

February 2025

Consumer Sector Deep dive – February 2025 edition

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Summary, outlook and top picks

- **Top picks: United Spirits, United Breweries, Pidilite and HUL.** Also **Britannia, ITC and Nestle** look good from a 1-year perspective.
- **Margins on a YoY basis** in the near term will remain under pressure for Godrej Consumer, Bikaji and Tata Consumer.
- **We expect companies with more rural exposure to likely grow faster for next two quarters:** For example, in toothpaste, we reckon Dabur shall outpace Colgate while, in paints, Berger shall outpace Asian Paints.
- **We see limited downside in Consumer stocks as Defensives are back in flavour. Valuations are reasonable and the worst is behind for most companies.**
- Rural demand continued to improve for a fourth quarter. Urban slowdown is likely to continue till Q1FY26. Rural volumes are growing 2x urban (volume growth in urban at 5% while it is 9.9% in case of rural).
- As per Nielsen, sales of Consumer sector grew 10.6% YoY in Q3FY25 (5.7% YoY in Q2FY25). Price growth was ~3.3% while volumes rose 7.1% YoY.
- *United Spirits, Pidilite and United Breweries* posted strong Q3FY25 volume growth along with a positive outlook on demand. On the other hand, *Bikaji Foods, Godrej Consumer and Tata Consumer* posted a weak set of results—mainly due to steep inflation in raw materials.
- Companies with international exposure performed well on the top-line front, but INR depreciation led to lower INR sales growth. On the other hand, territories such as Bangladesh performed well for companies such as Marico and Dabur due to low base and some macro stability.
- Andhra reforms is acting as a boon for AlcoBev companies. In Q3FY25, for United Spirits, Andhra contributed 6.1% growth (aided by pipeline filling) with YTD contribution of ~2.4%. For UBBL, Andhra contributed 1.5–2% growth in Q3FY25. These players are also ramping up their local production.
- Festive demand was muted for companies – given muted urban demand and a shorter festive season. However, for alco-bev players, the increase in the number of weddings boosted demand for premium spirits and liquors.
- **Gross margin was under pressure for most companies** as a lot of RM costs (palm oil, tea, coffee, copra, cocoa) are inflationary. However, for most companies, pressure on **EBITDA margin was lower** given a cut-back in A&P spends and strategic cost-saving initiatives.

FY26 outlook – Defensives are back

- Urban slowdown shall persist till Q1FY26, and urban demand shall start reviving Q2FY26 onwards.
- We expect this revival on the back of tax cuts in the union budget and potential rate cuts by the RBI (one cut already taken).
- Gradual recovery in rural demand to continue due to freebies and good crop, among others.
- Some parts of food inflation have started easing off, which would lead to overall revival.
- Margins of companies more vulnerable to inflation in key raw materials—palm oil, coffee, tea, etc—such as Godrej Consumer, Tata Consumer and Bikaji to remain under pressure till at least Q1FY26.
- Price hikes were taken in Q4CY24 with further rounds of hikes expected in H1CY25.
- In these inflationary times, we expect larger players to continue to gain market shares from regional/start-ups.
- AlcoBev companies to see strong growth in Andhra and Telangana (with respective disputes getting resolved).
- Cola wars to intensify with Campa winning IPL sponsorships and launching new energy drinks.
- To summarise, Defensives are back in flavour. We expect CY25 to be better after a muted CY24.

Valuation summary

Company	CMP	EPS				P/E			
	(as on 17 Feb'25)	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E
Asian Paints	2,251	56.9	41.1	53.1	62.4	40	55	42	36
Bikaji Foods	581	10.6	10.9	14.1	17.4	55	53	41	33
Bajaj consumer care	167	10.9	11.1	14.7	16.9	15	15	11	10
Berger Paints	484	10.0	9.9	11.5	13.1	48	49	42	37
Britannia	4,964	88.9	90.6	111.4	127.1	56	55	45	39
Colgate	2,462	49.4	56.2	61.8	70.7	50	44	40	35
Dabur	521	10.1	10.5	12.1	13.6	52	50	43	38
Emami	524	16.7	19.1	22.4	25.2	31	27	23	21
Godrej Consumer	1,039	18.7	19.7	23.1	28.1	55	53	45	37
Hindustan Unilever	2,329	43.7	45.7	50.4	57.1	53	51	46	41
Indigo Paints	1,077	33.7	28.6	35.8	45.7	32	38	30	24
ITC	409	16.6	17.8	18.8	20.0	25	23	22	20
Marico	624	11.5	13.0	15.2	18.2	54	48	41	34
Nestle	2,217	33.3	33.9	39.4	45.2	67	65	56	49
Pidilite	2,782	34.0	44.7	52.1	60.5	82	62	53	46
Tata Consumer Products	1,023	16.2	14.6	18.2	22.1	63	70	56	46
Varun Beverages	475	6.3	7.7	10.1	11.3	75	62	47	42
United Spirits	1,350	19.5	22.6	27.2	31.3	69	60	50	43
United Breweries	2,028	15.5	20.4	34.6	44.1	131	99	59	46
Adani Wilmar	236	1.55	8.6	10.0	11.0	152	28	24	22

