



TM

Consumption Monthly - February 2023

28 February 2023

Volume and value growth converging – Rural to drive growth for staples but sluggishness in discretionary continues

MONTHLY UPDATE

Industry

Consumption

Sector Recommendations		
Companies	Target Price	Rating
Britannia	5,044	BUY
Colgate	1,578	HOLD
Dabur	587	HOLD
Godrej	908	HOLD
HUL	2,950	BUY
ITC	430	BUY
Marico	570	BUY
Nestle	22,515	BUY
Tata Cons.	740	HOLD
CCL Products	657	BUY
Prataap Snacks	1,058	BUY
Page Industries	42,740	HOLD
ABFRL	338	BUY
D Mart	4,334	BUY
Trent	1,532	BUY
V Mart	2,215	SELL

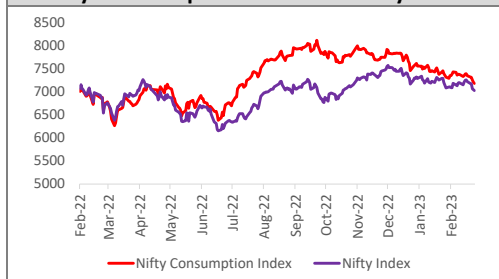
Source: Systematix Institutional Research

The overall demand environment for staples continued to show signs of recovery (helped by a favorable base in HPC categories), while discretionary demand trends remained sluggish, with the exception of paints. Recoveries in categories where price cuts were implemented, present a positive volume growth outlook, albeit climate vagaries (*El Nino* concerns and its possible impact on food inflation) and intensifying unorganised competition remain key near-term risks. Continued softening in commodity prices from recent highs is a key positive driving volume-aiding measures like price cuts, promotions, marketing and new LUP launches. We believe value and volume growth rates in most categories are converging, considering the absence of price hikes and mix improvement. On the discretionary front, growth remains sluggish, especially in apparel and QSR, prolonging the deceleration that started post festive season. This could be a temporary slowdown, but if it continues for few more months, it could impede the footprint expansion plans of most industry players. Margins could pose a concern, as the recovery is being driven by promotions, discounts and higher sales of entry-level products. While the medium-term narrative on discretionary remains strong, we foresee more earnings cuts in FY24, especially on the margin front, which could drive some more de-rating in the space and amplify the recent underperformance. While we expect near term sluggish growth in QSR and apparel, paints, jewellery and luggage may fare relatively better.

Top picks: Within staples, our top picks in the prevailing environment are structurally strong food stories like Nestle (BUY, TP – Rs 22,515) and Britannia (BUY, TP - Rs 5,044) and re-rating candidates like ITC (BUY, TP – Rs 430) and Marico (BUY, TP – Rs 570). We prefer playing the discretionary theme and stick to the top 1-2 players in segments like apparel, QSR, footwear and luggage, who we believe would be key beneficiaries of the likely rise in India's per capita income and growing aspirations. Among the covered names, we prefer DMart (BUY, TP – Rs 4,334), ABFRL (BUY, TP - Rs 338) and Trent (BUY, TP – Rs 1,532). We remain bullish on small-cap names like CCL Products (BUY, TP - Rs 657).

Consumer staples: The growth pattern in FMCG companies is quickly reverting to the earlier volume-led model (especially in HPC) with volumes recovering in segments where price cuts have been implemented in the recent past. While we are yet to see a secular trend of improving volumes across categories, things seem to be gradually improving in multiple HPC categories where prices are stable or lower. Food-related categories where sharp price hikes were taken, continue to see value-led growth with sluggish volume growth, with the growth well ahead of HPC categories. While urban growth seems stable, rural could be a key driver ahead but concerns around *El Nino* this year and its possible impact on food inflation can again push back the expected rural recovery. Despite some volume recovery, we expect revenue growth to remain soft over the next few quarters, given limited contribution from pricing and mix. In addition to continued downtrading, increased competition from unorganised players could be a near-term risk for staples companies, especially small and mid-sized ones. We anticipate gradual margin recovery, with higher marketing and new launch spends partially offsetting the gross margin improvement.

