	100%
Emami	50-60%	91%
ITC FMCG	60-70%	57%
Bikaji		78%
Gopal Snacks		84%

Source: Company; HSIE Research

Exhibit 119: GST rate reduction in GST 2.0

Category	Products	Earlier GST Rate	New GST Rate (effective Sept 22, 2025)
Dairy & Staples	Ultra-High Temperature milk	5%	0%
	Pre-packaged & labelled paneer / chena	5%	0%
	Butter, ghee, cheese	12%	5%
Indian Breads	Chapati, roti, paratha, parotta, khakhra	5%	0%
Packaged Foods & Snacks	Namkeens, bhujia	12%	5%
	Sauces, pasta, noodles	12%	5%
	Chocolates	18%	5%
	Cornflakes / breakfast cereals	12%	5%
	Preserved meat	12%	5%
	Coffee (instant/processed)	18%	5%
Personal Care & Household	Hair oil	18%	5%
	Toilet soaps	18%	5%
	Shampoos	18%	5%
	Toothpaste	18%	5%
	Toothbrushes	12%	5%
	Tableware, kitchenware, household articles	18%	5%
Other FMCG / Essentials	Chyawanprash	12%	5%
Sin / Demerit FMCG	Aerated/sweetened drinks	28% + cess	40%
	Pan masala, gutkha, cigarettes, chewing tobacco, bidi	28% + cess	40% (except bidis : 18%)

Source: Govt, HSIE Research

With GST cut, formalization remains a long-term opportunity, but in the near to medium term, managements see benefits to be limited. In the recent past, the government has been looking to improve affordability/household savings, but this does not drive FMCG consumption expansion, may be beneficial for discretionary consumption. In the long run, any benefit for FMCG sector will be income led not savings driven.

Theme 9: Preparedness for ongoing disruption is vital

In the word of Nitin Paranjpe, Chairman, Hindustan Unilever:

"Today, change is no longer episodic. While earlier eras of disruption were largely sequential, today, disruptions are simultaneous and compounding. Geopolitics, technology and climate change are all reshaping the operating environment at the same time."

"The question is no longer whether disruption will come. The question is whether we can turn these challenges into opportunities. Whether the things we do today to navigate short-term pressures can also become the foundations of long-term strength."

In the past 10 years, we have seen an insurgence of steady disruptions, starting from demonetization hurting indirect sales, followed by GST roll-out affecting trade again; then came the Black Swan event in 2020 in the form of COVID-19, which was followed by rural slowdown. Then the commodity shake-up took place in FY23-24 and increased global logistics costs, which was followed by the West Asia War situation. The next we expect raw material setting to be inflationary. These macro pressures have stressed FMCG incumbents, who have been encountering waning moats. While management remains optimistic and remains excited about the India growth opportunity, given global trends, we expect the preparation for disruption to be the key ahead.

Disruption can have a lasting impact, preparation key

It is crucial to have a strategy around disruptive forces, which may have short to long-term implications. At one end, disruptions do have a bearing on short-term performances, but with the right strategy, one can capitalize on headwinds and enhance structural outlook. Like recent GST reduction had short-term impact on the sector, where companies have faced headwinds in addressing trade needs, at the same time, this has created a setting for faster formalization.

Exhibit 120: Duration of disruption key

Impact Duration	Impact		
	Short Term	Mid Term	Long Term
	< 3 Mths	6-9 Mths	> 1Yr
We have seen this movie before	Ex : GST 2.0	Ex. Conflicts (start of Ukraine, Middle East, tariffs)	Ex. Covid
Observations from the Past	Stock disruption for TT	Impact on Portfolio - packsize shifts	Lasting change in channel mix, Ecom expansion
	MT and Ecom resilience	Change in Price Elasticity	Lasting change in consumer preferences
	Temporary brand Shifts	Shrinkflation	Portfolio mix changes

Source: Nielsen; HSIE Research

COVID has a lasting effect on the sector. Event was a black swan event and has provided setting for faster growth for traditional FMCG players in the short term, where essential categorisation has helped address needs faster.

COVID has a lasting effect on the sector. Event was a black swan event and has provided setting for faster growth for traditional FMCG players in the short term, where essential categorisation has helped address needs faster. Structural opportunity was in Health and Hygiene, where consumption stayed but formats changed. Many of the traditional players have gradually rolled back contextual product offerings, but trend remained in other formats, which new-age brands have been able to capture well. As noted above, convenience has gained momentum, leading to a surge in share of ecommerce channel.

Sector Thematic: FMCG

Russia-Ukraine war has created a medium-term impact to the sector.

2026 started with tariff disruption, which was followed by the West Asia war.

With Strait of Hormuz route remaining stressed, we expect supply chain resumption to be gradual.

Russia-Ukraine war has created a medium-term impact to the sector, where inflation in palm oil has a bearing on food and personal care companies. Pricing turns crucial, where LUPs have seen shrinkflation, while large packs have seen price hikes. Setting has also prompted government to pursue palm farming, as a long-term solution to arrest price shocks.

Key disruptive forces for 2026

2026 started with tariff disruption, which was followed by the West Asia war. This setting has driven sharp volatility in crude prices, which had instant effect on packaging material costs. Inflationary crude has affected supplies of derivative products, where supply chain got disrupted, leading to vendor defaults on the commitments. As the West Asia War situation is getting under control, crude prices have seen correction, but we see lasting effect of supply chain disruption, which is likely to stay for full year. FMCG companies have reacted with price hikes to ward margin stress. This is medium-term disruption, in our view.

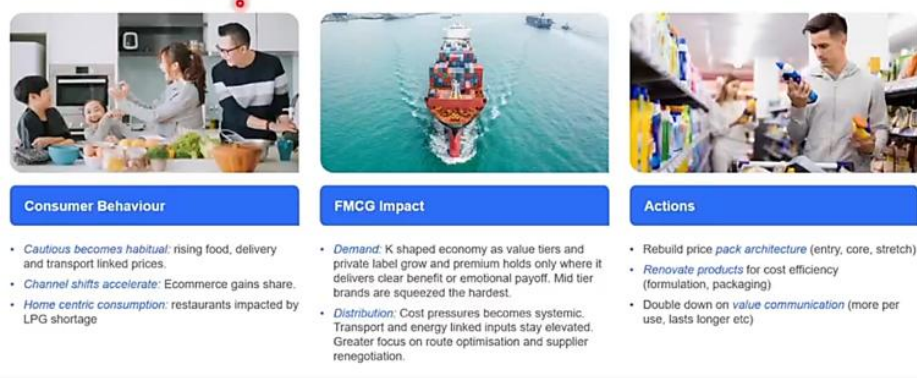
Second disruption expected in the year is from implementation of B50 in Indonesia, post which, the market is speculating inflationary pressure. After the West Asia war, reliance on biofuel has seen faster adoption across geographies, like in India focus is to enhance ethanol. Like GCPL, we believe palm prices to remain in band, as we see sufficient supplies of alternate edible oil. But players need to be prepared for possible inflationary pressure. This is also important from El Nino scenario affecting produce for the year.

We also see short-term impact on logistics and resumption of supply chain for international shipments. Players like Dabur and Britannia have started routing supplies from India for international business, which is likely to be margin-dilutive. With Strait of Hormuz route remaining stressed, we expect supply chain resumption to be gradual. We see players need to get distributed production to minimize impact from any war type situation in future.

Exhibit 121: War situation has a medium-term disruption on the sector

Mid term conflict that extends through 2026

Energy prices remain higher for longer. Freight, packaging and manufacturing costs reset at a higher baseline.



Source: Nielsen; HSIE Research

Nielsen warned that consumer have turned cautious, which if sustained, can become habitual. In this time, ecommerce continue to get a boost, as convenience gained preference. There is a possible K shaped economy, where premium-end will see faster growth, while mid-tier brands will be squeezed.

Nielsen in its recently-held webinar, *Crisis on the Shelf*, has called out expected impact from current disruption. Nielsen warned that consumer have turned cautious, which if sustained, can become habitual. In this time, ecommerce continue to get a boost, as convenience gained preference. There is a possible K shaped economy, where premium-end will see faster growth, while mid-tier brands will be squeezed. Distribution rejig would be required for international markets, leading to systemic cost pressures, companies will have to get into route optimization and supplier renegotiation. For domestic business, companies will have to focus on price pack architecture, renovate products (formulation and packaging actions), and advocate product value communication.

Consumer Price Index

Rising inflation

Consumer Confidence Index



Exhibit 123: Impact on commodity prices

Most Impacted
(Direct impact)

- India imports over 85% of its crude; disruptions to Hormuz directly inflate fuel, logistics, and manufacturing costs.

- Industries hit the hardest: Fertilizers, ceramics, glass, steel re-rolling mills, chemicals, textiles (all dependent on feedstock)

- 73 petrochemical commodities spiked in a single week. Maleic Anhydride (used in

Moderately Impacted
(Import dependent)

- Retail sunflower oil prices jumped in 6 months
- Palm oil and soybean oil rose 6% a respectively in the same period

- India imports 5-6 million tons of pulses
- higher freight costs pushed up retail prices

- Domestic oversupply later stabilized prices, but the initial impact was noble

Indirectly Impacted
(via fuel/logistics)

- Petrochemical shortages → higher input costs for polyester, nylon, synthetic fabrics

- Aviation Fuel & Transport Costs
 - This indirectly affects ALL commodities (higher logistics costs)

- Packaged drinking water of 1 ltr again spiked to Rs. 20 due to packaging
- Same impact observed in laundry category due to supply constraint in Surfactants

Source: CNHC, MINT. <https://www.intelcom.intelligence.com/crude-oil>. Consulted 12/01/2020.

Exhibit 124: Impact analysis: Companies are adopting K Shaped strategy

On ground impact : Early Stories (1/2)

On ground impact : Early Stories (1/2)
How global unrest affected giants – managing costs need immediate attention than making aggressive investments



On ground impact : Early Stories (2/2)

How global unrest derailed local brands' growth story



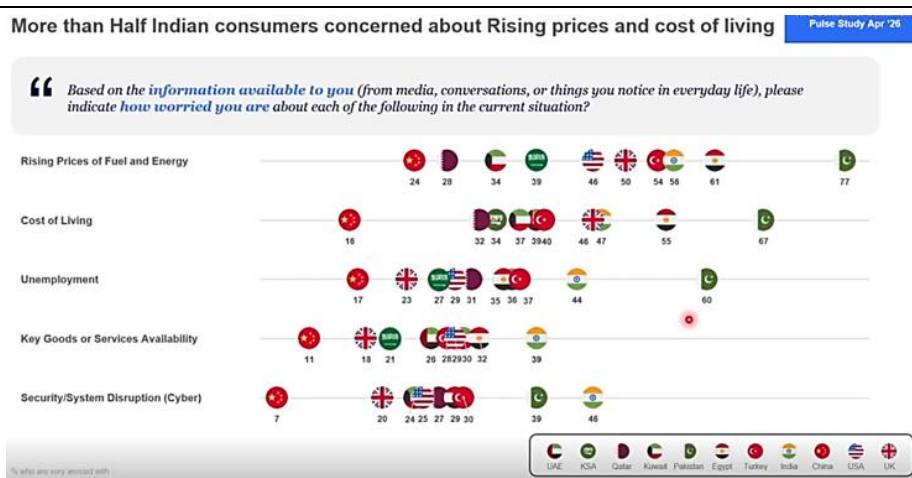
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In India, with disruption in fuel supplies (LNG and LPG), households have seen a sharp surge in cooking gas, which was followed by supply cuts affecting regular supplies. Additional pressure point emerged in the logistic costs, where petrol and diesel prices have seen regular upward price revisions.

Indian consumer is worried about rising fuel prices and cost of living

Nielsen conducted survey across the world in Apr-2026, assessing consumer concerns across stress heads. In India, with disruption in fuel supplies (LNG and LPG), households have seen a sharp surge in cooking gas, which was followed by supply cuts affecting regular supplies. Additional pressure point emerged in the logistic costs, where petrol and diesel prices have seen regular upward price revisions. Rising fuel and energy prices have been the topmost concern for the consumers surveyed. Cost of living emerged as a second biggest concern for consumer, where household budget has seen expansion, absorbing the full benefit of GST rate reduction. Additionally, if El Nino scenario holds true, there is a concern around food inflation, which may trigger demand pressure. This situation will lead to cautious spendings by consumers.

Exhibit 125: Consumer survey (Apr-2026, by Nielsen) assessing the concern areas for consumers across the world



Source: Nielsen; HSIE Research

Exhibit 126: Consumer survey (Jul-25, by Nielsen) assessing the concern areas for consumers across the world

Concerns of Global Conflict/ Escalation have been on the minds of consumers even last year.
 Job security, inflation, economic hardships are the next highest concerns

Top concern	APAC	Australia	China	India	Indonesia	Japan	Singapore	South Korea	Thailand
1	Increasing food prices	Increasing food prices	Economic downturn	Global conflict / Escalation of crisis or disruption	Increasing food prices	Increasing food prices	Increasing food prices	Increasing food prices	Economic downturn
2	Economic downturn	Global conflict / Escalation of crisis / War	Self / Family welfare / happiness	Global warming / climate change / environment	Global conflict / Escalation of crisis / War	Increasing utility bills (e.g. electricity, gas, heating)	Economic downturn	Economic downturn	Global conflict / Escalation of crisis / War
3	Global conflict / Escalation of crisis / War	Increasing utility bills (e.g. electricity, gas, heating)	Job security	Job security	Economic downturn	Global conflict / Escalation of crisis / War	Global conflict / Escalation of crisis / War	Global conflict / Escalation of crisis / War	Increasing food prices
4	Self / Family welfare / happiness	Increased housing costs (i.e. rental rates, housing shortages)	Increasing food prices	Increasing food prices	Ability to provide basics (food/ shelter) for myself/ family	Economic downturn	Job security	Increasing utility bills (e.g. electricity, gas, heating)	Increasing utility bills (e.g. electricity, gas, heating)
5	Increasing utility bills (e.g. electricity, gas, heating)	Economic downturn	Ability to provide basics (food/ shelter) for myself/ family	Economic downturn	Self / Family welfare / happiness	Global warming / climate change / environment	Increasing utility bills (e.g. electricity, gas, heating)	Job security	Increased housing costs (i.e. rental rates, housing shortages)

Source: Nielsen; HSIE Research

Exhibit 127: How consumer adapting inflationary setting (survey conducted by Nielsen in Jul 2025)

Consumers have been moving toward affordability with a range of actions amid macro headwinds

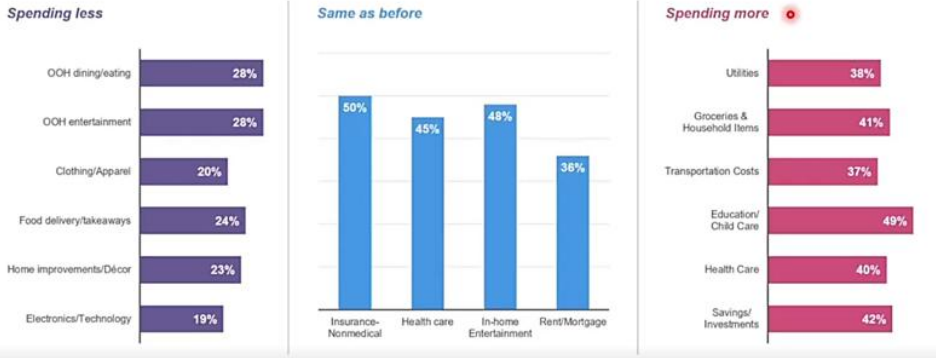


Source: Nielsen; HSIE Research

Exhibit 128: Consumer planning for 2026: Nielsen indicates priority on core essentials, discretionary spends to see easing

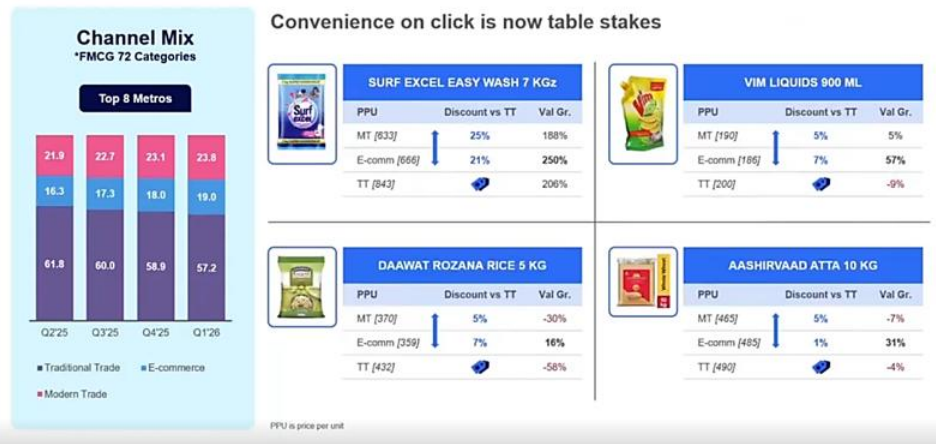
While Core expenses are prioritized, Child Education remains the biggest priority to consumers for Spending more.

Spending intentions for the next 12 months



Source: Nielsen; HSIE Research

Exhibit 129: Ecommerce relevance enhanced beyond convenience



Source: Nielsen; HSIE Research

Theme 10: Valuation derating continues

FMCG sector premium valuations have historically been anchored in strong moats, many of which are now gradually eroding. We believe building new moats will be critical to sustaining sector valuations. Barring Marico and Nestlé, most companies in our coverage are trading at a discount to their historical average forward valuations, which in our view reflects both shrinking moats and a weaker macro backdrop.

Exhibit 130: Current 12M forward P/E vs historical averages

	Britannia	Colgate	Dabur India	Emami	HUL	ITC	GCPL	Marico	Nestlé India	Bikaji *	Honasa Consumer *
10Yr Average	48	41	44	30	51	21	43	43	61	-	-
5Yr Average	49	42	45	27	52	21	47	46	66	-	-
3Yr Average	51	46	44	27	50	23	49	46	66	56	67
1Yr Average	50	40	41	24	48	21	46	48	66	53	52
Current	44	37	36	21	43	17	43	49	67	48	58
vs 3Y Average	(12%)	(20%)	(18%)	(21%)	(14%)	(24%)	(12%)	6%	1%	(15%)	(13%)
vs 5Y Average	(10%)	(14%)	(21%)	(20%)	(17%)	(18%)	(8%)	8%	1%	-	-
vs 10Y Average	(7%)	(12%)	(18%)	(28%)	(16%)	(19%)	(1%)	14%	9%	-	-

Source: Company, Bloomberg, HSIE Research;

* Note: Bikaji Foods got listed on 16 Nov 2022 and Honasa Consumer listed on 7 Nov 2023

Note: Price data updated till close of business on 16 Jul 2026

New moat crucial for valuation support

Until new moats emerge (possible in data analytics capabilities), we expect valuation to remain stressed, even with regulatory support. In the past, we have seen regulatory support with stimulus for the sector, but the same has gone in vain with inflationary pressures. Our check on the ground suggests, consumers need enhancement of incomes, while government is supporting with expansion in savings.

Margin pressure an added pressure on valuations

Apart from the waning moat, valuations are seeing pressure, also from waning margins, where some are strategizing to pull growth, some see commodity pressures, and some see seasonality stress. Some of the FMCG companies have seen margin in and around COVID when faster growth resulted in operating leverage. While some has seen margin peak in FY24, amid deflationary commodity cycle.

Exhibit 131: EBITDA margin trends across coverage companies

	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
ITC	36.2%	36.1%	37.9%	38.1%	39.0%	34.5%	34.1%	36.2%	37.2%	34.5%	34.6%
HUL	17.9%	19.0%	21.1%	22.6%	24.8%	24.7%	24.5%	23.4%	23.7%	24.0%	23.5%
Nestlé	20.2%	22.2%	24.2%	23.4%	24.1%	24.3%	22.2%	22.3%	24.2%	23.6%	22.9%
Britannia	14.1%	14.1%	15.1%	15.7%	15.9%	19.1%	15.6%	17.4%	18.9%	17.8%	18.6%
GCPL	18.1%	18.3%	21.0%	20.9%	21.6%	21.6%	19.8%	18.5%	21.3%	21.5%	20.8%
Dabur	18.1%	19.8%	20.9%	20.4%	20.6%	21.0%	20.7%	18.8%	13.5%	18.4%	18.6%
Marico	17.3%	19.6%	18.0%	18.1%	20.1%	19.8%	17.8%	18.5%	21.0%	19.7%	17.1%
Colgate	22.4%	23.7%	26.6%	27.7%	26.6%	31.2%	30.7%	29.6%	33.5%	32.4%	31.0%
Emami	26.1%	30.3%	28.4%	27.0%	26.0%	30.7%	29.9%	25.3%	26.5%	26.9%	15.4%
Honasa				(26.5%)	(7.1%)	5.9%	1.2%	1.5%	7.1%	3.3%	9.9%
Bikaji	11.4%	12.0%	12.8%	10.3%	8.8%	11.0%	8.7%	10.9%	16.8%	12.5%	13.7%
Gopal Snacks				6.8%	9.7%	5.3%	7.0%	14.1%	12.0%	7.2%	6.7%
HSIE FMCG Coverage	23.8%	25.2%	26.6%	26.8%	27.8%	26.5%	25.7%	26.1%	26.7%	26.1%	25.5%
HSIE FMCG Coverage (ex-ITC)	18.2%	19.4%	21.0%	21.2%	22.3%	23.0%	21.7%	21.0%	21.9%	21.9%	21.2%

Source: Company, HSIE Research

Note: Peak and trough highlighted in green and red, respectively

Sector Thematic: FMCG

Competitive and category pressures reflect in muted revenue growth for select coverage companies like Colgate, Emami, and Dabur, which has clocked 4% revenue CAGR in the last decade.

With margin stress, topline growth crucial for earnings

Competitive and category pressures reflect in muted revenue growth for select coverage companies like Colgate, Emami, and Dabur, which has clocked 4% revenue CAGR in the last decade. GCPL also had a muted show, at the back of muted growth in core segments in India and international business restructuring. Rest of the companies have seen high single-digit growth, with only Nestlé registering 10% growth in the last 5/10Y CAGR.

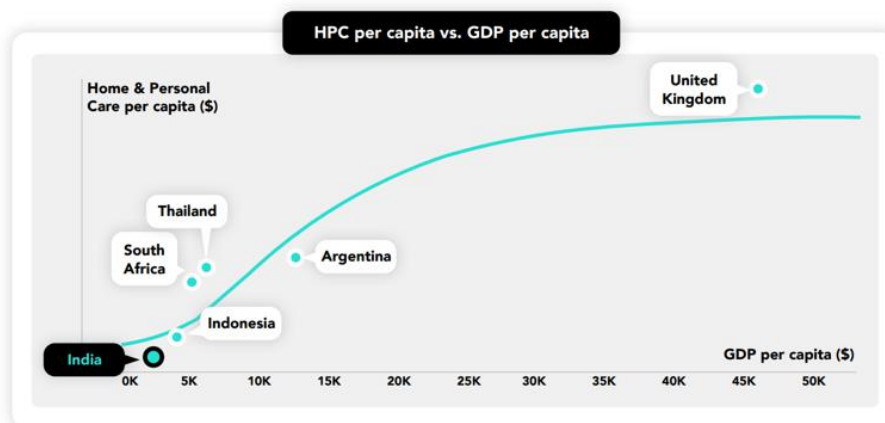
Exhibit 132: Net sales growth trends across coverage companies

	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	5Y CAGR	10Y CAGR
ITC	0%	17%	2%	11%	2%	0%	23%	17%	-4%	11%	5%	10%	8%
HUL	4%	3%	8%	11%	4%	18%	11%	16%	2%	-1%	5%	7%	7%
Nestlé India	13%	10%	13%	10%	8%	10%	15%	5%	11%	3%	15%	10%	10%
Britannia	11%	8%	10%	12%	4%	13%	8%	15%	4%	6%	8%	8%	8%
GCPL	9%	10%	6%	5%	-4%	9%	12%	8%	5%	2%	9%	7%	5%
Dabur India	8%	-2%	1%	10%	2%	10%	14%	6%	0%	9%	5%	7%	4%
Marico	7%	-2%	7%	16%	0%	10%	18%	3%	-1%	12%	26%	11%	8%
Colgate	4%	3%	5%	7%	1%	7%	5%	2%	9%	6%	0%	4%	4%
Emami	18%	6%	0%	7%	-2%	9%	10%	7%	5%	7%	-1%	6%	4%
Honasa					552%	319%	105%	58%	29%	8%	16%	39%	
Bikaji		10%	28%	15%	19%	22%	23%	22%	14%	14%	15%	18%	
Gopal Snacks						27%	20%	3%	1%	5%	3%	6%	

Source: Company, HSIE Research

The outlook ahead is not very promising as companies need to step up execution. Though with rising GDP per capita, India is likely to see acceleration in consumption growth as demonstrated by other emerging economies.

Exhibit 133: Home and personal care category per capita spends at ~USD5000 to see inflection, India is at ~USD2,800



Source: Company; HSIE Research

Our preference is for Britannia and GCPL, where we expect rerating as the stocks have been marred from macro pressures.

Low revenue presents case for improved optical show in FY27

Some of the key players like HUL and Colgate are likely to see improvement in topline performance in FY27, at the back of lower base in FY26, marred by inflationary stress, and competitive setting. We expect valuation to await structural improvement in performance, before any re-rating. Our preference is for Britannia and GCPL, where we expect rerating as the stocks have been marred from macro pressures. With competitive pressure easing (given inflation), we see Britannia can come out stronger in H2FY27. For GCPL, we see easing in the West Asia conflict to help negate concerns around its international business, and we also expect palm oil prices to be supportive ahead.

Sector valuations near -1SD

The FMCG sector's valuations (ex-ITC at 46x one-year forward P/E) have followed the growth, margin, and macro pressures and is now trading near -1S.D. (now at a premium of ~13% discount to the last 10-year average forward sector P/E of 52.5x and 18% discount to the last five-year average forward sector P/E of 56x). The FMCG sector's valuation premium to the broader market index have been over 150%.

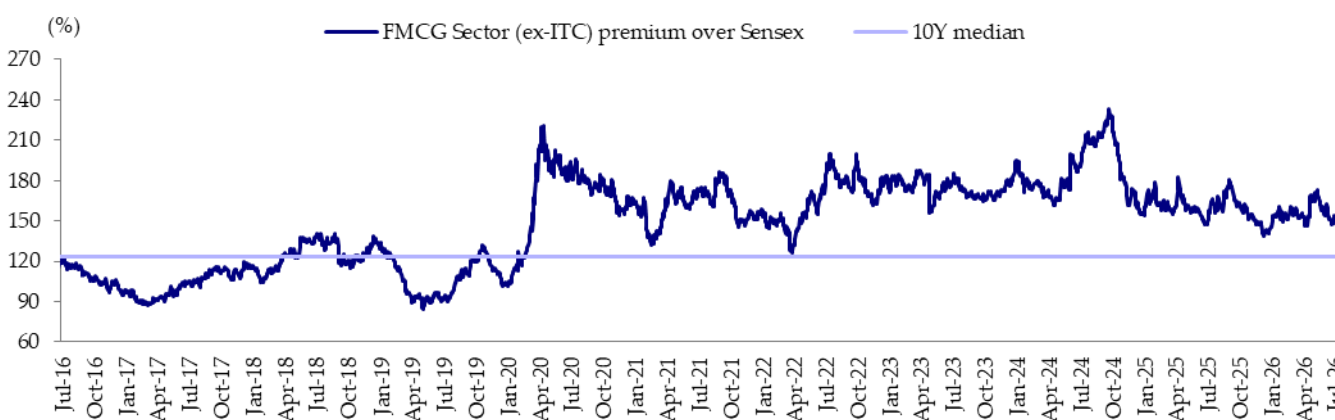
Exhibit 134: One year forward P/E for the FMCG sector (ex-ITC)



Source: Company, Bloomberg, HSIE Research

Note: Based on consensus data for HUL, Nestlé, Britannia, Colgate, Marico, Dabur, and GCPL; Price data updated till close of business on 16 Jul 2026

Exhibit 135: FMCG sector's valuation (one-year forward P/E) at a premium over the broader market index (Sensex)



Source: Company, Bloomberg, HSIE Research

Note: Based on consensus data for HUL, Nestlé, Britannia, Colgate, Marico, Dabur, and GCPL; Price data updated till close of business on 16 Jul 2026

Sector Thematic: FMCG

Exhibit 136: HSIE FMCG coverage – valuation snapshot

	Rating	TP (INR/sh)	Upside (%)	Mcap (USD bn)	P/E (x)			EV/EBITDA			EV/Sales		
					FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
HUL	REDUCE	2,100	0%	51.2	22.5	24.4	26.3	29.8	32.3	34.9	95.4	97.1	99.5
ITC	ADD	300	7%	36.3	26.6	29.2	30.2	30.5	33.9	35.1	93.4	86.8	88.7
Nestlé India	ADD	1,600	12%	28.5	67.2	70.3	69.6	91.1	95.5	93.9	84.6	77.0	80.1
Britannia Industries	BUY	6,200	17%	13.3	49.9	51.5	52.2	53.7	58.9	60.2	89.7	90.2	86.9
Marico	ADD	925	10%	11.3	47.1	46.2	45.9	42.7	43.6	45.1	74.7	78.2	80.4
Godrej Consumer	BUY	1,250	18%	11.2	18.7	21.6	24.4	19.4	22.6	25.9	94.5	95.3	92.6
Dabur	ADD	465	8%	7.9	17.8	18.3	18.7	17.5	18.1	18.8	74.3	75.0	75.4
Colgate-Palmolive	REDUCE	2,000	(0%)	5.6	90.2	92.3	93.9	110.0	112.4	114.8	93.5	93.2	92.0
Emami	BUY	530	30%	1.8	24.1	21.7	20.5	32.4	28.5	27.4	57.8	57.4	59.2
Bikaji	BUY	750	17%	1.7	17.0	16.7	17.7	16.9	16.6	17.9	16.0	21.3	23.4
Honasa Consumer	BUY	550	17%	1.6	18.0	20.7	23.2	17.8	20.8	23.6	48.9	58.2	63.6
Gopal Snacks	BUY	360	35%	0.3	12.8	19.9	26.6	17.0	24.8	33.1	29.0	29.4	28.0

Source: Company, Bloomberg, HSIE Research

Note: Price considered is close of business on 16 Jul 2026

Exhibit 137: Stock price performance for listed FMCG universe

Company Name	Mcap (INR mn)	CMP (INR)	5 days	1 month	3 months	6 months	1 year	3 years CAGR	5 years CAGR	10 years CAGR
Sensex		77,187	1%	0%	(1%)	(8%)	(7%)	5%	8%	11%
FMCG										
Britannia Industries	1,279,131	5,311	(1%)	2%	(4%)	(9%)	(7%)	1%	8%	13%
Colgate-Palmolive	544,270	2,001	(3%)	(5%)	1%	(5%)	(16%)	3%	3%	8%
Dabur India	761,824	429	(3%)	(1%)	0%	(17%)	(19%)	(10%)	(6%)	3%
Emami	177,634	407	(2%)	2%	(4%)	(19%)	(31%)	(1%)	(6%)	(3%)
Godrej Consumer	1,082,350	1,058	(3%)	2%	(2%)	(14%)	(16%)	(0%)	2%	7%
Hindustan Unilever	4,930,382	2,098	(2%)	(5%)	(2%)	(11%)	(15%)	(8%)	(3%)	9%
ITC	3,500,107	279	(1%)	(4%)	(8%)	(15%)	(34%)	(16%)	6%	2%
Marico	1,089,801	839	(2%)	4%	13%	10%	15%	16%	10%	12%
Nestlé India	2,744,955	1,424	(3%)	2%	13%	8%	16%	7%	10%	16%
Jyothy Laboratories	73,450	200	(1%)	(2%)	(13%)	(21%)	(42%)	(5%)	3%	3%
Tata Consumer	1,077,236	1,089	(2%)	(4%)	(1%)	(8%)	1%	9%	8%	24%
Bajaj Consumer	72,606	554	(14%)	(8%)	29%	97%	133%	41%	14%	3%
Agro Tech	24,126	640	(0%)	(3%)	1%	(6%)	(29%)	(8%)	(8%)	3%
Zydus Wellness	191,501	602	5%	18%	20%	37%	50%	27%	6%	14%
Adani Wilmar	246,731	190	2%	(4%)	4%	(11%)	(28%)			
Bikaji Foods International	160,471	640	(0%)	(5%)	(0%)	(9%)	(15%)			
Mrs Bectors Food Specialities	59,013	192	12%	4%	2%	(16%)	(35%)	16%		
Honasa Consumer	153,264	470	(0%)	17%	36%	64%	58%			
Gopal Snacks	33,255	267	(1%)	(6%)	(5%)	(17%)	(29%)			

Source: Company, Bloomberg, HSIE Research

Price considered is close of business on 16 Jul 2026

Exhibit 138: HSIE FMCG coverage – Return profile and divided yield

	ROE (%)			ROCE (%)			Dividend pay-out (%)			Dividend yield (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
HUL	22.5	24.4	26.3	29.8	32.3	34.9	95.4	97.1	99.5	2.1	2.4	2.6
ITC	26.6	29.2	30.2	30.5	33.9	35.1	93.4	86.8	88.7	5.2	5.5	6.1
Nestlé India	67.2	70.3	69.6	91.1	95.5	93.9	84.6	77.0	80.1	1.2	1.3	1.5
Britannia Industries	49.9	51.5	52.2	53.7	58.9	60.2	89.7	90.2	86.9	1.9	2.2	2.4
Marico	47.1	46.2	45.9	42.7	43.6	45.1	74.7	78.2	80.4	1.5	1.8	2.0
Godrej Consumer	18.7	21.6	24.4	19.4	22.6	25.9	94.5	95.3	92.6	2.1	2.5	2.7
Dabur	17.8	18.3	18.7	17.5	18.1	18.8	74.3	75.0	75.4	2.1	2.3	2.4
Colgate-Palmolive	90.2	92.3	93.9	110.0	112.4	114.8	93.5	93.2	92.0	2.4	2.6	2.8
Emami	24.1	21.7	20.5	32.4	28.5	27.4	57.8	57.4	59.2	2.7	2.9	3.2
Bikaji	17.0	16.7	17.7	16.9	16.6	17.9	16.0	21.3	23.4	0.4	0.6	0.9
Honasa Consumer	18.0	20.7	23.2	17.8	20.8	23.6	48.9	58.2	63.6	0.6	0.9	1.3
Gopal Snacks	12.8	19.9	26.6	17.0	24.8	33.1	29.0	29.4	28.0	0.6	1.0	1.5

Source: Company, Bloomberg, HSIE Research

Price considered is close of business on 16 Jul 2026

Exhibit 139: HSIE FMCG coverage – Free cash flow conversion and yield

	FCF per share (INR)			FCF/EBITDA (%)			FCF/PAT (%)			FCF yield		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
HUL	37.4	47.8	55.5	54.4	63.8	68.3	79.2	92.8	99.4	1.8	2.3	2.6
ITC	14.2	14.0	15.7	69.1	59.9	62.0	91.3	79.5	81.8	5.1	5.0	5.6
Nestlé India	20.9	26.0	28.1	68.3	72.2	69.2	107.0	111.2	104.9	1.5	1.8	2.0
Britannia Industries	125.6	130.6	148.1	79.8	72.8	73.2	112.6	102.4	102.9	2.4	2.5	2.8
Marico	14.6	18.2	19.1	65.4	72.5	67.3	83.9	95.0	90.3	1.7	2.2	2.3
Godrej Consumer	21.6	30.2	32.5	61.8	75.5	71.5	92.6	110.8	103.8	2.0	2.9	3.1
Dabur	8.8	9.1	11.8	56.3	54.1	65.0	72.5	69.8	84.6	2.0	2.1	2.7
Colgate-Palmolive	35.2	56.4	60.8	48.9	72.3	71.6	68.6	101.0	100.0	1.8	2.8	3.0
Emami	21.5	23.2	25.5	86.8	85.4	86.4	112.9	111.0	116.2	5.3	5.7	6.3
Bikaji	5.9	9.2	12.1	30.3	43.0	47.8	46.9	65.4	70.7	1.2	2.0	2.6
Honasa Consumer	10.2	9.5	11.4	98.1	73.3	71.9	124.4	92.5	90.7	1.6	1.5	1.8
Gopal Snacks	5.9	3.4	8.7	55.2	21.8	38.7	113.4	37.4	61.2	2.2	1.3	3.3

Source: Company, Bloomberg, HSIE Research

Price considered is close of business on 16 Jul 2026

Exhibit 140: HSIE revenue estimates for coverage vs consensus

(INR mn)	New estimates			Consensus Estimate			HSIE est vs Consensus		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
ITC Ltd	854,691	935,269	1,006,929	793,936	863,452	926,870	8%	8%	9%
Hindustan Unilever Ltd	695,588	746,659	800,708	701,227	755,310	817,518	(1%)	(1%)	(2%)
Nestlé India Ltd	258,920	287,434	318,217	262,423	292,086	322,786	(1%)	(2%)	(1%)
Britannia Industries Ltd	205,675	224,821	245,380	211,164	232,914	254,924	(3%)	(3%)	(4%)
Godrej Consumer Products Ltd	171,855	187,772	204,629	169,705	186,688	203,252	1%	1%	1%
Dabur India Ltd	142,708	152,216	162,063	144,078	156,475	169,585	(1%)	(3%)	(4%)
Marico Ltd	152,942	167,596	182,296	150,830	167,508	183,288	1%	0%	(1%)
Colgate-Palmolive India Ltd	64,633	68,487	72,698	64,991	69,760	75,116	(1%)	(2%)	(3%)
Emami Ltd	44,623	48,193	51,692	41,731	45,121	48,477	7%	7%	7%
Bikaji	34,403	39,316	45,134	34,599	39,513	44,874	(1%)	(0%)	1%
Honasa Consumer	29,369	34,139	39,183	28,469	32,962	37,890	3%	4%	3%
Gopal Snacks	18,072	21,326	24,638	18,033	20,683	22,957	0%	3%	7%

Source: Company, Bloomberg, HSIE Research

Exhibit 141: HSIE EBITDA estimates for coverage vs consensus

(INR mn)	New estimates			Consensus Estimate			HSIE est vs Consensus		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
ITC Ltd	258,410	295,212	321,991	253,312	279,347	297,377	2%	6%	8%
Hindustan Unilever Ltd	161,353	176,053	190,680	161,353	178,369	196,097	(0%)	(1%)	(3%)
Nestlé India Ltd	58,915	69,415	78,425	61,685	70,503	78,925	(4%)	(2%)	(1%)
Britannia Industries Ltd	37,925	43,186	48,725	39,010	44,066	48,408	(3%)	(2%)	1%
Godrej Consumer Products Ltd	35,713	40,994	46,585	35,435	40,362	44,834	1%	2%	4%
Dabur India Ltd	27,666	29,799	32,130	27,038	29,988	34,698	2%	(1%)	(7%)
Marico Ltd	29,036	32,692	36,858	28,148	32,451	36,398	3%	1%	1%
Colgate-Palmolive India Ltd	19,601	21,198	23,104	20,076	21,994	23,874	(2%)	(4%)	(3%)
Emami Ltd	10,808	11,859	12,891	10,587	11,798	12,959	2%	1%	(1%)
Bikaji	4,852	5,365	6,313	4,885	5,509	6,469	(1%)	(3%)	(2%)
Honasa Consumer	3,374	4,234	5,159	3,082	3,890	4,833	9%	9%	7%
Gopal Snacks	1,323	1,923	2,809	1,488	2,093	2,697	(11%)	(8%)	4%

Source: Company, Bloomberg, HSIE Research

Exhibit 142: HSIE Adj PAT estimates for coverage vs consensus

(INR mn)	New estimates			Consensus Estimate			HSIE est vs Consensus		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
ITC Ltd	195,436	222,490	243,948	197,968	217,603	233,796	(1%)	2%	4%
Hindustan Unilever	110,850	121,052	131,130	114,097	125,687	148,931	(3%)	(4%)	(12%)
Nestlé India Ltd	37,622	45,053	51,737	39,644	45,966	51,631	(5%)	(2%)	0%
Britannia Industries	26,859	30,720	34,671	27,500	31,317	34,683	(2%)	(2%)	(0%)
Godrej Consumer Products	23,835	27,923	32,063	24,127	28,159	31,617	(1%)	(1%)	1%
Dabur India	21,493	23,073	24,703	20,831	23,234	25,764	3%	(1%)	(4%)
Marico	22,629	24,933	27,493	21,375	24,612	27,580	6%	1%	(0%)
Colgate-Palmolive India	13,965	15,181	16,553	14,530	15,957	17,359	(4%)	(5%)	(5%)
Emami Ltd	8,311	9,128	9,584	8,229	9,180	10,018	1%	(1%)	(4%)
Bikaji	3,131	3,530	4,272	3,154	3,710	4,466	(1%)	(5%)	(4%)
Honasa Consumer	2,662	3,354	4,090	2,481	3,103	3,794	7%	8%	8%
Gopal Snacks	644	1,122	1,777	817	1,204	NA	(21%)	(7%)	

Source: Company, Bloomberg, HSIE Research

COMPANIES

Hindustan Unilever

Agility key to enhancing growth trajectory

We resume coverage on Hindustan Unilever (HUL) with a REDUCE and a Jun'27 target price of INR2,100, valuing the stock at 40x P/E, ~20% discount to its 5Y average forward P/E. In the post-Covid environment, as consumer behaviour has evolved, HUL has undergone a period of management transition that has weighed on execution. A company which used to dictate consumption trends in India is now focusing on moving with the consumer; we see a clear shift in approach. Several core brands appear to be experiencing consumer fatigue, while new-age players are gaining traction and relevance. In an increasingly disruptive marketplace, we believe HUL must realign its strategy more closely with shaping consumer trends for relevance and growth.

- **Execution reset critical to revive growth momentum:** HUL has witnessed multiple transitions in its execution leadership post-Covid. Amid a gradually waning moat, management has struggled to keep pace with evolving consumer needs, shifting from a historically proactive stance to a more reactive approach. Under Priya Nair, HUL is seeking to simplify the organization, with heads reporting directly to the CEO instead of the earlier matrix structure. Q-commerce is also receiving focused attention through a separate organizational set-up with dedicated investments in technology, people, and marketing. Making portfolio future fit is the number one priority for India head, as per the Unilever CEO. Though delayed, we see these initiatives translate into a recovery in execution intensity, where HUL earlier enjoyed a clear edge through its wide general trade reach, marketing muscle, and strong brand portfolio.
- **Brand fatigue evident; realignment with consumer needs imperative:** HUL has historically led with a clear price-pyramid strategy across categories, supported by a wide brand portfolio. As a national player, it consistently refreshed brands through formulation upgrades, packaging changes, and communication resets. In categories such as tea and coffee, it also developed region-specific offerings under initiatives like WIMI. The previous decade highlighted its proactive investments in digitization (Project Shikhar), category micro-management through CCBTs, internal data platforms such as LiveWire, and the Reimagining HUL transformation program. These efforts helped sustain premium valuations despite periods of weaker growth.
- **Earnings softness is likely to cap valuation:** HUL's one-year fwd. P/E of 43x represents a ~16% discount to the 10Y avg fwd. P/E of 51x and a ~17% discount to the 5Y avg fwd. P/E of 52x. We believe this valuation discount aptly reflects weakening moats and execution challenges. In an environment where disruption is structural, HUL will need a more robust strategic framework and execution depth to maintain consumer relevance. We estimate a 7% revenue CAGR and 8% earnings CAGR over FY26-29E. We believe any meaningful re-rating will require a structural acceleration in earnings growth, driven primarily by a stronger and more consistent topline.

Financial Summary (consolidated)

YE March (INR mn)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Revenue	618,960	613,280	644,680	695,588	746,659	800,708
EBITDA	146,630	147,060	151,670	161,353	176,053	190,680
APAT	102,750	103,110	103,240	110,850	121,052	131,130
Adjusted EPS (INR)	43.7	43.9	43.9	47.2	51.5	55.8
P/E (x)	48.0	47.8	47.8	44.5	40.7	37.6
EV / EBITDA (x)	32.8	32.8	32.0	30.2	27.7	25.5
RoE (%)	20.2	20.4	20.9	22.5	24.4	26.3

Source: Company, HSIE Research

REDUCE

CMP (as on 16 July 26)	INR 2,098
Target Price	INR 2,100
NIFTY	24,073

KEY CHANGES	OLD	NEW
Rating	NA	REDUCE
Price Target	NA	INR 2,100
EPS %	FY27E	FY28E
	NA	NA

KEY STOCK DATA

Bloomberg code	HUVR IN
No. of Shares (mn)	2,350
MCap (INR bn) / (\$ mn)	5,037/52,333
6m avg traded value (INR mn)	4,286
52 Week high / low	INR 2,737/2,023

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(4.3)	(9.2)	(13.2)
Relative (%)	(3.9)	(2.7)	(8.2)

SHAREHOLDING PATTERN (%)

	Dec-25	Mar-26
Promoters	61.9	61.9
FIs & Local MFs	15.8	16.4
FPIs	10.7	10.1
Public & Others	11.6	11.6
Pledged Shares	0.00	0.00

Source : NSE

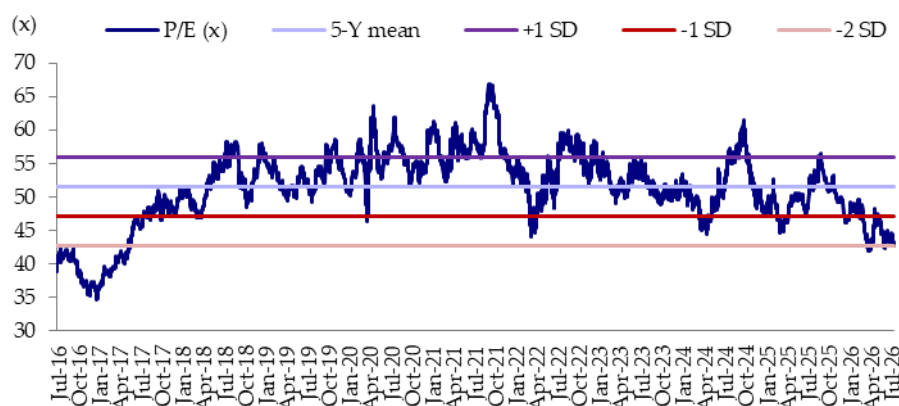
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Exhibit 143: HUL's one year forward P/E



Source: Bloomberg, Company, HSIE Research

Exhibit 144: HUL - HSIE estimates vs Consensus estimates

(INR mn)	HSIE estimates			Consensus estimates			HSIE vs Consensus estimates		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	695,588	746,659	800,708	701,227	755,310	817,518	(0.8%)	(1.1%)	(2.1%)
growth (%)	7.9%	7.3%	7.2%	8.8%	7.7%	8.2%			
EBITDA	161,353	176,053	190,680	161,353	178,369	196,097	(0.0%)	(1.3%)	(2.8%)
growth (%)	6.4%	9.1%	8.3%	6.4%	10.5%	9.9%			
EBITDA margin (%)	23.2%	23.6%	23.8%	23.0%	23.6%	24.0%			
Adj PAT	110,850	121,052	131,130	114,097	125,687	148,931	(2.8%)	(3.7%)	(12.0%)
growth (%)	7.4%	9.2%	8.3%	10.5%	10.2%	18.5%			
Adj EPS (INR/Share)	47.2	51.5	55.8	48.4	53.2	58.6	(2.5%)	(3.2%)	(4.8%)

Source: Bloomberg, HSIE Research

Exhibit 145: Key assumptions

	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Income statement								
Total income growth (%)	11.5	15.5	2.2	(0.9)	5.1	7.9	7.3	7.2
Gross margin (%)	50.9	47.6	51.9	51.5	50.9	50.3	51.1	51.6
Royalty (%)	3.4	3.4	3.4	3.4	3.5	3.5	3.5	3.5
Advertisement (%)	9.0	8.1	10.5	9.8	9.7	9.9	9.9	9.9
EBITDA margin (%)	24.5	23.4	23.7	24.0	23.5	23.2	23.6	23.8
Tax rate (%)	25.1	23.9	26.2	26.6	27.0	26.5	26.5	26.5
Adj PAT growth (%)	8.3	14.2	0.9	0.4	0.1	7.4	9.2	8.3
EPS (INR/share)	38.0	43.4	43.7	43.9	43.9	47.2	51.5	55.8
Balance Sheet								
ROE (%)	18.2	20.5	20.2	20.4	20.9	22.5	24.4	26.3
ROIC (%)	21.1	23.3	24.1	25.4	25.3	25.5	27.1	29.3
ROCE (%)	24.0	26.1	26.4	26.6	28.1	29.8	32.3	34.9
Inventory days	29	26	24	26	27	25	25	25
Receivable days	16	19	18	23	19	21	21	21
Payable days	63	58	62	67	75	61	59	59
Segment revenue growth (%)								
Home care	18.7	28.1	3.1	4.9	3.1	9.0	8.0	8.0
Beauty and Personal care	8.5	12.5	1.9	1.1	8.2	8.2	8.2	7.9
- Beauty & Wellbeing				3.7	10.8	9.0	9.0	9.0
- Personal Care				(2.6)	4.3	7.0	7.0	6.0
Food and refreshment	6.8	5.5	2.8	0.0	4.1	7.0	6.0	6.0
Segment EBIT margin (%)								
Home care	19.2	18.4	18.9	19.3	19.1	18.8	19.0	19.0
Beauty and Personal care	27.6	25.6	25.9	25.6	24.3	24.0	24.6	24.9
- Beauty & Wellbeing			31.8	31.0	27.8	27.5	28.0	28.3
- Personal Care			17.6	17.8	18.9	18.5	19.0	19.3
Food and refreshment	18.6	17.9	18.6	20.5	20.1	20.5	20.5	20.8

Source: Company, HSIE Research

Hindustan Unilever: Initiating Coverage

Exhibit 146: HUL - Leadership strengthened with Priya Nair transitioned from heady Beauty & Wellbeing at Unilever to India CEO (effective Aug'25), Niranjana Gupta joined as CFO (effective Nov-25) and Rajneet Kohli joined as head of foods (effective Sep-22). Unilever believes, current management is capable to take UVG to India GDP growth



Priya Nair, CEO & MD, HUL



Niranjana Gupta, CFO, HUL
(ex-CEO Hero)



Rajneet Kohli, Head of Foods, HUL
(ex-CEO Britannia)

Source: Company, HSIE Research

Note: UVG stands for Underlying volume growth

Exhibit 147: HUL - Unified India strategy: Under new leadership, thrust is on simpler organization structure

Focus ahead remains on volume-driven revenue growth. As the company continues market-making and development, it expects growth momentum to improve. Rural and urban demand is expected to stay stable. On El Niño, management is not concerned given 92% rainfall this year, given high reservoir levels, and excess grain stocks in government warehouses

Building desire at scale through a simpler organisation

Under the 'Unified India' strategy

- 1 Business Unit (BU) Heads to directly report to HUL CEO to foster speed and enhance agility within the organisation
- 2 Each Business Unit to have a Chief Marketing Officer (CMO) reporting into the BU Head, to reinforce consumer obsession and accelerate innovation
- 3 Unilever to establish a one India R&D organisation to double-down on design and deployment
- 4 These changes will enable acceleration in decision making and faster execution, unlocking full potential for a future-fit business
- 5 HUL to continue to benefit from Unilever's scale, technology, innovations, trademarks and central services

Source: Company, HSIE Research

Exhibit 148: HUL - Quick commerce gains perspective

Investing to build future moats: Q-com Play to Win strategy

Dedicated Q-com organisation set up within HUL



Enhancing agility, precision and quick-decision making in our fastest growing channel

Leveraging category partnerships to unlock growth



Smart assortment | Consistent, relevant associations | Joint business planning

Adaptive supply chain powered by advanced capabilities

1400 bps Service level improvement*

20% Lead time reduction**

Collaborative forecasting | Co-creating dynamic inventory norms | EDI led real time exchange

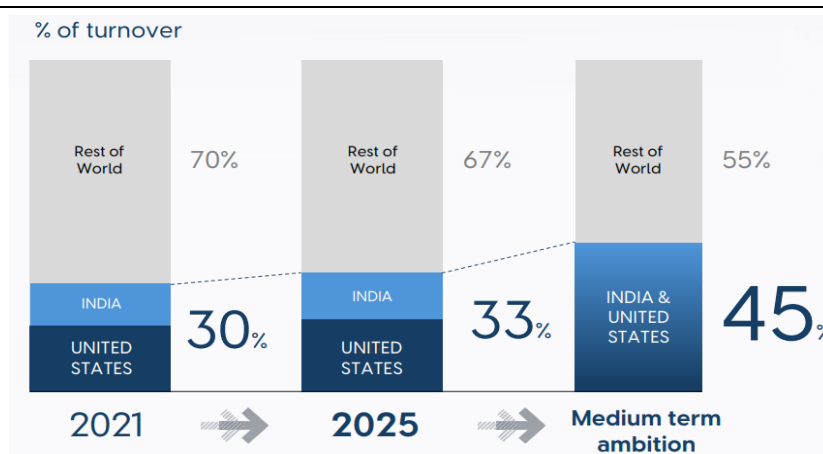
Source: Company, HSIE Research

*Customer reported fill rate improvement vs 2024 exit; **PO to order servicing vs 2024 exit; EDI – Electronic data interchange

Hindustan Unilever: Initiating Coverage

India revenue contribution to see expansion over medium term: US and India remain a priority market for Unilever, with 21% of revenue in CY25 was from US and 12% from India. This 33% of revenue is likely to expand to 45% over medium term. Management noted that the huge position of leadership in India is not necessarily the portfolio that will propel it into the future, and Unilever will make the changes and the investment there to ensure that it has a portfolio that is suited for the channels of the future in India

Exhibit 149: HUL - India (~12% of revenue for Unilever) remains a focus market for Unilever along with the US; it expects share from the two countries to expand from 33% now to 45% in the medium term



Source: Company, HSIE Research

Exhibit 150: HUL continues to have leadership in most of its categories in India



Source: Company, HSIE Research

Exhibit 151: HUL's price straddle approach addresses wider consumer needs, though we see aspirational appeal being diluted

5-pronged strategy for India

1. Segment the country by affluence and therefore, have the right product, brand channel combination to cater to that.
2. Make brands more contemporary through social, through digital and the SASSY framework.
3. Double down in a bigger, fewer bets where HUL can put disproportionate resources to capture the value.
4. Customize some India-specific capabilities when it comes to media, when it comes to R&D, while complementing with what Unilever really offers to actually enhance the proposition.
5. Simplify organization structure to continue to drive actions at pace and therefore, capture the opportunity that is. The company has ambition of mid-single-digit volume growth with a modest margin improvement

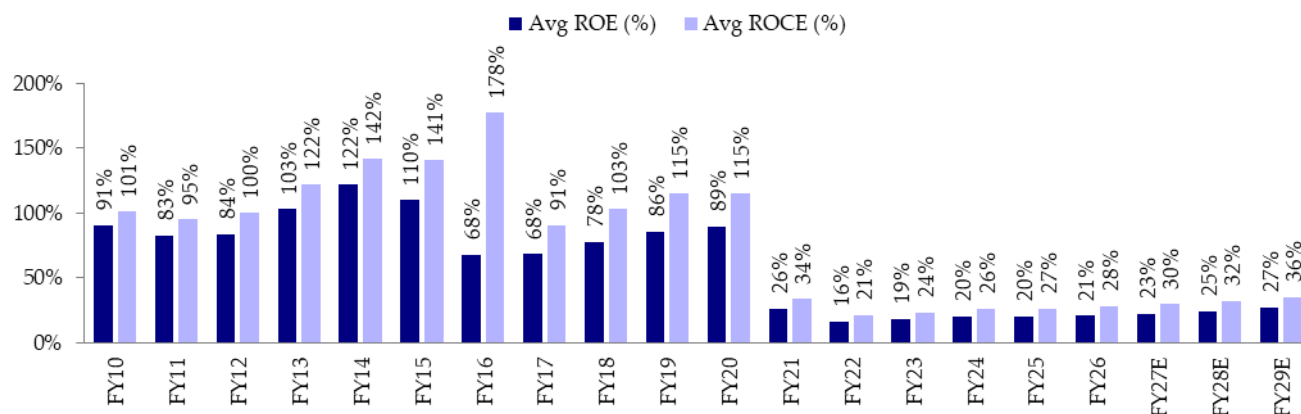


Source: Company, HSIE Research

*Purchasing power according to world bank estimates

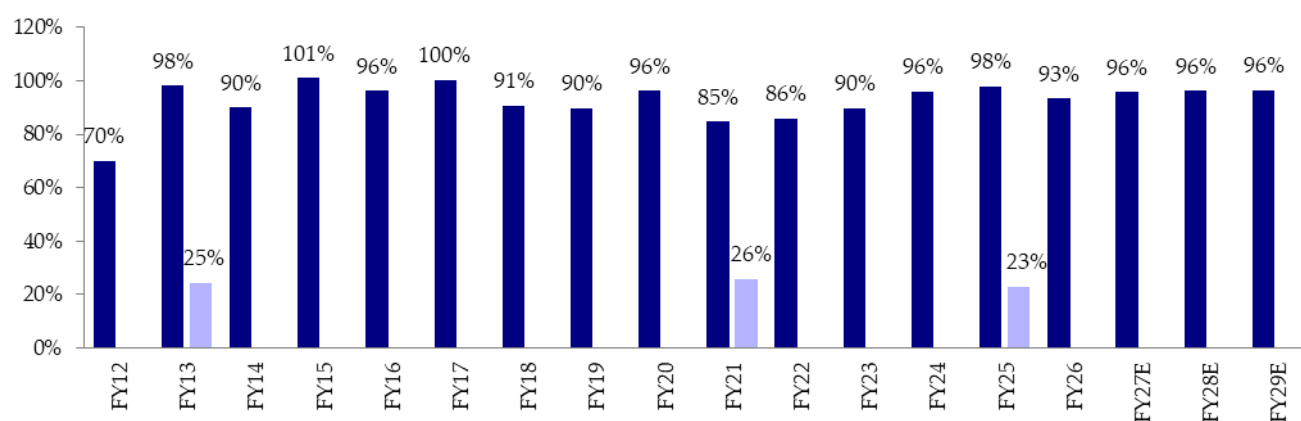
Hindustan Unilever: Initiating Coverage

Exhibit 152: HUL - After GSK Consumer portfolio acquisition in FY20, with intangibles, HUL's return profile saw material waning, which largely remained steady in a band



Source: Company, HSIE Research

Exhibit 153: HUL - With limited cash needed in the business, dividend payout will largely replicate earnings ahead



Source: Company, HSIE Research

Exhibit 154: HUL's home care segment's quarterly performance over the last five years. Laundry market revenue per capita in India is at US\$4 vs US\$8-10 in Philippines, Thailand and Brazil, for Unilever. Washing-machine penetration in India is 35%, vs 80-90% in Brazil, the Philippines and Thailand

	Segment revenue growth	Segment revenue contribution	Segment EBIT margin	Segment EBIT contribution	Fabric wash growth	Household care growth
Q4FY26	9%	39%	19%	35%	Double -digit, broad -based growth	DD volume growth
Q3FY26	3%	36%	19%	32%	Mid-single digit volume growth	DD volume growth
Q2FY26	0%	36%	19%	31%	Mid-single digit volume growth	DD volume growth
Q1FY26	4%	37%	20%	34%	Mid-single digit volume growth	DD volume growth
Q4FY25	3%	38%	19%	33%	Mid-single digit volume growth	High single digit volume growth
Q3FY25	4%	37%	19%	32%	Mid-single digit volume growth	High single digit volume growth
Q2FY25	8%	37%	19%	32%	Mid-single digit volume growth	High single digit volume growth
Q1FY25	4%	38%	20%	35%	Mid-single digit volume growth	Mid-single digit volume growth
Q4FY24	1%	38%	19%	35%	Mid-single digit volume growth	Mid-single-digit volume growth led by Vim
Q3FY24	-1%	35%	18%	29%	Mid-single digit volume growth	Low single-digit volume growth owing to dish wash
Q2FY24	3%	34%	19%	29%	Premium portfolio outperformance drove a mid-single-digit volume growth	High single-digit volume growth led by dish wash
Q1FY24	10%	35%	19%	30%	Double-digit (DD) value growth with mid-single-digit volume growth	DD volume-led growth
Q4FY23	19%	37%	19%	33%	Strong DD value growth	Strong DD value and volume
Q3FY23	32%	35%	20%	32%	High DD value growth	High DD value growth and high-teens volume growth
Q2FY23	34%	34%	17%	28%	High DD value growth	High DD value growth
Q1FY23	30%	34%	18%	28%	High DD value growth and high single-digit volume growth	High DD value growth
Q4FY22	19%	34%	20%	31%	High DD value growth and mid-single-digit volume growth	High DD value growth
Q3FY22	23%	31%	21%	27%	Strong DD value growth	High teens value growth
Q2FY22	15%	29%	19%	25%	High DD value growth	
Q1FY22	12%	31%	17%	25%	DD value growth	High teens value growth

Source: Company, HSIE Research

Exhibit 155: HUL's Beauty and Personal care segment's quarterly performance over the last five years

	Segment revenue growth	Segment revenue contribution	Segment EBIT margin	Segment EBIT contribution	Skin cleansing	Hair care	Skin care	Oral care
Q4FY26	10%	36%	25%	43%	High-single digit growth	Volume-led strong double-digit growth	Strong show in premium offset weakness in mass skin.	Low single digit growth
Q3FY26	9%	38%	23%	42%	Mid-single digit growth	Volume-led double-digit growth	Winter portfolio delivered double-digit growth	Double-digit growth
Q2FY26	6%	39%	25%	45%	Flat growth (due to GST transition)	Decline led by GST rate rationalization	Low single-digit growth	Marginal decline led out of GST transition
Q1FY26	9%	39%	24%	44%	Mid-single-digit growth led by strong performance in the non-hygiene segment	Mid-single digit growth	Low single-digit growth	Mid-single digit price-led growth
Q4FY25	5%	35%	27%	44%	Low single-digit price-led growth	Double-digit growth led by volume	Low single-digit decline, affected by downgrading	Low single-digit growth led by pricing
Q3FY25	0%	37%	24%	42%	Strategic actions in place	Mid-single digit volume growth	Muted performance, impacted by delayed winter and mass skin portfolio	Mid-single digit growth
Q2FY25	-1%	37%	26%	44%	Revenue declined on account of pricing actions	Momentum maintained, with a high single-digit volume-led growth	Mid-single digit growth fuelled by strong performance in Premium skin care products	High-single digit competitive growth
Q1FY25	0%	38%	25%	44%	Low single-digit volume growth; value declined on price cuts	Double-digit volume growth	Muted volume performance in the quarter, with the mass portfolio declining	Mid-single digit broad-based growth driven by pricing
Q4FY24	-3%	34%	25%	40%	Volume and value declined	Volume-driven growth	Low single-digit growth	Volume and value declined
Q3FY24	0%	37%	25%	44%	Volume declined	Double-digit volume growth	Delayed winters impacted skin care	Volume declined
Q2FY24	5%	38%	27%	45%	Low single-digit volume growth; negative pricing	High single-digit volume growth	Double-digit growth	Low single-digit volume growth; negative pricing
Q1FY24	5%	37%	26%	44%	Low single-digit volume growth; negative pricing	Mid-single digit volume growth	Double-digit growth with high single-digit volume growth	Low single-digit volume growth; negative pricing
Q4FY23	11%	35%	26%	42%	DD value growth	Volume-led mid-single digit growth	Double-digit value growth	Double-digit value growth
Q3FY23	11%	37%	25%	43%	Strong DD value growth	High single-digit growth	Double-digit growth in the non-winter portfolio	High single-digit growth
Q2FY23	11%	37%	25%	44%	Strong DD value growth	Strong broad-based performance	Premium portfolio delivered double-digit growth	Strong broad-based performance
Q1FY23	18%	37%	26%	46%	DD value growth in soaps	High double-digit value growth	Strong YoY growth on a soft base	Strong double-digit value growth

Source: Company, HSIE Research

Hindustan Unilever: Initiating Coverage

Soaps formulation changes for Lux and Lifebuoy: The company in its Q1FY25 earnings call announced the launch of a new patented technology. As per the management, Stratos is a first of its kind groundbreaking technology developed and patented by HUL's R&D team. The company took about 5 years for development with 20-plus patents filed, making it possible to reformulate the soap with a proprietary mix including plant-derived polysaccharides, vitamin blends, and skin care actives. Formulation change not only improves the product, but also reduces the nonfunctional TFM from the soap by using smart structuring technologies and include more skin health actives that can provide new and better benefit to the consumers.

Exhibit 156: HUL - Personal wash dependence on palm oil reduced, helped strengthened its competitive position.

Skin Cleansing: Introducing Stratos

A transformational sustainability-linked journey towards product superiority

Proprietary technology innovated over 5 years, 20+ patents filed



Re-formulated with added plant derived polysaccharides, vitamin blends, skin care actives and enhanced fragrance

Clinically and Consumer proven superior functional benefits

- ✓ Boosts Skin Barrier and Milder
- ✓ Superior Skin Glow and Even Tone
- ✓ More Efficacious Germ Protection

Winning in consumer blind tests, Proven in independent clinical studies and lab tests

Combining sustainable Palm while reducing wastage of Palm by up to 25%

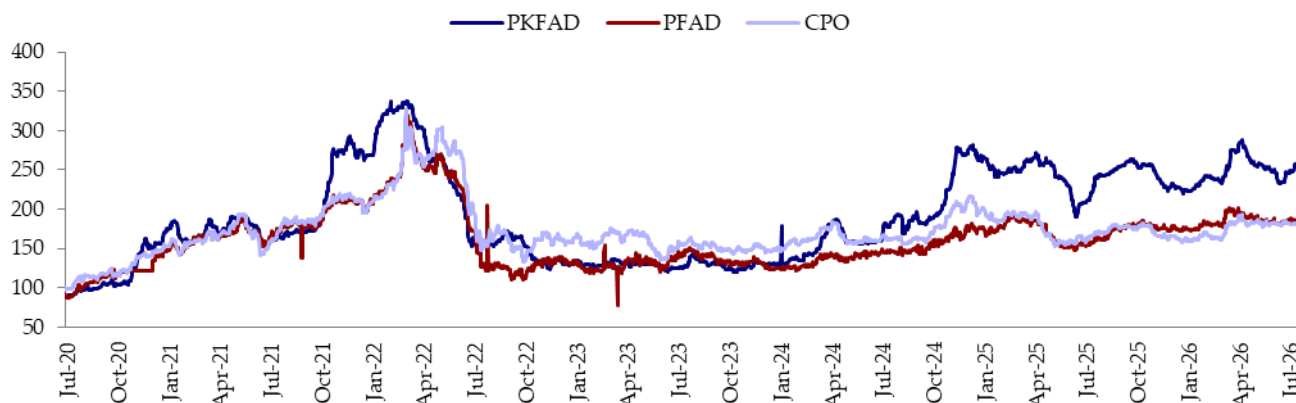


100% No Deforestation, No Peat (NDP) Palm, Reduced commodity volatility, Reduced imports and Reduced greenhouse gases

Total Fatty Matter (TFM) content ≠ Quality of Soap

Source: Company, HSIE Research

Exhibit 157: HUL – Crude palm oil (CPO) and PFAD prices are stable, while PKFAD remains volatile



Source: Bloomberg, NCDEX, HSIE Research

Exhibit 158: HUL - Product superiority considered key to win with consumers.

Product superiority across portfolio:

The company has started evaluating products against 6 drivers of consumer preference and is taking targeted actions to strengthen all of its brands. As the company is reformulating brands, it has seen visible improvement in consumer connect and growth.



Source: Company, HSIE Research

Hindustan Unilever: Initiating Coverage

Beauty and wellbeing: Premium skin care and cosmetics offerings are offsetting weakness in mass skin care. Its digital first brands which are now getting incubated in offline channels together have ARR of INR 12bn, with Minimalist clocking ARR of INR 8.5bn, and Simple clocking ARR of INR 1.6bn

The company has committed a capex to the tune of INR 20bn for premium beauty and home care.

Exhibit 159: HUL - Crafting SASSY brands to remain and improve relevance of portfolio



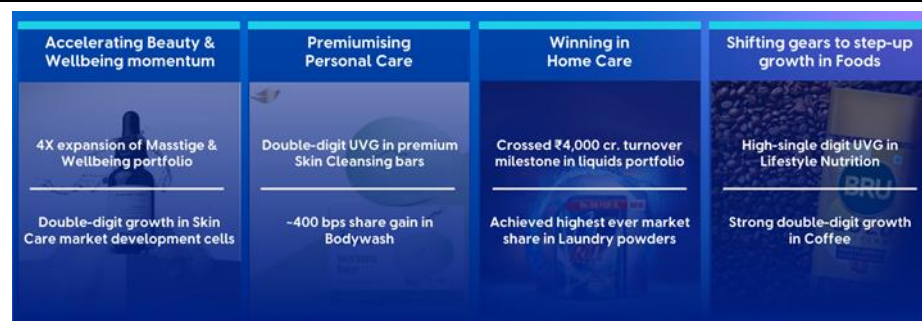
Source: Company, HSIE Research

Exhibit 160: HUL - Renewed thrust on distribution channels



Source: Company, HSIE Research

Exhibit 161: HUL - Identified fewer and bigger bets, which is aimed at accelerating momentum across portfolio



Source: Company, HSIE Research

Exhibit 162: HUL - Medium-term guidance



Source: Company, HSIE Research

Fewer, bigger bets: Case in point is liquids portfolio in home care contributing to INR 30% of segment revenue now, which is sized at ~INR 40bn. Similarly premium portfolio in personal care and beauty & wellbeing is seeing faster growth than mass-end offerings.

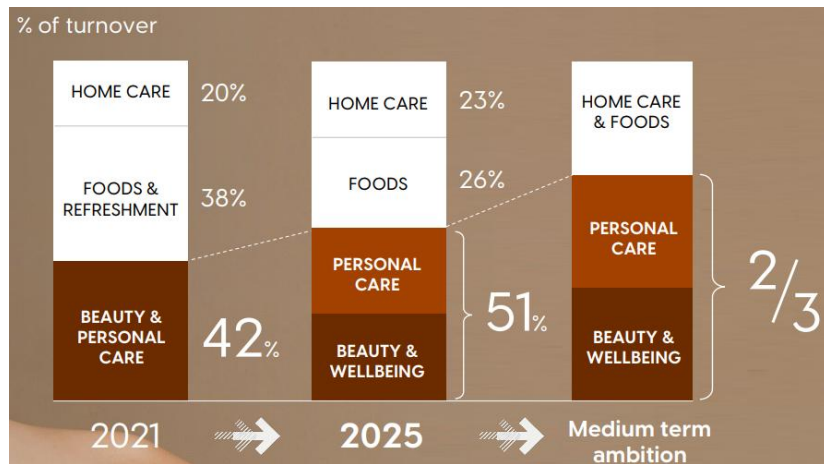
Guidance: Demand remains stable in both rural and urban in Q4FY26. Current geopolitical tensions are short-term volatility, where India stands out amid key emerging countries with 6.5% GDP growth. Management has guided for FY27 performance to be better than FY26. Margin profile in the mid-term is likely to remain in a band of 22.5%-23.5%. Management sees its top priority in competitive volume-led growth ahead.

Exhibit 163: HUL's foods and refreshments segment quarterly performance

	Segment revenue growth	Segment revenue contribution	Segment EBIT margin	Segment EBIT contribution	Beverages (Tea & Coffee)	Nutrition Drinks	Foods	Ice Cream
Q4FY26	4%	22%	20%	21%	- Tea delivered low-single digit UVG. - Coffee sustained double-digit growth momentum.	Grew in DD	MSD growth.	-
Q3FY26	6%	22%	21%	22%	- Tea saw mid-single digit volume growth/high single digit value growth. - Coffee sustained DD growth momentum.	High single-digit growth driven by UVG, on low base. Boost saw DD growth	High single-digit growth	Demerged
Q2FY26	0%	22%	20%	21%	- Tea saw high single-digit growth driven by pricing and volume. - Coffee delivered strong DD growth	Decline led by pricing actions	Muted performance due to GST transition	Decline led by an extended monsoon and GST transition
Q1FY26	6%	21%	19%	18%	- Tea recorded high single-digit growth - Coffee delivered strong DD growth	Sequential improvement	Mid-single digit growth	High-single digit volume-led growth
Q4FY25	-13%	22%	19%	20%	- Tea delivered low-single digit growth. - Coffee delivered DD growth	Declined with continued category headwinds	Mid-single digit volume-led growth	Double-digit volume led growth
Q3FY25	-7%	22%	22%	23%	- Low-single digit growth in Tea - Coffee delivered DD growth	Category declined due to subdued consumption	Mid-single digit growth	Revenue stood flat YoY
Q2FY25	-8%	23%	21%	21%	- Tea saw strengthening of market leadership - Coffee saw growth in DD	Market share increased	Low-single digit volume growth	Volume flat vs last year
Q1FY25	-19%	21%	19%	18%	- Tea saw a downgrade - Coffee grew in DD	Subdued performance on account of harsh summers	Low-single digit volume growth	Double-digit volume growth
Q4FY24	3%	26%	19%	23%	- Tea witnessed downgrading - Coffee grew in DD	High single-digit growth	Mid-single digit growth	Volume-led double-digit growth
Q3FY24	1%	24%	19%	21%	- Tea saw a muted performance - Coffee grew in DD	Price-led growth, low-single-digit volume decline	Strong growth led by Food Solutions	Mid-single digit growth
Q2FY24	3%	25%	19%	21%	- Tea saw modest growth. - Coffee grew in DD	Price-led mid-single-digit growth	High-single digit growth	Mid-single digit growth
Q1FY24	5%	25%	18%	20%	- Tea volume grew in a low single digit - Coffee volume saw mid-single-digit decline	Price-led sales growth; low-single-digit volume decline	Mid-single digit growth	Mid-single digit volume growth
Q4FY23	3%	25%	18%	21%	- Tea growth stressed - Coffee grew in DD	Mid-single digit growth	Mid-single digit growth	
Q3FY23	7%	24%	18%	19%	- Tea volumes grew in a mid-single digits; price cuts softened value - Coffee grew in DD	Mid-single digit value growth	Volume-led high-teen growth	
Q2FY23	4%	25%	20%	23%	- Tea volumes grew in a mid-single digits - Coffee grew DD	Category growth remains subdued due to inflation	DD value growth and volume growth in the mid-teens	
Q1FY23	9%	25%	16%	19%	Coffee grew in DD		DD value growth	

Source: Company, HSIE Research

Exhibit 164: Unilever - At CAGNY, Unilever called out its enhanced thrust on beauty and personal care



Source: Company, HSIE Research

Exhibit 165: Unilever - By Mar-26, Unilever announced its plan to demerge foods and combine with McCormick



Source: Company, HSIE Research

Status of India Foods and Refreshment portfolio: In India, HUL will continue to operate with foods and refreshment portfolio. Unilever considers it as a locally-focused business with a strong market position; also, the portfolio is different.

