

Consumer Goods & Retail

Refer to important disclosures at the end of this report

Q4 preview: Demand trend to improve in discretionary, steady in staples

Low comparables due to the Covid-19-related lockdown in Mar'20 are likely to drive higher revenue growth of 20-40% across companies in our coverage universe. Recovery and growth in discretionary should remain impressive. While staples may record similar sequential trends, alcobev is expected to come back to growth. Fashion retailers are yet to see a full recovery. We expect companies under our coverage to record sales/EBITDA growth of 24%/32% in Q4 vs. 9.6%/9.9% in Q3. In terms of a 2-year CAGR, TTAN, APNT, BRGR, PIDI, VBL and PAG are likely to record high growth of 12-23%. We remain positive on recovery plays and expect the Maharashtra lockdown to be a short-term blip. TTAN, Alcobev stocks (UBBL, UNSP and RDCK), QSRs (JUBI and WLDL), ABFRL and VBL are preferred picks, given likely upgrades to earnings. Within staples, we like BRIT, CLGT and ITC.

- **Staples growth largely steady on a sequential basis:** Revenue growth of 20-40% is largely driven by low comparables. We expect demand trends to be largely steady on a sequential basis. NEST/DABUR/MRCO are likely to record 2-year CAGRs of 11%/8%/8%, with other peers at 5-6%. With a 2-year revenue CAGR of -1.6%, ITC is yet to fully recover to pre-Covid levels. Cigarettes, however, should record sales/EBIT growth of 8% yoy vs. a weak Q4FY20. Growth trends in biscuits may remain muted, with BRIT likely to record sales growth of 9% (2-year CAGR of 5.8%). Input inflation in foods remains low benefitting BRIT/NEST with margin gains and PAT growth 16%/21%. We estimate gross margin contraction across HPC on higher crude prices. However, operating margins are likely to rise due to cost savings and operating leverage. A 2-year CAGR in PBT is the highest for BRIT/DABUR/CLGT/NEST at 14%/11%/10%/10%.
- **Paints/PIDI to sustain strong momentum but margin risks increasing:** We estimate strong mid-teens growth in Jan-Feb'21 and low comparables in Mar'20 to result in close to 40% growth for APNT/BRGR/PIDI (2-year CAGRs of 12%/13%/15%). Post the strong margin expansion in the last two quarters, the sharp increase in crude and VAM prices may lead to a severe gross margin contraction ahead. Our estimates factor in a 150-250 bps gross margin contraction in Q4FY21, assuming some benefits of low-priced inventory.
- **Recovery continues in Alcobev and CSD:** We expect sales recovery for UBBL/UNSP/RDCK with 8-12% growth. Slower growth in the popular segment due to a muted performance in AP and West Bengal may limit growth of UNSP/RDCK. UBBL should report strong margin expansion (+380bps) on low comparables and favorable input prices, driving 58% EBITDA growth. We expect VBL to report 20% sales growth and 100bps margin expansion, led by early summer, low base and cost savings.
- **In Retail, TTAN, PAG and JUBI to outperform:** Based on the Q4 update, we estimate TTAN to record 60% sales growth (2-year CAGR of 20%) and 87% PAT growth, excluding the one-off impact of reduction in customs duty on gold. PAG is also expected to report a strong performance with sales growth of 51% (2-year CAGR of 16%) vs. an 18% decline in Q4FY20 and PAT growth of 4x on a low base. In QSR, JUBI should record healthy growth of 18% with 6x jump in profit, whereas WLDL should report flat revenue with 36% increase in EBITDA. Within fashion, we expect ABFRL to return to revenue level of Q4FY20, and SHOP to recover to nearly 90%.

Please see our sector model portfolio (Emkay Alpha Portfolio): [Consumer Goods & Retail \(Page 14\)](#)

This report is solely produced by Emkay Global. The following person(s) are responsible for the production of the recommendation:

Ashit Desai

ashit.desai@emkayglobal.com

+91 22 6612 1340

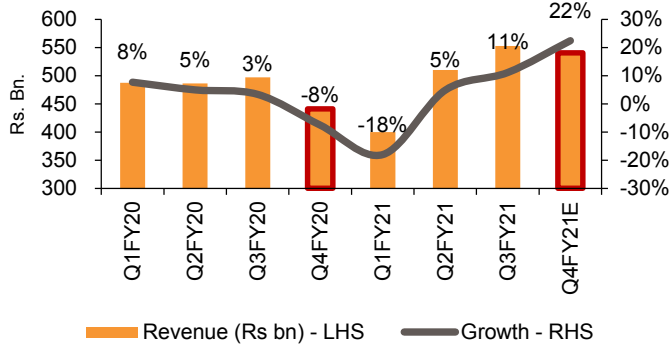
Devanshu Bansal

devanshu.bansal@emkayglobal.com

+91 22 6612 1385

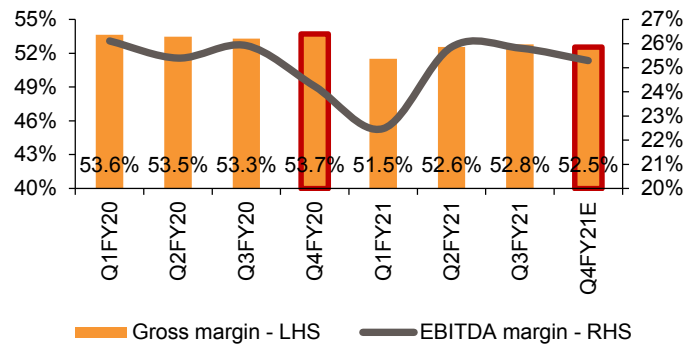
Story in Charts

Exhibit 1: Revenue growth led by paints and staples on low comparables



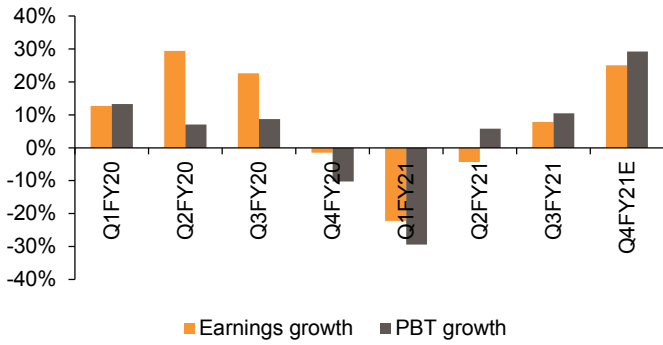
Source: Company, Emkay Research

Exhibit 2: Higher input prices to put pressure on margins



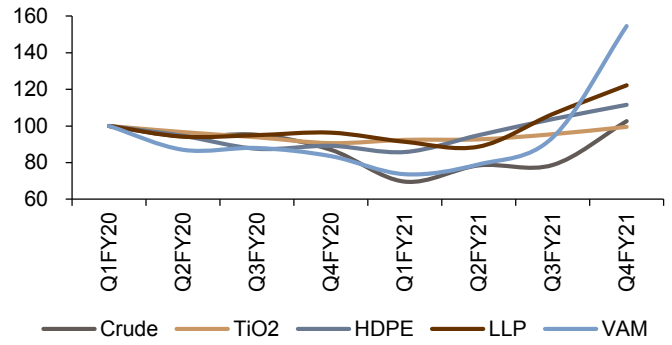
Source: Company, Emkay Research

Exhibit 3: Sharp improvement in profitability due to low comparables



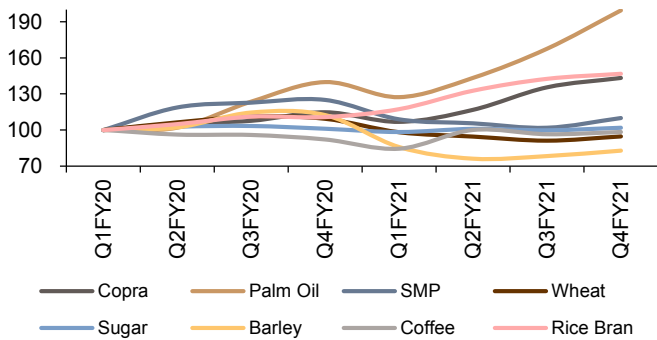
Source: Company, Emkay Research

Exhibit 4: Crude derivatives rising sharply; VAM prices up 85%, TiO2 witnessing a softer increase of 10%



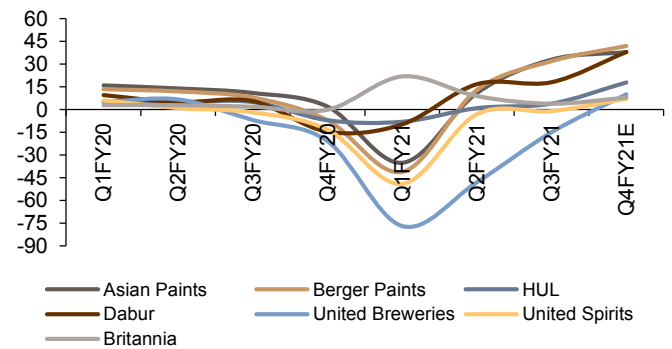
Source: Company, Emkay Research

Exhibit 5: Agri input prices remain a mixed bag - SMP, wheat and barley prices have decreased, while palm oil and copra continue to rise



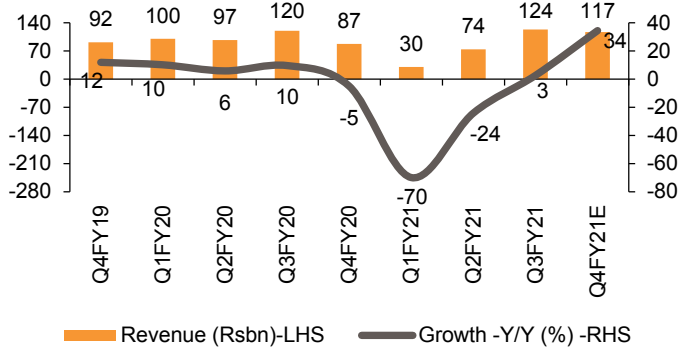
Source: Company, Emkay Research

Exhibit 6: Volume growth expected to be highest for paints and Dabur



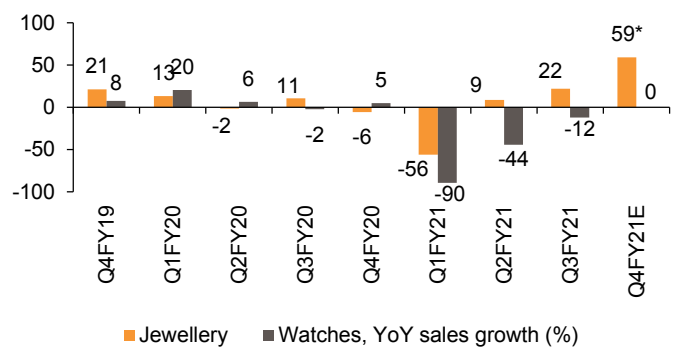
Source: Company, Emkay Research

Exhibit 7: Expect strong recovery for retailers, led by low base TTAN/JUBI/PAG to outperform; Apparel retailers yet to recover fully