Nifty Consumption Index vs Nifty Index



Source: Systematix Institutional Research

Himanshu Nayyar

himanshunayyar@systematixgroup.in
+91 22 6704 8079

Rajesh Mudaliar

rajeshmudaliar@systematixgroup.in
+91 22 6704 8084

Chetan Mahadik

chetanmahadik@systematixgroup.in
+91 22 6704 8091

Consumer discretionary: There was no major change in the demand environment across categories in February, which remained sluggish in QSR, apparel and jewelry segments. Demand for mass-priced products, especially in the Northern and Eastern regions, remained weak with better trends in South and West India. However the growth trajectory of paint companies has been improving since December. A common trend across all categories is the convergence of volume and value growth, considering there were no price hikes or substantial mix improvement. While footfalls are picking up at a slow pace, higher promotions/ discounts are likely to weigh on margins near term in most categories. Apart from paints and luggage, which could see better margins henceforth (these categories were impacted by high-cost RM inventory last quarter), we expect operating-leverage and marketing-led margin pressure for categories like apparel and QSR. So far, companies have yet not slowed down on their footprint expansion plans, but if the prevailing environment continues for few more months, some segments may need to reconsider their physical expansion plans in the near term.

Valuation Summary

Exhibit 1: Britannia, ITC, ABFRL, DMART, CCL Products are our top picks

FMCG companies	CMP	MCap (Rs bn)	TP	Upside/Downside (%)	CAGR (%) (FY22-25E)		RoE (%)		PE		EV/EBITDA	
					Revenue	EPS	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Britannia	4,402	1,060	5,044	15%	13	20	75%	73%	47	41	35	30
Colgate	1,462	398	1,578	8%	5	5	68%	73%	35	32	27	24
Dabur	526	932	587	12%	10	12	22%	22%	43	38	37	31
Godrej	916	936	908	-1%	10	12	15%	15%	44	38	28	24
HUL	2,468	5,800	2,950	20%	12	14	20%	23%	49	43	36	30
ITC	382	4,745	430	13%	11	13	30%	31%	23	21	18	16
Marico	490	634	570	16%	9	13	41%	43%	41	36	31	27
Nestle	18,582	1,792	22,515	21%	13	16	110%	101%	58	50	41	35
Tata Consumer	710	660	740	4%	9	20	9%	9%	47	40	34	30
CCL Products	539	72	657	22%	28	25	21%	23%	22	18	14	12
Prataap Snacks	806	19	1,058	31%	16	76	2%	10%	30	21	25	12
Retail												
Page Industries	37,904	423	42,740	13%	19	21	62%	66%	54	45	48	41
ABFRL	231	219	338	46%	29	-271	3%	12%	60	36	15	11
D Mart	3,481	2,255	4,334	25%	28	38	17%	18%	72	58	74	59
Trent	1,287	458	1,532	19%	39	240	16%	18%	87	67	40	31
V Mart	2,438	48	2,215	-9%	28	41	0%	4%	4055	135	21	16

Source: Systematix Institutional Research; CMP as on 27th February 2023

Stock Performance

Exhibit 2: ITC, Trent and CCL Products delivered positive returns in February'23 (MoM)