Source: Nuvama Research

Note: For Varun Beverages; FY24/25E/26E/27E represents CY23/24E/25E/CY26E since the company reports December-ending period

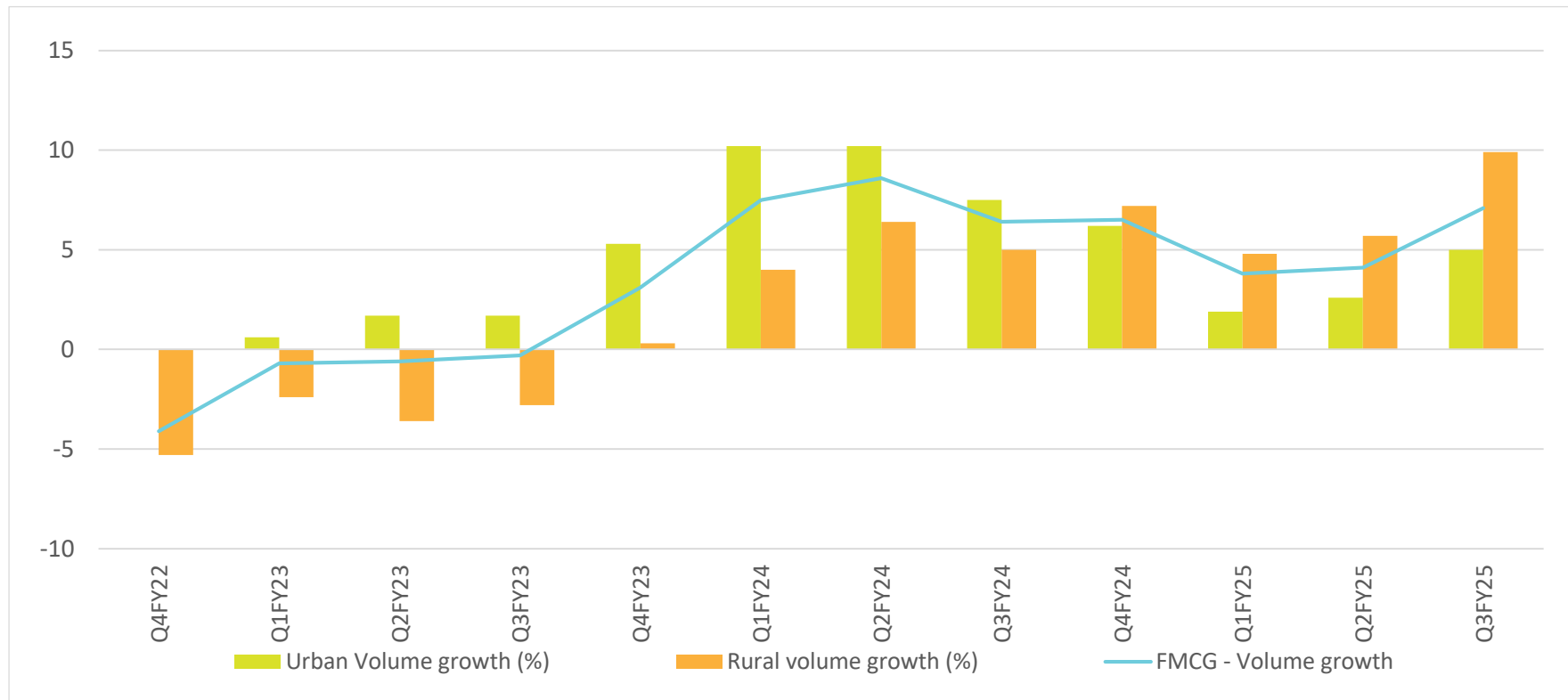
How did we fare? Hits and misses on our estimates in Q3FY25

	Actuals			Nuvama Estimates			Differences (%)		
(INR mn)	Revenue	EBITDA	PAT	Revenue	EBITDA	PAT	Revenue	EBITDA	PAT
Beats									
Asian Paints	85,494	16,367	11,105	86,025	15,054	10,349	-1	9	7
Britannia	44,633	8,449	5,817	44,664	7,604	5,229	0	11	11
Tata Consumer Products	44,436	5,647	2,911	43,801	5,366	2,786	1	5	4
In line									
Berger Paints	29,751	4,717	2,960	29,683	4,657	2,919	0	1	1
Dabur	33,553	6,819	5,224	33,202	6,680	5,155	1	2	1
Emami	10,495	3,387	2,790	10,563	3,338	2,720	-1	1	3
Godrej Consumer	37,684	7,541	5,023	37,694	7,501	4,878	0	1	3
Hindustan Unilever	1,51,950	35,700	24,920	1,55,251	36,098	25,631	-2	-1	-3
Marico	27,940	5,330	3,960	27,888	5,385	4,010	0	-1	-1
Nestle	47,621	11,027	6,938	47,365	10,657	7,149	1	3	-3
Pidilite	33,689	7,984	5,524	33,460	8,030	5,720	1	-1	-3
United Spirits	34,320	5,880	5,380	34,070	5,860	3,937	1	0	37
Varun Beverages	36,888	5,800	1,963	34,680	5,792	1,968	6	0	0
Misses									
Bikaji Foods	7,149	555	286	6,919	629	360	3	-12	-21
Bajaj Consumer Care	2,307	262	253	2,399	335	336	-4	-22	-25
Indigo Paints	3,426	572	358	3,610	604	368	-5	-5	-3
Colgate	14,522	4,544	3,228	14,935	4,734	3,365	-3	-4	-4
ITC	1,70,528	58,284	48,934	1,77,944	60,857	49,419	-4	-4	-1
United Breweries	20,003	1,415	642	20,616	1,680	738	-3	-16	-13