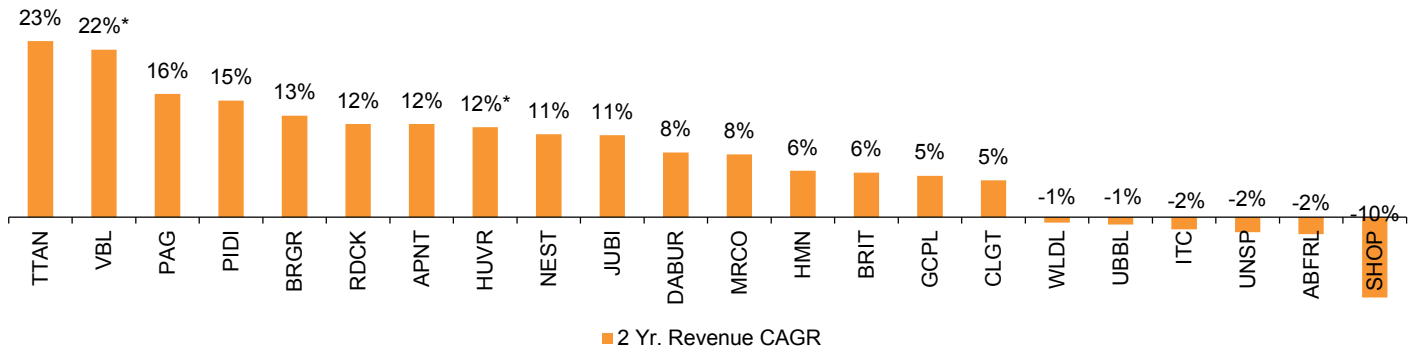
Source: Company, Emkay Research

Exhibit 8: Titan Jewellery outperformance, led by share gains and lower gold prices; other formats also recovered fully in Q4



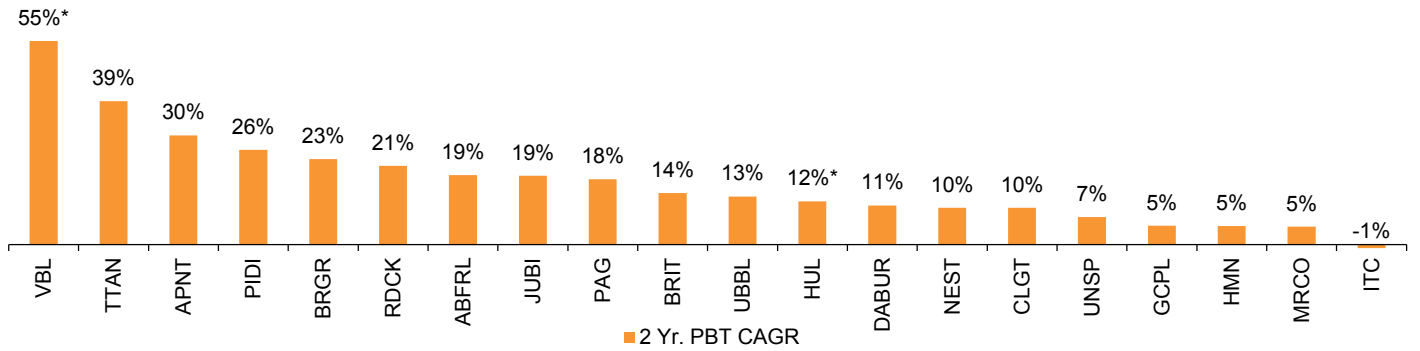
Source: Company, Emkay Research *Excl B2B sales

Exhibit 9: 2-year revenue CAGR high in TTAN, PAG, Paints, PIDI and RDCK; acquisitions drive higher growth for HUVR and VBL



Source: Company, Emkay Research *includes acquisitions

Exhibit 10: TTAN, Paints, PIDI and RDCK significantly outperform others on 2-year CAGR



Source: Company, Emkay Research *includes acquisitions

Exhibit 11: Quarterly estimates - Consumer Goods (Rs mn)

Company	Revenue			EBITDA			EBITDA margin (%)			PBT			PAT		
	Q4FY20	Q4FY21E	YoY	Q4FY20	Q4FY21E	YoY	Q4FY20	Q4FY21E	bps	Q4FY20	Q4FY21E	YoY	Q4FY20	Q4FY21E	YoY
Asian Paints	46,356	62,761	35%	8,596	13,619	58%	18.5	21.7	320	6,953	12,377	78%	4,619	9,006	95%
Berger Paints	13,548	18,878	39%	2,084	3,225	55%	15.4	17.1	170	1,617	2,770	71%	1,032	2,060	100%
Britannia	28,677	31,330	9%	4,543	5,932	31%	15.8	18.9	310	4,574	5,852	28%	3,726	4,326	16%
Colgate	10,713	12,669	18%	2,629	3,798	44%	24.5	30.0	540	2,344	3,395	45%	1,732	2,529	46%
Dabur	18,654	25,019	34%	3,523	5,502	56%	18.9	22.0	310	3,606	5,686	58%	3,016	4,712	56%
Emami	5,327	7,200	35%	985	1,810	84%	18.5	25.1	660	254	935	269%	713	1,133	59%
Godrej Consumer	21,538	27,247	27%	4,765	6,193	30%	22.1	22.7	60	4,110	5,623	37%	3,160	4,442	41%
HUL	90,110	124,137	38%	20,650	30,504	48%	22.9	24.6	170	20,500	28,704	40%	14,690	21,241	45%
ITC	108,422	116,131	7%	41,635	43,627	5%	38.4	37.6	-80	45,118	48,577	8%	37,970	36,433	-4%
Marico	14,960	18,835	26%	2,820	3,100	10%	18.9	16.5	-240	2,630	2,980	13%	2,110	2,360	12%
Nestle*	33,253	36,886	11%	7,596	9,203	21%	22.8	24.9	210	7,111	8,623	21%	5,309	6,444	21%
Pidilite	15,447	21,756	41%	3,009	4,996	66%	19.5	23.0	350	2,550	4,579	80%	1,904	3,358	76%
Radico Khaitan	5,854	6,416	10%	823	1,000	22%	14.1	15.6	150	626	835	33%	470	622	32%
United Breweries	14,242	15,979	12%	1,323	2,092	58%	9.3	13.1	380	547	1,357	148%	412	1,011	146%
United Spirits	19,938	21,617	8%	2,714	3,082	14%	13.6	14.3	60	1,597	2,252	41%	226	1,678	642%
Varun Beverages*	16,764	20,178	20%	2,712	3,459	28%	16.2	17.1	100	743	1,491	101%	483	1,043	116%

Source: Company, Emkay Research; * Nestle and Varun Beverages estimates are for 1QCY21

Exhibit 12: Quarterly estimates – Retail (Rs mn)