	Absolute performance (%)						Relative performance with respect to Nifty (%)					
	1M	3M	6M	12M	3Yrs	5Yrs	1M	3M	6M	12M	3Yrs	5Yrs
Britannia	1%	6%	22%	29%	50%	79%	4%	12%	22%	21%	-6%	13%
Colgate	1%	-7%	-7%	5%	14%	40%	3%	-2%	-6%	-3%	-42%	-27%
Dabur	-5%	-4%	-6%	0%	8%	62%	-3%	2%	-6%	-7%	-48%	-5%
Godrej	1%	8%	3%	20%	66%	33%	4%	14%	4%	13%	10%	-34%
HUL	-5%	-2%	-3%	14%	14%	88%	-3%	4%	-3%	7%	-42%	21%
ITC	14%	13%	23%	85%	95%	43%	16%	19%	24%	77%	39%	-23%
Marico	-1%	3%	-3%	3%	67%	63%	1%	8%	-3%	-4%	11%	-4%
Nestle	-3%	-4%	-4%	5%	18%	146%	-1%	1%	-4%	-2%	-38%	80%
Tata Consumer	-3%	-9%	-11%	6%	107%	165%	-1%	-4%	-10%	-2%	51%	98%
CCL Products	3%	9%	15%	29%	135%	92%	6%	15%	16%	22%	79%	25%
Prataap Snacks	-7%	-18%	-2%	10%	11%	-35%	-5%	-12%	-1%	2%	-45%	-101%
Page Industries	-4%	-19%	-24%	-5%	72%	67%	-2%	-14%	-23%	-13%	16%	0%
ABFRL	-10%	-26%	-25%	-8%	-7%	54%	-8%	-20%	-24%	-16%	-63%	-12%
D Mart	0%	-10%	-21%	-13%	51%	169%	2%	-5%	-20%	-20%	-5%	103%
Trent	8%	-9%	-6%	28%	77%	317%	10%	-3%	-6%	20%	21%	251%
V Mart	-8%	-12%	-18%	-26%	9%	53%	-6%	-6%	-17%	-34%	-46%	-14%
Nifty 50	-2%	-6%	-1%	7%	56%	66%	0%	0%	0%	0%	0%	0%

Source: Systematix Institutional Research

Management Speak

FMCG companies on Budget 2023

"We are confident that increased disposable income due to changes in the tax slab will improve spending power, thus benefitting the overall consumer sector including the organized jewellery retail industry. Initiatives such as PM Vishwa Karma Kaushal Samman programme are a pioneering step towards empowering traditional artisans and craftspeople – the backbone of our industry. This newly – conceptualized assistance package will be a welcome relief to the community and will enable to equip and upgrade themselves with changing times. The government's innovation-led and technology-driven approach reflects in its investment towards research on lab-grown diamonds, which will generate new employment opportunities, while resonating with the export as well as urban Indian market. The increase in the import duty of silver will not have a significant impact for us, as our primary focus is on gold, diamond and other precious stone studded jewellery"

Ramesh Kalyanaramam, Exec. Director, Kalyan Jewellers

Source: Economic times, Article dated:1st Feb'23, Systematix Institutional Research

"The decision to promote lab-grown diamonds would give further impetus to our exports. The gems & jewellery industry is, however, disappointed with the budget not resorting to the reduction in import duty. The increase in the duty of silver is expected to push up the price of the precious metal. The move to not impose any capital gains on the conversion of physical gold to electronic gold receipts and vice versa will help further gold monetization"

MP Ahammed, Chairman, Malabar Gold & Diamonds

Source: Economic times, Article dated:1st Feb'23, Systematix Institutional Research

"Without being populist, it has been responsible and pragmatic to encourage investment and boost economic growth. With the rejigging of tax slabs, there will be more money left in the hands of consumers and higher disposable income always benefits consumption. So there will definitely be a consumption boost across categories and FMCG tends to gain when the overall economy benefits and inflation is low"

Saugata Gupta, MD & CEO, Marico

Source: Economic times, Article dated:1st Feb'23, Systematix Institutional Research

"The difference in tax savings will certainly fuel impulse consumption, which will also benefit impulse and indulgence spending, more so in the smaller markets"

Ravi Jaipuria, Chairman, Devyani International

Source: Economic times, Article dated:1st Feb'23, Systematix Institutional Research