Source: Nuvama Research

FMCG sector volumes – Urban under stress; Rural outshines

- According to Nielsen data, the consumer sector grew 10.6% YoY by value in Q3FY25 (versus 5.7% YoY in Q2FY25). However, pricing growth was 3.2% while overall volumes grew 7.1% YoY (versus 4.1% YoY in Q2FY25).
- For a third consecutive quarter, Rural is growing 2x Urban. The volume growth in urban regions stands at 5% while rural areas experienced growth of 9.9%.
- Most companies have experienced stronger growth in rural areas than urban markets.



Rural continues to outpace Urban

*In the overall FMCG sector, rural markets continue to outpace urban areas due to increased distribution of freebies and favourable sentiment due to a good monsoon. Rural demand is anyway doing well, whereas urban markets are experiencing pressure and are likely to remain under strain for the next two quarters. **In our view, Urban demand will start improving from Q2FY26.***

Comments by company

- **Marico** – The company observed that rural markets were recovering faster than urban markets, leading to improved sales in these areas.
- **Britannia** – This rural-centric strategy helped the company enhance its market penetration and also contributed to overall sales growth.
- **Colgate** – In toothpaste, with increasing oral care awareness, Rural continued to outpace Urban with the latter facing a softer demand environment.
- **Tata Consumer** – In terms of channel performance in GT, Urban grew at low-single digit, whereas rural grew in double digits.

Rural urban split

% of sales	Rural	Urban
Nestle	25	75
Godrej Consumer	30	70
Marico	30	70
Varun Beverages	35	65
Tata Consumer	35	65
Britannia	40	60
Colgate	40	60
Hindustan Unilever	40	60
Jyothy labs	40	60
Dabur	45	55
Bajaj consumer	50	50
Emami	55	45

Source: Company, Nuvama Research

FMCG sector in urban markets may see a turnaround: Kantar

- According to Kantar data, volume growth for Urban India stood at 5.3% YoY in Q3FY25 compared with 4.3% YoY in Q2FY25. Sales volume in Rural rose 3.9% YoY, but remained flat QoQ.
- Overall volume declined 500bp QoQ to 4.6% in Q3FY25. Food & beverages grew 4.3% YoY in Q3FY25 compared with 6.7% YoY in Q3FY24, attributable to a decline in the growth of atta and slowdown in snacking categories.
- The difference between Nielsen and Kantar data arises because Kantar monitors both branded and unorganised products, including unpackaged voluminous commodities, while NielsenIQ tracks retails sales of mostly branded goods.
- Kantar's data has a one-quarter lag, which is of actual household consumption by volume versus companies' primary sales to distributors.
- Kantar's data is heavily skewed towards the food & beverages segment, which accounts for ~70% of the overall volume of products with higher inclusion of items from the unorganised sector.
- Tata Consumer/Marico (domestic)/ Varun beverages (domestic) reported volume growth of 7%/6%/5% YoY, indicating high skewedness towards the F&B segment.

FMCG volume growth YoY (%)

Particulars	Q3FY25	Q2FY25	CY24	CY23
All India	4.6	4.1	4.8	6.3
Urban India	5.3	4.3	4.6	8.0
Rural India	3.9	3.9	5.0	4.8