Company	Revenue			EBITDA			EBITDA margin (%)			PBT			PAT		
	Q4FY20	Q4FY21E	YoY	Q4FY20	Q4FY21E	YoY	Q4FY20	Q4FY21E	bps	Q4FY20	Q4FY21E	YoY	Q4FY20	Q4FY21E	YoY
Titan Company	44,288	70,630	59%	6,031	9,902	64%	13.6	14.0	50	5,151	8,982	74%	3,562	6,647	87%
Jubilant FoodWorks	8,979	10,603	18%	1,694	2,902	71%	18.9	27.4	850	573	1,729	202%	210	1,297	516%
Westlife Development	3,364	3,344	-1%	379	518	36%	11.3	15.5	420	-162	8	NA	-253	-14	NA
Page Industries	5,413	8,188	51%	581	1,792	208%	10.7	21.9	1120	432	1,612	273%	310	1,201	287%
ABFRL	18,174	18,321	1%	1,561	3,153	102%	8.6	17.2	870	-1,782	432	NA	-1,403	323	NA
Shoppers Stop	7,092	6,337	-11%	766	723	-6%	10.8	11.4	70	-1,575	-538	NA	-1,328	-399	NA

Source: Emkay Research, Company

Exhibit 13: Relative Valuation

	Price (Rs)	Mcap (Rs bn)	Reco	Target Price (Rs)	EPS (Rs)			P/E (x)			EV / EBITDA (x)		
					FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Asian Paints	2,612	2,505	Hold	2,460	34.2	43.0	49.1	76.4	60.8	53.2	49.8	40.5	35.6
Berger Paints	749	727	Sell	560	7.5	10.4	12.1	100.1	71.7	61.6	59.4	44.7	38.7
Britannia	3,731	899	Buy	4,500	80.0	83.4	94.8	46.6	44.7	39.3	35.4	33.8	30.0
Colgate	1,569	427	Buy	1,800	35.6	39.3	44.1	44.1	39.9	35.6	28.8	26.2	23.4
Dabur	547	967	Hold	560	10.2	11.9	13.7	53.4	45.8	40.0	43.6	36.5	31.6
Emami	506	225	Buy	580	14.5	15.5	17.4	35.0	32.6	29.0	24.8	22.4	19.5
GCPL	728	744	Hold	750	17.0	18.8	21.2	42.8	38.8	34.3	30.3	27.6	24.7
HUL	2,408	5,658	Hold	2,300	34.4	41.6	48.2	70.0	57.9	50.0	48.5	40.2	34.9
ITC	213	2,617	Buy	265	10.5	12.9	14.3	20.3	16.5	14.9	15.2	12.2	10.9
Marico	403	520	Hold	420	9.1	10.3	11.5	44.1	39.1	35.0	31.6	28.0	25.1
Nestle	17,082	1,647	Hold	16,200	217.5	266.9	307.5	78.5	64.0	55.5	52.5	44.2	38.6
Pidilite	1,874	952	Sell	1,320	24.1	27.7	32.1	77.9	67.6	58.4	53.8	46.9	40.6
Radico Khaitan	548	73	Buy	640	18.9	23.0	26.7	28.9	23.9	20.6	18.1	15.1	13.0
United Breweries	1,110	293	Buy	1,450	2.1	24.1	29.9	518.9	46.1	37.2	78.1	25.1	21.0
United Spirits	541	393	Buy	660	6.1	13.4	16.5	89.1	40.4	32.9	42.7	24.8	21.0
Varun Beverages	1,006	285	Buy	1,030	11.2	26.7	35.8	90.1	37.7	28.1	26.4	16.8	13.9
ABFRL	192	175	Buy	206	-5.7	2.6	3.7	-33.6	74.7	51.8	67.5	12.2	10.1
Jubilant FoodWorks	2,866	369	Buy	2,750	18.0	44.6	54.5	159.1	64.2	52.6	47.4	28.7	24.0
Page Industries	29,731	329	Hold	28,000	316.0	482.7	549.2	94.1	61.6	54.1	59.4	40.3	35.3
Shoppers Stop	202	22	Hold	220	-23.0	0.2	3.9	-8.8	1271.3	51.7	347.0	7.2	5.8
Titan Company	1,514	1,354	Buy	1,650	12.4	25.8	32.7	121.8	58.7	46.3	72.8	37.9	29.9
Westlife Development	420	65	Buy	600	-5.1	1.7	3.9	-81.6	242.5	107.0	98.8	24.1	18.5

Source: Company, Emkay Research

Consumer Goods

Name		Mar'21E	Dec'20	Mar'20	% Chg YoY	% Chg QoQ	Comments	
Britannia Industries								
	Net Sales (Rs mn)	31,330	31,656	28,677	9%	-1%		
CMP(Rs)	3,731	EBITDA (Rs mn)	5,932	6,115	4,543	31%	-3%	<ul style="list-style-type: none"> Estimate ~8% volume growth
Mkt Cap (Rs bn)	899	EBITDA Margin (%)	18.9	19.3	15.8	310 bps	-40 bps	<ul style="list-style-type: none"> Moderation in wheat and SMP prices to help expand gross margins by 330bps
Reco	Buy	PBT (Rs mn)	5,852	6,137	4,574	28%	-5%	<ul style="list-style-type: none"> Cost savings to drive EBITDA margin expansion of 300bps and growth of 31%
Target Price (Rs)	4,500	PAT (Rs mn)	4,326	4,526	3,726	16%	-4%	<ul style="list-style-type: none"> Lower tax rate in base quarter reduced PAT growth
% Upside	21%	EPS (Rs)	18.0	18.8	15.5	16%	-4%	
Colgate-Palmolive								
	Net Sales (Rs mn)	12,669	12,319	10,713	18%	3%		
CMP(Rs)	1,569	EBITDA (Rs mn)	3,798	3,706	2,629	44%	2%	<ul style="list-style-type: none"> Estimate 15% volume growth and 3% realization growth
Mkt Cap (Rs bn)	427	EBITDA Margin (%)	30.0	30.1	24.5	540 bps	-10 bps	<ul style="list-style-type: none"> Higher crude prices to contract gross margin by 80bps QoQ
Reco	Buy	PBT (Rs mn)	3,395	3,330	2,344	45%	2%	<ul style="list-style-type: none"> Despite high ad spends behind new launches, overhead cost savings to help sustain EBITDA margin gains
Target Price (Rs)	1,800	PAT (Rs mn)	2,529	2,484	1,732	46%	2%	
% Upside	15%	EPS (Rs)	9.3	9.1	6.4	46%	2%	
Dabur India								
	Net Sales (Rs mn)	25,019	27,288	18,654	34%	-8%		
CMP(Rs)	547	EBITDA (Rs mn)	5,502	5,742	3,523	56%	-4%	<ul style="list-style-type: none"> Strong healthcare, hair care and oral care performance is expected to drive a strong sales growth of 40%+ in the domestic business on a low base of 17% decline last year.
Mkt Cap (Rs bn)	967	EBITDA Margin (%)	22.0	21.0	18.9	310 bps	100 bps	<ul style="list-style-type: none"> International business to see a softer sales growth of 15%
Reco	Hold	PBT (Rs mn)	5,686	5,911	3,606	58%	-4%	<ul style="list-style-type: none"> Higher input prices to contract Gross Margins by 100bps QoQ
Target Price (Rs)	560	PAT (Rs mn)	4,712	4,921	3,016	56%	-4%	
% Upside	2%	EPS (Rs)	2.7	2.8	1.7	56%	-4%	