"The budget will push and revive demand growth in both urban and rural markets that will in turn drive the Indian economy"

Kalpesh Parmar, Country General Manager, Mars Wrigley

Source: Economic times, Article dated:1st Feb'23, Systematix Institutional Research

"This Budget will bring relief to the common man reeling under mounting inflation rates and economic turmoil with revision of personal income tax slabs and promise of more employment and social security schemes. This reflects the government's intent to enhance disposal income, enable discretionary spending and provide impetus to the industry"

Gautam Singhania, Group CMD, Raymond

Source: Economic times, Article dated:1st Feb'23, Systematix Institutional Research

"The food services industry relies heavily on discretionary spending and therefore stands to gain from the personal tax relief measures announced in the budget, which will further catalyse consumption"

"The focus on domestic tourism will also cascade positively across our sector, by opening up new markets and allowing for greater expansion, especially in unpenetrated locations"

Merill Pereyra, MD, Pizza Hut India Subcontinent

Source: Economic times, Article dated:1st Feb'23, Systematix Institutional Research

Consumer MNCs bet big on India

"Globally, the first half of 2023 is probably going to be a little tougher than the second half. The consumer in the western world is a little tight with higher inflation and high energy prices. But we are long on India, its consumers, the economy as well as apparel growth. We believe our Asian business, including India, will continue to grow in the low double digits, which is really remarkable when things are slowing down in the western world"

Harmit Singh, Global Chief Financial and Growth Officer, Levi Strauss & Co.

Source: Economic times, Article dated:9th Feb'23, Systematix Institutional Research

"There is a resurgence around India; some of the larger economies are facing tougher headwinds. If companies want to exist for the next few decades, they have to grow in India"

Kalpesh R. Parmar, India Country Head, Mars Wrigley

Source: Economic times, Article dated:14th Feb'23, Systematix Institutional Research

"We are encouraged by the potential to develop a fantastic beverage industry in India over many decades. India typifies the long-term potential of the beverage industry to keep growing and I think it's a market that is set to take off"

James Quincey, Chairman, Coca Cola

Source: Economic times, Article dated:14th Feb'23, Systematix Institutional Research

"From a €500 million business today, I think we can take it to €1 billion in the next foreseeable future. So very excited about India. I don't think India will ever look like China, but it's still a very promising market for us. We have high ambitions. Middle classes are rising in a major way. It's still not as developed as we would like in terms of distribution, but it's really accelerating and our shares are growing"

Nicolas Hieronimus, CEO, L'Oreal

Source: Economic times, Article dated:15th Feb'23, Systematix Institutional Research

Unilever on Indian market

“Market growth in India remains stronger in urban areas than in rural areas, and that reflects the impact of high food inflation on low income consumers. We’re seeing rural markets broadly flat in value terms with lower volumes”

Alan Jope, CEO, Unilever

Source: Economic times, Article dated:10th Feb’23, Systematix Institutional Research

“What I would say is we should always dwell on the long term India story, it is an amazing story and even under the most challenging circumstances India has proven to be a very resilient economy and even if you look at the headline growth in FMCG despite the unprecedented increase in commodity price the markets are still growing which is a very good sign.”

Sanjiv Mehta, CEO & MD, Hindustan Unilever

Source: Economic times, Article dated:8th Feb’23, Systematix Institutional Research

Hindustan Unilever on Reliance’s FMCG foray

“We have a huge number of competitors, both globally and locally. But when you take the total portfolio, no one has the scale and size of HUL. The size, market shares, turnover, depth of talent and the capabilities that we have allow us a very unique position in the market. We have enough space in India at \$45 per capita FMCG consumption. Compare this with Indonesia, which is 2x; China, which is 3x; the Philippines, which is 4x. Every player will have their own strategy. We started on a journey of digitising HUL in 2015-2016, way ahead of the inflection point during covid.”