Source: Kantar

Positive pricing across staples...another round of hikes likely in Q4

Particulars	What companies are saying on pricing?
Staples	
Bikaji Foods	➤ Price hikes of 2% taken in Q3FY25. ➤ Another round of price hike of 2% likely.
Bajaj consumer care	➤ The company has taken 5% price increase taken in Q3FY25 in coconut oil portfolio, with another similar round of increase in Q4FY25. ➤ Since inflation in copra has not been mitigated fully the company will continue to take further rounds of price increase in the near term. It is also preparing to take price increases in VAHO portfolio as well.
Britannia	➤ The company has taken a price increase of 2% in Q3FY25 and plans to take 2.5% in Q4FY25 totalling to ~4.5% for FY25. Britannia delayed price hikes in anticipation of a deflationary environment. ➤ For Q1FY26, the company plans to take 1–2% price hikes cumulating to total ~6% price hike, which is required to balance commodity inflation.
Emami	➤ Gross margin improved 150bp YoY due to price hikes and lower packaging costs. ➤ The company expects further 1–1.5% price increase in the coming quarters.
Godrej Consumer	➤ Pricing growth in Q4FY25 to be better than Q3FY25. ➤ Margins in Soaps to get better from H1FY26 as there is potential for two rounds of price hikes.
Hindustan Unilever	➤ Tea and soap volumes likely dipped by mid-to-high single digits YoY—impacted by price hikes in soaps, tea and body wash, which drove smaller packs, while urban slowdown marred the show.
Marico	➤ Pricing growth across categories was up sequentially as Marico implemented pricing hikes to counter margin pressure from the sharp rise in commodity prices. ➤ Marico was more conservative about copra prices in terms of taking the pricing correction because the dependence on profitability was far higher. ➤ In Saffola Edible oil, it has taken price increase of 5% towards the end of Q3FY25, as copra prices are likely to remain firm in the near term.
Tata Consumer Products	➤ The company has taken 7% price hike in salt in the quarter. In Q3FY25, due to price hikes taken in tea, lower part of the portfolio grew stronger than others. ➤ In January 2025, company is seeing middle to higher part of the tea portfolio performing more strongly than other lower portfolio. ➤ The company has taken price increase in this quarter, which is 40% of the tea price inflation the remaining 60% will be calibrated in Q4FY25.

Price mix positive for AlcoBev players

In Q3FY25, price mix was positive for AlcoBev players given strong growth in the Premium end amid festive and a better-than-expected wedding season.

AlcoBev	Price mix in Q3FY25	Comments
United Spirits	4.6%	➤ On an overall basis, price mix was 4.6%.; Ex Andhra price mix was 5.6%. ➤ Over the past few quarters, UNSP has seen good growth in mid-prestige, which led to improvement in price mix.
United Breweries	2%	➤ The price mix was 2%, driven by price hikes in multiple states and mix from premiumisation partially offset by growth of the economy segment and negative state mix. ➤ In Telangana INR30-40, price increase has been taken.

Source: Nuvama Research

Key takeaways from Nuvama's Annual India Conference

We hosted top management teams of various companies at the 2025 edition of the flagship Nuvama Conference themed **India: Reformed, Resilient and Resurgent**.

Consensus was towards India's rural economy bottoming out while expectations were the urban slowdown would ebb in a couple of quarters.

Key insights

1. Gradual recovery in pricing and rural demand

Pricing growth for most companies shall continue to improve over coming quarters. Almost all companies are seeing Rural outpacing Urban, and in the near term, Rural shall grow at 2x Urban. Government freebies and a good monsoon leading to higher rural incomes and MSP hikes are set to further boost rural consumption.

In our view, companies with relatively high rural salience are likely to outstrip peers' growth with higher urban salience. For example, in toothpaste, we reckon Dabur shall outpace Colgate while, in paints, Berger shall outpace Asian Paints.

2. Urban demand to continue to be under stress in near term

The urban slowdown shall continue for two more quarters till Q1FY26 due to high rental inflation and sluggish wage growth.

However, in our view, the worst is likely over aided by: i) positive impact of tax cuts in the Union Budget and potential interest rate cuts (one cut already taken by the RBI); and ii) food inflation—which has been an issue hitherto—seems to be cooling off.

Key takeaways from Nuvama's Annual India Conference

Key insights (continued)

3. Reduction in channel conflict between Q-Com and General Trade

Q-commerce shall continue to be the fastest-growing trade channel for all companies. However, companies need to: i) prevent irrational discounting on Q-Com platforms; and ii) have different SKUs for GT and Q-Com.

In our view, with Q-commerce aggressively reaching new cities, its share in overall sales shall continue to rise rapidly as consumers' dependence on it is rising in top cities. Apart from this, we expect consumer companies to streamline inventories with traditional distributors in order to avoid any impact that may be caused in GT due to expansion-led aggressive growth in Q-Com, E-Com and MT.

4. Expand reach in rural and focus on market share gains

In these tough times, agile and robust companies shall thrive (for example, Domino's is gaining market share in pizza). We reckon legacy companies shall acquire more D2C start-ups and win back market share. Companies need to expand direct reach via initiatives such as van operations as well as innovations focused on rural India.

5. Palm oil and tea inflation to bite some companies

Some raw materials such as palm oil, tea and coffee still remain inflationary. This shall affect gross margins of companies such as Godrej Consumer, Bikaji and Tata Consumer in the near term. Given a weak demand environment, companies have been cautious in passing on this inflation to end consumers.