Exhibit 166: HUL has resorted to M&As where GSK Consumer acquisition is the largest. Going ahead, Unilever aspires for selective bolt-on acquisitions in premium segments and does not see any large-scale or transformational M&As

Brand / portfolio	Owner	Current stake	Acquisition date	Category	Deal Value (INR bn)	EV (INR bn)	EV/Sales	Period
Adityaa Milk Ice Creams	Vijaykant Dairy & Food Products	100.0%	Aug-18	Ice Cream	1.80	1.80	2.2x	FY18
Indulekha	Mosons Group	100.0%	Dec-15	Hair care	3.30	3.30	3.3x	FY16
V Wash	Glenmark Pharma	100.0%	Mar-20	Feminine Hygiene	2.98	2.98	1.6x	FY19
GSK portfolio (Horlicks + Boost)	GlaxoSmithKline Consumer Healthcare	100.0%	Dec-18	Nutrition	317.00	317.00	6.7x	FY19
Minimalist	Uprising Science	90.5%	Jan-25	Personal care	27.15	29.55	5.9x	FY25E
Ojiva	Zywie Ventures Pvt Ltd	100.0%	Feb-26	Health and Wellbeing	10.88	10.88	4.2x	FY25
- First tranche		51.0%	Dec-22		2.64	5.18	5.2x	FY23
- Second Tranche		49.0%	Feb-26		8.24	16.82	6.5x	FY25

Source: Company, HSIE Research

Income Statement (Consolidated)

YE March (INR mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Net Revenues	524,460	605,800	618,960	613,280	644,680	695,588	746,659	800,708
<i>Growth (%)</i>		15.5	2.2	(0.9)	5.1	7.9	7.3	7.2
Material Expenses	257,350	317,160	297,600	297,700	316,650	345,446	365,183	387,643
Employee Expense	25,450	28,540	30,090	29,520	30,620	32,151	33,759	36,122
Other Expenses	113,090	118,610	144,640	139,000	145,740	156,638	171,663	186,264
EBITDA	128,570	141,490	146,630	147,060	151,670	161,353	176,053	190,680
<i>EBITDA Growth (%)</i>		10.0	3.6	0.3	3.1	6.4	9.1	8.3
EBITDA Margin (%)	24.5	23.4	23.7	24.0	23.5	23.2	23.6	23.8
Depreciation	10,910	11,370	12,160	12,530	13,330	14,330	15,530	16,730
EBIT	117,660	130,120	134,470	134,530	138,340	147,023	160,523	173,950
Other Income (Including EO Items)	2,580	5,120	8,110	10,170	7,510	8,304	9,134	9,915
Interest	1,060	1,140	3,340	3,810	4,100	4,510	4,961	5,457
PBT before extraordinary items	119,180	134,100	139,240	140,890	141,750	150,816	164,696	178,408
Extraordinary items	(390)	(660)	20	3,380	47,160	-	-	-
Total Tax	29,870	32,010	36,440	37,480	38,270	39,966	43,644	47,278
Share of Minority Interest	130	230	50	300	240	-	-	-
RPAT after MI	88,790	101,200	102,770	106,490	150,400	110,850	121,052	131,130
Adjusted PAT	89,180	101,860	102,750	103,110	103,240	110,850	121,052	131,130
<i>APAT Growth (%)</i>		14.2	0.9	0.4	0.1	7.4	9.2	8.3
EPS	38.0	43.4	43.7	43.9	43.9	47.2	51.5	55.8
<i>EPS Growth (%)</i>		14.2	0.9	0.3	0.1	7.4	9.2	8.3

Source: Company, HSIE Research

Balance Sheet (Consolidated)

YE March (INR mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
SOURCES OF FUNDS								
Share Capital - Equity	2,350	2,350	2,350	2,350	2,350	2,350	2,350	2,350
Other Equity	488,520	502,870	511,880	493,740	487,730	492,830	496,382	497,086
Total Shareholders Funds	490,870	505,220	514,230	496,090	490,080	495,180	498,732	499,436
Total Debt	-	980	130	10	-	-	-	-
TOTAL CAPITAL EMPLOYED	490,870	506,200	514,360	496,100	490,080	495,180	498,732	499,436
APPLICATION OF FUNDS								
Tangible Assets	61,690	69,490	80,310	86,250	81,820	76,194	82,721	93,131
Intangible Assets	453,040	457,290	457,130	457,100	492,460	493,756	494,506	495,366
CWIP	13,130	11,320	10,250	10,090	8,800	18,800	18,800	8,800
Other Non Current Assets	28,970	30,240	31,190	34,440	36,260	35,945	38,378	42,934
Total Non-current Assets	556,830	568,340	578,880	587,880	619,340	624,695	634,405	640,232
Current Investments	35,210	28,130	45,600	37,530	43,590	43,590	43,590	43,590
Inventories	40,960	42,510	40,220	44,150	47,890	47,112	50,557	54,212
Debtors	22,360	30,790	29,970	38,190	33,790	39,574	42,468	45,538
Cash & Equivalents	38,460	46,780	75,590	75,540	32,480	18,369	17,427	21,762
Other Current Assets	11,240	14,220	14,630	15,340	20,290	21,305	22,370	23,488
Total Current Assets	148,230	162,430	206,010	210,750	178,040	169,950	176,411	188,590
Creditors	90,680	95,740	104,860	113,150	133,250	116,837	121,336	130,109
Other Current Liabilities & Provns	123,510	128,830	165,670	189,380	174,050	182,627	190,749	199,277
Total Current Liabilities	214,190	224,570	270,530	302,530	307,300	299,464	312,085	329,385
Net Current Assets	(65,960)	(62,140)	(64,520)	(91,780)	(129,260)	(129,515)	(135,674)	(140,795)
TOTAL APPLICATION OF FUNDS	490,870	506,200	514,360	496,100	490,080	495,180	498,732	499,436

Source: Company, HSIE Research

Hindustan Unilever: Initiating Coverage

Cash Flow (Consolidated)

YE March (INR mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Reported PBT	118,740	133,450	139,260	144,150	138,120	150,816	164,696	178,408
Depreciation	11,060	11,520	12,160	13,630	14,360	14,330	15,530	16,730
Working Capital Change	(10,000)	(9,600)	13,130	(7,880)	6,860	(13,541)	2,783	4,900
Tax Paid	(27,840)	(31,380)	(3,810)	(22,680)	(48,400)	(39,966)	(43,644)	(47,278)
Interest/Dividend received	(930)	(2,990)	(2,320)	(3,830)	(1,220)	(3,794)	(4,173)	(4,458)
Other items	(550)	(1,090)	(3,730)	(4,530)	270	-	-	-
OPERATING CASH FLOW (a)	90,480	99,910	154,690	118,860	109,990	107,846	135,192	148,302
Capex	(10,790)	(10,710)	(14,570)	(12,620)	(13,320)	(20,000)	(22,807)	(18,000)
Free Cash Flow (FCF)	79,690	89,200	140,120	106,240	96,670	87,846	112,385	130,302
Others	(6,490)	(4,230)	(38,670)	77,350	(23,520)	8,304	9,134	9,915
INVESTING CASH FLOW (b)	(17,280)	(14,940)	(53,240)	64,730	(36,840)	(11,697)	(13,673)	(8,085)
Debt Issuance/(Repaid)	(4,070)	780	(850)	-	-	-	-	-
Interest Expenses	(820)	(5,550)	(5,330)	(6,280)	(6,400)	(4,510)	(4,961)	(5,457)
FCFE	76,440	95,530	144,600	112,520	103,070	92,356	117,346	135,759
Dividend	(75,260)	(84,740)	(94,160)	(124,730)	(101,240)	(105,750)	(117,500)	(130,425)
Others	-	(20)	-	-	(460)	-	-	-
FINANCING CASH FLOW (c)	(80,150)	(89,530)	(100,340)	(131,010)	(108,100)	(110,260)	(122,461)	(135,882)
NET CASH FLOW (a+b+c)	(6,950)	(4,560)	1,110	52,580	(34,950)	(14,111)	(942)	4,335
Add: Beginning balance	18,420	11,570	7,010	8,120	60,700	25,750	11,639	10,697
EO Items, Others	-	130	130	10	80	80	80	80
Closing Cash & Equivalents	11,470	7,140	8,250	60,710	25,830	11,719	10,777	15,112

Source: Company, HSIE Research

Key Ratios

	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
PROFITABILITY (%)								
GPM	50.9	47.6	51.9	51.5	50.9	50.3	51.1	51.6
EBITDA Margin (%)	24.5	23.4	23.7	24.0	23.5	23.2	23.6	23.8
EBIT Margin	22.4	21.5	21.7	21.9	21.5	21.1	21.5	21.7
PBT Margin	22.7	22.1	22.5	23.0	22.0	21.7	22.1	22.3
APAT Margin	17.0	16.8	16.6	16.8	16.0	15.9	16.2	16.4
RoE	18.2	20.5	20.2	20.4	20.9	22.5	24.4	26.3
RoIC (or Core RoCE)	21.1	23.3	24.1	25.4	25.3	25.5	27.1	29.3
RoCE	24.0	26.1	26.4	26.6	28.1	29.8	32.3	34.9
EFFICIENCY								
Tax Rate (%)	25.1	23.9	26.2	26.6	27.0	26.5	26.5	26.5
Fixed Asset Turnover (x)	0.9	1.0	1.0	1.0	1.0	1.1	1.1	1.1
Inventory (days)	29	26	24	26	27	25	25	25
Debtors (days)	16	19	18	23	19	21	21	21
Other Current Assets (days)	8	9	9	9	11	11	11	11
Payables (days)	63	58	62	67	75	61	59	59
Other Current Liab & Provns (days)	86	78	98	113	99	96	93	91
Cash Conversion Cycle (days)	(97)	(83)	(110)	(122)	(116)	(100)	(96)	(94)
Net D/E (x)	(0.1)	(0.1)	(0.1)	(0.2)	(0.1)	(0.0)	(0.0)	(0.0)
Interest Coverage (x)	111.0	114.1	40.3	35.3	33.7	32.6	32.4	31.9
PER SHARE DATA (INR)								
EPS	38.0	43.4	43.7	43.9	43.9	47.2	51.5	55.8
CEPS	42.6	48.2	48.9	49.2	49.6	53.3	58.1	62.9
Dividend	34.0	39.0	42.0	53.0	41.0	45.0	50.0	55.5
Book Value	208.9	215.0	218.9	211.1	208.6	210.7	212.2	212.5
VALUATION								
P/E (x)	55.3	48.4	48.0	47.8	47.8	44.5	40.7	37.6
P/BV (x)	10.0	9.8	9.6	9.9	10.1	10.0	9.9	9.9
EV/EBITDA (x)	37.8	34.3	32.8	32.8	32.0	30.2	27.7	25.5
EV/Revenues (x)	9.3	8.0	7.8	7.9	7.5	7.0	6.5	6.1
OCF/EV (%)	1.9	2.1	3.2	2.5	2.3	2.2	2.8	3.0
FCF/EV (%)	1.6	1.8	2.9	2.2	2.0	1.8	2.3	2.7
FCFE/Mkt Cap (%)	1.6	1.9	2.9	2.3	2.1	1.9	2.4	2.8
Dividend Yield (%)	1.6	1.9	2.0	2.5	2.0	2.1	2.4	2.6

Source: Company, HSIE Research

ITC

Execution key to protecting core business

We resume coverage on ITC with an ADD and a Jun'27 SOTP-based target price of INR300, valuing the cigarettes business at ~INR140/share on 11x P/E and Other FMCG at INR95/share on 4x sales. ITC faces historically high cigarette tax incidence in India, weighing on near- to medium-term category outlook. With Phillip Morris eyeing the Indian market, ITC must step up execution to defend volumes, margins, and market share. Near-term valuations hinge on how effectively the company manages necessary price hikes. The government's stance, evident in the last tax hike, is clear — curb consumption through punitive taxation. If illicit volumes do not spike, expect repeatable low double-digit annual tax hikes. We believe the FY27 category performance will be pivotal for ITC's valuation, given cigarettes remain its cash cow segment.

- **Thrust on managing financial bombshell:** ITC has managed to withstand multiple disruptions in the past, in the form of tax hikes, GST implementation and Covid-19. The worst fear it managed to withstand is the respiratory illness linked Covid-19; volumes now are above the pre-Covid levels. Current disruption it faces is in the form of financial bombshell, where government has affected cumulative tax hikes. Our ground checks indicate multiple portfolio actions apart from price hikes for existing SKUs. Unlike our expectations of full price hikes at one go (to protect margin), the company has taken a balanced approach to protect volume and margins. It has affected ~70% of the price hike needs, where balance price hikes are expected in Q2FY26, as per trade expectations. There is a possible consumer down-trade, which is where it has launched offerings in LSFT, RSFT and DSFT segments. However, these downgrades may prove to be margin dilutive. We view 11% volume decline, 8% in FY27 and 3% in FY28, in India. Along with price actions, this will lead to flat net sales and EBIT over FY26-28E.
- **Non-cigarette performance likely to improve:** Amid non-cigarettes businesses, its Other FMCG business has benefited from the GST rate cut and is likely to do well. Given the competition, the segment's margin delivery is important to watch out for, as company aspires for a 100bps margin expansion on an annual basis. Agri will likely face the heat of the West Asia war and excess global tobacco supply, but may bounce back as the situation eases. Regulatory actions are likely to aid the paper business, which can post healthy financials on a low base. New initiatives like Food Tech are likely to do well, with InfoTech seeing AI-related pressures.
- **Near-term outlook weak, execution key in medium term:** ITC's valuation has been stressed from the start of the year, given the sharp tax incident on cigarettes, which may cause sharp price hikes and volume shrinkage. Additionally, any surge in illicit volume remains a long-term risk. While we do not see any more near-term headwinds, we believe the stock's re-rating will hinge on its 1HFY27 performance and impact of illicit volumes on the legal industry.

Financial Summary (consolidated)

YE March (INR mn)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Revenue	679,319	753,233	788,684	862,019	943,330	1,015,796
EBITDA	252,498	259,782	273,179	258,410	295,212	321,991
APAT	198,982	197,306	209,812	195,436	222,490	243,948
Adjusted EPS (INR)	15.9	15.8	16.7	15.5	17.6	19.2
P/E (x)	17.5	17.7	16.7	18.0	15.9	14.6
EV/EBITDA	13.1	12.6	11.9	12.6	11.1	10.1
ROE (%)	27.6	27.2	29.3	26.6	29.2	30.2

Source: Company, HSIE Research

ADD

CMP (as on 16 Jul 26)	INR 279
Target Price	INR 300
NIFTY	24,073

KEY CHANGES	OLD	NEW
Rating	NA	ADD
Price Target	NA	INR 300
EPS %	FY27E	FY28E
	NA	NA

KEY STOCK DATA

Bloomberg code	ITC IN
No. of Shares (mn)	12,530
MCap (INR bn) / (\$ mn)	3,517/36,540
6m avg traded value (INR mn)	6,048
52 Week high / low	INR 427/275

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(8.5)	(14.7)	(33.8)
Relative (%)	(8.1)	(8.2)	(28.8)

SHAREHOLDING PATTERN (%)

	Dec-25	Mar-26
Promoters	0.00	0.00
FIs & Local MFs	48.9	49.2
FPIs	36.1	34.8
Public & Others	15.0	16.0
Pledged Shares	0.00	0.00

Source : NSE

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Exhibit 167: ITC' one year forward P/E



Source: Bloomberg, Company, HSIE Research

Exhibit 168: ITC's SOTP-based target price

Segment	Valuation methodologies	Unit (INR bn)	Jun-28 est	Multiple (x)	INR/share	Segment value (INR bn)	Contribution
Cigarette	PE	EPS	12.63	11.0	139	1,741	47%
Other FMCG	EV/Sales	Sales	298,043	4.0	95	1,192	32%
Agri	EV/Sales	Sales	243,509	1.0	19	244	7%
Paper	EV/EBITDA	EBITDA	15,571	4.0	5	62	2%
ITC infotech	PE	EPS	0.68	20.0	14	171	5%
Food tech	EV/GMV	GMV	4,250	1.5	1	6	0%
Net cash		Actual		1.0	21	269	7%
ITC Hotel ^					9	116	3%
Fair value					303	3,685	
Target price					300		

Source: Bloomberg, HSIE Research

^40% stake; with 20% holding company discount; Based on closing price on 16 Jul 2026

Exhibit 169: ITC - HSIE estimates vs Consensus estimates

(INR mn)	HSIE estimates			Consensus estimates			HSIE vs Consensus estimates		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	862,019	943,330	1,015,796	793,936	863,452	926,870	9%	9%	10%
growth (%)	9.3%	9.4%	7.7%	0.7%	8.8%	7.3%			
EBITDA	258,410	295,212	321,991	253,312	279,347	297,377	2%	6%	8%
growth (%)	(5.4%)	14.2%	9.1%	(7.3%)	10.3%	6.5%			
EBITDA margin (%)	30.0%	31.3%	31.7%	31.9%	32.4%	32.1%			
Adj PAT	195,436	222,490	243,948	197,968	217,603	233,796	(1%)	2%	4%
growth (%)	(6.9%)	13.8%	9.6%	(5.6%)	9.9%	7.4%			
Adj EPS (INR/Share)	15.5	17.6	19.2	15.7	17.3	18.7	(1%)	2%	2%

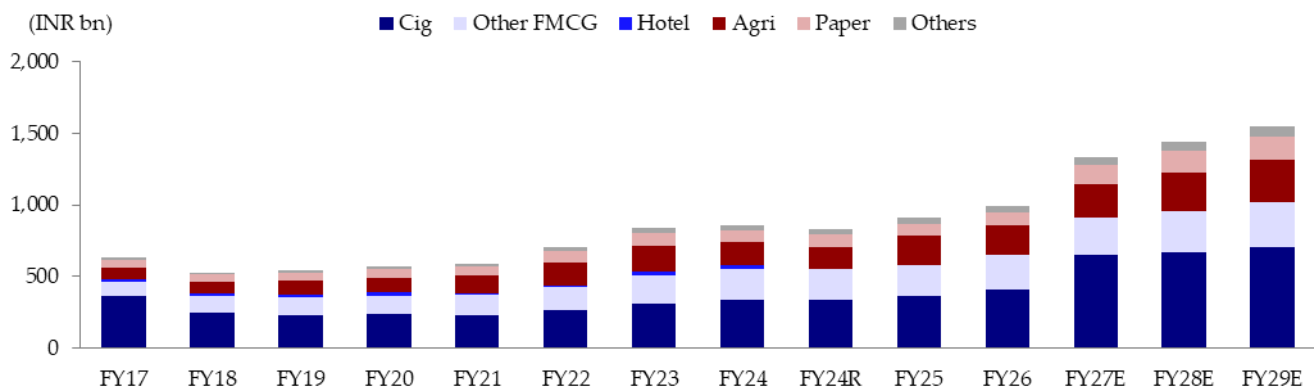
Source: Bloomberg, HSIE Research

Exhibit 170: ITC - Key assumptions

	FY25	FY26	FY27E	FY28E	FY29E
Segment revenue growth					
Cigarettes	6.6%	13.1%	57.0%	3.9%	5.5%
Other FMCG	4.8%	10.5%	9.5%	9.3%	9.3%
Agri	25.1%	3.1%	5.8%	8.5%	8.3%
Paper	1.0%	4.1%	47.3%	5.6%	5.6%
Others	14.1%	17.4%	14.9%	13.0%	13.0%
Segment EBIT margin					
Cigarettes	71.2%	69.4%	66.3%	69.2%	70.6%
Other FMCG	7.2%	7.4%	8.0%	8.5%	9.5%
Agri	7.6%	7.6%	8.0%	8.3%	9.0%
Paper	10.5%	8.6%	10.0%	11.0%	12.0%
Others	15.6%	13.3%	13.6%	13.8%	14.1%
Profit and loss account					
Revenue growth	10.9%	4.7%	9.3%	9.4%	7.7%
Gross margin	57.5%	58.7%	53.8%	55.1%	55.4%
EBITDA margin	34.5%	34.6%	30.0%	31.3%	31.7%
Adj EPS (INR/share)	15.8	16.7	15.5	17.6	19.2
DPS (INR/share)	14.4	14.5	14.5	15.3	17.0
Balance Sheet					
Capex (INR bn)	(61.5)	20.8	28.0	28.7	28.0
Inventory days	77	87	74	74	74
Receivable days	23	18	18	18	18
Payable days	23	26	25	25	25

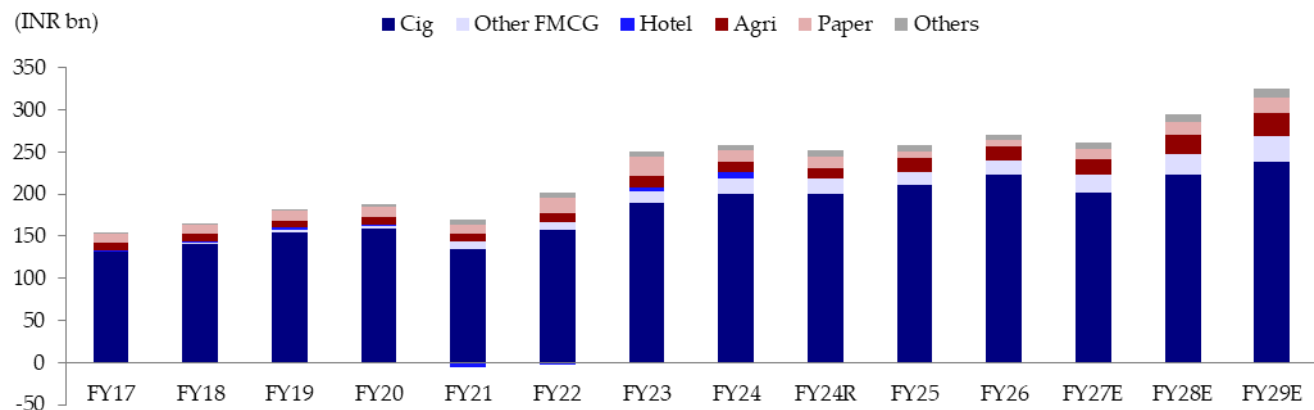
Source: Company, HSIE Research

Exhibit 171: ITC's consolidated gross revenue split by segments (before inter segment)



Source: Company, HSIE Research

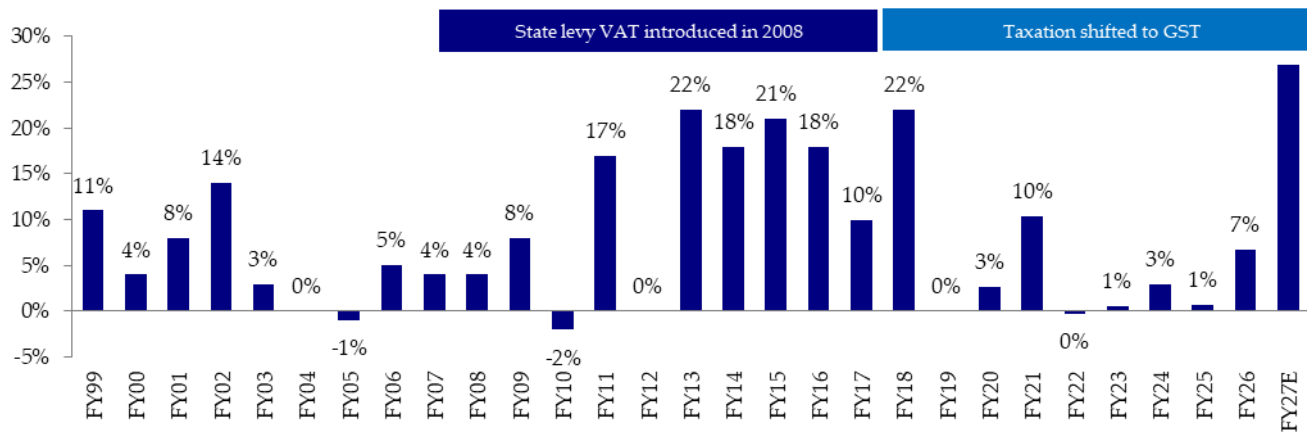
Exhibit 172: ITC's consolidated EBIT split by segments (before adjusting for un-allocable expenses)



Source: Company, HSIE Research

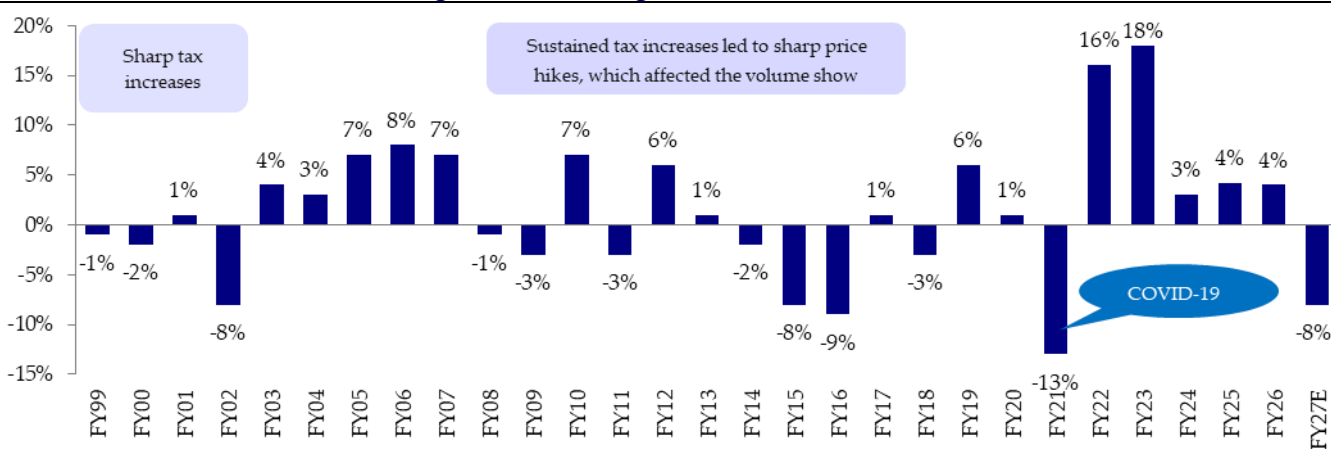
ITC: Initiating Coverage

Exhibit 173: ITC - Cigarette annual tax increases



Source: Company, HSIE Research

Exhibit 174: ITC's annual standalone cigarettes volume growth trend



Source: Company, HSIE Research

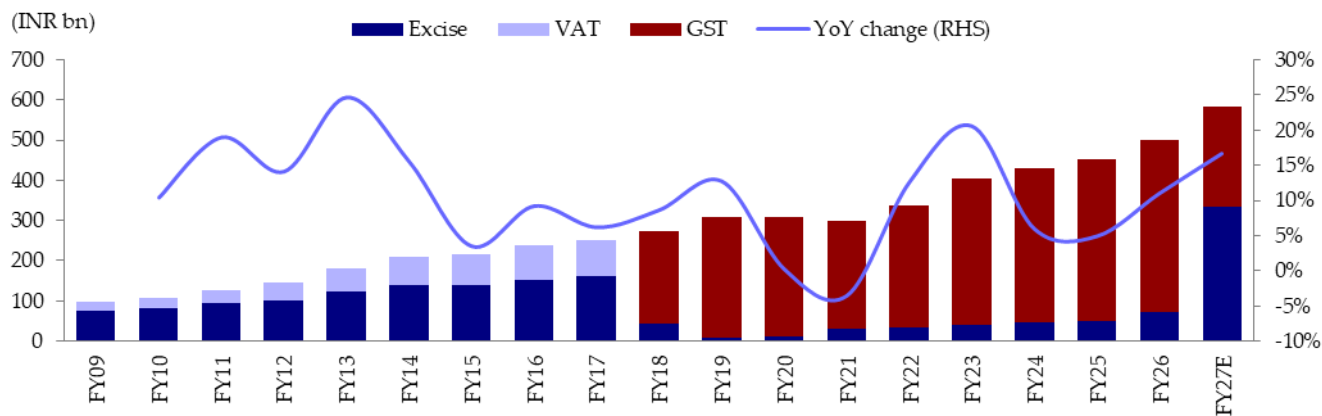
ITC: Initiating Coverage

Exhibit 175: ITC - India's cigarettes taxation structure

(INR/1,000 sticks)	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26RE	FY27
GST rate			28%	28%	28%	28%	28%	28%	28%	28%	28%	40%
GST cess - ad valorem												
- KSFT			36%	36%	36%	36%	36%	36%	36%	36%	36%	na
- Others			5%	5%	5%	5%	5%	5%	5%	5%	5%	na
GST Cess - Fixed												
- KSFT			2,076	2,076	2,076	2,076	2,076	2,076	2,076	2,076	2,076	na
- LSFT			2,747	2,747	2,747	2,747	2,747	2,747	2,747	2,747	2,747	na
- RSFT			3,668	3,668	3,668	3,668	3,668	3,668	3,668	3,668	3,668	na
- DSFT			4,170	4,170	4,170	4,170	4,170	4,170	4,170	4,170	4,170	na
- Others			4,170	4,170	4,170	4,170	4,170	4,170	4,170	4,170	4,170	na
NCCD - Fixed												
- KSFT	235	235	235	235	235	735	735	735	850	850	850	850
- LSFT	145	145	145	145	145	545	545	545	630	630	630	630
- RSFT	90	90	90	90	90	440	440	440	510	510	510	510
- DSFT	90	90	90	90	90	440	440	440	510	510	510	510
Basic excise duty												
- KSFT	3375	3375			5	5	5	5	5	5	5	8500
- LSFT	2335	2335			5	5	5	5	5	5	5	5400
- RSFT	1740	1740			5	5	5	5	5	5	5	3600
- DSFT	1280	1280			5	5	5	5	5	5	5	2100
Additional excise duty												
- KSFT	180	560										
- LSFT	110	370										
- RSFT	70	260										
- DSFT	70	215										

Source: Government of India, HSIE Research

Exhibit 176: ITC's estimated contribution to the exchequers



Source: Company, HSIE Research

Exhibit 177: ITC - Cigarettes portfolio actions in FY26

	Q4FY26	Q3FY26	Q2FY26	Q1FY26
Innovations	Classic Connect	Classic Connect	Classic Connect	Classic Connect
	American Club Clove Mint	American Club Clove Mint	American Club Clove Mint	American Club Clove Mint
	Gold Flake Indie Mint	Gold Flake Indie Mint	Gold Flake Indie Mint	Gold Flake Indie Mint
Portfolio Fortification	Scissors	Scissors	Scissors	Scissors
	Flake Spl	Flake Spl	Flake Spl	Flake Spl
	Silk Cut Red	Silk Cut Red	Silk Cut Red	Silk Cut Red
	Gold Flake	Gold Flake	Gold Flake	
	Classic	Classic	Classic	
Launches	Classic Clove	Classic Clove	Classic Clove	Classic Clove
	Classic Refined Taste Sleek	Classic Icon	Classic Icon	Classic Icon
	Gold Flake Social 2-Pod	Classic Refined Taste Sleek	Classic Refined Taste Sleek	Gold Flake Social Red
	Gold Flake SLK Range	Gold Flake Social 2-Pod	Gold Flake Social 2-Pod	Gold Flake Social 2-Pod
	Gold Flake Kings Sleek	Gold Flake Indie Clove	Gold Flake Indie Clove	Gold Flake Indie Clove
	Gold Flake Snap Mint	Gold Flake SLK Range	Gold Flake SLK Range	Gold Flake SLK Range
	American Club Super Slims	Gold Flake Kings Sleek	Gold Flake Kings Sleek	Gold Flake Nova
	Flake Insta Fresh	Gold Flake Snap Mint	Gold Flake Snap Mint	American Club Just Clove
	Capstan Clove	American Club Super Slims	American Club Super Slims	American Club Super Slims
	Wills clove	Player's Aromix	Player's Aromix	Player's Aromix
	Flake power play	Flake Insta Fresh	Flake Insta Fresh	Flake Insta Fresh
	Gold Flake Smart Pro	Capstan Clove	Scissors Super Mix	Scissors Super Mix
	Player Magic Mix	Flight	Capstan Clove	Capstan Clove
	American Club Fruity Longs	Power	Flight	Flight
	Classic Longs	Gold Flake Smart Pro	Power	Wave Boss
	Gold Flake Kings Longs	Player Magic Mix	Gold Flake Smart Pro	
	Gold Flake Premium Deluxe	American Club Fruity (RSFT)	Player Magic Mix	
	Scissors Deluxe	Wave boss		
	Players Minty Cool Deluxe	Wills clove		
	Wave Ice Mint Deluxe	Bristol clove		
		Flake power play		

Source: Company, HSIE Research

Exhibit 178: ITC – Cigarette price hikes in YTDCY26

Brand	SKU	YTD price change
KSFT normal (84mm)		
Classic (Rich, Refined and Balanced)	10 sticks	41%
Classic ice burst / Double burst	10 sticks	41%
Classic Verve Low Smell	10 sticks	41%
Classic Rich and Smooth	10 sticks	41%
Classic No Smell	10 sticks	41%
Classic Mild	10 sticks	41%
Classic Ultra Mild	10 sticks	41%
Classic Alphatec	10 sticks	41%
Benson & Hedges	10 sticks	41%
Gold Flake King (Red, Blue, Gold and Light)	10 sticks	41%
Gold Flake Mixpod / Twinpod	10 sticks	41%
Gold Flake Neo (Active Carbon Filter)	10 sticks	41%
Gold Flake Silk	16 sticks	39%

Brand	SKU	YTD price change
KSFT slims (97 mm)		
Classic Verve	16 sticks	30%
Classic Connect	10 sticks	30%
Gold Flake Social 2-Pod	10 sticks	30%
American Club LIT	10 sticks	80%
American Club NY Cool	10 sticks	80%
RSFT (69mm)		
Gold Flake Filter	10 sticks	17%
Gold Flake Premium Filter / Mint Switch	10 sticks	21%
Gold Flake Premium menthol	10 sticks	21%
Gold Flake Indie Mint (Capsule with tabular filter)	10 sticks	15%
Players Gold Leaf Rush	10 sticks	35%
Wave Cool Mint	10 sticks	60%
DSFT (64 mm)		
Capstan Special filter	10 sticks	35%
Bristol	10 sticks	24%
Gold Flake Super Star	10 sticks	34%
Gold Flake Special	10 sticks	32%
Silk Cut Filter Capsule	10 sticks	17%
Navy Cut Special Filter/Virginia	10 sticks	20%
Duke Special	10 sticks	16%

Source: Company, HSIE Research

Exhibit 179: ITC – New pack launches YTD CY26

Brand	SKU (sticks)	MRP (INR)
DSFT (64mm)		
Silk Cut Verginia	10	55
Silk Cut Blue	10	60
Silk Cut Red	10	70
Wave Deluxe	10	60
Indi Mint Deluxe	10	94
Gold Flake Filter	10	99
RSFT (69mm)		
Wills Navy Cut Gold Flake	10	99
LSFT (74mm)		
Gold Flake Social Red	10	150
Gold Flake Red Luxury Filter	10	175
Gold Flake Blue longs	10	175
Gold Flake Red longs	10	175
Classic Balanced taste Longs	10	175
Classic Rich taste Longs	10	175
Classic Redefined taste Longs	10	175
KSFT (84mm/97mm)		
Gold Flake King's Blue Sleeks	10	220
Gold Flake King's Red Sleeks	10	220
Gold Flake King's Discover World Series	20	500
American Club Clove Mint	10	190

Source: Company, HSIE Research

Exhibit 180: ITC - Cigarettes business valuation on DCF

(INR bn)	FY25	FY26	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E	FY33E	FY34E	FY35E	FY36E
EBIT	200	211	181	210	225	237	249	258	267	276	285	294
Corp other expenses	-27	-28	-23	-29	-27	-26	-25	-25	-25	-24	-24	-24
Adjusted EBIT	173	183	157	181	198	211	224	233	242	252	261	270
Depreciation	-3	-3	-4	-4	-4	-4	-4	-4	-4	-5	-5	-5
Adjusted EBITDA	176	186	161	185	202	216	228	238	247	256	266	275
Tax on EBIT	-44	-47	-40	-46	-51	-54	-57	-59	-62	-64	-66	-69
Tax rate	25.5%	25.5%	25.5%	25.5%	25.5%	25.5%	25.5%	25.5%	25.5%	25.5%	25.5%	25.5%
Capex	-3	-9	-9	-9	-9	-9	-10	-10	-10	-10	-10	-11
Free cash flow	128	130	112	129	142	152	161	168	175	182	189	195
Net present value (NPV)			105	110	110	107	103	98	92	87	82	77

Key assumptions

Risk free rate (%)	6.5%
Observed Beta (x)	1.00
Market return (%)	10.0%
Cost of Equity	10.0%
Terminal growth	0.0%

Fair value analysis

NPV (explicit FY27-FY36 FCFs; INR bn)	971
NPV (terminal value; INR bn)	753
Enterprise value (INR bn)	1,724
Shares outstanding (bn)	13
Fair value / Target price (INR)	138

Source: Company, HSIE Research

Exhibit 181: ITC - Implied cigarettes business valuations for ITC

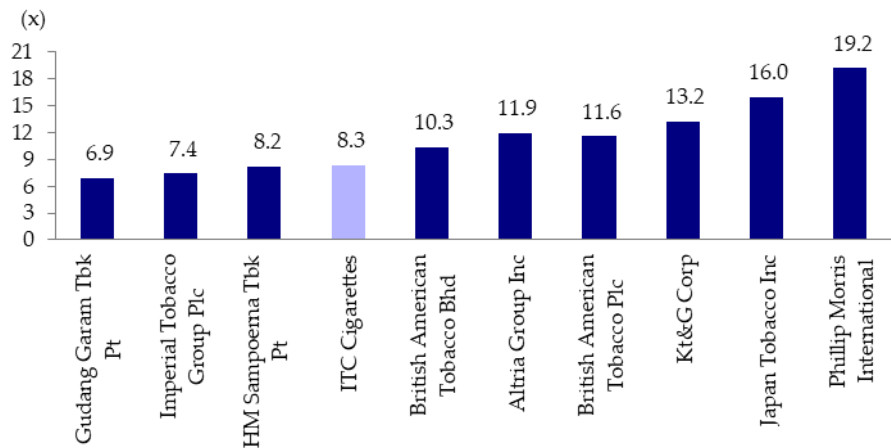
	INR mn	Comments
ITC's current market capitalisation and enterprise value		
Price (INR/share)	276	
Shares (mn)	12,530	Mar'26
Market Cap	3,452,504	
Add Debt	21,862	Mar'26
Less Cash	(274,167)	Mar'26
Enterprise Value	3,200,199	
Valuation of businesses other than cig		
FMCG		
Revenue	298,260	Jun-28E
EV/Sales (x)	4	~33% discount to FMCG sector
Enterprise Value - FMCG	1,193,041	(a)
Agri		
Sales	2,77,339	Jun-28E
EV/Sales (x)	1	
Enterprise Value - Agri	2,77,339	(b)
Paper		
EBITDA	16,834	Jun-28E
EV/EBITDA (x)	5	
Enterprise Value - Paper	84,168	(c)
ITC Infotech		
EPS	1	Jun-28E
P/E (x)	20	
Enterprise Value - Infotech	1,70,864	(d)
FoodTech		
GMV	4,250	
EV/GMV	1.5	
Enterprise value - Foodtech	6,375	(e)
ITC Hotel		
40% stake at 20% discount to CMP	1,22,113	(f)
Implied valuation of cigarette business of ITC		
Total EV	3,188,889	(g)
Less other businesses EV	1,853,900	(h)=(a)+(b)+(c)+(d)+(e)+(f)
Core Cig business value	1,329,989	(g)-(h)
Core Cig business value (INR/share)	106	
Cig earnings	13	Jun-28E
Implied 1 Y Forward PE	8.3x	Jun-28E

Source: Bloomberg, HSIE Research
Based on closing price on 14 Jul 2026

Exhibit 182: Global cigarette peer valuation comp sheet

Company	MCAp (US\$ mn)	CMP	P/E		EV/EBITDA		EV/Sales		Sales CY25-27E	EPS CY25-27E
			CY27E	CY28E	CY27E	CY28E	CY27E	CY28E		
Phillip Morris International	274,228	USD 175.95	19.2	17.8	15.3	14.3	7.0	6.5	7%	10%
Altria Group Inc	117,160	USD 70.16	11.9	11.5	10.3	10.2	6.7	6.7	1%	4%
British American Tobacco	127,150	GBP 4,382	11.6	10.8	9.7	9.3	4.7	4.6	3%	6%
Japan Tobacco Inc	75,412	JPY 6,111	16.0	14.6	9.8	9.2	3.3	3.2	7%	9%
Imperial Tobacco Group	27,490	GBP 2,672	7.4	6.8	7.1	6.9	3.1	3.0	2%	8%
Kt&G Corp	12,162	KRW 174,500	13.2	12.1	9.4	9.1	2.5	2.4	6%	16%
Gudang Garam Tbk Pt	1,766	IDR 16,575	6.9	6.4	2.9	2.7	0.3	0.3	0%	42%
British American Tobacco Bhd	354	MYR 5.04	10.3	8.1	8.9	7.2	1.2	1.0	5%	14%
HM Sampoerna Tbk Pt	4,412	IDR 685	8.2	7.7	4.7	4.4	0.6	0.6	3%	13%
ITC	35,866	INR 275.55	15.9	14.7	11.6	10.9	3.8	3.5	5%	5%

Source: Bloomberg, HSIE Research
Based on closing price on 14 Jul 2026

Exhibit 183: Valuation for cigarette companies across the world for CY27/FY28

Source: Bloomberg, HSIE Research

Exhibit 184: Price performance of global cigarette companies

(%)	Mcap (USD bn)	Change 1M	Change 3M	Change 6M	Change 1Y	Change 3Y	Change 5Y	Change 10Y
Phillip Morris International	274,228	-2.35	-6.30	-3.22	11.93	1.96	-2.75	76.83
Altria Group Inc	117,160	-2.38	-3.84	0.82	8.91	13.93	19.97	54.23
British American Tobacco Plc	127,150	0.02	-5.48	-4.18	4.36	0.99	14.77	73.61
Japan Tobacco Inc	75,407	-0.08	-1.47	0.68	3.63	4.82	41.89	102.62
Imperial Tobacco Group Plc	27,490	-0.26	-3.71	-4.26	-5.57	-12.77	-7.96	52.08
Kt&G Corp	12,169	1.63	-5.21	-7.18	3.13	21.59	24.27	110.75
Gudang Garam Tbk Pt	1,766	-0.45	3.27	5.07	13.53	9.95	83.15	-39.73
British American Tobacco Bhd	348	-0.40	-1.00	-2.17	-13.44	4.20	4.64	-51.75
HM Sampoerna Tbk Pt	4,412	0.00	3.01	9.60	-9.27	-11.04	12.30	-28.27
ITC	35,867	-1.47	-4.57	-4.29	-8.77	-17.68	-34.72	-41.73
VST Industries	420	-1.29	-11.05	-8.43	-0.11	-0.92	-20.43	-26.93
Godfrey Phillips India	3,355	-1.02	-2.99	-7.53	-1.07	-7.03	-33.64	276.51

Source: Bloomberg, HSIE Research

Based on closing price on 14 Jul 2026

Income Statement (Consolidated)

YE March (INR mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Net Revenues	606,681	709,369	679,319	753,233	788,684	862,019	943,330	1,015,796
<i>Growth (%)</i>		16.9	(4.2)	10.9	4.7	9.3	9.4	7.7
Material Expenses	263,851	290,058	269,808	319,787	325,479	397,860	423,701	453,070
Employee Expense	48,906	57,362	55,485	61,698	67,815	73,240	79,099	85,427
Other Expenses	87,341	105,299	101,528	111,966	122,211	132,509	145,317	155,308
EBITDA	206,584	256,649	252,498	259,782	273,179	258,410	295,212	321,991
<i>EBITDA Growth (%)</i>		24.2	(1.6)	2.9	5.2	(5.4)	14.2	9.1
EBITDA Margin (%)	34.1	36.2	37.2	34.5	34.6	30.0	31.3	31.7
Depreciation	17,324	18,090	15,181	16,463	17,105	18,154	18,403	18,699
EBIT	189,260	238,559	237,317	243,319	256,074	240,256	276,809	303,292
Other Income (Including EO Items)	18,538	20,295	27,077	26,401	28,029	26,083	28,204	31,161
Interest	394	432	391	451	852	937	1,031	1,134
PBT before extraordinary items	207,405	258,423	264,003	269,269	283,251	265,402	303,983	333,319
Extraordinary items	-	729	-	-	(2,917)	-	-	-
Total Tax	52,373	64,384	62,095	68,905	70,152	66,350	77,516	84,996
Share of Minority Interest	2,605	2,851	2,926	3,059	3,287	3,615	3,977	4,375
Profit for the year from discontinued operations	-	-	5,605	150,160	-	-	-	-
Profit for shareholders	152,427	191,917	204,588	347,466	206,895	195,436	222,490	243,948
Adjusted PAT	152,427	191,188	198,982	197,306	209,812	195,436	222,490	243,948
<i>APAT Growth (%)</i>		25.4	4.1	(0.8)	6.3	(6.9)	13.8	9.6
EPS	12.4	15.4	15.9	15.8	16.7	15.5	17.6	19.2
<i>EPS Growth (%)</i>		24.4	3.6	(1.1)	6.2	(7.3)	13.3	9.1

Source: Company, HSIE Research

Balance Sheet (Consolidated)

YE March (INR mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
SOURCES OF FUNDS								
Share Capital - Equity	12,323	12,428	12,485	12,514	12,530	12,595	12,660	12,725
Other Equity	615,895	682,960	736,415	691,465	716,201	729,959	769,829	820,719
Total Shareholders Funds	628,219	695,388	748,900	703,979	728,730	742,553	782,488	833,444
Total Debt	15,732	15,496	20,356	25,355	50,506	52,778	55,253	57,926
TOTAL CAPITAL EMPLOYED	643,951	710,884	769,256	729,334	779,236	795,331	837,741	891,369
APPLICATION OF FUNDS								
Tangible Assets	233,916	249,950	268,907	213,730	219,415	229,261	239,583	248,884
CWIP	31,985	29,847	28,511	10,909	16,019	16,019	16,019	16,019
Right of Use Assets	8,671	8,749	9,391	5,819	5,010	5,010	5,010	5,010
Other Non Current Assets	123,075	118,446	176,199	137,205	120,896	120,896	120,896	120,896
Total Non-current Assets	397,646	406,991	483,009	367,663	361,340	371,186	381,507	390,808
Current Investments	125,335	175,705	134,942	209,993	260,389	250,389	250,389	280,389
Inventories	109,736	119,141	143,029	158,361	188,727	175,621	192,179	206,903
Debtors	24,619	29,562	40,258	47,197	39,229	42,868	46,909	50,503
Cash & Equivalents	46,544	48,802	72,177	40,124	30,088	59,022	77,055	79,548
Other Current Assets	67,657	77,447	43,676	56,187	55,900	59,422	63,222	66,712
Total Current Assets	373,891	450,657	434,082	511,862	574,332	587,321	629,754	684,055
Creditors	44,173	46,590	47,978	48,073	56,396	58,540	64,060	68,968
Other Current Liabilities & Provns	83,414	100,174	99,856	102,117	100,040	104,635	109,460	114,526
Total Current Liabilities	127,586	146,764	147,835	150,190	156,435	163,175	173,520	183,494
Net Current Assets	246,305	303,893	286,247	361,671	417,897	424,146	456,234	500,561
TOTAL APPLICATION OF FUNDS	643,951	710,884	769,256	729,334	779,236	795,331	837,741	891,369

Source: Company, HSIE Research

Cash Flow (Consolidated)

YE March (INR mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Reported PBT	207,405	259,151	271,399	425,816	280,334	265,402	303,983	333,319
Depreciation	17,324	18,090	18,164	19,506	17,105	18,154	18,403	18,699
Working Capital Change	(995)	(9,242)	(33,370)	(27,420)	(27,623)	10,287	(16,641)	(14,507)
Tax Paid	(49,820)	(62,502)	(61,196)	(63,502)	(63,736)	(66,350)	(77,516)	(84,996)
Interest/Dividend received	(10,826)	(15,340)	(17,216)	(15,226)	(14,774)	(20,998)	(22,611)	(25,008)
Other items	(5,332)	(1,382)	(5,992)	(162,903)	(6,663)	-	-	-
OPERATING CASH FLOW (a)	157,755	188,776	171,789	176,270	184,643	206,494	205,618	227,506
Capex	(20,085)	(26,938)	(34,551)	(21,033)	(21,324)	(28,000)	(28,725)	(28,000)
Free Cash Flow (FCF)	137,670	161,837	137,238	155,238	163,319	178,494	176,893	199,506
Others	(2,300)	(30,385)	50,178	17,075	(1,883)	31,935	23,642	(3,858)
INVESTING CASH FLOW (b)	(22,385)	(57,323)	15,628	(3,958)	(23,207)	3,935	(5,083)	(31,858)
Debt Issuance/(Repaid)	(594)	(598)	(605)	(300)	19,470	87	112	-
Interest Expenses	(396)	(414)	(463)	(500)	(817)	(937)	(1,031)	(1,134)
FCFE	137,472	161,653	137,096	155,437	183,605	179,518	178,036	200,639
Change in net worth	2,918	24,774	14,428	7,973	4,049	65	65	65
Dividend	(137,883)	(153,971)	(198,992)	(177,628)	(182,720)	(181,678)	(182,620)	(193,057)
Others	149	149	121	81	(1,452)	(3,615)	(3,977)	(4,375)
FINANCING CASH FLOW (c)	(135,805)	(130,060)	(185,510)	(170,374)	(161,471)	(186,078)	(187,451)	(198,501)
NET CASH FLOW (a+b+c)	(435)	1,392	1,907	1,938	(35)	24,351	13,084	(2,853)
Add: Beginning balance	2,904	2,714	4,634	6,259	6,224	6,188	30,539	43,623
Closing Cash & Equivalents	2,469	4,106	6,540	8,197	6,188	30,539	43,623	40,770

Source: Company, HSIE Research

Key Ratios

	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
PROFITABILITY (%)								
GPM	56.5	59.1	60.3	57.5	58.7	53.8	55.1	55.4
EBITDA Margin (%)	34.1	36.2	37.2	34.5	34.6	30.0	31.3	31.7
EBIT Margin	31.2	33.6	34.9	32.3	32.5	27.9	29.3	29.9
PBT Margin	34.2	36.4	38.9	35.7	35.9	30.8	32.2	32.8
APAT Margin	25.1	27.0	29.3	26.2	26.6	22.7	23.6	24.0
RoE	24.3	28.9	27.6	27.2	29.3	26.6	29.2	30.2
RoIC (or Core RoCE)	28.3	32.2	30.8	31.6	34.9	34.3	36.7	37.8
RoCE	29.4	35.2	32.1	32.5	33.9	30.5	33.9	35.1
EFFICIENCY								
Tax Rate (%)	25.3	24.9	23.5	25.6	24.8	25.0	25.5	25.5
Fixed Asset Turnover (x)	1.9	2.0	1.7	2.3	2.3	2.3	2.3	2.3
Inventory (days)	66	61	77	77	87	74	74	74
Debtors (days)	15	15	22	23	18	18	18	18
Other Current Assets (days)	41	40	23	27	26	25	24	24
Payables (days)	27	24	26	23	26	25	25	25
Other Current Liab & Provns (days)	50	52	54	49	46	44	42	41
Cash Conversion Cycle (days)	45	41	43	54	59	49	50	51
Net D/E (x)	(0.0)	(0.0)	(0.1)	(0.0)	0.0	(0.0)	(0.0)	(0.0)
Interest Coverage (x)	480.8	552.2	606.8	540.0	300.7	256.4	268.6	267.5
PER SHARE DATA (INR)								
EPS	12.4	15.4	15.9	15.8	16.7	15.5	17.6	19.2
CEPS	13.8	16.8	17.2	17.1	18.1	17.0	19.0	20.6
Dividend	11.5	15.5	13.8	14.4	14.5	14.5	15.3	17.0
Book Value	51.0	56.0	60.0	56.3	58.2	59.0	61.8	65.5
VALUATION								
P/E (x)	22.6	18.2	17.5	17.7	16.7	18.0	15.9	14.6
P/BV (x)	5.5	5.0	4.7	5.0	4.8	4.7	4.5	4.3
EV/EBITDA (x)	15.9	12.7	13.1	12.6	11.9	12.6	11.1	10.1
EV/Revenues (x)	5.4	4.6	4.9	4.3	4.1	3.8	3.5	3.2
OCF/EV (%)	4.8	5.8	5.2	5.4	5.7	6.3	6.3	7.0
FCF/EV (%)	4.2	5.0	4.2	4.7	5.0	5.5	5.4	6.1
FCFE/Mkt Cap (%)	4.0	4.7	3.9	4.4	5.2	5.1	5.0	5.6
Dividend Yield (%)	4.1	5.5	4.9	5.1	5.2	5.2	5.5	6.1

Source: Company, HSIE Research

Nestlé India

Visibility improving; valuations limit upside

We resume coverage on Nestlé India with an ADD and a Jun'27 target price of INR1,600, valuing the stock at 66x P/E—in-line with its five-year average. We believe the new leadership team, with strong e-commerce experience, continues to accelerate the company's digital agenda, while a refreshed general trade strategy with greater focus on new-age channels such as quick commerce strengthens execution in urban markets. Coupled with a renewed push behind categories of the future, these shifts enhance Nestlé's medium-term outlook. We see 11% revenue and 15% EPS CAGR over FY26-29E. While our view is constructive, we prefer to await a more attractive entry point.

- **New leadership focuses on enhancing growth outlook:** Nestlé India has witnessed a leadership transition effective Jul-24, following which innovation intensity and E-commerce (now ~15% of revenue versus ~6–7% in FY24) focus have strengthened. This, coupled with the parent's global initiative to right-size teams, has helped sharpen strategic priorities to better address evolving business needs. Our channel checks indicate swift corrective action in field force and administrative structures. We expect the focus ahead to remain on sustaining accelerated growth, while delivering stable to moderate margin improvement. In general trade, initiatives are aimed at improving asset turns, while in urban markets the emphasis is on driving demand through Q-Com.
- **Category pressures largely behind:** Over CY22–23, the company faced sustained inflationary pressures across its key raw material basket, necessitating sharp cumulative price hikes across milk products (~25% over CY22–FY24), prepared dishes (~19%), coffee (~15%) and confectionery (~21%). As a result, during CY22–24, revenue grew at a CAGR of 15%, driven by ~4% volume growth and ~11% price growth. The slowdown in demand materialized with a lag in FY25, leading to a moderation in topline growth to ~3.5%. However, aided by better execution, price stability in FY25, and supportive government stimulus, Nestlé India has returned to double-digit growth from Q2FY26. We believe continued focus on future growth engines such as pet care, out of home and health science should further strengthen the medium-term outlook.
- **Accelerating earnings is key for valuations; capex cycle behind, to aid return profile:** FY26 margins remain under pressure (down 70bps YoY) amid inflationary packaging costs and sustained A&P investments, which is likely to be firm in FY27E, in our view. We see margins gradually build from FY28E onward. With an assumed ~11% topline CAGR, we see mid-teen earnings growth over FY26E–FY29E. Supported by healthy cash generation, we expect dividend payouts to expand to 80%+ (vs drop to 65% in FY26, amid capex needs), which should enhance the company's return profile over the medium term. Nestlé India undertook an accelerated capex cycle over CY20–25, with cumulative spend of ~INR64bn. We see this investment cycle as timely and well-aligned to support productivity and capacity-led growth.

Financial Summary (Standalone)

YE March (INR mn)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Revenue	243,939	202,016	231,546	258,920	287,434	318,217
EBITDA	58,490	47,737	53,061	58,915	69,415	78,425
APAT	39,513	31,030	33,744	37,622	45,053	51,737
Adjusted EPS (INR)	20.5	16.1	17.5	19.5	23.4	26.8
P/E (x)	69.5	88.5	81.3	73.0	60.9	53.1
EV / EBITDA (x)	46.8	57.6	51.5	46.2	39.0	34.4
RoE (%)	109.0	83.2	71.6	67.2	70.3	69.6

Source: Company, HSIE Research

Note: Nestlé India changed its financial reporting period from CY to FY starting FY24

ADD

CMP (as on 16 Jul 26)	INR 1,424
Target Price	INR 1,600
NIFTY	24,073

KEY CHANGES	OLD	NEW
Rating	NA	ADD
Price Target	NA	INR 1,600
EPS %	FY27E	FY28E
	NA	NA

KEY STOCK DATA

Bloomberg code	NEST IN
No. of Shares (mn)	1,928
MCap (INR bn) / (\$ mn)	2,752/28,593
6m avg traded value (INR mn)	2,356
52 Week high / low	INR 1,497/1,083

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	11.2	8.6	16.7
Relative (%)	11.6	15.1	21.7

SHAREHOLDING PATTERN (%)

	Dec-25	Mar-26
Promoters	62.8	62.8
FIs & Local MFs	12.1	12.4
FPIs	9.8	9.7
Public & Others	15.3	15.1
Pledged Shares	0.00	0.00

Source : NSE

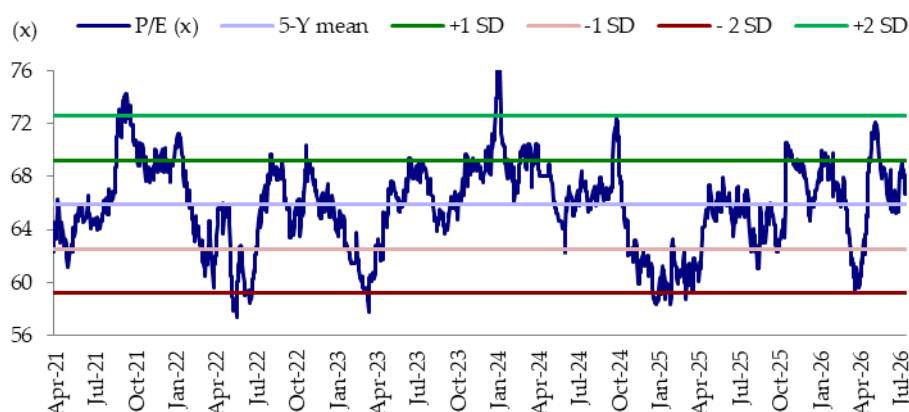
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Exhibit 185: Nestlé India's one year forward P/E



Source: Bloomberg, Company, HSIE Research

Exhibit 186: Nestlé India - HSIE estimates vs Consensus estimates

(INR mn)	HSIE estimates			Consensus estimates			HSIE vs Consensus estimates		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	258,920	287,434	318,217	262,423	292,086	322,786	(1.3)%	(1.6)%	(1.4)%
growth (%)	11.8%	11.0%	10.7%	13.3%	11.3%	10.5%			
EBITDA	58,915	69,415	78,425	61,685	70,503	78,925	(4.5)%	(1.5)%	(0.6)%
growth (%)	11.0%	17.8%	13.0%	16.3%	14.3%	11.9%			
EBITDA margin (%)	22.8%	24.1%	24.6%	23.5%	24.1%	24.5%			
Adj PAT	37,622	45,053	51,737	39,644	45,966	51,631	(5.1)%	(2.0)%	0.2%
growth (%)	11.5%	19.8%	14.8%	17.5%	15.9%	12.3%			
Adj EPS (INR/Share)	19.5	23.4	26.8	20.4	23.8	27.0	(4.6)%	(1.7)%	(0.5)%

Source: Bloomberg, HSIE Research

Exhibit 187: Nestlé India - Key assumptions

	CY22	FY24	FY25	FY26	FY27E	FY28E	FY29E
Income statement							
Total income growth (%)	14.7	15.7	3.4	14.9	11.8	11.0	10.7
Volume growth (%)	5.6	2.7	(0.5)	10.7	10.5	8.0	7.4
Gross margin (%)	54.1	56.1	56.7	55.3	55.0	55.6	55.6
Royalty (%)	4.9	4.9	4.9	4.9	4.9	4.9	4.9
Advertisement (%)	4.1	5.3	4.8	5.3	5.4	5.5	5.5
EBITDA margin (%)	22.2	24.0	23.6	22.9	22.8	24.1	24.6
Tax rate (%)	26.2	25.5	27.3	26.2	26.2	26.2	26.2
Adj PAT growth (%)	5.1	30.4	(1.8)	8.7	11.5	19.8	14.8
EPS (INR/share)	12.6	20.5	16.1	17.5	19.5	23.4	26.8
Balance Sheet							
ROE	106.7%	109.0%	83.2%	71.6%	67.2%	70.3%	69.6%
ROCE	145.6%	145.0%	102.7%	90.3%	91.1%	95.5%	93.9%
Inventory days	42	39	51	41	40	38	38
Receivable days	4	6	7	5	5	5	5
Payable days	42	42	43	47	43	42	42

Source: Company, HSIE Research

Note: Nestlé India changed its financial reporting period from CY to FY starting FY24

There are three focus areas (as per Manish Tiwari, CEO, Nestlé India):

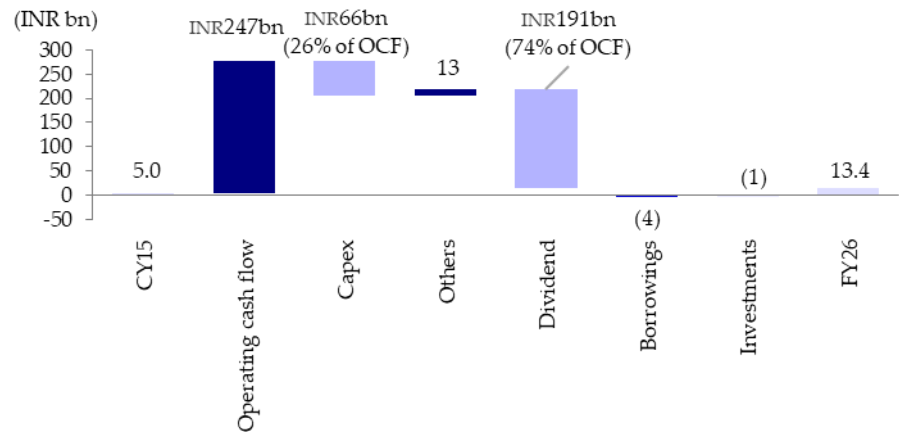
- Strengthening core brands (need to keep on further building on it),*
- Premiumization, and*
- Build up Purina (pet food; in 10 years to be a big business in India), Nespresso, and the Nestlé Professional business*

Nestlé's next phase: stay steady, stay focused, stay long-term.*

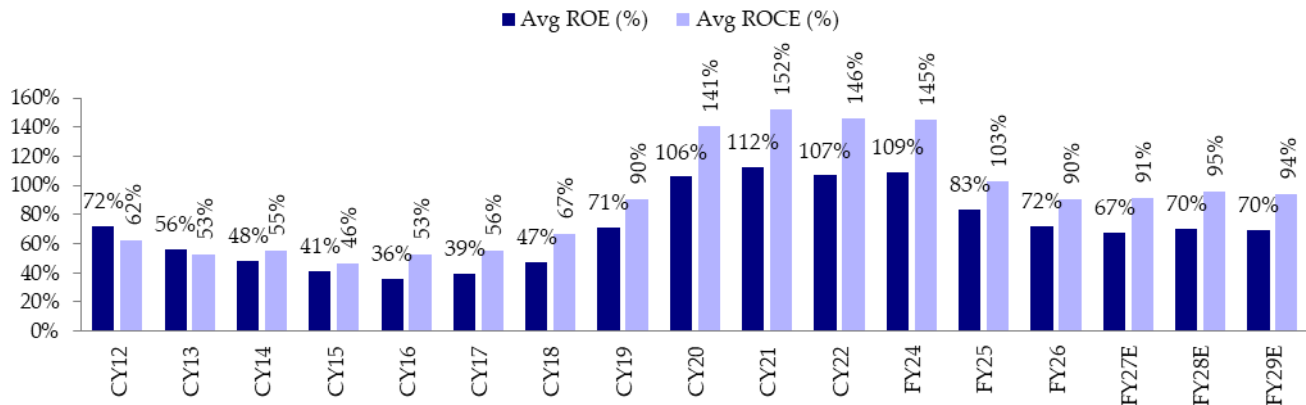
Mantra for this next chapter is simple: fast, focused, and flexible.

Exhibit 188: Nestlé India – Cash flow and utilization in last decade

Utilization of cash flow: Nestlé India has used 27% of OCF for capex and ~77% returned to shareholders. With bulk of the capex in the base, we expect higher dividend payout from the company ahead

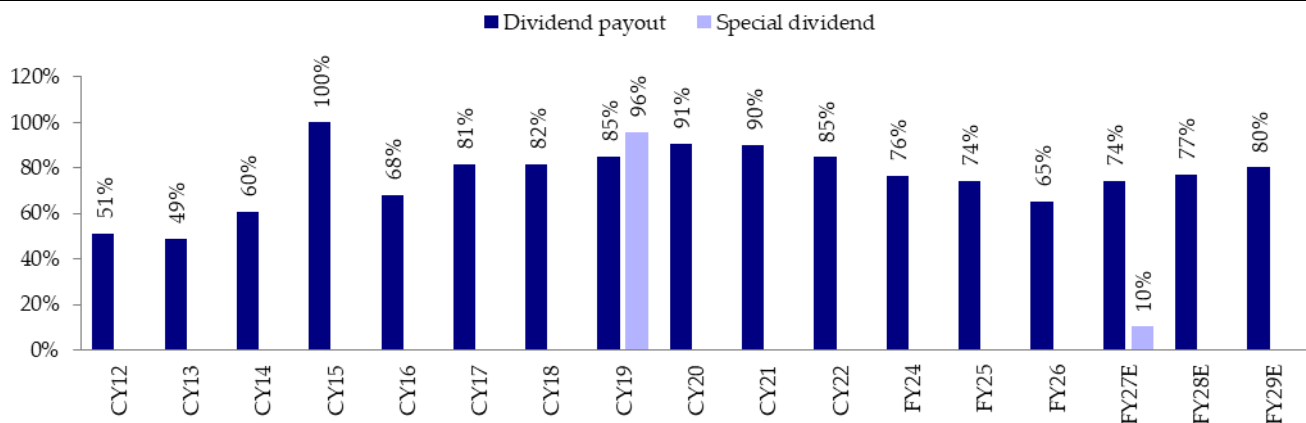


Source: Company, HSIE Research

Exhibit 189: Nestlé India – Return profile is likely to stage recovery from FY26 lows, affected by accelerated capex needs in the business. Return profile remains healthy vs peer companies

Source: Company, HSIE Research

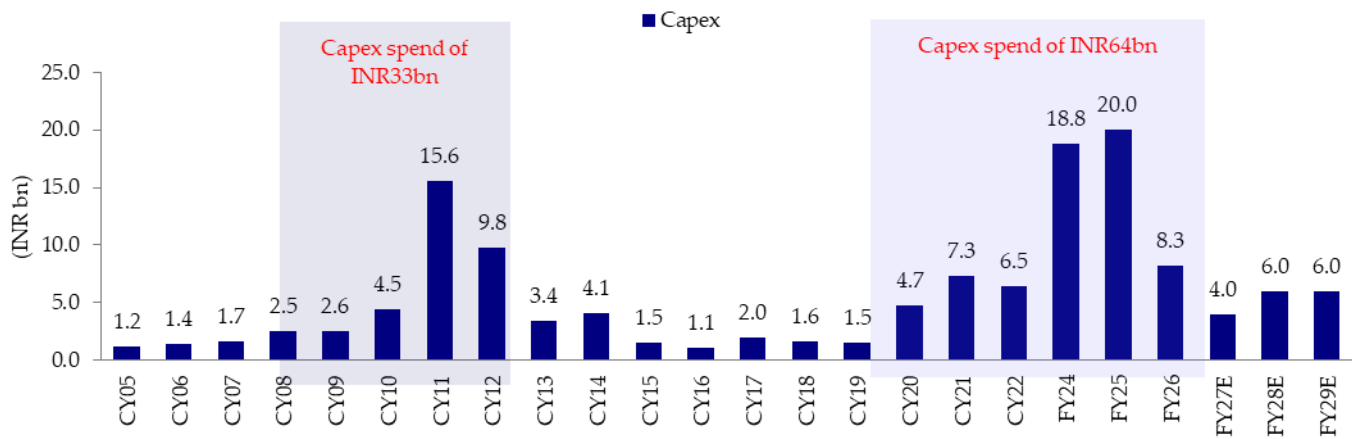
Note: Nestlé India changed its financial reporting period from CY to FY starting FY24

Exhibit 190: Nestlé India – Dividend payouts have been healthy since CY15, with higher free cash flow; we see payout to be ~75-80% of earnings.

Source: Company, HSIE Research

Note: Nestlé India changed its financial reporting period from CY to FY starting FY24

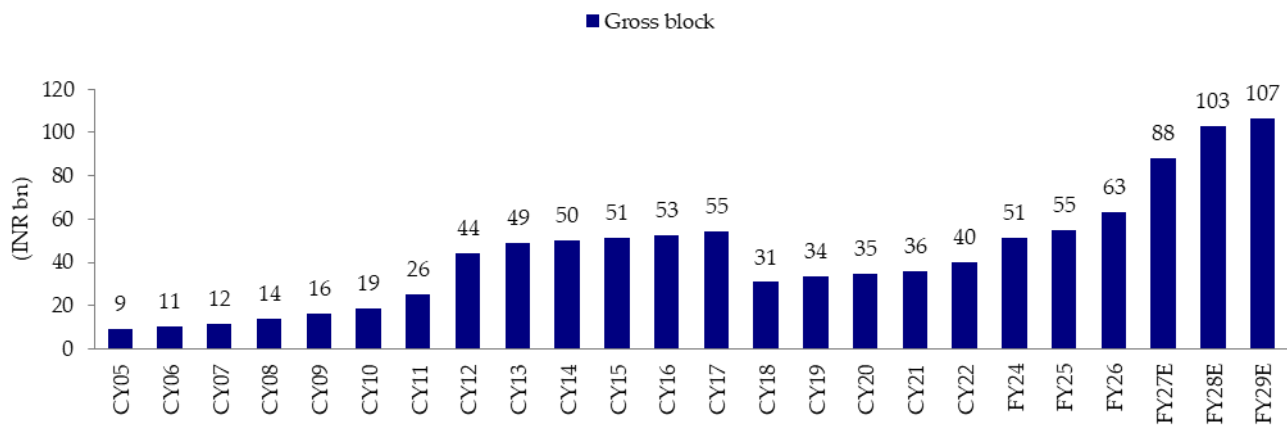
Exhibit 191: Nestlé India has been through with accelerated capex cycle over CY20-FY25. We see planning has been relatively better vs previous capex cycle, when it had seen growth slowdown on peak utilizations



Source: Company, HSIE Research

Note: Nestlé India changed its financial reporting period from CY to FY starting FY24

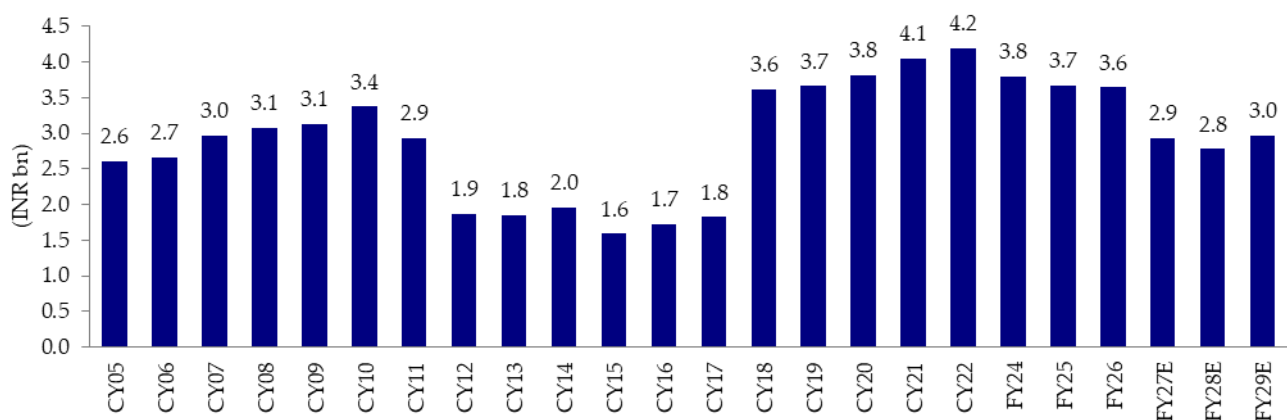
Exhibit 192: Nestlé India – Gross block has doubled from CY19; we expect sufficient capacity in place



Source: Company, HSIE Research

Note: Nestlé India changed its financial reporting period from CY to FY starting FY24

Exhibit 193: Nestlé India – Gross block turns have seen moderation in FY25 with accelerated capex, turns to see expansion with improving utilization



Source: Company, HSIE Research

Note: Nestlé India changed its financial reporting period from CY to FY starting FY24

Exhibit 194: Nestlé India – Segment performance over last decade indicates reducing share of milk product and nutrition segment, which has been in a slow lane. Prepared dishes segment volume growth key for overall volume growth

	CY16	CY17	CY18	CY19	CY20	CY21	CY22	FY24	FY25	FY26
Milk products										
Revenue (INR bn)	47	48	52	57	61	63	68	99	77	77
Volume ('000 tonnes)	130	131	137	139	138	135	134	168	126	123
Realisation (INR/kg)	363	368	378	407	444	465	509	587	609	628
Growth in value	0.9%	4.0%	7.6%	8.9%	8.8%	1.9%	8.7%	15.8%	-3.0%	0.8%
Growth in volumes	-1.5%	1.6%	4.8%	1.4%	-0.4%	-2.7%	-0.5%	0.4%	-6.5%	-2.2%
Growth in realisations	2.5%	2.4%	2.7%	7.5%	9.2%	4.8%	9.2%	15.4%	3.7%	3.1%
% of sales	49.7%	47.6%	46.3%	46.0%	46.3%	42.8%	40.6%	40.7%	38.1%	33.4%
Beverages										
Revenue (INR bn)	13	14	15	15	15	17	20	30	29	36
Volume ('000 tonnes)	22	24	27	26	21	25	28	38	30	36
Realisation (INR/kg)	578	568	564	569	711	690	720	794	958	1,020
Growth in value	-3.1%	7.8%	9.8%	-1.4%	-1.7%	14.6%	19.3%	19.7%	19.5%	26.0%
Growth in volumes	1.3%	10.6%	10.6%	-2.3%	-21.3%	18.0%	14.3%	8.6%	-0.9%	18.3%
Growth in realisations	-4.3%	-2.4%	-0.7%	1.0%	24.8%	-2.9%	4.4%	10.2%	20.6%	6.5%
% of sales	13.6%	13.7%	13.6%	12.2%	11.1%	11.6%	12.0%	12.4%	14.4%	15.8%
Prepared dishes and cooking aids										
Revenue (INR bn)	23	27	31	35	39	46	53	74	62	72
Volume ('000 tonnes)	178	210	241	264	281	328	348	443	360	402
as a % of overall volume	49%	52%	54%	55%	57%	60%	61%	60%	61%	62%
Realisation (INR/kg)	129	129	129	132	139	139	152	167	172	181
Growth in value	74.9%	16.8%	14.7%	12.7%	11.8%	16.3%	16.5%	11.6%	4.8%	17.3%
Growth in volumes	73.0%	19.0%	14.5%	9.6%	6.6%	16.4%	6.3%	1.7%	1.6%	11.6%
Growth in realisations	1.1%	-1.8%	0.2%	2.8%	4.9%	-0.1%	9.6%	9.7%	3.2%	5.1%
% of sales	24.2%	26.7%	27.7%	28.5%	29.4%	31.1%	31.6%	30.4%	30.9%	31.5%
Confectionery										
Revenue (INR bn)	12	12	14	16	18	21	27	40	33	44
Volume ('000 tonnes)	36	37	42	49	50	56	62	86	69	87
Realisation (INR/kg)	333	332	332	335	348	382	425	465	480	509
Growth in value	6.6%	4.3%	14.7%	17.3%	6.7%	21.0%	25.0%	20.4%	4.3%	33.3%
Growth in volumes	7.7%	4.3%	14.7%	16.2%	2.7%	10.5%	12.1%	10.2%	1.1%	25.5%
Growth in realisations	-1.0%	0.0%	0.0%	1.0%	3.9%	9.5%	11.5%	9.3%	3.2%	6.2%
% of sales	12.5%	12.1%	12.5%	13.4%	13.2%	14.5%	15.8%	16.5%	16.6%	19.3%
Gross sales (INR bn)										
	95	101	112	123	133	146	168	243	201	231
Growth in %	12.6%	7.7%	10.7%	9.6%	8.1%	10.1%	14.7%	15.7%	3.4%	14.9%
Volume growth	26.2%	10.9%	11.1%	7.0%	2.6%	10.5%	5.6%	2.7%	-0.5%	10.7%

Source: Company, HSIE Research

Note: Nestlé India changed its financial reporting period from CY to FY starting FY24

Exhibit 195: Nestlé India's Quarterly growth trend and segment performance

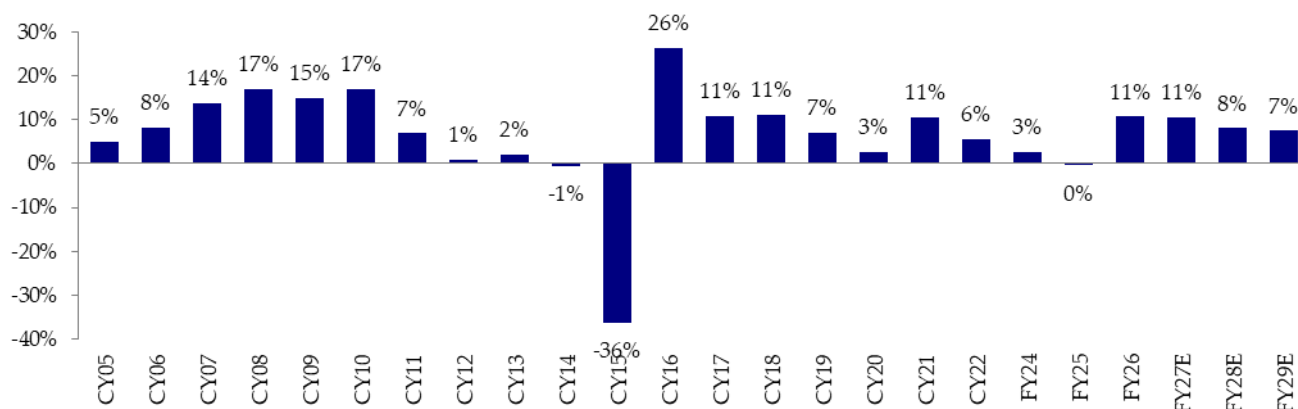
	Domestic revenue growth	Real internal growth	Milk Products & Nutrition	Beverages	Prepared dishes	Confectionary	Pet care
Q4FY26	23.1%	22.0%	Steady growth in portfolio. Addressing consumer needs the company has introducing new and larger pack sizes across to support consumer needs.	Segment achieved another year of high double-digit growth (in FY26), driven by increased coffee penetration, accelerated premiumization, and deeper category relevance	Posted strong volume-driven growth in FY26, fueled by engaging urban consumers and expanding rural reach, leading to gains in both market share and penetration	Confectionery saw high DD growth in FY26 both in value and volume underpinned by strong underlying transaction growth. Increased distribution, enhanced freshness through the visicooler programme and a slew of innovations helped sustain this momentum	High DD growth
Q3FY26	18.3%	16.5%	Mid-single digit growth. <i>MILKMAID</i> continued its strong growth momentum. <i>EVERYDAY</i> showed recovery in key geographies. Toddler milk products performed well	<i>NESCAFÉ CLASSIC</i> , <i>NESCAFÉ SUNRISE</i> , and <i>NESCAFÉ GOLD</i> continued to drive strong momentum. <i>NESCAFÉ</i> at 4.1mn HH.	Strong DD value growth. <i>MAGGI</i> Noodles delivered a double-digit volume growth. <i>Masala-ae-Magic</i> continued its strong run	Fastest segment growth. <i>KITKAT</i> witnessed high double-digit volume growth. <i>MUNCH</i> maintained its momentum with double-digit volume growth. <i>MILKYBAR</i> displayed strong performance	Strong DD growth
Q2FY26	10.8%	9.0%	Mixed show. <i>MILKMAID</i> posted strong growth. Toddler milks products delivered strong performance	High DD growth driven by affordable price point	Strong DD value growth , driven by volume. Targeted pricing strategies for <i>MAGGI</i> noodles portfolio increased market share in rural	Strong DD growth. Witnessed rural acceleration, premiumization and increase in in-home penetration	High DD growth
Q1FY26	5.5%	3.0%	Mixed show. <i>MILKMAID</i> delivered single-digit growth	Largest growth driver with strong DD growth. Successful cold coffee activations in the summer months	Segment back to volume growth. <i>MAGGI</i> portfolio registered strong growth	High DD growth driven by rural acceleration, premiumization, and increased in-home penetration. <i>KITKAT</i> emerged as the largest growth drive	Strong performance.
Q4FY25	4.2%	2.0%	<i>MILKMAID</i> delivered strong growth	DD growth in Q4. High DD growth in FY25 aided overall growth.	Mid-single digit growth for FY25.	DD growth in Q4. HSD growth both in volume and value in FY25. India is second largest market for <i>KITKAT</i> .	High DD growth for FY25.
Q3FY25	3.3%	2.0%	Growth in <i>MILKMAID</i> supported by festive season. Toddlers range delivered strong result.	High DD growth aided overall growth. <i>NESCAFÉ</i> at 3.7mn HH.	High single digit growth	HSD growth with <i>KITKAT</i> delivering DD growth. <i>MUNCH</i> posted good growth. <i>KITKAT</i> drove premiumisation.	Highest growth since integration.
Q2FY25 (5 brand grew DD)	1.2%	-2.0%	<i>MILKMAID</i> reported high DD growth. Toddler range saw high DD growth.	High DD growth.	Focus on premiumisation. <i>Masala-Ae-Magic</i> continued to grow at high DD.	<i>KITKAT</i> saw HSD growth.	HSD growth.
Q1FY25 (5 brand grew DD)	4.2%	1.0%	Growth was driven by <i>MILKMAID</i> and toddler range	Strong DD growth.	Innovation contribution at 30%. <i>Masala-Ae-Magic</i> saw double digit growth	<i>KITKAT</i> saw DD growth.	Positive feedback
Q4FY24	8.9%	4.0%	<i>MILKMAID</i> and Ready-To- Drink (RTD) delivered strong growth (15M FY24)	<i>NESCAFÉ Classic</i> , <i>NESCAFÉ Sunrise</i> , and <i>NESCAFÉ GOLD</i> , delivered strong double-digit growth in FY25.	Growth momentum sustained , aided by strong consumer engagements, media campaigns, innovations and enhanced RURBAN penetration in 15M FY25.		Ecommerce focus with new launches

Nestlé India: Initiating Coverage

	Domestic revenue growth	Real internal growth	Milk Products & Nutrition	Beverages	Prepared dishes	Confectionary	Pet care
Q3FY24	8.9%	4.0%	Posted DD growth.	Largest contributor to growth. DD growth in Q3.	FY25 growth fuelled by NPDs, increased media exposure, expanding distribution, and brand activations	Delivered good growth led by KITKAT and MUNCH.	Positive feedback
Q2FY24	10.6%	4.7%	Delivered double-digit growth. Launched <i>Nestlé a+ Masala Millet</i>	Strong growth recorded across NESCAFÉ portfolio	Growth momentum sustained across portfolio.	All key products registered strong growths led by KITKAT and supported by MUNCH	Positive feedback
Q1FY24	14.9%	4.6%	Strong DD growth driven by <i>Milkmaid</i> and <i>Peptamen</i> .	DD growth led by greater household penetration NESCAFÉ	DD growth.	DD growth led by KITKAT and MUNCH	Positive feedback

Source: Company, HSIE Research

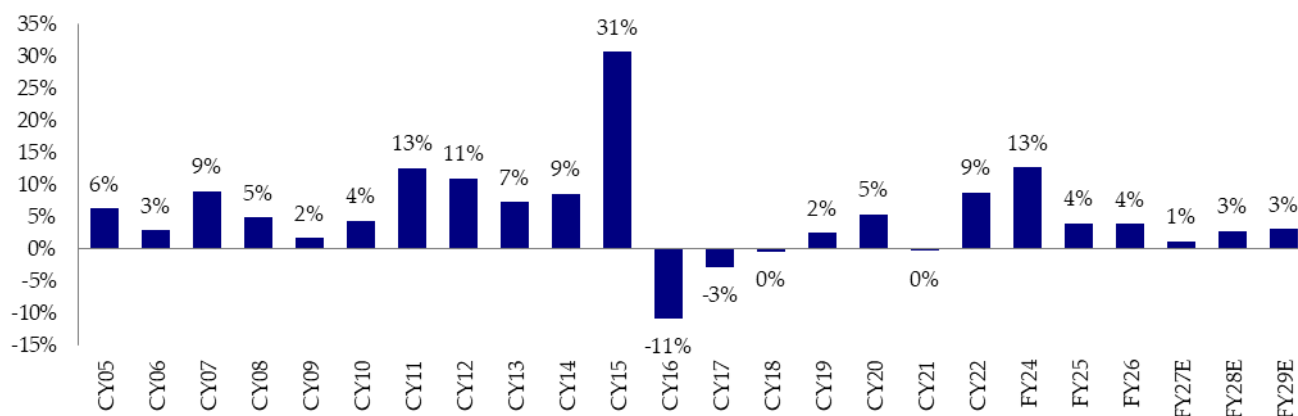
Exhibit 196: Nestlé India's volume growth trend has been relatively better where slowdown in CY20 was accentuated by COVID and in FY25 by high price growth to counter inflation.