Consumer Goods

Name		Mar'21E	Dec'20	Mar'20	% Chg YoY	% Chg QoQ	Comments	
Emami								
	Net Sales (Rs mn)	7,200	9,336	5,327	35%	-23%		
CMP(Rs)	506	EBITDA (Rs mn)	1,810	3,402	985	84%	-47%	
Mkt Cap (Rs bn)	225	EBITDA Margin (%)	25.1	36.4	18.5	660 bps	-1130 bps	<ul style="list-style-type: none"> Good winter season and rural growth to drive sales growth to 35% on a low base (17% decline in 4QFY20)
Reco	Buy	PBT (Rs mn)	935	2,536	254	269%	-63%	<ul style="list-style-type: none"> Gross Margin to expand 130bps led by softer mentha oil prices
Target Price (Rs)	580	PAT (Rs mn)	1,133	2,489	713	59%	-54%	
% Upside	15%	EPS (Rs)	2.54	5.58	1.57	62%	-54%	
Godrej Consumer								
	Net Sales (Rs mn)	27,247	30,554	21,538	27%	-11%	<ul style="list-style-type: none"> Expect 33%/35%/7% sales growth in India/Africa/Indonesia 	
CMP(Rs)	728	EBITDA (Rs mn)	6,193	7,112	4,765	30%	-15%	<ul style="list-style-type: none"> Expect growth of 30%/40%/37% in HI/Personal Wash/Hair color to drive domestic growth
Mkt Cap (Rs bn)	744	EBITDA Margin (%)	22.7	23.3	22.1	60bps	-50bps	<ul style="list-style-type: none"> Estimate gross margin contraction by 170bps due to high palm oil prices
Reco	Hold	PBT (Rs mn)	5,623	6,531	4,110	37%	-14%	<ul style="list-style-type: none"> Africa to see a sharp increase to the tune of 860bps due to a low base, offsetting margin decline in India
Target Price (Rs)	750	PAT (Rs mn)	4,442	4,960	3,160	41%	-10%	
% Upside	3%	EPS (Rs)	4.4	4.9	3.1	37%	-13%	
Hindustan Unilever								
	Net Sales (Rs mn)	124,137	118,620	90,110	38%	5%		
CMP(Rs)	2,408	EBITDA (Rs mn)	30,504	28,540	20,650	48%	7%	<ul style="list-style-type: none"> Excluding GSK, we estimate organic sales growth of 22% and EBITDA growth of 27%.
Mkt Cap (Rs bn)	5,658	EBITDA Margin (%)	24.6	24.1	22.9	170 bps	50 bps	<ul style="list-style-type: none"> Expect Home/Personal Care to grow by 12%/27%; F&R to grow by 100% (excl GSK 30% organic growth)
Reco	Hold	PBT (Rs mn)	28,704	26,380	20,500	40%	9%	<ul style="list-style-type: none"> Gross margin contraction of 70bps due to higher input inflation from palm oil, tea and crude prices
Target Price (Rs)	2,300	PAT (Rs mn)	21,241	19,510	14,690	45%	9%	
% Upside	-4%	EPS (Rs)	9.0	8.3	6.8	33%	9%	

Consumer Goods

Name		Mar'21E	Dec'20	Mar'20	% Chg YoY	% Chg QoQ	Comments	
ITC								
	Net Sales (Rs mn)	116,131	117,874	108,422	7%	-1%		
CMP(Rs)	213	EBITDA (Rs mn)	43,627	42,814	41,635	5%	2%	<ul style="list-style-type: none"> Estimate 8% sales growth in cigarettes led by 6% volume growth; EBIT growth of 8% YoY
Mkt Cap (Rs bn)	2,617	EBITDA Margin (%)	37.6	36.3	38.4	-80 bps	120 bps	<ul style="list-style-type: none"> FMCG sales growth of 13%, similar to Q2 growth and a 57% rise in EBIT. Other segments are expected to record flat sales and EBIT.
Reco	Buy	PBT (Rs mn)	48,577	48,476	45,118	8%	0%	
Target Price (Rs)	265	PAT (Rs mn)	36,433	36,629	37,970	-4%	-1%	<ul style="list-style-type: none"> Lower tax rate in base quarter drives PAT decline for Q4FY21
% Upside	25%	EPS (Rs)	3.0	3.0	3.1	-4%	-1%	
Marico								
	Net Sales (Rs mn)	18,835	21,220	14,960	26%	-11%		
CMP(Rs)	403	EBITDA (Rs mn)	3,100	4,130	2,820	10%	-25%	<ul style="list-style-type: none"> Estimate sales growth led by Saffola/Parachute/VAHO growing at 35%/29%/23%. Parachute and VAHO had a low base (decline 12% and 18% in 4QFY20), whereas Saffola growth is driven by volumes and price hikes on a high base of x% growth in 4QFY20.
Mkt Cap (Rs bn)	520	EBITDA Margin (%)	16.5	19.5	18.9	-240 bps	-300 bps	
Reco	Hold	PBT (Rs mn)	2,980	3,940	2,630	13%	-24%	
Target Price (Rs)	420	PAT (Rs mn)	2,360	3,120	2,110	12%	-24%	<ul style="list-style-type: none"> Gross margins expected to contract 476bps due to sharp increase in copra and safflower oil prices
% Upside	4%	EPS (Rs)	1.8	2.4	1.6	12%	-24%	
Nestle India								
	Net Sales (Rs mn)	36,886	34,326	33,253	11%	7%		
CMP(Rs)	17,082	EBITDA (Rs mn)	9,203	7,154	7,596	21%	29%	<ul style="list-style-type: none"> Sales growth momentum in FMCG to continue with increase in in-home consumption.
Mkt Cap (Rs bn)	1,647	EBITDA Margin (%)	24.9	20.8	22.8	210 bps	410 bps	<ul style="list-style-type: none"> Gross margins to expand 250bps YoY led by lower milk prices driving operating margin gains
Reco	Hold	PBT (Rs mn)	8,623	6,505	7,111	21%	33%	
Target Price (Rs)	16,200	PAT (Rs mn)	6,444	4,693	5,309	21%	37%	
% Upside	-5%	EPS (Rs)	66.8	48.7	55.1	21%	37%	