CAGR trends in Q3FY25

(INR mn)	Q3FY20	Q3FY21	Q3FY22	Q3FY23	Q3FY24	Q3FY25	3-year	4-year	5-year
Adani Wilmar									
Revenue	NA	NA	1,43,787	1,53,786	1,28,284	1,68,593	5	NA	NA
EBITDA	NA	NA	5,037	4,460	5,042	7,916	16	NA	NA
PAT	NA	NA	2,114	1,959	2,009	4,109	25	NA	NA
Asian Paints									
Revenue	54,203	67,885	85,272	86,367	91,031	85,494	0	6	10
EBITDA	11,894	17,879	15,423	16,114	20,561	16,367	2	-2	7
PAT	7,797	12,654	10,157	10,727	14,477	11,105	3	-3	7
Bajaj Consumer									
Revenue	2,126	2,484	2,288	2,296	2,391	2,344	1	-1	2
EBITDA	530	623	387	324	360	262	-12	-19	-13
PAT	487	573	384	332	363	253	-13	-18	-12
Berger Paints									
Revenue	16,959	21,182	25,508	26,936	28,818	29,751	5	9	12
EBITDA	2,963	4,150	3,921	3,497	4,800	4,717	6	3	10
PAT	1,819	2,750	2,530	2,012	3,002	2,960	5	2	10

Source: Company, Nuvama Research

CAGR trends in Q3FY25

(INR mn)	Q3FY20	Q3FY21	Q3FY22	Q3FY23	Q3FY24	Q3FY25	3-year	4-year	5-year
Bikaji Foods International									
Revenue	NA	NA	4,390	5,077	6,241	7,149	18	NA	NA
EBITDA	NA	NA	243	529	750	555	32	NA	NA
PAT	NA	NA	107	331	466	286	39	NA	NA
Britannia									
Revenue	29,827	31,656	35,750	41,968	42,563	45,926	9	10	9
EBITDA	5,020	6,115	5,397	8,176	8,211	8,449	16	8	11
PAT	3,696	4,526	3,722	5,568	5,593	5,817	16	6	9
Colgate									
Revenue	11,472	12,319	12,801	12,913	13,957	14,618	5	4	5
EBITDA	3,161	3,706	3,806	3,615	4,684	4,544	6	5	8
PAT	1,991	2,484	2,523	2,432	3,301	3,228	9	7	10
Dabur									
Revenue	23,530	27,288	29,418	30,432	32,551	33,553	4	5	7
EBITDA	4,929	5,742	6,275	6,099	6,678	6,819	3	4	7
PAT	4,190	4,935	5,043	4,774	5,142	5,224	1	1	5

Source: Company, Nuvama Research

CAGR trends in Q3FY25

(INR mn)	Q3FY20	Q3FY21	Q3FY22	Q3FY23	Q3FY24	Q3FY25	3-year	4-year	5-year
Emami									
Revenue	8,126	9,336	9,719	9,827	9,963	10,495	3	3	5
EBITDA	2,640	3,402	3,415	2,943	3,149	3,387	0	0	5
PAT	1,444	2,090	2,200	2,371	2,584	2,790	8	7	14
Godrej Consumer									
Revenue	27,551	30,253	33,026	35,677	36,596	37,684	4	6	6
EBITDA	6,313	7,112	6,991	7,266	8,407	7,559	3	2	4
PAT	4,496	5,021	5,276	5,538	5,880	4,983	-2	0	2
Hindustan Unilever									
Revenue	96,960	1,16,820	1,29,000	1,49,860	1,49,280	1,51,950	6	7	9
EBITDA	24,450	28,540	32,790	35,370	35,400	35,700	3	6	8
PAT	16,160	19,210	22,430	26,070	25,490	24,920	4	7	9
Indigo Paints									
Revenue	NA	2,096	2,655	2,813	3,538	3,426	9	13	NA
EBITDA	NA	315	387	406	622	572	14	16	NA
PAT	NA	188	243	263	376	358	14	18	NA

Source: Company, Nuvama Research

CAGR trends in Q3FY25

(INR mn)	Q3FY20	Q3FY21	Q3FY22	Q3FY23	Q3FY24	Q3FY25	3-year	4-year	5-year
ITC									
Revenue	1,20,100	1,19,690	1,58,600	1,62,000	1,64,833	1,79,748	4	11	8
EBITDA	46,127	43,147	51,000	62,000	60,243	62,037	7	10	6
PAT	42,740	36,879	41,500	50,000	55,776	51,103	7	8	4
Marico									
Revenue	18,240	21,220	24,070	24,700	24,220	27,940	5	7	9
EBITDA	3,730	4,130	4,310	4,560	5,130	5,330	7	7	7
PAT	2,760	3,070	3,100	3,280	3,830	3,960	9	7	7
Nestle									
Revenue	31,492	34,326	37,480	42,568	46,000	47,797	8	9	9
EBITDA	6,864	7,574	8,445	9,769	10,986	11,027	9	10	10
PAT	4,730	4,833	6,160	6,281	6,556	6,880	4	9	8
Pidilite									
Revenue	19,266	22,990	28,507	29,976	31,300	33,689	6	10	12
EBITDA	4,632	6,408	5,490	4,959	7,425	7,984	13	6	12
PAT	3,461	4,418	3,585	3,042	5,105	5,524	16	6	10