Source: Company, HSIE Research

Note: Nestlé India changed its financial reporting period from CY to FY starting FY24

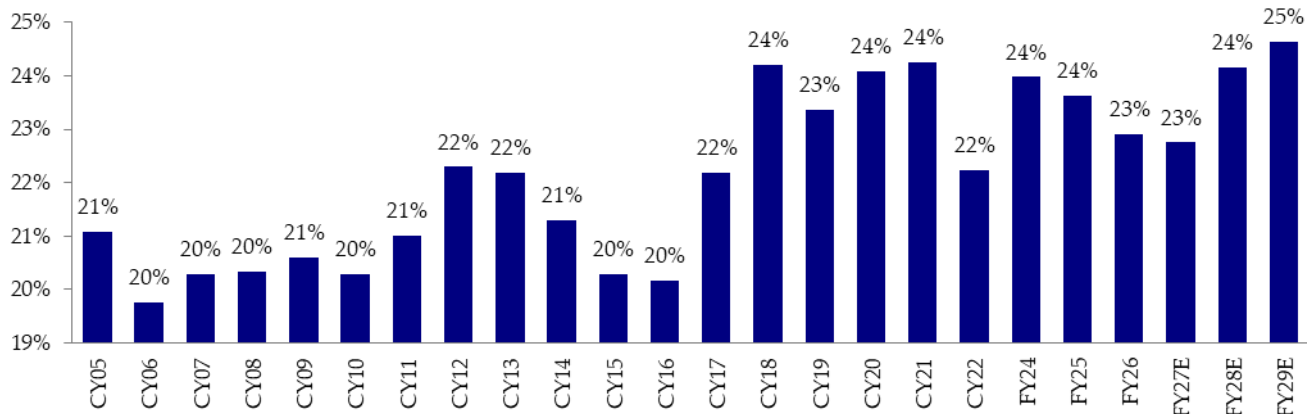
Exhibit 197: Nestlé India's realization growth has seen acceleration over CY22-FY24, amid inflationary pressures across its segments, which has a bearing on its overall revenue growth in FY25



Source: Company, HSIE Research

Note: Nestlé India changed its financial reporting period from CY to FY starting FY24

Exhibit 198: Nestlé India's EBITDA margin has been in a healthy range. We expect margin to see expansion ahead, with topline growth recovery over FY28-29.



Source: Company, HSIE Research

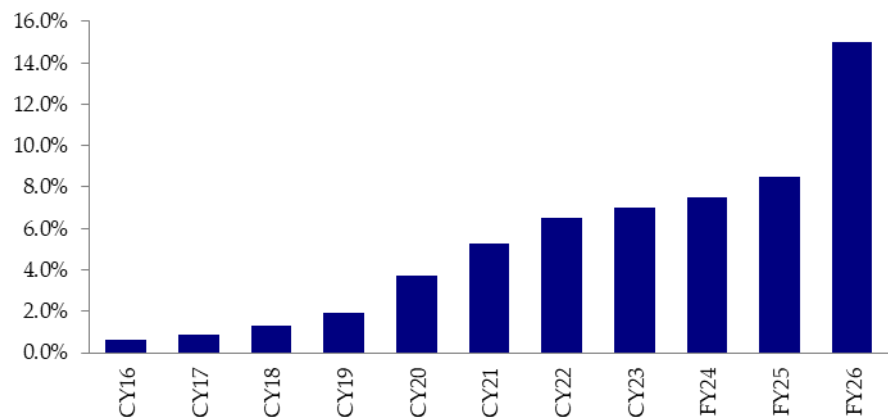
Note: Nestlé India changed its financial reporting period from CY to FY starting FY24

A big part of that transformation will come from digitisation: As per new CEO, everything must be digitised from the supply chain to sales to the way Nestlé engages with consumers.

Speed and sharp execution are key ahead. Manish noted, "Technology is something which will help us do better. I'm just trying to make sure the payback periods are so efficient that it works well. I also want to enhance execution using technology." "Yes, I am bringing some of those learnings here (from Amazon); that's precisely why I was given this opportunity. The one area I am particularly focused on accelerating is the role of technology"

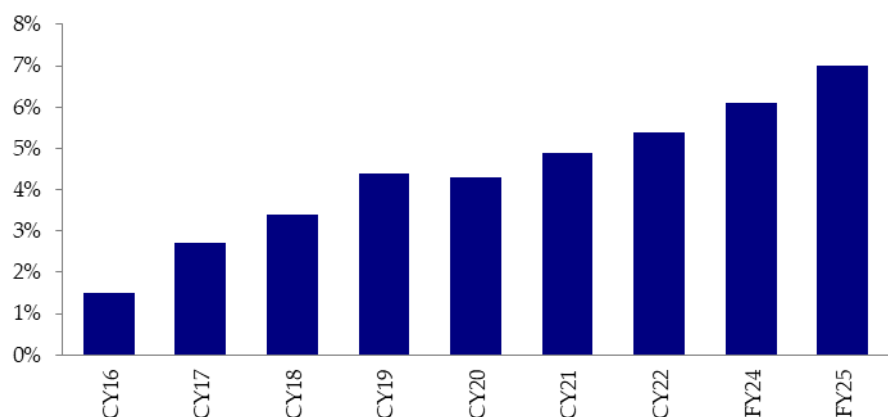
Micro-markets to step up innovation and premium launches: In his media interaction, Manish Tiwari noted that he is going to use micro-markets to launch faster and get first-hand consumer feedback rather than look for big national launches. The big launches will happen, but this is the flexibility the company is looking for. Tiwary said he would be "disappointed" if Nestlé India does not deliver high single-digit volume growth every year for the next five years. The company is piloting new products (like Nestea low sugar iced tea in Tamil Nadu) in Q-com and tracking reviews and ratings.

Exhibit 199: Nestlé India – Ecommerce contribution to domestic revenue has seen sharp surge in FY26



Source: Company, HSIE Research

Exhibit 200: Nestlé India – New product contribution continues to see expansion



Source: Company, HSIE Research

Exhibit 201: Nestlé SA's active portfolio in India

Brand	Information (as per Nestlé SA)	Segment
<i>KitKat</i>	This perfect blend of chocolate and wafer is a global icon. From classic fingers to chunky, original to peanut butter, there's a <i>KitKat</i> for every break.	Confectionary
<i>KitKat Professional</i>	Nestlé Professional brings the well-loved taste to restaurants, coffee shops, bakeries or on-the-go food service providers.	Confectionary
<i>Koko Krunch</i>	These crunchy and unique bear shape cereals are made with whole grain, the <i>Koko Krunch</i> strong chocolaty taste, and vitamins and minerals.	Confectionary
<i>Milky bar</i>	A simple, joyful treat with no artificial colours, Flavors, or preservatives - the creamy texture makes Milky bar the chocolate of choice for families around the world.	Confectionary
<i>Munch</i>	Known for its delicious taste and crunch - a coated wafer that's indisputably one of India's best-loved chocolate snacks.	Confectionary
<i>Haagen-Dazs</i>	<i>Häagen-Dazs</i> (used under license) takes simple, carefully selected ingredients and makes luxurious ice cream to elevate any moment. Indulge in the magic of <i>Häagen-Dazs</i> .	Milk products and ice cream
<i>Lactogen</i>	Baby food	Milk products and ice cream
<i>Milo</i>	Tasty and trusted, Milo is the world's leading chocolate malt beverage, that you can prepare hot or cold.	Milk products and ice cream
<i>Cerelac</i>	Cerelac's carefully crafted range of nutritious and delicious grain-based recipes is specifically designed to support your child's growth and development.	Nutrition and Health Science
<i>Gerber</i>	From pregnancy to preschool, Gerber promotes nutrition and healthy eating habits with wholesome foods made from high-quality ingredients.	Nutrition and Health Science
<i>Nancare</i>	Help your child grow and thrive with <i>Nancare</i> . This is a range of complete, science-based supplements designed to support the growth and immunity of babies and young children as well as help manage common conditions like diarrhoea or constipation, for example.	Nutrition and Health Science
<i>Nestum</i>	<i>Nestum</i> is a nutritious and tasty cereal solution for the whole family packed with vitamins, minerals, and the goodness of grains.	Nutrition and Health Science
<i>Peptamen</i>	Complete nutritional formulas to support nutritional needs of patients with impaired gastrointestinal function such as malabsorption syndromes.	Nutrition and Health Science
<i>Resource</i>	Range of nutritional solutions to provide adequate nutrients and energy when the body needs it most such as after an illness, surgery, or injury.	Nutrition and Health Science
<i>Felix</i>	<i>Felix</i> comes in a mouth-watering range of flavors and textures, including tempting treats. It's hardly surprising that cats love Felix.	Pet care
<i>Friskies</i>	With a wide variety of wet and dry foods, treats and cat food complements, <i>Friskies</i> dishes up a whole world of deliciousness to feed your cat's curiosity.	Pet care
<i>PURINA</i>	For over 75 years the <i>PURINA</i> brand has worked to help make pets' lives better through a range of trusted pet food brands and advice.	Pet care
<i>Purina One</i>	Rich in essential nutrients, <i>PURINA ONE</i> pet food formulated to help support your pet's health for years to come and tastes delicious.	Pet care
<i>Supercoat</i>	At <i>Supercoat</i> , we pride ourselves on our heritage and we have continued to build on our high-quality nutrition for over 30 years. <i>Supercoat</i> understands all dogs are unique and what they need to be at their healthy best.	Pet care
<i>Nescafé</i>	<i>Nescafé</i> is loved everywhere for its rich aroma and deep flavor. And every great cup of coffee starts with great, responsibly sourced beans.	Powder and Liquid beverages
<i>Nespresso</i>	There's a <i>Nespresso</i> capsule to suit every moment, whether it is from our Original or Vertuo line or from our Professional range.	Powder and Liquid beverages
<i>Nestea</i>	Refreshing, naturally-flavoured sweetened and unsweetened iced tea and green tea products in a range of convenient formats.	Powder and Liquid beverages
<i>Maggi</i>	With <i>Maggi</i> bouillons, soups, noodles and more, you are well equipped to cook delicious, and nutritious meals with fresh ingredients every day, in a convenient way.	Prepared Dishes and cooking aids
<i>Maggi Professional</i>	Bring the power of <i>Maggi Professional</i> to your kitchen. Maggi Seasoning – our concentrated liquid bouillon – is the base for delicious consommés, soups, sauces and menus.	Prepared Dishes and cooking aids
<i>Nesquik</i>	Chocolate powder, syrup and ready-to-drink products. A quick and easy way to complement the natural nutrition of milk and make delicious drinks.	Prepared Dishes and cooking aids

Source: Company, HSIE Research

Nestlé SA's relevant brands for India

- Nestlé SA's relevant brands for India have been carefully evaluated. We see several offerings that can be selectively leveraged in India, particularly through e-commerce. With the rising health and wellness trend, brands such as Fitness and Vital Proteins appear relevant, though pricing will be crucial.
- In confectionery, to compete with *Gems*, Nestlé could introduce Smarties. The Bubbly chocolate bar could be positioned under *KITKAT* (drawing from Aero). The company could also bring *Nido* to India, further premiumizing the portfolio, as it is the number one brand globally.
- In coffee, *NESCAFÉ DOLCE GUSTO* could be introduced in India. In line with *Maggi's* positioning as a quick hunger solution, the company could launch Hot Pockets under the *Maggi* brand. Opportunities also exist in cereals under the *KITKAT* and *Nesquik* brands. So far cereals explored under *Koko Krunch*, which has not worked, than the company launched offering under *Munch*.

Conclusion: Nestlé India can selectively leverage its parent's global portfolio to strengthen its offerings in India, particularly in health, wellness, confectionery, and coffee. Success will depend on pricing, positioning, and alignment with local consumer needs.

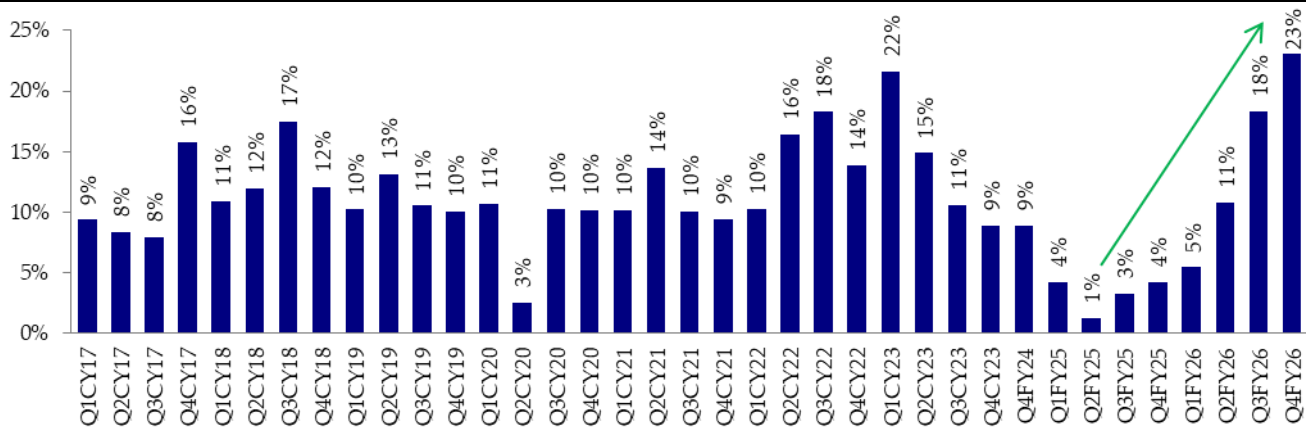
Exhibit 202: Nestlé India's – Brands from Nestlé SA Portfolio that India unit can launch in India

Brand	Information (as per Nestlé SA)	Segment
<i>Aero</i>	The bubbly chocolate bar made purely from milk chocolate.	Confectionary
<i>Quality Street</i>	Since 1936, the famous <i>Quality Street</i> tin has held a special place in people's hearts – everyone has their favorite.	Confectionary
<i>Smarties</i>	A long-time favorite colorful coated chocolate treat can brighten any moment - without artificial colors or flavors. Now, that's smart.	Confectionary
<i>Nido</i>	Range of milk and milk-based products with nutrition solutions for each stage of childhood. A brand that mothers trust. And a taste that kids love.	Nutrition and Health Science
<i>Vital Proteins</i>	<i>Vital Proteins</i> is here to help make the most of every moment, every day. Because we know that feeling, looking and performing our best is vital.	Nutrition and Health Science
<i>Bakers</i>	Each meal contains the everyday nutrients your dog needs to get on with all the playful & cheeky things that happy & healthy <i>Bakers</i> dogs do!	Pet Care
<i>Purina Pro Plan</i>	Nourish your pet's health with products precisely formulated to deliver efficient nutrient absorption and targeted benefits at every stage of their life.	Pet care
<i>Purina Pro Plan Veterinary Diets</i>	Discover effective clinical nutrition from <i>Purina Pro Plan Veterinary Diets</i> - with complete meals full of nutrients and flavor.	Pet care
<i>Terra Canis</i>	In the <i>Terra Canis</i> product range, you can find tailored food lines, from puppy food, adult food and senior food to hypoallergenic and grain-free dog food for food intolerances and light dog food for overweight dogs.	Pet care
<i>Tidy Cats</i>	Combining our 70+ years of litter expertise with everything we learn from you, we're proud to keep growing our innovative portfolio of cat litter products.	Pet care
<i>Nescafé Dolce Gusto</i>	All your coffeehouse favorites are here, including lattes, cappuccinos, and Americanos. <i>Nescafé Dolce Gusto</i> makes it easy to get your coffee just the way you like it.	Powder and Liquid beverages
<i>Fitness</i>	With whole grain wheat and whole grain oats, we offer delicious, crunchy flakes, granola, and bars that come in a wide variety of tastes. Give your day an enjoyable start with <i>Fitness Cereal</i> .	Prepared Dishes and cooking aids
<i>Hot Pockets</i>	Stop hunger in a hurry with Hot Pockets. Ready in two minutes, <i>Hot Pockets</i> delicious savory snacks fit neatly into any schedule.	Prepared Dishes and cooking aids
<i>Kitkat Cereal</i>	Delight your tastebuds with the unique flavor and texture of <i>KitKat Cereal</i> : a delicious combination of milk chocolate and wafer taste, in a crunchy cereal!	Prepared Dishes and cooking aids
<i>Nesquik Cereal</i>	Loved by kids and parents, with <i>Nesquik Cereal</i> great days are created in the morning!	Prepared Dishes and cooking aids

Source: Company, HSIE Research

Stirring growth

Exhibit 203: Nestlé India's quarterly domestic sales growth (YoY)



Source: Company, HSIE Research

Nestlé India has been surprising the market with its strong growth trajectory. To better understand whether this momentum is structural or driven by short-term corrections, we conducted ground checks and analysis. Some actions are indeed structural, while others are tactical adjustments that have accelerated growth.

Under new CEO, Nestlé India is addressing gap in portfolio/trade needs

Prepared dishes saw corrective actions

Maggi had lost share following the rollback of the INR5 pack and subsequent price hikes, creating space for smaller regional brands with spicier offerings. The company realized that quality, not pricing, was the issue. The launch of the INR20 double masala pack (95g) and the reintroduction of the INR5 SKU have driven recovery, stabilizing overall share compared to five years ago. With 40% of company volumes concentrated in this segment, recovery here is critical. Current monthly penetration is only ~20%, leaving significant headroom for growth.

Conclusion: Value in the pack matters most to consumers. Higher grammage in base SKUs and selective price hikes in variants should aid volumes.

Four key priorities: a) Consumer centricity – placing the consumer at the heart of every decision; b) Penetration-led volume growth – driving deeper engagement across categories; c) Reinvestment behind brands and capacity; and d) Accelerating tech-enabled sales and operations

Exhibit 204: Nestlé India - Offerings not worked in the past



Source: Company, HSIE Research

Confectionaries supported with cooling infra at stores

In confectionery, the company was unable to place premium variants of *KitKat* due to the absence of visi coolers. Unlike the base offerings, *KitKat*'s premium range requires ambient temperature handling, an area where Nestlé India was lagging on the ground. Mondelez has been tightening its visi cooler stocking. In the last analyst meet (Feb-25), Sunil Narayanan discussed the rollout of visi coolers. I believe the company has now been able to penetrate and drive growth. Additionally, given the pace at which Mondelez is expanding revenue, there is no scope for the second player to grow at a slow pace. We expect the company to enhance product launches across both the premium and mass segments.

Conclusion: Having a portfolio alone does not help; one needs to align with trade requirements. In India, temperature management is key for confectionery.

Exhibit 205: Nestlé India - New initiatives in confectionaries



Source: Company, HSIE Research

Beverages revived as price settles, incremental effort to address Genz

In Coffee, after a sharp price hike (to pass inflation), there was reluctance from trade, but consumer down-trading has not been significant. Some distributors say the shift to tea is a myth. Consumers remain committed to coffee, though there was some slowdown in consumption. With easing commodity prices, there is a likelihood of faster growth. Manish Tiwari, in his media interview last year, noted selective launches in quick commerce to address wider cohort needs. The company is piloting new products (such as Nestea low-sugar iced tea in Tamil Nadu) in Q-com.

Conclusion: Hold your fort until the cyclone passes—things will remain steady, and execution can be swift. Penetration of coffee now rests on innovations, with RTDs driving success

Exhibit 206: Nestlé India's – Cold coffee range



Source: Company, HSIE Research

Innovation addressing micro-markets vs macro earlier

Micro-Markets to step up innovation and premium launches: Micro-markets are being leveraged to accelerate innovation and premium launches. In his media interaction in November 2025, Manish Tiwari stated: "I'm going to use micro-markets to launch faster and get first-hand consumer feedback rather than look for big national launches. The big launches will happen, but this is the flexibility we are looking for." He also mentioned that he would be "disappointed" if Nestlé India does not deliver high single-digit volume growth every year for the next five years. The company is piloting new products (such as Nestea low-sugar iced tea in Tamil Nadu) in Q-com and closely tracking reviews and ratings.

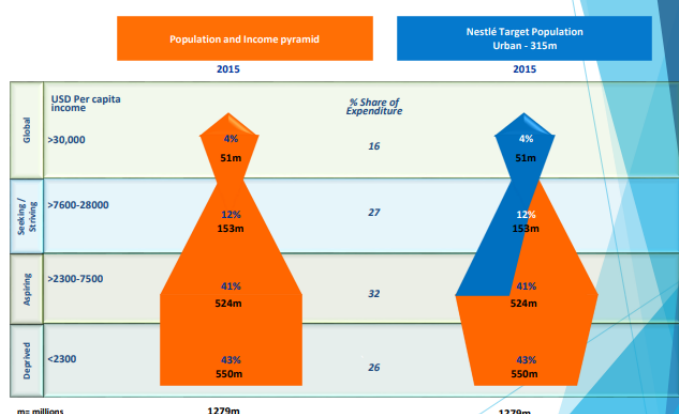
Conclusion: The company has started taking the right actions. HUL was the first to sense WIMI but has lost momentum. India under Q-com is further segmented, and Nestlé is adapting accordingly.

Exhibit 207: Nestlé India transformed its play in India under Suresh Narayanan, from urban only focus (below slide from 2015 ppt)

"A decade ago, your company was predominantly urban-weighted. In 2019, we commenced our RUrban journey, deepening our presence in smaller towns that connect urban and rural India. From 2025, we extended our presence further into rural markets. Rural India remains one of our most significant growth opportunities, given both the pace of demand expansion and the headroom we still have to deepen our presence."

- Excerpt from FY26 Annual Report

The Size Of The Opportunity



Source: Company, HSIE Research

Shift in GT approach to product portfolio

Nestlé has not succeeded in offerings such as poha, upma, and baked noodles. The company initially wanted these products to settle in GT first, but consumers were already shifting to new-age channels. One major reason for the gap in success among established FMCG giants is their reliance on GT, which accounts for 70–80% of sales. In the past, FMCG managements have expressed concerns about execution in new-age channels where salience was low. With salience expanding rapidly, Nestlé now recognizes the need for a dedicated team for e-commerce and Q-commerce. Companies that have addressed e-commerce separately have achieved better results.

Conclusion: Focusing NPD only on dominant channels is not wise, as it leads to share loss. Understanding why consumers are moving to new-age channels is key—it cannot be attributed solely to convenience.

Milk Products and Nutrition need diversification, actions needed

We see milk products and nutrition as the next priority for Manish Tiwari to accelerate growth to double digits. While the company has been aggressive on e-commerce, the category remains under pressure. In the current inflationary cycle, price-driven value growth is possible, but volume growth must be watched carefully. Actions may be taken to entice growth in this portfolio.

Conclusion: One cannot depend solely on a set portfolio. To manage growth effectively, diversification and relevance are essential. Baby food continues to face social media backlash, so it is better to focus energy on new segments and wait for sentiment to stabilize.

Froth in the market from startups, focus on share gains

Manish Tiwari's experience heading Amazon India is an enabler for Nestlé India. In media interviews, he noted that smaller regional and D2C brands succeed by addressing genuine consumer needs. At the same time, he observed that there is froth in the marketplace, and only a few will survive—creating opportunities for legacy players. The company is focusing on being fast, focused, and flexible.

Conclusion: Traditional players must tighten their grip and transform. Startups may create categories, but many will not survive, leaving space for larger players. However, one cannot simply wait for this to happen.

Actions on the ground

- **Urban General trade vs Q-commerce:** Urban GT is losing ground to Q-commerce. Under Manish, there is a clear thought of rationalizing investments in Urban GT, while resources are being redirected to thriving Q-commerce. In the coming days, GT distributor consolidation may occur.
- **Rationalizing Sales Team:** Our connects with multiple distributors suggest the company is selectively cutting down expensive resources while expanding exposure for the retained sales force. Some distributors noted that incentives for the sales team have been reduced.
- **Distributor inventory cuts:** Effective November 2025, the company has asked distributors to reduce inventory to 7–10 days versus 15–20 days (not yet mandatory). Additionally, distributors are being asked to shift to alternate-day billing instead of twice a week. This has contributed to reducing inventory days from 52 (Mar-25) to 41 (Mar-26), alongside easing raw material prices.
- **Focus on distributor ROI:** Lower inventory days have improved distributor ROI, though some see sales force cuts as a concern. There are also fears of trade margin rationalization to keep ROIs unchanged. For example, in Bihar, margins for select baby food products were reduced from 5.8% to 5.55%.
- **Rural initiatives:** In rural markets, Manish is focusing on enhancing Nestlé's play, including relaunching the INR5 Maggi SKU. Inventory rationalization has been observed, but the sales force remains stable. Additionally, the company has extended its Project Swabhiman initiative from women-centric to all genders, similar to HUL's expansion of Shakti Amma to Shakti Anna.
- **Advertising, pricing and Innovation** key to fuel growth ahead. The company will speed up to next INR200bn revenue with thrust on higher A&P spends (to be faster than sales). Focus is to get more products from the parent portfolio.
- **Digitisation thrust:** A big part of that transformation will come from digitisation. Everything has to be digitised from the supply chain to sales to the way Nestlé engages with consumers. Manish noted, *"Technology is something which will help us do better. I'm just trying to make sure the payback periods are so efficient that it works well. I also want to enhance execution using technology."* *"We have to figure out how to make a short production run cost-effective". "Yes, I am bringing some of those learnings here (from Amazon); that's precisely why I was given this opportunity. The one area I am particularly focused on accelerating is the role of technology,"*

Income Statement (Standalone)

YE March (INR mn)	CY21	CY22	FY24	FY25	FY26	FY27E	FY28E	FY29E
Net Revenues	147,094	168,970	243,939	202,016	231,546	258,920	287,434	318,217
<i>Growth (%)</i>		14.9	15.5	3.5	14.6	11.8	11.0	10.7
Material Expenses	63,189	77,499	107,086	87,498	103,413	116,592	127,731	141,427
Employee Expense	15,213	16,355	23,361	20,237	21,658	22,308	23,869	25,540
Other Expenses	33,016	37,534	55,002	46,543	53,414	61,105	66,418	72,824
EBITDA	35,676	37,583	58,490	47,737	53,061	58,915	69,415	78,425
<i>EBITDA Growth (%)</i>		5.3	24.5	2.0	11.2	11.0	17.8	13.0
EBITDA Margin (%)	24.3	22.2	24.0	23.6	22.9	22.8	24.1	24.6
Depreciation	3,902	4,030	5,378	5,399	6,992	7,680	7,980	8,336
EBIT	31,774	33,553	53,113	42,338	46,068	51,235	61,435	70,089
Other Income (Including EO Items)	1,201	1,010	1,480	589	404	1,073	988	1,387
Interest	2,012	1,546	1,455	1,360	1,583	1,350	1,400	1,400
PBT before extraordinary items	30,963	33,017	53,137	41,567	44,889	50,958	61,023	70,076
Extraordinary items	(2,126)	(457)	(249)	2,908	2,305	-	-	-
Total Tax	7,389	8,655	13,560	11,330	11,748	13,336	15,970	18,339
RPAT after MI	21,449	23,905	39,328	33,145	35,446	37,622	45,053	51,737
Adjusted PAT	23,067	24,243	39,513	31,030	33,744	37,622	45,053	51,737
<i>APAT Growth (%)</i>		5.1	30.4	(1.8)	8.7	11.5	19.8	14.8
EPS	12.0	12.6	20.5	16.1	17.5	19.5	23.4	26.8
<i>EPS Growth (%)</i>		5.1	30.4	(1.8)	8.8	11.5	19.8	14.8

Source: Company, HSIE Research

Balance Sheet (Standalone)

YE March (INR mn)	CY21	CY22	FY24	FY25	FY26	FY27E	FY28E	FY29E
SOURCES OF FUNDS								
Share Capital - Equity	964	964	964	964	1,928	1,928	1,928	1,928
Other Equity	19,881	23,628	32,445	40,207	51,164	56,969	67,313	77,591
Total Shareholders Funds	20,845	24,592	33,409	41,172	53,092	58,897	69,241	79,519
Total Debt	341	300	311	7,533	244	292	292	300
TOTAL CAPITAL EMPLOYED	21,185	24,892	33,720	48,705	53,337	59,189	69,532	79,819
APPLICATION OF FUNDS								
Tangible Assets	29,940	30,437	34,603	54,736	62,904	58,852	55,449	52,259
CWIP	2,462	3,584	17,417	11,726	5,070	5,442	6,865	7,719
Other Non Current Assets	7,107	5,602	4,239	7,056	7,056	7,056	7,056	7,056
Total Non-current Assets	39,509	39,623	56,259	73,518	75,030	71,350	69,370	67,034
Current Investments	633	2,174	400	-	-	10,000	20,000	40,000
Inventories	15,802	19,288	20,894	28,501	25,692	28,268	29,816	33,013
Debtors	1,653	1,919	3,005	3,632	3,295	3,534	3,923	4,344
Cash & Equivalents	7,354	9,456	7,789	957	13,409	12,350	17,337	10,132
Other Current Assets	16,890	17,073	16,886	16,632	16,146	17,176	18,256	19,402
Total Current Assets	42,332	49,909	48,972	49,721	58,542	71,328	89,333	106,891
Creditors	17,349	19,338	22,379	23,735	29,667	30,346	33,245	36,810
Other Current Liabilities & Provns	43,565	45,557	49,131	50,263	49,703	52,278	55,060	56,431
Total Current Liabilities	60,914	64,895	71,510	73,998	79,370	82,624	88,305	93,241
Net Current Assets	(18,582)	(14,987)	(22,538)	(24,277)	(20,828)	(11,296)	1,028	13,650
Misc Expenditures	258	256	-	(536)	(865)	(865)	(865)	(865)
TOTAL APPLICATION OF FUNDS	21,185	24,892	33,720	48,705	53,337	59,189	69,532	79,819

Source: Company, HSIE Research

Cash Flow (Standalone)

YE March (INR mn)	CY21	CY22	FY24	FY25	FY26	FY27E	FY28E	FY29E
Reported PBT	28,838	32,560	52,889	44,475	46,097	50,958	61,023	70,076
Depreciation	3,902	4,030	5,378	5,399	6,992	7,680	7,980	8,336
Working Capital Change	(1,522)	(302)	(2,489)	(7,112)	7,930	(1,327)	2,664	172
Tax Paid	(7,286)	(8,412)	(12,988)	(10,244)	(10,713)	(13,336)	(15,970)	(18,339)
Interest/Dividend received	(1,204)	(829)	(1,320)	(238)	141	277	412	13
Other items	26	327	277	(2,917)	29	-	-	-
Extraordinary items	(40)	-	-	-	-	-	-	-
OPERATING CASH FLOW (a)	22,714	27,374	41,748	29,364	50,476	44,252	56,109	60,258
Capex	(7,308)	(6,478)	(18,783)	(20,044)	(8,263)	(4,000)	(6,000)	(6,000)
<i>Free Cash Flow (FCF)</i>	<i>15,406</i>	<i>20,897</i>	<i>22,965</i>	<i>9,320</i>	<i>42,213</i>	<i>40,252</i>	<i>50,109</i>	<i>54,258</i>
Others	(5,564)	2,432	6,717	2,330	2,034	(8,927)	(9,012)	(18,613)
INVESTING CASH FLOW (b)	(12,872)	(4,046)	(12,066)	(17,714)	(6,229)	(12,927)	(15,012)	(24,613)
Debt Issuance/(Repaid)	(779)	-	(1,000)	6,495	(8,121)	47	-	9
Interest Expenses	(90)	(181)	(260)	(337)	(502)	(1,350)	(1,400)	(1,400)
<i>FCFE</i>	<i>14,716</i>	<i>21,078</i>	<i>22,225</i>	<i>16,152</i>	<i>34,594</i>	<i>41,649</i>	<i>51,509</i>	<i>55,666</i>
Dividend	(19,283)	(20,980)	(30,082)	(24,586)	(23,140)	(31,817)	(34,709)	(41,458)
Others	(34)	(67)	(8)	(53)	(32)	736	-	-
FINANCING CASH FLOW (c)	(20,186)	(21,227)	(31,349)	(18,481)	(31,795)	(32,384)	(36,109)	(42,850)
NET CASH FLOW (a+b+c)	(10,345)	2,101	(1,667)	(6,832)	12,452	(1,059)	4,988	(7,205)
Add: Beginning balance	17,699	7,354	9,456	7,789	957	13,409	12,350	17,337
Closing Cash & Equivalents	7,354	9,456	7,789	957	13,409	12,350	17,337	10,132

Source: Company, HSIE Research

Key Ratios

	CY21	CY22	FY24	FY25	FY26	FY27E	FY28E	FY29E
PROFITABILITY (%)								
GPM	57.0	54.1	56.1	56.7	55.3	55.0	55.6	55.6
EBITDA Margin (%)	24.3	22.2	24.0	23.6	22.9	22.8	24.1	24.6
EBIT Margin	21.6	19.9	21.8	21.0	19.9	19.8	21.4	22.0
PBT Margin	21.0	19.5	21.8	20.6	19.4	19.7	21.2	22.0
APAT Margin	15.7	14.3	16.2	15.4	14.6	14.5	15.7	16.3
RoE	110.7	106.7	109.0	83.2	71.6	67.2	70.3	69.6
RoIC (or Core RoCE)	183.3	187.1	163.1	84.1	77.6	98.5	131.4	167.2
RoCE	150.0	145.6	145.0	102.7	90.3	91.1	95.5	93.9
EFFICIENCY								
Tax Rate (%)	23.9	26.2	25.5	27.3	26.2	26.2	26.2	26.2
Fixed Asset Turnover (x)	2.9	3.1	3.9	2.3	2.2	2.4	2.6	2.7
Inventory (days)	39	42	39	51	41	40	38	38
Debtors (days)	4	4	6	7	5	5	5	5
Other Current Assets (days)	42	37	25	30	25	24	23	22
Payables (days)	43	42	42	43	47	43	42	42
Other Current Liab & Provns (days)	108	98	74	91	78	74	70	65
Cash Conversion Cycle (days)	(66)	(57)	(45)	(46)	(54)	(47)	(46)	(42)
Net D/E (x)	(0.3)	(0.4)	(0.2)	0.2	(0.2)	(0.2)	(0.2)	(0.1)
Interest Coverage (x)	15.8	21.7	36.5	31.1	29.1	38.0	43.9	50.1
PER SHARE DATA (INR)								
EPS	12.0	12.6	20.5	16.1	17.5	19.5	23.4	26.8
CEPS	14.0	14.7	23.3	18.9	21.1	23.5	27.5	31.2
Dividend	10.0	11.0	16.1	13.5	12.0	16.5	18.0	21.5
Book Value	10.8	12.8	17.3	21.4	27.5	30.5	35.9	41.2
VALUATION								
P/E (x)	119.0	113.2	69.5	88.5	81.3	73.0	60.9	53.1
P/BV (x)	131.7	111.6	82.2	66.7	51.7	46.6	39.6	34.5
EV/EBITDA (x)	76.7	72.7	46.8	57.6	51.5	46.2	39.0	34.4
EV/Revenues (x)	18.6	16.2	11.2	13.6	11.8	10.5	9.4	8.5
OCF/EV (%)	0.8	1.0	1.5	1.1	1.8	1.6	2.1	2.2
FCF/EV (%)	0.6	0.8	0.8	0.3	1.5	1.5	1.9	2.0
FCFE/Mkt Cap (%)	0.5	0.8	0.8	0.6	1.3	1.5	1.9	2.0
Dividend Yield (%)	0.7	0.8	1.1	0.9	0.8	1.2	1.3	1.5

Source: Company, HSIE Research

Britannia Industries

'Total food company' transformation thrust

We reinitiate coverage on Britannia Industries with a BUY rating and a Jun-27 TP of INR6,200, valuing the stock at 47x P/E. Under its new leadership, Britannia is well-positioned to leverage its strong distribution network and scale advantage to drive growth through accelerated new product launches, increasingly aligned with evolving consumer preferences. While the company has articulated an ambition to transition into a "Total Foods" player, the pathway requires stronger execution, particularly through category incubation and selective inorganic initiatives. We expect management's strategic focus to pivot toward driving topline growth, even as margins remain range-bound. Accordingly, we model EBITDA margin expansion of ~70bps over the medium term. We see a revenue CAGR of ~9% and EPS CAGR of ~11% over FY26–FY29E.

- **Regaining momentum in core biscuits crucial for growth:** Britannia has been consolidating share in the biscuits category with focused execution to address consumer needs better and addressing gaps in distribution with dedicated projects. In recent times, its performance has been impacted, amid leadership changes, from regional and unlisted players, despite GST reduction tailwinds. We expect competitive pressure to gradually ebb. New management is focusing on innovation to ride on evolving consumption trend, which is crucial to maintain category relevance. In recent times, we see that category actions like potato biscuits and cheese biscuits have been adopted from international players, who are making inroads into domestic market. Being the category leader, Britannia needs to up its execution and devise consumption trends. We expect high single-digit growth with mid-single digit volume growth.
- **Total food company aspiration asks for new category investments:** Britannia has strengthened its margin profile with a shift in strategy to capex over opex strategy under the leadership of Varun Berry. We believe the urge to maintain margin might have deterred the management from getting its full execution on the adjacencies. We expect it to enhance focus on adjacencies, which is where media budgets are enhanced. With gradual displacement of biscuits from the school tiffin occasion, we expect the company to recalibrate its strategy to remain relevant to children, who tend to develop brand loyalty early. In this respect, its adjacent categories like cake, bread, rusk, croissants, cheese, shakes, protein bar, and wafers become more crucial.
- **Valuation rerating likely on performance improvement:** We see that stock correction of ~11% YTD is factoring in new management's inability to manage competitive disruption. We have conservatively built 9% topline and 11% earnings CAGR over the next three years, which can be claimed easily with execution. In case if the company enhances its adjacent business outlook, growth can be in double digits. We value Britannia in line with its 10-year average and at a ~5% discount to its five-year average. Key risks to our call would be sudden surge in inflation, weakness in rural, and competition.

Financial Summary (consolidated)

YE March (INR mn)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Revenue	167,693	179,427	191,059	205,675	224,821	245,380
EBITDA	31,698	31,872	35,473	37,925	43,186	48,725
APAT	21,427	22,035	24,409	26,859	30,720	34,671
Adjusted EPS (INR)	88.9	91.5	101.3	111.5	127.5	143.9
P/E (x)	59.7	58.1	52.4	47.6	41.6	36.9
EV / EBITDA (x)	40.3	40.1	35.9	33.3	29.0	25.5
RoE (%)	56.9	52.8	51.3	49.9	51.5	52.2

Source: Company, HSIE Research

BUY

CMP (as on 16 Jul 26)	INR 5,311
Target Price	INR 6,200
NIFTY	24,073

KEY CHANGES	OLD	NEW
Rating	NA	BUY
Price Target	NA	INR 6,200
EPS %	FY27E	FY28E
	NA	NA

KEY STOCK DATA

Bloomberg code	BRIT IN
No. of Shares (mn)	241
MCap (INR bn) / (\$ mn)	1,304/13,545
6m avg traded value (INR mn)	2,149
52 Week high / low	INR 6,337/5,035

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(5.6)	(8.2)	(6.8)
Relative (%)	(5.2)	(1.8)	(1.8)

SHAREHOLDING PATTERN (%)

	Dec-25	Mar-26
Promoters	50.6	50.6
FIs & Local MFs	19.6	18.9
FPIs	14.9	15.6
Public & Others	14.9	14.9
Pledged Shares	0.00	0.00

Source : NSE

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Exhibit 208: Britannia Industries' one year forward P/E



Source: Bloomberg, Company, HSIE Research

Exhibit 209: Britannia Industries - HSIE estimates vs Consensus estimates

(INR mn)	HSIE estimates			Consensus estimates			HSIE vs Consensus estimates		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	205,675	224,821	245,380	211,164	232,914	254,924	(2.6%)	(3.5%)	(3.7%)
growth (%)	7.7%	9.3%	9.1%	10.5%	10.3%	9.4%			
EBITDA	37,925	43,186	48,725	39,010	44,066	48,408	(2.8%)	(2.0%)	0.7%
growth (%)	6.9%	13.9%	12.8%	10.0%	13.0%	9.9%			
EBITDA margin (%)	18.4%	19.2%	19.9%	18.5%	18.9%	19.0%			
Adj PAT	26,859	30,720	34,671	27,500	31,317	34,683	(2.3%)	(1.9%)	(0.0%)
growth (%)	10.0%	14.4%	12.9%	12.7%	13.9%	10.7%			
Adj. EPS (INR/Share)	111.5	127.5	143.9	114.3	130.1	144.1	(2.5%)	(1.9%)	(0.1%)

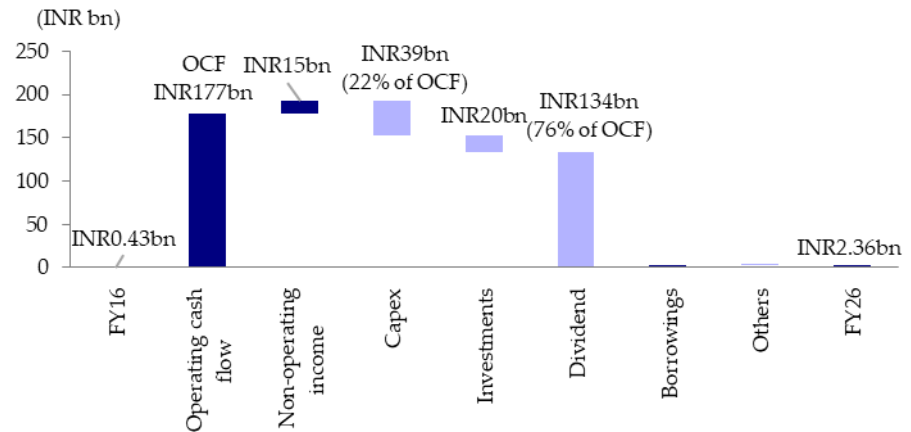
Source: Bloomberg, HSIE Research

Exhibit 210: Britannia Industries - Key assumptions

	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Growth %							
Standalone revenue growth	15.5	4.3	5.8	7.5	8.1	9.2	9.0
International revenue growth	17.7	57.3	11.3	9.3	5.0	12.0	12.0
Consolidated revenue growth	15.3	2.9	7.0	6.5	7.7	9.3	9.1
Biscuits volume growth	1.3	1.8	4.5	3.0	4.0	6.0	6.0
Biscuits value growth	14.9	2.2	5.0	7.0	7.5	9.0	9.0
Earnings growth	27.5	10.1	2.8	10.8	10.0	14.4	12.9
As a % of revenue							
Gross margin	41.2	43.4	40.9	41.7	41.6	42.1	42.6
A&P spends	4.2	4.2	3.2	4.1	4.2	4.2	4.2
Conversion costs	4.7	4.5	4.5	4.0	4.0	4.0	4.0
Freight and handling costs	4.3	4.3	3.9	3.6	3.8	3.7	3.7
EBITDA margin	17.4	18.9	17.8	18.6	18.4	19.2	19.9
Per share data							
Adj EPS (INR/Share)	80.8	88.9	91.5	101.3	111.5	127.5	143.9
DPS (INR/Share)	72.0	73.5	75.0	90.5	100.0	115.0	125.0
Dividend payout	89.1%	82.6%	82.0%	89.3%	89.7%	90.2%	86.9%
Balance sheet							
ROE	63.3%	56.9%	52.8%	51.3%	49.9%	51.5%	52.2%
ROCE	44.9%	45.7%	49.5%	53.1%	53.7%	58.9%	60.2%
Total debt (INR bn)	29.8	20.4	12.2	13.6	7.1	7.8	8.5
Capex (INR bn)	12.1	4.1	4.1	2.2	2.0	2.0	2.0
Investments (INR bn)	33.2	27.7	28.7	36.1	38.1	46.7	57.7
Inventory days	27	26	25	26	25	25	25
Receivable days	7	9	9	9	9	9	9
Payable days	32	35	36	36	36	36	36
Net working capital days	2	(1)	(1)	(2)	(3)	(3)	(3)

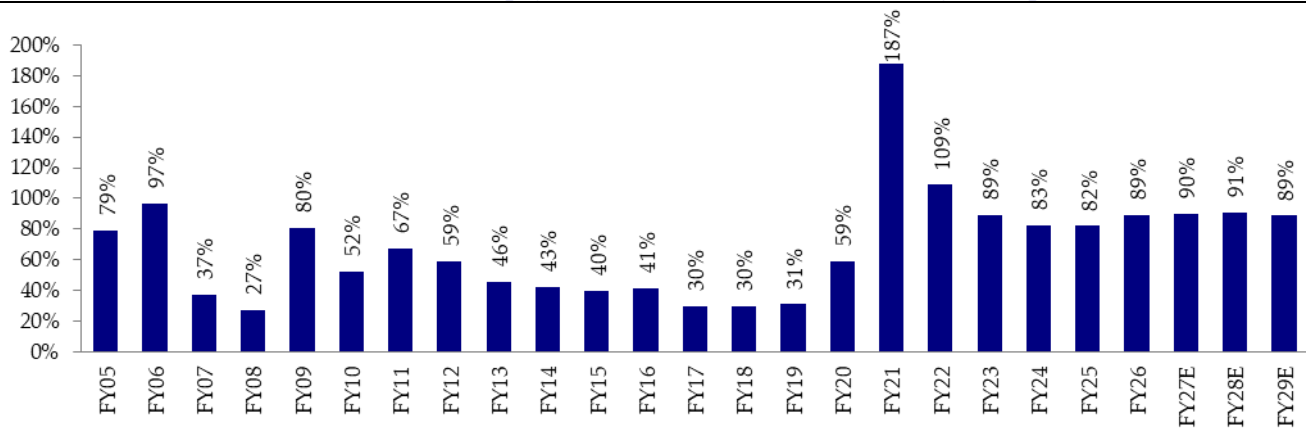
Source: Company, HSIL Research

Exhibit 211: Britannia Industries - Cash flow and utilization in last decade



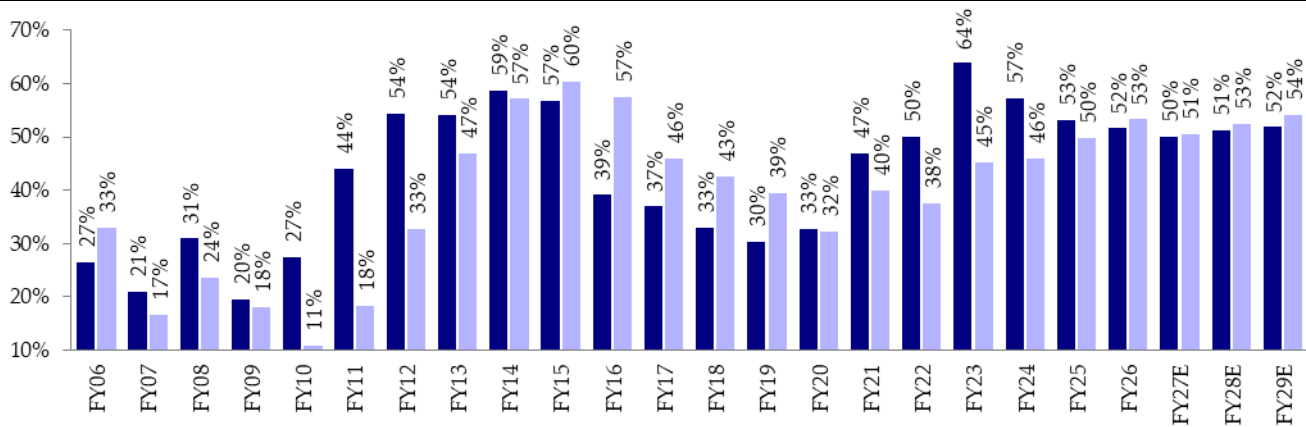
Source: Company, HSIE Research

Exhibit 212: Britannia Industries - Dividend payout (%) has remained at a healthy level post Covid-19



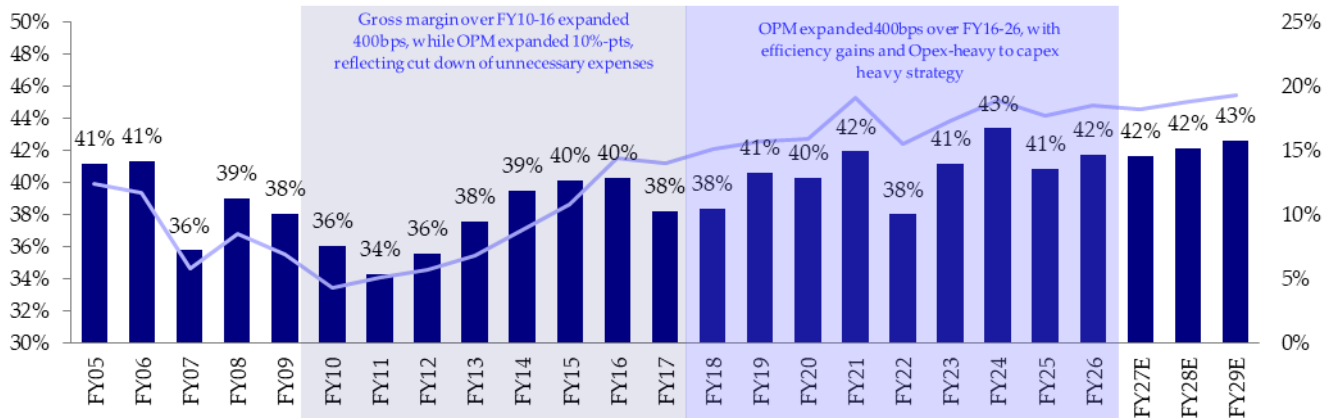
Source: Company, HSIE Research

Exhibit 213: Britannia Industries - Return profile remains healthy



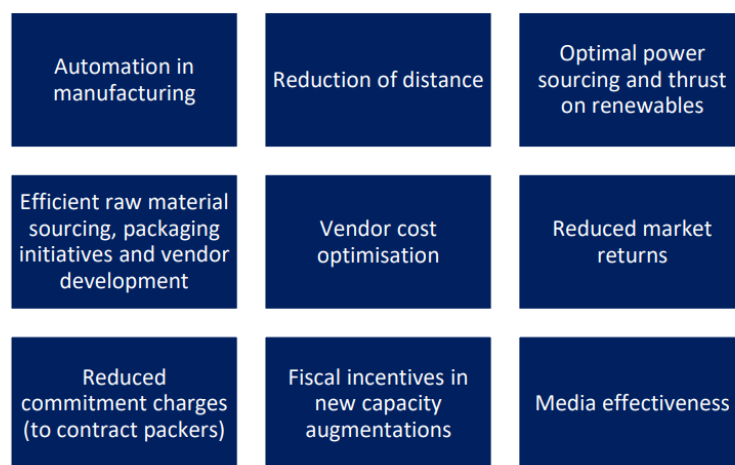
Source: Company, HSIE Research

Exhibit 214: Britannia Industries – Improving gross margin aided EBITDA margin expansion



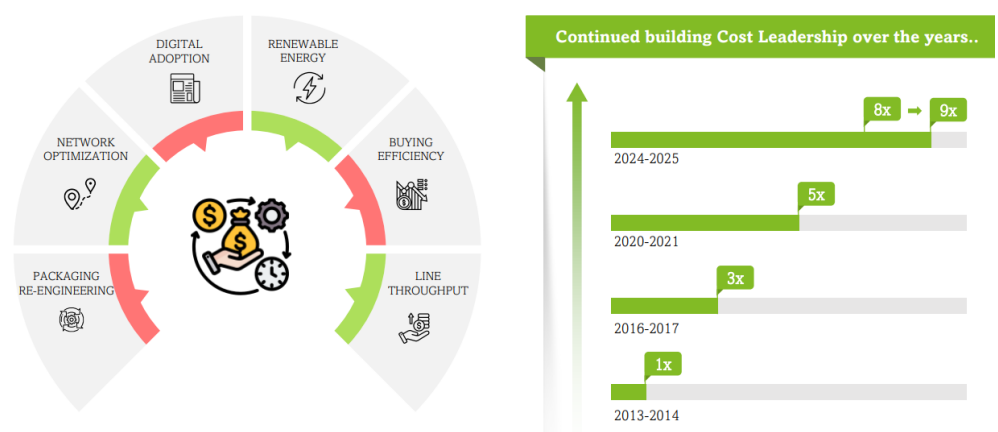
Source: Company, HSIE Research

Exhibit 215: Britannia Industries – Cost optimization measures



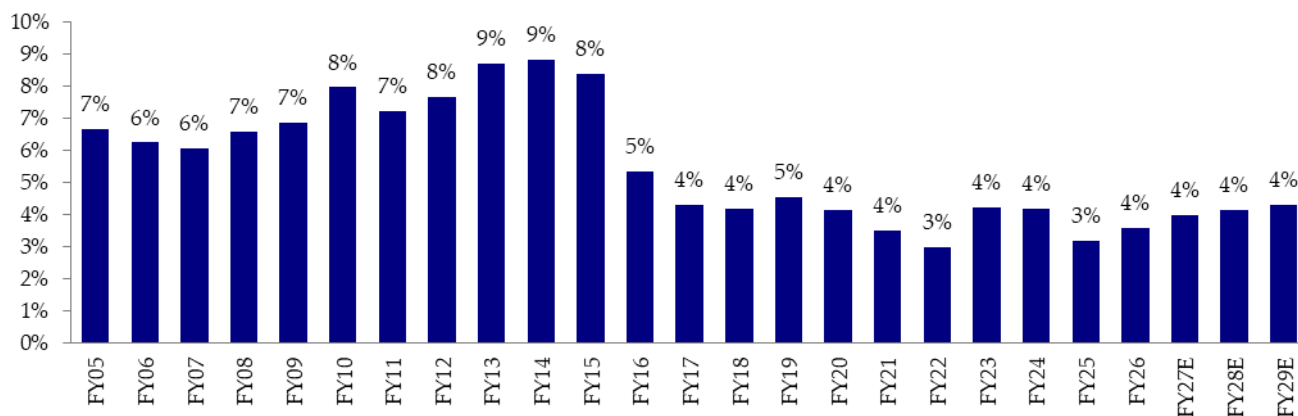
Source: Company, HSIE Research

Exhibit 216: Britannia Industries – Cost optimization measures and effect on financials



Source: Company, HSIE Research

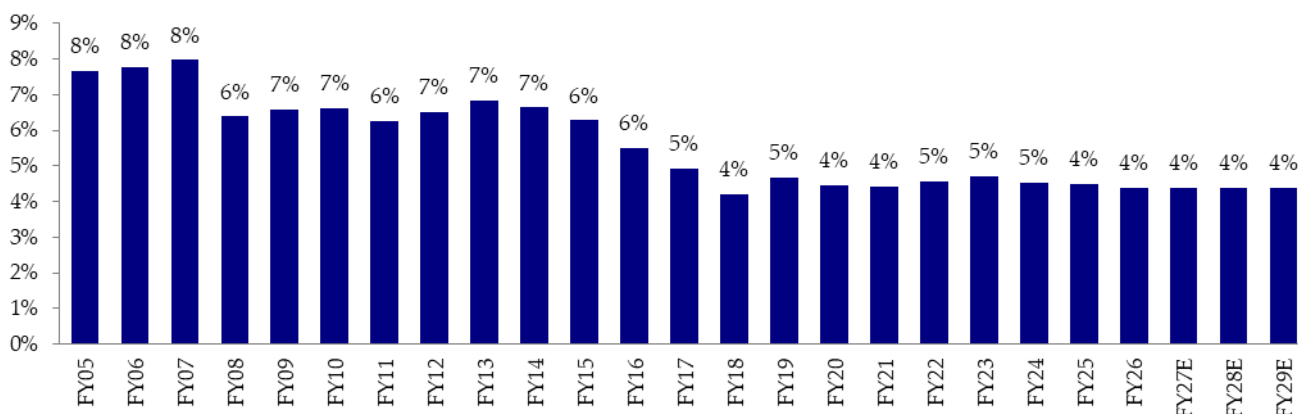
Exhibit 217: Britannia Industries – Advertisement and promotion spend likely to see expansion to aid growth



Source: Company, HSIE Research

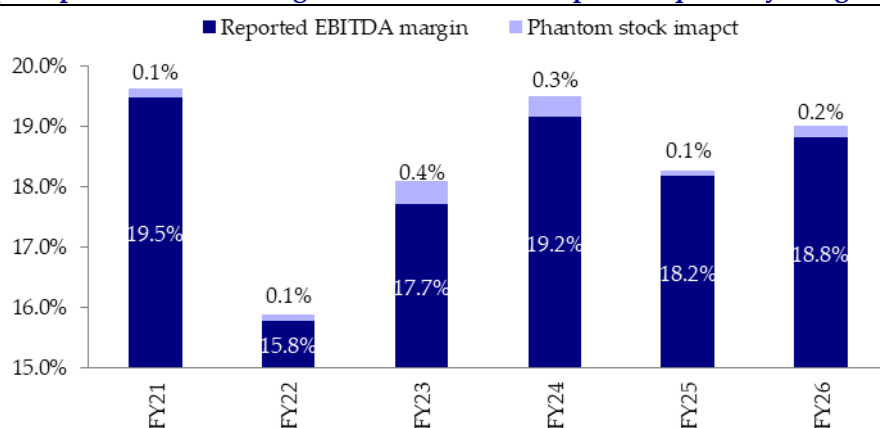
Note: With Ind-AS accounting since FY16, the promotion component has been removed from A&P spends (as was the case till FY15)

Exhibit 218: Britannia Industries – Conversion costs gradually reduced as the company focused on own capacity



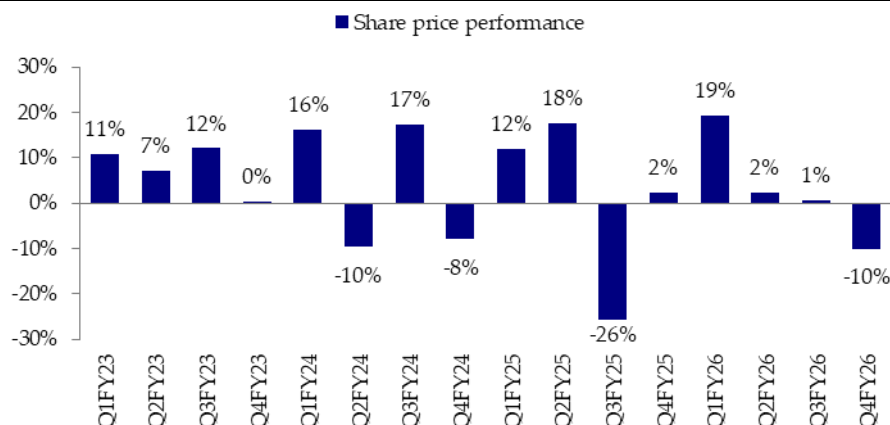
Source: Company, HSIE Research

Exhibit 219: Britannia Industries – Share price linked phantom stock scheme has 10-40bps impact on annual margin, but has a wider impact on quarterly margin



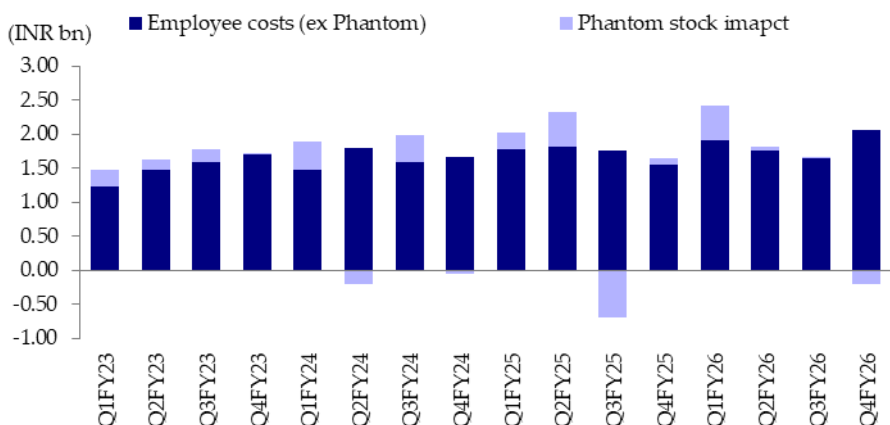
Source: Company, HSIE Research

Exhibit 220: Britannia Industries – Quarterly share price performance



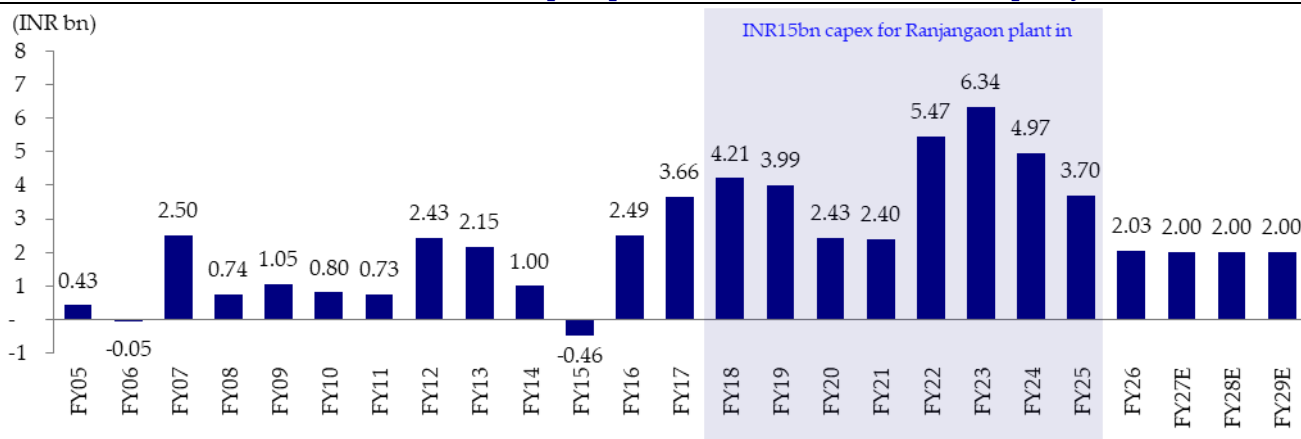
Source: Bloomberg, HSIE Research

Exhibit 221: Britannia Industries – Quarterly share price movement has an influence on margin trends



Source: Company, HSIE Research

Exhibit 222: Britannia Industries – Bulk of the capex spends in the base, incremental capacity needs limited



Source: Company, HSIE Research

Exhibit 223: Britannia Industries – Liquidity position enhanced in recent years

(INR mn)	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Short Term Debt	7,480	13,394	17,586	14,287	11,365	5,118	10,717
- Working capital loan	-	1,000	7,500	9,000	2,338	3,124	6,337
- Vendor invoice discounting	-	-	-	1,058	524	-	-
- Commercial paper	4,785	9,744	-	-	-	-	-
- Liability under reverse factoring arrangement	1,807	2,052	2,006	2,670	-	-	-
- Current maturity of LT debt	-	177	7,387	1,127	8,469	1,917	4,267
- Others	888	421	693	433	35	78	114
Long Term Debt	7,661	7,478	7,070	15,518	9,047	7,129	2,861
- term loan from bank	439	262	-	8,525	8,525	7,125	2,858
- Debentures	7,210	7,210	6,985	6,985	-	-	-
- Others	12	6	85	8	522	4	3
Total Borrowings	15,141	20,872	24,655	29,805	20,412	12,248	13,578
Liquid assets	11,316	16,046	10,186	19,990	21,429	14,241	19,910
Net borrowings / (Cash)	3,824	4,826	14,469	9,815	(1,017)	(1,994)	(6,331)

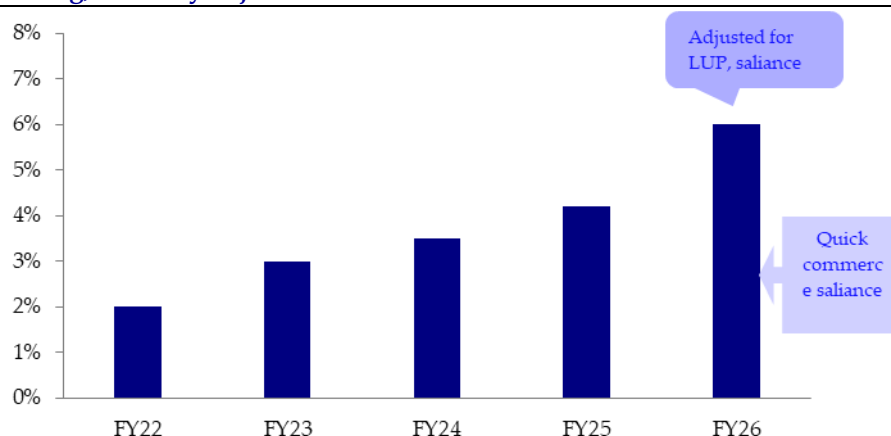
Source: Company, HSIE Research

Exhibit 224: Britannia Industries – Inter corporate deposits exposure reduced

(INR mn)	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Bombay Dying & Manufacturing Co. Ltd.		1,000	3,500	3,500	3,500	3,500	2,900	3,500	3,350			
Go Airlines (India) Limited					3,350	2,500	-	-				
The Bombay Burmah Trading Corporation Limited	400	400	400				5,000	3,900	3,750	2,600	-	
Scal Services Limited	1,750	1,250										
Macrofil Investments Ltd	600	600	600									
J B Mangharam foods												
ICDs to group companies	2,750	3,250	4,500	3,500	6,850	6,000	7,900	7,400	7,100	2,600	-	-
% of total ICD	92%	56%	56%	39%	61%	48%	79%	93%	100%	57%	0%	0%
Total ICDs	3,000	5,850	8,008	8,918	11,170	12,470	9,990	7,980	7,100	4,600	500	650
Total ICDs placed	3,550	3,600	4,708	6,860	8,743	12,934	12,025	7,400	8,500	8,500	750	1,150
Total ICDs redeemed	1,050	750	2,550	5,950	6,354	12,042	14,914	9,415	9,380	9,380	4,600	1,000
Net ICD placed	2,500	2,850	2,158	910	2,389	892	(2,889)	(2,015)	(880)	(880)	(3,850)	150
- With group company		500	1,250	(1,000)	3,350	(850)	1,900	(500)	(300)	(4,500)	(2,600)	-

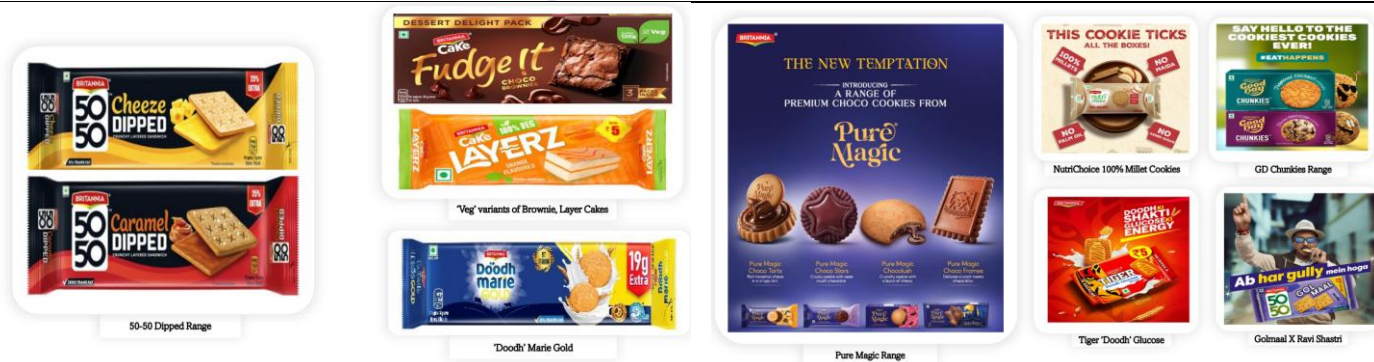
Source: Company, HSIE Research

Exhibit 225: Britannia Industries – Domestic business e-commerce contribution expanding, aided by adjacencies



Source: Company, HSIE Research

Exhibit 226: Britannia Industries – Innovation paddle accelerated



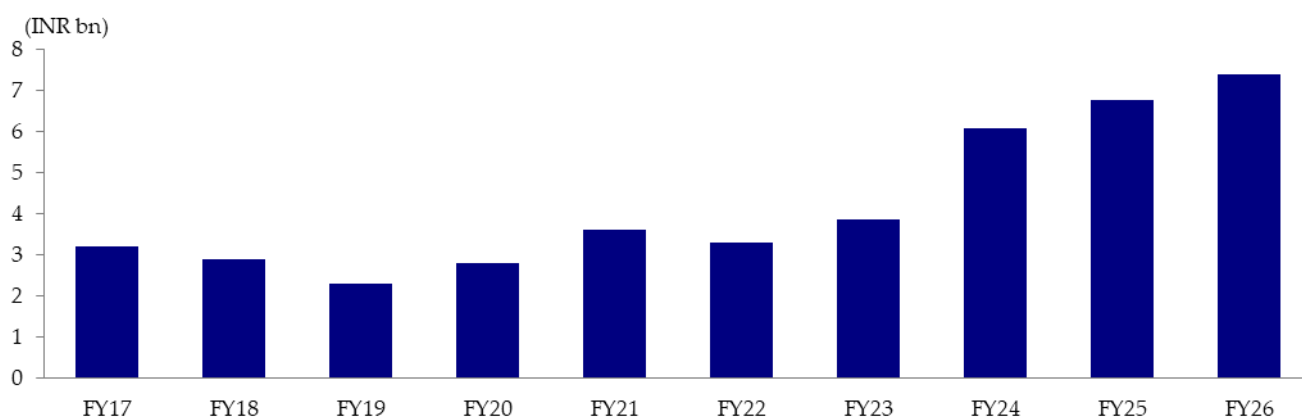
Source: Company, HSIE Research

Exhibit 227: Britannia Industries – Recent management changes

Name	Designation	Effective date	Nature of change
Rakshit Hargave	MD and CEO	Dec-25	Hired
Subhashis Basu	Chief Business Officer – Dairy	Dec-25	Hired
Puneet Das	Chief Marketing Officer	Feb-26	Hired
Siddharth Gupta	VP – Marketing	Feb-26	Promoted (joined 2018)
Ramamurthy Jayaraman	VP – Corporate Finance	Apr-26	Promoted (joined 2011)
Rahul Mahajan	VP- Sales	Apr-26	Promoted (Joined 2022)
Chitwan Singh	Chief Business Officer - International	Jun-26	Hired
Srinivas Maruthi Patnam	VP – Human Resource	May-26	Hired
Shailesh Kumar	VP - Procurement	Apr-26	Promoted (Joined 2012)

Source: Company, HSIE Research

Exhibit 228: Britannia Industries – International revenue expansion momentum disrupted in FY26, amid West Asia conflict (sourcing base in the Middle East). The company is shifting production to export unit in Mundra to address another region's supplies



Source: Company, HSIE Research

Income Statement (Consolidated)

YE March (INR mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Net Revenues	141,363	163,006	167,693	179,427	191,059	205,675	224,821	245,380
<i>Growth (%)</i>		15.3	2.9	7.0	6.5	7.7	9.3	9.1
Material Expenses	87,603	95,913	94,920	106,041	111,329	120,098	130,153	140,835
Employee Expense	5,423	6,584	7,087	7,046	7,752	7,739	8,280	8,860
Other Expenses	26,322	32,200	33,987	34,469	36,505	39,914	43,202	46,959
EBITDA	22,015	28,309	31,698	31,872	35,473	37,925	43,186	48,725
<i>EBITDA Growth (%)</i>		28.6	12.0	0.5	11.3	6.9	13.9	12.8
EBITDA Margin (%)	15.6	17.4	18.90	17.76	18.57	18.44	19.21	19.86
Depreciation	2,005	2,259	3,005	3,133	3,368	3,468	3,668	3,868
EBIT	20,010	26,050	28,694	28,738	32,104	34,457	39,517	44,857
Other Income (Including EO Items)	2,228	2,159	2,142	2,271	2,240	2,371	2,634	2,697
Interest	1,443	1,691	1,640	1,388	1,128	910	1,050	1,150
PBT before extraordinary items	20,795	26,518	29,196	29,621	33,217	35,918	41,101	46,404
Extraordinary items	(10)	3,756	(29)	(248)	926	-	-	-
Total Tax	5,624	7,165	7,793	7,487	8,472	9,159	10,481	11,833
Share of Minority Interest	(88)	(55)	(56)	(9)	35	(50)	(50)	(50)
Earning from associate company	(2)	54	(32)	(107)	(301)	50	50	50
RPAT after MI	15,248	23,218	21,398	21,787	25,335	26,859	30,720	34,671
Adjusted PAT	15,258	19,462	21,427	22,035	24,409	26,859	30,720	34,671
<i>APAT Growth (%)</i>		27.5	10.1	2.8	10.8	10.0	14.4	12.9
EPS	63.3	80.8	88.9	91.5	101.3	111.5	127.5	143.9
<i>EPS Growth (%)</i>		27.5	10.1	2.8	10.8	10.0	14.4	12.9

Source: Company, HSIE Research

Balance Sheet (Consolidated)

YE March (INR mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
SOURCES OF FUNDS								
Share Capital - Equity	241	241	241	241	241	241	241	241
Other Equity	25,615	35,404	39,419	43,572	51,118	56,125	62,706	69,623
Total Shareholders' Funds	25,856	35,645	39,660	43,813	51,359	56,366	62,947	69,864
Total Debt	24,655	29,805	20,412	12,248	13,578	7,084	7,781	8,548
TOTAL CAPITAL EMPLOYED	50,511	65,450	60,072	56,061	64,937	63,451	70,728	78,412
APPLICATION OF FUNDS								
Tangible Assets	16,136	25,271	26,413	27,710	27,060	25,591	23,923	22,055
Intangible Assets	1,396	1,282	1,298	1,328	1,440	1,440	1,440	1,440
CWIP	5,357	1,050	1,875	892	390	390	390	390
Other Non-Current Assets	9,286	15,233	10,702	17,538	19,712	19,712	19,712	19,712
Total Non-current Assets	32,175	42,834	40,289	47,468	48,602	47,134	45,465	43,597
Current Investments	8,337	18,010	16,965	11,116	16,385	18,385	27,000	38,000
Inventories	13,675	11,933	11,812	12,365	13,459	13,942	15,239	16,631
Debtors	3,319	3,289	3,933	4,486	4,692	5,019	5,486	5,987
Cash & Equivalents	1,849	1,980	4,464	3,125	3,524	4,892	5,878	5,124
Other Current Assets	15,283	14,908	12,834	9,459	10,226	11,249	12,374	13,611
Total Current Assets	42,463	50,120	50,008	40,552	48,287	53,487	65,976	79,354
Creditors	12,852	14,488	16,275	17,522	18,964	20,470	22,373	24,418
Other Current Liabilities & Provns	11,275	13,017	13,950	14,436	12,988	16,700	18,341	20,120
Total Current Liabilities	24,127	27,505	30,225	31,959	31,952	37,170	40,714	44,539
Net Current Assets	18,336	22,615	19,783	8,593	16,335	16,317	25,262	34,815
TOTAL APPLICATION OF FUNDS	50,511	65,450	60,072	56,061	64,937	63,451	70,728	78,412

Source: Company, HSIE Research

Cash Flow (Consolidated)

YE March (INR mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Reported PBT	20,785	30,274	29,167	29,373	33,189	35,918	41,101	46,404
Depreciation	2,005	2,259	3,005	3,133	3,368	3,468	3,668	3,868
Working Capital Change	(3,273)	4,057	1,611	(42)	(1,212)	3,386	656	693
Tax Paid	(5,869)	(7,258)	(7,649)	(6,892)	(8,217)	(9,159)	(10,481)	(11,833)
Interest/Dividend received	(403)	60	(148)	60	(503)	(1,461)	(1,584)	(1,547)
Other items	(251)	(4,129)	(256)	(826)	(509)	100	100	100
OPERATING CASH FLOW (a)	12,995	25,262	25,730	24,807	26,116	32,251	33,460	37,685
Capex	(5,470)	(6,345)	(4,970)	(3,703)	(2,035)	(2,000)	(2,000)	(2,000)
Free Cash Flow (FCF)	7,525	18,917	20,760	21,104	24,082	30,251	31,460	35,685
Others	14,579	(8,826)	9,725	4,546	(5,538)	371	(5,981)	(8,303)
INVESTING CASH FLOW (b)	9,109	(15,171)	4,755	844	(7,573)	(1,629)	(7,981)	(10,303)
Debt Issuance/(Repaid)	3,599	5,182	(9,342)	(8,253)	1,284	(6,494)	697	767
Interest Expenses	(1,186)	(1,957)	(1,643)	(1,706)	(1,072)	(910)	(1,050)	(1,150)
FCFE	12,310	26,056	13,061	14,557	26,437	24,667	33,207	37,602
Change in net worth	-	-	-	-	-	(50)	(50)	(50)
Dividend	(24,849)	(13,592)	(17,325)	(17,675)	(18,040)	(21,801)	(24,090)	(27,704)
Others	(22)	83	4	15	2	-	-	-
FINANCING CASH FLOW (c)	(22,458)	(10,284)	(28,305)	(27,619)	(17,826)	(29,256)	(24,493)	(28,137)
NET CASH FLOW (a+b+c)	(354)	(192)	2,180	(1,969)	717	1,367	986	(755)
Add: Beginning balance	1,415	1,093	1,002	3,195	1,252	1,969	3,337	4,323
EO Items, Others	120	123	46	102	231	231	231	231
Closing Cash & Equivalents	1,180	1,024	3,228	1,328	2,200	3,567	4,553	3,799

Source: Company, HSIE Research

Key Ratios

	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
PROFITABILITY (%)								
GPM	38.0	41.2	43.4	40.9	41.7	41.6	42.1	42.6
EBITDA Margin (%)	15.6	17.4	18.9	17.8	18.6	18.4	19.2	19.9
EBIT Margin	14.2	16.0	17.1	16.0	16.8	16.8	17.6	18.3
PBT Margin	14.7	16.3	17.4	16.5	17.4	17.5	18.3	18.9
APAT Margin	10.8	11.9	12.8	12.3	12.8	13.1	13.7	14.1
RoE	59.0	63.3	56.9	52.8	51.3	49.9	51.5	52.2
RoIC (or Core RoCE)	36.2	44.3	50.0	53.4	55.1	60.3	75.5	91.4
RoCE	39.6	44.9	45.7	49.5	53.1	53.7	58.9	60.2
EFFICIENCY								
Tax Rate (%)	27.0	27.0	26.7	25.3	25.5	25.5	25.5	25.5
Fixed Asset Turnover (x)	5.0	4.1	3.8	3.7	3.8	3.9	4.1	4.3
Inventory (days)	35	27	26	25	26	25	25	25
Debtors (days)	9	7	9	9	9	9	9	9
Other Current Assets (days)	39	33	28	19	20	20	20	20
Payables (days)	33	32	35	36	36	36	36	36
Other Current Liab & Provns (days)	29	29	30	29	25	30	30	30
Cash Conversion Cycle (days)	21	6	(4)	(11)	(7)	(12)	(12)	(12)
Net D/E (x)	0.9	0.8	0.4	0.2	0.2	0.0	0.0	0.0
Interest Coverage (x)	13.9	15.4	17.5	20.7	28.5	37.9	37.6	39.0
PER SHARE DATA (INR)								
EPS	63.3	80.8	88.9	91.5	101.3	111.5	127.5	143.9
CEPS	71.7	90.2	101.4	104.5	115.3	125.9	142.8	160.0
Dividend	69.0	72.0	73.5	75.0	90.5	100.0	115.0	125.0
Book Value	107.3	148.0	164.6	181.9	213.2	234.0	261.3	290.0
VALUATION								
P/E (x)	83.8	65.7	59.7	58.1	52.4	47.6	41.6	36.9
P/BV (x)	49.5	35.9	32.3	29.2	24.9	22.7	20.3	18.3
EV/EBITDA (x)	58.8	45.5	40.3	40.1	35.9	33.3	29.0	25.5
EV/Revenues (x)	9.2	7.9	7.6	7.1	6.7	6.1	5.6	5.1
OCF/EV (%)	1.0	2.0	2.0	1.9	2.1	2.6	2.7	3.0
FCF/EV (%)	0.6	1.5	1.6	1.7	1.9	2.4	2.5	2.9
FCFE/Mkt Cap (%)	1.0	2.0	1.0	1.1	2.1	1.9	2.6	2.9
Dividend Yield (%)	1.3	1.4	1.4	1.4	1.7	1.9	2.2	2.4

Source: Company, HSIE Research

Marico

Enhanced execution amid tailwinds

We resume coverage on Marico with an ADD and a Jun'27 target price of INR925, valuing the stock at 47x P/E — in line with its last 5Y avg. fwd. P/E. We expect recent enhanced execution to stay, with the management's thrust on aligning business with evolving consumption trends and continued focus on enhancing profitability. Key risks are a sharp easing in coconut oil prices and geopolitical tensions that could influence its international performance. Over FY26-29E, while we believe its topline may have to bear a negative influence of price cuts in *Parachute* (driving 10% consolidated revenue CAGR), we believe margin recovery could aid mid-teen EBITDA and earnings growth. We believe execution in the digital portfolio is key for its aspiration to double revenue by 2030 (~10% CAGR over FY26-30), with 20% revenue to be driven by digital sales (which would see 30% CAGR).