Consumer Goods

Name		Mar'21E	Dec'20	Mar'20	% Chg YoY	% Chg QoQ	Comments	
Asian Paints								
	Net Sales (Rs mn)	62,761	67,885	46,356	35%	-8%	<ul style="list-style-type: none"> Estimate 38% volume and sales growth in domestic business, led by mid-teens growth in Jan-Feb'21 and low base in Mar'20 Higher input inflation led by crude prices to contract gross margin by 180bps (110bps qoq); low comparables and cost savings to drive operating margin expansion by 310bps YoY. 	
CMP(Rs)	2,612	EBITDA (Rs mn)	13,619	17,879	8,596	58%		-24%
Mkt Cap (Rs bn)	2,505	EBITDA Margin (%)	21.7	26.3	18.5	320 bps		-460 bps
Reco	Hold	PBT (Rs mn)	12,377	16,715	6,953	78%		-26%
Target Price (Rs)	2,460	PAT (Rs mn)	9,006	12,383	4,619	95%		-27%
% Upside	-6%	EPS (Rs)	9.4	12.9	4.8	95%		-27%
Berger Paints								
	Net Sales (Rs mn)	18,878	21,182	13,548	39%	-11%	<ul style="list-style-type: none"> Estimate 42% volume growth in domestic volumes and an overall realization decline of 3% Gross margin decline of 120bps qoq (60bps yoy) impacted by higher crude prices Cost savings and operating leverage to drive operating margin gains by 170bps 	
CMP(Rs)	749	EBITDA (Rs mn)	3,225	4,150	2,084	55%		-22%
Mkt Cap (Rs bn)	727	EBITDA Margin (%)	17.1	19.6	15.4	170 bps		-250 bps
Reco	Sell	PBT (Rs mn)	2,770	3,689	1,617	71%		-25%
Target Price (Rs)	560	PAT (Rs mn)	2,060	2,750	1,032	100%		-25%
% Upside	-25%	EPS (Rs)	2.1	2.8	1.1	100%		-25%
Pidilite Industries								
	Net Sales (Rs mn)	21,756	22,990	15,447	41%	-5%	<ul style="list-style-type: none"> Expect volume growth of 35% in standalone business (8% decline in 4QFY20), led by 37% growth in C&B and 20% in B2B; Huntsman acquisition to add ~Rs1bn in revenues Estimate gross margins to contract 290bps (230bps qoq) due to a sharp increase in crude and VAM prices 	
CMP(Rs)	1,874	EBITDA (Rs mn)	4,996	6,408	3,009	66%		-22%
Mkt Cap (Rs bn)	952	EBITDA Margin (%)	23.0	27.9	19.5	350 bps		-490 bps
Reco	Sell	PBT (Rs mn)	4,579	5,997	2,550	80%		-24%
Target Price (Rs)	1,320	PAT (Rs mn)	3,358	4,403	1,904	76%		-24%
% Upside	-30%	EPS (Rs)	6.6	8.7	3.7	76%		-24%

Consumer Goods

Name		Mar'21E	Dec'20	Mar'20	% Chg YoY	% Chg QoQ	Comments
Radico Khaitan	Net Sales (Rs mn)	6,416	6,842	5,854	10%	-6%	
CMP(Rs)	548	EBITDA (Rs mn)	1,000	1,246	823	22%	-20%
Mkt Cap (Rs bn)	73	EBITDA Margin (%)	15.6	18.2	14.1	150 bps	-260 bps
Reco	Buy	PBT (Rs mn)	835	1,082	626	33%	-23%
Target Price (Rs)	640	PAT (Rs mn)	622	806	470	32%	-23%
% Upside	17%	EPS (Rs)	4.7	6.1	3.5	32%	-23%
							<ul style="list-style-type: none"> Expect 5% volume growth led by 11% growth in P&A; Non-IMFL revenues to continue to grow at 30% Lower ENA pricing should aid gross margin expansion of 70bps YoY.
United Breweries	Net Sales (Rs mn)	15,979	12,897	14,242	12%	24%	
CMP(Rs)	1,110	EBITDA (Rs mn)	2,092	1,735	1,323	58%	21%
Mkt Cap (Rs bn)	293	EBITDA Margin (%)	13.1	13.4	9.3	380 bps	-40 bps
Reco	Buy	PBT (Rs mn)	1,357	1,149	547	148%	18%
Target Price (Rs)	1,450	PAT (Rs mn)	1,011	714	412	146%	42%
% Upside	31%	EPS (Rs)	3.8	2.7	1.6	146%	42%
							<ul style="list-style-type: none"> Expect volume growth to recover to 10% led by recovery in key markets and low comparables Margin expansion to continue led by softer barley and glass prices.
United Spirits	Net Sales (Rs mn)	21,617	24,887	19,938	8%	-13%	
CMP(Rs)	541	EBITDA (Rs mn)	3,082	3,838	2,714	14%	-20%
Mkt Cap (Rs bn)	393	EBITDA Margin (%)	14.3	15.4	13.6	60 bps	-120 bps
Reco	Buy	PBT (Rs mn)	2,252	3,041	1,597	41%	-26%
Target Price (Rs)	660	PAT (Rs mn)	1,678	2,299	226	642%	-27%
% Upside	22%	EPS (Rs)	2.3	3.2	0.3	642%	-27%
							<ul style="list-style-type: none"> Estimate overall volume growth of 7%, led by 19% growth in P&A and 3% decline in the Popular segment volumes Gross margin is expected to expand by 280bps YoY as commodity prices soften and P&A performance improves.