Source: Company, Nuvama Research

CAGR trends in Q3FY25

(INR mn)	Q3FY20	Q3FY21	Q3FY22	Q3FY23	Q3FY24	Q3FY25	3-year	4-year	5-year
Tata Consumer									
Revenue	24,930	30,696	32,084	34,746	38,039	44,436	11	10	12
EBITDA	3,181	3,613	4,617	4,537	5,724	5,647	7	12	12
PAT	1,846	2,243	2,782	2,859	3,704	2,911	2	7	10
United Breweries									
Revenue	14,548	12,911	15,828	16,130	18,245	20,003	8	12	7
EBITDA	2,215	1,744	1,742	770	1,460	1,415	-7	-5	-9
PAT	1,070	718	910	312	852	642	-11	-3	-10
United Spirits									
Revenue	25,825	24,887	28,847	27,811	29,893	34,320	6	7	6
EBITDA	4,240	3,838	4,907	3,678	4,914	5,880	6	9	7
PAT	2,588	2,299	2,911	2,409	3,481	4,730	18	16	13
Varun Beverages									
Revenue	12,202	13,309	17,343	22,142	26,677	36,888	29	29	25
EBITDA	1,157	1,722	2,076	3,075	4,183	5,800	41	35	38
PAT	-540	-72	165	748	1,320	1,851	124	NM	NM

Source: Company, Nuvama Research

Volume CAGR trends in Q3FY25

Particulars	Quarterly volume trend- Q3 (%)						CAGR %		
	Q3FY20	Q3FY21	Q3FY22	Q3FY23	Q3FY24	Q3FY25	3-year	4-year	5-year
Asian Paints (Domestic Decorative Business)	11	33	18	0	12	2	4	8	12
Bajaj Consumer (Hair oil)	-9	18	-4	-4	9	-1	1	0	3
Berger Paints (Domestic)	10	32	12	7	9	7	8	9	13
Britannia (Domestic)	7	0	8	5	2	7	4	5	4
Dabur (Domestic)	6	18	2	-3	4	1	1	1	4
Emami (Domestic)	-3	13	0	-4	-1	6	0	0	3
Godrej Consumer (Domestic)	7	7	0	3	12	0	5	4	4
Hindustan Unilever (Overall)	5	4	2	5	2	0	2	2	3
ITC (Cigarettes)	2	-8	13	15	-2	6	6	8	5
Marico (Domestic)	-1	15	0	4	2	6	4	3	5
Pidilite (Domestic C&B)	2	22	9	1	10	7	6	9	17
United Breweries (Overall)	NA	-15	19	4	8	8	7	10	4
United Spirits (P&A)	3	1	8	3	5	11	6	9	5
Adani Wilmar (Edible Oil)	NA	NA	9	-1	-2	4	0	NA	NA
Indigo Paints (Emulsions)	NA	NA	35	3	18	3	8	NA	NA
Nestle (Domestic)	NA	NA	8	4	5	2	4	NA	NA
Tata Consumer (India Packaged Beverages)	NA	10	6	-5	2	7	1	3	NA

Source: Company, Nuvama Research

Revenue – YoY performance

- Most consumer names delivered overall revenue growth aided by volumes, innovation and emerging distribution channels.
- Varun Beverages's strong performance was driven by M&A. But domestic volume growth was in a mid-single digit again.
- It was followed by Adani Wilmar (due to low base), Tata Consumer (aided by M&A) and Marico.
- Among Paints and Adhesives, Pidilite continues to be the flag bearer due to its faster growth in new categories (such as tile adhesives) and a big market in waterproofing.
- HUL, Dabur, Godrej Consumer and Bajaj Consumer posted muted-to-negative revenue growth: HUL – subdued performance in Personal Care and F&B; Dabur – segments such as Health supplements, OTC and Beverages got impacted; Godrej Consumer – soft HI and weak GAUM; and Bajaj Consumer – ADHO declined YoY on account of weak consumer sentiment.

Revenue growth YoY (%)

(INR mn)	Q3FY25	Q3FY24	YoY Growth
Varun Beverages	36,888	26,677	38
Adani Wilmar	1,68,593	1,28,284	31
Tata Consumer Products	44,436	38,039	17
Marico	27,940	24,220	15
United Spirits	34,320	29,893	15
Bikaji Foods	7,149	6,241	15
United Breweries	20,003	18,245	10
ITC (Overall)	1,70,528	1,56,957	9
Britannia	45,926	42,563	8
Pidilite	33,689	31,300	8
Emami	10,495	9,963	5
Colgate	14,618	13,957	5
ITC (FMCG- others)	54,182	52,091	4
Nestle	47,621	45,836	4
Berger Paints	29,751	28,818	3
Dabur	33,553	32,551	3
Godrej Consumer	37,684	36,596	3
Hindustan Unilever	1,51,950	1,49,280	2
Bajaj Consumer Care	2,307	2,364	-2
Indigo Paints	3,426	3,538	-3
Asian Paints	85,494	91,031	-6