- **Strategic actions in place for topline aspirations (INR200bn by FY30):** The company had set an aspiration to double revenue by FY30, implying a CAGR of 13% over FY25-30E. With 26% growth in FY26, the task has eased a bit and they need 10% CAGR over FY26-30E now. Management thrust remains on outperforming core categories, gaining market share, and scaling up emerging businesses profitably. In India, under Project Setu, the company has transformed its general trade execution, where portfolio play has been aiding faster growth. Additionally, with multiple M&As, the company has been quick to transform from a legacy FMCG firm to a digital-first consumer company (now the largest portfolio of digital brands in India). With strategic actions, we believe Marico could grow in double digits in India, but much would depend on copra prices dictating growth in the *Parachute* portfolio. In international, it has relatively better positioning (vs Indian peers), where its focus is on innovation and expansion in premium personal care.
- **Digital and premium portfolio thrust:** The company aims for consolidated digital brand revenue of INR40bn for FY30, which will have 20% revenue contribution. Management is looking to enhance profitability along with scale-up. In our view, the company has managed new age businesses well, where impact to overall margin is limited. As these portfolios attain profitability, we believe overall margin will see accretion.
- **Thrust on reducing dependency on coconut oil:** Marico's performance has been linked with its coconut oil portfolio, where copra price volatility has been influencing growth and margin. With strategic actions, management believes this influence could reduce; however, we expect growth influence to stay in the near term, given volatility in copra prices. Though the company can manage margins better with execution, winning against smaller players would be key. For perspective, coconut oil contribution is ~33% in India and 65% in Bangladesh. Having reduced ~5ppt in contribution of coconut oil until FY25, it has managed gross margin better.

Financial Summary (consolidated)

YE March (INR mn)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Revenue	96,530	108,310	136,110	152,942	167,596	182,296
EBITDA	20,260	21,390	23,280	29,036	32,692	36,858
APAT	14,810	16,290	17,620	22,629	24,933	27,493
Adjusted EPS (INR)	11.5	12.6	13.6	17.4	19.2	21.1
P/E (x)	73.1	66.5	61.9	48.2	43.8	39.7
EV / EBITDA (x)	53.2	50.4	46.5	37.2	32.8	29.0
RoE (%)	36.5	38.6	40.2	47.1	46.2	45.9

Source: Company, HSIE Research

ADD

CMP (as on 16 Jul 26)	INR 839
Target Price	INR 925
NIFTY	24,073

KEY CHANGES	OLD	NEW
Rating	NA	ADD
Price Target	NA	INR 925
EPS %	FY27E	FY28E
	NA	NA

KEY STOCK DATA

Bloomberg code	MRCO IN
No. of Shares (mn)	1,300
MCap (INR bn) / (\$ mn)	1,096/11,385
6m avg traded value (INR mn)	1,555
52 Week high / low	INR 874/690

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	11.4	11.0	15.1
Relative (%)	11.9	17.5	20.1

SHAREHOLDING PATTERN (%)

	Dec-25	Mar-26
Promoters	58.9	58.9
FIs & Local MFs	12.4	12.3
FPIs	24.0	24.1
Public & Others	4.7	4.7
Pledged Shares	-	-

Source : NSE

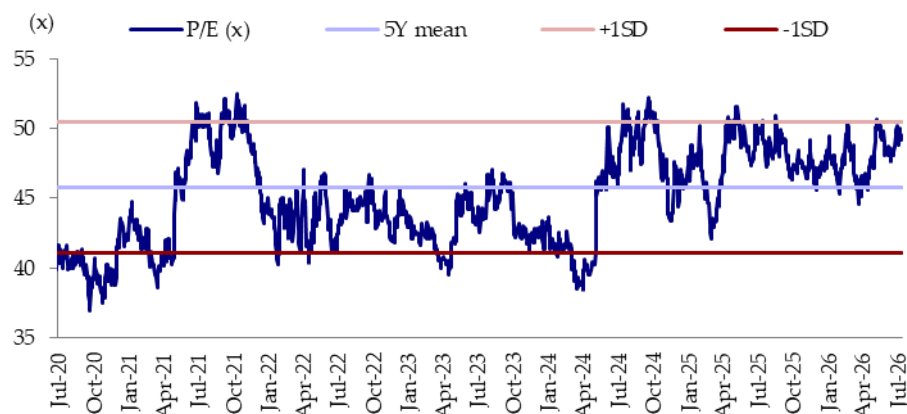
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Exhibit 229: Marico's one-year forward P/E



Source: Bloomberg, Company, HSIE Research

Exhibit 230: Marico – HSIE estimates vs Consensus estimates

(INR mn)	HSIE estimates			Consensus estimates			HSIE vs Consensus estimates		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	152,942	167,596	182,296	150,830	167,508	183,288	1.4%	0.1%	(0.5%)
growth (%)	12.4%	9.6%	8.8%	10.8%	11.1%	9.4%			
EBITDA	29,036	32,692	36,858	28,148	32,451	36,398	3.2%	0.7%	1.3%
growth (%)	24.7%	12.6%	12.7%	20.9%	15.3%	12.2%			
EBITDA margin (%)	19.0%	19.5%	20.2%	18.7%	19.4%	19.9%			
Adj PAT	22,629	24,933	27,493	21,375	24,612	27,580	5.9%	1.3%	(0.3%)
growth (%)	28.4%	10.2%	10.3%	21.3%	15.1%	12.1%			
Adj EPS (INR/Share)	17.4	19.2	21.1	16.5	19.0	21.4	5.4%	0.9%	(1.3%)

Source: Bloomberg, HSIE Research

Exhibit 231: Marico – Key assumptions

	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Profit and loss account							
Sales growth	2.6%	(1.1%)	12.2%	25.7%	12.4%	9.6%	8.8%
EBITDA growth	7.2%	11.9%	5.6%	8.8%	24.7%	12.6%	12.7%
Earnings growth	5.6%	13.7%	10.0%	7.3%	28.4%	10.2%	10.3%
Gross margin	45.2%	50.8%	50.3%	44.5%	46.0%	46.5%	47.0%
A&P spends as a % of sales	8.6%	9.9%	10.4%	9.6%	9.7%	10.0%	10.0%
EBITDA margin	18.5%	21.0%	19.7%	17.1%	19.0%	19.5%	20.2%
Adj EPS (INR/Share)	10.1	11.5	12.6	13.6	17.4	19.2	21.1
DPS (INR/Share)	4.5	9.5	10.5	4.0	13.0	15.0	17.0
Balance sheet							
Avg. ROCE	40.6%	39.4%	36.1%	35.9%	42.7%	43.6%	45.1%
Avg. ROE	35.4%	36.5%	38.6%	40.2%	47.1%	46.2%	45.9%
Inventory days	46	51	42	43	42	40	40
Receivable days	38	40	43	35	43	43	43
Payable days	54	60	46	44	45	44	43

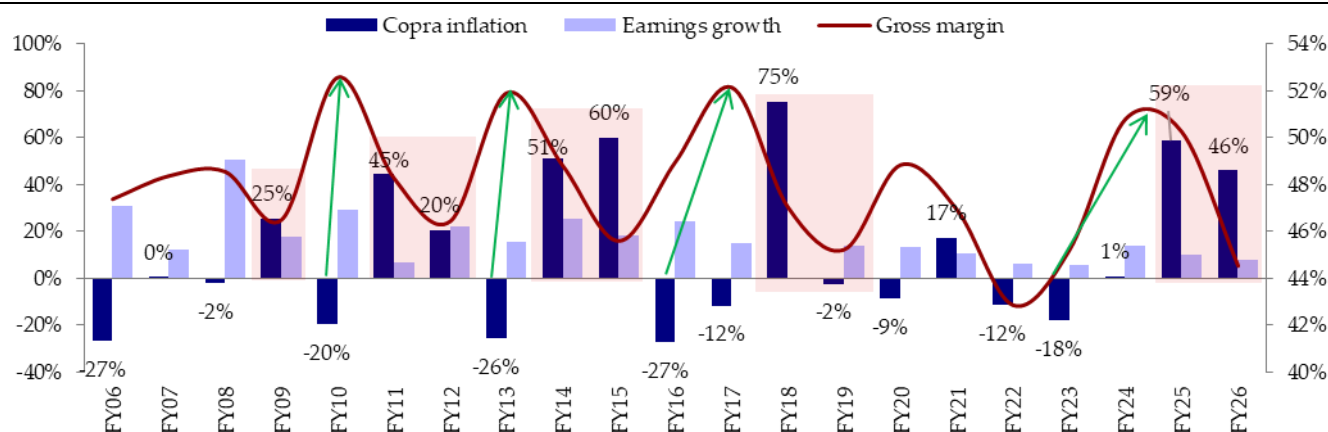
Source: Company, HSIE Research

The company aspires for 13% revenue CAGR over FY25-30E (with a mix of organic and inorganic). In India, core portfolio is likely to see mid to high single digits, foods business to see 20%+ growth and digital brands should grow at 25%+. In International, it aspires for mid-teen growth.

Key risks to aspiration would be a weak macro and external hiccups.

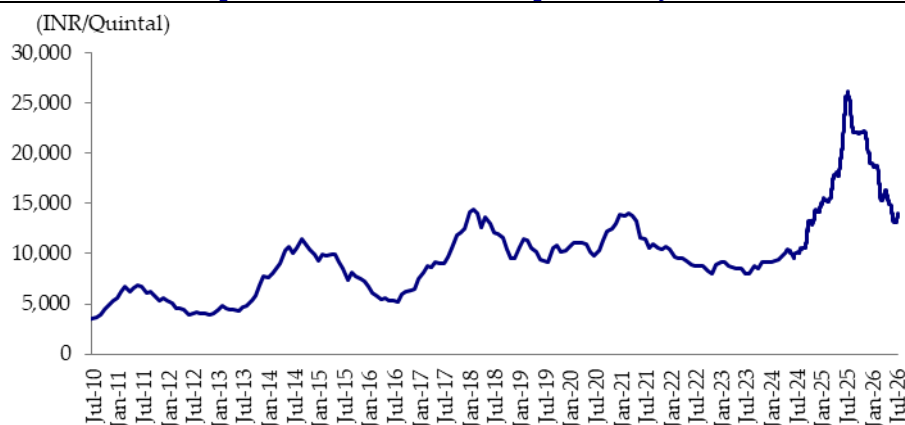
Coconut oil portfolio influences the gross margin

Exhibit 232: Marico – Copra pricing influences gross margin; after ~50% price increase in two years, prices should be soft in FY27



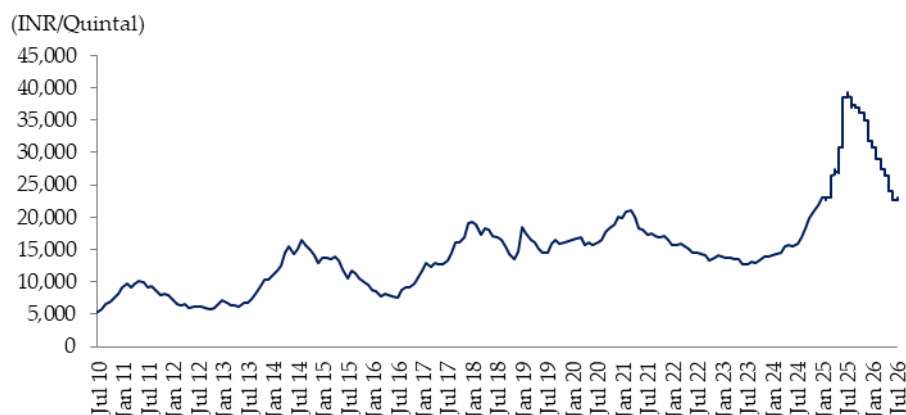
Source: Company, HSIE Research

Exhibit 233: Marico – Copra prices saw a sudden surge in FY26, with an equally sharp correction, but current prices remain elevated vs previous cycles

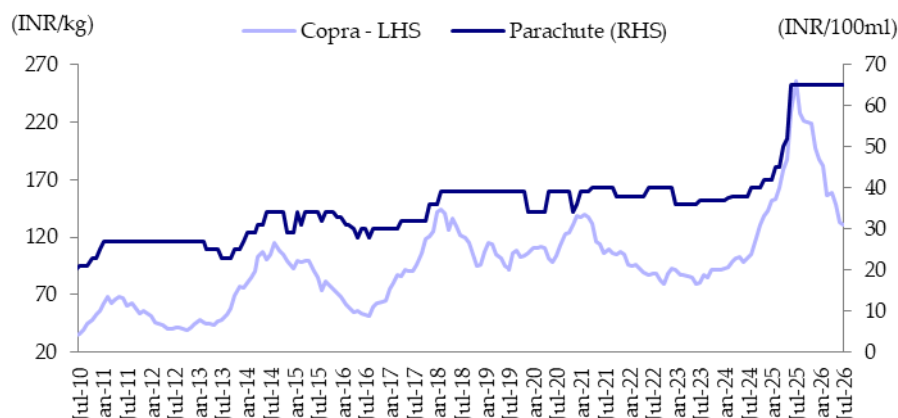


Source: Coconut Board, HSIE Research

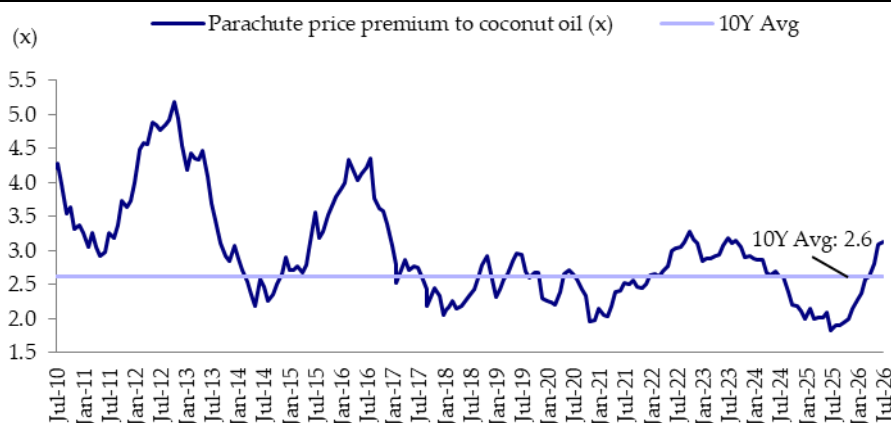
Exhibit 234: Marico – Coconut oil prices have largely followed the pricing trend of copra; amid elevated copra, small players are still struggling



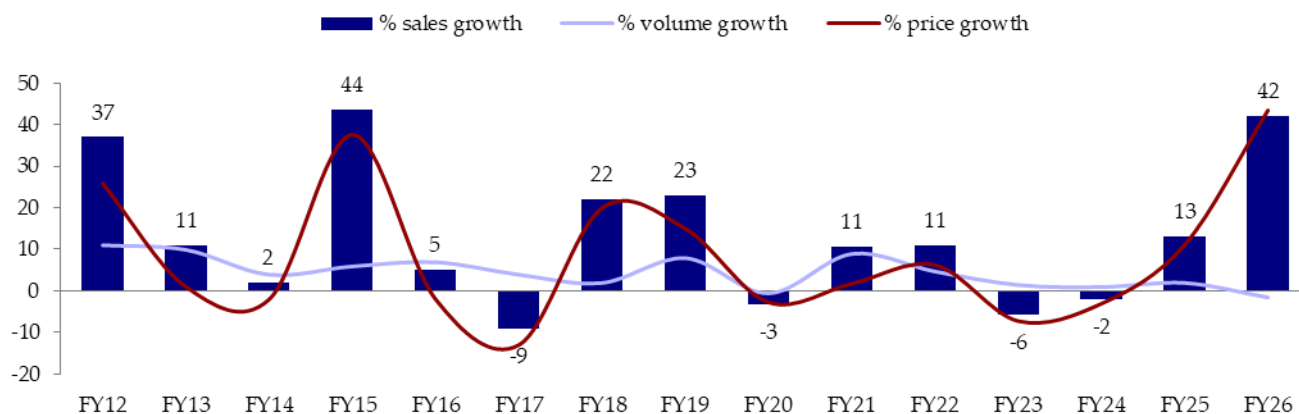
Source: Coconut Board, HSIE Research

Exhibit 235: Marico – Parachute and copra price trends


Source: Coconut Board, HSIE Research

Exhibit 236: Marico – Parachute price premium to copra now well above 10-year average, which will fuel gross margin recovery in FY27


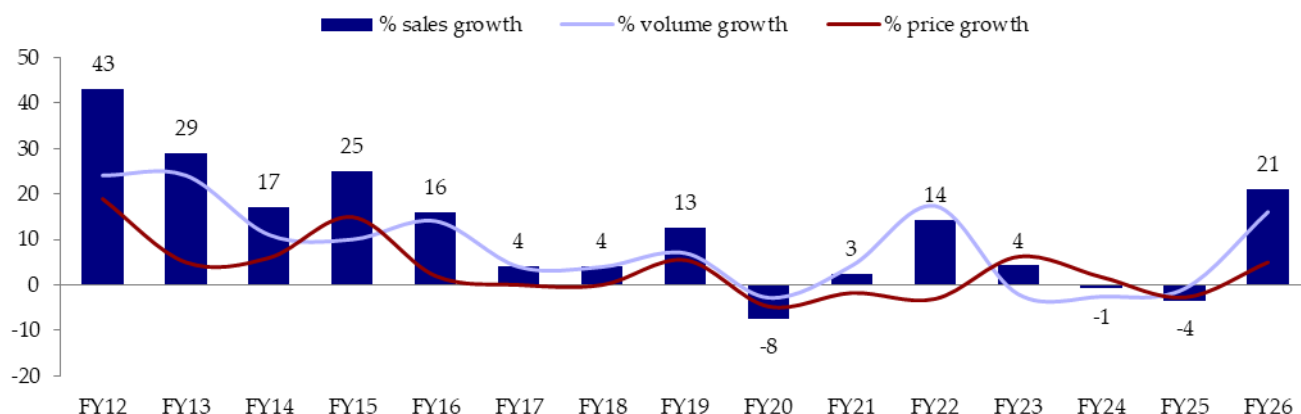
Source: Coconut Board, HSIE Research

Exhibit 237: Marico – Parachute (rigid pack) portfolio performance


Source: Company, HSIE Research

Project Setu an enabler for VAHO portfolio in India

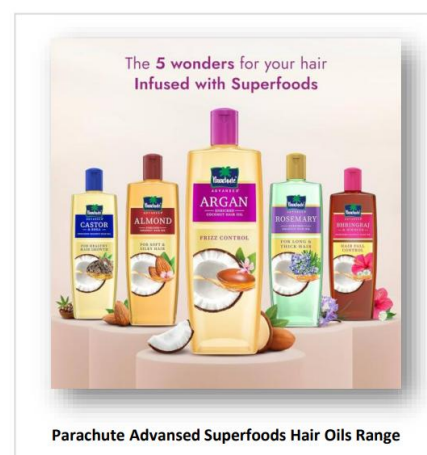
Exhibit 238: Marico – VAHO portfolio performance



Source: Company, HSIE Research

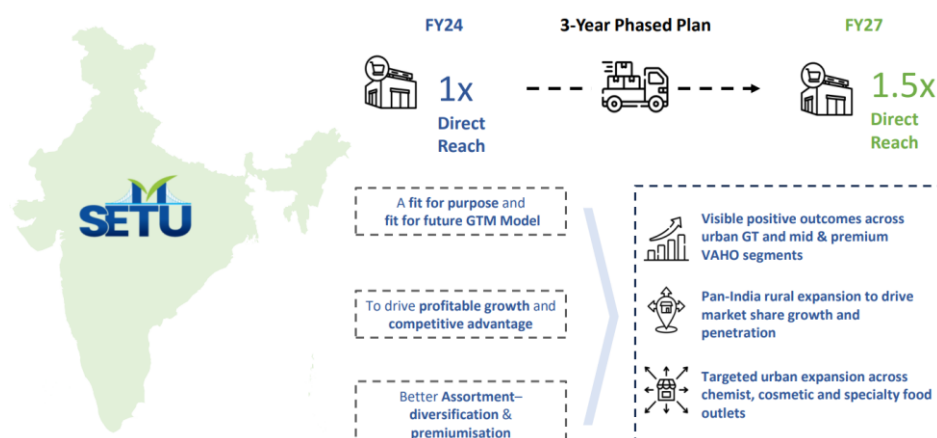
Exhibit 239: Marico – Enhanced thrust on premiumization

In VAHO, the largest selling brand has been Nihar Shanti Amla, which has been pushed via wholesale. Nihar Shanti Amla has the widest 2.5mn outlet reach. In comparison, the second brand Parachute Jasmine is reaching only a million outlets. Project Setu is addressing the gap in outlets. Focus is on sustainable orders and repeats. Project Setu also addresses Chemist and food specialty outlets-and beauty and cosmetic-led outlets we are under indexed.



Source: Company, HSIE Research

Exhibit 240: Marico – Project Setu a general trade transformation initiative



Source: Company, HSIE Research

Enhanced focus on foods portfolio in India

Exhibit 241: Marico – Saffola thrust shifts to foods over edible oil



Source: Company, HSIE Research

Exhibit 242: Marico – A much wider foods portfolio with inorganic actions



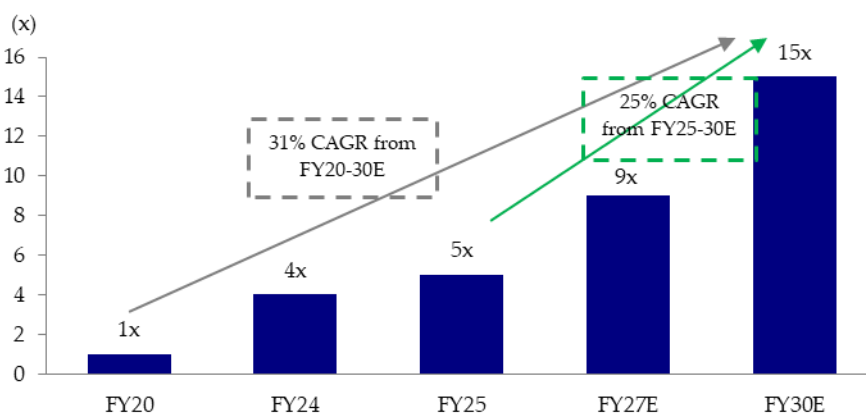
Foods portfolio now has an annual revenue run rate of INR10bn.

Source: Company, HSIE Research

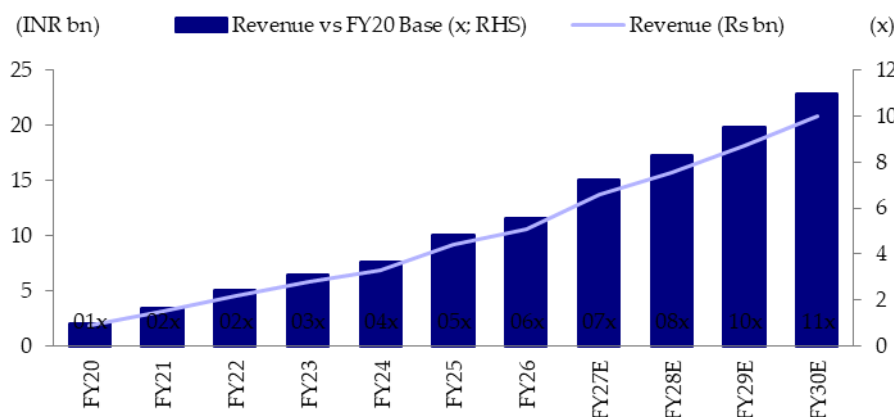
Exhibit 243: Marico – Thrust on accelerating contribution of foods portfolio; aspiration set by the management

Thrust on accelerating contribution of foods portfolio, after multiple attempts in the past expanding under Saffola. The company has now relied on inorganic actions to align with evolving consumption trends.

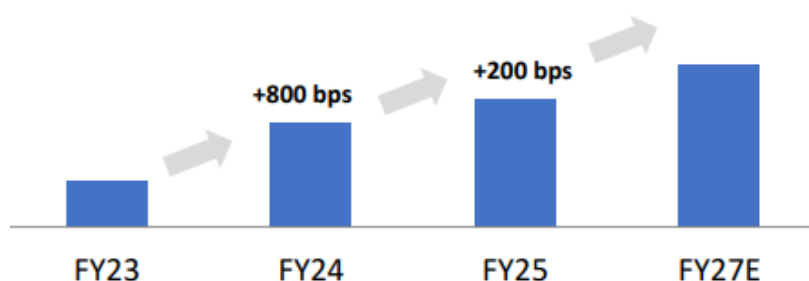
Overall foods growth to be driven by innovation, category development, and market penetration.



Source: Company, HSIE Research

Exhibit 244: Marico – We see 19% CAGR for the food's portfolio over FY25-30E


Source: Company, HSIE Research

Exhibit 245: Marico – Strategic actions in place to expand the gross margin profile for foods portfolio


Supply chain and GTM refinements led to
~1000 bps GM expansion in the last 2 years

Source: Company, HSIE Research

The company is addressing gross margin needs of the portfolio, which has been dilutive for the overall margin. Recently, the company has taken corrective actions in the Plix portfolio to revive the gross margin. The recently-acquired 60% stake in Cosmix has a high-teen EBITDA margin (with ARR of INR1bn); while 4700BC is incurring losses. True Elements is likely to break even in 1.5 years. Profitability is linked with revenue milestone of INR2-2.5bn

Exhibit 246: Marico – Income statement for True Elements brand: Focus on 20-25% growth in the medium term and achieving breakeven in 1.5 years

(INR mn)	FY22	FY23	FY24	FY25	FY26
Revenue from operations	458	574	764	1,644	1,777
Growth		25%	33%	115%	8%
COGS	245	360	418	947	1,161
Gross profit	213	214	346	697	617
Gross margin	47%	37%	45%	42%	35%
Employee costs	106	144	185	242	166
as a % of revenue	23%	25%	24%	15%	9%
A&P spends	77	150	163	416	397
as a % of revenue	17%	26%	21%	25%	22%
Other operating spends	113	152	205	273	406
as a % of revenue	25%	26%	27%	17%	23%
EBITDA	(84)	(232)	(207)	(234)	(353)
EBITDA margin	-18%	-40%	-27%	-14%	-20%
Depreciation	20	27	27	34	34
EBIT	(104)	(259)	(234)	(268)	(387)
Finance costs	22	10	11	20	43
Other income	7	35	19	4	3
PBT	(119)	(234)	(225)	(284)	(427)
Tax	-17	48	66	51	0
PAT	(136)	(186)	(159)	(233)	(427)

Source: Company, HSIE Research

Exhibit 247: Marico – 4700BC income statement performance; The company expects to expand sales 3x by FY29 over FY26

(INR mn)	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Net Sales	17	23	48	96	164	154	150	321	485	753	986.6	1,195
growth		33.0%	106.0%	102.0%	70.0%	(6.0%)	(2.0%)	114.0%	51.0%	55.0%	31.0%	21.1%
Other Income	1	1	0	0	2	1	1	1	2	5	33.2	19
Total Income	18	25	48	97	166	155	151	322	487	758	1,020	1,214
growth		34.0%	96.0%	101.0%	72.0%	(7.0%)	(2.0%)	113.0%	51.0%	56.0%	35.0%	19.1%
COGS	7	9	24	44	75	64	82	164	247	384	512.4	571
Gross profit	11	16	24	52	91	90	69	158	240	374	507	644
Gross margin	61.1%	64.0%	50.0%	53.6%	54.8%	58.1%	45.7%	49.1%	49.3%	49.3%	49.8%	53.0%
Employee Benefit Expense	3	6	13	30	59	65	49	76	131	202	320	405
as a % of revenue	16.7%	24.0%	27.1%	30.9%	35.5%	41.9%	32.5%	23.6%	26.9%	26.6%	31.4%	33.3%
Total Other Expenses	10	15	25	36	62	50	40	89	199	208	314	428
as a % of revenue	55.6%	60.0%	52.1%	37.1%	37.3%	32.3%	26.5%	27.6%	40.9%	27.4%	30.8%	35.2%
EBITDA	(3)	(5)	(14)	(13)	(29)	(24)	(20)	(6)	(90)	(36)	(127)	(189)
EBITDA margin	(16.7%)	(20.0%)	(29.2%)	(13.4%)	(17.5%)	(15.5%)	(13.2%)	(1.9%)	(18.5%)	(4.7%)	(12.4%)	(15.5%)
Depreciation	–	1	5	6	7	9	10	10	15	17	24	36
EBIT	(3)	(6)	(19)	(20)	(36)	(34)	(31)	(16)	(105)	(53)	(150)	(225)
Interest		0	1	1	2	4	7	8	13	17	11	13
PBT	(3)	(6)	(19)	(21)	(38)	(38)	(37)	(24)	(118)	(70)	(161)	(238)
Tax												
PAT	(3)	(6)	(19)	(21)	(38)	(38)	(37)	(24)	(118)	(70)	(161)	(238)

Source: Company, HSIE Research

Cosmix is positioned for nutraceutical offerings, Plix is positioned as wellness, True elements is premium online label and Saffola is mass breakfast, immunity and snacks brand

Exhibit 248: Marico – Cosmix income statement

(INR mn)	FY25	FY26
Contracted price	473	985
Less: Discounts		70
as a % of contracted price		7%
Revenue from operations	473	915
growth		94%
Other Income	3	3
Total Income	475	918
Cost of Material Consumed	104	248
Gross profit	372	670
Gross margin	78%	73%
Employee Benefit Expense	35	50
growth		44%
as a % of sales	7%	5%
Advertisement and Promotion expenses	141	265
growth		88%
as a % of sales	30%	29%
Other Expenses	105	183
growth		74%
as a % of sales	22%	20%
EBITDA	90	172
growth		91%
EBITDA margin	19%	19%
Depreciation	3	4
EBIT	87	168
EBIT margin	18%	18%
Interest	1	1
PBT	87	167
Tax	27	42
PAT	60	124
growth		107%

Source: Company, HSIE Research

Premium personal care aligned with consumption trend with house of brands portfolio

Exhibit 249: Marico – Digital first premium personal care brands portfolio

Digital first brands portfolio, addressing the needs of consumer and scaling fast. The company will gradually roll out portfolio in general trade, where brands will see growth acceleration. The company expects FY26 exit ARR at INR10bn.



Beardo



Just Herbs



Plix



Kaya

Source: Company, HSIE Research

Exhibit 250: Marico – Premium personal care portfolio: Livon, Silk n Shine and Set Wet

Premium personal care offerings acquired vis Paras portfolio acquisition in May-12 had muted run, but under project Setu, portfolio is seeing wider distribution. The company expects FY25 ARR of INR3.5bn+. Livon and Silk and Shine operates in Rs5bn market with 45% volume market share in leave-in hair conditioner segment. In male grooming segment, Set Wet has ~52% volume market share in hair creams/gel segment. For entire portfolio, management aspires of 25%+ growth.



Hair Gels/ Creams



Deodorants

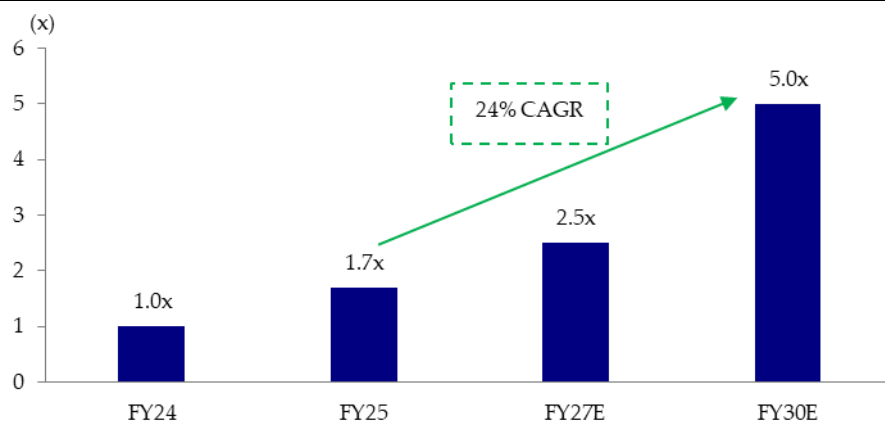


Waxes



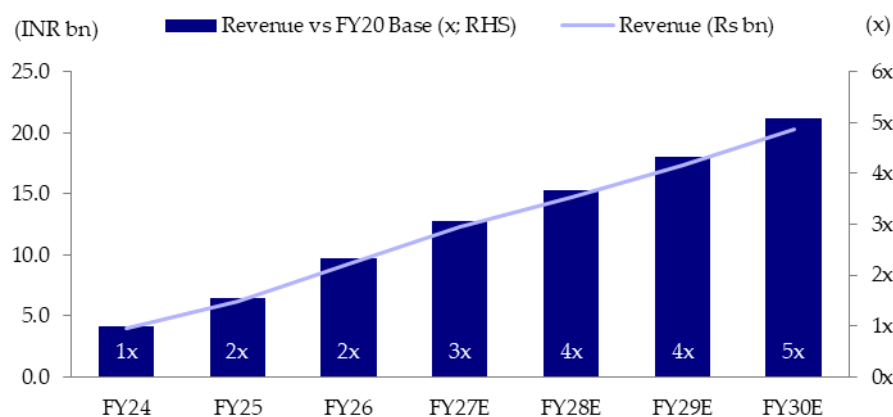
Source: Company, HSIE Research

Exhibit 251: Marico – Digital first premium personal care brands exit ARR; aspiring for 24% ARR CAGR over FY25-30E.



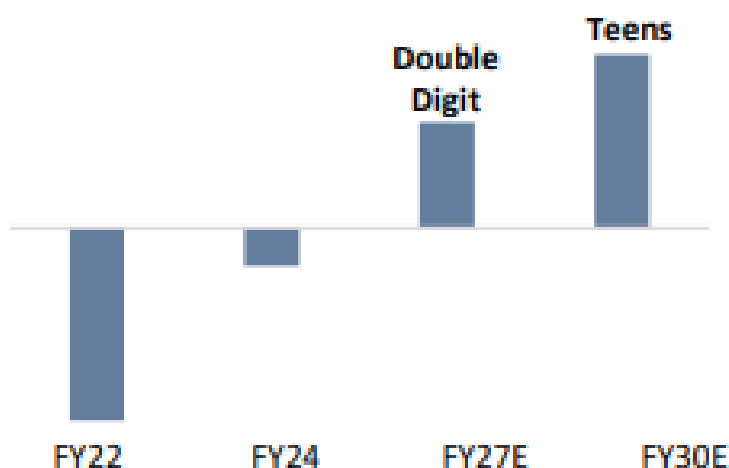
Source: Company, HSIE Research

Exhibit 252: Marico – We see 24% CAGR for the premium personal care digital portfolio over FY25-30E



Source: Company, HSIE Research

Exhibit 253: Marico – Digital first premium personal care brands to achieve double digit EBITDA margin by FY27E.



Source: Company, HSIE Research

Exhibit 254: Marico – Income statement for Beardo brand

(INR mn)	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Revenue from operations	796	634	949	1,066	1,732	2,142	2,990
growth		-20%	50%	12%	62%	24%	40%
COGS	323	231	296	369	675	941	1,277
Gross profit	473	403	652	698	1,056	1,201	1,713
growth		-15%	62%	7%	51%	14%	43%
Gross margin	59%	64%	69%	65%	61%	56%	57%
Employee costs	122	104	106	126	125	141	183
as a % of revenue	15%	16%	11%	12%	7%	7%	6%
A&P spends	241	189	373	413	439	524	831
as a % of revenue	30%	30%	39%	39%	25%	24%	28%
Other operating spends	76	162	178	228	420	340	384
as a % of revenue	10%	26%	19%	21%	24%	16%	13%
EBITDA	33	(52)	(5)	(70)	72	196	316
growth		-256%	-91%	1415%	-204%	172%	61%
EBITDA margin	4%	-8%	0%	-7%	4%	9%	11%
Depreciation	4	6	6	8	11	19	23
EBIT	29	(57)	(11)	(78)	61	177	293
growth		-299%	-81%	619%	-178%	191%	65%
Finance costs	0	2	2	9	13	10	6
Other income	7	8	7	3	1	7	9
PBT	36	(52)	(5)	(84)	48	174	296
growth		-245%	-90%	1462%	-158%	261%	69%
Tax	(9)	(1)	13	23	(12)	(44)	(74)
PAT	27	(53)	8	(61)	36	130	221
growth		-296%	-114%	-912%	-158%	264%	70%

Source: Company, HSIE Research

Exhibit 255: Marico – Income statement for Just Herbs brand: Focus on 20-25% growth over the medium term and achieve breakeven in 1.5 years

(INR mn)	FY21	FY22	FY23	FY24	FY25
Revenue from operations	173	351	593	960	988
growth		103%	69%	62%	3%
COGS	26	73	161	238	265
Gross profit	146	278	432	722	723
growth		90%	55%	67%	0%
Gross margin	85%	79%	73%	75%	73%
Employee costs	21	43	66	96	131
as a % of revenue	12%	12%	11%	10%	13%
A&P spends	91	220	385	504	630
as a % of revenue	53%	63%	65%	53%	64%
Other operating spends	43	80	122	193	216
as a % of revenue	25%	23%	21%	20%	22%
EBITDA	(9)	(65)	(141)	(71)	(254)
growth		617%	117%	-50%	256%
EBITDA margin	-5%	-19%	-24%	-7%	-26%
Depreciation	6	7	8	10	13
EBIT	(16)	(72)	(149)	(81)	(267)
growth		364%	106%	-45%	228%
Finance costs	3	2	4	9	29
Other income	3	5	2	2	1
PBT	(15)	(70)	(152)	(88)	(294)
growth		353%	117%	-42%	233%
Tax	0	20	36	-19	-77
PAT	(15)	(50)	(115)	(70)	(217)

Source: Company, HSIE Research

Exhibit 256: Marico – Income statement for Plix brand: Social listening driving relevant innovations, which aid growth

(INR mn)	Standalone				Consolidated		
	FY23	FY24	FY25	FY26	FY24	FY25	FY26
Weight management		930	2,214	2,632	1,013	2,292	2,756
Personal care		482	1,940	5,747	502	2,009	5,871
Others		38	28	16	38	28	16
Revenue from operations		1,450	4,182	8,395	1,553	4,328	8,643
Contracted price	996	1,462	4,233	8,466	1,565	4,380	8,715
Less: Discounts	6	12	51	71	12	51	71
as a % of contracted price	1%	1%	1%	1%	1%	1%	1%
Revenue from operations	989	1,450	4,182	8,395	1,553	4,328	8,643
Growth		47%	188%	101%		179%	100%
COGS	306	421	1,160	2,411	419	1,148	2401
Gross profit	683	1,030	3,022	5,984	1,134	3,180	6,242
Gross margin	69%	71%	72%	71%	73%	73%	72%
Employee costs	92	157	195	353	162	198	356
as a % of revenue	9%	11%	5%	4%	10%	5%	4%
A&P spends	481	667	1,916	3,610	687	1,942	3,650
as a % of revenue	49%	46%	46%	43%	44%	45%	42%
Other operating spends	204	352	812	1,605	427	963	1,819
as a % of revenue	21%	24%	19%	19%	27%	22%	21%
EBITDA	(95)	(147)	100	416	(142)	77	417
EBITDA margin	-10%	-10%	2%	5%	-9%	2%	5%
Depreciation	7	14	26	56	14	26	56
EBIT	(102)	(161)	74	360	(155)	51	361
Finance costs	1	2	6	35	2	6	35
Other income	9	28	29	20	31	35	20
PBT	(94)	(135)	96	345	(126)	80	346
Tax	0	35	(36)	(87)	35	(32)	(87)
PAT	(94)	(100)	60	258	(92)	48	259

Source: Company, HSIE Research

New engine of growth aiding diversification

Exhibit 257: Marico – Engine 2 - Foods portfolio

	Positioning	Relevance	Portfolio	Revenue CAGR	Aspirations	Ownership
Saffola	Mainstream health & wellness	Healthy staples, breakfast & snacking	Oats, Soya, Honey and Muesli	NA	NA	100%
True Elements	Accessible clean-label brand	Modern breakfast & snacking	Breakfast and snacking (Seeds & trail mixes)	>50% CAGR over FY23-25	20-25% revenue CAGR over medium term	100%
4700BC	Premium flavours & indulgence	Gourmet snacking	Popcorn 75% of revenue; #2 player	40% over FY23-26	3.5x by FY30 vs INR1.4bn ARR now	93.30%
Cosmix	Vegan & gut-friendly nutrition	Functional wellness	Protein powder (95% of revenue; Whey Protein, Plant Protein)	>100% CAGR over FY23-26	3x by FY30 vs INR1bn ARR now	60%
Plix	Active lifestyle nutrition	Plant-based nutraceuticals	Wellness; high share of effervescent	~15% CAGR over FY23-26	NA	60%

Source: Company, HSIE Research

Exhibit 258: Marico – Engine 2 – Personal care portfolio

	Positioning	Relevance	Portfolio	Revenue CAGR	Aspirations	Ownership
Beardo	Modern Masculinity	Men's grooming	Grooming portfolio	22% CAGR in last 5 years	NA	100%
Plix	Plant-based Personal Care	Beauty and Wellness	Skincare, and hair care	>110% over FY23-25	NA	60%
Candid	Science-backed Skincare	Active based skin care	Anti-ageing, hydration and anti-acne	>200% CAGR over CY23-CY25	3x by FY30 vs INR1bn revenue in CY25	75%
Kaya	Dermatologist backed Skincare	Clinical skin care	Skin, hair, and body care solutions	NA	NA	NA
Just Herbs	Ayurveda inspired Beauty	Natural personal care	Herbal Cosmetics, Skin Care, Hair Care, Bath & Body, and Fragrances	~55% CAGR over FY21-25	20-25% revenue CAGR over medium term	100%

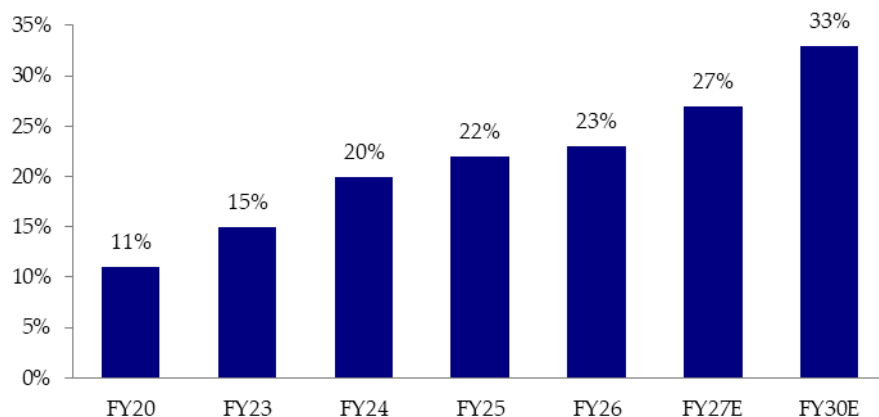
Source: Company, HSIE Research

Exhibit 259: Marico – M&A's strengthened its engine 2 portfolio play

Brand / portfolio	Owner	Current stake	Acquisition date	Category	Deal Value (INR bn)	EV (INR bn)	EV/Sales	Period
Paras Pharma portfolio (Livon, Medikare, Set Wet, Zatak brands; for ~US\$100mn)	Reckitt Benckiser	100.0%	Feb-12	Personal care	6.50	6.50	4.3x	FY13
Beardo	Zed Lifestyle	100.0%	Mar-17	Male grooming	1.57	3.50	4.5x	FY20
- First tranche		45.0%	Mar-17		0.20	0.45	2.0x	FY18
- Second tranche		55.0%	Jun-20		1.32	1.57	2.0x	FY20
Just Herbs	Apcos Natural Private Limited	60.0%	Jul-21	Personal care	NA	NA	NA	NA
- First tranche		52.4%	Jul-21		0.55	1.05	6.1x	FY21
- Second tranche		4.1%	Sep-22		0.20	2.63	4.4x	FY23
- Third tranche		3.5%	Nov-22					
True Elements	HW Wellness Solutions	100%	Oct-25	Healthy Snacks	1.55	3.00	1.8x	FY25
- First Tranche		54.0%	May-22		0.17	0.31	5.7x	NA
- Second tranche		46.0%	Oct-25		1.38	3.00	1.8x	FY25
Plix	Satiya Nutraceuticals	60.0%	Dec-25	Plant based foods	3.80	6.33	1.5x	FY25
- First tranche		32.8%	May-23		2.08	6.36	6.0x	FY22
- Second tranche		25.3%	Jul-23		1.61	6.36		FY22
- Third tranche		40.0%	WIP (Dec-26)					
Just Herbs	Apcos Natural Private Limited	100.0%	Sep-24	Personal care	0.70	1.75	1.8x	FY24
4700 BC	Zea Maize Private Limited	93.3%	Jan-26	Packaged Food	2.27	2.43	1.7x	3M ARR till Dec-25
Cosmix Wellness	Cosmix Wellness Private Limited	60.0%	Feb-26	Health & Wellness	2.26	3.76	3.8x	6M ARR till Jan-26
Skinetiq	Skinetiq Joint Stock Company	75.0%	Feb-26	Beauty and Personal Care (in Vietnam)	2.62	3.49	2.3x	CY25

Source: Company, HSIE Research

Exhibit 260: Marico – Engine 2 - Foods and premium personal care (Including digital brands) revenue contribution to India business

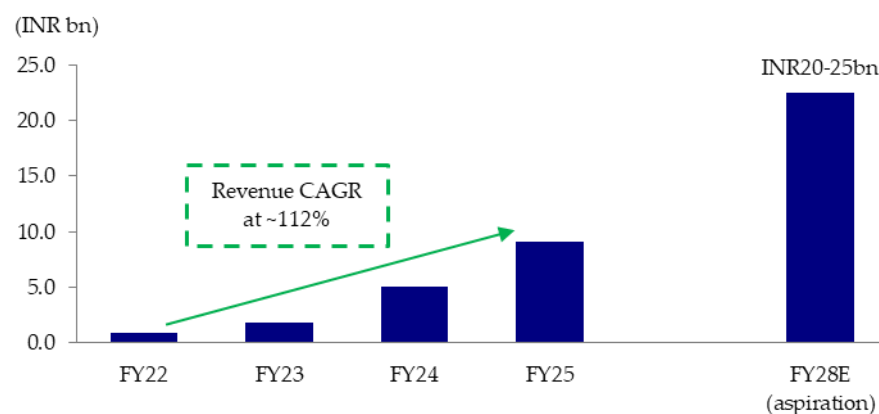


Foods and personal care revenue were at ~INR9bn each in FY25

Digital brands revenue is likely to be at ~INR40bn by FY30 at consol level

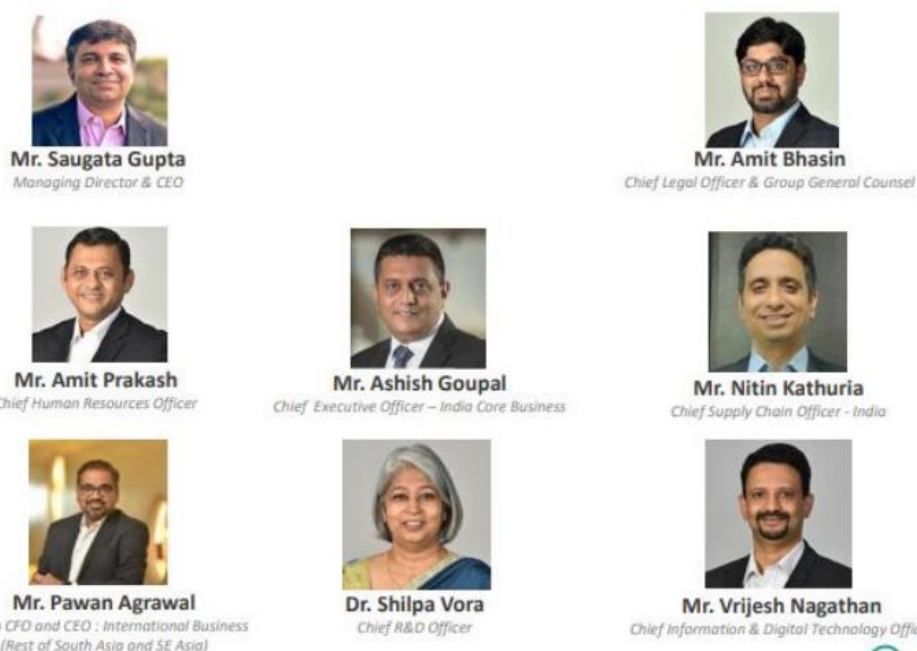
Source: Company, HSIE Research

Exhibit 261: Marico – Digital brands (food and Personal care) revenue and aspirations



Source: Company, HSIE Research

Exhibit 262: Marico – Strengthened management team



Thrust on digital:

Vrijesh Nagathan, joined from Unilever (11 years) in Mar22, is CIO, IT transformation and digitization.

Shilpa Vora, joined from Unilever (24 years) in Mar22, is overseeing entire portfolio

Source: Company, HSIE Research

Exhibit 263: Marico – Experience management team

Name	Position	Joined Marico	Previous experience
Saugata Gupta	MD & CEO	2004	
Amit Bhasin	Chief Legal Officer	Jun-21	Unilever (14 years)
Amit Prakash	Chief HR officer	Jul-15	HCCB (9 years)
Asish Goupal	CEO - India core	Jun-18	
Nitin Kathuria	Chief Supply Officer	Dec-02	
Pawan Agrawal	Group CFO and CEO International	Aug-04	Eveready (4 years)
Shilpa Vora	Chief R&D Officer	Mar-22	Unilever (24 years)
Vrijesh Nagathan	Chief Information and digital technology officer	Mar-22	Unilever (11 years), The Coca Cola Company 3 years)

Source: Company, HSIE Research

Bangladesh diversification a play book to follow

Exhibit 264: Marico – Bangladesh revenue streams – Significant diversification from coconut heavy topline a decade back

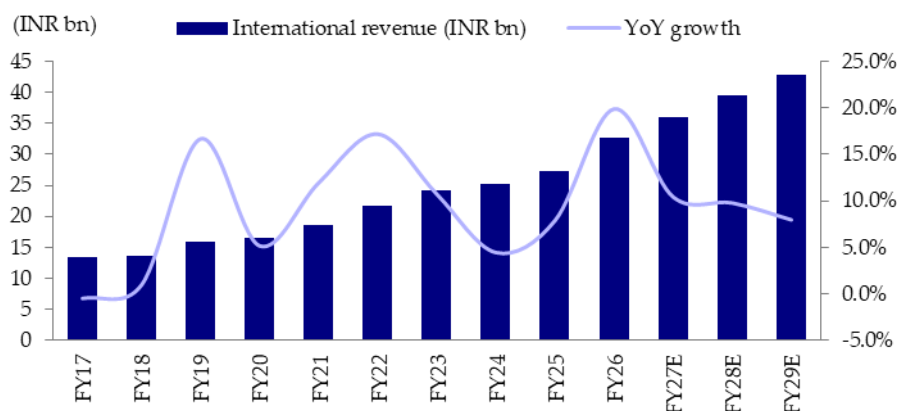
(BDT mn)	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Revenue												
Parachute Coconut oil	5,958	5,630	5,346	5,809	6,054	6,363	6,989	8,035	8,576	8,593	9,464	11,733
VAHO	908	944	1,078	1,497	2,095	2,623	3,218	3,788	4,045	4,236	4,859	6,124
Colour	121	81	68	48	56	58	60	45	45	40	36	37
Beauty and health						144	394	420	597	765	980	1,853
Baby care						93	167	228	277	336	388	419
Saffola - Edible Oil	18	13	26	51	107	97						
Parachute body lotion	17	70	62	70	51	0						
Others	326	327	337	340	407	417	479	515	596	554	584	545
Total	7,349	7,066	6,916	7,815	8,770	9,795	11,307	13,031	14,136	14,524	16,309	20,712
growth (%)												
Parachute Coconut oil	7%	-6%	-5%	9%	4%	5%	10%	15%	7%	0%	10%	24%
VAHO	38%	4%	14%	39%	40%	25%	23%	18%	7%	5%	15%	26%
Colour	8%	-33%	-16%	-29%	17%	4%	3%	-25%	0%	-12%	-10%	4%
Beauty and health							174%	7%	42%	28%	28%	89%
Baby care							80%	37%	21%	21%	15%	8%
Saffola - Edible Oil	176%	-25%	92%	97%	110%	-9%						
Parachute body lotion		314%	-11%	13%	-27%							
Others	992%	0%	3%	1%	20%	2%	15%	8%	16%	-7%	5%	-7%
Total	15%	-4%	-2%	13%	12%	12%	15%	15%	8%	3%	12%	27%
Contribution (%)												
Parachute Coconut oil	81%	80%	77%	74%	69%	65%	62%	62%	61%	59%	58%	57%
VAHO	12%	13%	16%	19%	24%	27%	28%	29%	29%	29%	30%	30%
Colour	2%	1%	1%	1%	1%	1%	1%	0%	0%	0%	0%	0%
Beauty and health						1%	3%	3%	4%	5%	6%	9%
Baby care						1%	1%	2%	2%	2%	2%	2%
Saffola - Edible Oil	0%	0%	0%	1%	1%	1%						
Parachute body lotion	0%	1%	1%	1%	1%							
Others	4%	5%	5%	4%	5%	4%	4%	4%	4%	4%	4%	3%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Company, HSIE Research

Exhibit 265: Marico – Bangladesh income statement – Operating margin saw significant scale up

(BDT mn)	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Turnover	7,349	7,066	6,916	7,815	8,768	9,796	11,307	13,032	14,136	14,524	16,309	20,712
growth	15.4%	-3.9%	-2.1%	13.0%	12.2%	11.7%	15.4%	15.3%	8.5%	2.7%	12.3%	27.0%
- Volume		5.0%	2.4%	3.7%	5.8%							
- Price		-8.9%	-4.5%	9.3%	6.4%							
Gross profit	3,306	3,181	3,206	3,585	4,295	5,672	6,668	7,071	7,325	8,425	9,711	10,235
Gross margin	45.0%	45.0%	46.4%	45.9%	49.0%	57.9%	59.0%	54.3%	51.8%	58.0%	59.5%	49.4%
Marketing spends	943	639	538	580	774	1,148	1,358	1,254	989	1,015	1,190	1,080
as a % of sales	13%	9%	8%	7%	9%	12%	12%	10%	7%	7%	7%	5%
EBITDA	1,930	2,020	2,060	2,430	2,860	3,509	4,445	4,860	5,369	6,423	7,370	8,269
OPM	26.3%	28.6%	29.8%	31.1%	32.6%	35.8%	39.3%	37.3%	38.0%	44.2%	45.2%	39.9%
growth	9.0%	4.7%	2.0%	18.0%	17.7%	22.7%	26.7%	9.3%	10.5%	19.6%	14.7%	12.2%
PBT	1,830	1,920	1,930	2,240	2,750	3,572	4,194	4,497	5,032	5,857	7,572	7,601
PBT margin	24.9%	27.2%	27.9%	28.7%	31.4%	36.5%	37.1%	34.5%	35.6%	40.3%	46.4%	36.7%
growth	-2.7%	4.9%	0.5%	16.1%	22.8%	29.9%	17.4%	7.2%	11.9%	16.4%	29.3%	0.4%
Tax	490	510	490	600	727	926	1,086	943	1,159	1,250	1,666	1,109
Tax rate	26.8%	26.6%	25.4%	26.8%	26.4%	25.9%	25.9%	21.0%	23.0%	21.3%	22.0%	14.6%
PAT	1,340	1,410	1,440	1,640	2,023	2,646	3,109	3,554	3,872	4,606	5,906	6,492
PAT margin	18.2%	20.0%	20.8%	21.0%	23.1%	27.0%	27.5%	27.3%	27.4%	31.7%	36.2%	31.3%
growth	-3.6%	5.2%	2.1%	13.9%	23.4%	30.8%	17.5%	14.3%	9.0%	19.0%	28.2%	9.9%

Source: Company, HSIE Research

Exhibit 266: Marico – International business revenue performance

Source: Company, HSIE Research

Income Statement (Consolidated)

YE March (INR mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Net Revenues	95,120	97,640	96,530	108,310	136,110	152,942	167,596	182,296
<i>Growth (%)</i>		2.6	(1.1)	12.2	25.7	12.4	9.6	8.8
Material Expenses	54,360	53,510	47,480	53,880	75,590	82,589	89,664	96,617
Employee Expense	5,860	6,530	7,430	8,310	9,160	9,893	10,684	11,539
Other Expenses	18,010	19,500	21,360	24,730	28,080	31,425	34,556	37,282
EBITDA	16,890	18,100	20,260	21,390	23,280	29,036	32,692	36,858
<i>EBITDA Growth (%)</i>		7.2	11.9	5.6	8.8	24.7	12.6	12.7
EBITDA Margin (%)	17.8	18.5	20.99	19.75	17.10	18.99	19.51	20.22
Depreciation	1,390	1,550	1,580	1,780	2,020	2,050	2,200	2,300
EBIT	15,500	16,550	18,680	19,610	21,260	26,986	30,492	34,558
Other Income (Including EO Items)	980	1,440	1,420	2,080	2,040	2,200	2,450	2,700
Interest	390	560	730	530	530	400	400	425
PBT before extraordinary items	16,090	17,430	19,370	21,160	22,770	28,786	32,542	36,833
Total Tax	3,460	4,210	4,350	4,580	4,640	5,757	7,159	8,840
Share of Minority Interest	300	200	210	290	510	400	450	500
RPAT after MI	12,330	13,020	14,810	16,290	17,620	22,629	24,933	27,493
Adjusted PAT	12,330	13,020	14,810	16,290	17,620	22,629	24,933	27,493
<i>APAT Growth (%)</i>		5.6	13.7	10.0	8.2	28.4	10.2	10.3
EPS	10	10	11	13	14	17	19	21
<i>EPS Growth (%)</i>		5.6	13.7	10.0	7.3	28.4	10.2	10.3

Source: Company, HSIE Research

Balance Sheet (Consolidated)

YE March (INR mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
SOURCES OF FUNDS								
Share Capital - Equity	1,290	1,290	1,290	1,290	1,300	1,300	1,300	1,300
Other Equity	32,760	38,270	40,400	41,370	43,640	49,769	55,652	61,545
Total Shareholders' Funds	34,050	39,560	41,690	42,660	44,940	51,069	56,952	62,845
Total Debt	2,280	5,610	8,080	16,110	14,800	15,540	16,317	17,133
TOTAL CAPITAL EMPLOYED	36,330	45,170	49,770	58,770	59,740	66,609	73,269	79,978
APPLICATION OF FUNDS								
Tangible Assets	9,280	12,090	16,520	16,710	23,390	23,340	23,140	23,340
Intangible Assets	6,540	8,620	8,630	8,570	10,360	10,360	10,360	10,360
CWIP	390	670	440	400	850	500	500	500
Right of Use Assets	1,780	1,750	2,090	2,300	2,580	2,709	2,844	2,987
Other Non-Current Assets	4,820	8,130	6,500	4,570	4,970	5,651	6,341	7,041
Total Non-current Assets	22,810	31,260	34,180	32,550	42,150	42,560	43,186	44,227
Current Investments	6,410	5,780	2,590	13,750	19,480	20,480	21,480	22,480
Inventories	14,120	12,250	13,360	12,350	16,110	17,521	18,288	19,893
Debtors	6,520	10,150	10,690	12,710	13,040	17,938	19,659	21,385
Cash & Equivalents	5,790	7,560	9,430	7,770	4,930	7,519	12,508	16,003
Other Current Assets	2,210	2,460	3,960	4,250	5,040	5,289	5,549	5,823
Total Current Assets	35,050	38,200	40,030	50,830	58,600	68,748	77,485	85,585
Creditors	13,440	14,520	15,810	13,630	16,340	18,773	20,116	21,385
Other Current Liabilities & Provns	8,090	9,770	8,630	10,980	24,670	25,926	27,285	28,449
Total Current Liabilities	21,530	24,290	24,440	24,610	41,010	44,699	47,401	49,834
Net Current Assets	13,520	13,910	15,590	26,220	17,590	24,049	30,083	35,750
TOTAL APPLICATION OF FUNDS	36,330	45,170	49,770	58,770	59,740	66,609	73,269	79,978

Source: Company, HSIE Research

Cash Flow (Consolidated)

YE March (INR mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Reported PBT	16,010	17,430	19,370	21,160	22,770	28,786	32,542	36,833
Depreciation	1,390	1,550	1,580	1,780	2,020	2,050	2,200	2,300
Working Capital Change	(3,420)	(590)	(2,260)	(2,930)	2,530	(2,518)	283	(565)
Tax Paid	(3,510)	(3,690)	(3,780)	(4,840)	(5,650)	(5,757)	(7,159)	(8,840)
Interest/Dividend received	(200)	70	(40)	(240)	390	(1,800)	(2,050)	(2,275)
Other items	180	(80)	220	250	320	(121)	(127)	(133)
Extraordinary items	(290)	(500)	(730)	(760)	(1,530)	-	-	-
OPERATING CASH FLOW (a)	10,160	14,190	14,360	14,420	20,850	20,639	25,689	27,320
Capex	(1,840)	(4,980)	(2,380)	(1,220)	(7,640)	(1,650)	(2,000)	(2,500)
<i>Free Cash Flow (FCF)</i>	<i>8,320</i>	<i>9,210</i>	<i>11,980</i>	<i>13,200</i>	<i>13,210</i>	<i>18,989</i>	<i>23,689</i>	<i>24,820</i>
Others	6,230	(3,670)	4,140	(4,990)	420	700	950	1,200
INVESTING CASH FLOW (b)	4,390	(8,650)	1,760	(6,210)	(7,220)	(950)	(1,050)	(1,300)
Debt Issuance/(Repaid)	(30)	1,280	(910)	(50)	(240)	200	250	-
Interest Expenses	(280)	(420)	(540)	(510)	(370)	(400)	(400)	(425)
<i>FCFE</i>	<i>8,570</i>	<i>10,910</i>	<i>11,610</i>	<i>13,660</i>	<i>13,340</i>	<i>19,589</i>	<i>24,339</i>	<i>25,245</i>
Change in net worth	410	90	340	460	1,540	-	-	-
Dividend	(11,950)	(5,820)	(12,290)	(4,530)	(9,080)	(16,900)	(19,500)	(22,100)
Others	(1,050)	(730)	(2,020)	(1,860)	(4,640)	-	-	-
FINANCING CASH FLOW (c)	(12,900)	(5,600)	(15,420)	(6,490)	(12,790)	(17,100)	(19,650)	(22,525)
NET CASH FLOW (a+b+c)	1,650	(60)	700	1,720	840	2,589	4,989	3,495
Add: Beginning balance	1,090	2,760	2,070	2,280	3,210	4,040	6,629	11,618
EO Items, Others	20	(630)	(490)	(790)	(10)	-	-	-
Closing Cash & Equivalents	2,760	2,070	2,280	3,210	4,040	6,629	11,618	15,113

Source: Company, HSIE Research

Key Ratios

	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
PROFITABILITY (%)								
GPM	42.9	45.2	50.8	50.3	44.5	46.0	46.5	47.0
EBITDA Margin (%)	17.8	18.5	21.0	19.7	17.1	19.0	19.5	20.2
EBIT Margin	16.3	17.0	19.4	18.1	15.6	17.6	18.2	19.0
PBT Margin	16.9	17.9	20.1	19.5	16.7	18.8	19.4	20.2
APAT Margin	13.0	13.3	15.3	15.0	12.9	14.8	14.9	15.1
ROE	36.2	35.4	36.5	38.6	40.2	47.1	46.2	45.9
RoIC (or Core RoCE)	50.4	44.9	41.6	41.0	46.6	58.4	61.1	65.0
RoCE	42.7	40.6	39.4	36.1	35.9	42.7	43.6	45.1
EFFICIENCY								
Tax Rate (%)	21.5	24.2	22.5	21.6	20.4	20.0	22.0	24.0
Fixed Asset Turnover (x)	6.2	5.4	4.2	4.7	4.3	4.6	4.7	4.8
Inventory (days)	54	46	51	42	43	42	40	40
Debtors (days)	25	38	40	43	35	43	43	43
Other Current Assets (days)	8	9	15	14	14	13	12	12
Payables (days)	52	54	60	46	44	45	44	43
Other Current Liab & Provns (days)	31	37	33	37	66	62	59	57
Cash Conversion Cycle (days)	5	2	13	16	(18)	(9)	(9)	(5)
Net D/E (x)	(0.1)	(0.0)	(0.0)	0.2	0.2	0.2	0.1	0.0
Interest Coverage (x)	39.7	29.6	25.6	37.0	40.1	67.5	76.2	81.3
PER SHARE DATA (INR)								
EPS	9.6	10.1	11.5	12.6	13.6	17.4	19.2	21.1
CEPS	10.6	11.3	12.7	14.0	15.1	19.0	20.9	22.9
Dividend	9.3	4.5	9.5	10.5	4.0	13.0	15.0	17.0
Book Value	26.4	30.7	32.3	33.1	34.6	39.3	43.8	48.3
VALUATION								
P/E (x)	87.8	83.2	73.1	66.5	61.9	48.2	43.8	39.7
P/BV (x)	31.8	27.4	26.0	25.4	24.3	21.4	19.2	17.4
EV/EBITDA (x)	63.5	59.4	53.2	50.4	46.5	37.2	32.8	29.0
EV/Revenues (x)	11.3	11.0	11.2	9.9	7.9	7.1	6.4	5.9
OCF/EV (%)	0.9	1.3	1.3	1.3	1.9	1.9	2.4	2.6
FCF/EV (%)	0.8	0.9	1.1	1.2	1.2	1.8	2.2	2.3
FCFE/Mkt Cap (%)	0.8	1.0	1.1	1.3	1.2	1.8	2.2	2.3
Dividend Yield (%)	1.1	0.5	1.1	1.3	0.5	1.5	1.8	2.0

Source: Company, HSIE Research

Godrej Consumer Products

An execution play; staying relevant

We resume coverage on Godrej Consumer Products with a BUY and a Jun'27 target price of INR1,250, valuing the stock at 44x P/E—broadly in line with its five-year average. With a revamped management team, GCPL has resolved business issues and is making businesses structurally sound. In our FMCG coverage, we see GCPL as one of the few companies that has been connecting with consumers better, particularly in home care, where competitive setting is relatively muted. Company's thrust is on demand generation in India, while its focus on the international front is to enhance supplies. We build in 10% sales CAGR and 16% EPS CAGR over FY26-29E. As the global macro improves, we expect the stock to rerate, which extends the current upside potential.

- **Revamped management team enhanced structural outlook:** Under the leadership of Sudhir Sitapati, GCPL has revamped its management team, which is focusing on enhancing structural outlook. The company has been able to generate demand in India and has addressed supplies in the International market. With focus tilted toward home care, where competition is relatively muted, the company has identified speedboats (incense sticks, air care, toilet cleaner, and liquid laundry), for which the India revenue share is 15%; this could expand to 20% by FY27E and 40% by FY30E, with additions of more speedboats. Additionally, it has identified jet ski segments (with high growth but limited scale), which are likely to see faster scale-up.
- **Consumers connect - focus on organic play, leveraging inorganic to address expertise gaps:** In a fast-evolving consumer landscape, GCPL has been leveraging its promoter group company expertise to address consumer needs with disruptive launches like hand washing, body washing, floor cleaner, liquid detergents, toilet cleaner and pet care. The focus of the company has been to democratize these categories with affordable product launches, which in our view are able to accelerate category growth. Also, in select segments, right pricing SKU strategies bode well for the consumer and aid healthy growth; example, air fresheners (spray at INR99 for 220ml; pockets priced at INR30), hair color (INR10-25 single serve SKUs) and deodorants (KS deo launched at INR99). At the same time, the company is active with M&As—it entered deodorants and sexual wellness segments via the Raymond Consumer acquisition and face wash segment via the *Muuchstac* acquisition.
- **International business restructured for growth and profitability:** The company has been able to streamline its focus and solve complexities in the business, which is likely to help GCPL execute better ahead. Supply is an area of concern, which is now streamlined. Management approach is centralized innovation, with a cross-country replicable communication medium. Given the wider internet penetration, we believe it will be prudent to simultaneously effect innovations across the globe, to build a fair connection with consumers.