Sanjiv Mehta, CEO & MD, Hindustan Unilever

Source: CNBC TV, Article dated 15th Feb’23, Systematix Institutional Research

Consumer companies on facing pressure in mass-priced products category

“People earning between 15,000 and 35,000 in a month are under pressure of inflation because their shopping basket is largely food and essentials such as pulses, oil and vegetables. Their basket price actually increased by 30-35% due to inflation”

Lalit Agarwal, Chairman, V-Mart

Source: Source: Economic times, Article dated:18th Feb’23, Systematix Institutional Research

“There has been a slowdown and curtailment of discretionary income and expenditure at the lower end”

Vishak Kumar, CEO of Madura Fashion & Lifestyle, Aditya Birla Fashion & Retail

Source: Source: Economic times, Article dated:18th Feb’23, Systematix Institutional Research

“Mass categories do seem to have some kind of sluggishness in terms of demand, with the kind of hit that they have taken in terms of GST, as well as inflation”

Gunjan Shah, CEO, Bata

Source: Source: Economic times, Article dated:18th Feb’23, Systematix Institutional Research

FMCG companies on witnessing high sales of low unit packs

"Inflation is a major challenge. Small packs (₹10-20) give us an affordability play across all our brands in urban and rural markets. We are expanding into multiple categories with a focus on small packs, and it is paying off"

Sanket Ray, President, Coca-Cola and Southwest Asia

Source: Source: Economic times, Article dated:21st Feb'23, Systematix Institutional Research

"In the past two to three months, we are seeing higher sales of small packs in urban markets, compared to the larger value packs, specially in general trade, which was not the case earlier"

Mayank Shah, Senior Category Head, Parle

Source: Source: Economic times, Article dated:21st Feb'23, Systematix Institutional Research

"There is a clear shift towards smaller packs in both urban and rural markets due to inflationary pressures"

Neeraj Khatri, CEO, Wipro Consumer Care

Source: Source: Economic times, Article dated:21st Feb'23, Systematix Institutional Research

Marico highlighting improvement in downtrading trend

"One of the reasons for downtrading, or in our case, sometimes moving from branded to unbranded or to smaller brands has happened because of a significant pricing that had to be taken to manage input costs. For example, in our Saffola and Parachute portfolio, we have taken significant price drops in line with the input costs cooling off. I believe that people want to look at brands and therefore that trend is likely to get reversed. We are already seeing that in Parachute and which happened in December when we stabilized prices. I believe that most of the categories in FMCG will start seeing the trend as we move towards Q4 and Q1"

Saugata Gupta, MD & CEO, Marico

Source: Source: Economic times, Article dated:6th Feb'23, Systematix Institutional Research

Godrej Consumer Products on inflation and price cuts

"So I certainly do not see price hikes in the short to medium term unless the commodity situation goes up. I see, in categories like in soaps and all, price drops"

"Certainly, commodity costs have fallen very sharply across all commodities, but they are still higher than what they were a few years ago. But compared to the peaks in March, and April of last year, they are much lower"

Sudhir Sitapati, MD & CEO, Godrej Consumer Products

Source: Economic times, Article dated:7th Feb'23, Systematix Institutional Research

FMCG products Price Tracker

Exhibit 3: Rise in airy products; price cut in edible oils; lower discounts by major MT retailers