Consumer Goods

Name		Mar'21E	Dec'20	Mar'20	% Chg YoY	% Chg QoQ	Comments	
Varun Beverages	Net Sales (Rs mn)	20,178	13,309	16,764	20.4%	51.6%		
CMP(Rs)	1,006	EBITDA (Rs mn)	3,459	1,722	2,712	27.6%	100.9%	<ul style="list-style-type: none"> Expect 20% revenue growth, led by low base and 10% normalized volume growth
Mkt Cap (Rs bn)	290	EBITDA Margin (%)	17.1	12.9	16.2	97 bps	420 bps	<ul style="list-style-type: none"> Expect improvement in margins, led by operating leverage and fixed cost savings on closure of plants in Orissa and Kerala
Reco	Buy	PBT (Rs mn)	1,491	-189	743	100.6%		
Target Price (Rs)	1,030	PAT (Rs mn)	1,043	-197	483	116.1%		<ul style="list-style-type: none"> Lower depreciation and interest expense shall lead to higher PAT growth
% Upside	2%	EPS (Rs)	3.6	-0.7	1.7	116.1%		

Retail

Name		Mar'21E	Dec'20	Mar'20	% Chg YoY	% Chg QoQ	Comments	
ABFRL								
	Net Sales (Rs mn)	18,321	20,590	18,174	0.8%	-11.0%		
CMP(Rs)	192	EBITDA (Rs mn)	3,153	3,685	1,561	102.0%	-14.4%	<ul style="list-style-type: none"> Estimate flat revenue growth, led by recovery in MBO channel in lifestyle business while Pantaloons to remain challenged due to higher mall presence EBITDA margins shall improve considerably, led by COVID-19 led cost savings. Expect lower interest cost on significant debt reduction to help PAT growth
Mkt Cap (Rs bn)	177	EBITDA Margin (%)	17.2	17.9	8.6	862 bps	-69 bps	
Reco	Buy	PBT (Rs mn)	432	888	-1,782		-51.4%	
Target Price (Rs)	206	PAT (Rs mn)	323	664	-1,403		-51.4%	
% Upside	7%	EPS (Rs)	0.4	0.8	-1.8		-51.4%	
Jubilant Foodworks								
	Net Sales (Rs mn)	10,603	10,572	8,979	18.1%	0.3%		
CMP(Rs)	2,866	EBITDA (Rs mn)	2,902	2,786	1,694	71.2%	4.1%	<ul style="list-style-type: none"> Expect 18% SSG growth, driven by 6% growth in Jan'21, improvement in Feb'21 and low base in Mar'21. Expect EBITDA margins to improve, led by operating leverage and cost savings Q4FY20 included a one-off expense of Rs323mn.
Mkt Cap (Rs bn)	378	EBITDA Margin (%)	27.4	26.4	18.9	850 bps	101 bps	
Reco	Buy	PBT (Rs mn)	1,729	1,661	250	592.4%	4.1%	
Target Price (Rs)	2,750	PAT (Rs mn)	1,297	1,251	210	516.4%	3.7%	
% Upside	-4%	EPS (Rs)	9.8	9.5	4.0	516.4%	3.7%	
Page Industries								
	Net Sales (Rs mn)	8,188	9,271	5,413	51.3%	-11.7%		
CMP(Rs)	29,731	EBITDA (Rs mn)	1,792	2,261	581	208.4%	-20.8%	<ul style="list-style-type: none"> Expect strong growth, led by ~40% growth in volumes and ~10% improvement in realizations on better revenue mix. EBITDA margins may decline QoQ due to an increase in cotton yarn prices. Margins shall improve YoY, led by operating leverage and low comparables.
Mkt Cap (Rs bn)	332	EBITDA Margin (%)	21.9	24.4	10.7	1,115 bps	-251 bps	
Reco	Hold	PBT (Rs mn)	1,612	2,073	432	273.4%	-22.2%	
Target Price (Rs)	28,000	PAT (Rs mn)	1,201	1,537	310	287.3%	-21.9%	
Upside	-6%	EPS (Rs)	107.6	137.8	27.8	287.3%	-21.9%	