Financial Summary (consolidated)

YE March (INR mn)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Revenue	138,050	139,965	151,779	171,855	187,772	204,629
EBITDA	29,435	30,031	31,562	35,713	40,994	46,585
APAT	20,169	19,155	20,710	23,835	27,923	32,063
Adjusted EPS (INR)	19.7	18.7	20.2	23.3	27.3	31.3
P/E (x)	53.6	56.5	52.3	45.4	38.8	33.8
EV / EBITDA (x)	37.0	36.2	34.8	30.8	26.7	23.5
ROE (%)	15.3	15.6	16.8	18.7	21.6	24.4

Source: Company, HSIE Research

BUY

CMP (as on 16 Jul 26)	INR 1,058
Target Price	INR 1,250
NIFTY	24,073

KEY CHANGES	OLD	NEW
Rating	NA	BUY
Price Target	NA	INR 1,250
EPS %	FY27E	FY28E
	NA	NA

KEY STOCK DATA

Bloomberg code	GCPL IN
No. of Shares (mn)	1,023
MCap (INR bn) / (\$ mn)	1,097/11,396
6m avg traded value (INR mn)	1,571
52 Week high / low	INR 1,309/967

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(3.4)	(13.3)	(16.1)
Relative (%)	(2.9)	(6.9)	(11.1)

SHAREHOLDING PATTERN (%)

	Dec-25	Mar-26
Promoters	53.1	53.1
FIs & Local MFs	16.5	18.0
FPIs	15.4	13.9
Public & Others	15.0	15.0
Pledged Shares	-	-

Source : NSE

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Exhibit 267: GCPL's one year forward P/E


Source: Bloomberg, Company, HSIE Research

Exhibit 268: GCPL – HSIE estimates vs Consensus estimates

(INR mn)	HSIE estimates			Consensus estimates			HSIE vs Consensus estimates		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	171,855	187,772	204,629	169,705	186,688	203,252	1.3%	0.6%	0.7%
growth (%)	13.2%	9.3%	9.0%	11.8%	23.0%	8.9%			
EBITDA	35,713	40,994	46,585	35,435	40,362	44,834	0.8%	1.6%	3.9%
growth (%)	13.1%	14.8%	13.6%	12.3%	27.9%	11.1%			
EBITDA margin (%)	20.8%	21.8%	22.8%	20.9%	21.6%	22.1%	(10bps)	21bps	71bps
Adj PAT	23,835	27,923	32,063	24,127	28,159	31,617	(1.2%)	(0.8%)	1.4%
growth (%)	15.1%	17.2%	14.8%	16.5%	36.0%	12.3%			
Adj EPS (INR/Share)	23.3	27.3	31.3	23.5	27.5	30.9	(1.0%)	(0.9%)	1.4%

Source: Bloomberg, HSIE Research

Exhibit 269: GCPL – Key assumptions

	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Profit and loss account							
Domestic Sales growth	10.6%	9.4%	6.0%	8.0%	12.3%	9.0%	8.6%
Console Sales growth	8.5%	5.0%	1.4%	8.4%	13.2%	9.3%	9.0%
EBITDA growth	1.5%	21.1%	2.0%	5.1%	13.1%	14.8%	13.6%
Earnings growth	(2.0%)	14.8%	(5.1%)	8.1%	15.1%	17.2%	14.8%
Gross margin	49.0%	54.2%	53.3%	51.3%	51.3%	51.5%	52.0%
A&P spends as a % of sales	7.2%	9.5%	8.7%	7.7%	7.8%	7.8%	7.8%
EBITDA margin	18.5%	21.3%	21.5%	20.8%	20.8%	21.8%	22.8%
Adj EPS (INR/Share)	17.2	19.7	18.7	20.2	23.3	27.3	31.3
DPS (INR/Share)	-	15.0	20.0	20.0	22.0	26.0	29.0
Balance sheet							
Avg. ROCE	16.5%	18.2%	17.6%	17.5%	19.4%	22.6%	25.9%
Avg. ROE	13.9%	15.3%	15.6%	16.8%	18.7%	21.6%	24.4%
Inventory days (no of)	43	34	37	40	38	35	35
Receivable days (no of)	35	41	47	44	45	44	44
Payable days (no of)	51	44	56	55	55	55	55

Source: Company, HSIE Research

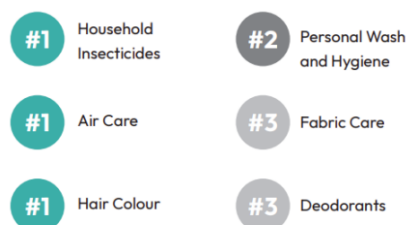
Exhibit 270: GCPL's global presence



Source: Company, HSIE Research

Exhibit 271: GCPL – Leadership position across categories in India and abroad

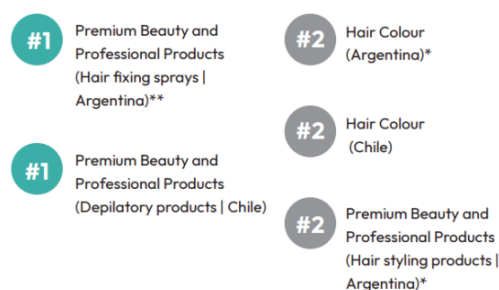
India & SAARC



Indonesia

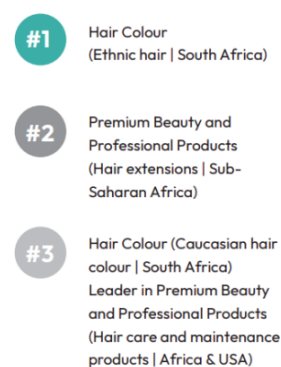


Latin America



Source: *Nielsen, **Scentia

Sub-Saharan Africa & USA



Source: Company, HSIE Research

Exhibit 272: GCPL – Power brand progress

	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
More than Rs10bn	Good Knight	Good Knight	Good Knight	Good Knight	Good Knight	Good Knight	Good Knight	Good Knight
	Darling	Darling	Darling	Darling	Darling	Darling	Darling	Darling
	Godrej No 1	Godrej No 1	Godrej No 1	Godrej No 1	Godrej No 1	Godrej No 1	Godrej No 1	Godrej No 1
						Cinthol	Cinthol	Cinthol
								HIT
Rs5-Rs10bn	HIT	HIT	HIT	HIT	HIT	HIT	HIT	Godrej Expert
	Cinthol	Cinthol	Cinthol	Cinthol	Cinthol	Godrej Expert	Godrej Expert	Godrej Aer
	Godrej Expert	Godrej Expert	Godrej Expert	Godrej Expert	Godrej Expert	Strella	Strella	Strella
							Godrej Aer	African Pride
Rs2.5-Rs5bn	Issue	Issue	Mitu	Mitu	Ezee	Ezee	Ezee	
	Mitu	Mitu	Stella	Stella	Mitu	Mitu	Mitu	
	Stella	Stella	Godrej aer	Godrej aer	Stella	Godrej Aer	Mega Growth	
	HIT expert	Godrej protekt			Godrej aer			

Source: Company, HSIE Research

Exhibit 273: GCPL – Revenue split and growth trends across segments

	CAGR (FY20-23)	CAGR (FY23-26E)	Segment mix FY26	Domestic sales mix FY26	Consolidated sales mix FY26
Household Insecticides	7%	5%	72%	33%	21%
Air Fresheners		20%	17%	8%	5%
Liquid detergents		23%	10%	5%	3%
Home care	8%	9%	100%	46%	28%
Soap	14%	-2%	54%	26%	16%
Hair colour	18%	9%	29%	14%	9%
Others	115%	74%	4%	2%	1%
Raymond portfolio			13%	7%	4%
Personal care	17%	6%	100%	49%	30%
Others		18%		6%	3%
Domestic sales	12%	8%		100%	62%
Indonesia	-1%	5%			12%
GAUM	14%	-2%			21%
Others	8%	13%			7%
International sales	8%	1%			38%
Others					0%
Consolidated	10%	5%			100%

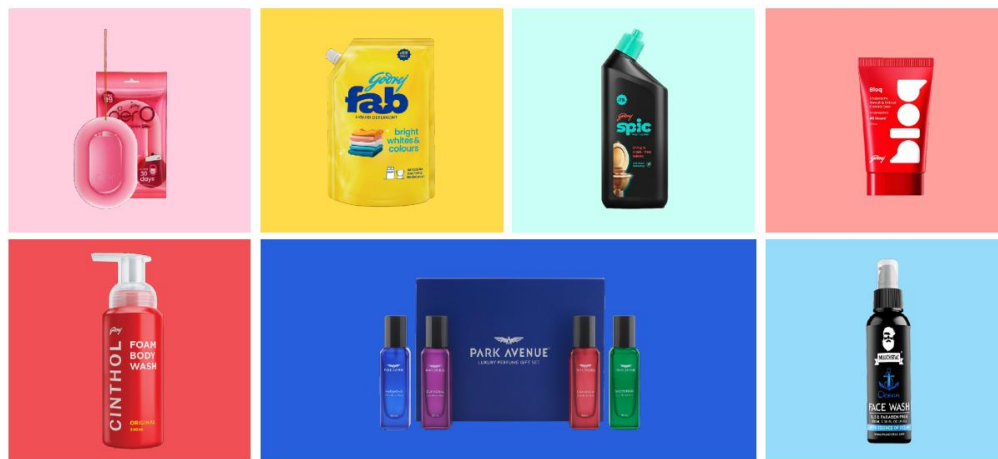
Source: Company, HSIE Research

Exhibit 274: GCPL – Realignment of portfolio to pursue growth



Source: Company, HSIE Research

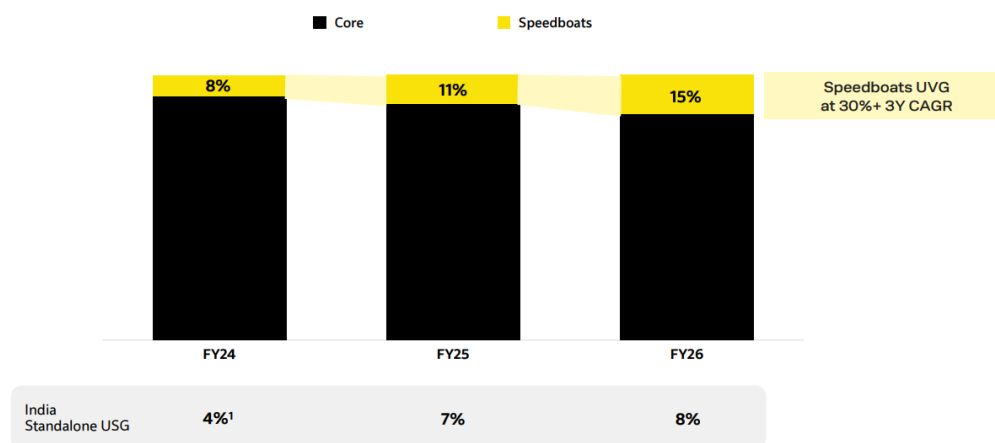
Exhibit 275: GCPL – Thrust on category development and drive penetration, which eventually help faster growth and scale up of speedboats and jet skis



Source: Company, HSIE Research

Speedboat categories: a) air care, b) liquid detergents, and c) incense sticks. These categories contributed ~15% of standalone revenue in FY26 and have seen 30%+ UVG CAGR over the last three years. As growth sustains, management sees contribution rising to 20% in FY27 (supporting 10%+ growth in standalone revenue) and ~40% by FY30 (supporting teen USG and DD UVG growth). These brands are expected to start replicating topline growth in bottom-line from the third year and become accretive to bottom-line by the sixth year (Fab laundry liquid may require a longer gestation period).

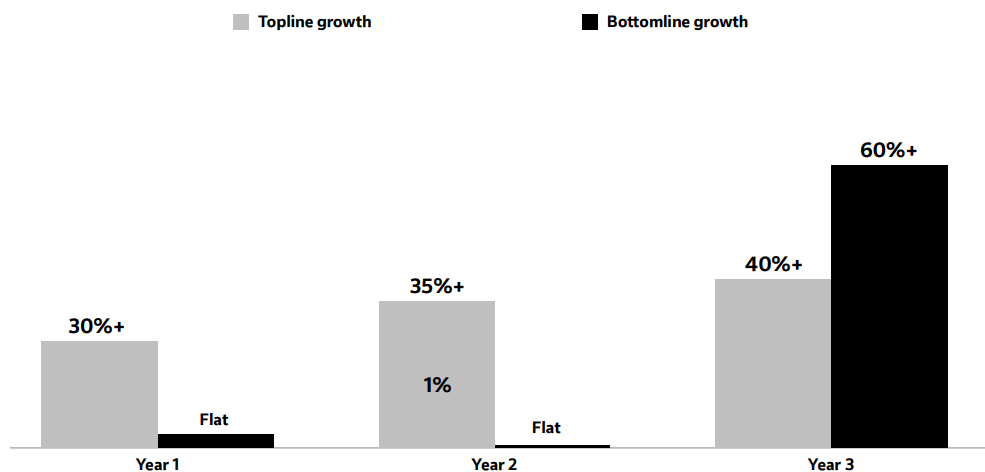
Exhibit 276: GCPL – Speedboats are seeing faster scaleup and helping drive diversification in India



Source: Company, HSIE Research

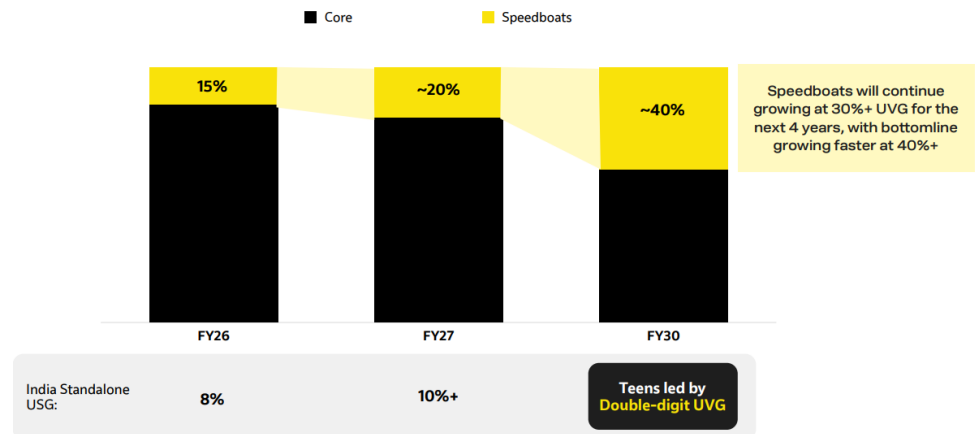
Note: India Speedboats include Fab LD, Incense Sticks, Air Fresheners, Spic and other Innovations

Exhibit 277: GCPL – Speedboats are aiding faster bottom-line from third year (except Liquid detergents, where gestation period is likely to be longer)



Source: Company, HSIE Research

Exhibit 278: GCPL – Speedboats are likely to sustain growth momentum and drive diversification, GCPL aims for 40% revenue from speedboats with healthy bottom-line improvements



Source: Company, HSIE Research

Exhibit 279: Soap a well penetrated category, per capita spends crucial

	FY25		FY30	
	Usage per capita	Users	Usage per capita	Users
Urban (kg)	1.09	40%	1.16	45%
- Daily	1.50	60%	1.50	65%
- 3x a week	0.64	25%	0.64	25%
- 1x a week	0.21	14%	0.21	10%
- Non user	0.00	1%	0.00	0%
Rural (kg)	0.94	60%	1.02	55%
- Daily	1.50	50%	1.50	55%
- 3x a week	0.64	25%	0.64	25%
- 1x a week	0.21	15%	0.21	15%
- Non user	0.00	10%	0.00	5%
Overall India (per capita; kg)	1.00		1.08	

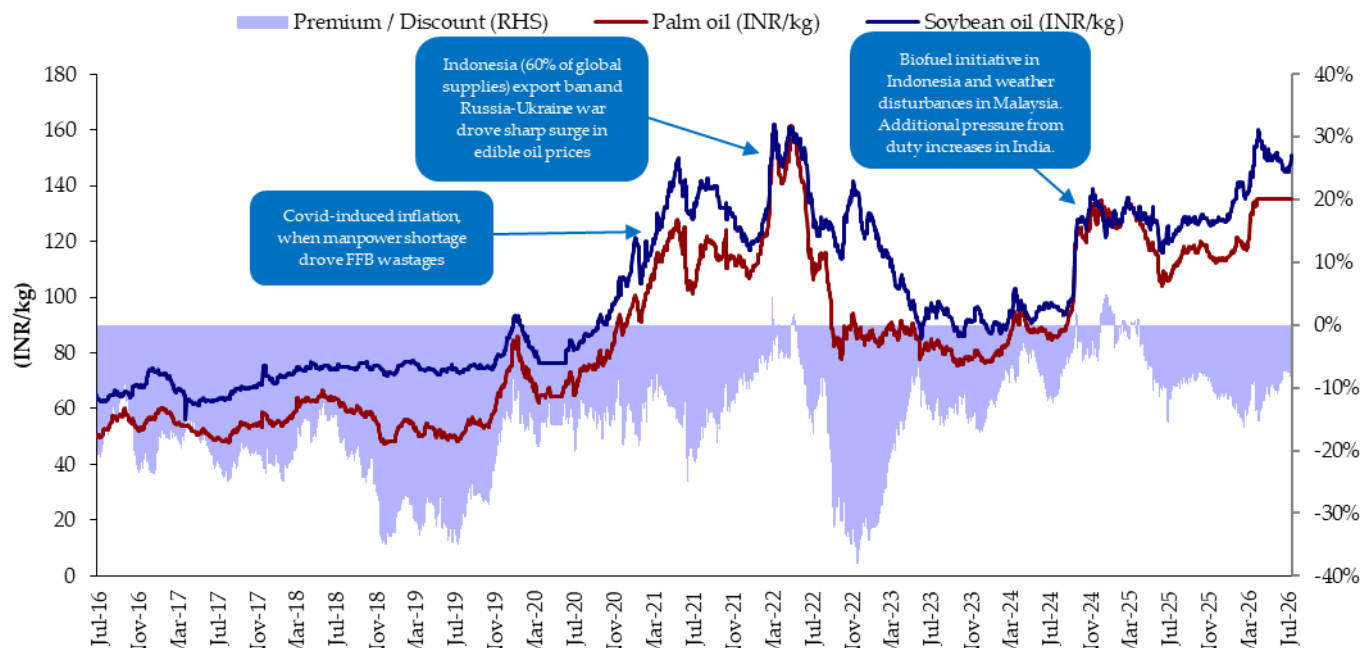
Source: Company, HSIE Research

Exhibit 280: Organized soap category growth to be ~6%, with equal share of volume and price

	FY25	FY30	CAGR
Per capita consumption (kg)	1.00	1.08	1.4%
Relevant population (mn)	1,368	1,474	1.5%
Volume (mn kg)	1,371	1,592	3.0%
MRP (INR/kg)	220	255	3.0%
Total market size (INR mn)	3,01,695	4,06,129	6.0%

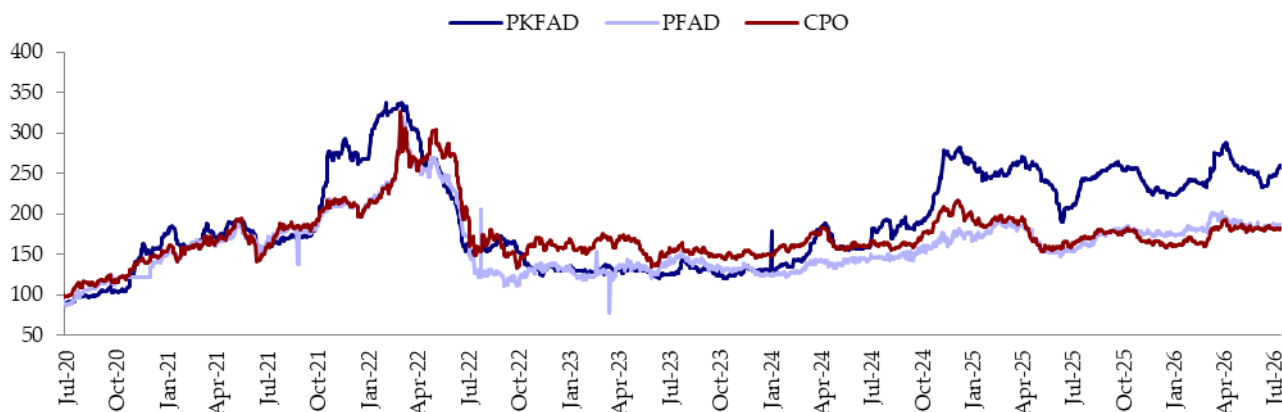
Source: Company, HSIE Research

Exhibit 281: GCPL – Palm oil to Soyabean oil spread at a normative level



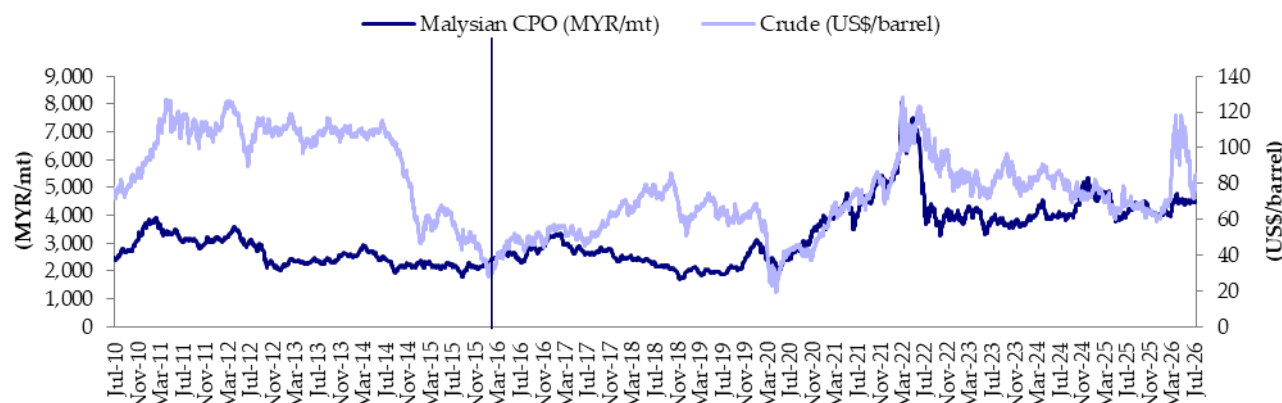
Source: Bloomberg, NCDEX, HSIE Research

Exhibit 282: GCPL – PKFAD and PFAD are key RM for GCPL's soap portfolio, where PKFAD's diverse trend is an area of concern



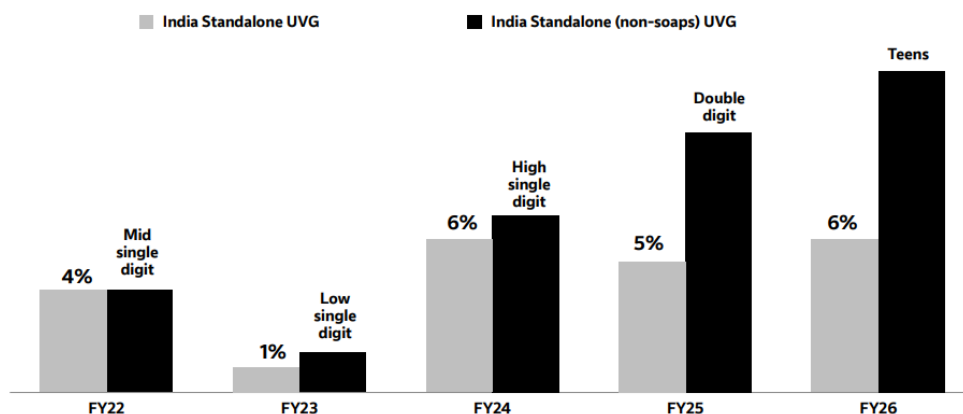
Source: Bloomberg, NCDEX, HSIE Research

Exhibit 283: GCPL – Malaysian CPO prices show a correlation of ~0.64 with crude oil over the past decade. Over a longer period (2010 onwards), the correlation moderates to ~0.23, reflecting a structural regime change post-2016. Between 2010–15, correlation stood at ~0.49



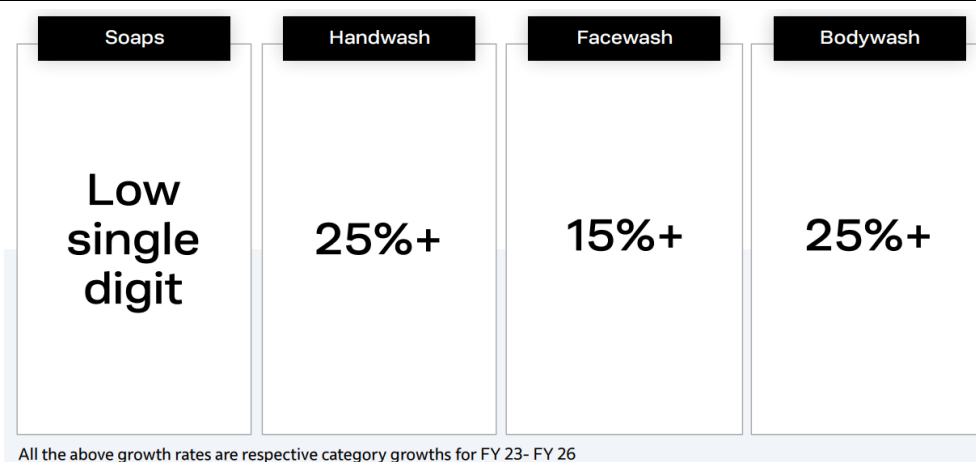
Source: Bloomberg, NCDEX, HSIE Research

Exhibit 284: GCPL – Volatile palm oil prices have a bearing on soaps growth, adjusted for soaps, India business for GCPL has seen improving growth trend



Source: Company, HSIE Research

Exhibit 285: GCPL – Thrust on driving diversification for growth, focus on consumer upgrades, as seen in last three years



Source: Company, HSIE Research

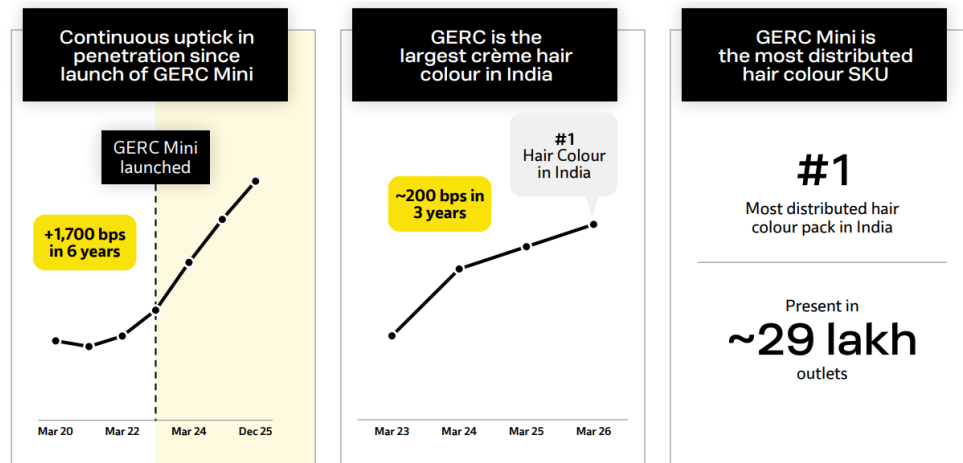
Exhibit 286: GCPL – Identified actions across segments in skin cleansing



Source: Company, HSIE Research

1: Powder to Liquid Handwash category; 2: As per business plan

Exhibit 287: Hair colour reaping benefits from category game changers – mini crème and shampoo hair colour aiding category penetration and faster growth for GCPL



Source: Company, HSIE Research

Exhibit 288: GCPL dominates in Household insecticides segment, where incense sticks continue to aid penetration of category (only ~20% is consumer downgrade driven; ~1500bps category penetration gains in last four years, aided by 2400bps penetration gains in incense sticks). As the company has enhanced margins for incense stick (up 22% pts over FY24-26, now closer to India st al margin), it is positioned to chart healthy growth. With per capita GDP expansion, at some point category upgrade will trigger, which will help GCPL with wider category play

	No. of households (mn)	Penetration (%)	Category size (INR bn)	Leader	Share (%)	Challenger 1	Share (%)	Challenger 2	Share (%)	HHI
Overall Households	330	65%	75	GCPL	62	Reckitt Benckiser	14	S C Johnson	12	4,184
Users of Burning (Coil)	110	37%	20	GCPL	51	Reckitt Benckiser	24	Jyothy Lab	11	3,298
Electric	85	28%	27	GCPL	66	S C Johnson	20	Reckitt Benckiser	10	4,856
Aerosol	30	10%	8	GCPL	70	S C Johnson	13	Reckitt Benckiser	9	5,150
Others (incl. Incense sticks)			20							
Non-users	135									

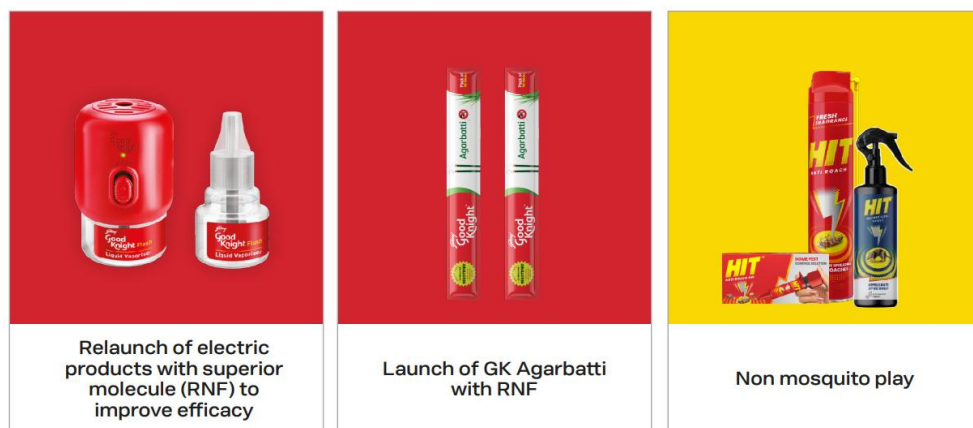
Source: Company, HSIE Research

Exhibit 289: GCPL – RNF molecule enhances efficacy of Household Insecticides, favourable season top help faster growth



Source: Company, HSIE Research

Exhibit 290: GCPL – Three-pronged approach in HI



Source: Company, HSIE Research

Exhibit 291: GCPL – Air freshener is the fastest-growing segment for the company



Source: Company, HSIE Research

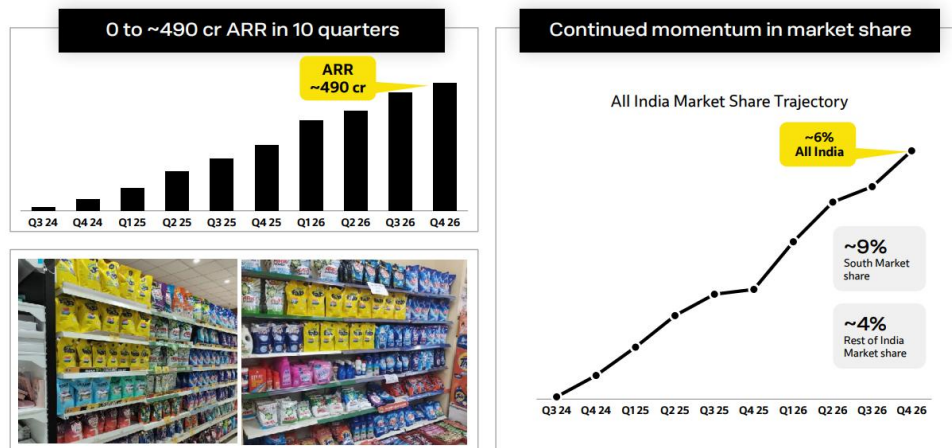
Exhibit 292: GCPL – Air freshener could become the largest segment for GCPL by FY40. Over the last four years, revenue CAGR stood at 34% (volume CAGR at 25%)



Source: Company, HSIE Research

Exhibit 293: GCPL – Fab liquid detergent clocking exit ARR of INR4.9bn in Q4FY26

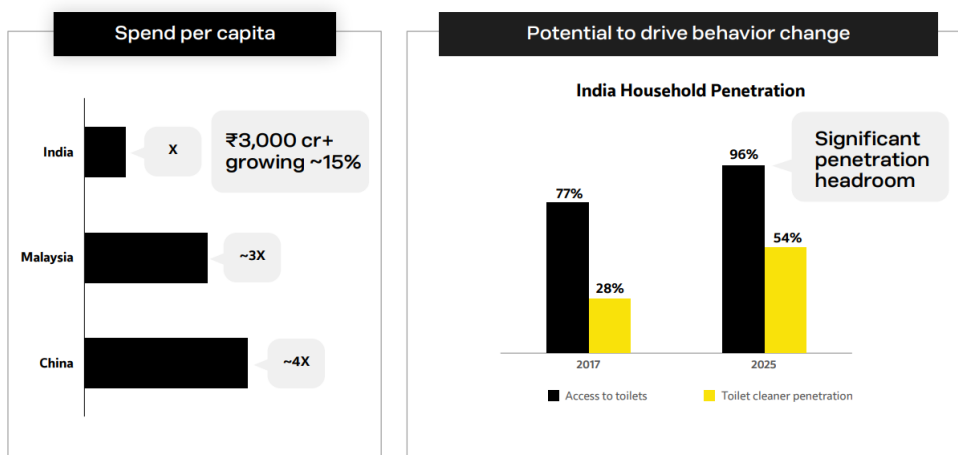
In laundry, management sees premiumization as a sustained trend, with a structural shift toward liquids. Liquid usage is 10x higher in China, and in South India, it is 7–8x higher than the national average. With ARR of INR490cr in Q4, GCPL has ~6% share (Nielsen; ex-Ezee; 9% in South India and 4% in the rest of India).



Source: Company, HSIE Research

Exhibit 294: GCPL – Toilet cleaner pilot has now been scaled nationally in Q4FY26

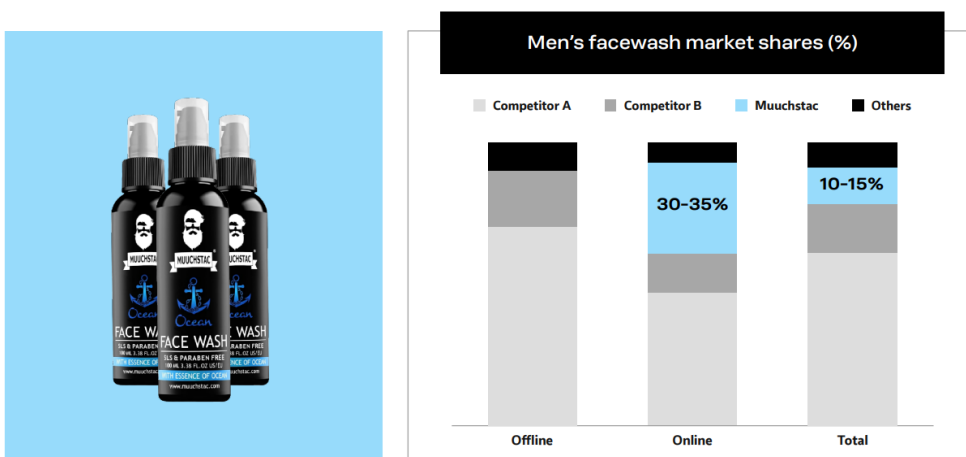
Entry into toilet cleaner in Q3FY26 has been encouraging. After a successful TN pilot, the product has been rolled out pan-India. Differentiation remains key, with a five-day stain-lock formula.



Source: Company, HSIE Research

Exhibit 295: GCPL – Inorganic route to enter male face wash segment with mass digital first offering, focus would be to leverage brand across channels

Muuchstac is an inorganic brand with a TAM of INR10bn in men's face wash category, growing at 25%+. It is a 40% EBITDA margin business, with a INR800mn revenue. Under the founders, the brand was sold only through Meesho and Flipkart (with 30–35% market share), with strong salience among mass and rural consumers. Under GCPL, brand is likely to have a normative margin. Management aspires for INR2–3bn revenue by FY30. It sees large potential in offline channels, but expansion will be gradual.



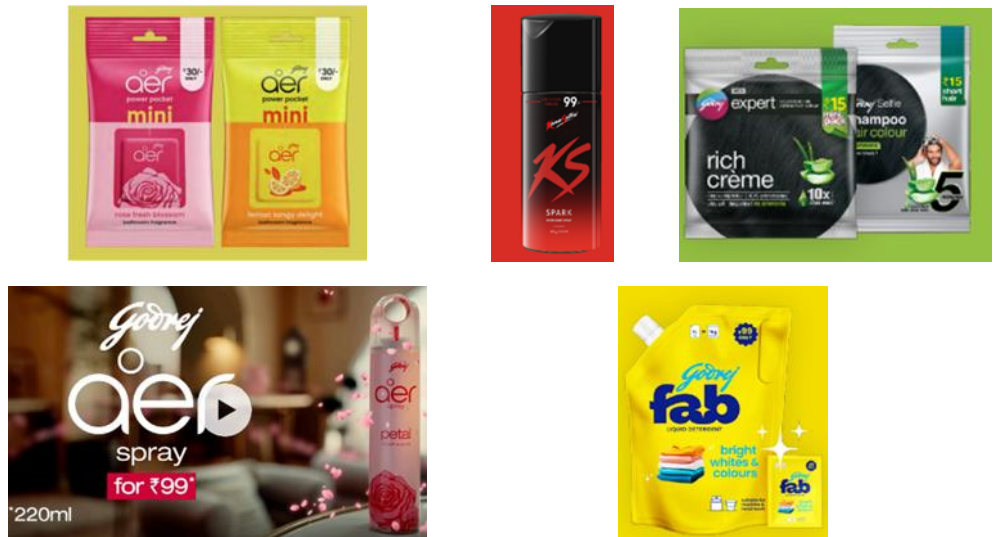
Source: Company, HSIE Research

Exhibit 296: GCPL – Building relevance through product innovations in deos



Source: Company, HSIE Research

Exhibit 297: GCPL – Affordability enhanced across category, aiding faster penetration



Source: Company, HSIE Research

Exhibit 298: GCPL – India: Inflationary palm oil not only affected growth but also had a bearing on margin delivery in last two years. Margin recovered to normative band of 24-26% in 2HFY26

(INR mn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Revenue	50,890	53,547	56,793	54,745	62,543	69,516	76,672	84,114	87,791	94,741
Growth (LFL)	4.2%	5.2%	6.1%	-3.6%	14.2%	11.1%	10.3%	9.7%	5.9%	7.9%
Intersegment	-1,018	-690	-835	-982	-1,267	-1,493	-918	-942	-1,023	-2,048
as a % of revenue	-2.0%	-1.3%	-1.5%	-1.8%	-2.0%	-2.1%	-1.2%	-1.1%	-1.2%	-2.2%
Revenue from operations	49,872	52,857	55,958	53,763	61,276	68,022	75,753	83,173	86,767	92,694
Growth (LFL)	4.2%	6.0%	5.9%	-3.9%	14.0%	11.0%	11.4%	9.8%	5.9%	6.8%
EBITDA	11,369	13,303	15,126	14,484	16,497	17,293	18,748	22,400	20,037	22,081
growth	17.8%	17.0%	13.7%	-4.2%	13.9%	4.8%	8.4%	19.5%	-10.6%	10.2%
EBITDA margin	22.3%	24.8%	26.6%	26.5%	26.4%	24.9%	24.5%	26.6%	22.8%	23.3%
Depreciation and Amortisation	-567	-633	-691	-814	-834	-856	-1,080	-1,269	-1,410	-1,609
EBIT	10,802	12,670	14,435	13,670	15,664	16,437	17,668	21,131	18,627	20,472
EBIT margin	21%	24%	25%	25%	25%	24%	23%	25%	21%	22%
Other income	211	110	126	160	254	238	659	728	610	783
Interest income	209	426	602	581	218	364	450	1,133	1,642	877
Profit before tax	11,222	13,207	15,163	14,411	16,136	17,038	18,777	22,992	20,878	22,131
growth	14%	18%	15%	-5%	12%	6%	10%	22%	-9%	6%

Source: Company, HSIE Research

Godrej Consumer Products: Initiating Coverage

Exhibit 299: GCPL – Margin weakness has impacted return profile in India

(INR mn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Assets	34,109	37,088	37,388	40,149	37,885	44,836	54,724	87,437	90,789	90,541
Liabilities	16,395	19,825	17,384	14,872	12,929	10,005	11,095	14,291	23,506	26,044
Capital Employed	17,714	17,263	20,004	25,276	24,956	34,830	43,630	73,146	67,283	64,497
Capital Employed (adj. for Brand and Goodwill)	9,775	9,324	12,067	17,339	17,019	26,893	35,692	37,548	31,686	24,716
RoCE	69%	72%	77%	60%	62%	55%	45%	36%	27%	31%
RoCE (adj. for brand and goodwill)		133%	135%	93%	91%	75%	56%	58%	54%	73%
Capex	907	1,163	812	925	728	1,659	1,424	1,939	4,858	4,417

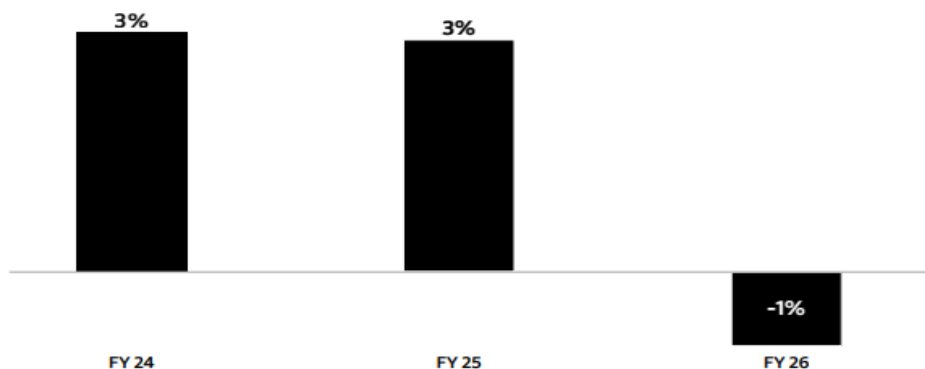
Source: Company, HSIE Research

Exhibit 300: GCPL – M&As by GCPL in India

Brand / portfolio	Owner	Current stake	Acquisition date	Category	Deal Value (INR bn)	EV (INR bn)	EV/Sales	Period
Mosquito repellent (Good Knight, Hit), air freshener (Ambi Pur) and shoe polish (Kiwi)	Sara Lee (JV stake)	100.0%	Jun-10	Multiple	10.60	20.70	2.1x	FY10
Park Avenue and Kamasutra	Raymond Consumer care Limited	100.0%	Apr-23	Sexual wellness and Deodorants	28.25	28.30	4.5x	FY23
Muuchstac	Triology Solutions Private Limited	100.0%	Oct-25	Face wash and personal care	2.89	3.80	4.8x	TTM Sep-25

Source: Company, HSIE Research

Exhibit 301: GCPL – Indonesia – Home care category growth



In Indonesia, FY26 was weak; for FY27, the company aspires for mid-single digit underlying volume growth, high single-digit sales growth, and double-digit EBITDA growth. It has seeded three speedboats — HI electrics, shampoo hair color, and air fresheners.

Source: Company, HSIE Research

Exhibit 302: GCPL – Indonesia – Three speedboats seeded from India are aiding growth



Source: Company, HSIE Research

Exhibit 303: GCPL – Indonesia business impacted amid weak macro and surge in competitors’ price; volume grew at a CAGR of 8% over FY23-26E – we expect price growth to improve from FY27E

(INR mn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Revenue	15,276	13,545	15,249	16,959	17,700	17,052	16,530	18,885	18,686	18,226
<i>Growth (LFL)</i>	5.3%	-11.3%	12.6%	11.2%	4.4%	-3.7%	-3.1%	14.2%	5.4%	-2.5%
Intersegment	-77	-225	-286	-316	-287	-267	-400	-387	-463	-412
as a % of revenue	-0.5%	-1.7%	-1.9%	-1.9%	-1.6%	-1.6%	-2.4%	-2.0%	-2.5%	-2.3%
Revenue from operations	15,200	13,320	14,963	16,643	17,414	16,785	16,131	18,499	18,224	17,814
<i>Growth (LFL)</i>	5.2%	-12.4%	12.3%	11.2%	4.6%	-3.6%	-3.9%	14.7%	5.1%	-2.2%
EBITDA	3,109	3,239	3,931	4,436	4,847	3,895	3,030	3,874	4,109	4,270
growth	7.0%	4.2%	21.4%	12.9%	9.2%	-19.6%	-22.2%	27.8%	6.1%	3.9%
EBITDA margin	20.4%	23.9%	25.8%	26.2%	27.4%	22.8%	18.3%	20.5%	22.0%	24.0%
Depreciation and Amortisation	-211	-206	-217	-237	-251	-253	-187	-179	-247	-283
EBIT	2,898	3,033	3,714	4,199	4,595	3,642	2,843	3,695	3,863	3,987
EBIT margin	19%	22%	24%	25%	26%	21%	17%	20%	21%	22%
Other income	47	100	26	98	9	1	-8	38	28	2
Interest income	154	212	221	132	53	137	259	431	691	813
Profit before tax	3,099	3,345	3,961	4,429	4,657	3,780	3,095	4,164	4,582	4,802
growth	8%	8%	18%	12%	5%	-19%	-18%	35%	10%	5%

Source: Company, HSIE Research

Exhibit 304: GCPL – Indonesia return profile steady for last four years amid weaker margin

(INR mn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Assets	23,260	25,447	26,968	28,642	28,095	32,041	34,501	38,634	43,163	49,961
Liabilities	3,279	3,485	4,160	5,295	6,153	5,699	3,821	4,664	5,116	5,228
Capital Employed	19,981	21,962	22,808	23,347	21,942	26,343	30,680	33,970	38,047	44,732
Capital Employed (adj. for Brand and Goodwill)	6,527	8,435	8,283	7,333	6,658	10,228	13,082	16,080	19,662	24,112
RoCE	14%	14%	17%	18%	20%	15%	10%	11%	11%	10%
RoCE (adj. for brand and goodwill)		41%	44%	54%	66%	43%	24%	25%	22%	18%
Capex	154	134	137	183	231	101	108	726	752	513

Source: Company, HSIE Research

Exhibit 305: GCPL – Key initiatives in Indonesia

Hygiene segment focus drove defocus in Covid-19:
Now focusing on core business, with apt media spending

Distribution (GT): Shift from branch model (in own book) to distributor model. Look to double outlet reach. This move has affected growth in FY26.

Distribution (MT): In the sector MT salience is ~40%, which is relatively high for GCPL.

Trade promotion: Given heavy concentration in MT company use to run BOGO offer on select days, now normalized to every day pricing

Inventory optimization:
With shift in focus from MT, the company is looking to reduce inventory in the trade.

Receivable days reduction:
As the salience of MT goes down, receivable days will also see a shift. For GCPL, ~40% of business is concentrated with top 10 MT partners

Portfolio shift: Focus is to create / expand offering for the mass/popular segments. Given MT concentration focus has been on premium

Management reshuffle:
Addressing the issues in old management, the company has roped in professionals from Unilever to look after the Indonesian operations

Focus on category development and relevance: Under new leadership thrust is to develop core categories and drive relevance with right SKUs

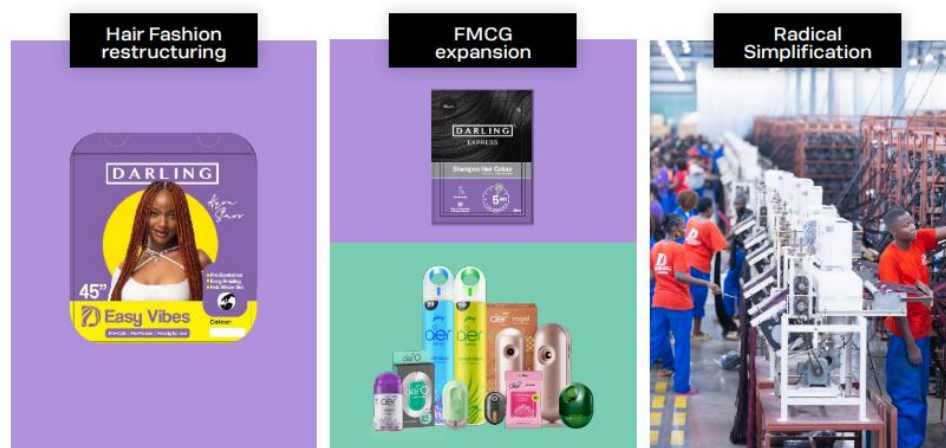
Addressing gap: Household Insecticides, looking to widen contribution of liquid vaporizers. Air care thrust on driving in-home consumption

The company is looking at **5-6% volume growth** in the market, which will be in line with economic growth

Source: Company, HSIE Research

Exhibit 306: GCPL – GAUM cluster: Three key actions in the cluster in last couple of years, which enhanced cluster fundamentals

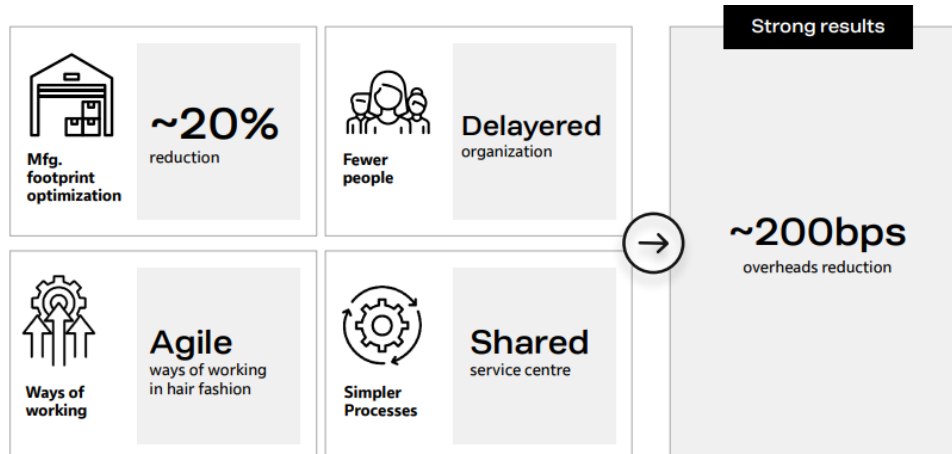
The company has taken three key actions—(a) changed the business model in hair fashion (shift from decentralised to centralised FMCG-like operations), (b) portfolio transformation (leveraging India portfolio), and (c) operational simplification (social media-first approach, productivity-driven labour cost reduction of ~100bps, fixed overhead reduction of ~200bps, and trade margin optimisation).



Source: Company, HSIE Research

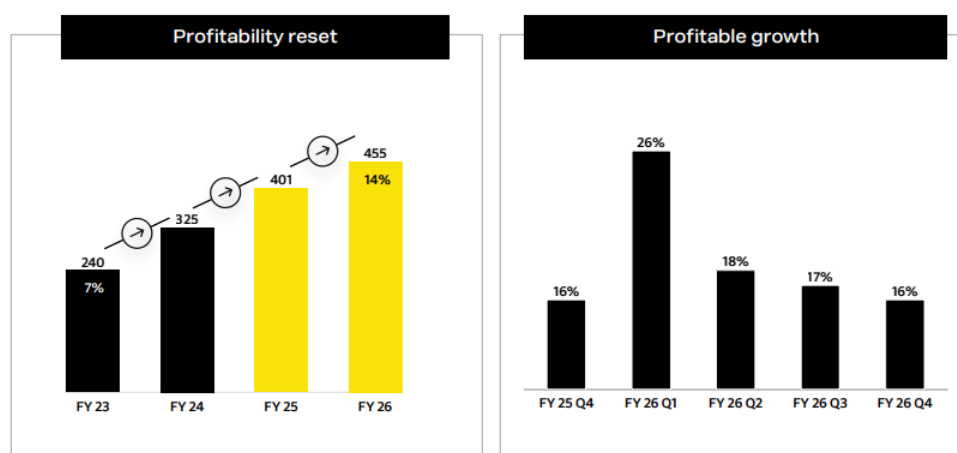
FMCG salience is rising, with strong growth in air fresheners (INR1bn category), hair colour relaunch, and focus on wet hair care.

Exhibit 307: GCPL – GAUM cluster: Simplification agenda helps revenue and margins



Source: Company, HSIE Research

Exhibit 308: GAUM cluster: Structural reset in growth and profitability



Source: Company, HSIE Research

*Like for like portfolio, excluding the divested Kenya Hair Fashion business

Exhibit 309: GCPL – GAUM cluster: Strategy ahead



Source: Company, HSIE Research

*Like for like portfolio, excluding the divested Kenya Hair Fashion business

Exhibit 310: GCPL – GAUM cluster went for business restructuring over FY24-25, which reflects in sharp margin recoup. In FY26, revenue saw robust growth, on a low base, while margin stood weaker, given category's investment needs

(INR mn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Revenue	20,321	21,891	24,560	23,162	24,985	30,497	34,147	31,813	25,617	31,545
<i>Growth (LFL)</i>	51.5%	7.7%	12.2%	-5.7%	7.9%	22.1%	12.0%	-6.8%	-16.6%	23.1%
Intersegment	-18	-18	-13	-4	-9	-8	-8	-6	-60	0
<i>as a % of revenue</i>	-0.1%	-0.1%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Revenue from operations	20,303	21,873	24,547	23,158	24,976	30,490	34,139	31,807	25,557	31,544
<i>Growth (LFL)</i>	51.5%	7.7%	12.2%	-5.7%	7.8%	22.1%	12.0%	-6.8%	-16.8%	23.4%
EBITDA	3,067	2,675	1,904	2,294	1,772	1,845	2,223	3,096	4,943	4,022
<i>growth</i>	39.2%	-12.8%	-28.8%	20.4%	-22.7%	4.1%	20.5%	39.3%	59.7%	-18.6%
EBITDA margin	15.1%	12.2%	7.8%	9.9%	7.1%	6.1%	6.5%	9.7%	19.3%	12.7%
Depreciation and Amortisation	-413	-487	-595	-753	-808	-847	-951	-831	-559	-662
EBIT	2,655	2,188	1,310	1,541	965	998	1,271	2,265	4,385	3,360
EBIT margin	13.1%	10.0%	5.3%	6.7%	3.9%	3.3%	3.7%	7.1%	17.1%	10.7%
Other income	74	137	68	97	33	45	56	47	7	12
Interest income	37	37	41	46	33	14	45	116	100	90
Profit before tax	2,765	2,362	1,419	1,683	1,031	1,057	1,373	2,428	4,492	3,462
<i>growth</i>	26%	-15%	-40%	19%	-39%	2%	30%	77%	85%	-23%

Source: Company, HSIE Research

Exhibit 311: GCPL – GAUM business restructuring aided by improvement in return profile

(INR mn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Assets	61,465	64,032	67,481	72,575	67,994	74,821	75,742	49,246	51,794	61,054
Liabilities	3,973	6,429	8,974	10,504	7,893	11,506	9,149	6,343	5,392	8,179
Capital Employed	57,492	57,603	58,507	62,071	60,101	63,315	66,593	42,903	46,402	52,875
Capital Employed (adj. for Brand and Goodwill)	16,815	16,356	14,359	14,351	14,901	16,535	16,035	12,687	15,433	18,501
RoCE	6%	4%	2%	3%	2%	2%	2%	4%	10%	7%
RoCE (adj. for brand and goodwill)		13%	9%	11%	7%	6%	8%	16%	31%	20%
Capex	17,643	1,623	1,203	573	627	889	616	214	402	383

Source: Company, HSIE Research

Exhibit 312: GCPL – Key initiatives in GAUM cluster

Reduced focus on dry hair care (70% concentration across market), a low margin business	Demand pull is crucial: Business have been relying on push. Focus ahead is to create branding in category	Simplicity – SKU rationalization: In Dry hair aligning with latest trend (McKinsey), reduced SKU by 20%
Distribution: Shift from wholesale driven distribution to large FMCG distributor (FMCL), which double distribution in Nigeria	Focus on pull-based sales over historical push: The company will increase A&P spends to create branding in commodity category	Focus on controlling employee costs: Shift in execution to local. Also increased reliance on local, over expats
Working capital: As the company look to optimize SKU and shift wet hair production local, we see inventory position to improve	Management reshuffle: After Dharnesh Gordhon, Aasif Malbari took charge of Africa cluster	Focus on category development and relevance: Focus is on non-dry hair care business and new portfolio (air care), where thrust is on relevance.
Constant currency growth revived to double digits, as the company addressed distribution issues	Margin profile seen steady expansion with positive operating leverage	

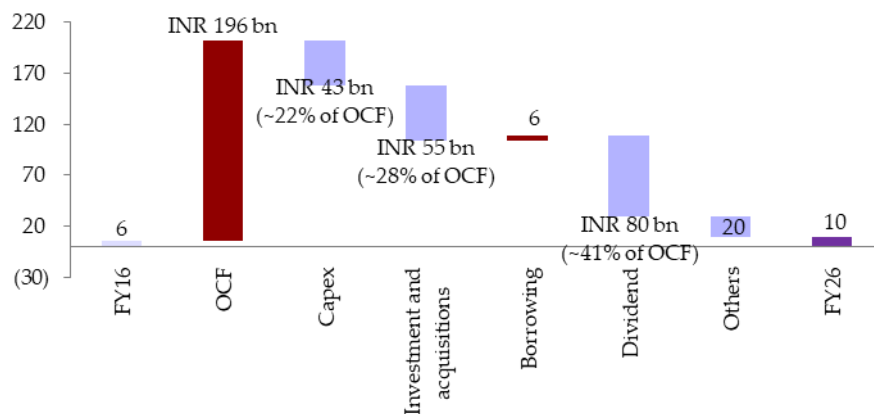
Source: Company, HSIE Research

Exhibit 313: GCPL – M&As in international geographies

Date	Company name	Geographic presence	Products	Deal value (INR mn)	Sales (INR mn)	Other financials/valuations
Oct-05	Keyline Brands (Divested)	Europe	Cosmetics and Toiletries	1,200-1,400	1,320	Acquired at Sales of 1x
Jul-05	Rapidol	South Africa and various other African nations	Ethnic hair color	~500	330	NA
Jan-08	Kinky	South Africa and various other African nations	Hair extensions	~1,500	~500	NA
Mar-10	Tura	Nigeria, West Africa	Soaps, moisturizing lotion and skin cream	1,500-2,000	525	NA
Apr-10	Megasari Makmur	Indonesia	Household Insecticide, Air care	11,000-13,000	5,500	Acquired at 10-12x EBITDA
May-10	Issue Group	Argentina, Peru, Uruguay, Paraguay, Brazil	Hair Color	1,700	1,518	Acquired at EBITDA of 8x
Jun-10	Argencos	Argentina	Hair Styling Spray	~550	552	EBITDA margin of 14%; Acquired at EBITDA of 7x
Jun-11	Darling Group (51%)	Sub-Saharan Africa (14 countries)	Hair Extension products	13,000-15,000	9,000	Deal value is cumulative for 51% of the company by FY14E
Jan-12	Cosmetica Nacional (60%)	Chile. Exports to nearby African countries	Hair color, color cosmetics	1,900	1,800	EBITDA margin of 20%; Acquired at EBITDA of 9x
Jan-13	Soft and Gentle	UK	Female deodorant	~950	1,880	Likely to be acquired at 0.5x EV/sales
Jan-15	Frika Hair	South Africa	Hair extension products	400	NA	NA
Feb-15	Darling South Africa and Mozambique (stake increase to 90%)	Sub-Saharan Africa(14 countries)	Hair Extension products	NA	NA	NA
Feb-16	Canon Chemical (75%)	Kenya	Personal and home care categories	NA	761	NA
Apr-16	Strength of Nature	US (60% revenue), Africa (15-20% revenue), Caribbean, Middle East and Europe	Wet hair care products	10,000	~6,100	EBITDA margin of 22%; Acquired at EBITDA of 7-8x and Sales of 1.5x

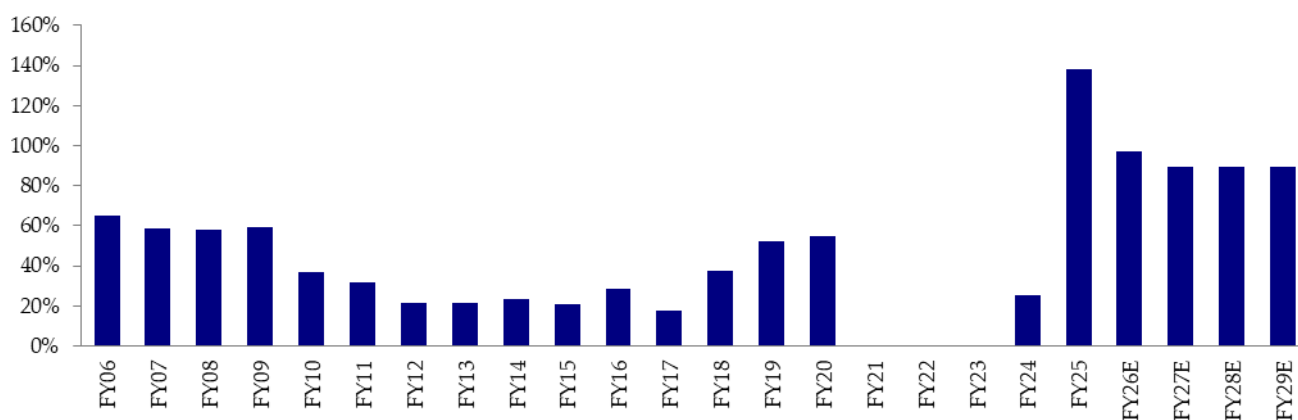
Source: Company, HSIE Research

Exhibit 314: GCPL – Cash flow and utilization in last decade



Source: Company, HSIE Research

Exhibit 315: GCPL – Management has guided for 50% (+/-20%), while we assume near 90% payouts ahead



Source: Company, HSIE Research

Income Statement (Consolidated)

YE March (INR mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Net Revenues	121,193	131,483	138,050	139,965	151,779	171,855	187,772	204,629
<i>Growth (%)</i>		8.5	5.0	1.4	8.4	13.2	9.3	9.0
Material Expenses	60,751	67,028	63,203	65,361	73,944	83,693	91,070	98,222
Employee Expense	11,041	11,115	12,493	11,488	12,321	13,184	14,107	15,235
Other Expenses	25,450	29,035	32,919	33,086	33,951	39,265	41,602	44,587
EBITDA	23,951	24,305	29,435	30,031	31,562	35,713	40,994	46,585
<i>EBITDA Growth (%)</i>		1.5	21.1	2.0	5.1	13.1	14.8	13.6
EBITDA Margin (%)	19.8	18.5	21.32	21.46	20.79	20.78	21.83	22.77
Depreciation	2,099	2,363	2,410	2,340	2,675	2,775	2,875	3,025
EBIT	21,852	21,942	27,025	27,691	28,887	32,938	38,118	43,560
Other Income (Including EO Items)	897	1,684	2,690	3,161	2,662	2,627	2,756	2,744
Interest	1,102	1,757	2,964	3,501	3,316	3,354	3,140	2,976
PBT before extraordinary items	21,647	21,868	26,751	27,351	28,233	32,210	37,734	43,329
Extraordinary items	(98)	(541)	(25,775)	(632)	(2,095)	-	-	-
Total Tax	3,719	4,303	6,582	8,196	7,523	8,375	9,811	11,265
Share of Minority Interest	(3)	-	-	-	-	-	-	-
RPAT after MI	17,834	17,025	(5,605)	18,523	18,615	23,835	27,923	32,063
Adjusted PAT	17,929	17,566	20,169	19,155	20,710	23,835	27,923	32,063
APAT Growth (%)		(2.0)	14.8	(5.0)	8.1	15.1	17.2	14.8
EPS	17.5	17.2	19.7	18.7	20.2	23.3	27.3	31.3
<i>EPS Growth (%)</i>		(2.0)	14.8	(5.1)	8.1	15.1	17.2	14.8

Source: Company, HSIE Research

Balance Sheet (Consolidated)

YE March (INR mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
SOURCES OF FUNDS								
Share Capital - Equity	1,023	1,023	1,023	1,023	1,023	1,023	1,023	1,023
Other Equity	114,537	136,920	124,963	119,016	125,506	126,827	129,166	131,552
Total Shareholders' Funds	115,559	137,942	125,986	120,039	126,530	127,851	130,189	132,575
Total Debt	9,281	3,927	28,743	39,764	43,278	42,110	37,110	37,110
TOTAL CAPITAL EMPLOYED	124,840	141,870	154,729	159,803	169,808	169,961	167,300	169,685
APPLICATION OF FUNDS								
Tangible Assets	37,441	40,147	52,382	52,307	63,688	63,913	66,537	67,512
Intangible Assets	53,768	58,223	50,264	51,454	57,151	57,151	57,151	57,151
CWIP	1,164	454	939	5,497	3,143	4,500	2,500	2,000
Right of Use Assets	985	967	1,651	2,141	3,869	4,063	4,266	4,479
Other Non-Current Assets	-	8,393	17,875	5,419	9,145	9,145	9,145	9,145
Total Non-current Assets	93,357	108,184	123,111	116,817	136,996	138,771	139,599	140,287
Current Investments	10,154	21,897	17,162	31,027	18,524	18,524	18,524	18,524
Inventories	21,299	15,372	12,709	14,186	16,595	17,792	17,904	19,510
Debtors	11,163	12,453	15,354	18,191	18,367	21,069	22,508	24,527
Cash & Equivalents	11,078	3,907	5,469	4,831	10,054	7,737	5,580	6,708
Other Current Assets	6,974	6,148	7,313	7,923	8,885	9,329	9,796	10,285
Total Current Assets	60,668	59,776	58,007	76,158	72,425	74,450	74,311	79,555
Creditors	21,631	18,232	16,755	21,421	23,017	25,751	28,135	30,659
Other Current Liabilities & Provns	7,555	7,859	9,634	11,751	16,596	17,509	18,475	19,497
Total Current Liabilities	29,185	26,091	26,389	33,172	39,613	43,260	46,611	50,156
Net Current Assets	31,483	33,685	31,618	42,986	32,812	31,190	27,701	29,398
TOTAL APPLICATION OF FUNDS	124,840	141,870	154,729	159,803	169,808	169,961	167,300	169,685

Source: Company, HSIE Research

Cash Flow (Consolidated)

YE March (INR mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Reported PBT	21,553	21,327	1,982	26,719	25,902	32,210	37,734	43,329
Depreciation	2,099	2,363	2,410	2,340	2,675	2,775	2,875	3,025
Working Capital Change	(5,362)	933	(4,560)	351	552	(919)	1,090	(831)
Tax Paid	(4,475)	(4,185)	(3,739)	(4,701)	(5,286)	(8,375)	(9,811)	(11,265)
Interest/Dividend received	506	802	1,094	1,153	1,644	728	2,756	2,744
Other items	185	266	23,512	(95)	(601)	192	0	-
OPERATING CASH FLOW (a)	14,506	21,507	20,699	25,767	24,885	26,611	34,644	37,002
Capex	(2,765)	(2,197)	(2,766)	(5,592)	(5,421)	(4,551)	(3,703)	(3,713)
Free Cash Flow (FCF)	11,741	19,309	17,933	20,176	19,464	22,060	30,941	33,289
Others	(5,877)	(15,386)	(30,865)	2,156	8,975	2,627	-	-
INVESTING CASH FLOW (b)	(8,642)	(17,583)	(33,630)	(3,436)	3,554	(1,924)	(3,703)	(3,713)
Debt Issuance/(Repaid)	(2,198)	(6,344)	22,652	7,318	266	(1,360)	(5,000)	-
Interest Expenses	(1,123)	(1,116)	(2,620)	(3,111)	(2,849)	(3,354)	(2,756)	(2,744)
FCFE	10,665	14,082	43,205	30,604	22,579	24,055	28,697	36,033
Dividend	-	-	(5,114)	(25,573)	(20,462)	(22,514)	(25,584)	(29,678)
Others	(477)	(436)	(855)	(449)	(831)	224	242	261
FINANCING CASH FLOW (c)	(3,798)	(7,896)	14,063	(21,815)	(23,876)	(27,004)	(33,098)	(32,161)
NET CASH FLOW (a+b+c)	2,065	(3,972)	1,132	517	4,563	(2,317)	(2,157)	1,128
Add: Beginning balance	5,241	7,509	3,907	5,469	4,831	10,054	7,737	5,580
EO Items, Others	203	39	(672)	(1,155)	661	-	-	-
Closing Cash & Equivalents	7,509	3,537	5,039	5,986	9,394	7,737	5,580	6,708

Source: Company, HSIE Research

Key Ratios

	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
PROFITABILITY (%)								
GPM	49.9	49.0	54.2	53.3	51.3	51.3	51.5	52.0
EBITDA Margin (%)	19.8	18.5	21.3	21.5	20.8	20.8	21.8	22.8
EBIT Margin	18.0	16.7	19.6	19.8	19.0	19.2	20.3	21.3
PBT Margin	17.9	16.6	19.4	19.5	18.6	18.7	20.1	21.2
APAT Margin	14.8	13.4	14.6	13.7	13.6	13.9	14.9	15.7
ROE	15.5	13.9	15.3	15.6	16.8	18.7	21.6	24.4
RoIC (or Core RoCE)	17.5	16.0	16.4	15.1	16.0	17.1	19.7	22.4
RoCE	17.5	16.5	18.2	17.6	17.5	19.4	22.6	25.9
EFFICIENCY								
Tax Rate (%)	17.2	19.7	24.6	30.0	26.6	26.0	26.0	26.0
Fixed Asset Turnover (x)	2.5	2.5	1.9	1.9	1.7	1.9	1.9	2.0
Inventory (days)	64	43	34	37	40	38	35	35
Debtors (days)	34	35	41	47	44	45	44	44
Other Current Assets (days)	21	17	19	21	21	20	19	18
Payables (days)	65	51	44	56	55	55	55	55
Other Current Liab & Provns (days)	23	22	25	31	40	37	36	35
Cash Conversion Cycle (days)	31	22	24	19	10	10	7	7
Net D/E (x)	(0.0)	0.0	0.2	0.3	0.3	0.3	0.2	0.2
Interest Coverage (x)	19.8	12.5	9.1	7.9	8.7	9.8	12.1	14.6
PER SHARE DATA (INR)								
EPS	17.5	17.2	19.7	18.7	20.2	23.3	27.3	31.3
CEPS	19.6	19.5	22.1	21.0	22.9	26.0	30.1	34.3
Dividend	-	-	15.0	20.0	20.0	22.0	26.0	29.0
Book Value	113.0	134.9	123.2	117.3	123.6	124.9	127.2	129.5
VALUATION								
P/E (x)	60.3	61.6	53.6	56.5	52.3	45.4	38.8	33.8
P/BV (x)	9.4	7.8	8.6	9.0	8.6	8.5	8.3	8.2
EV/EBITDA (x)	44.7	43.6	37.0	36.2	34.8	30.8	26.7	23.5
EV/Revenues (x)	8.8	8.1	7.9	7.8	7.2	6.4	5.8	5.3
OCF/EV (%)	1.4	2.0	1.9	2.4	2.3	2.4	3.2	3.4
FCF/EV (%)	1.1	1.8	1.6	1.9	1.8	2.0	2.8	3.0
FCFE/Mkt Cap (%)	1.0	1.3	4.0	2.8	2.1	2.2	2.7	3.3
Dividend Yield (%)	-	-	1.4	1.9	1.9	2.1	2.5	2.7

Source: Company, HSIE Research

Dabur India

Regaining relevance key for growth

We resume coverage on Dabur India with an ADD and a Jun'27 target price of INR465, valuing the stock at 35x P/E—a ~20% discount to its last 5Y average forward P/E, given weaker execution. Dabur remains the most diversified FMCG company in our coverage, which historically was a key strength as it helped mitigate risks. However, post-Covid, the portfolio has faced relevance challenges and execution issues. Our concern lies in Dabur's leadership across segments: while it continues to strengthen its position, growth remains elusive. Management's strategy of expanding TAM appears ineffective (unlike in International), in our view, as driving relevance and differentiation is critical. With the onboarding of Harjit S. Bhalla as India CEO in Apr'26, we expect renewed focus on execution. Key risk to our call: a renewed trend in naturals.

- **Dabur's heritage in naturals/herbal/Ayurveda losing relevance:** Management classifies the 'naturals' segment into three buckets—'no nasty' products (appealing to youth), herbal offerings (preferred by the urban middle class), and Ayurveda-focused items (strong connect in rural and semi-urban markets). The youth increasingly seeks products free from harmful substances while also demanding relevance in ingredients. Post-Covid, Dabur has struggled to drive growth in its healthcare portfolio. Similarly, in beverages, it has faced pressure from the Cola war, where *Campa*-led price disruption has expanded the price gap. Additionally, Dabur had to undergo destocking in Q2FY25 to address trade hygiene, followed by revenue decline in Q4FY25. Our ground checks highlight execution challenges. The company has delivered 1% revenue CAGR over FY24-26, while from FY19, CAGR stood at ~7%, where we expect it to stay for next three years (last 2Y low base to aid).
- **Geopolitical tensions may hurt FY27 performance:** Amid disturbances in West Asia, Dabur's international revenue (~27% of consolidated revenue) is likely to be impacted in FY27, with the Middle East alone contributing ~9% of consolidated revenue. Dabur has delivered ~7% revenue CAGR since FY19 in the international business, which we expect will sustain in the medium term,. We see weaker margins in FY27E with inflation in crude pressing packaging costs (~27% of COGS in FY25), while inflation is also visible in juice concentrates and Ayurvedic ingredients. The company has shifted focus to enhancing BTL spends over ATL, reversing its earlier approach. Any surge in BTL could further weigh on margins. With margin recovery anticipated in FY29, we see earnings CAGR broadly mirroring revenue growth.
- **Valuations demand growth stability:** Dabur's 12M forward P/E at 36x is trading at a discount of ~21% to past 5-year and ~18% to past 10-year average forward P/E. We believe this derating is due to its inability to sustain growth post-Covid. Also, it needs to fix hygiene issues, which is further hurting revenue.

Financial Summary (consolidated)

YE March (INR mn)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Revenue	124,040	125,631	131,926	144,289	153,987	164,047
EBITDA	24,002	23,163	24,518	27,666	29,799	32,130
APAT	18,867	18,116	19,541	21,493	23,073	24,703
Adjusted EPS (INR)	10.6	10.2	11.0	12.1	13.0	13.9
P/E (x)	40.3	42.0	39.0	35.4	33.0	30.8
EV / EBITDA (x)	29.2	29.9	27.8	24.5	22.6	20.7
ROE (%)	19.1	16.8	17.0	17.8	18.3	18.7

Source: Company, HSIE Research

ADD

CMP (as on 16 Jul 26)	INR 429
Target Price	INR 465
NIFTY	24,073

KEY CHANGES	OLD	NEW
Rating	NA	ADD
Price Target	NA	INR 465
EPS %	FY27E	FY28E
	NA	NA

KEY STOCK DATA

Bloomberg code	DABUR IN
No. of Shares (mn)	1,774
MCap (INR bn) / (\$ mn)	758/7,874
6m avg traded value (INR mn)	954
52 Week high / low	INR 577/401

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(3.5)	(17.0)	(19.2)
Relative (%)	(3.1)	(10.5)	(14.2)

SHAREHOLDING PATTERN (%)

	Dec-25	Mar-26
Promoters	66.2	66.3
FIs & Local MFs	18.3	18.6
FPIs	10.1	10.0
Public & Others	5.4	5.1
Pledged Shares	-	-

Source : NSE

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Exhibit 316: Dabur India's one year forward P/E

Source: Bloomberg, Company, HSIE Research

Exhibit 317: Dabur India – Key assumptions

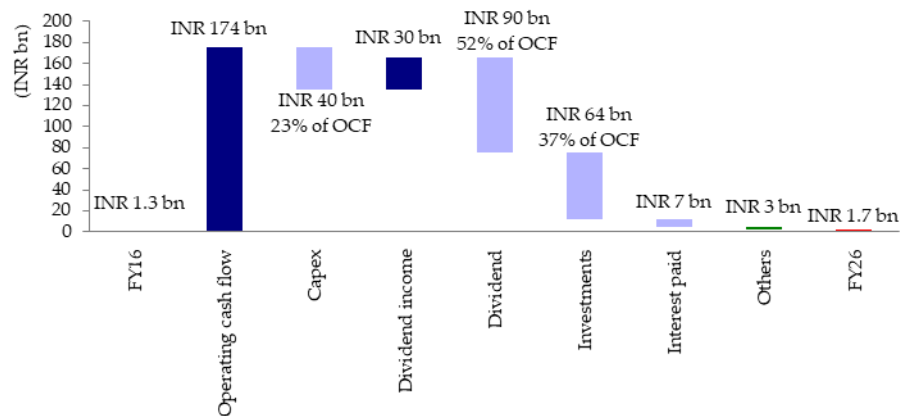
	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
growth (%)							
Domestic sales	5.5	8.9	(1.7)	4.3	7.3	6.7	6.4
- Home and personal care	5.2	8.1	0.5	9.9	8.7	7.3	6.8
- Healthcare	(6.9)	4.2	(2.2)	0.2	6.3	6.0	6.0
- Foods and Beverages	30.0	17.5	(5.6)	(1.7)	5.8	6.4	6.3
International sales	1.9	6.5	7.7	7.4	14.9	6.4	6.4
Consolidated sales	5.7	7.3	1.1	5.2	9.4	6.7	6.5
Consolidated EBITDA	(4.0)	10.9	(3.5)	5.8	12.8	7.7	7.8
Consolidated Adj. PAT	(5.8)	9.8	(4.0)	7.9	10.0	7.3	7.1
As a % of revenue (%)							
Gross margin	45.6	48.0	48.0	48.3	48.0	48.2	48.4
Employee costs	10.0	10.1	10.4	10.5	10.2	10.2	10.1
Advertisement	5.6	6.9	7.0	6.8	6.5	6.7	6.8
Other operating costs	11.6	12.0	12.5	12.7	12.4	12.3	12.3
EBITDA margin	18.8	19.4	18.4	18.6	19.2	19.4	19.6
Effective tax rate	23.1	22.4	22.1	21.9	23.0	24.0	24.5
Per share data							
Adj EPS (INR/Share)	9.7	10.6	10.2	11.0	12.1	13.0	13.9
DPS (INR/Share)	5.2	5.5	8.0	8.3	9.0	9.8	10.5
Pay-out (%)	53.6	51.7	78.3	74.9	74.3	75.0	75.4
Balance Sheet							
Capex (INR mn)	4.9	5.6	5.4	4.0	4.0	4.0	4.0
Inventory days	64	57	67	64	64	64	64
Receivable days	27	26	26	20	22	23	23
Payable days	69	71	82	82	81	74	74
Avg ROE (%)	19.2	19.1	16.8	17.0	17.8	18.3	18.7
Avg ROCE (%)	18.5	18.6	16.3	16.2	17.5	18.1	18.8
Avg ROIC (%)	41.9	39.0	36.1	40.3	47.4	48.3	51.5

Source: Company, HSIE Research

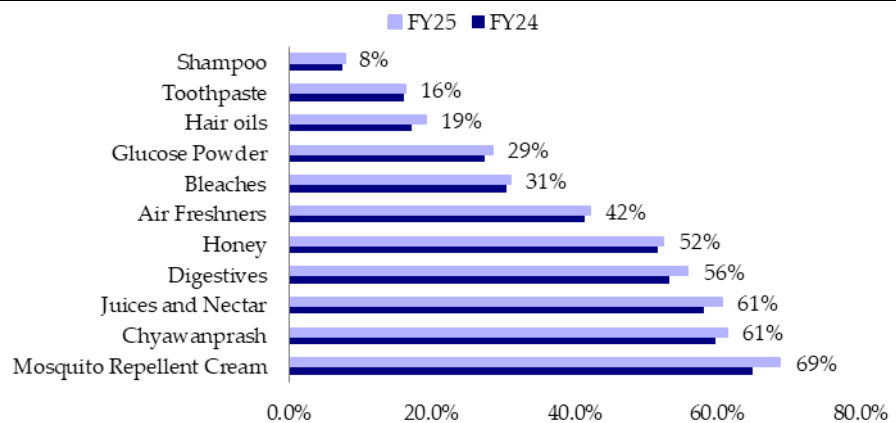
Exhibit 318: Dabur India – HSIE estimates vs consensus estimate

(INR mn)	HSIE estimates			Consensus estimates			HSIE vs Consensus estimates		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	144,289	153,987	164,047	144,078	156,475	169,585	0.1%	(1.6)%	(3.3)%
growth (%)	9.4%	6.7%	6.5%	9.2%	8.6%	8.4%			
EBITDA	27,666	29,799	32,130	27,038	29,988	34,698	2.3%	(0.6)%	(7.4)%
growth (%)	12.8%	7.7%	7.8%	10.3%	10.9%	15.7%			
EBITDA margin (%)	19.2%	19.4%	19.6%	18.8%	19.2%	20.5%			
Adj PAT	21,493	23,073	24,703	20,831	23,234	25,764	3.2%	(0.7)%	(4.1)%
growth (%)	10.0%	7.3%	7.1%	6.6%	11.5%	10.9%			
EPS (INR/Share)	12.1	13.0	13.9	11.8	13.1	15.1	2.9%	(0.9)%	(7.8)%

Source: Bloomberg, HSIE Research

Exhibit 319: Dabur India – Assessing fund generation and utilization for the past decade


Source: Company, HSIE Research

Exhibit 320: Dabur India – Market share across segments in India for Dabur India, unable to pull growth for the company


Source: Company, HSIE Research

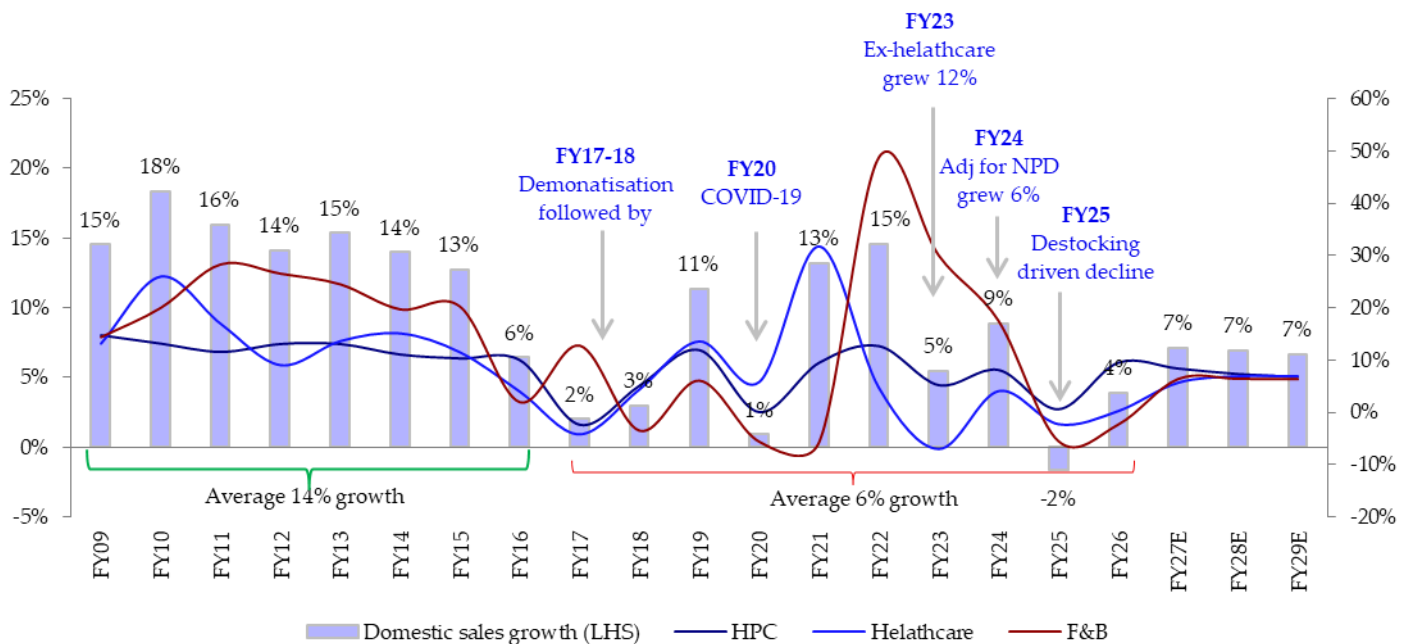
Exhibit 321: Dabur India's domestic revenue growth trends

	FY16-26 (10Y CAGR)	FY19-26 (7Y CAGR)	FY23-26 (3Y CAGR)	FY26-29E (3Y CAGR)
Hair oil	3%	4%	2%	7%
Shampoo	8%	9%	3%	8%
Hair care	4%	5%	2%	7%
Oral care	8%	9%	3%	7%
Skin care	3%	2%	2%	8%
Home care	8%	8%	4%	9%
Home and personal care	6%	6%	3%	8%
Health supplements	4%	4%	-1%	5%
Digestives	8%	8%	4%	7%
OTC and Ethical	4%	5%	0%	7%
Healthcare	5%	5%	0%	6%
Foods and beverages	8%	9%	1%	6%
Retail		(2%)	(1%)	(2%)
Domestic sales	6%	6%	2%	7%

Source: Company, HSIE Research

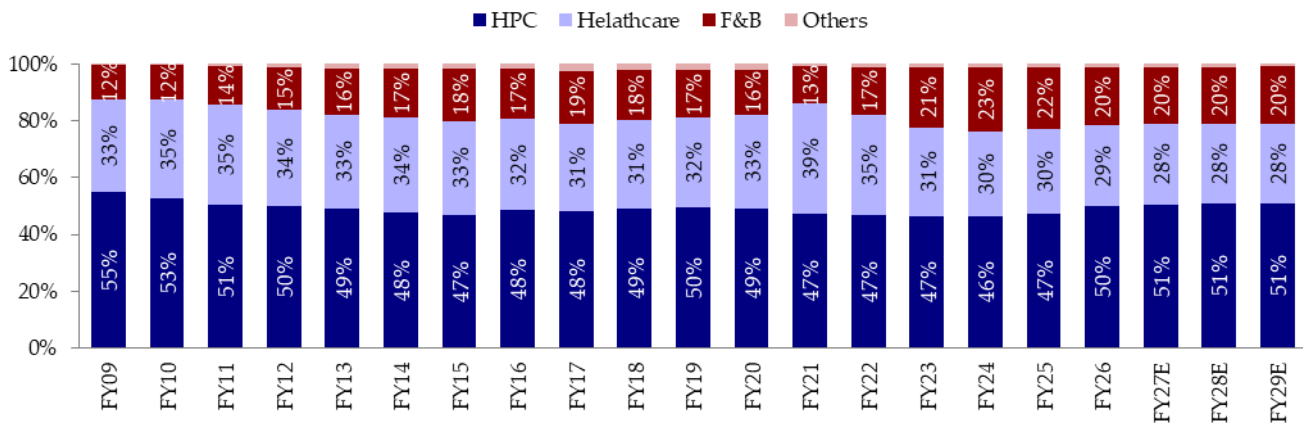
Management has set aspirational targets of INR70bn in home & personal care (45% of revenue), INR50bn in healthcare (32% of revenue) and INR35bn in F&B (23% of revenue) for FY28 in FY23. Overall, for the domestic business implied revenue CAGR is at ~14%.