Source: Company, Nuvama Research

Volume – YoY performance

- UBBL's premium-end clocked 33% growth YoY aided by premiumisation and price hikes taken across multiple states while overall volume growth stood at 8.4% YoY.
- United Spirits' P&A/overall volume stood at 11.2%/10.2% driven by resilient consumer demand in the peak festive season coupled with a fast scale-up in Andhra.
- Among staples, Varun Beverages topped with 38.1% YoY volume growth (India volumes grew 5% YoY) aided by acquisitions and forays into new territories, followed by Tata Consumer at 7% YoY and Marico (domestic) at 6% YoY.
- Among Paints and Adhesives, Pidilite outperformed with 9.7% YoY volume growth (led by industrial business), followed by Berger at 7.4% YoY and Asian Paints at 1.6% YoY (impacted by demand slowdown in urban areas, which have higher salience).
- Godrej Consumer and Bajaj Consumer were among the laggards reporting flat volume growth and low single-digit declines, respectively.

Particulars	Volume growth (%)
Varun Beverages (Overall)	38
United Breweries (Premium)	33
United Spirits (P&A)	11
United Spirits (Overall)	10
Pidilite (C&B)	10
United Breweries	8
Berger Paints	7
Tata consumer (Beverages)	7
Marico (Domestic)	6
Emami (Domestic)	6
Britannia	6
ITC (Cigarettes)	6
Colgate - Toothpaste	5
Varun Beverages (Domestic)	5
Adani Wilmar (Edible Oils)	4
Bikaji Foods	3
Nestle	2
Asian Paints - Decorative business	2
Dabur (Domestic)	1
Tata consumer (Foods)	1
Hindustan Unilever	FLAT
Godrej Consumer (Domestic)	FLAT
Bajaj Consumer Care	-1

Source: Company, Nuvama Research

YoY performance – Margins and EBITDA growth

EBITDA margin change (bp)

EBITDA Margins (%)	Q3FY25	Q3FY24	YoY change
Adani Wilmar	4.7	3.9	76
United Spirits	17.1	16.4	69
Emami	32.3	31.6	67
Varun Beverages	15.7	15.7	4
Pidilite	23.7	23.7	-2
Hindustan Unilever	23.2	23.3	-13
Dabur	20.3	20.5	-19
Berger Paints	15.9	16.7	-76
Nestle	23.2	24.0	-81
Indigo Paints	16.7	17.6	-88
Britannia	18.4	19.3	-90
United Breweries	7.1	8.0	-90
Marico	19.1	21.2	-210
Tata Consumer Products	12.7	15.0	-234
ITC (Overall)	34.2	36.6	-240
Colgate	31.1	33.6	-250
ITC (FMCG- others)	8.5	11.0	-250
Asian Paints	19.1	22.6	-344
Godrej Consumer	20.0	23.7	-370
Bajaj Consumer Care	11.2	15.2	-403
Bikaji Foods	7.8	12.0	-425

Source: Company, Nuvama Research

EBITDA growth YoY (%)

(INR mn)	Q3FY25	Q3FY24	YoY Growth
Adani Wilmar	7,916	5,042	57
Varun Beverages	5,800	4,183	39
United Spirits	5,880	4,914	20
Emami	3,387	3,149	8
Pidilite	7,984	7,425	8
Marico	5,330	5,130	4
Britannia	8,449	8,211	3
Dabur	6,819	6,678	2
ITC (Overall)	58,284	57,394	2
Hindustan Unilever	35,700	35,400	1
Nestle	11,027	10,986	0
Tata Consumer Products	5,647	5,724	-1
Berger Paints	4,717	4,800	-2
Colgate	4,544	4,684	-3
United Breweries	1,415	1,460	-3
Indigo Paints	572	622	-8
Godrej Consumer	7,541	8,657	-13
ITC (FMCG- others)	4,630	5,720	-19
Asian Paints	16,367	20,561	-20
Bikaji Foods	555	750	-26
Bajaj Consumer Care	262	360	-27