Retail

Name		Mar'21E	Dec'20	Mar'20	% Chg YoY	% Chg QoQ	Comments	
Shoppers Stop								
	Net Sales (Rs mn)	6,337	7,076	7,092	-10.6%	-10.4%		
CMP(Rs)	202	EBITDA (Rs mn)	723	949	766	-5.6%	-23.8%	<ul style="list-style-type: none"> Expect slower recovery for SHOP with 74 out of 85 department stores located in malls, leading to a ~11% decline. Margins shall improve slightly, led by Covid-19-led cost savings.
Mkt Cap (Rs bn)	22	EBITDA Margin (%)	11.4	13.4	10.8	61 bps	-201 bps	
Reco	Hold	PBT (Rs mn)	-538	-279	-1,375			
Target Price (Rs)	220	PAT (Rs mn)	-399	-207	-1,128			
% Upside	9%	EPS (Rs)	-3.7	-1.9	-12.8			
Titan company								
	Net Sales (Rs mn)	70,630	72,870	44,288	59.5%	-3.1%	<ul style="list-style-type: none"> Expect ~60% growth, led by 70% growth in the Jewelry segment and 0%/20% in watches/eyewear segments. Expect lower studded mix, higher coin sales and salary reinstatement of senior employees to partially negate the operating leverage benefits. We have not factored in one-off inventory loss on account of the custom duty reduction on gold in our forecasts. 	
CMP(Rs)	1,514	EBITDA (Rs mn)	9,902	8,580	6,037	64.0%		15.4%
Mkt Cap (Rs bn)	1,344	EBITDA Margin (%)	14.0	11.8	13.6	39 bps		225 bps
Reco	Buy	PBT (Rs mn)	8,982	7,650	5,156	74.2%		17.4%
Target Price (Rs)	1,650	PAT (Rs mn)	6,647	5,560	3,568	86.3%		19.5%
% Upside	9%	EPS (Rs)	7.5	6.3	4.0	86.3%		19.5%
Westlife Development								
	Net Sales (Rs mn)	3,344	3,251	3,364	-0.6%	2.9%	<ul style="list-style-type: none"> Expect flat revenue growth, led by sequential recovery in dine-in and stronger growth in convenience channels. Expect margins to improve, led by cost savings 	
CMP(Rs)	420	EBITDA (Rs mn)	518	501	379	36.4%		3.4%
Mkt Cap (Rs bn)	65	EBITDA Margin (%)	15.5	15.4	11.3	420 bps		8 bps
Reco	Buy	PBT (Rs mn)	8	23	-162			-65.4%
Target Price (Rs)	600	PAT (Rs mn)	-14	1	-253			-74.9%
% Upside	43%	EPS (Rs)	0.0	0.1	-0.7			-74.9%

Emkay Alpha Portfolio – Consumer Goods & Retail



Analyst: Ashit Desai

Contact Details

ashit.desai@emkayglobal.com
+91 22 6612 1340

Sector

Consumer Goods & Retail

Analyst bio

Ashit Desai holds a PGDM and FRM (US GARP) with 12 years of research experience on the sell side. His team currently covers 24 stocks in the Indian Consumer and Retail space.

EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight (Normalised)
Consumer Goods & Retail	10.82	10.43	-4%	-38	100.00
Asian Paints	1.41	0.56	-60%	-85	5.20
Berger Paints	0.22	0.00	-100%	-22	0.00
Britannia Industries	0.54	0.58	7%	4	5.32
Colgate-Palmolive	0.25	0.33	32%	8	3.01
Dabur India	0.37	0.45	20%	8	4.15
Emami	0.13	0.17	30%	4	1.55
Godrej Consumer Products	0.33	0.00	-100%	-33	0.00
Hindustan Unilever	2.56	2.08	-19%	-48	19.23
ITC	2.23	2.44	10%	21	22.58
Marico	0.25	0.27	8%	2	2.52
Nestle India	0.74	0.67	-10%	-7	6.17
Pidilite Industries	0.34	0.00	-100%	-34	0.00
Radico Khaitan	0.00	0.26	NA	26	2.43
United Breweries	0.09	0.40	329%	31	3.68
United Spirits	0.00	0.27	NA	27	2.46
Varun Beverages	0.11	0.21	86%	10	1.97
ABFRL	0.07	0.19	173%	12	1.76
Jubilant FoodWorks	0.21	0.22	3%	1	2.01
Page Industries	0.20	0.22	7%	1	2.00
Shoppers Stop	0.00	0.00	NA	0	0.00
Titan Company	0.75	0.96	27%	20	8.83
Westlife Development	0.00	0.17	NA	17	1.59
Cash	0.00	0.38	NA	38	3.55

Source: Emkay Research

* Not under coverage: Equal Weight

■ High Conviction/Strong Over Weight ■ High Conviction/Strong Under Weight

Sector portfolio NAV

	Base					Latest
	1-Apr-19	9-Apr-20	7-Oct-20	6-Jan-21	8-Mar-21	7-Apr-21
EAP - Consumer Goods & Retail	100.0	100.2	104.4	121.7	118.2	122.1
BSE200 Neutral Weighted Portfolio (ETF)	100.0	95.5	100.7	118.4	111.6	118.2

*Performance measurement base date 1st April 2019

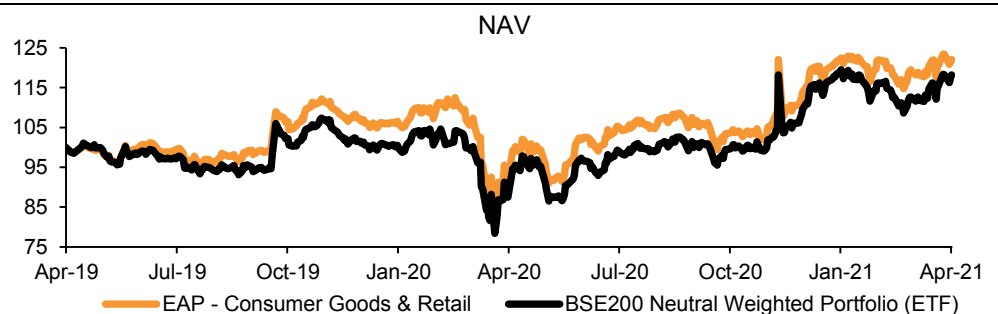
Source: Emkay Research

Price Performance (%)

	1m	3m	6m	12m
EAP - Consumer Goods & Retail	3.3%	0.3%	16.9%	21.8%
BSE200 Neutral Weighted Portfolio (ETF)	5.9%	-0.2%	17.4%	23.8%

Source: Emkay Research

NAV chart



Source: Emkay Research

Please see our model portfolio (Emkay Alpha Portfolio): [Nifty](#)

Please see our model portfolio (Emkay Alpha Portfolio): [SMID](#)

“Emkay Alpha Portfolio – SMID and Nifty are a supporting document to the Emkay Alpha Portfolios Report and is updated on regular intervals”

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HOLD	Between -5% to 15%
SELL	Below -5%

Completed Date: 08 Apr 2021 22:54:42 (SGT)

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Emkay Global Financial Services Ltd.

CIN - L67120MH1995PLC084899

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India

Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com