Compared to its aspirations of INR155bn in domestic revenue by FY28, we expect revenue at ~INR105bn for FY28E

Exhibit 322: Dabur India – Domestic revenue growth (YoY) trend


Source: Company, HSIE Research

Note: HPC stands for Home and Personal Care and F&B stands for Foods and Beverages

Exhibit 323: Dabur India – Domestic revenue contribution across segments


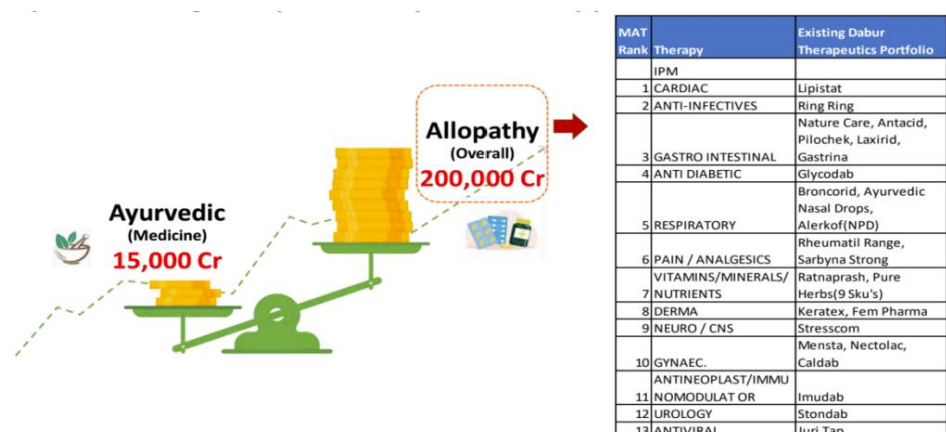
Source: Company, HSIE Research

Exhibit 324: Dabur India – Refreshed vision in Q4FY25, in consultation with McKinsey

Dabur India has appointed McKinsey to help get strategies in place. Management in Q3FY25 earnings call had noted that it needs validation of strategy with external agency. Compared to strategy framed for four years, the company has shrunk it to 3 years (in line with the industry).

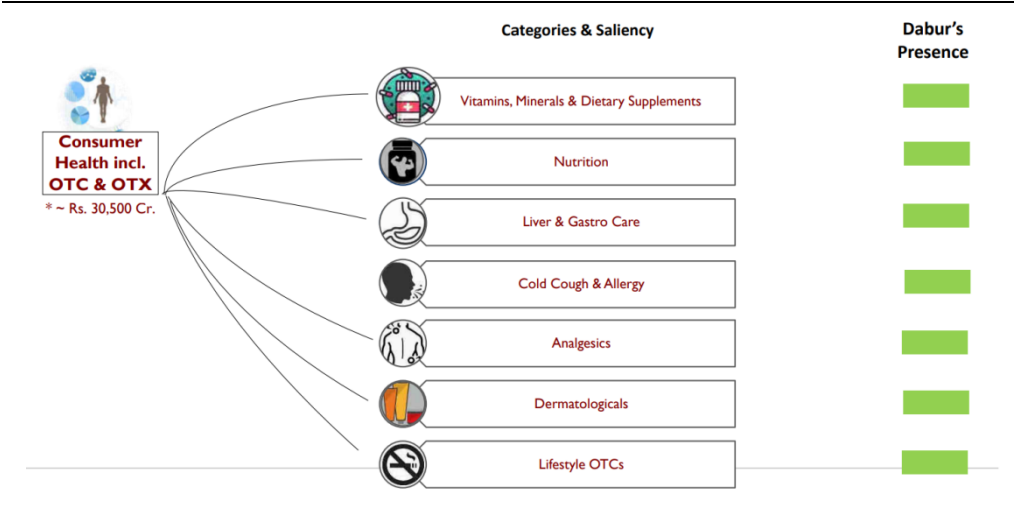


Source: Company, HSIE Research

Exhibit 325: Dabur India – Post-Covid, expected migration of consumer to Ayurveda has not played out


Source: Company, HSIE Research

Exhibit 326: Dabur India’s addressable market in healthcare



Source: Company, HSIE Research

Exhibit 327: Dabur India – Chyawanprash as a category is stressed, where newer formats are seeing faster shift



Source: Company, HSIE Research

Exhibit 328: Dabur India – Entry into nutraceutical category with SIENS

As a part of refreshed strategy, the company has decided to make bold bets in healthcare and wellness. To this end, in Jun-25, it launched SIENS, which offers digital-first wellness products



Source: Company, HSIE Research

Exhibit 329: Dabur India – Attempts in baby care (TAM INR115bn) not worked

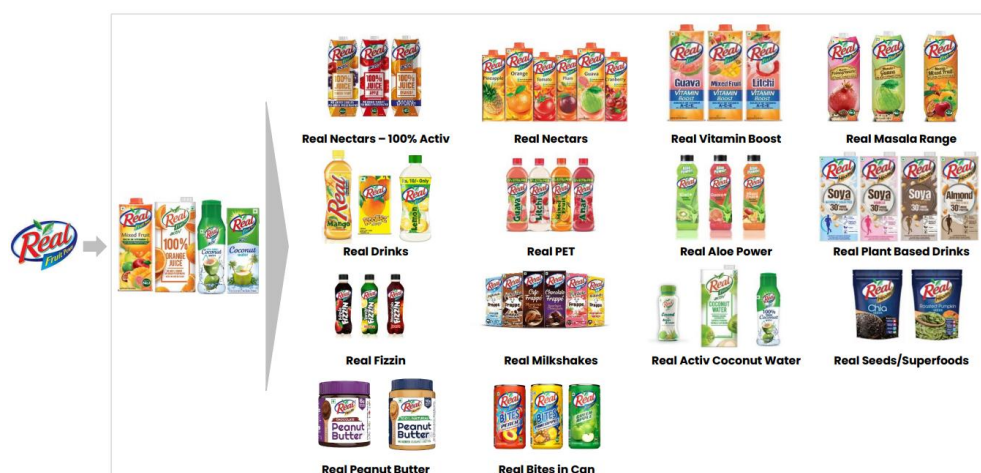
The company in Q4FY25 has decided to cut down its exposure from baby diaper, tea, sanitizer, breakfast cereals and Vita, which together were contributing to ~0.5% of revenue.



Source: Company, HSIE Research

Exhibit 330: Dabur India – Foods category expansion has been accretive


Source: Company, HSIE Research

Exhibit 331: Dabur India – In Real portfolio augmentation ineffective


Source: Company, HSIE Research

Exhibit 332: Dabur Venture

Dabur Ventures

Dabur Ventures has been set up in Oct-25 with a capital allocation of INR5billion to back progressive ventures in Personal Care, Health Care, Wellness Foods, Beverages, and Ayurveda

This entity led by Abhinav Dhall will focus on digital first brands to gain growth and expand portfolio. In Mar-26, this entity has spent INR600mn to gain minority stake in Raipur based RAS Beauty, which is into new-age luxury Skin care.

INTRODUCING



BACKING INNOVATION
WITH A ₹500 CR VISION.

WITH **DABUR VENTURES**,
WE WILL BE INVESTING IN
FORWARD-THINKING BUSINESSES
ALIGNED WITH OUR VISION IN:

- ▶ PERSONAL CARE
- ▶ HEALTH CARE
- ▶ WELLNESS FOODS
- ▶ BEVERAGES
- ▶ AYURVEDA

LED BY:

ABHINAV DHALL,
EXECUTIVE DIRECTOR
GROUP HEAD – CORPORATE STRATEGY,
DABUR INDIA LTD.

ROOTED IN NATURE.
DRIVEN BY INNOVATION.



Source: Company, HSIE Research

Exhibit 333: M&A by Dabur India in India

Brand / portfolio	Owner	Current stake	Acquisition date	Category	Deal Value (INR bn)	EV (INR bn)	EV/Sales	Period
Promise, Babool, Meswak, Odonil, Odomos, Odopic and Sani Fresh	Balsara group of companies	100.0%	Jan-05	Multiple	1.43	1.43	1.2x	FY05
Badshah	Badshah Masala Private Limited	51.0%	Oct-22	Spices	5.87	11.52	4.5x	FY23
Sesa	Sesa Care	100.0%	Oct-24	Hair oil	3.25	3.25	2.4x	FY24
RAS	RAS Beauty Private Limited	20.0%	Mar-26	Skin care	0.60	NA	NA	NA

Source: Company, HSIE Research

Exhibit 334: Dabur acquired 51% stake in Badshah for INR5.9bn in Oct-22

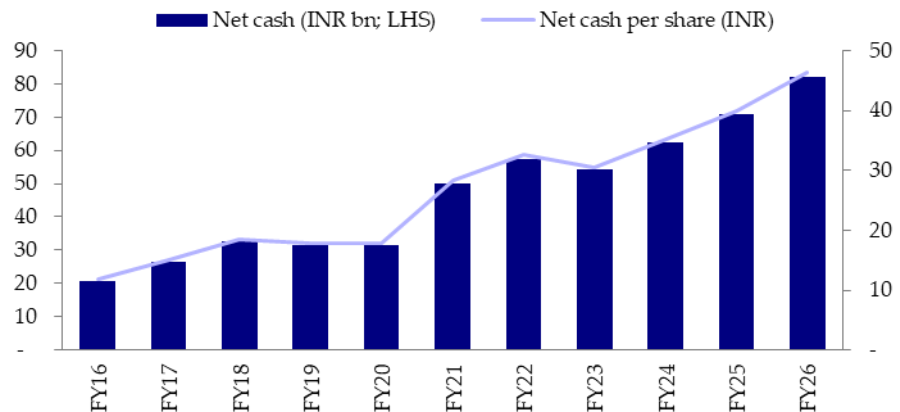


Source: Company, HSIE Research

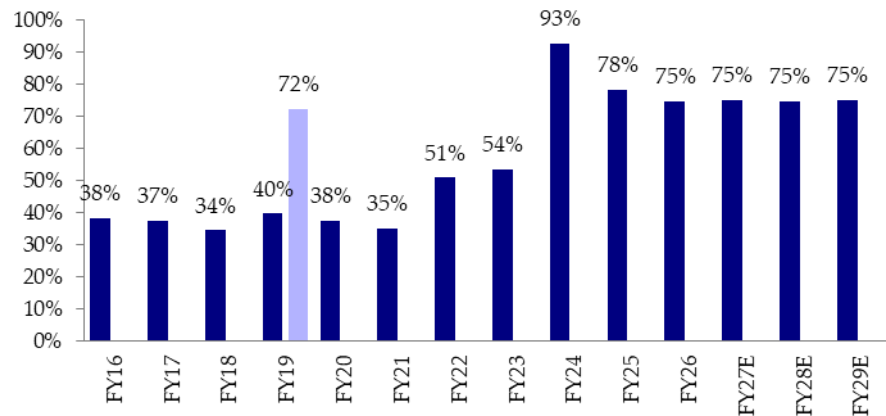
Exhibit 335: Dabur India – Income statement of Badshah Masala Pvt Ltd

(INR mn)	FY22	FY23	FY24	FY25	FY26
Revenue from operations	1,890	2,256	2,781	3,106	3,233
Growth		19.3%	23.3%	11.7%	4.1%
COGS	1,157	1,488	1,883	1,958	1,936
Gross profit	733	768	897	1,148	1,297
Gross margin	38.8%	34.0%	32.3%	37.0%	40.1%
Employee spends	169	179	210	245	270
as a % of revenue	8.9%	7.9%	7.6%	7.9%	8.3%
A&P	91	46	139	195	145
as a % of revenue	4.8%	2.0%	5.0%	6.3%	4.5%
Other op expenses	141	233	202	232	396
as a % of revenue	7.5%	10.3%	7.3%	7.5%	12.3%
EBITDA	332	310	346	477	486
Growth		-6.8%	11.7%	37.9%	2%
OPM	17.6%	13.7%	12.4%	15.4%	15.0%
D&A	9	14	19	27	31
EBIT	323	296	327	450	455
Growth		-8.4%	10.4%	37.7%	1.1%
Finance costs	67	98	109	109	79
Other income	9	46	10	21	12
PBT	265	245	229	362	388
Growth		-7.7%	-6.6%	58.4%	7.3%
Tax	60	69	59	99	94
Tax rate	22.6%	28.3%	25.7%	27.3%	24.2%
Adj PAT	205	175	170	263	294
Growth		-14%	-3%	55%	11.8%

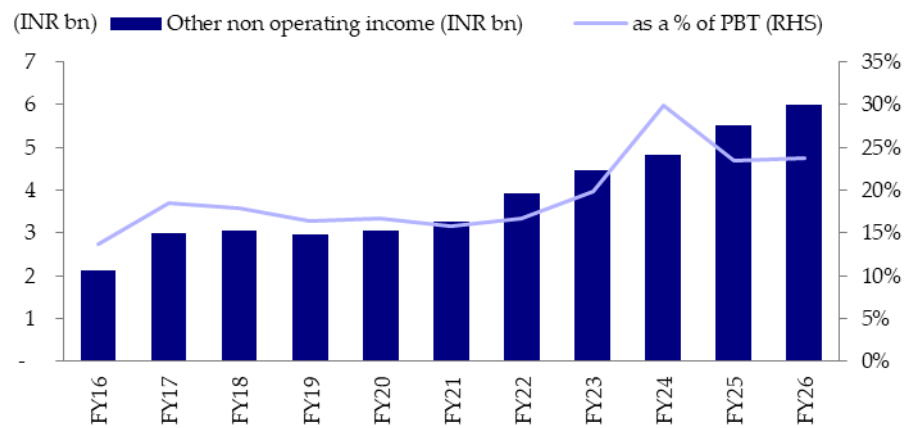
Source: Company, HSIE Research

Exhibit 336: Dabur India – Net cash position continues to strengthen with limited payouts; as of Mar-26, net cash was ~10% of its current market cap

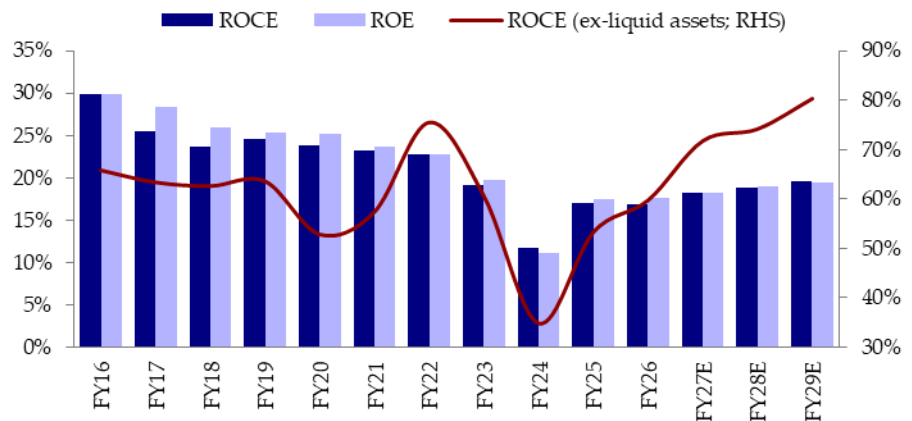
Source: Company, HSIE Research

Exhibit 337: Dabur India – Dividend payout has seen acceleration in recent years


Source: Company, HSIE Research

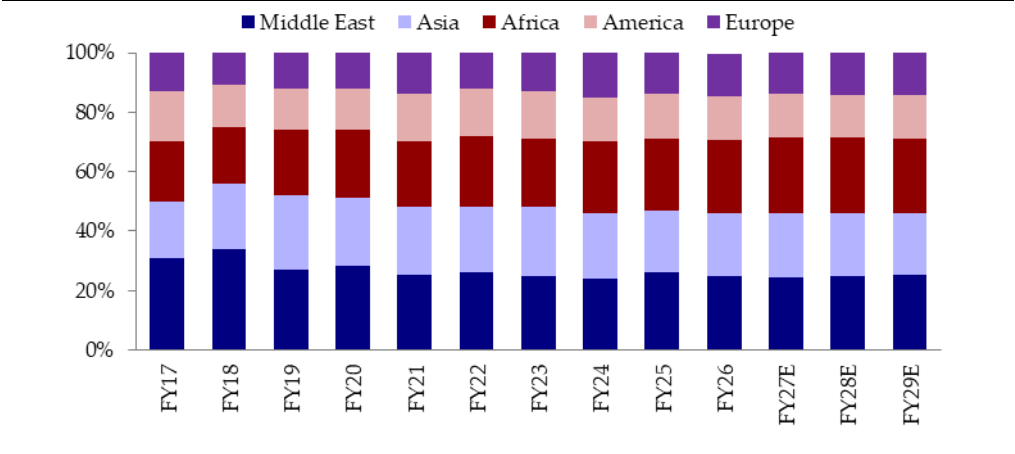
Exhibit 338: Dabur India – Healthy liquidity helps generate >20% to PBT


Source: Company, HSIE Research

Exhibit 339: Dabur India – Return profile likely to remain steady


Source: Company, HSIE Research

Exhibit 340: Dabur India – Revenue in international geographies



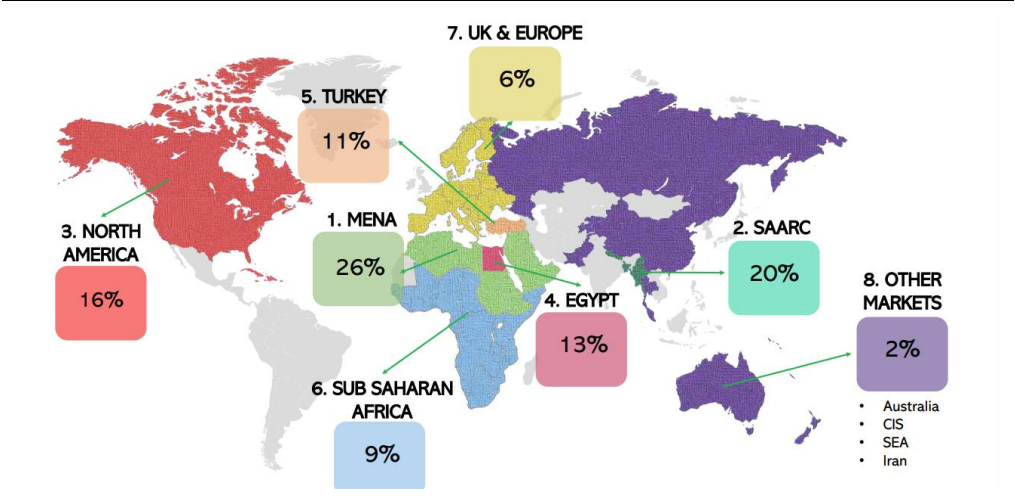
Source: Company, HSIE Research

Exhibit 341: Dabur India – Addressing wider consumer base



Source: Company, HSIE Research

Exhibit 342: Dabur India – Geographic presence (FY23)



Source: Company, HSIE Research

Income Statement (Consolidated)

YE March (INR mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Net Revenues	108,887	115,299	124,040	125,631	131,926	144,289	153,987	164,047
<i>Growth (%)</i>		5.9	7.6	1.3	5.0	9.4	6.7	6.5
Material Expenses	56,397	62,687	64,470	65,349	68,238	75,075	79,782	84,636
Employee Expense	10,800	11,370	12,396	12,912	13,756	14,582	15,457	16,384
Other Expenses	19,152	19,601	23,173	24,207	25,413	26,966	28,950	30,897
EBITDA	22,538	21,641	24,002	23,163	24,518	27,666	29,799	32,130
<i>EBITDA Growth (%)</i>		(4.0)	10.9	(3.5)	5.8	12.8	7.7	7.8
EBITDA Margin (%)	20.7	18.8	19.35	18.44	18.59	19.17	19.35	19.59
Depreciation	2,529	2,891	3,117	3,581	3,815	4,081	4,361	4,641
EBIT	20,009	18,750	20,885	19,582	20,704	23,584	25,438	27,489
Other Income (Including EO Items)	3,932	4,454	4,824	5,501	5,998	6,298	6,612	6,943
Interest	386	782	1,242	1,635	1,454	1,599	1,317	1,336
PBT before extraordinary items	23,555	22,422	24,467	23,448	25,248	28,283	30,734	33,096
Extraordinary items	(850)	(110)	(440)	(440)	(591)	(440)	(440)	(440)
Total Tax	5,264	5,174	5,474	5,175	5,517	6,505	7,376	8,109
Share of Minority Interest	49	67	126	157	189	285	285	285
RPAT after MI	17,392	17,072	18,427	17,676	18,950	21,053	22,633	24,263
Adjusted PAT	18,242	17,182	18,867	18,116	19,541	21,493	23,073	24,703
APAT Growth (%)		(5.8)	9.8	(4.0)	7.9	10.0	7.3	7.1
EPS	10.3	9.7	10.6	10.2	11.0	12.1	13.0	13.9
<i>EPS Growth (%)</i>		(6.0)	9.8	(4.0)	7.8	10.0	7.3	7.1

Source: Company, HSIE Research

Balance Sheet (Consolidated)

YE March (INR mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
SOURCES OF FUNDS								
Share Capital - Equity	1,768	1,772	1,772	1,772	1,774	1,774	1,774	1,774
Other Equity	82,451	92,643	101,259	110,330	116,254	121,629	127,253	133,176
Total Shareholders' Funds	84,219	94,414	103,031	112,103	118,028	123,402	129,026	134,950
Total Debt	11,124	12,648	14,741	10,946	14,435	14,435	14,435	14,435
TOTAL CAPITAL EMPLOYED	95,342	107,062	117,772	123,049	132,463	137,837	143,461	149,385
APPLICATION OF FUNDS								
Tangible Assets	20,170	22,847	26,064	28,434	28,824	28,743	28,382	27,741
Intangible Assets	2,909	12,940	12,086	11,463	10,552	9,677	8,802	7,927
CWIP	1,675	1,751	2,322	1,690	1,388	1,388	1,388	1,388
Other Non-Current Assets	95	78	73	79	206	206	206	206
Total Non-current Assets	24,849	37,616	40,546	41,666	40,970	40,014	38,778	37,262
Current Investments	62,102	62,574	69,254	74,600	89,266	92,266	95,266	98,266
Inventories	19,114	20,242	19,470	23,001	23,216	25,414	27,107	28,861
Debtors	6,462	8,488	8,987	8,885	7,154	8,602	9,592	10,212
Cash & Equivalents	5,701	3,259	6,664	5,780	5,621	6,505	7,175	11,606
Other Current Assets	4,619	4,365	6,307	8,391	8,571	9,000	9,450	9,922
Total Current Assets	97,997	98,928	110,681	120,657	133,829	141,787	148,590	158,868
Creditors	20,180	21,866	24,217	28,253	29,543	32,060	31,278	33,362
Other Current Liabilities & Provns	7,324	7,616	9,238	11,020	12,793	11,903	12,629	13,383
Total Current Liabilities	27,503	29,482	33,455	39,274	42,337	43,964	43,907	46,745
Net Current Assets	70,494	69,446	77,226	81,383	91,492	97,823	104,683	112,123
TOTAL APPLICATION OF FUNDS	95,342	107,062	117,772	123,049	132,463	137,837	143,461	149,385

Source: Company, HSIE Research

Cash Flow (Consolidated)

YE March (INR mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Reported PBT	22,687	22,187	23,587	22,579	24,204	28,283	30,734	33,096
Depreciation	2,529	3,110	3,992	4,456	4,689	4,956	5,236	5,516
Working Capital Change	(968)	(1,601)	1,011	(110)	3,297	(2,446)	(3,190)	(9)
Tax Paid	(3,876)	(4,945)	(4,939)	(4,045)	(3,988)	(6,505)	(7,376)	(8,109)
Interest/Dividend received	(3,233)	(3,611)	(3,931)	(4,082)	(3,662)	(4,699)	(5,296)	(5,607)
Other items	885	(256)	414	1,069	1,246	-	-	-
OPERATING CASH FLOW (a)	18,023	14,884	20,135	19,868	25,786	19,589	20,108	24,888
Capex	(3,692)	(4,857)	(5,609)	(5,391)	(3,989)	(4,000)	(4,000)	(4,000)
Free Cash Flow (FCF)	14,331	10,027	14,526	14,476	21,797	15,589	16,108	20,888
Others	(9,300)	(803)	(1,913)	900	(8,863)	3,298	3,612	3,943
INVESTING CASH FLOW (b)	(12,992)	(5,660)	(7,522)	(4,491)	(12,852)	(702)	(388)	(57)
Debt Issuance/(Repaid)	5,408	488	(635)	(2,658)	3,236	-	-	-
Interest Expenses	(219)	(779)	(1,067)	(1,648)	(1,405)	(1,599)	(1,317)	(1,336)
FCFE	19,958	11,294	14,958	13,466	26,437	17,188	17,424	22,224
Change in net worth	1	4	0	0	1	-	-	-
Dividend	(9,723)	(9,213)	(9,658)	(9,748)	(14,190)	(15,963)	(17,294)	(18,624)
Others	(352)	(815)	(253)	(0)	0	(440)	(440)	(440)
FINANCING CASH FLOW (c)	(4,885)	(10,315)	(11,612)	(14,053)	(12,357)	(18,002)	(19,050)	(20,400)
NET CASH FLOW (a+b+c)	147	(1,091)	1,001	1,323	577	885	670	4,431
Add: Beginning balance	2,413	2,559	1,469	(212)	1,120	1,757	2,641	3,311
EO Items, Others	-	-	7	9	60	-	-	-
Closing Cash & Equivalents	2,559	1,469	2,476	1,120	1,757	2,641	3,311	7,742

Source: Company, HSIE Research

Key Ratios

	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
PROFITABILITY (%)								
GPM	48.2	45.6	48.0	48.0	48.3	48.0	48.2	48.4
EBITDA Margin (%)	20.7	18.8	19.4	18.4	18.6	19.2	19.4	19.6
EBIT Margin	18.4	16.3	16.8	15.6	15.7	16.3	16.5	16.8
PBT Margin	21.6	19.4	19.7	18.7	19.1	19.6	20.0	20.2
APAT Margin	16.8	14.9	15.2	14.4	14.8	14.9	15.0	15.1
ROE	21.7	19.2	19.1	16.8	17.0	17.8	18.3	18.7
RoIC (or Core RoCE)	56.4	41.9	39.0	36.1	40.3	47.4	48.3	51.5
RoCE	21.0	18.5	18.6	16.3	16.2	17.5	18.1	18.8
EFFICIENCY								
Tax Rate (%)	22.3	23.1	22.4	22.1	21.9	23.0	24.0	24.5
Fixed Asset Turnover (x)	2.9	2.2	2.1	2.0	2.0	2.0	2.0	2.1
Inventory (days)	64	64	57	67	64	64	64	64
Debtors (days)	22	27	26	26	20	22	23	23
Other Current Assets (days)	15	14	19	24	24	23	22	22
Payables (days)	68	69	71	82	82	81	74	74
Other Current Liab & Provns (days)	25	24	27	32	35	30	30	30
Cash Conversion Cycle (days)	9	11	4	3	-9	-2	5	5
Net D/E (x)	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.0
Interest Coverage (x)	51.8	24.0	16.8	12.0	14.2	14.8	19.3	20.6
PER SHARE DATA (INR)								
EPS	10.3	9.7	10.6	10.2	11.0	12.1	13.0	13.9
CEPS	11.7	11.3	12.4	12.2	13.2	14.4	15.5	16.5
Dividend	5.2	5.2	5.5	8.0	8.3	9.0	9.8	10.5
Book Value	47.6	53.3	58.1	63.3	66.5	69.6	72.7	76.1
VALUATION								
P/E (x)	41.6	44.3	40.3	42.0	39.0	35.4	33.0	30.8
P/BV (x)	9.0	8.1	7.4	6.8	6.5	6.2	5.9	5.6
EV/EBITDA (x)	31.2	32.7	29.2	29.9	27.8	24.5	22.6	20.7
EV/Revenues (x)	6.5	6.1	5.6	5.5	5.2	4.7	4.4	4.1
OCF/EV (%)	2.6	2.1	2.9	2.9	3.8	2.9	3.0	3.7
FCF/EV (%)	2.0	1.4	2.1	2.1	3.2	2.3	2.4	3.1
FCFE/Mkt Cap (%)	2.6	1.5	2.0	1.8	3.5	2.3	2.3	2.9
Dividend Yield (%)	1.2	1.2	1.3	1.9	1.9	2.1	2.3	2.4

Source: Company, HSIE Research

Colgate-Palmolive (India)

Penetrated category play; diversification key

We resume coverage on Colgate-Palmolive (India) with a REDUCE and a Jun'27 target price of INR2,000, valuing the stock at 35x P/E with ~20% discount to its last 5Y avg. fwd. P/E. With ~80% revenue from toothpaste, Colgate India under new leadership has been focused on enhancing its margin profile with price hikes, which were attributed to formulation changes. Strategy aided its growth over Q1FY24 to Q2FY25, with robust revenue growth and margins. However, this is followed by aggressive competition, which has dented its growth profile. We see diversification key for the growth ahead, where management has been vocal but there have been no actions yet. With limited visibility on diversification, we see 7% revenue and 8% earnings CAGR over FY27-29E, where we are 4-5% below consensus for FY27 and FY28 earnings.

- **Strategic flip-flop:** Given that an Indian is at the helm, Colgate has seen improved execution, with growth accelerating and portfolio actions like product superiority, enhanced and effective communication, and category development efforts. It has seen healthy growth trends over Q1FY24 to Q2FY25, followed by topline slowdown, on a high base and a surge in competitive intensity. We believe the oral care category will structurally grow in mid-single digits, given wider category penetration. What can accelerate growth is twice brushing in urban (actions are already underway, but result is muted) and rise in rural consumption (actions are awaited).
- **Diversification is key for growth:** We believe having a diverse portfolio is key to driving growth in the business, which is why the parent has 57% revenue from non-oral care portfolio, where ~1/4th is in developing the pet care segment. Single category companies are finding it tough to manage existence, which is where we have seen M&As in the past. Having a portfolio implies better leverage of distribution width and operating leverage. With the level of margin Colgate operates in, we believe it is a tad better to incubate new segments and fund growth. This implies the need for sacrificing some of the margin, but we see it as fuel for the future. Also, looking at the diversified portfolio of Colgate in the neighboring countries, we are conjecturing what could be restraining the India management from diversifying here similarly.
- **Valuation seeks growth support:** Colgate's forward P/E at 38x is near -2SD, which in our view is the factor of weak revenue and margin stress from inverted duty structure and packaging costs. Being a single-category company, Colgate India gets impacted from competitive stress and macro hiccups in its topline performance. The GST cut, though, is likely to help demand with affordability; however, we see limited benefit from it for Colgate, as premiumization and a 'twice brushing' habit will call for high media spending and innovations ahead (most launches in place).

Financial Summary (Standalone)

YE March (INR mn)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Revenue	56,804	60,402	60,350	65,133	69,037	73,303
EBITDA	19,008	19,581	18,697	19,601	21,198	23,104
APAT	13,432	13,869	13,206	13,965	15,181	16,553
Adjusted EPS (INR)	49.4	51.0	48.6	51.3	55.8	60.9
P/E (x)	40.5	39.2	41.2	39.0	35.9	32.9
EV / EBITDA (x)	28.0	27.3	28.4	27.2	25.1	22.9
ROE (%)	76.8	81.4	85.2	90.2	92.3	93.9

Source: Company, HSIE Research

REDUCE

CMP (as on 16 Jul 26)	INR 2,001
Target Price	INR 2,000
NIFTY	24,073

KEY CHANGES	OLD	NEW
Rating	NA	REDUCE
Price Target	NA	INR 2,000
EPS %	FY27E	FY28E
	NA	NA

KEY STOCK DATA

Bloomberg code	CLGT IN
No. of Shares (mn)	272
MCap (INR bn) / (\$ mn)	556/5,771
6m avg traded value (INR mn)	896
52 Week high / low	INR 2,505/1,782

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(3.0)	(3.0)	(14.8)
Relative (%)	(2.6)	3.5	(9.8)

SHAREHOLDING PATTERN (%)

	Dec-25	Mar-26
Promoters	51.0	51.0
FIs & Local MFs	13.8	15.5
FPIs	15.2	13.6
Public & Others	20.0	19.9

Pledged Shares

Source : NSE

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Exhibit 343: Colgate Palmolive India's one year forward P/E



Source: Bloomberg, Company, HSIE Research

Exhibit 344: Colgate India – HSIE estimates vs Consensus estimates

(INR mn)	HSIE estimates			Consensus estimates			HSIE vs Consensus estimates		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	65,133	69,037	73,303	64,991	69,760	75,116	0%	(1%)	(2%)
growth (%)	7.9%	6.0%	6.2%	7.7%	7.3%	7.7%			
EBITDA	19,601	21,198	23,104	20,076	21,994	23,874	(2%)	(4%)	(3%)
growth (%)	4.8%	8.1%	9.0%	7.4%	9.6%	8.5%			
EBITDA margin (%)	30.1%	30.7%	31.5%	30.9%	31.5%	31.8%			
Adj PAT	13,965	15,181	16,553	14,530	15,957	17,359	(4%)	(5%)	(5%)
growth (%)	5.7%	8.7%	9.0%	10.0%	9.8%	8.8%			
EPS (INR/Share)	51.3	55.8	60.9	53.4	58.7	63.8	(4%)	(5%)	(5%)

Source: Bloomberg, HSIE Research

Exhibit 345: Colgate India – Key assumptions

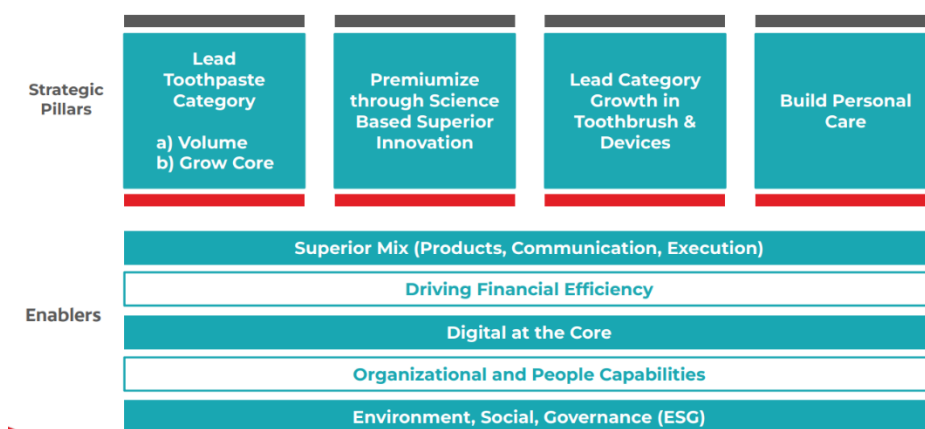
	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Profit and loss statement							
Net sales growth	2.5%	8.7%	6.3%	(0.1%)	7.9%	6.0%	6.2%
Toothpaste volume growth	(2.5%)	2.0%	4.0%	(3.0%)	7.0%	4.0%	4.0%
Gross margin	65.7%	69.7%	69.9%	69.6%	69.3%	69.5%	69.8%
A&P spends as a % of sales	12.1%	13.4%	13.6%	13.6%	13.6%	13.6%	13.6%
Employee costs	7.2%	7.2%	7.4%	7.9%	7.8%	7.8%	7.9%
EBITDA margin	29.6%	33.5%	32.4%	31.0%	30.1%	30.7%	31.5%
EBITDA growth	(1.2%)	22.9%	3.0%	(4.5%)	4.8%	8.1%	9.0%
EBIT growth	(1.2%)	26.0%	3.8%	(4.0%)	5.0%	8.5%	9.4%
PBT growth	0.8%	26.7%	3.6%	(4.2%)	5.2%	8.7%	9.0%
Effective tax rate	25.5%	25.4%	25.6%	26.1%	25.7%	25.7%	25.7%
Adjusted PAT growth	(1.9%)	26.9%	3.3%	(4.8%)	5.7%	8.7%	9.0%
EPS (INR/Share)	38.9	49.4	51.0	48.6	51.3	55.8	60.9
DPS (INR/Share)	39.0	43.0	60.0	51.0	48.0	52.0	56.0
Dividend payout	100.2%	87.1%	117.7%	105.0%	93.5%	93.2%	92.0%
Balance sheet							
Inventory days	23	19	23	23	23	23	24
Receivable days	11	11	14	13	11	12	12
Payable days	69	73	70	98	68	68	68
Avg ROE (%)	62.2	76.8	81.4	85.2	90.2	92.3	93.9
Avg ROCE (%)	76.3	93.8	99.9	104.9	110.0	112.4	114.8
Capex spends (INR mn)	695	755	714	763	1,000	1,000	1,000

Source: Company, HSIE Research

Exhibit 346: Colgate India's leadership responsibility

	Tenure	Sales CAGR	Earnings CAGR	Movement
GD Dalziel	FY02-07	5%	18%	NA
RD Calmeyer	FY07-10	15%	38%	Retired from service of the company
Mukul V Deoras	FY10-12	16%	3%	Elevated as President, New Asia Division of Colgate-Palmolive Company
Prabha Parameswaran	FY12-15	15%	8%	Elevated as President, Africa/Eurasia Division of Colgate-Palmolive Company
Issam Bachaalani	FY15-20	3%	8%	Promoted internally as Vice President, General Manager of Colgate-Palmolive Company's Eurasia hub
Ram Raghavan	FY20-22	6%	11%	Promoted to President, Enterprise Oral Care, for Colgate Palmolive Company
Prabha Narasimhan	FY23-26	4%	5%	Active in the role

Source: Company, HSIE Research

Exhibit 347: Colgate India – Key growth pillars in India

Source: Company, HSIE Research

Exhibit 348: Colgate India – Oral care category size now

	Share	Population (mn)	Per capita (kg)	Volume (mn kg)	Value size (INR mn)
India	100%	1,440	0.31	452	1,31,976
Urban	35%	504	0.50	252	81,900
- Daily brushing	65%	328	0.50	164	53,235
- Daily twice brushing	20%	101	0.88	88	28,665
- No brushing	15%	76	0.00	0	0
Rural	65%	936	0.21	200	50,076
- Daily brushing	43%	402	0.40	161	40,248
- Daily twice brushing	2%	19	0.60	11	2,808
- Occasional users	30%	281	0.10	28	7,020
- No brushing	25%	234	0.00	0	0

Source: HSIE Research

Exhibit 349: Oral care category to see mid-single-digit revenue CAGR ahead

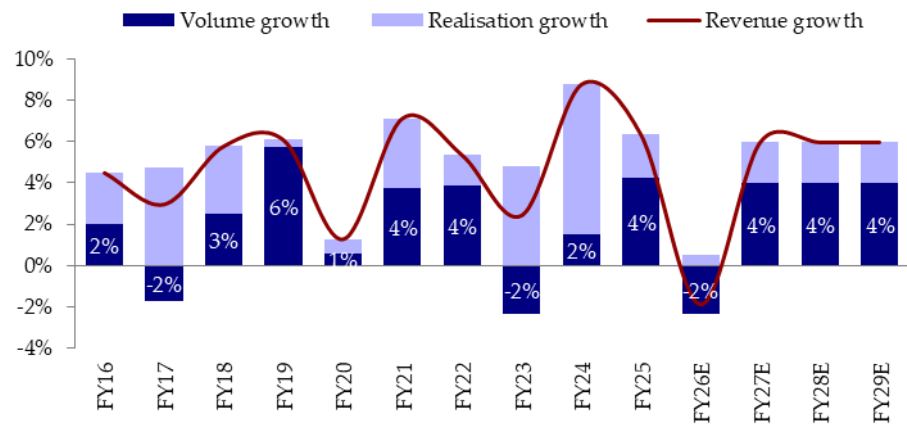
	Share	Population (mn)	Per capita (kg)	Volume (mn kg)	CAGR	Value size (INR mn)	CAGR
India	100%	1,551	0.34	523	3%	1,69,727	5%
Urban	38%	589	0.52	305	4%	1,09,464	6%
- Daily brushing	65%	383	0.50	192	3%	68,745	5%
- Daily twice brushing	22%	130	0.88	113	5%	40,718	7%
- No brushing	13%	77	0.00	0		0	
Rural	62%	962	0.23	218	2%	60,263	4%
- Daily brushing	47%	452	0.40	181	2%	49,909	4%
- Daily twice brushing	2%	19	0.60	12	1%	3,186	3%
- Occasional users	27%	260	0.10	26	-2%	7,168	0%
- No brushing	24%	231	0.00	0		0	

Source: HSIE Research

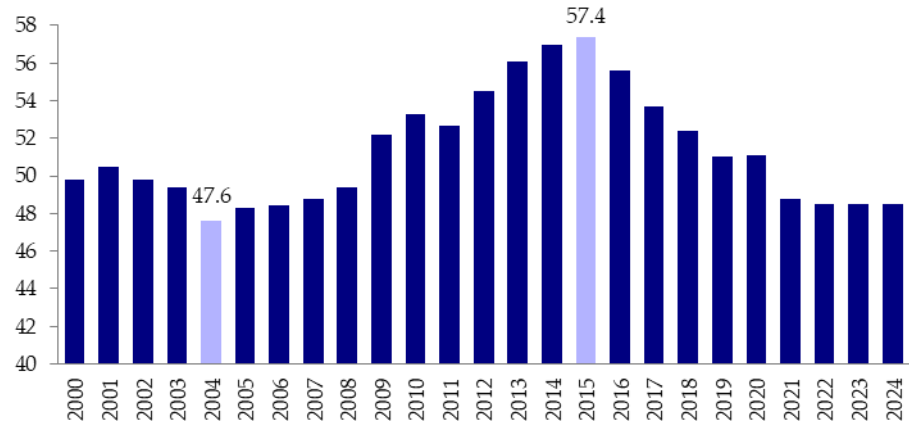
Exhibit 350: Toothpaste category – growth

	Now	FY29E	CAGR
Population growth	1,440	1,551	1.5%
Per capita	0.31	0.34	1.1%
Penetration	79%	80%	0.3%
Volume growth			2.9%
Price growth			2.0%
Value growth			4.9%

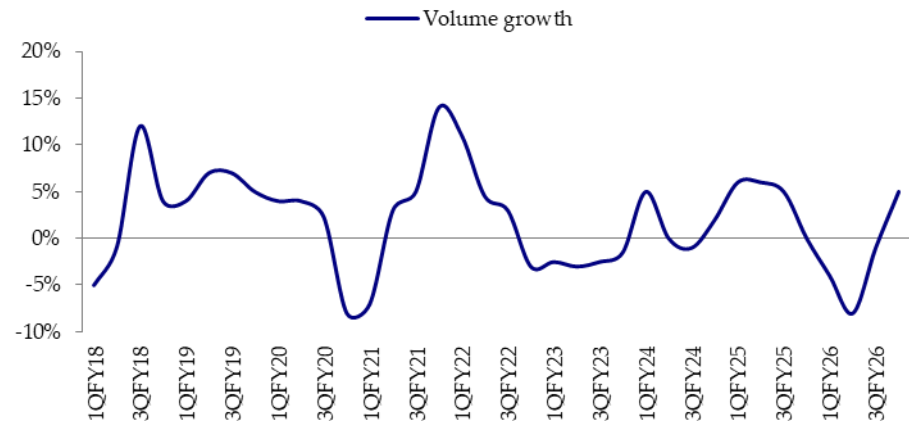
Source: HSIE Research

Exhibit 351: Colgate Palmolive India's annual revenue growth

Source: Company, HSIE Research

Exhibit 352: Colgate Palmolive India's toothpaste volume market share

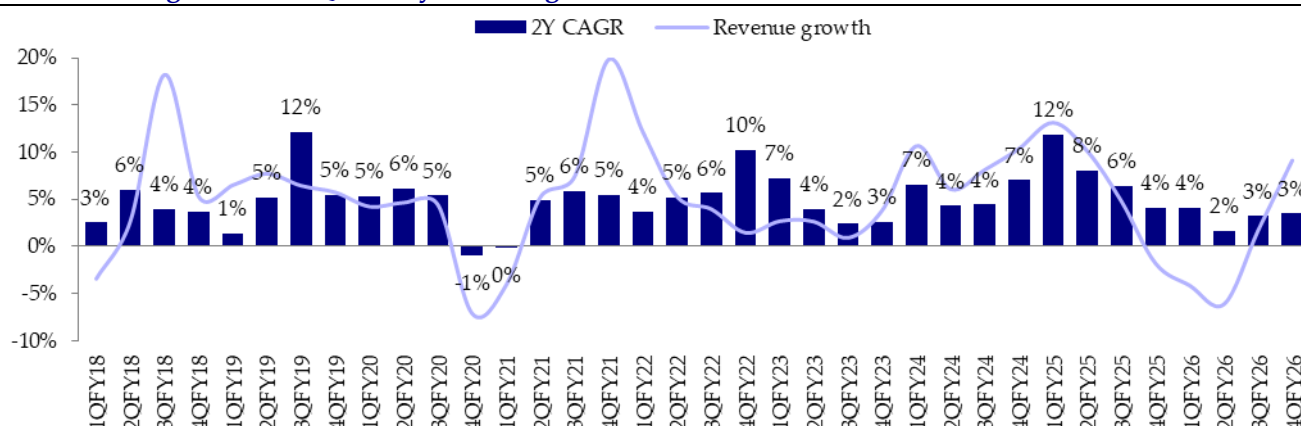
Source: Company, HSIE Research

Exhibit 353: Colgate India – Quarterly volume growth

Source: Company, HSIE Research

Colgate-Palmolive (India): Initiating Coverage

Exhibit 354: Colgate India – Quarterly revenue growth trend



Source: Company, HSIE Research

Exhibit 355: Colgate India – Quarterly performance

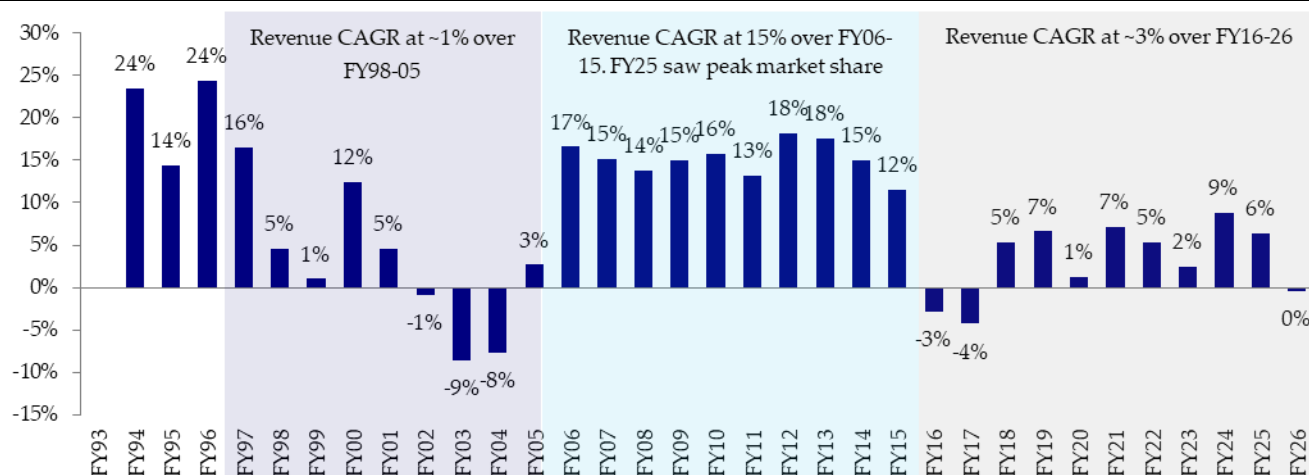
	Revenue growth	Volume growth	Toothpaste	New launch	Tooth brush	Personal care
Q3FY26	2%	-1%		Colgate Visible White Purple serum		
Q2FY26	-6%	-8%	The premium portfolio maintained its strong momentum, led by Colgate Visible White Purple toothpaste			Launched Moments body wash
Q1FY26	-4%	-4%			Colgate Kids Squeezy Toothpaste in strawberry and watermelon flavors MaxFresh Mouthwash sachet stick in a fresh tea flavor	
Q4FY25	-2%	0%	Mid-single digit toothpaste revenue growth for the year	Colgate Strong Teeth relaunched		
Q3FY25	5%	5%	Soft demand, particularly in the urban market. Toothpaste reporting mid-single digit intrinsic volume growth	MaxFresh Sensorial range in e-Commerce	Competitive growth	
Q2FY25	3%	6%	High single-digit volume growth in Toothpaste, on the back of core brands- Colgate Maxfresh and Colgate Strong Teeth	Colgate Visible White Purple	Toothbrush continued to grow in double digits with rapid premiumisation	
Q1FY25	13%	6%	Toothpaste portfolio witnessed double-digit growth driven by high single-digit volume growth	NA	Toothbrush portfolio has also seen a concrete positive shift in competitive growth trajectory with strong double digit growth in topline	
Q4FY24	10%	2%	Double-digit growth in the toothpaste category (for FY24)	Relaunched Colgate Active Salt , and launched 80gm new SKU for Colgate Total Relaunched Colgate MaxFresh with a new-to-world proprietary formula infused with unique cooling crystals	NA	Launched Palmolive body wash portfolio
Q3FY24	8%	-1%	Toothpaste segment achieving double-digit growth and positive volume expansion			

Colgate-Palmolive (India): Initiating Coverage

	Revenue growth	Volume growth	Toothpaste	New launch	Tooth brush	Personal care
Q2FY24	6%	0%	Toothpaste segment witnessing higher single-digit growth	Restaged Colgate Zig Zag with a superior mix		
Q1FY24	11%	5%	Toothpaste sales recorded a high double digits growth	Colgate Strong Teeth relaunched.		
Q4FY23	4%	-2%	Toothpaste delivering high single digit growth	Launched Colgate India's first ever Whitening pen, Visible White Teeth Whitening Pen , with Dentist partners.		
Q3FY23	1%	-3%	Oral care consumption continued to be weighed down in the quarter by adverse macro factors Improved momentum versus prior quarters driven by focused deployment of initiatives during the festive season	Launched dentistfirst.co.in for dentists		
Q2FY23	3%	-3%		MaxFresh Charcoal		
Q1FY23	3%	-3%	The current quarter continued to witness challenging trends	Relaunched Colgate Strong Teeth and Colgate Vedshakti toothpaste	Advanced Electric Toothbrushes and Water Flossers launched	Palmolive Face care range

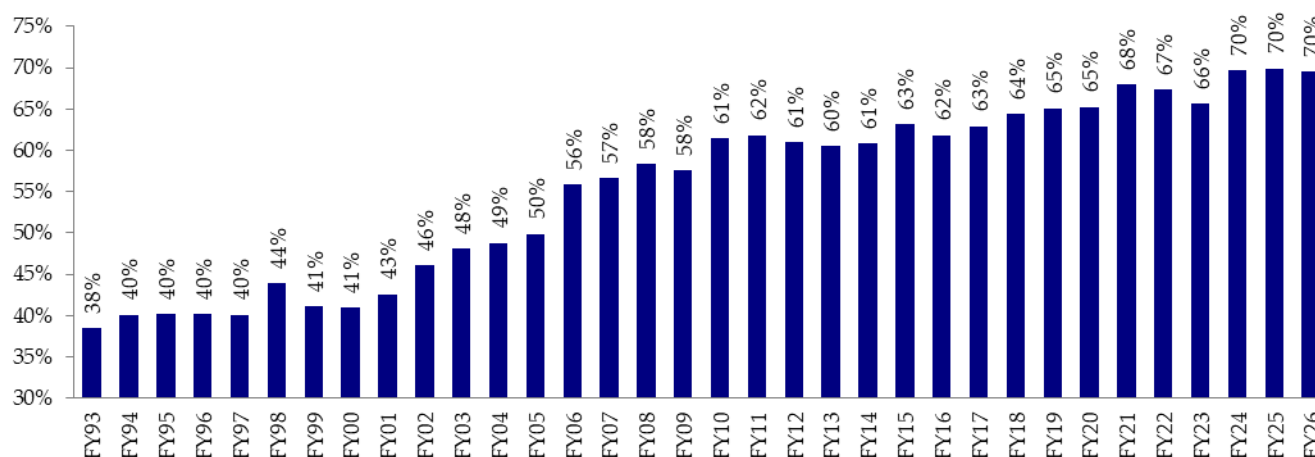
Source: Company, HSIE Research

Exhibit 356: Colgate India – Recovering topline growth crucial



Source: Company, HSIE Research

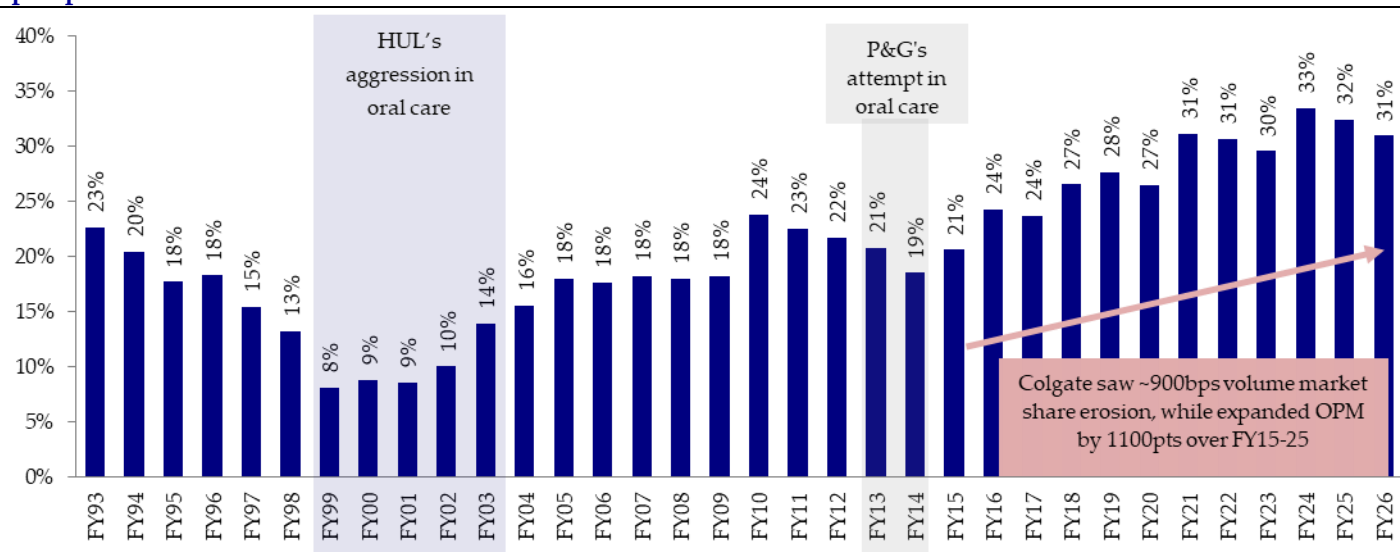
Exhibit 357: Colgate India – Continued margin obsession hurts business diversification – gross margin at an elevated level



Source: Company, HSIE Research

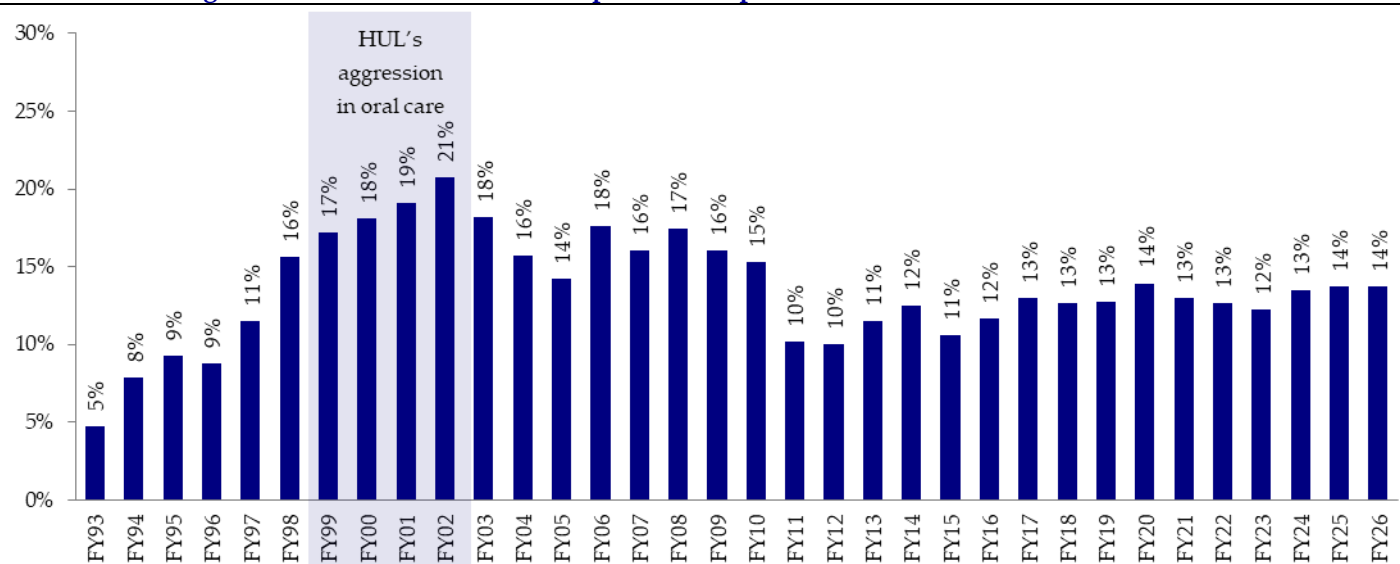
Colgate-Palmolive (India): Initiating Coverage

Exhibit 358: Colgate India – EBITDA margins at peak levels, further expansion would have a bearing on growth prospects



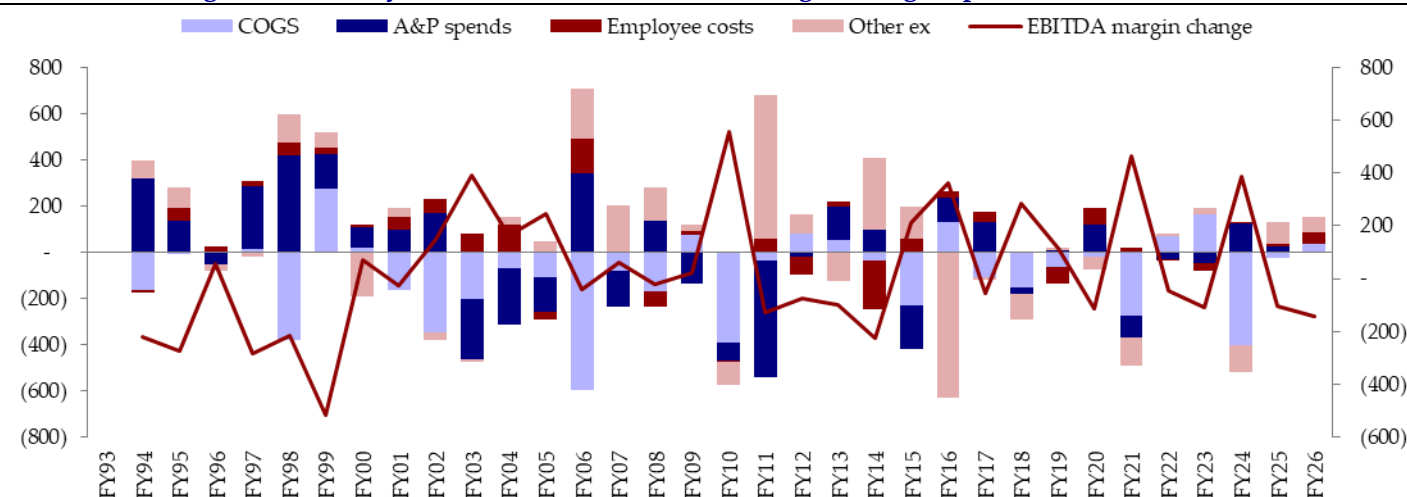
Source: Company, HSIE Research

Exhibit 359: Colgate India – Advertisement and promotion spends as a % of revenue



Source: Company, HSIE Research

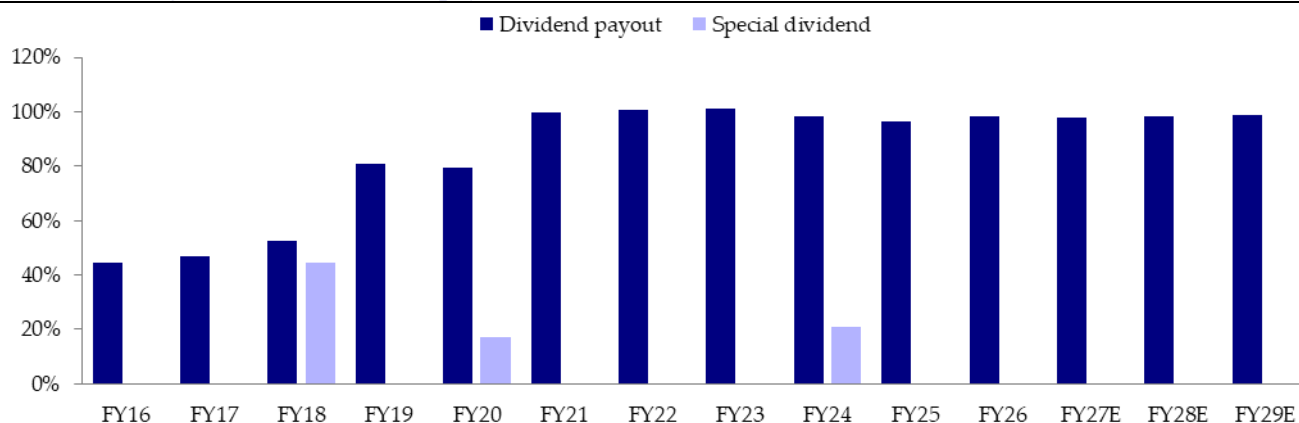
Exhibit 360: Colgate India – Key contributor to YoY EBITDA margin change (bps)



Source: Company, HSIE Research

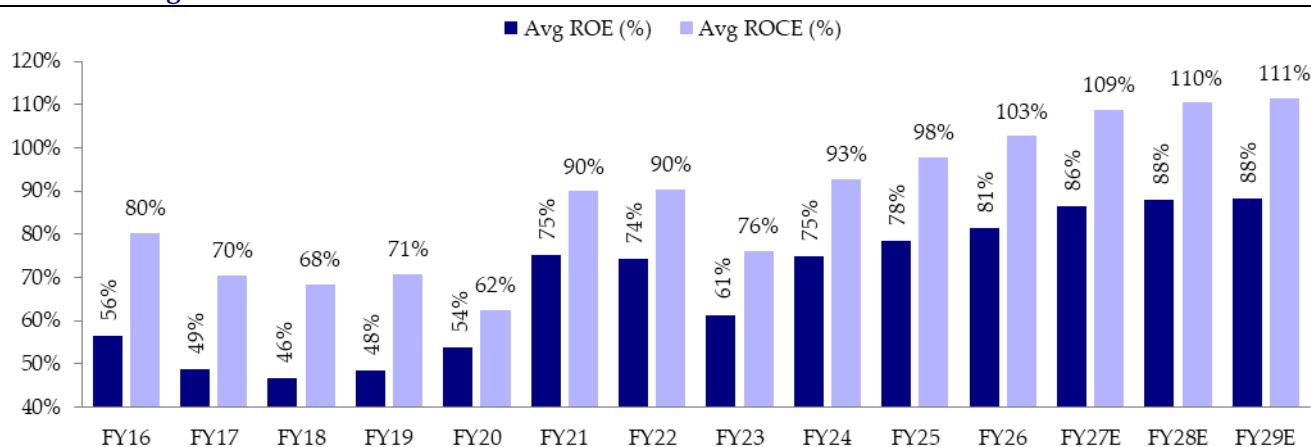
Colgate-Palmolive (India): Initiating Coverage

Exhibit 361: Colgate India – Dividend payout



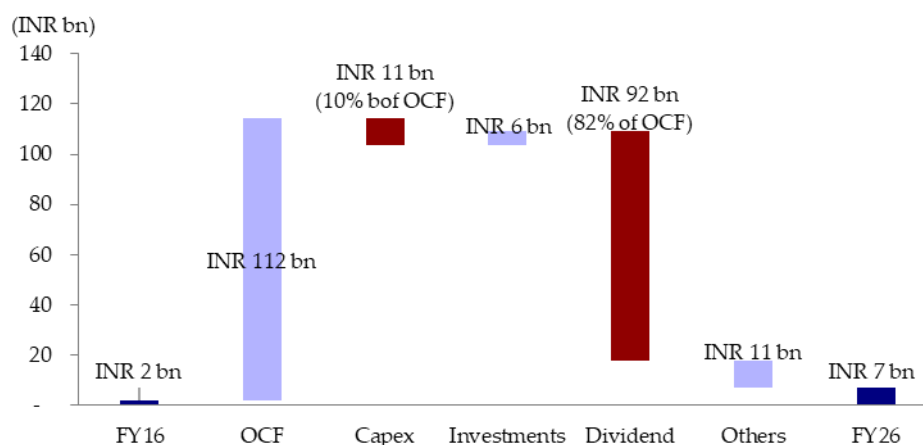
Source: Company, HSIE Research

Exhibit 362: Colgate India – Return ratio

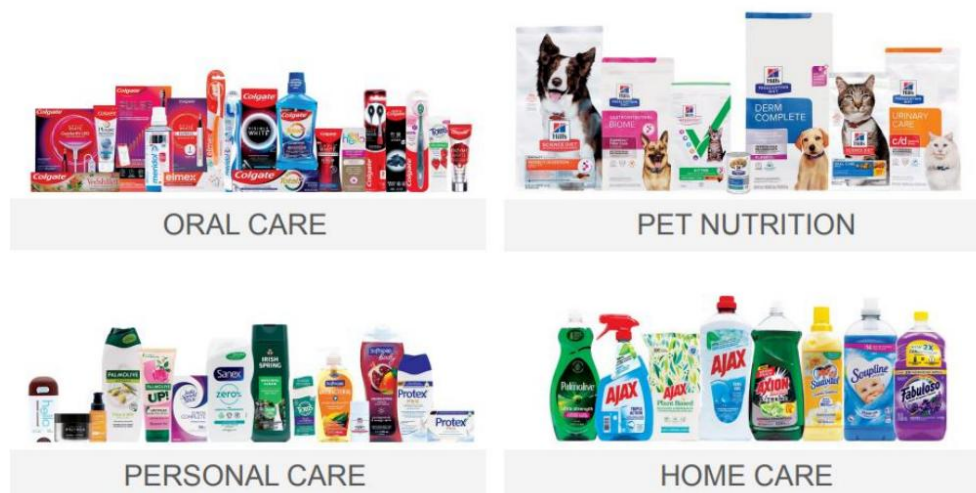


Source: Company, HSIE Research

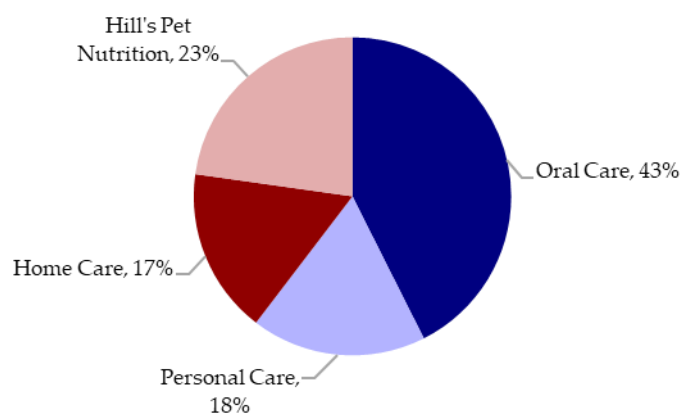
Exhibit 363: Colgate India – Cash flow and utilization in last decade



Source: Company, HSIE Research

Exhibit 364: Colgate Palmolive's (parent) category presence and segmentation

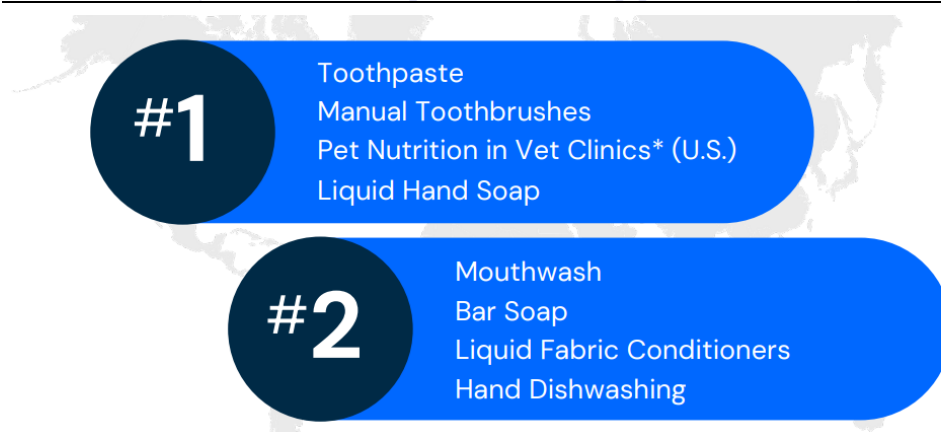
Source: Company, HSIE Research

Exhibit 365: Colgate Palmolive's (parent) revenue from segments, in CY25

Source: Company, HSIE Research

Exhibit 366: Colgate India looking to pick new offerings from global portfolio

Source: Company, HSIE Research

Exhibit 367: Colgate Palmolive's (parent) leadership position across segments


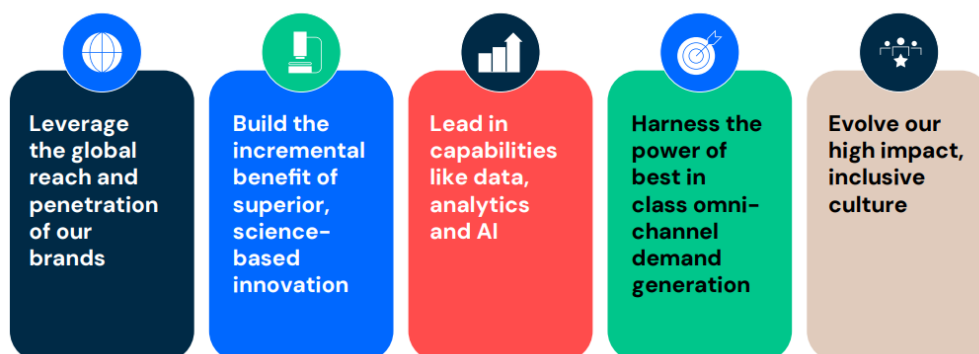
Source: Company, HSIE Research

Based on markets where Colgate Palmolive compete and purchase shares

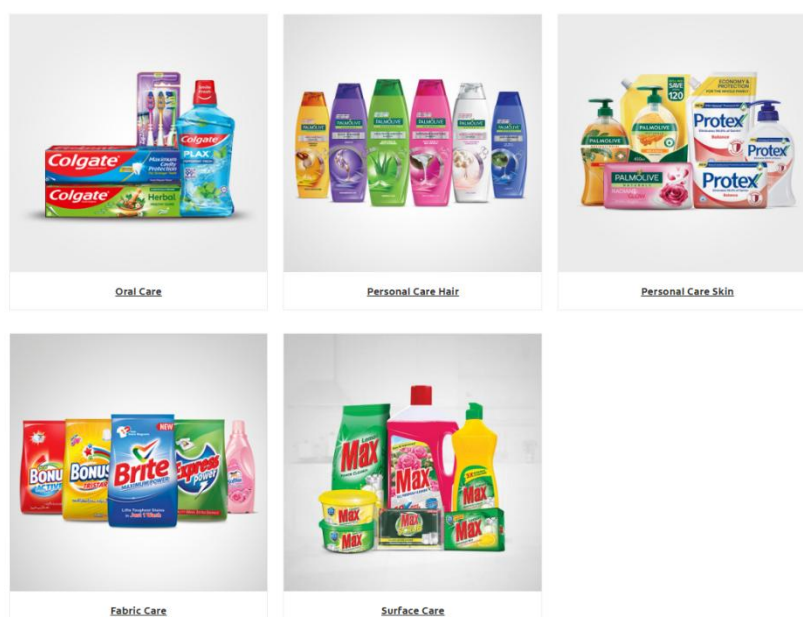
*Based on IDEXX market share data as of December 31, 2025

Exhibit 368: Colgate Palmolive's (parent) strategizing to unlock growth

Accelerating Change for 2030 to Unlock More Growth



Source: Company, HSIE Research

Exhibit 369: Colgate Palmolive has much wider category presence in Pakistan


Source: Company, HSIE Research

Exhibit 370: Colgate India planned to explore opportunities from parent portfolio almost a year ago and we continue to await action

Diversification remains an opportunity

Wide Global Portfolio to choose from



Source: Company, HSIE Research

Colgate-Palmolive (India): Initiating Coverage

Income Statement (Standalone)

YE March (INR mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Net Revenues	50,998	52,262	56,804	60,402	60,350	65,133	69,037	73,303
<i>Growth (%)</i>		2.5	8.7	6.3	(0.1)	7.9	6.0	6.2
Material Expenses	16,675	17,942	17,230	18,183	18,371	19,996	21,056	22,137
Employee Expense	3,851	3,770	4,117	4,468	4,749	5,055	5,408	5,786
Other Expenses	14,812	15,080	16,449	18,171	18,534	20,482	21,374	22,276
EBITDA	15,659	15,470	19,008	19,581	18,697	19,601	21,198	23,104
<i>EBITDA Growth (%)</i>		(1.2)	22.9	3.0	(4.5)	4.8	8.1	9.0
EBITDA Margin (%)	30.7	29.6	33.5	32.4	31.0	30.1	30.7	31.5
Depreciation	1,773	1,748	1,715	1,627	1,461	1,506	1,568	1,629
EBIT	13,886	13,722	17,293	17,953	17,236	18,095	19,631	21,475
Other Income (Including EO Items)	263	536	765	741	673	739	841	843
Interest	59	49	50	43	38	39	39	40
PBT before extraordinary items	14,090	14,209	18,008	18,651	17,872	18,795	20,432	22,278
Extraordinary items	-	(113)	(195)	499	47	-	-	-
Total Tax	3,307	3,625	4,577	4,781	4,666	4,830	5,251	5,725
RPAT after MI	10,783	10,471	13,237	14,368	13,253	13,965	15,181	16,553
Adjusted PAT	10,783	10,584	13,432	13,869	13,206	13,965	15,181	16,553
<i>APAT Growth (%)</i>		(1.9)	26.9	3.3	(4.8)	5.7	8.7	9.0
EPS	39.6	38.9	49.4	51.0	48.6	51.3	55.8	60.9
<i>EPS Growth (%)</i>		(1.9)	26.9	3.3	(4.8)	5.7	8.7	9.0

Source: Company, HSIE Research

Balance Sheet (Standalone)

YE March (INR mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
SOURCES OF FUNDS								
Share Capital - Equity	272	272	272	272	272	272	272	272
Other Equity	16,902	16,604	17,824	15,693	14,749	15,658	16,695	18,016
Total Shareholders' Funds	17,174	16,876	18,096	15,965	15,021	15,930	16,967	18,288
Total Debt	987	942	950	924	950	998	1,047	1,100
TOTAL CAPITAL EMPLOYED	18,161	17,817	19,046	16,889	15,972	16,928	18,015	19,388
APPLICATION OF FUNDS								
Tangible Assets	9,630	8,618	7,941	7,765	7,183	6,676	6,109	5,480
CWIP	1,218	1,141	1,103	384	272	272	272	272
Other Non-Current Assets	281	325	257	280	347	363	381	400
Total Non-current Assets	11,129	10,084	9,301	8,429	7,801	7,311	6,761	6,151
Inventories	3,572	3,355	2,964	3,773	3,763	4,073	4,316	4,780
Debtors	2,247	1,574	1,674	2,263	2,092	2,051	2,213	2,439
Cash & Equivalents	7,547	9,230	13,738	10,951	14,688	11,914	13,906	16,022
Other Current Assets	4,350	4,300	3,641	4,091	4,918	4,919	4,919	4,920
Total Current Assets	17,716	18,458	22,017	21,077	25,462	22,957	25,354	28,161
Creditors	9,844	9,819	11,285	11,602	16,197	12,191	12,895	13,658
Other Current Liabilities & Provns	840	905	986	1,016	1,094	1,149	1,206	1,267
Total Current Liabilities	10,684	10,724	12,272	12,617	17,291	13,340	14,101	14,925
Net Current Assets	7,032	7,734	9,745	8,460	8,171	9,617	11,253	13,236
TOTAL APPLICATION OF FUNDS	18,161	17,817	19,046	16,889	15,972	16,928	18,015	19,388

Source: Company, HSIE Research

Colgate-Palmolive (India): Initiating Coverage

Cash Flow (Standalone)

YE March (INR mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Reported PBT	14,090	14,209	17,813	19,298	17,840	18,795	20,432	22,278
Depreciation	1,773	1,748	1,715	1,627	1,461	1,506	1,568	1,629
Working Capital Change	4,151	(89)	(2,272)	(815)	3,785	(4,189)	387	166
Tax Paid	(3,699)	(3,809)	(4,686)	(5,620)	(4,558)	(4,830)	(5,251)	(5,725)
Interest/Dividend received	(160)	(361)	(679)	(651)	(598)	(700)	(802)	(803)
Other items	103	65	99	104	134	(0)	-	(0)
OPERATING CASH FLOW (a)	16,257	11,763	11,990	13,945	18,063	10,582	16,335	17,545
Capex	(495)	(695)	(755)	(714)	(763)	(1,000)	(1,000)	(1,000)
Free Cash Flow (FCF)	15,762	11,068	11,234	13,231	17,300	9,582	15,335	16,545
Others	(581)	620	1,548	1,274	4,500	739	841	843
INVESTING CASH FLOW (b)	(1,076)	(75)	792	560	3,736	(261)	(159)	(157)
Debt Issuance/(Repaid)	(225)	(191)	(190)	(175)	(187)	-	-	-
Interest Expenses	(109)	(102)	(93)	(276)	(162)	(39)	(39)	(40)
FCFE	15,647	10,979	11,137	13,332	17,275	9,620	15,374	16,585
Dividend	(10,572)	(10,575)	(11,670)	(16,262)	(13,871)	(13,056)	(14,144)	(15,232)
FINANCING CASH FLOW (c)	(10,906)	(10,867)	(11,953)	(16,713)	(14,220)	(13,095)	(14,183)	(15,272)
NET CASH FLOW (a+b+c)	4,275	820	829	(2,209)	7,579	(2,774)	1,992	2,116
Add: Beginning balance	2,965	7,240	8,060	8,890	6,681	14,260	11,486	13,478
Closing Cash & Equivalents	7,240	8,060	8,890	6,681	14,260	11,486	13,478	15,594

Source: Company, HSIE Research

Key Ratios

	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
PROFITABILITY (%)								
GPM	67.3	65.7	69.7	69.9	69.6	69.3	69.5	69.8
EBITDA Margin (%)	30.7	29.6	33.5	32.4	31.0	30.1	30.7	31.5
EBIT Margin	27.2	26.3	30.4	29.7	28.6	27.8	28.4	29.3
PBT Margin	27.6	27.2	31.7	30.9	29.6	28.9	29.6	30.4
APAT Margin	21.1	20.3	23.6	23.0	21.9	21.4	22.0	22.6
ROE	62.8	62.2	76.8	81.4	85.2	90.2	92.3	93.9
RoIC (or Core RoCE)	100.1	106.5	185.6	237.4	352.8	427.0	319.8	427.0
RoCE	76.5	76.3	93.8	99.9	104.9	110.0	112.4	114.8
EFFICIENCY								
Tax Rate (%)	23.5	25.5	25.4	25.6	26.1	25.7	25.7	25.7
Fixed Asset Turnover (x)	2.5	2.5	2.6	2.6	2.5	2.6	2.6	2.7
Inventory (days)	26	23	19	23	23	23	23	24
Debtors (days)	16	11	11	14	13	11	12	12
Other Current Assets (days)	31	30	23	25	30	28	26	24
Payables (days)	70	69	73	70	98	68	68	68
Other Current Liab & Provns (days)	6	6	6	6	7	6	6	6
Cash Conversion Cycle (days)	(4)	(10)	(26)	(15)	(39)	(13)	(14)	(14)
Net D/E (x)	(0.4)	(0.5)	(0.7)	(0.6)	(0.9)	(0.7)	(0.8)	(0.8)
Interest Coverage (x)	235.6	279.3	345.9	415.6	454.8	468.1	497.8	533.9
PER SHARE DATA (INR)								
EPS	39.6	38.9	49.4	51.0	48.6	51.3	55.8	60.9
CEPS	46.2	45.3	55.7	57.0	53.9	56.9	61.6	66.8
Dividend	39.0	39.0	43.0	60.0	51.0	48.0	52.0	56.0
Book Value	63.1	62.0	66.5	58.7	55.2	58.6	62.4	67.2
VALUATION								
P/E (x)	50.5	51.4	40.5	39.2	41.2	39.0	35.9	32.9
P/BV (x)	31.7	32.3	30.1	34.1	36.2	34.2	32.1	29.8
EV/EBITDA (x)	34.3	34.6	28.0	27.3	28.4	27.2	25.1	22.9
EV/Revenues (x)	10.5	10.3	9.4	8.8	8.8	8.2	7.7	7.2
OCF/EV (%)	3.0	2.2	2.3	2.6	3.4	2.0	3.1	3.3
FCF/EV (%)	2.9	2.1	2.1	2.5	3.3	1.8	2.9	3.1
FCFE/Mkt Cap (%)	2.9	2.0	2.0	2.4	3.2	1.8	2.8	3.0
Dividend Yield (%)	1.9	1.9	2.1	3.0	2.5	2.4	2.6	2.8

Source: Company, HSIE Research

Emami

Seasonal support likely to aid FY27

We resume coverage on Emami Ltd with a BUY and a Jun'27 target price of INR530, valuing the stock at 25x P/E — a 10% discount to its 5-year average forward P/E. Post-COVID, Emami has successfully attracted top talent, driving strong gains in its organized channel (24% CAGR over six years; now 21% of revenue) and strengthening relevance with new-age consumers (27% CAGR; now 32% of domestic revenue). However, overall topline growth has been muted at ~6% CAGR (FY20–26), weighed down by seasonal weakness and underperformance in portfolios like *Kesh King* and *Smart & Handsome*. Looking ahead, FY27 offers a low base for its summer-centric portfolio, which should benefit from favourable seasonality. We project 10% revenue CAGR (FY26–29E), and 8% earnings CAGR. Seasonality remains the key risk.