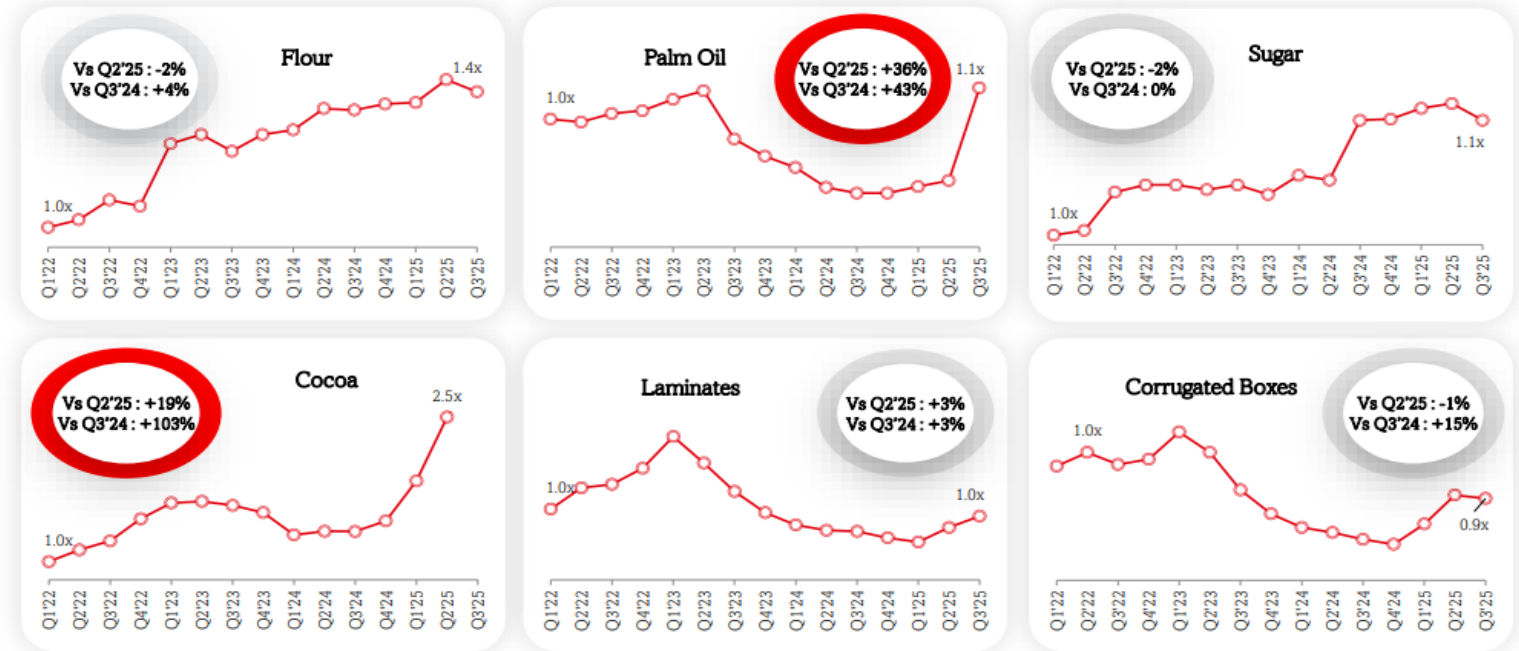
Source: Company, Nuvama Research

Raw material prices remain inflationary except few

- Palm oil, tea and coffee cost remain inflationary affected by unfavourable weather conditions and supply shortages.
- A lot of other RM costs (wheat, sugar, palm oil, milk, soda ash, glass and packaging material) are benign.
- Gross margin for most consumer companies declined YoY; however, EBITDA margin stood flat given controlled A&P and other expenses.

Tea and Crude Palm Oil prices remain inflated Y-o-Y, Crude Oil continues to deflate		
	DQ'24 Inflation	
	vs. DQ'23	vs. SQ'24
Crude Oil (Brent USD/bbl)	-11%	-6%
Soda Ash (INR/ton)	-3%	0%
Palm Oil (BMD CPO USD/MT)	40%	22%
Tea (INR/kg)	24%	-7%
USD/INR	1%	1%

Source: HUVR Q3FY25 Investor Presentation



Note:
Strategic covers in Flour & Palm Oil enabled input costs being lower than market prices

Note: Above values are based on average actual consumption rates for the quarter

Source: Britannia Q3FY25 Investor Presentation

Gross margins under slight pressure

- Most companies faced gross margin compression.
- For RM prices that are still elevated (such as palm oil, coffee and tea), companies are rolling out another round of price hikes.
- For AlcoBev players, ENA continues to be inflationary in high-single to low-double digits, whereas barley prices remain at low levels; glass is neutralising and has been deflationary.
- For paints players, crude prices (40% of RM cost) and titanium dioxide prices remain at lower levels.

Gross margins change YoY

Gross Margins (%)	Q3FY25	Q3FY24	YoY (bps)
Emami	70.3	68.8	153
Pidilite	54.3	52.9	144
United Spirits	44.7	43.4	131
Berger Paints	41.6	41.1	54
Adani Wilmar	13.3	12.9	40
Dabur	48.1	48.6	-55
Varun Beverages	56.1	56.6	-55
Hindustan Unilever	50.0	50.6	-60
United Breweries	43.3	44.2	-87
Asian Paints	42.4	43.6	-116
Godrej Consumer	54.1	55.9	-175
Marico	49.5	51.3	-178
Bajaj Consumer Care	52.7	54.6	-191
Nestle	56.4	58.6	-220
Colgate	69.9	72.2	-230
ITC (Overall)	54.4	56.8	-240
Bikaji Foods	29.0	31.5	-256
Tata Consumer Products	41.1	43.8	-273
Indigo Paints	42.3	48.2	-590
Britannia	37.0	43.0	-606

Source: Company, Nuvama Research

All price charts cannot be included given the large of number of companies in our coverage. Specific charts may be available upon request.

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