- **Making products relevant, execution key for growth ahead:** Emami's post-Covid-19 recovery has been contingent on portfolio relevance and management execution, further accentuated by hiring of skilled professionals. Emami has balanced its rural dependence (~52%) with higher thrust on urban markets (where modern retail contribution is now ~32%). However, seasonal (48% of revenue for FY25) effects across the core portfolio remain a key risk and make Emami a tactical play. Its efforts in deseasonalizing the portfolio has a mixed effect, where *Kesh King* (1% CAGR over FY20-26) and *Smart and Handsome* portfolio (-2% CAGR over FY20-26) have been volatile, while new age portfolio of *The Man Co* and *Brillare Science* have seen a weak FY25, but shown improvement. In case if the season remains neutral, we see high single-digit growth in core a possibility, while professionals are entrusted with enhancing relevance with new age consumers, which if executed well, can help in double-digit revenue growth. With inorganic actions, we assume 8% revenue CAGR over FY26-29E.
- **Inorganic actions are likely to support fundamental:** Emami's core portfolio is seen as more for mass consumer and seasonal, where management has been taking actions to make it relevant. Enhancing the outlook, the company has resorted to a creeping acquisition, which is likely to help transform the company's DNA. We believe talent acquisition has also been healthy. Its new-age brand acquisition includes personal care offerings *Vedix* and *Skinkraft* brand, health juices *Alrfruits*, male grooming *The Man Company*, professional beauty *Brillare*, Pet care *Fur Ball Story* and health and wellbeing *TruNativ*. Most of these M&As have happened at a valuation of 1.5-3x sales.
- **Volatile financials reflect on relatively weak valuations:** Emami's valuation has been stressed relative to FMCG peers, despite a healthy margin profile, which in our view is a factor of its volatile financial performance. While we see material rerating contingent on sustainable stability in performance, we expect near-term valuation support from expected improvement in performance, given an expected strong summer in FY27. New age portfolio and *Kesh King* performance are key ahead, where recovery has been seen.

Financial Summary (consolidated)

YE March (INR mn)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Revenue	35,781	38,092	37,795	44,623	48,193	51,692
EBITDA	9,495	10,251	9,637	10,808	11,859	12,891
APAT	7,273	7,966	7,700	8,311	9,128	9,584
Adjusted EPS (INR)	16.7	18.2	17.6	19.0	20.9	22.0
P/E (x)	24.4	22.3	23.1	21.4	19.5	18.5
EV / EBITDA (x)	18.0	16.3	17.1	14.2	12.5	11.0
ROE (%)	30.5	30.9	27.4	24.1	21.7	20.5

Source: Company, HSIE Research

BUY

CMP (as on 16 Jul 26)	INR 407
Target Price	INR 530
NIFTY	24,073

KEY CHANGES	OLD	NEW
Rating	NA	BUY
Price Target	NA	INR 530
EPS %	FY27E	FY28E
	NA	NA

KEY STOCK DATA

Bloomberg code	HMN IN
No. of Shares (mn)	437
MCap (INR bn) / (\$ mn)	179/1,859
6m avg traded value (INR mn)	265
52 Week high / low	INR 635/376

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(9.3)	(18.9)	(30.3)
Relative (%)	(8.9)	(12.4)	(25.3)

SHAREHOLDING PATTERN (%)

	Dec-25	Mar-26
Promoters	54.8	54.8
FIs & Local MFs	26.7	26.9
FPIs	9.0	8.6
Public & Others	9.5	9.7
Pledged Shares	6.4	9.0

Source : NSE

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Exhibit 371: Emami's one year forward P/E



Source: Bloomberg, Company, HSIE Research

Exhibit 372: Emami – HSIE estimates vs Consensus estimates

(INR mn)	HSIE estimates			Consensus estimates			HSIE vs Consensus estimates		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	44,623	48,193	51,692	41,731	45,121	48,477	6.9%	6.8%	6.6%
growth (%)	18.1%	8.0%	7.3%	10.4%	8.1%	7.4%			
EBITDA	10,808	11,859	12,891	10,587	11,798	12,959	2.1%	0.5%	(0.5)%
growth (%)	12.2%	9.7%	8.7%	9.9%	11.4%	9.8%			
EBITDA margin (%)	24.2%	24.6%	24.9%	25.4%	26.1%	26.7%			
Adj PAT	8,311	9,128	9,584	8,229	9,180	10,018	1.0%	(0.6)%	(4.3)%
growth (%)	7.9%	9.8%	5.0%	6.9%	11.6%	9.1%			
Adj EPS (INR/Share)	19.0	20.9	22.0	20.4	23.8	27.0	(6.9)%	(12.0)%	(18.6)%

Source: Bloomberg, HSIE Research

Exhibit 373: Emami – Key assumptions

	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Growth							
Domestic sales growth	4.4%	4.2%	7.1%	(1.3)%	20.4%	8.0%	8.1%
Volume growth	1.2%	1.2%	4.9%	(4.3)%	5.0%	5.0%	5.0%
Realisation growth	3.2%	2.9%	2.2%	3.1%	14.7%	2.9%	3.0%
International sales growth	19.1%	9.0%	4.4%	3.2%	8.0%	8.0%	8.0%
International sales contribution	16.9%	17.5%	17.2%	17.8%	16.3%	16.3%	16.2%
Consolidated revenue growth	6.6%	5.0%	6.7%	(0.5)%	18.2%	8.0%	8.1%
Consolidated EBITDA growth	(9.4)%	10.1%	8.0%	(6.0)%	12.2%	9.7%	8.7%
Consolidated earnings growth	(11.7)%	13.6%	9.5%	(3.3)%	7.9%	9.8%	5.0%
As a % of sales							
Gross margin	64.7%	67.6%	68.6%	69.9%	68.0%	68.5%	69.0%
Employee costs	10.8%	11.1%	11.7%	12.7%	12.0%	12.0%	12.1%
A&P spends	16.5%	18.2%	18.2%	19.6%	19.5%	19.5%	19.5%
Other operating expenses	12.1%	11.7%	11.8%	12.2%	12.3%	12.4%	12.5%
EBITDA margin	25.3%	26.5%	26.9%	25.5%	24.2%	24.6%	24.9%
Per share data							
EPS (INR/Share)	14.5	16.7	18.2	17.6	19.0	20.9	22.0
DPS (INR/Share)	8.0	8.0	10.0	10.0	11.0	12.0	13.0
Pay-out	55.1%	48.0%	54.8%	56.7%	57.8%	57.4%	59.2%
Balance sheet assumptions							
Capex (INR mn)	(405)	(406)	(446)	(433)	(500)	(550)	(600)
Receivable days	39	46	45	38	34	39	39
Inventory days	37	33	30	34	33	33	31
Payable days	44	44	43	44	42	42	42
Avg ROE	29.2%	30.5%	30.9%	27.4%	24.1%	21.7%	20.5%
Avg ROCE	36.3%	40.4%	42.3%	36.5%	32.4%	28.5%	27.4%
Avg ROIC	32.6%	39.1%	44.8%	44.5%	49.4%	56.7%	64.8%

Source: Company, HSIE Research

Emami: Initiating Coverage

Exhibit 374: Emami – Inorganic actions

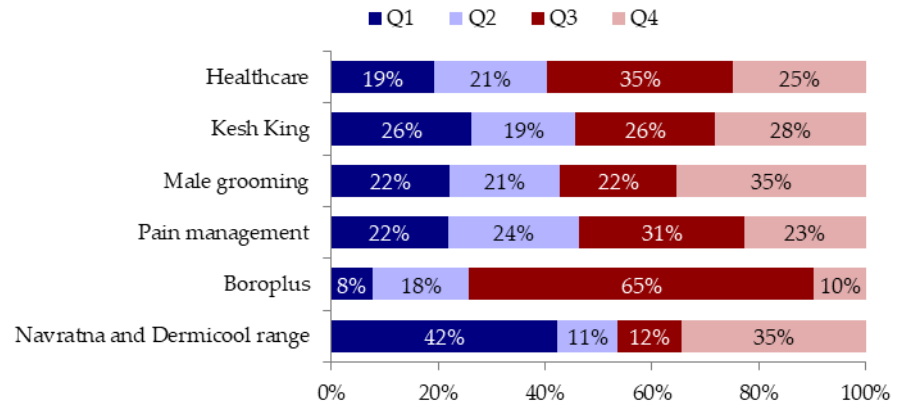
Brand / portfolio	Owner	Current stake	Acquisition date	Category	Deal Value (INR bn)	EV (INRbn)	EV/Sales	Period
Zandu	Zandu Pharmaceutical Works	100.0%	Oct-08	Pain management and Health care	7.50	7.50	5.4x	FY08
KeshKing	SBS Biotech Pvt. Ltd	100.0%	Jun-15	Hair care	16.51	16.50	5.5x	FY15
Dermicool	Reckitt Benckiser	100.0%	Mar-22	Talc	4.32	4.32	NA	NA
TruNativ	Tru Native F&B Pvt Ltd	19.0%	Mar-22	Health and Wellbeing	0.10	0.50		
Billare	Brillare Science Pvt. Ltd	100.0%	Mar-24	Professional beauty care		0.36	1.8x	FY24
Pet care (Fur Ball story)	Cannis Lupus Services India	100.0%	Aug-24	Pet care	0.05	0.10	1.4x	FY24
The Man Company	Helios Lifestyles Pvt Ltd	100.0%	Nov-24	Male grooming	1.78	2.54	1.4x	FY24
Alofruit Juices	Axiom Ayurveda	100.0%	Mar-26	Juices	3.10	3.10	2.8x	FY25
Vedix and SkinKraft	IncNut Digital Pvt. Ltd	60.0%	May-26	Personal care	3.21	5.35	3.1x	FY25

Source: Company, HSIE Research

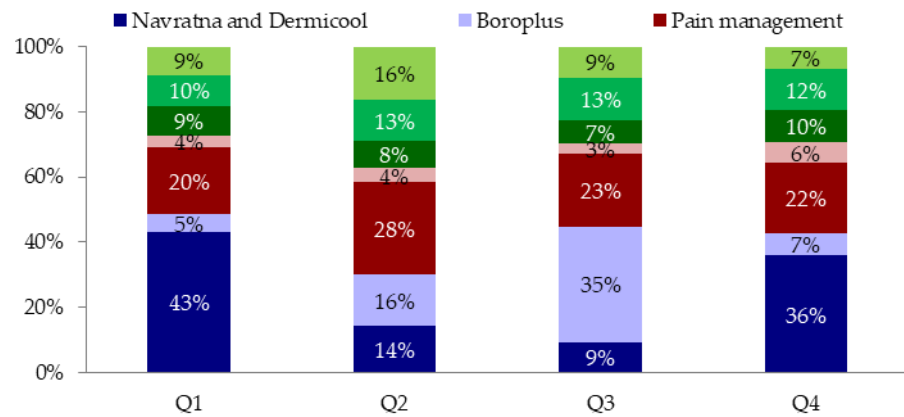
Exhibit 375: Emami – Performance of digital first brands

(INR mn)	Emami - The Man Company				Emami Brillare Science			
	FY22	FY23	FY24	FY25	FY22	FY23	FY24	FY25
Revenue from operations	736	1,150	1,829	1,539	177	196	339	489
growth		56%	59%	-16%		10%	73%	44%
COGS	316	498	639	568	80	106	131	202
Gross profit	420	652	1,190	971	97	90	207	287
growth		55%	82%	-18%		-7%	130%	38%
Gross margin	57%	57%	65%	63%	55%	46%	61%	59%
Employee costs	163	212	184	232	23	45	88	145
as a % of revenue	22%	18%	10%	15%	13%	23%	26%	30%
A&P spends	284	238	412	457		10	15	17
as a % of revenue	39%	21%	23%	30%	0%	5%	4%	3%
Other operating spends	273	406	477	435	118	139	185	292
as a % of revenue	37%	35%	26%	28%	66%	71%	55%	60%
EBITDA	(299)	(205)	118	(153)	(43)	(104)	(81)	(166)
growth		-32%	-157%	-230%		142%	-22%	106%
EBITDA margin	-41%	-18%	6%	-10%	-24%	-53%	-24%	-34%
Depreciation	12	19	32	43	2	4	9	9
EBIT	(311)	(223)	86	(195)	(44)	(107)	(89)	(175)
growth		-28%	-138%	-327%		141%	-17%	96%
Finance costs	10	8	24	32	6	8	12	14
Other income	8	7	25	4	1	1	1	1
PBT	(313)	(224)	87	(224)	(50)	(114)	(101)	(188)
growth		-28%	-139%	-358%		129%	-12%	86%
Tax	(4)	4	(1)	(6)	(0)	(1)	0	(1)
PAT	(309)	(228)	88	(218)	(50)	(113)	(101)	(188)
growth		-26%	-139%	-347%		128%	-11%	85%

Source: Company, HSIE Research

Exhibit 376: Emami – Quarterly revenue concentration for key offerings in FY26


Source: Company, HSIE Research

Exhibit 377: Emami – Quarterly revenue mix for FY26


Source: Company, HSIE Research

Exhibit 378: Emami – Addressing business issues
FY16-20, period of slowdown:

- The macro setting has been weak for the rural consumer. As the new government focused on addressing system leakages and cutting back on rural spending
- Demonetization, followed by GST implementation, has affected the indirect route to market, which was driven by wholesale channel partners.
- The entry of D2C brands addressed nascent cohorts with low-cost deliveries in rural markets
- Emami has seen attrition in the Sales Head and Healthcare Head positions

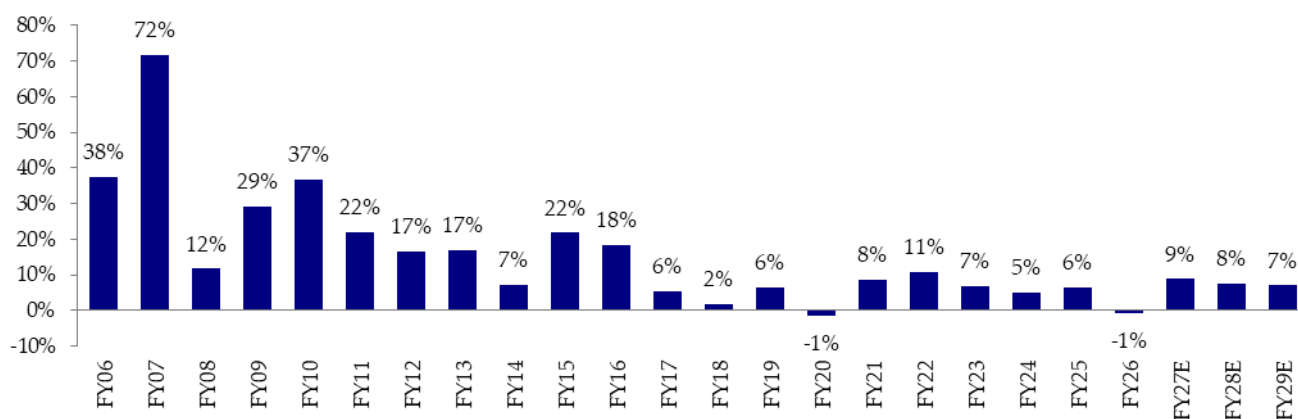
The company has tied up multiple loose ends:

- Reduced dependence on the wholesale channel by penetrating deep into rural areas (Project Khoj aided village access);
- Enhanced new-launch intensity;
- Roped-in McKinsey for distribution and international business;
- Addressed Kesh King business issues with help from BCG;
- AT Kearney helped in the company's cost reduction project; and
- Covered portfolio gaps well to address demand in modern retail channels.

Source: Company, HSIE Research

Emami: Initiating Coverage

Exhibit 379: Emami – Revenue growth trend and expectations



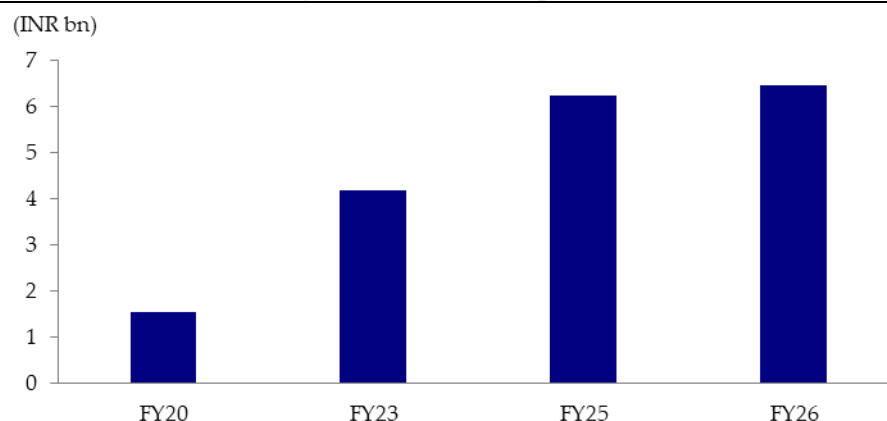
Source: Company, HSIE Research

Exhibit 380: Professionals at Emami

Name	Designation	Experience	Date of Joining
Harkirat Bedi	CEO Axio Ayurveda	28 years	Apr-26
Dhruv Aggarwal	Chief Growth Officer	18 years	Mar-26
Biplob Banerjee	Chief Human Resource Officer	30 years	Jan-24
Rajiv Kumar Rai	Head R&D – Health Care Division	27 years	Sep-23
Manish Gupta	President of sales	28 years	Sep-23
Sanjay Sachdeva	President SAARC, E-commerce	30 years	Jan-23
Nalin Sood	Head – Digital Ecosystem HCD	27 years	Dec-21
Samrat Banerjee	Senior Vice President-IT&CIO	17 years	Aug-22
Sayuj Jaganathan	Head - E Commerce	13 years	Mar-21
Vinod Nandgopal	President - Sales CCD	27 years	Jun-20
Gul Raj Bhatia	President - HCD	34 years	Mar-20
Pradeep Kumar Pandey	Senior Vice President - Packaging	25 Years	Mar-20
Vivek Dhir	CEO - International	27 years	Jan-18
Navneet Shukla	Business head - MT	21 years	Apr-15
Chandra Kant Katiyar	CEO - Technical (HC)	39 Years	Nov-12
Punita Kalra	CEO - R&D & Innovation	25 Years	Apr-10
Sagun Tulsyan	President - Legal & Revenue	21 years	Jul-08
Sanjay Madan	President - Operations	34 years	Dec-06
N. H. Bhansali	CEO - Finance, Strategy and Business Development & CFO	32 years	Nov-01

Source: Company, HSIE Research

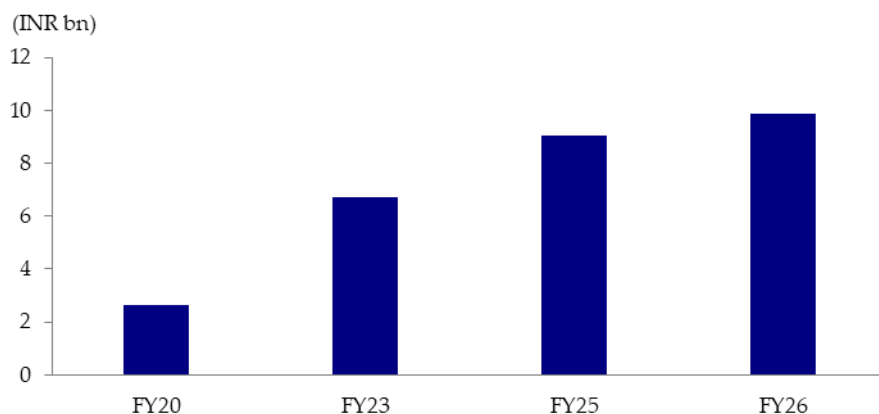
Exhibit 381: Emami – New age and mainstream portfolio revenue



Amid traditional offerings new age and mainstream portfolio concentration for Kesh King is high at 40%+, Healthcare at 25%+, Boro Plus at 20%+, Smart and Handsome at 15%+. For Pain management and Dermicool, contribution is in low single digits.

Source: Company, HSIE Research

Exhibit 382: Emami – Organised trade revenue contribution expanded from 12% in FY20 to 32% in FY26



Source: Company, HSIE Research

Exhibit 383: Emami is transforming its portfolio to remain relevant with consumer



Source: Company, HSIE Research

Emami: Initiating Coverage

Exhibit 384: Emami's core segments and its market standing

Category	Brand	Market position	Market share	Competition
Cooling oil	Navratna Oil	# 1	68%	Himgange, Dabur, Marico, Banphool and Rahat Rooh
Antiseptic cream	BoroPlus Cream	# 1	68%	Boroline, Borosoft
Balm	Zandu & Mentho Plus	# 1	57%	Amrutanjan balm, Tiger balm and Monison's balm
Men fairness	Fair & Handsome	# 1	64%	Glow and Handsome (HUL), Ponds Men (HUL), Nivea for Men, Whitening Cream (Beiersdorf)
Prickly heat and cooling Talc	Navratna and Dermicool	# 1	45%	Nycil (Zydus), Shower & Shower (ITC)
Face wash	Fair and Handsome	# 3	7%	Nivea (Beiersdorf), Glow and Handsome (HUL), Ponds men (HUL)
Ayurvedic hair oil	Kesh King	# 1	29%	Kesh Kanti (Patanjali, ~10-15% share), Indulekha (HUL)
Ointment	Fast Relief			Moov, Iodex, Volini
Chyawanprash	Sona Chandi and Zandu			Dabur, Patanjali, Baidyanath

Source: Company, HSIE Research

Emami: Initiating Coverage

Income Statement (Consolidated)

YE March (INR mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Net Revenues	31,872	34,057	35,781	38,092	37,795	44,623	48,193	51,692
<i>Growth (%)</i>		6.9	5.1	6.5	(0.8)	18.1	8.0	7.3
Material Expenses	10,731	12,014	11,605	11,942	11,380	14,279	15,181	16,024
Employee Expense	3,178	3,678	3,956	4,470	4,791	5,366	5,795	6,259
Other Expenses	8,440	9,739	10,724	11,428	11,988	14,170	15,358	16,517
EBITDA	9,524	8,628	9,495	10,251	9,637	10,808	11,859	12,891
<i>EBITDA Growth (%)</i>		(9.4)	10.1	8.0	(6.0)	12.2	9.7	8.7
EBITDA Margin (%)	29.9	25.3	26.5	26.9	25.5	24.2	24.6	24.9
Depreciation	942	974	927	857	889	939	989	1,164
EBIT	8,582	7,654	8,568	9,394	8,748	9,869	10,870	11,727
Other Income (Including EO Items)	713	351	468	681	851	700	750	800
Interest	51	74	100	93	111	125	150	175
PBT before extraordinary items	9,243	7,931	8,936	9,982	9,487	10,444	11,470	12,352
Extraordinary items	1,145	(5)	(38)	99	53	560	640	720
Total Tax	1,875	1,577	1,620	1,935	1,747	2,089	2,294	2,718
Share of Minority Interest	(123)	47	(43)	(81)	(41)	(44)	(48)	(51)
RPAT after MI	8,390	6,396	7,236	8,065	7,753	8,871	9,768	10,304
Adjusted PAT	7,245	6,401	7,273	7,966	7,700	8,311	9,128	9,584
APAT Growth (%)		(11.7)	13.6	9.5	(3.3)	7.9	9.8	5.0
EPS	16.4	14.5	16.7	18.2	17.6	19.0	20.9	22.0
<i>EPS Growth (%)</i>								
	31,872	34,057	35,781	38,092	37,795	44,623	48,193	51,692

Source: Company, HSIE Research

Balance Sheet (Consolidated)

YE March (INR mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
SOURCES OF FUNDS								
Share Capital - Equity	441	441	437	437	437	437	437	437
Other Equity	20,320	22,686	24,141	26,497	28,788	39,384	43,914	48,543
Total Shareholders' Funds	20,761	23,128	24,577	26,934	29,224	39,820	44,350	48,980
Total Debt	474	(2,169)	(3,091)	(4,009)	(4,280)	(3,934)	(3,934)	(3,934)
TOTAL CAPITAL EMPLOYED	21,235	20,959	21,486	22,924	24,944	35,886	40,416	45,046
APPLICATION OF FUNDS								
Tangible Assets	12,999	11,587	10,164	8,879	7,761	6,522	5,383	4,220
Intangible Assets	242	682	682	682	682	682	682	682
CWIP	31	63	75	150	14	14	14	14
Right of Use Assets	198	185	291	283	422	422	422	422
Other Non Current Assets	3,539	2,077	3,024	2,767	3,876	3,888	3,902	3,915
Total Non-current Assets	17,009	14,594	14,236	12,760	12,754	11,528	10,402	9,252
Current Investments	395	1,134	1,610	4,240	4,719	9,719	14,719	14,719
Inventories	3,576	3,280	3,234	3,081	3,996	4,178	4,512	4,249
Debtors	3,209	4,146	4,942	4,513	3,433	4,890	5,281	5,665
Cash & Equivalents	1,160	1,848	2,014	2,729	4,098	10,360	10,855	16,940
Other Current Assets	2,405	2,461	2,382	2,773	3,103	3,227	3,356	3,490
Total Current Assets	10,746	12,868	14,182	17,337	19,349	32,373	38,722	45,062
Creditors	4,087	4,163	4,546	4,356	4,771	5,388	5,819	6,090
Other Current Liabilities & Provns	2,433	2,340	2,386	2,817	2,388	2,627	2,889	3,178
Total Current Liabilities	6,520	6,503	6,931	7,173	7,159	8,014	8,708	9,268
Net Current Assets	4,226	6,365	7,251	10,164	12,190	24,358	30,014	35,794
TOTAL APPLICATION OF FUNDS	21,235	20,959	21,486	22,924	24,944	35,886	40,416	45,046

Source: Company, HSIE Research

Cash Flow (Consolidated)

YE March (INR mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Reported PBT	6,880	6,696	7,908	8,939	8,461	10,960	12,062	13,022
Depreciation	3,348	2,473	1,859	1,782	1,773	1,739	1,689	1,764
Working Capital Change	(1,691)	(112)	(337)	462	86	(783)	(32)	440
Tax Paid	(1,426)	(1,170)	(1,463)	(1,848)	(1,719)	(2,089)	(2,294)	(2,718)
Interest/Dividend received	(227)	(40)	(38)	(119)	(210)	125	150	175
Other items	(445)	(357)	(139)	(256)	(386)	(67)	(892)	(948)
OPERATING CASH FLOW (a)	6,439	7,489	7,790	8,959	8,005	9,886	10,683	11,735
Capex	(4,802)	(301)	(288)	(434)	(304)	(500)	(550)	(600)
Free Cash Flow (FCF)	1,636	7,188	7,502	8,525	7,701	9,386	10,133	11,135
Others	(67)	(301)	(1,765)	(2,769)	(859)	(4,300)	(4,250)	800
INVESTING CASH FLOW (b)	(4,869)	(602)	(2,054)	(3,203)	(1,163)	(4,800)	(4,800)	200
Debt Issuance/(Repaid)	(300)	89	(133)	183	750	(424)	-	-
Interest Expenses	(45)	(60)	(99)	(93)	(114)	(125)	(150)	(175)
FCFE	1,381	7,337	7,468	8,800	8,565	9,087	10,283	11,310
Change in net worth	(2,001)	(475)	(1,826)	(0)	-	-	-	-
Dividend	(3,556)	(3,529)	(3,492)	(3,492)	(5,238)	(4,802)	(5,238)	(5,675)
Others	1,880	(2,101)	(80)	(1,594)	(943)	6,526	0	0
FINANCING CASH FLOW (c)	(4,021)	(6,076)	(5,630)	(4,996)	(5,545)	1,176	(5,388)	(5,850)
Effect Of Foreign Exchange Fluctuation	9	(123)	(45)	(44)	72	-	-	-
NET CASH FLOW (a+b+c)	(2,444)	687	62	715	1,369	6,261	495	6,085
Add: Beginning balance	3,604	1,160	1,847	2,014	2,729	4,099	10,360	10,855
Closing Cash & Equivalents	1,160	1,847	2,014	2,729	4,099	10,360	10,855	16,940

Source: Company, HSIE Research

Key Ratios

	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
PROFITABILITY (%)								
GPM	66.3	64.7	67.6	68.6	69.9	68.0	68.5	69.0
EBITDA Margin (%)	29.9	25.3	26.5	26.9	25.5	24.2	24.6	24.9
EBIT Margin	26.9	22.5	23.9	24.7	23.1	22.1	22.6	22.7
PBT Margin	29.0	23.3	25.0	26.2	25.1	23.4	23.8	23.9
APAT Margin	22.7	18.8	20.3	20.9	20.4	18.6	18.9	18.5
ROE	34.9	29.2	30.5	30.9	27.4	24.1	21.7	20.5
RoIC (or Core RoCE)	34.8	32.6	39.1	44.8	44.5	49.4	56.7	64.8
RoCE	40.4	36.3	40.4	42.3	36.5	32.4	28.5	27.4
EFFICIENCY								
Tax Rate (%)	20.3	19.9	18.1	19.4	18.4	20.0	20.0	22.0
Fixed Asset Turnover (x)	0.9	1.0	1.0	1.0	1.0	1.2	1.3	1.3
Inventory (days)	41	37	33	30	34	33	33	31
Debtors (days)	37	39	46	45	38	34	39	39
Other Current Assets (days)	28	26	24	27	30	26	25	25
Payables (days)	47	44	44	43	44	42	42	42
Other Current Liab & Provns (days)	28	25	24	27	23	21	22	22
Cash Conversion Cycle (days)	31	33	35	32	35	31	33	30
Net D/E (x)	(0.0)	(0.2)	(0.2)	(0.3)	(0.3)	(0.4)	(0.3)	(0.4)
Interest Coverage (x)	169.2	103.6	85.9	100.6	78.6	79.0	72.5	67.0
PER SHARE DATA (INR)								
EPS	16.4	14.5	16.7	18.2	17.6	19.0	20.9	22.0
CEPS	18.6	16.7	18.8	20.2	19.7	21.2	23.2	24.6
Dividend	8.0	8.0	8.0	10.0	10.0	11.0	12.0	13.0
Book Value	47.1	52.4	56.3	61.7	67.0	91.2	101.6	112.2
VALUATION								
P/E (x)	24.8	28.1	24.4	22.3	23.1	21.4	19.5	18.5
P/BV (x)	8.6	7.8	7.2	6.6	6.1	4.5	4.0	3.6
EV/EBITDA (x)	18.7	20.2	18.0	16.3	17.1	14.2	12.5	11.0
EV/Revenues (x)	5.6	5.1	4.8	4.4	4.4	3.4	3.1	2.7
OCF/EV (%)	3.6	4.3	4.6	5.4	4.9	6.4	7.2	8.3
FCF/EV (%)	0.9	4.1	4.4	5.1	4.7	6.1	6.8	7.8
FCFE/Mkt Cap (%)	0.8	4.1	4.2	5.0	4.8	5.1	5.8	6.4
Dividend Yield (%)	2.0	2.0	2.0	2.5	2.5	2.7	2.9	3.2

Source: Company, HSIE Research

Bikaji Foods International

Bhujia king, aspiring for total food company

We initiate coverage on Bikaji Foods with a BUY rating and a Jun-27 target price of INR750, valuing the stock at 50x P/E, — a 10% discount to its 3-year average forward P/E of 56x. Rajasthan-based promoters have built a distinct identity separating from the Haldiram franchise, with GI-tagged Bikaneri Bhujia as the flagship product driving Bikaji's salty savoury portfolio. Strong brand imagery and a better pack-mix position will allow Bikaji to capture India's double-digit savoury snacks growth market. Aspiring to be a total food company, Bikaji is targeting sustainable mid-teen revenue growth with gradual margin expansion to mid-teen levels. We believe management aspirations are achievable. Key risks to our call are from volatile raw material costs, intensifying competition from western peers, and rising consumer and regulatory focus on health.

- **Core business likely to see low-teen growth:** With salty savouries poised for double-digit growth, we believe Bikaji, with its robust on-ground execution, is placed well for low teen growth in its core business – salty snacks, *paapad*, and packaged sweets. Rajasthan, Bihar, and Assam are the core markets for the company (~70% of revenue), where the company is looking at expanding its direct presence, while Delhi, Uttar Pradesh, Punjab, Haryana, Karnataka and Chhattisgarh are the focus markets (~15% of revenue; TAM 2x of Core states), where management is looking at expanding outlet presence via indirect route and aspires to grow 1.5x core market growth. Other states are ~50% of national demand, where the company has restricted play (contribution at ~10%) in modern retail channels, for now. Exports business continues to 5% of revenue.
- **Thrust on adjacencies through an inorganic route:** Post-listing under professional management, the company has been transforming the narrative with capacity augmentation in packaged sweets; looking to roll out QSR stores across India under *Bikaji Retail* (1% of revenue; active 7 stores); have acquired majority state in the north India-based premium QSR format *The Hazlenut Factory* (4% of revenue now; 19 stores as at Mar-26), and gained ownership of *Ariba*, which enhanced its frozen snacks capacity (crucial for international business); setting up a bakery unit in South India, which will function as a joint venture (70% stake) with Bakemart founder Thayekunni Khaleel (aiming for INR1bn revenue in three years) and is looking to partner with Chowdhary group of Nepal for international presence under equal share joint venture. Given separate management teams, we do not see constraints for core business execution.
- **Premium valuation to stay on a strong narrative:** We believe the new initiatives will bear fruit and help sustain mid-teen growth. With better pack mix, Bikaji has relatively better price power, which along with operating efficiency will help enhance its margin profile. With PLI benefits ending in FY28, we expect revenue and EPS CAGR of 15% and 18% for FY26-29E.

Financial Summary (consolidated)

YE March (INR mn)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Revenue	23,293	26,219	29,939	34,403	39,316	45,134
EBITDA	3,913	3,282	4,106	4,852	5,365	6,313
APAT	2,657	2,008	2,626	3,131	3,530	4,272
Adjusted EPS (INR)	10.6	8.0	10.5	12.5	14.1	17.1
P/E (x)	60.3	79.8	61.0	51.2	45.4	37.5
EV / EBITDA (x)	40.8	48.9	39.0	32.7	29.2	24.4
ROE (%)	24.5	14.9	16.5	17.0	16.7	17.7

Source: Company, HSIE Research

BUY

CMP (as on 16 Jul 26)	INR 640
Target Price	INR 750
NIFTY	24,073

KEY CHANGES	OLD	NEW
Rating	NA	BUY
Price Target	NA	INR 750
EPS %	FY27E	FY28E
	NA	NA

KEY STOCK DATA

Bloomberg code	BIKAJI IN
No. of Shares (mn)	250
MCap (INR bn) / (\$ mn)	160/1,665
6m avg traded value (INR mn)	109
52 Week high / low	INR 821/592

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(3.2)	(8.6)	(14.7)
Relative (%)	(2.7)	(2.2)	(9.7)

SHAREHOLDING PATTERN (%)

	Dec-25	Mar-26
Promoters	73.9	73.9
FIs & Local MFs	16.6	17.3
FPIs	4.9	4.7
Public & Others	4.6	4.1
Pledged Shares	0.00	0.00

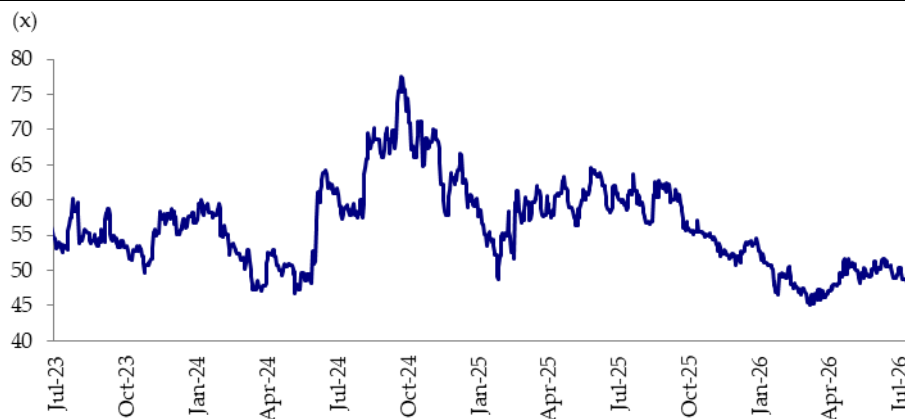
Source : NSE

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Exhibit 385: Bikaji Food's one year forward P/E

Source: Bloomberg, Company, HSIE Research

Exhibit 386: Bikaji Foods - HSIE estimates vs Consensus estimates

(INR mn)	HSIE estimates			Consensus estimates			HSIE vs Consensus estimates		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	34,403	39,316	45,134	34,599	39,513	44,874	(0.6%)	(0.5%)	0.6%
growth (%)	14.9%	14.3%	14.8%	15.6%	14.2%	13.6%			
EBITDA	4,852	5,365	6,313	4,885	5,509	6,469	(0.7%)	(2.6%)	(2.4%)
growth (%)	18.2%	10.6%	17.7%	19.0%	12.8%	17.4%			
EBITDA margin (%)	14.1%	13.6%	14.0%	14.1%	13.9%	14.4%			
Adj PAT	3,131	3,530	4,272	3,154	3,710	4,466	(0.7%)	(4.9%)	(4.3%)
growth (%)	19.2%	12.7%	21.0%	20.1%	17.6%	20.4%			
Adj EPS (INR/Share)	12.5	14.1	17.1	12.6	14.8	17.8	(0.6%)	(4.6%)	(3.9%)

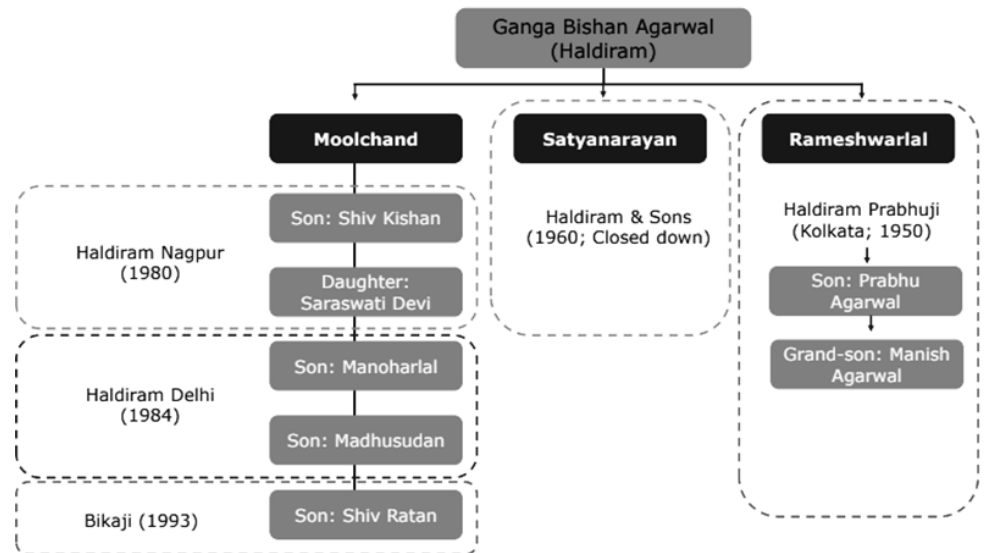
Source: Bloomberg, HSIE Research

Exhibit 387: Bikaji Foods - Key assumptions

	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Income statement							
Revenue growth	22.0%	18.5%	12.6%	14.2%	14.9%	14.3%	14.8%
Revenue growth (adj for PLI)	22.0%	13.7%	14.6%	14.9%	15.3%	15.8%	14.8%
EBITDA growth	53.1%	83.2%	(16.1%)	25.1%	18.2%	10.6%	17.7%
EBITDA growth (adj for PLI)	53.1%	39.6%	(10.1%)	34.4%	21.8%	22.1%	17.7%
EBIT growth	64.5%	98.9%	(25.5%)	27.9%	19.8%	10.6%	20.8%
PBT growth	62.5%	103.9%	(24.0%)	32.0%	20.4%	12.7%	21.0%
Adjusted PAT growth	66.5%	109.9%	(24.4%)	30.8%	19.2%	12.7%	21.0%
Adjusted PAT growth (adj for PLI)	66.5%	54.2%	(19.7%)	44.0%	23.5%	26.6%	21.0%
Gross margin	29.0%	35.2%	32.3%	35.1%	35.1%	34.4%	34.4%
Gross margin (adj for PLI)	29.1%	32.6%	30.9%	34.1%	34.3%	34.5%	34.3%
EBITDA margin	10.9%	16.8%	12.5%	13.7%	14.1%	13.6%	14.0%
EBITDA margin (adj for PLI)	10.9%	13.3%	10.5%	12.2%	12.9%	13.6%	14.0%
Balance sheet							
Inventory days	15	13	15	14	15	15	15
Receivable days	15	16	14	13	15	15	15
Payable days	10	9	10	8	10	10	10
Fixed Assets Turnover Ratio (x)	2.2	2.1	1.9	2.0	2.0	2.1	2.3
Avg ROE	14.3%	24.5%	14.9%	16.5%	17.0%	16.7%	17.7%
Avg ROCE	15.4%	25.6%	15.2%	16.1%	16.9%	16.6%	17.9%
Avg ROIC	14.7%	23.9%	13.7%	14.6%	16.0%	16.7%	19.6%

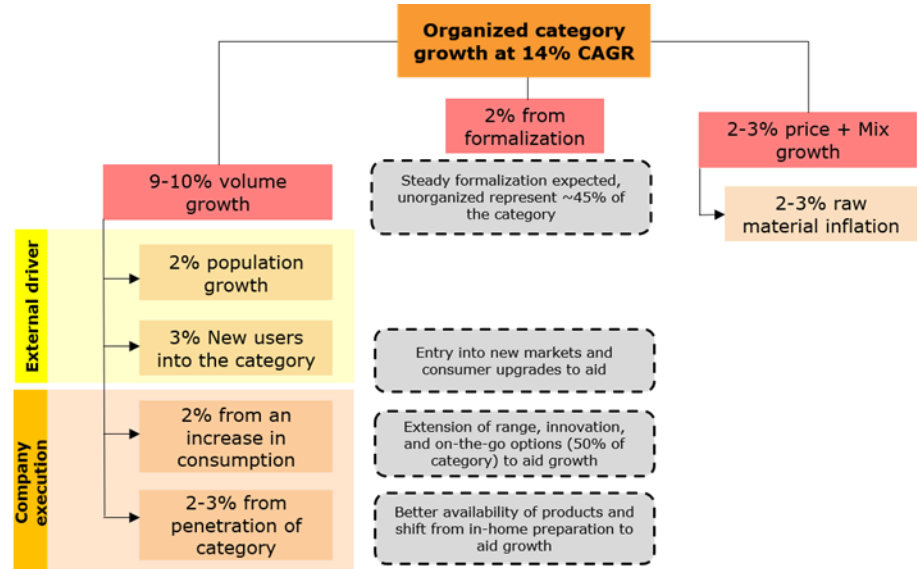
Source: Company, HSIE Research

Exhibit 388: Bikaji Foods – Haldiram family history



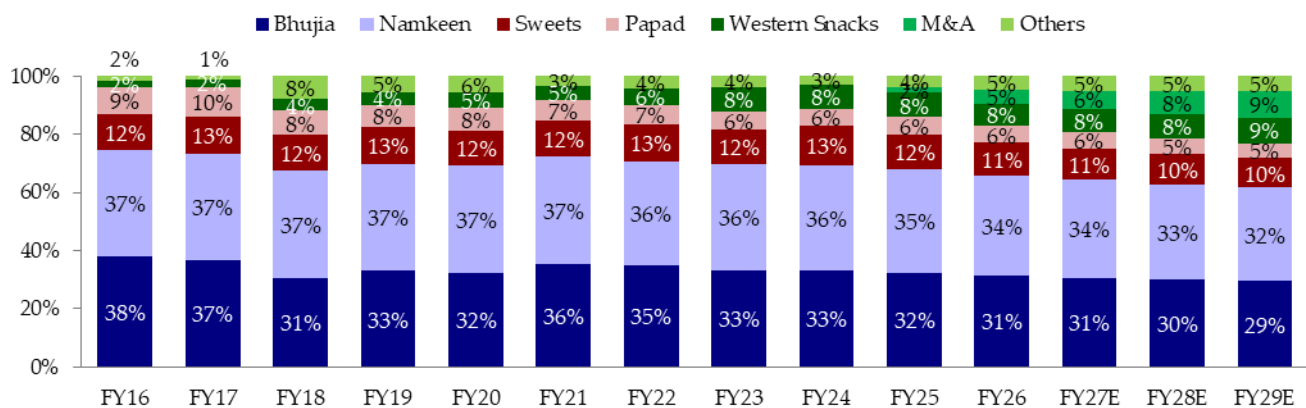
Source: Company, HSIE Research

Exhibit 389: Bikaji Foods – Core segments likely to see steady low teen growth



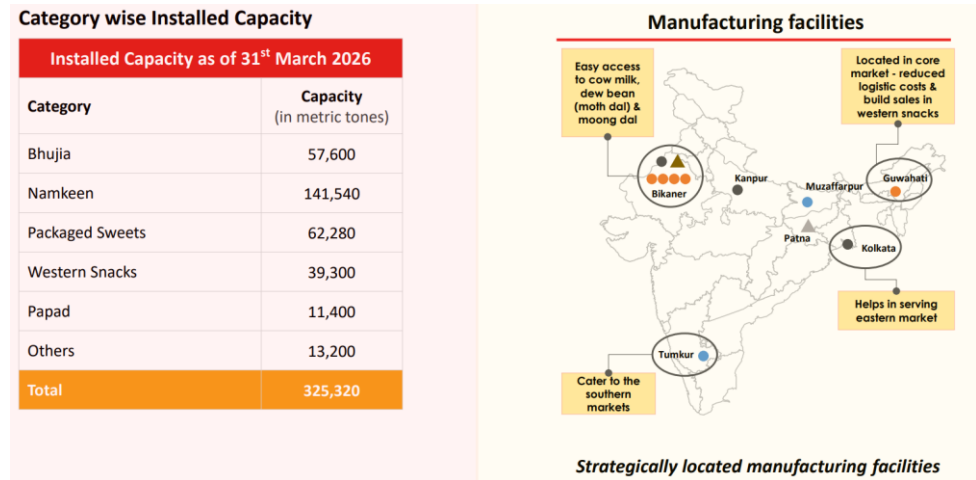
Source: Company, HSIE Research

Exhibit 390: Bikaji Foods – Revenue streams



Source: Company, HSIE Research

Exhibit 391: Bikaji Foods – Pan-India thrust with focused manufacturing footprint



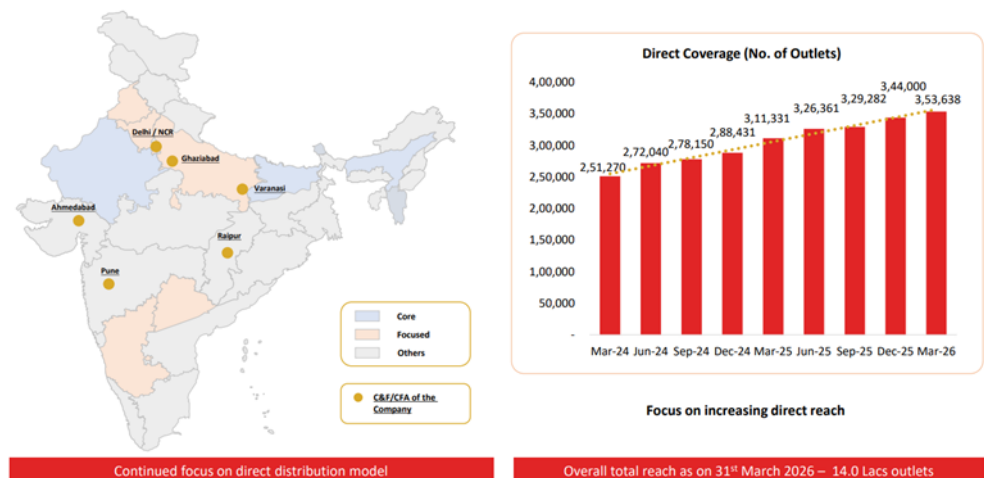
Source: Company, HSIE Research

Exhibit 392: Bikaji Foods – Indian savouries are seeing fast formalization, aiding growth in the core business

(INR bn)	FY15	FY22	CAGR	FY26	CAGR
Indian savoury snacks	500	751	6%	1227	13%
- Organised	196	423	12%	739	15%
%	39%	56%		60%	
- - Ethnic Namkeen and Snacks	57	114	10%	204	16%
- - Ethnic Bhujia	31	67	12%	119	15%
- - Western savoury snacks	108	242	12%	416	15%
Sweets	400	593	6%	846	9%
- Organized		58		101	15%
%		10%		12%	
Papad		78		103	7%
- Organized		26		37	10%
%		33%		36%	

Source: Company, HSIE Research

Exhibit 393: Bikaji Foods – Pan-India journey to be gradual, focus now would be on penetrating focus states



Source: Company, HSIE Research

Exhibit 394: Bikaji Foods – Supporting trade needs and driving consumer pull with apt marketing endeavours vs peers largely relying on trade promotions

- 1. Consumer Offer** – The paytm offer led to a spike in sales figures but also helped Bikaji engage with our consumers
- 2. Bhujia ho toh Bikaji Campaign** – First ever targeted campaign to create our brand's dominance in the category, in our core states | Generic advertising converted to a campaign | Better use of marketing (esp. media budgets)
- 3. UP Campaign** – New Brand Ambassador | New Partners | New State Focus | Managed within the overall budget
- 4. Bikaji logo & packaging revamp** – Optimised pack sizes, industry benchmarking etc.

Source: Company, HSIE Research

Exhibit 395: Bikaji Foods – Enhanced thrust on Uttar Pradesh, largest in focus states, aiding high-teen growth



First ever **regional campaign** with a **new brand ambassador**, driven by **data and consumer insights** and led by a credible set of **business partners**.

Breaking into UP as a Household Habit Brand

OUR OBJECTIVE : Position Bikaji not as just another namkeen option on the shelf, but as an essential household habit brand across Uttar Pradesh. We're building long-term rituals, not chasing short-term transactions.

THE NORTH STAR : Drive the A-T-R flywheel: Awareness → Trial → Repeat. Product trial sits at the heart of this journey, converting curiosity into lasting household habits.

Cultural Fit

Hindi-first messaging with authentic UP tonality. We lead with warmth and humor that feels like home, not marketing.

Clear Differentiation

Bikaji ≠ just snacks, Bikaji = ghar ka swaad + trusted ritual + liked by everyone. A taste of home for every moment

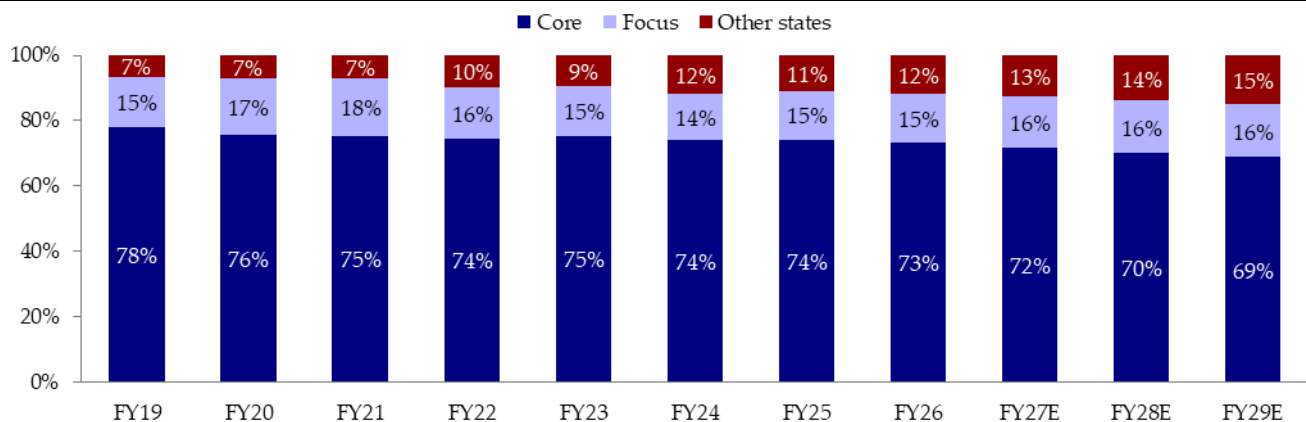
Consistency at Scale

One unified narrative flows seamlessly across OOH, digital, retail, PR, and influencer touchpoints.

Three Strategic Pillars Driving Success

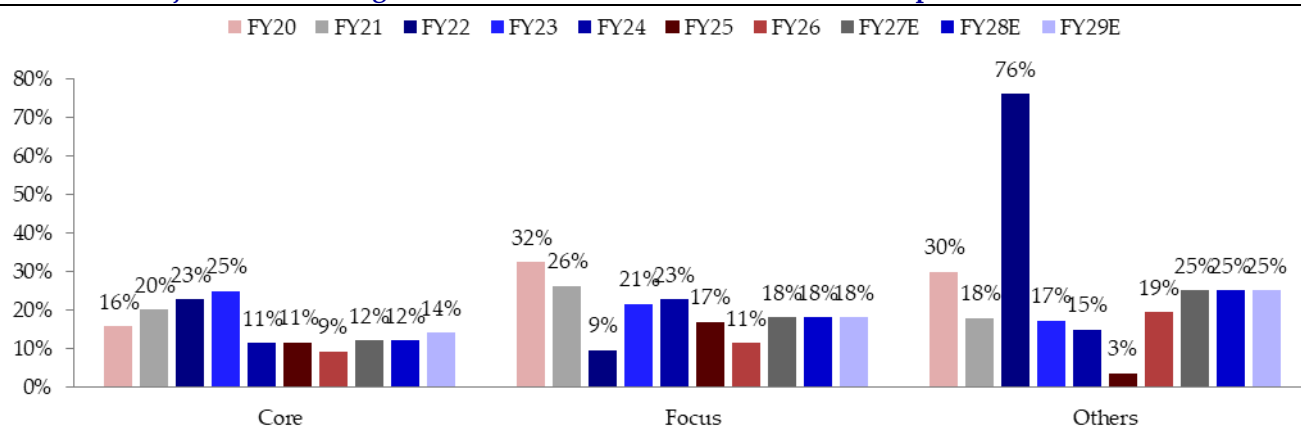
Source: Company, HSIE Research

Exhibit 396: Bikaji Foods – faster growth in focus and other states to reduce dependence on core markets



Source: Company, HSIE Research

Exhibit 397: Bikaji Foods – faster growth in focus and other states to reduce dependence on core markets



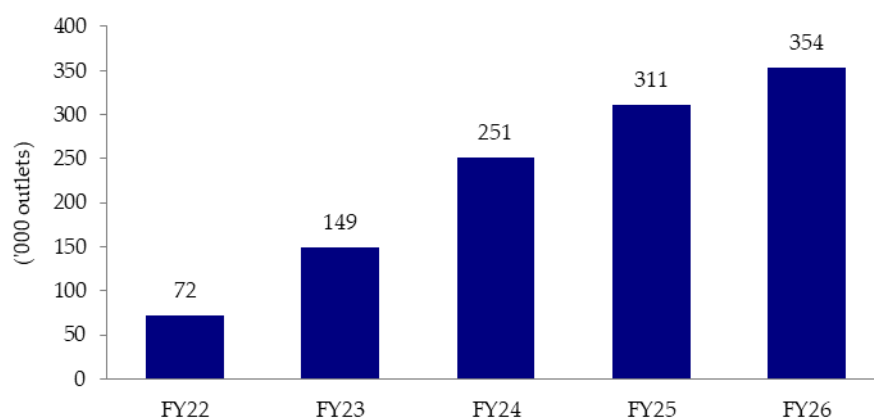
Source: Company, HSIE Research

Exhibit 398: Bikaji Foods – Outlet presence across markets

('000)	Outlet universe	Direct outlet reach	Indirect outlet reach	Overall outlet reach
Overall	8,610	354	1,046	1,400
Core (Rajasthan, Bihar, and Assam)	1,370	120	820	940
- Rajasthan	400	90	240	330
Focus (Uttar Pradesh, Delhi NCR, Karnataka, Punjab, Haryana, Chhattisgarh)	2,960	170	180	350
Rest	4,280	64	46	110

Source: Company, HSIE Research

Exhibit 399: Bikaji Foods – Direct outlet expansion journey



Source: Company, HSIE Research

Exhibit 400: Bikaji Foods – Assessing revenue across organic and inorganic

(INR mn)	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Sale of food products	8,981	10,722	13,069	16,023	19,619	22,327	25,516	29,327	33,820	39,181	44,985
Sale of services			12	58	15	17	19	20	23	25	27
Other operating revenue	33	24	26	29	26	949	684	591	560	110	121
Revenue from operations	9,014	10,746	13,107	16,110	19,661	23,293	26,219	29,939	34,403	39,316	45,134
YoY		19.2%	22.0%	22.9%	22.0%	18.5%	12.6%	14.2%	14.9%	14.3%	14.8%
Revenue (ex-PLI)	9,014	10,746	13,107	16,110	19,661	22,363	25,619	29,439	33,943	39,316	45,134
YoY		19.2%	22.0%	22.9%	22.0%	13.7%	14.6%	14.9%	15.3%	15.8%	14.8%
- Organic	9,014	10,746	13,107	16,110	19,661	23,293	25,703	28,380	32,053	35,900	40,884
YoY		19.2%	22.0%	22.9%	22.0%	18.5%	10.3%	10.4%	12.9%	12.0%	13.9%
- Organic (ex-PLI)	9,014	10,746	13,107	16,110	19,661	22,363	25,103	27,880	31,593	35,900	40,884
YoY		19.2%	22.0%	22.9%	22.0%	13.7%	12.3%	11.1%	13.3%	13.6%	13.9%
- Ariba							508	573	734	909	1,126
YoY								12.8%	28.2%	23.8%	23.9%
as a % of revenue (ex PLI)								1.9%	2.2%	2.3%	2.5%
- THF							648	986	1,616	2,507	3,124
YoY								52.1%	63.9%	55.1%	24.6%
as a % of revenue (ex PLI)								3.3%	4.8%	6.4%	6.9%

Source: Company, HSIE Research

Exhibit 401: Bikaji Foods – Gross margin trend across organic and inorganic businesses

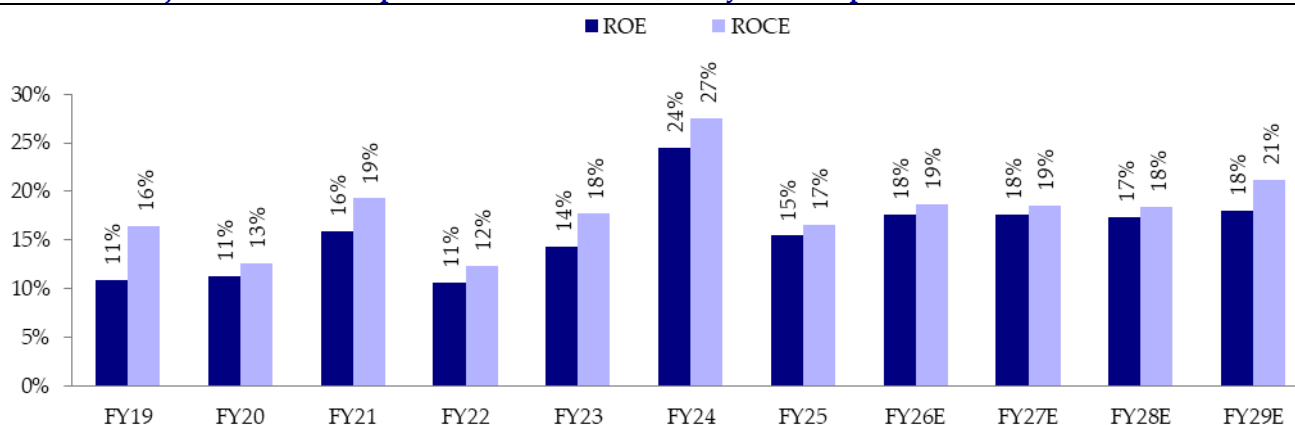
(INR mn)	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Gross profit	2,570	3,296	3,739	4,407	5,709	8,209	8,472	10,494	11,979	13,440	15,426
Gross margin	28.6%	30.7%	28.6%	27.4%	29.1%	36.7%	33.2%	35.8%	35.4%	34.3%	34.3%
- Gross profit ex-PLI	2,570	3,296	3,739	4,407	5,709	7,278	7,872	9,994	11,519	13,440	15,426
-- Gross margin	28.6%	30.7%	28.6%	27.4%	29.1%	32.6%	30.8%	34.1%	34.0%	34.3%	34.3%
- Organic business	2,570	3,296	3,739	4,407	5,709	8,209	8,189	9,597	10,596	11,401	12,872
-- Gross margin	28.5%	30.7%	28.5%	27.4%	29.0%	35.2%	31.9%	33.8%	33.1%	31.8%	31.5%
- Organic business ex-PLI	2,570	3,296	3,739	4,407	5,709	7,278	7,589	9,097	10,136	11,401	12,872
-- Gross margin	28.5%	30.7%	28.5%	27.4%	29.0%	34.0%	31.0%	33.2%	32.6%	31.8%	31.5%
- Ariba							259	295	382	473	586
-- Gross margin							51.0%	51.5%	52.0%	52.0%	52.0%
- THF							389	601	1,002	1,567	1,968
-- Gross margin							60.0%	61.0%	62.0%	62.5%	63.0%

Source: Company, HSIE Research

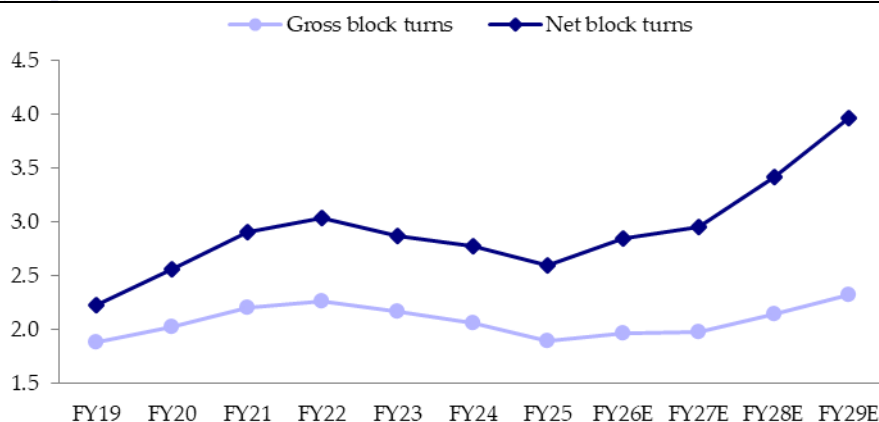
Exhibit 402: Bikaji Foods – EBITDA and margin trend across organic and inorganic businesses

(INR mn)	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
EBITDA	933	946	1,448	1,395	2,136	3,913	3,282	4,106	4,765	5,286	6,201
YoY		1.4%	53.0%	-3.6%	53.1%	83.2%	-16.1%	25.1%	16.0%	10.9%	17.3%
EBITDA margin	10.3%	8.8%	11.0%	8.7%	10.9%	16.8%	12.5%	13.7%	13.9%	13.4%	13.7%
- EBITDA ex PLI	933	946	1,448	1,395	2,136	2,983	2,682	3,606	4,305	5,286	6,201
YoY		1.4%	53.0%	-3.6%	53.1%	39.6%	-10.1%	34.4%	19.4%	22.8%	17.3%
- - as a % of net sales	10.4%	8.8%	11.1%	8.7%	10.9%	13.3%	10.5%	12.3%	12.7%	13.5%	13.8%
- Organic business	933	946	1,448	1,395	2,136	3,913	3,267	4,073	4,623	4,935	5,701
YoY		1.4%	53.0%	-3.6%	53.1%	83.2%	-16.5%	24.7%	13.5%	6.7%	15.5%
- - as a % of net sales	10.3%	8.8%	11.0%	8.7%	10.9%	16.8%	12.7%	14.4%	14.4%	13.7%	13.9%
- Organic business ex-PLI	933	946	1,448	1,395	2,136	2,983	2,667	3,573	4,163	4,935	5,701
YoY		1.4%	53.0%	-3.6%	53.1%	39.6%	-10.6%	34.0%	16.5%	18.5%	15.5%
- - EBITDA margin	10.3%	8.8%	11.0%	8.7%	10.9%	13.3%	10.6%	12.8%	13.2%	13.7%	13.9%
- Ariba							-11	-28	5	37	84
- - EBITDA margin							-2.1%	-4.9%	0.7%	4.1%	7.4%
- THF							58	61	137	314	416
- - EBITDA margin							9.0%	6.2%	8.5%	12.5%	13.3%

Source: Company, HSIE Research

Exhibit 403: Bikaji Foods – Return profile has been stable, likely to see expansion ahead


Source: Company, HSIE Research

Exhibit 404: Bikaji Foods – With limited capex needs, asset turns are likely to see steady expansion


Source: Company, HSIE Research

Income Statement (Consolidated)

YE March (INR mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Net Revenues	16,110	19,661	23,293	26,219	29,939	34,403	39,316	45,134
<i>Growth (%)</i>		22.0	18.5	12.6	14.2	14.9	14.3	14.8
Material Expenses	11,703	13,952	15,085	17,746	19,445	22,336	25,797	29,596
Employee Expense	901	1,030	1,167	1,585	1,983	2,307	2,638	3,007
Other Expenses	2,111	2,542	3,128	3,605	4,405	4,908	5,516	6,218
EBITDA	1,395	2,136	3,913	3,282	4,106	4,852	5,365	6,313
<i>EBITDA Growth (%)</i>		53.1	83.2	(16.1)	25.1	18.2	10.6	17.7
EBITDA Margin (%)	8.7	10.9	16.80	12.52	13.71	14.10	13.65	13.99
Depreciation	383	471	601	815	950	1,072	1,185	1,263
EBIT	1,012	1,665	3,313	2,467	3,155	3,780	4,179	5,050
Other Income (Including EO Items)	105	147	273	329	514	617	740	851
Interest	67	106	107	151	178	195	181	167
PBT before extraordinary items	1,050	1,706	3,479	2,645	3,491	4,203	4,739	5,734
Extraordinary items	-	-	-	-	(44)	-	-	-
Total Tax	(290)	(440)	(845)	(701)	(904)	(1,072)	(1,208)	(1,462)
Share of Minority Interest	-	-	(22)	(65)	(39)	-	-	-
RPAT after MI	760	1,266	2,657	2,008	2,583	3,131	3,530	4,272
Adjusted PAT	760	1,266	2,657	2,008	2,626	3,131	3,530	4,272
APAT Growth (%)		66.5	109.9	(24.4)	30.8	19.2	12.7	21.0
EPS	3.0	5.1	10.6	8.0	10.5	12.5	14.1	17.1
<i>EPS Growth (%)</i>		66.5	109.2	(24.4)	30.8	19.2	12.7	21.0

Source: Company, HSIE Research

Balance Sheet (Consolidated)

YE March (INR mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
SOURCES OF FUNDS								
Share Capital - Equity	250	250	250	251	251	251	251	251
Other Equity	7,957	9,273	11,911	14,555	16,823	19,454	22,233	25,504
Total Shareholders' Funds	8,207	9,523	12,161	14,806	17,074	19,705	22,484	25,755
Total Debt	1,940	2,007	2,144	3,327	4,042	4,051	4,103	3,979
TOTAL CAPITAL EMPLOYED	10,147	11,530	14,305	18,133	21,116	23,756	26,587	29,733
APPLICATION OF FUNDS								
Net block	5,276	6,856	8,058	9,865	10,336	11,464	11,479	11,344
CWIP	494	697	123	978	1,511	1,511	1,511	1,511
Other Non-Current Assets	329	119	1,126	570	1,209	1,209	1,209	1,209
Total Non-current Assets	6,100	7,671	9,308	11,412	13,056	14,184	14,199	14,064
Current Investments	1,263	203	1,065	862	918	918	2,918	4,918
Inventories	729	784	821	1,079	1,174	1,390	1,610	1,849
Debtors	733	792	1,035	1,009	1,071	1,390	1,610	1,849
Cash & Equivalents	1,622	1,800	1,774	2,191	3,165	4,565	4,732	5,312
Other Current Assets	574	1,465	1,332	2,814	3,011	3,243	3,757	4,314
Total Current Assets	4,921	5,045	6,027	7,955	9,339	11,506	14,628	18,241
Creditors	428	534	589	689	648	927	1,073	1,232
Other Current Liabilities & Provns	446	653	440	545	631	1,008	1,167	1,339
Total Current Liabilities	874	1,187	1,030	1,234	1,280	1,935	2,240	2,572
Net Current Assets	4,047	3,858	4,998	6,721	8,060	9,571	12,388	15,669
TOTAL APPLICATION OF FUNDS	10,147	11,530	14,305	18,133	21,116	23,756	26,587	29,733

Source: Company, HSIE Research

Cash Flow (Consolidated)

YE March (INR mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Reported PBT	1,050	1,706	3,479	2,645	3,448	4,203	4,739	5,734
Depreciation	383	471	601	815	950	1,072	1,185	1,263
Working Capital Change	(594)	54	(761)	(848)	(367)	(111)	(649)	(702)
Tax Paid	(411)	(466)	(757)	(646)	(934)	(1,072)	(1,208)	(1,462)
Interest/Dividend received	(1)	(6)	(98)	(98)	(93)	(422)	(559)	(684)
Other items	52	89	(17)	59	37	-	-	-
OPERATING CASH FLOW (a)	479	1,848	2,447	1,928	3,041	3,669	3,507	4,149
Capex	(1,078)	(806)	(1,263)	(1,210)	(1,767)	(2,200)	(1,200)	(1,128)
Free Cash Flow (FCF)	(599)	1,041	1,184	718	1,274	1,469	2,307	3,021
Others	(1,238)	(475)	(726)	(96)	(1,127)	617	(1,260)	(1,149)
INVESTING CASH FLOW (b)	(2,316)	(1,281)	(1,988)	(1,306)	(2,893)	(1,583)	(2,460)	(2,277)
Debt Issuance/(Repaid)	352	11	(357)	(561)	(382)	(200)	(200)	(200)
Interest Expenses	(78)	(116)	(129)	(144)	(179)	(195)	(181)	(167)
FCFE	(169)	1,168	955	301	1,071	1,464	2,288	2,988
Change in net worth	1,348	-	128	94	65	-	-	-
Dividend	(50)	(25)	(187)	(250)	(251)	(501)	(751)	(1,001)
Others	116	81	6	311	751	-	-	-
FINANCING CASH FLOW (c)	1,688	(49)	(539)	(550)	4	(895)	(1,132)	(1,368)
NET CASH FLOW (a+b+c)	(149)	518	(81)	71	151	1,191	(85)	504
Add: Beginning balance	(497)	(646)	(128)	68	226	379	1,569	1,485
EO Items, Others	-	-	-	87	1	-	-	-
Closing Cash & Equivalents	(646)	(128)	(209)	226	379	1,569	1,485	1,989

Source: Company, HSIE Research

Key Ratios

	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
PROFITABILITY (%)								
GPM	27.4	29.0	35.2	32.3	35.1	35.1	34.4	34.4
EBITDA Margin (%)	8.7	10.9	16.8	12.5	13.7	14.1	13.6	14.0
EBIT Margin	6.3	8.5	14.2	9.4	10.5	11.0	10.6	11.2
PBT Margin	6.5	8.7	14.9	10.1	11.7	12.2	12.1	12.7
APAT Margin	4.7	6.4	11.4	7.7	8.8	9.1	9.0	9.5
ROE	9.3	14.3	24.5	14.9	16.5	17.0	16.7	17.7
RoIC (or Core RoCE)	10.1	14.7	23.9	13.7	14.6	16.0	16.7	19.6
RoCE	10.0	15.4	25.6	15.2	16.1	16.9	16.6	17.9
EFFICIENCY								
Tax Rate (%)	27.6	25.8	24.3	26.5	25.9	25.5	25.5	25.5
Fixed Asset Turnover (x)	2.3	2.2	2.1	1.9	2.0	2.0	2.1	2.3
Inventory (days)	17	15	13	15	14	15	15	15
Debtors (days)	17	15	16	14	13	15	15	15
Other Current Assets (days)	13	27	21	39	37	34	35	35
Payables (days)	10	10	9	10	8	10	10	10
Other Current Liab & Provns (days)	10	12	7	8	8	11	11	11
Cash Conversion Cycle (days)	26	34	34	51	48	43	44	44
Net D/E (x)	0.0	0.0	0.0	0.1	0.1	(0.0)	(0.0)	(0.1)
Interest Coverage (x)	15.1	15.7	31.1	16.3	17.7	19.4	23.1	30.2
PER SHARE DATA (INR)								
EPS	3.0	5.1	10.6	8.0	10.5	12.5	14.1	17.1
CEPS	4.6	7.0	13.0	11.3	14.3	16.8	18.8	22.1
Dividend	0.8	0.8	1.0	1.0	1.3	2.0	3.0	4.0
Book Value	32.9	38.2	48.6	59.2	68.2	78.7	89.8	102.9
VALUATION								
P/E (x)	210.0	126.1	60.3	79.8	61.0	51.2	45.4	37.5
P/BV (x)	19.5	16.8	13.2	10.8	9.4	8.1	7.1	6.2
EV/EBITDA (x)	113.8	74.8	40.8	48.9	39.0	32.7	29.2	24.4
EV/Revenues (x)	9.9	8.1	6.8	6.1	5.3	4.6	4.0	3.4
OCF/EV (%)	0.3	1.2	1.5	1.2	1.9	2.3	2.2	2.7
FCF/EV (%)	(0.4)	0.7	0.7	0.4	0.8	0.9	1.5	2.0
FCFE/Mkt Cap (%)	(0.1)	0.7	0.6	0.2	0.7	0.9	1.4	1.9
Dividend Yield (%)	0.1	0.1	0.2	0.2	0.2	0.3	0.5	0.6

Source: Company, HSIE Research

Honasa Consumer

Well-knitted grooming play

We initiate coverage on Honasa Consumer with a BUY and a Jun'27 target price of INR550, valuing the stock at 5.25x EV/sales. As the company is yet to see margin maturity, we expect EV/sales an apt measure for valuations. On our TP, implied valuation for Jun-28E is at ~41x for EV/EBITDA and ~51x P/E. Honasa started its journey with digital-first brand Mamaearth and has evolved into a house of brands (addressing wider cohort needs) and multi-channel play. With strong data analytics, the company is connecting well with a cohort, which is aiding its channel expansion journey. With scale, it continues to refine its margin, which with an asset-light approach, is aiding expansion in return profile.

- **House of Brands approach to address a wider cohort:** In 2020, the company devised the 'House of Brands' strategy, which was set up to address wider consumer needs. The Derma Co introduced to develop the trend of chemical-ingredient-based efficacious products in India, a western trend that incumbents have missed adopting (leading to the acquisition of Minimalist and Innovist by HUL and L'Oreal in India, respectively). With the Mamaearth playbook in place, the company has created a portfolio with organic and inorganic brands. Having a house of brands is crucial for Honasa, as the new-age consumer continues to experiment, where consumers can be addressed with a house of brands. Recently it has expanded into nutraceuticals.
- **With DMS in place and focus segment identified, execution enhanced:** As the company has scaled, it has seen hiccups in its execution for offline channel. The company has addressed hygiene issues, enhanced secondary sales tracking, and then corrected trade inventory to get its act right. Post Q2FY25 trade inventory rationalization, it has roped in consultants to devise its future strategy, which is likely to focus on seven focus categories like face wash, shampoo, sunscreen, moisturizer, lipstick, serum, and baby care, which is where it sees the right-to-win and is looking to drive innovation. The focus segment represents 80% of the company's revenue, while for the Mamaearth brand, it represents 72%. The company is devoting 95% of brand investments toward focus segments, which are seeing 25%+ growth.
- **Better top-line health and margin expansion aids earnings:** Our connections on the ground suggest faster growth for brands like The Derma Co and BBlunt and stability in the Mamaearth brand. As the company expands offline journeys for these brands, we expect faster growth to sustain. Additionally, actions under other younger brands and acquired male grooming offerings could help support mid to high-teen growth ahead. In the maiden Investor meet, management has set aspirations for INR55bn by FY31, with Mamaearth at INR22.5bn and The Derma Co at INR15bn. It has enhanced its margin journey in FY26, where efficiency in marketing expenses has been rewarding; by FY31, it expects margins of ~15%. We see its edge in data analytics as a boon for growth and margins, which differentiate Honasa from peers.

Financial Summary (consolidated)

YE March (INR mn)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Revenue	19,199	20,669	23,919	29,369	34,139	39,183
EBITDA	1,371	685	2,362	3,374	4,234	5,159
APAT	1,105	727	2,050	2,662	3,354	4,090
Adjusted EPS (INR)	3.5	2.2	6.3	8.2	10.3	12.6
P/E (x)	133.2	210.3	74.6	57.5	45.6	37.4
EV / EBITDA (x)	102.7	215.8	63.4	43.7	34.6	28.3
ROE (%)	13.0	6.4	15.8	18.0	20.7	23.2

Source: Company, HSIE Research

BUY

CMP (as on 16 Jul 26)	INR 470
Target Price	INR 550
NIFTY	24,073

KEY CHANGES	OLD	NEW
Rating	NA	BUY
Price Target	NA	INR 550
EPS %	FY27E	FY28E
	NA	NA

KEY STOCK DATA

Bloomberg code	HONASA IN
No. of Shares (mn)	325
MCap (INR bn) / (\$ mn)	152/1,582
6m avg traded value (INR mn)	723
52 Week high / low	INR 491/248

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	35.2	63.3	58.6
Relative (%)	35.7	69.8	63.6

SHAREHOLDING PATTERN (%)

	Dec-25	Mar-26
Promoters	35.5	35.5
FIs & Local MFs	18.6	19.2
FPIs	14.6	13.7
Public & Others	31.3	31.6
Pledged Shares	1.5	1.5

Source : NSE

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Exhibit 405: Honasa Consumer – Key Assumptions

	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Income statement							
Total income growth	58.2%	28.6%	7.7%	15.7%	22.8%	16.2%	14.8%
Offline growth	91.9%	19.7%	(11.4%)	15.6%	14.4%	11.5%	10.2%
Online growth	9.0%	(2.4%)	(8.7%)	(0.8%)	11.7%	7.3%	8.7%
Mamaearth growth	34.7%	7.4%	(10.0%)	7.2%	13.1%	9.5%	9.5%
Other brands growth	397.3%	320.7%	43.2%	27.8%	33.2%	22.5%	19.2%
Gross margin	70.1%	69.8%	70.3%	70.1%	70.0%	70.0%	70.0%
Advertisement	35.5%	34.4%	36.0%	32.9%	33.4%	33.3%	33.1%
EBITDA margin	1.5%	7.1%	3.3%	9.9%	11.5%	12.4%	13.2%
Adj PAT growth	(74.2%)	2,863.2%	(34.2%)	182.0%	29.9%	26.0%	22.0%
EPS (INR/Share)	0.1	3.5	2.2	6.3	8.2	10.3	12.6
Balance Sheet							
ROE	0.6%	13.0%	6.4%	15.8%	18.0%	20.7%	23.2%
ROCE	(0.3%)	11.0%	1.8%	13.4%	17.8%	20.8%	23.6%
Inventory days (no of)	28	23	28	25	25	25	25
Receivable days (no of)	31	30	23	30	25	24	24
Payable days (no of)	48	56	63	58	64	64	64

Source: Company, HSIE Research

Exhibit 406: Honasa Consumer - Brand portfolio overview

Brand	Launch	Status	Launch date	Proposition	FY26 Net sales (INR bn)	OPM (%)
Mamaearth	Organic	Active	Dec-16	Organic / Natural	12.1	12-13%
The Derma Co	Organic	Active	2020	Science led based on Actives	6.9	10%
Aqualogica	Organic	Active	Nov-21	Gen-Z focused Hydration	1.6	
Ayuga	Organic	Inactive	Dec-21	Natural	0.0	
Bblunt	Inorganic	Active	2022 (launched 2004)	Salon-like haircare	1.3	
Dr Seth's	Inorganic	Active	2022 (launched 2015)	Actives with Botanicals	1.7	
Staze 9to9	Organic	Active	Mar-24	Gen-Z focused Make-up	0.4	
Lumineve	Organic	Active	Oct-25	Prestige Skincare	NA	
Reginald Men	Inorganic	Active	Dec-2025 (launched Aug-22)	Premium men's personal care	0.7	20%
Fluence Pharma	Inorganic	Active	Jun-26	Nutraceuticals	0.4	20%+

Source: Company, HSIE Research

Exhibit 407: Honasa's GTM transformation – Project 'Neev'


Source: Company, HSIE Research

Honasa Consumer: Initiating Coverage

Exhibit 408: Honasa's focus segments: 90% of brand investments are now concentrated in focus segments



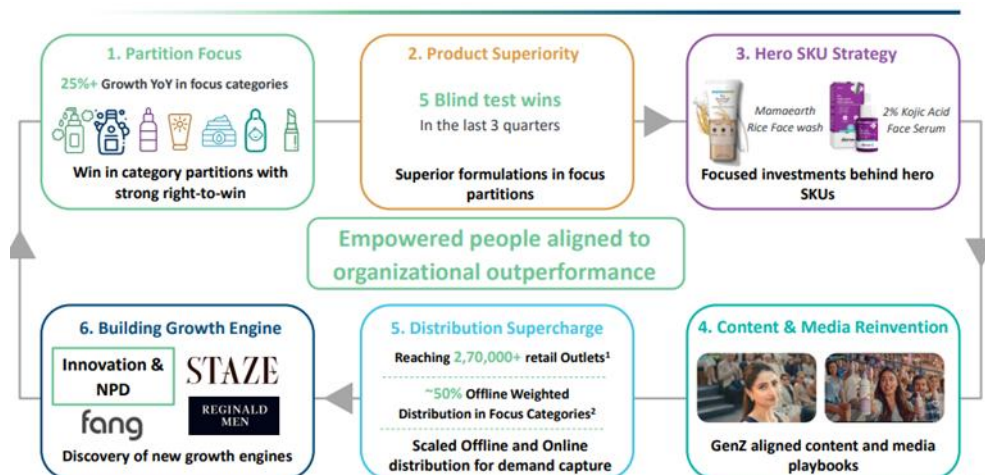
Source: Company, HSIE Research

Exhibit 409: Honasa Consumer – Key growth segments across younger brands



Source: Company, HSIE Research

Exhibit 410: Honasa Consumer – Playbook in place for growth acceleration



Source: Company, HSIL Research

- Source: NielsenIQ, Number of FMCG retail outlets with Mamaearth's presence (All India Urban + Rural)
- Source: NielsenIQ, for All India Urban

Exhibit 411: Honasa Consumer – Brand factory team keeps start-up culture alive at Honasa



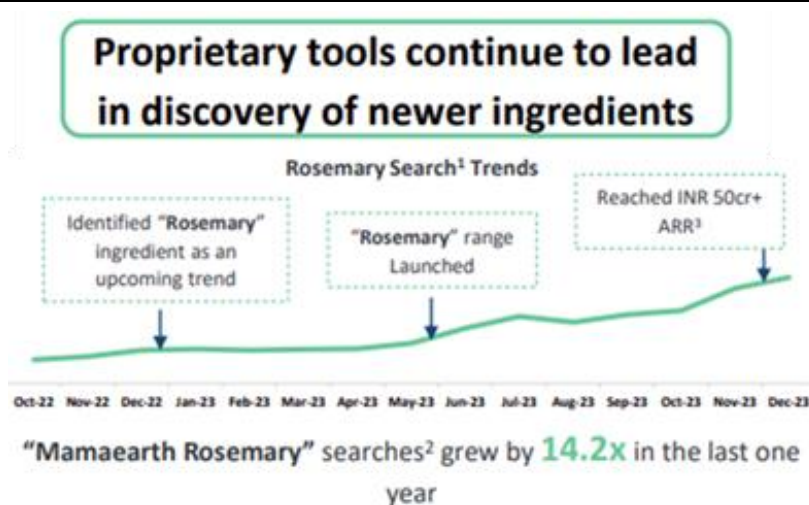
Source: Company, HSIE Research

Exhibit 412: Honasa Consumer – Addressing evolving consumer needs helps Honasa position its House of brands, social listening and reacting appropriately is the key



Source: Company, HSIE Research

Exhibit 413: Honasa Consumer – Addressing evolving consumer needs helps Honasa position its House of brands, social listening and reacting appropriately is the key



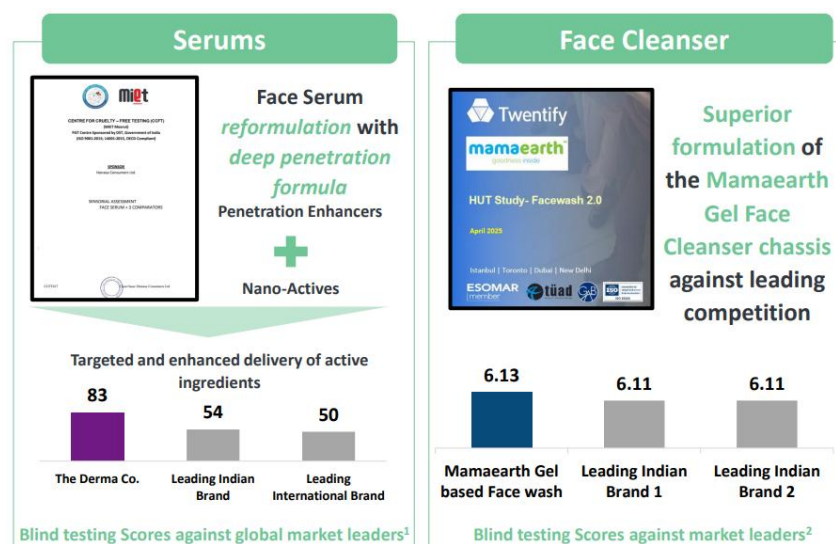
Source: Company, HSIE Research

Exhibit 414: Honasa Consumer – Data analytics key to develop category, as it has done developing products with actives



Source: Company, HSIE Research

Exhibit 415: Honasa Consumer – Product formulations enhanced for product superiority



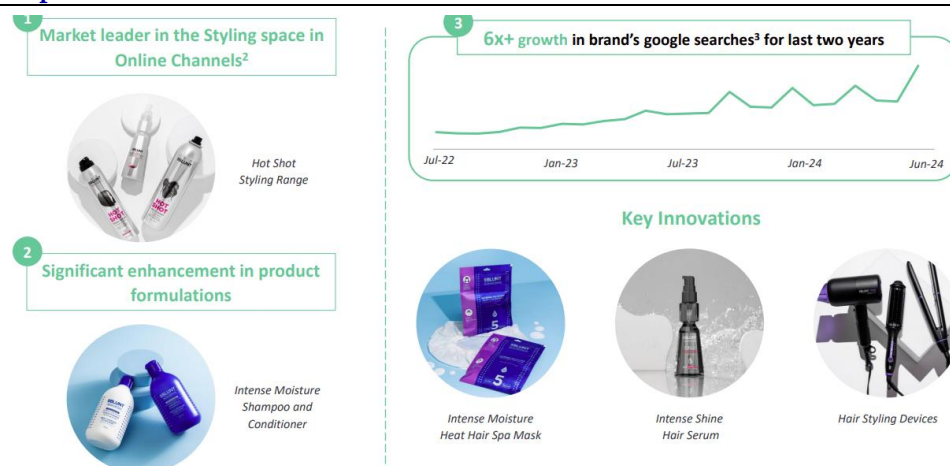
Source: Company, HSIE Research

Exhibit 416: Honasa Consumer – Renovations are measured well and out scores international offerings



Source: Company, HSIE Research

Exhibit 417: Honasa Consumer – After changing hands, BBlunt offerings gain perspective under Honasa



Source: Company, HSIE Research

Exhibit 418: Honasa Consumer – Partnering with experts for curated product range – The Derma Co collaborated with dermatologists, BBlunt collaborated with celebrity stylists and Dermalsoft range under Mamaearth collaborated with dermats

Skin Renew by Dr. V

The range is priced at **2x+** of the other ranges in The Derma Co.

The Derma Co. partnered with **Dr. Vanita Rattan**, a trailblazing cosmetic formulator from the U.K., to bring first of its kind –

Skin Renew Range

- Powered by Peptides and Retinol
- Accelerates skin renewal
- Made for Indian Skin and Weather

Launch Event of Skin Renew Range by Dr. V



Bblunt X Tarini Range - Co-created with celebrity stylist, Tarini Peshawaria, to deliver salon-quality results at home

Dermalsoft Baby Range – Formulated with Sensicare Complex technology. Dermatologist-developed for gentle, safe, and effective care



Source: Company, HSIE Research

Exhibit 419: Honasa Consumer – Enhanced R&D capability with Rohini Manoj

We have entered into a binding agreement to acquire Cosmogenesis¹ Labs

Expertise

Ms. Rohini Manoj, the founder, will be joining our R&D team



- Brings in 25+ years of industry experience
- Worked with top FMCG and new age BPC Companies

Formulations

Ms. Rohini and her team of scientists will enhance our R&D capability with her experience of creating over 5,000 formulations in Beauty and Personal Care Category

Category Experience

Skin Care

Hair Care

Bath & Body

Sun Care Cosmetics

Color Cosmetics

R&D Capability

As part of the transaction, we would be acquiring formulations expertise, research & development lab along with a nano manufacturing facility




Facility Snapshots

Source: Company, HSIE Research

Exhibit 420: Honasa Consumer – Enhancing offline visibility with experience centres/exclusive brand outlets



Source: Company, HSIE Research

Exhibit 421: Honasa Consumer – Targeting prestige skin care under Lumineve



Lumineve

POWERED BY SCIENCE, PERFECTED BY SLEEP

ADVANCED NIGHTRENEW COMPLEX™

Synchronizes with skin's circadian rhythm for overnight renewal

SKIN TYPE EXPERTISE

8 clinically engineered formulations for unique skin needs

LIPOSOMAL TECHNOLOGY

Deeper, time-release delivery for maximum efficacy with zero irritation

CLINICALLY TESTED

Proven results with dermat-reviewed studies across skin types



Brand launched at NYKAALAND 2025

Lumineve caters to the prestige skin care segment which is expected to be \$4Bn market by 2035

Source: Company, HSIE Research

Exhibit 422: Honasa Consumer – Building first to India innovation at prestige pricing



Source: Company, HSIE Research

Exhibit 423: Honasa is open for M&A to fortify its outlook

Brand / portfolio	Owner	Current stake	Acquisition date	Category	Deal Value (INRbn)	EV (INRbn)	EV/Sales	Period
B Blunt (Products + Salon)	Bhabani Blunt Hair Dressing + Godrej consumer (30% stake)	100.0%	Feb-22	Personal care + Salon	1.34	1.34	3.9x	FY23
Fang Oral	Couch Commerce Private Limited	25.0%	Dec-25	Oral care	0.10	0.40	5.7x	ARR Sep-25
Reginald Men	BTM Ventures Private Limited	95.0%	Jan-26	Male grooming	1.85	1.95	2.6x	TTM Oct-25
Fluence Pharma	Fluence Pharma Private Limited	58.0%	Jun-26	Nutraceuticals	0.78	1.35	3.4x	FY26

Source: Company, HSIE Research

Exhibit 424: Honasa Consumer – Addressing beauty in oral care via financial investment in fang

fang A prestige oral care brand focused on teeth whitening and everyday oral wellness

Clinically backed ingredients with enamel safety as core principle

Clean label - fluoride-free, SLS-free, artificial colour-free formulations

Ranked among the top 3 new-age players in the teeth-whitening segment*

Investing in founders with rich professional backgrounds

Ankit Agarwal
Product & Operations
20+ years of experience in Personal-care and Health-care Manufacturing

Ashutosh Jaiswal
Brand & Finance
20+ yrs in Marketing and Finance

Jitendra Arora
D2C & Marketplace
20+ yrs in E-commerce, Performance Marketing & Global Marketplaces

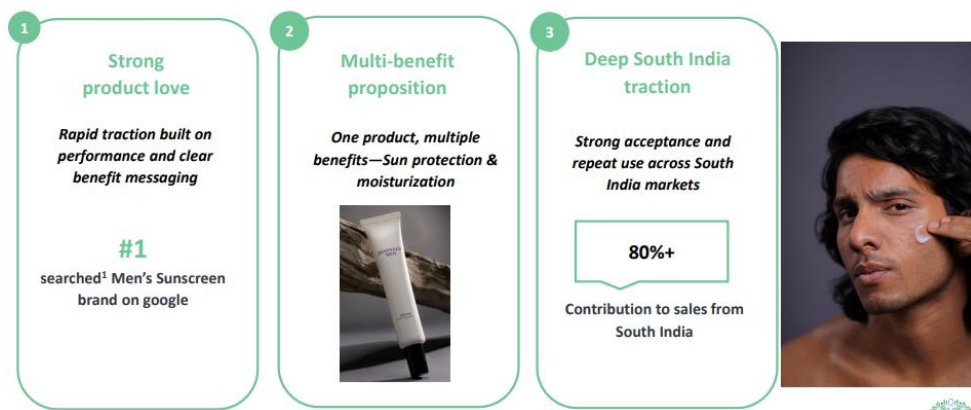
Investment Details
Investment of INR 10 cr for significant minority
As the brand sees traction and scale, Honasa will evaluate options to play a larger role

Transaction Status
Definitive agreements signed
Expected closing in next 4-5 weeks

Source: Company, HSIE Research

Exhibit 425: Honasa Consumer – Entry into premium male grooming segment with acquisition of Reginald Men

Launched in Aug'22, Reginald Men offers curated men's personal care products, with sunscreens as its core offering – a key focus category for Honasa



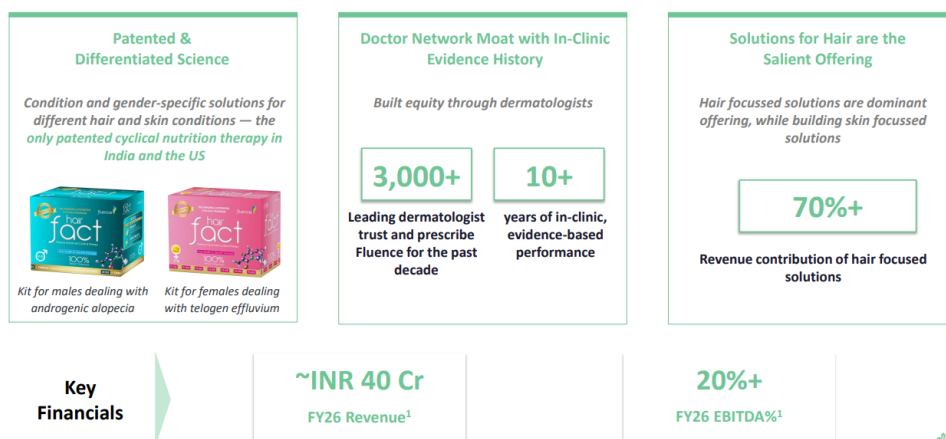
Source: Company, HSIE Research

1: Source: Basis Google AdWords — brand searches in the men's sunscreen category

Exhibit 426: Honasa Consumer – Entry into Nutraceuticals segment (sized at INR160bn) with acquisition of Fluence Pharma

Fluence Pharma – a differentiated and patented science led nutraceuticals play

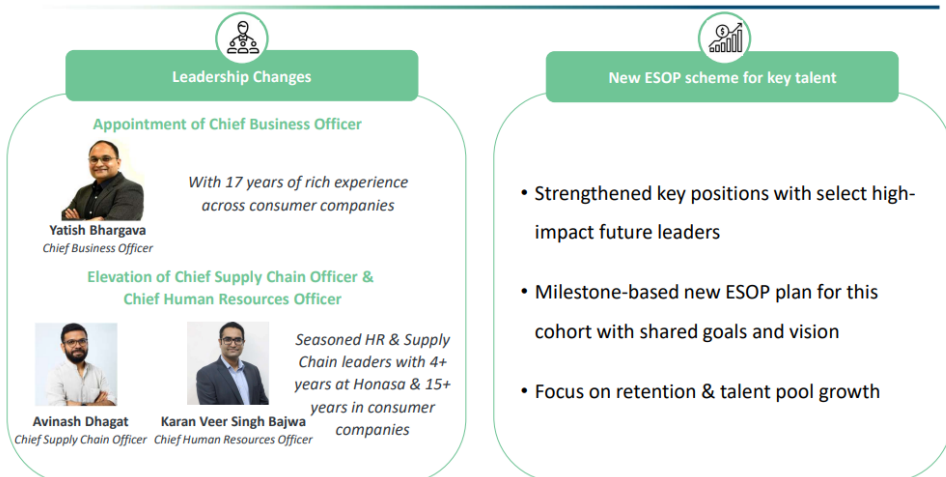
Offers condition-specific OTC supplement kits sold exclusively through dermatologists - built on patented Cyclical Nutritional Therapy



Source: Company, HSIE Research

1: Based on FY26 Provisional numbers before exceptional items and one-time deal related expenses

Exhibit 427: Honasa Consumer – Addressed talent gap in execution team



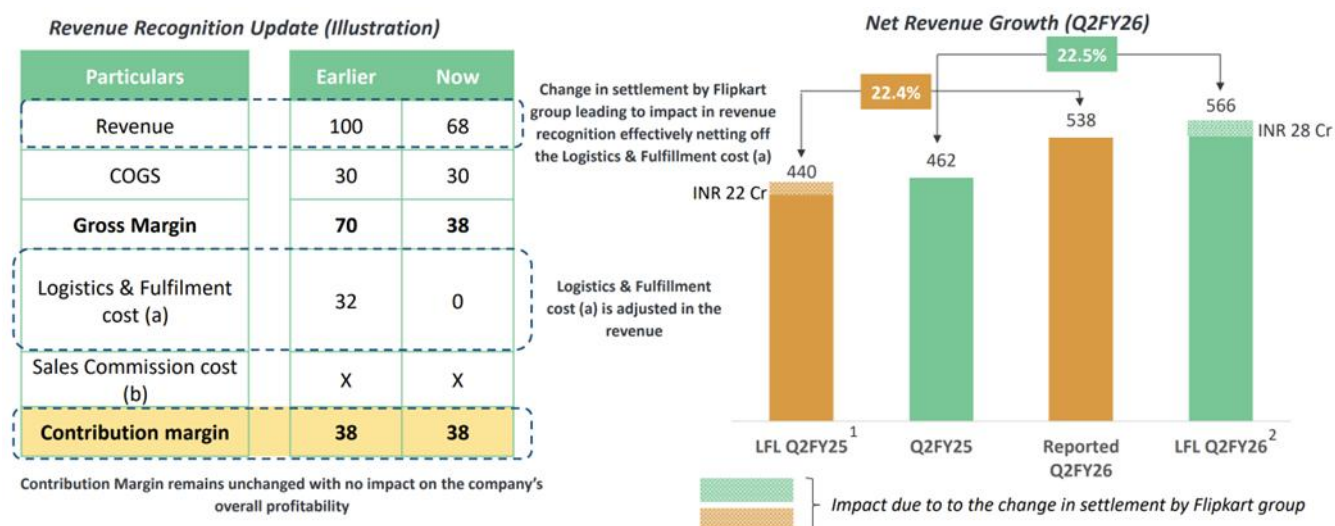
Source: Company, HSIE Research

Exhibit 428: Honasa Consumer's brand-wise revenue estimates

(INR mn)	FY25E	FY26E	FY27E	FY28E	FY29E
Mamaearth	11,281	12,089	13,676	14,975	16,398
growth	-10%	7%	13%	10%	10%
Contribution	55%	51%	47%	44%	42%
The Derma Co	5,338	6,712	8,248	9,897	11,382
growth	62%	25%	23%	20%	15%
Contribution	26%	28%	28%	29%	29%
Acqualogica	1,350	1,520	1,805	2,138	2,470
growth	15%	17%	19%	18%	16%
Contribution	7%	6%	6%	6%	6%
Dr Seth	1,400	1,500	1,916	2,203	2,534
growth	27%	15%	28%	15%	15%
Contribution	7%	6%	7%	7%	7%
Bblunt	1,000	1,300	1,625	2,031	2,539
growth	54%	53%	25%	25%	25%
Contribution	5%	6%	6%	6%	7%
Staze	200	349	650	1,000	1,500
growth		318%	86%	54%	50%
Contribution	1%	1%	2%	3%	4%
Male grooming		100	1,050	1,470	1,911
growth				40%	30%
Contribution	0%		4%	4%	5%
Revenue from products	20,569	23,569	28,969	33,714	38,733
Growth	8.0%	16.3%	22.9%	16.4%	14.9%

Source: Company, HSIE Research

Exhibit 429: Honasa Consumer – Change in revenue recognition with Flipkart and Myntra affected reported results in FY26 and FY27



Source: Company, HSIE Research

Exhibit 430: Honasa Consumer's aspiring for 18% revenue CAGR over FY26-31

Our journey to 5,500+ Cr revenue by FY31



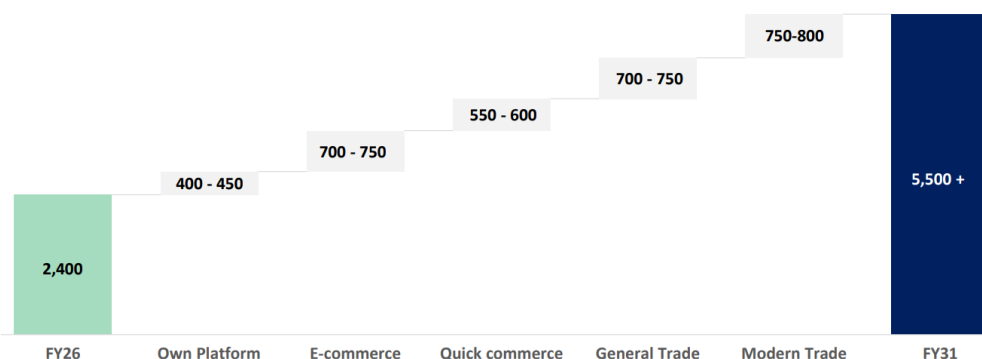
Source: Company, HSIE Research

Exhibit 431: Honasa Consumer – Path to revenue of INR55bn by FY31, by supply chain

Our omni-channel approach to deliver our FY31 goals



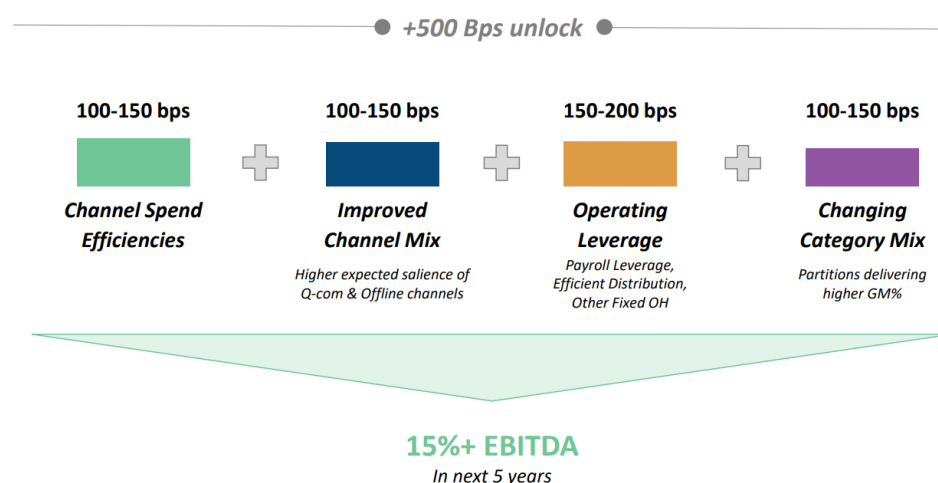
All values are FY31 NSV in Rs Cr



Source: Company, HSIE Research

Exhibit 432: Honasa Consumer – Path to 500bps margin expansion till FY31

Our approach to deliver + 500 bps margin improvement by FY31



Source: Company, HSIE Research

Exhibit 433: Honasa Consumer – Long term aspirations to be India's largest pureplay BPC Company

Our 10 Year Vision

Honasa lives to provide innovative, high-quality products purposefully crafted specifically for the needs of evolving Indians across BPC category



BUILDING INDIA'S LARGEST PUREPLAY BPC COMPANY

Source: Company, HSIE Research

Exhibit 434: Honasa Consumer – Home grown brands seeing share gains to traditional MNCs



Varun Alagh • 1st
Co-Founder, CEO, Building brands for Millennials and Gen Zs
4h • Edited •

A pattern is playing out across every major beauty market in the world. And **#India** is next.

#China: Homegrown brands crossed 50% market share in 2023—up from ~40% in 2017. Top-20 C-beauty share doubled from 14% to 28% in five years.

#Indonesia: A legacy brand in personal care lost 11 percentage points of share between 2017 and 2023.

#USA: Indigenous beauty brands are growing 3.7x faster than legacy players. Their share has moved from ~27% to ~32% in just two years.

The pattern is unmistakable—as BPC markets mature, legacy multinationals lose share to homegrown, digital-first brands that understand local consumers better.

What do these markets have in common?

- Rising e-commerce penetration
- Ingredient-literate consumers
- Creator-led discovery replacing TV-led awareness
- Faster local innovation cycles (2x speed vs. legacy R&D)

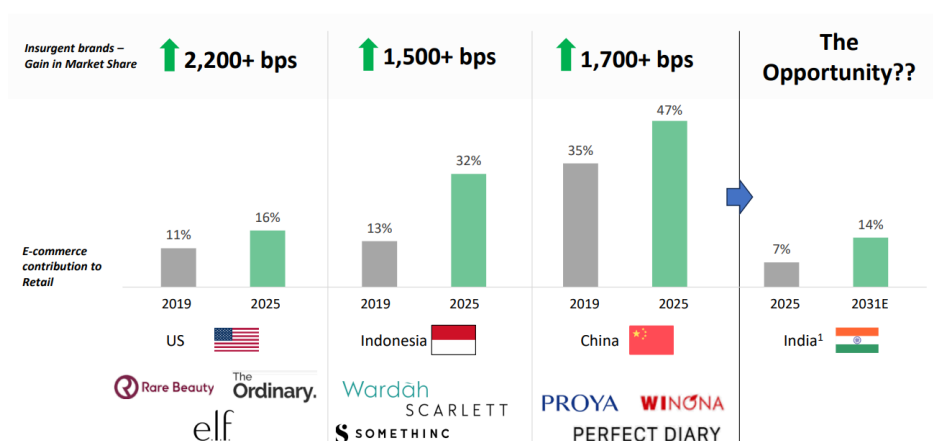
India is entering this exact inflection point today. BPC e-commerce penetration is at 15–20%. **#QuickCommerce** has 33M+ users. Consumers are searching for niacinamide, not brand names.

The early signals are already here. For instance, a traditional player in the Beauty & Wellbeing portfolio grew just ~3% in FY25. Meanwhile, other incumbent players are acquiring digital-first brands to stay relevant.

The next decade in Indian BPC won't be won by the biggest spender. It'll be won by whoever understands Indian ingredients, **#IndianSkin**, **#IndianMedia**, and **#IndianChannels** better than anyone else.

The fragmentation thesis isn't a theory anymore. It's a playbook, and it's been validated across three continents.

Wherever these forces converged, home-grown brands won



Source: Company, HSIE Research

Honasa Consumer: Initiating Coverage

Income Statement (Consolidated)

YE March (INR mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Net Revenues	9,435	14,927	19,199	20,669	23,919	29,369	34,139	39,183
<i>Growth (%)</i>		58.2	28.6	7.7	15.7	22.8	16.2	14.8
Material Expenses	2,834	4,467	5,807	6,129	7,144	8,811	10,242	11,755
Employee Expense	788	1,649	1,706	2,004	2,626	2,901	3,214	3,553
Other Expenses	5,697	8,584	10,315	11,851	11,787	14,283	16,449	18,717
EBITDA	115	228	1,371	685	2,362	3,374	4,234	5,159
<i>EBITDA Growth (%)</i>		98.6	502.2	(50.0)	244.6	42.9	25.5	21.8
EBITDA Margin (%)	1.2	1.5	7.1	3.3	9.9	11.5	12.4	13.2
Depreciation	69	250	306	450	444	480	537	598
EBIT	46	(22)	1,065	235	1,918	2,894	3,698	4,561
Other Income (Including EO Items)	209	225	497	787	834	854	1,029	1,204
Interest	30	67	90	126	131	175	225	275
PBT before extraordinary items	224	137	1,471	896	2,621	3,573	4,502	5,490
Extraordinary items	-	(1,547)	-	-	(48)	-	-	-
Total Tax	80	99	366	169	571	911	1,148	1,400
Share of Minority Interest	(13)	(82)	(12)	-	2	-	-	-
RPAT after MI	157	(1,428)	1,118	727	1,999	2,662	3,354	4,090
Adjusted PAT	144	37	1,105	727	2,050	2,662	3,354	4,090
<i>APAT Growth (%)</i>		(74.2)	2,863.2	(34.2)	182.0	29.9	26.0	22.0
EPS	0.5	0.1	3.5	2.2	6.3	8.2	10.3	12.6
<i>EPS Growth (%)</i>		(75.4)	2,800.4	(36.6)	181.9	29.9	26.0	22.0

Source: Company, HSIE Research

Balance Sheet (Consolidated)

YE March (INR mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
SOURCES OF FUNDS								
Share Capital - Equity	17,929	19,293	3,242	3,252	3,254	3,254	3,254	3,254
Other Equity	(10,873)	(13,234)	7,710	8,546	10,865	12,225	13,627	15,114
Total Shareholders' Funds	7,056	6,059	10,953	11,798	14,119	15,479	16,881	18,368
Total Debt	682	936	1,341	1,364	1,353	1,489	1,638	1,801
TOTAL CAPITAL EMPLOYED	7,738	6,995	12,293	13,162	15,472	16,968	18,518	20,169
APPLICATION OF FUNDS								
Tangible Assets	44	135	200	258	222	498	649	754
Intangible Assets	2,840	1,564	1,545	1,553	3,530	2,410	2,240	2,070
CWIP	19	-	5	1	-	-	-	-
Right of Use Assets	532	826	1,243	1,227	1,136	1,203	1,135	1,052
Other Non-Current Assets	895	835	2,027	4,668	6,335	7,340	8,345	9,350
Total Non-current Assets	4,330	3,360	5,019	7,707	11,223	11,450	12,369	13,227
Current Investments	3,385	2,600	2,918	3,048	2,522	4,022	5,522	7,022
Inventories	659	1,139	1,228	1,583	1,651	1,984	2,309	2,653
Debtors	728	1,277	1,594	1,323	1,983	1,984	2,217	2,547
Cash & Equivalents	877	681	4,857	3,313	2,137	2,978	2,427	1,972
Other Current Assets	372	607	705	944	1,410	1,551	1,706	1,877
Total Current Assets	6,020	6,304	11,301	10,211	9,702	12,519	14,181	16,070
Creditors	1,704	1,967	2,941	3,568	3,777	5,159	6,004	6,898
Other Current Liabilities & Provns	908	702	1,086	1,188	1,675	1,843	2,027	2,230
Total Current Liabilities	2,612	2,669	4,027	4,756	5,453	7,002	8,031	9,128
Net Current Assets	3,409	3,635	7,274	5,455	4,250	5,517	6,149	6,942
TOTAL APPLICATION OF FUNDS	7,738	6,995	12,293	13,162	15,472	16,968	18,518	20,169

Source: Company, HSIE Research

Cash Flow (Consolidated)

YE March (INR mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Reported PBT	224	(1,410)	1,471	896	2,573	3,573	4,502	5,490
Depreciation	69	250	306	450	444	480	537	598
Working Capital Change	213	(1,048)	1,025	(50)	(597)	1,073	317	252
Tax Paid	(95)	(125)	(324)	49	(603)	(911)	(1,148)	(1,400)
Interest/Dividend received	(37)	(43)	(164)	(437)	(501)	(679)	(804)	(929)
Other items	70	314	39	113	98	-	-	-
Extraordinary items	-	1,547	-	-	-	-	-	-
OPERATING CASH FLOW (a)	446	(516)	2,353	1,022	1,413	3,536	3,403	4,011
Capex	(26)	(117)	(118)	(199)	(70)	(225)	(300)	(300)
<i>Free Cash Flow (FCF)</i>	420	(633)	2,236	823	1,343	3,311	3,103	3,711
Others	(4,971)	546	(4,581)	(1,252)	(100)	(1,830)	(1,626)	(1,451)
INVESTING CASH FLOW (b)	(4,998)	429	(4,698)	(1,451)	(171)	(2,055)	(1,926)	(1,751)
Debt Issuance/(Repaid)	(53)	(179)	(257)	(351)	(374)	-	-	-
Interest Expenses	(4)	(11)	(8)	(8)	(10)	(175)	(225)	(275)
<i>FCFE</i>	371	(800)	1,987	480	980	3,486	3,328	3,986
Change in net worth	4,865	49	3,633	48	4	-	-	-
Others	0	-	0	0	-	135	149	164
FINANCING CASH FLOW (c)	4,808	(141)	3,369	(311)	(380)	(40)	(76)	(111)
NET CASH FLOW (a+b+c)	256	(227)	1,024	(741)	863	1,441	1,401	2,148
Add: Beginning balance	98	304	83	1,070	329	1,192	2,633	4,034
EO Items, Others	(16)	6	(36)	-	-	-	-	-
Closing Cash & Equivalents	337	83	1,070	329	1,192	2,633	4,034	6,182

Source: Company, HSIE Research

Key Ratios

	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
PROFITABILITY (%)								
GPM	70.0	70.1	69.8	70.3	70.1	70.0	70.0	70.0
EBITDA Margin (%)	1.2	1.5	7.1	3.3	9.9	11.5	12.4	13.2
EBIT Margin	0.5	(0.1)	5.5	1.1	8.0	9.9	10.8	11.6
PBT Margin	2.4	0.9	7.7	4.3	11.0	12.2	13.2	14.0
APAT Margin	1.5	0.2	5.8	3.5	8.6	9.1	9.8	10.4
ROE	2.0	0.6	13.0	6.4	15.8	18.0	20.7	23.2
RoIC (or Core RoCE)	0.8	(0.2)	19.4	3.4	17.0	20.7	26.8	31.3
RoCE	0.6	(0.3)	11.0	1.8	13.4	17.8	20.8	23.6
EFFICIENCY								
Tax Rate (%)	35.6	72.7	24.9	18.9	21.8	25.5	25.5	25.5
Fixed Asset Turnover (x)	177.3	87.9	66.7	51.8	39.9	35.6	30.4	27.5
Inventory (days)	25	28	23	28	25	25	25	25
Debtors (days)	28	31	30	23	30	25	24	24
Other Current Assets (days)	14	15	13	17	22	19	18	17
Payables (days)	66	48	56	63	58	64	64	64
Other Current Liab & Provns (days)	35	17	21	21	26	23	22	21
Cash Conversion Cycle (days)	(33)	9	(10)	(16)	(6)	(18)	(19)	(19)
Net D/E (x)	(0.0)	0.0	(0.3)	(0.2)	(0.1)	(0.1)	(0.0)	(0.0)
Interest Coverage (x)	1.5	(0.3)	11.8	1.9	14.6	16.5	16.4	16.6
PER SHARE DATA (INR)								
EPS	0.5	0.1	3.5	2.2	6.3	8.2	10.3	12.6
CEPS	0.7	0.9	4.5	3.6	7.7	9.7	12.0	14.4
Dividend	-	-	-	-	3.0	4.0	6.0	8.0
Book Value	24.2	19.8	35.0	36.3	43.4	47.6	51.9	56.5
VALUATION								
P/E (x)	949.9	3,864.7	133.2	210.3	74.6	57.5	45.6	37.4
P/BV (x)	19.4	23.8	13.4	13.0	10.8	9.9	9.1	8.3
EV/EBITDA (x)	1,166.0	623.0	102.7	215.8	63.4	43.7	34.6	28.3
EV/Revenues (x)	14.2	9.5	7.3	7.2	6.3	5.0	4.3	3.7
OCF/EV (%)	0.3	(0.4)	1.7	0.7	0.9	2.4	2.3	2.8
FCF/EV (%)	0.3	(0.4)	1.6	0.6	0.9	2.2	2.1	2.5
FCFE/Mkt Cap (%)	0.3	(0.6)	1.3	0.3	0.6	2.3	2.2	2.6
Dividend Yield (%)	-	-	-	-	0.6	0.9	1.3	1.7

Source: Company, HSIE Research

Gopal Snacks

Winning back share key to expand horizon

We initiate coverage on Gopal Snacks with a BUY and a Jun'27 TP of INR360, valuing the stock at 40x P/E. Post its IPO, it has strengthened execution through timely management onboarding; however, its strategic momentum was temporarily disrupted by a fire incident at the Rajkot facility in Dec'24. Despite this significant setback, Gopal has successfully protected its sales base and is well-placed to resume its growth trajectory from FY27, led by capacity expansion at Modasa and the recommissioning of the Rajkot plant. With ~70% of revenue derived from its home market, Gopal needs strategies to win back the market share. Amid the prevailing inflationary setting and management's emphasis on topline revival, we see ~20% sales growth and ~7% EBITDA margin for FY27E. As operations normalize from FY28, we expect earnings to accelerate. Key risks to our investment thesis include intensifying competition and a prolonged inflationary environment.

- **Category formalization boosts prospect for Gopal Snacks:** We expect salty snacks category (~INR900bn category) to see steady formalization (now at ~43%), where in the current inflationary setting can accelerate move. Given that a large part of the market operates at INR5 SKU (consumer pull is high), there is pressure on volume of the packs, which continue to shrink with inflation. At some point, we see players moving toward INR10 SKU, which will enhance branded play. With leadership in *gathiya*, Gopal Snacks is charting national expansion with manufacturing at three locations. Interestingly, for *gathiya* products, realization with unorganised is on the higher side, which will pave the way for the company. However, we believe strategic execution is required for the other segments.
- **Execution key to gaining scale:** Until its IPO, Gopal was a regional player with strong backend. However, following the IPO in 2024, it planned to expand pan-India. To this end, it has been servicing the market with expanded capacities; however, following the fire incident in 2024, its aspiration saw a setback. Now, under the guidance of professionals, it once again plans to regain share in the core/Gujarat market (dual servicing to retail), expand into new geographies, accelerate innovation focused on reducing oil usage and enter into new segments (cup cake, popcorn, etc.), and expand the share of new age channels (gain salience of QCom and connect with youth via social media).
- **Better topline health and margin expansion aids earnings:** The company's valuation has been stressed since the listing, given slower topline performance (high competition in core, followed by the fire incident) and weak margin delivery (inflationary stress, followed by weak operating leverage). However, with an attentive management team in place, Gopal has been addressing loose ends and gradually accelerating growth. We expect revenue growth in high teens, which should aid healthy earnings. Inflationary pressure is to be watched from Q1, which in our view may stress the margin, as the company is looking to recoup share and accelerate growth.

Financial Summary (consolidated)

YE March (INR mn)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Revenue	14,026	14,680	15,082	18,072	21,326	24,638
EBITDA	1,685	1,052	1,013	1,323	1,923	2,809
APAT	997	542	444	644	1,122	1,777
Adjusted EPS (INR)	8.0	4.3	3.6	5.2	9.0	14.3
P/E (x)	33.3	61.4	75.0	51.6	29.6	18.7
EV / EBITDA (x)	19.7	31.7	33.1	24.9	17.1	11.5
ROE (%)	29.3	13.6	10.0	12.8	19.9	26.6

Source: Company, HSIE Research

BUY

CMP (as on 16 Jul 26)	INR 267
Target Price	INR 360
NIFTY	24,073

KEY CHANGES	OLD	NEW
Rating	NA	BUY
Price Target	NA	INR 360
EPS %	FY27E	FY28E
	NA	NA

KEY STOCK DATA

Bloomberg code	GOPAL IN
No. of Shares (mn)	125
MCap (INR bn) / (\$ mn)	33/344
6m avg traded value (INR mn)	35
52 Week high / low	INR 398/248

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(6.4)	(17.0)	(28.1)
Relative (%)	(5.9)	(10.5)	(23.1)

SHAREHOLDING PATTERN (%)

	Dec-25	Mar-26
Promoters	81.5	81.5
FIs & Local MFs	6.3	6.3
FPIs	0.8	0.7
Public & Others	11.4	11.5
Pledged Shares	-	-

Source : NSE

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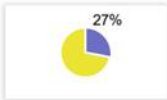
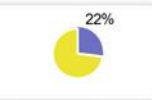
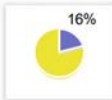
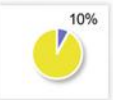
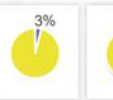
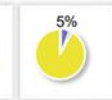
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Exhibit 435: Gopal Snacks – Key assumptions

	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Income statement							
Revenue growth	3.1%	0.6%	4.7%	2.7%	19.8%	18.0%	15.5%
EBITDA growth	107.0%	(14.1%)	(37.6%)	(3.8%)	30.7%	45.3%	46.0%
EBIT growth	149.4%	(16.4%)	(45.8%)	(13.1%)	42.9%	61.6%	57.4%
PBT growth	180.9%	(13.1%)	(43.7%)	(19.0%)	43.9%	74.2%	58.4%
Adjusted PAT growth	170.5%	(11.3%)	(80.9%)	287.7%	(12.6%)	74.2%	58.4%
Gross margin	28.4%	28.5%	25.0%	27.0%	27.0%	27.0%	28.0%
EBITDA margin	14.1%	12.0%	7.2%	6.7%	7.3%	9.0%	11.4%
Balance sheet							
Inventory days	38	54	39	47	45	44	44
Receivable days	3	8	6	14	14	14	12
Payable days	2	5	4	8	7	7	7
Fixed Assets Turnover Ratio (x)	3.3	3.2	3.5	2.8	3.0	3.2	3.3
Avg ROE	48.0%	29.3%	13.6%	10.0%	12.8%	19.9%	26.6%
Avg ROCE	49.1%	33.9%	17.2%	13.5%	17.0%	24.8%	33.1%

Source: Company, HSIL Research

Exhibit 436: Gopal Snacks category overview with capacity, utilization, and revenue

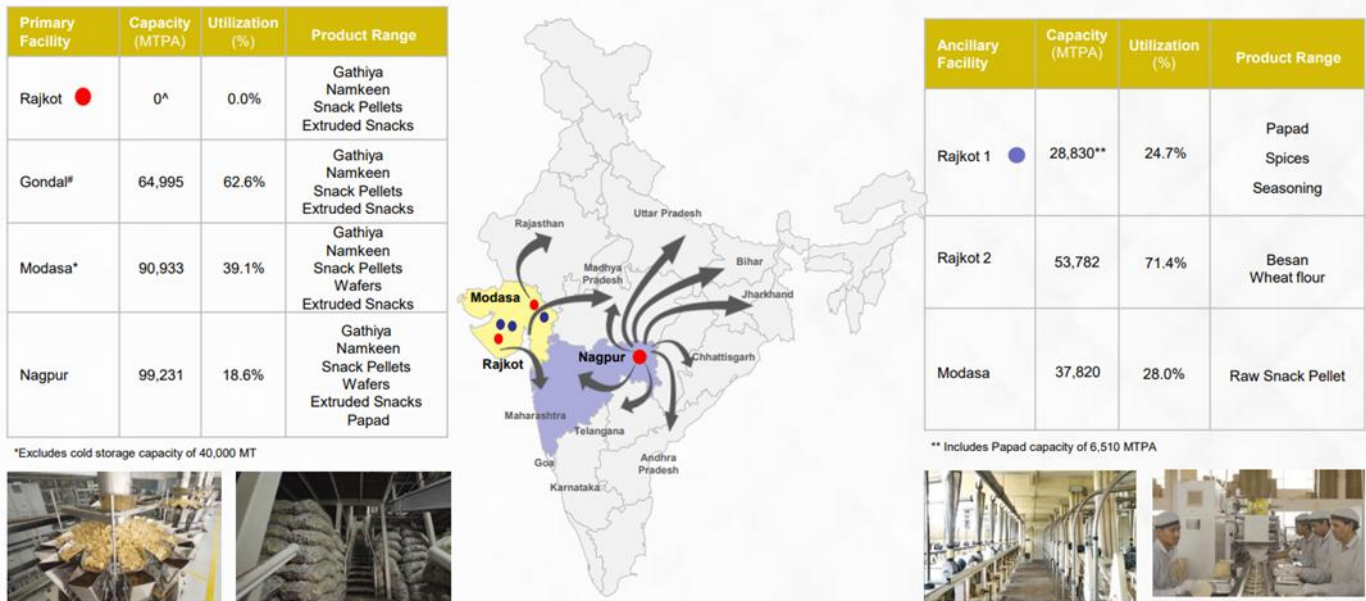
									
Product Types	Gathiya	Namkeen	Snack Pellets	Wafers	Extruded Snacks	Papad	Besan	Spices	Other Products*
# Products	8	28	12	11	7	2	1	6	23
Installed Capacity (Mar-26)	89,001 MT	1,08,302 MT	31,372 MT	12,503 MT	10,571 MT	9,920 MT	46,345 MT	9,207 MT	-
Capacity Utilisation (Mar-26)	36%	28%	48%	55%	26%	21%	74%	10%	-
Revenue Contribution (Mar-26)**									

Source: Company, HSIE Research

*Other Products include Noodles, Rusk, Flour, Jaggery, Wafer Biscuit, Biscuit, Ghee, Beauty Soap & Washing Bar

**Balance Revenue Contribution of 7% comes from other products like sale of by-product, wastages, Scraps, raw material & Subsidy

Exhibit 437: Gopal Snacks's manufacturing capacities are in Gujarat and Maharashtra



Source: Company, HSIE Research

Exhibit 438: Gopal Snacks – Modasa initially focused on western snacks; now has full portfolio capacity



Source: Company, HSIE Research

Exhibit 439: Gopal Snacks – With recovery in capacity, focus is to connect back with consumer; in FY27, we expect enhanced thrust on national media to address Pan-India distributor push

(INR mn)	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Gathiya	3,623	4,464	4,239	3,871	3,992	4,104	4,966	5,810	6,682
growth	56%	23%	-5%	-9%	3%	3%	21%	17%	15%
Contribution	32%	33%	30%	28%	27%	27%	27%	27%	27%
Namkeen	4,078	4,283	4,056	3,855	3,712	3,508	4,104	4,720	5,286
growth	33%	5%	-5%	-5%	-4%	-5%	17%	15%	12%
Contribution	36%	32%	29%	27%	25%	23%	23%	22%	21%
Ethnic snacks	7,701	8,747	8,295	7,726	7,704	7,612	9,070	10,530	11,968
growth	43%	14%	-5%	-7%	0%	-1%	19%	16%	14%
Snack pallets	2,342	2,780	3,095	2,904	2,641	2,648	3,098	3,624	4,059
growth	-10%	19%	11%	-6%	-9%	0%	17%	17%	12%
Contribution	21%	21%	22%	21%	18%	18%	17%	17%	16%
Wafers	525	591	844	1,176	1,660	1,554	1,943	2,428	3,035
growth	40%	13%	43%	39%	41%	-6%	25%	25%	25%
Contribution	5%	4%	6%	8%	11%	10%	11%	11%	12%
Extruded Snacks	147	198	165	158	142	142	168	193	216
growth		34%	-16%	-4%	-10%	0%	18%	15%	12%
Contribution	1%	1%	1%	1%	1%	1%	1%	1%	1%
Western snacks	3,014	3,569	4,103	4,239	4,443	4,344	5,208	6,246	7,311
growth	1%	18%	15%	3%	5%	-2%	20%	20%	17%
Papad	349	466	529	545	480	499	574	660	739
growth	16%	33%	14%	3%	-12%	4%	15%	15%	12%
Contribution	3%	3%	4%	4%	3%	3%	3%	3%	3%
Besan	48	254	415	728	837	870	1,044	1,253	1,504
growth		426%	63%	75%	15%	4%	20%	20%	20%
Contribution	0%	2%	3%	5%	6%	6%	6%	6%	6%
Spices	9	12	50	101	116	206	251	301	361
growth	1675%	24%	332%	100%	15%	5%	22%	20%	20%
Contribution	0%	0%	0%	1%	1%	1%	1%	1%	1%
Others ^	-	3	41	125	256	631	820	1,066	1,332
growth			1283%	206%	104%	258%	30%	30%	25%
Contribution	0%	0%	0%	1%	2%	4%	5%	5%	5%
Other Products	407	734	1,036	1,499	1,689	2,206	2,689	3,280	3,937
growth	35%	81%	41%	45%	13%	31%	22%	22%	20%
Others #	167	471	513	561	844	920	1,104	1,270	1,422
growth	-15%	181%	9%	9%	51%	14%	20%	15%	12%
Total revenue	11,289	13,522	13,947	14,025	14,680	15,082	18,072	21,326	24,638
growth	27.4%	19.8%	3.1%	0.6%	4.7%	3.0%	19.8%	18.0%	15.5%

Source: Company, HSIE Research

^ Includes chikki, noodles, rusk, soan papdi and washing bar

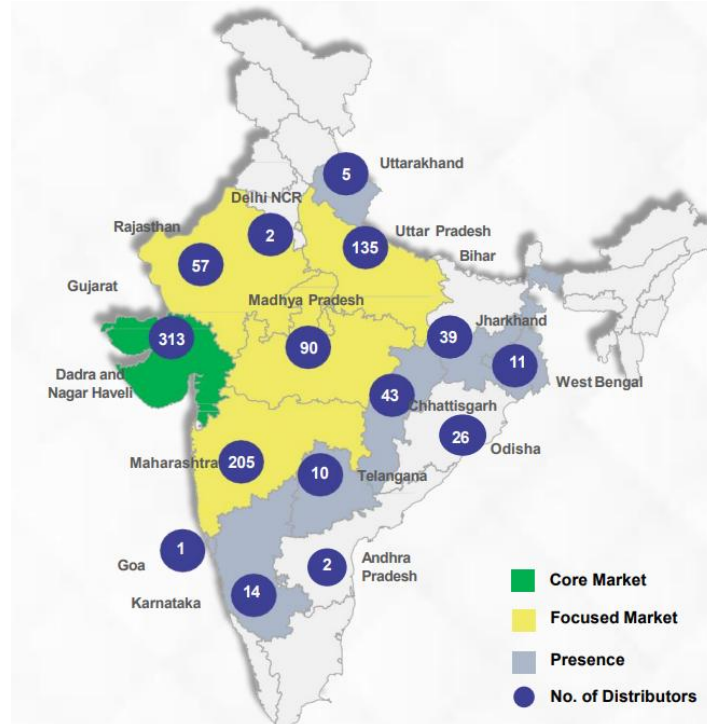
Includes sale of by-product, raw materials and wastage and other operating income comprising subsidy income and export scheme incentive

Exhibit 440: Savory Snacks peer growth trend – Gopal Snacks growth CAGR is relatively weaker to category leaders, where it faced competition from regional players and saw supply issues due to fire incident

	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	5-Yr CAGR
Haldiram (North + Nagpur)	46,695	51,457	57,617	70,189	85,846	1,02,743	1,12,417	1,60,000	23%
Pepsi Co India	60,698	62,566	52,081	50,323	62,398	80,309	90,966	88,770	11%
Balaji Wafers	18,400	19,723	23,360	29,386	40,029	49,249	54,537	65,000	23%
Bikaji	7,813	9,014	10,746	13,107	16,110	19,661	23,293	26,219	20%
Prataap Snacks	10,254	11,815	14,030	11,799	14,103	16,607	16,265	17,174	4%
Gopal Snacks	6,891	8,160	8,862	11,289	13,522	13,947	14,026	14,680	11%
Bikanervala	7,871	9,350	10,919	9,814	10,073	12,093	13,135	14,040	5%
DFM foods	4,253	4,836	5,079	5,241	5,545	5,861	5,536	7,058	7%
Haldiram Prabhuji	3,305	3,943	3,699	3,023	3,769	4,726	4,731	NA	NA

Source: Company, HSIE Research

Exhibit 441: Gopal Snacks – Overview of its presence and distributor connects



Source: Company, HSIE Research

Exhibit 442: Gopal Snacks – Growth in core and non-core markets

(INR mn)	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Gujarat – Core state	8,389	10,313	11,029	10,519	10,156	9,905	11,341	13,115	14,785
Growth		23%	7%	-5%	-3%	-2%	15%	16%	13%
as a % of revenue	74%	76%	79%	75%	69%	66%	63%	61%	60%
Non-core states	2,900	3,209	2,917	3,506	4,524	5,177	6,730	8,211	9,853
Growth		11%	-9%	20%	29%	14%	30%	22%	20%
as a % of revenue	26%	24%	21%	25%	31%	34%	37%	39%	40%

Source: Company, HSIE Research

Exhibit 443: Gopal Snacks – Growth across key SKUs

(INR mn)	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
SKUs at INR5	9,333	10,917	10,527	9,286	9,056	8,823	10,625	12,467	14,279
Growth		17%	-4%	-12%	-2%	-3%	20%	17%	15%
Contribution	84%	84%	78%	69%	66%	64%	64%	63%	62%
SKUs at INR10	464	607	1,147	1,615	1,908	1,799	2,158	2,672	3,224
Growth		31%	89%	41%	18%	-6%	20%	24%	21%
Contribution	4%	5%	9%	12%	14%	13%	13%	14%	14%
SKU above INR10	1,323	1,526	1,760	2,557	2,814	3,096	3,818	4,650	5,528
Growth		15%	15%	45%	10%	25%	23%	22%	19%
Contribution	12%	12%	13%	19%	20%	23%	23%	24%	24%

Source: Company, HSIE Research

Exhibit 444: Gopal Snacks – With recovery in capacity, focus is to connect back with consumer; in FY27, we expect enhanced thrust on national media to address pan-India distributor push



Source: Company, HSIE Research

Income Statement (Consolidated)

YE March (INR mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Net Revenues	13,522	13,947	14,026	14,680	15,082	18,072	21,326	24,638
<i>Growth (%)</i>		3.1	0.6	4.7	2.7	19.8	18.0	15.5
Material Expenses	10,735	9,988	10,026	11,003	11,013	13,192	15,568	17,739
Employee Expense	772	873	1,023	1,134	1,207	1,286	1,370	1,459
Other Expenses	1,066	1,124	1,293	1,492	1,849	2,270	2,465	2,631
EBITDA	948	1,962	1,685	1,052	1,013	1,323	1,923	2,809
<i>EBITDA Growth (%)</i>		107.0	(14.1)	(37.6)	(3.8)	30.7	45.3	46.0
EBITDA Margin (%)	7.0	14.1	12.0	7.2	6.7	7.3	9.0	11.4
Depreciation	311	374	358	332	387	429	477	534
EBIT	637	1,588	1,328	720	626	895	1,446	2,275
Other Income (Including EO Items)	43	39	44	56	44	65	150	200
Interest	139	108	53	34	69	95	90	90
PBT before extraordinary items	541	1,518	1,319	742	601	865	1,506	2,385
Extraordinary items	-	-	-	352	(293)	-	-	-
Total Tax	125	395	322	201	157	220	384	608
RPAT after MI	415	1,124	997	190	737	644	1,122	1,777
Adjusted PAT	415	1,124	997	542	444	644	1,122	1,777
<i>APAT Growth (%)</i>		170.5	(11.3)	(45.7)	(18.1)	45.2	74.2	58.4
No of shares (mn)	1	125	125	125	125	125	125	125
EPS	366.7	9.0	8.0	4.3	3.6	5.2	9.0	14.3
<i>EPS Growth (%)</i>		(97.5)	(11.3)	(45.7)	(18.1)	45.3	74.2	58.4

Source: Company, HSIE Research

Balance Sheet (Consolidated)

YE March (INR mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
SOURCES OF FUNDS								
Share Capital - Equity	11	125	125	125	125	125	125	125
Other Equity	1,765	2,784	3,779	3,923	4,663	5,121	5,912	7,191
Total Shareholders' Funds	1,777	2,909	3,904	4,048	4,788	5,245	6,037	7,315
Total Debt	1,051	735	281	131	338	175	188	203
TOTAL CAPITAL EMPLOYED	2,828	3,644	4,184	4,179	5,126	5,420	6,225	7,519
APPLICATION OF FUNDS								
Tangible Assets	2,134	2,383	2,286	2,276	3,053	3,224	3,446	3,713
CWIP	469	99	132	464	789	145	145	145
Other Non-Current Assets	71	115	78	10	6	6	6	6
Total Non-current Assets	2,674	2,597	2,496	2,750	3,847	3,375	3,597	3,864
Current Investments	17	24	19	46	46	46	46	46
Inventories	872	1,449	2,057	1,566	1,932	2,228	2,571	2,970
Debtors	140	114	297	235	559	670	818	810
Cash & Equivalents	11	286	241	6	8	369	518	1,216
Other Current Assets	284	142	275	762	756	794	834	875
Total Current Assets	1,323	2,016	2,889	2,617	3,300	4,106	4,786	5,917
Creditors	70	94	209	176	337	347	409	473
Other Current Liabilities & Provns	1,097	875	992	1,011	1,684	1,714	1,749	1,790
Total Current Liabilities	1,167	969	1,201	1,187	2,021	2,061	2,158	2,262
Net Current Assets	157	1,047	1,688	1,429	1,279	2,046	2,627	3,655
Misc Expenditures	3	-	0	0	0	0	0	0
TOTAL APPLICATION OF FUNDS	2,828	3,644	4,184	4,179	5,126	5,420	6,225	7,519

Source: Company, HSIE Research

Cash Flow (Consolidated)

YE March (INR mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Reported PBT	541	1,518	1,318	270	994	865	1,506	2,385
Depreciation	311	374	355	329	384	429	477	534
Working Capital Change	(310)	(363)	(715)	(212)	(453)	(416)	(420)	(314)
Tax Paid	(89)	(412)	(321)	(200)	(115)	(220)	(384)	(608)
Other items	133	98	46	494	(347)	30	(60)	(110)
OPERATING CASH FLOW (a)	586	1,215	683	683	464	686	1,120	1,887
Capex	(730)	(253)	(303)	(837)	(1,469)	44	(700)	(800)
Free Cash Flow (FCF)	(144)	962	380	(154)	(1,005)	730	420	1,087
Others	(10)	(249)	261	13	208	65	150	200
INVESTING CASH FLOW (b)	(740)	(502)	(42)	(824)	(1,261)	109	(550)	(600)
Debt Issuance/(Repaid)	251	(577)	(392)	(9)	876	(152)	-	-
Interest Expenses	(131)	(106)	(44)	(32)	(62)	(95)	(90)	(90)
FCFE	238	491	32	(132)	(67)	673	510	1,177
Dividend	-	-	-	(57)	(16)	(187)	(330)	(498)
Others	(2)	(5)	(0)	(0)	(1)	-	-	-
FINANCING CASH FLOW (c)	118	(688)	(436)	(98)	797	(434)	(420)	(589)
NET CASH FLOW (a+b+c)	(37)	25	205	(239)	1	361	149	698
Add: Beginning balance	48	11	36	241	2	2	364	513
Closing Cash & Equivalents	11	36	241	2	2	364	513	1,211

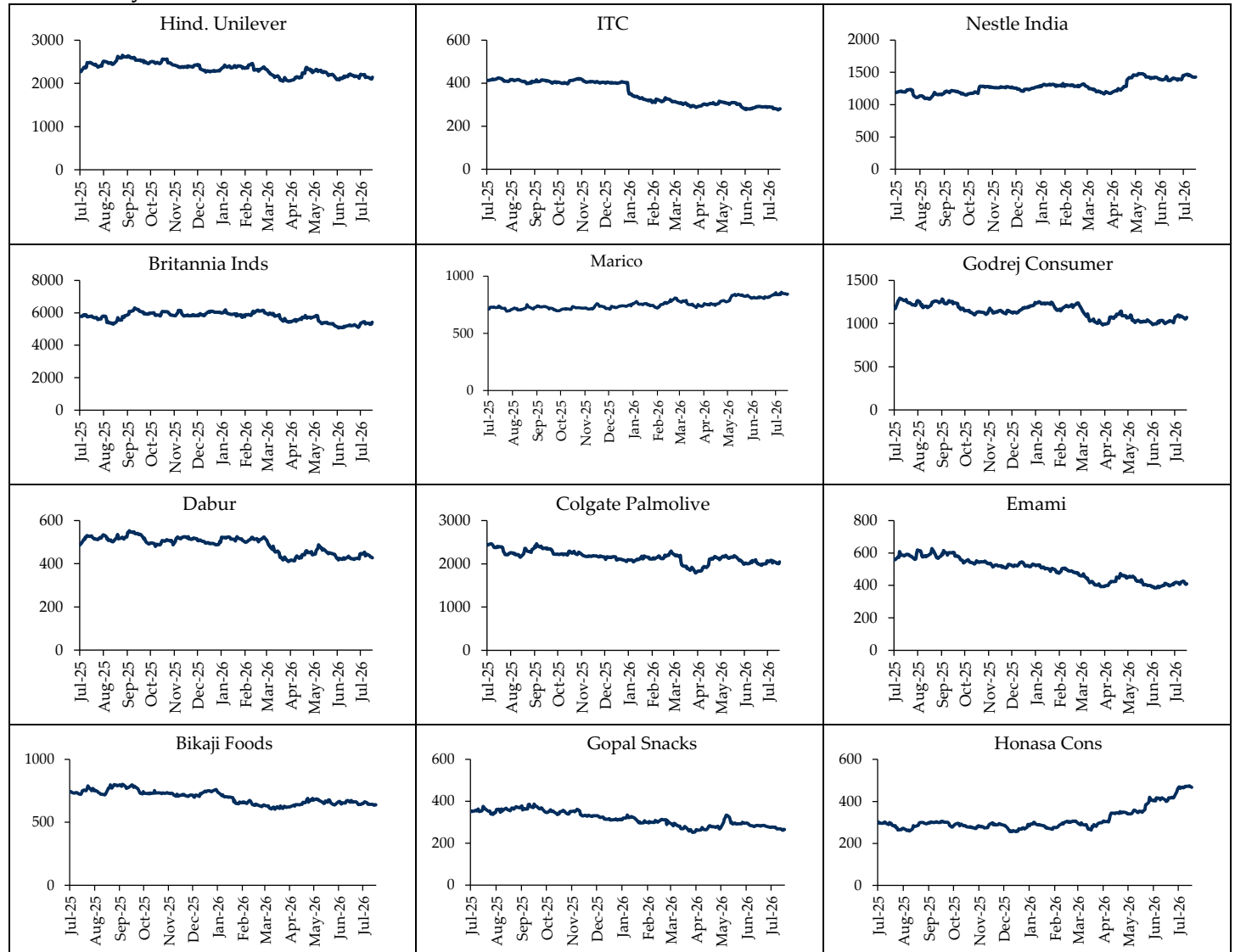
Source: Company, HSIE Research

Key Ratios

	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
PROFITABILITY (%)								
GPM	20.6	28.4	28.5	25.0	27.0	27.0	27.0	28.0
EBITDA Margin (%)	7.0	14.1	12.0	7.2	6.7	7.3	9.0	11.4
EBIT Margin	4.7	11.4	9.5	4.9	4.1	5.0	6.8	9.2
PBT Margin	4.0	10.9	9.4	5.1	4.0	4.8	7.1	9.7
APAT Margin	3.1	8.1	7.1	3.7	2.9	3.6	5.3	7.2
ROE	23.4	48.0	29.3	13.6	10.0	12.8	19.9	26.6
RoIC (or Core RoCE)	17.5	38.3	27.6	13.1	10.0	13.2	20.2	28.4
RoCE	22.5	49.1	33.9	17.2	13.5	17.0	24.8	33.1
EFFICIENCY								
Tax Rate (%)	23.2	26.0	24.4	27.0	26.2	25.5	25.5	25.5
Fixed Asset Turnover (x)	3.8	3.3	3.2	3.5	2.8	3.0	3.2	3.3
Inventory (days)	24	38	54	39	47	45	44	44
Debtors (days)	4	3	8	6	14	14	14	12
Other Current Assets (days)	8	4	7	19	18	16	14	13
Payables (days)	2	2	5	4	8	7	7	7
Other Current Liab & Provns (days)	30	23	26	25	41	35	30	27
Cash Conversion Cycle (days)	3	19	37	34	30	33	35	35
Net D/E (x)	0.6	0.2	0.0	0.0	0.1	(0.0)	(0.1)	(0.1)
Interest Coverage (x)	4.6	14.6	25.2	21.3	9.0	9.4	16.0	25.2
PER SHARE DATA (INR)								
EPS	366.7	9.0	8.0	4.3	3.6	5.2	9.0	14.3
CEPS	641.5	12.0	10.9	7.0	6.7	8.6	12.8	18.5
Dividend	-	-	-	1.0	1.0	1.5	2.7	4.0
Book Value	1,568.4	23.3	31.3	32.5	38.4	42.1	48.4	58.7
VALUATION								
P/E (x)	0.7	29.6	33.3	61.4	75.0	51.6	29.6	18.7
P/BV (x)	0.2	11.4	8.5	8.2	6.9	6.3	5.5	4.5
EV/EBITDA (x)	1.4	17.2	19.7	31.7	33.1	24.9	17.1	11.5
EV/Revenues (x)	0.1	2.4	2.4	2.3	2.2	1.8	1.5	1.3
OCF/EV (%)	44.2	3.6	2.1	2.0	1.4	2.1	3.4	5.9
FCF/EV (%)	(10.9)	2.9	1.1	(0.5)	(3.0)	2.2	1.3	3.4
FCFE/Mkt Cap (%)	78.9	1.5	0.1	(0.4)	(0.2)	2.0	1.5	3.5
Dividend Yield (%)	-	-	-	0.4	0.4	0.6	1.0	1.5

Source: Company, HSIE Research

Price History



Rating Criteria

BUY: >+15% return potential
ADD: +5% to +15% return potential
REDUCE: -10% to +5% return potential
SELL: >10% Downside return potential

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