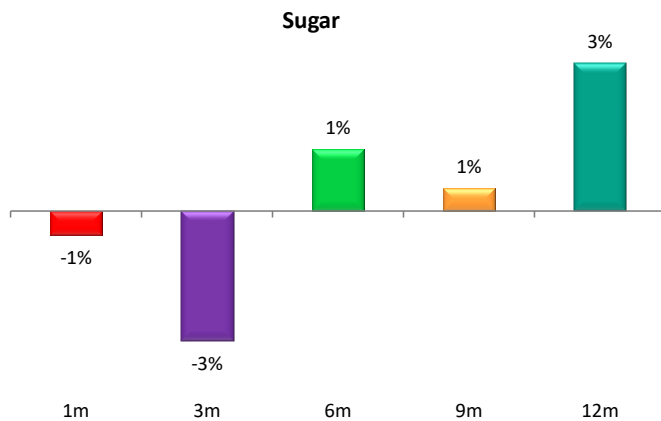
	MRP as on 23 Jan 2023	MRP as on 27 Feb 2023	Price increase/decrease during the month	Quantity as on 23 Jan 2023	Quantity as on 27 Feb 2023	Grammage addition/reduction during the month	Discounts (%) as on 23 Jan 2023			Discounts (%) as on 27 Feb 2023		
Products	INR	INR	%	gm/ml	gm/ml	%	DMart	Big Basket	Jio Mart	DMart	Big Basket	Jio Mart
Flour												
Aashirvaad Multigrain Atta	352	352	0%	5000gm	5000gm	NA	19	14	15	15	7	15
Tata Sampann Moong Dal	180	180	0%	1000gm	1000gm	NA	25	21	10	10	17	10
Personal Care												
Dettol Original Soap	322	322	0%	5x125gm	5x125gm	NA	16	12	16	11	11	11
Lux Soft Glow Rose & Vitamin E Beauty Soap	285	285	0%	4x150gm	4x150gm	NA	11	5	7	11	5	13
Sunsilk Lusciously Thick & Long Shampoo	615	645	5%	650ml	650ml	NA	30	20	50	50	24	50
Clinic Plus Strong & Long Health Shampoo	525	555	6%	650ml	650ml	NA	43	20	43	32	20	50
Dove Daily Shine Shampoo	740	760	3%	650ml	650ml	NA	41	29	39	51	20	50
Closeup Everfresh+Anti-Germ Gel Toothpaste	200	200	0%	2x150gm	2x150gm	NA	25	14	36	33	15	34
Colgate Dental Cream Strong Teeth	120	120	0%	200gm	200gm	NA	8	8	8	8	18	8
Dabur Red Toothpaste	120	120	0%	200gm	200gm	NA	8	12	11	8	10	17
Parachute Coconut Oil	233	251	8%	600ml	600ml	NA	15	17	5	22	15	12
Indulekha Bringha Ayurvedic Hair Oil	432	432	0%	100ml	100ml	NA	26	27	26	31	31	31
Glow & Lovely Advanced Multi Vitamin Face Cream	186	186	0%	80gm	80gm	NA	8	10	8	8	10	8
Home Care												
Surf Excel Quick Wash Detergent Powder	240	240	0%	1000gm	1000gm	NA	9	6	9	9	5	9
Rin Bar	10	10	0%	110gm	110gm	NA	10	5	10	10	5	10
Good Knight Gold Flash (1 Machine & 2 Refills)	172	172	0%	45ml	45ml	NA	23	28	28	23	11	28
Cooking Oils												
Saffola Gold Oil	1170	1115	-5%	5000ml	5000ml	NA	9	11	9	5	13	10
Fortune Sunlite Refined Sunflower Oil	975	925	-5%	5000ml	5000ml	NA	19	16	19	21	11	21
Saffola Gold Oil	199	190	-5%	1000ml	1000ml	NA	9	12	9	11	7	11
Saffola Active Oil	1000	1000	0%	5000ml	5000ml	NA	20	20	12	20	16	20
Noodles, Sauce, Beverages & Biscuits												
Maggi	109	112	3%	560gm	560gm	NA	28	12	23	14	12	13
Maggi	14	14	0%	70gm	70gm	NA	7	4	7	7	4	7
Kissan Mixed Fruit Jam	170	170	0%	500gm	500gm	NA	10	14	7	10	0	7
Brooke Bond Red Label Tea	570	570	0%	1000gm	1000gm	NA	28	19	28	15	18	15
Tata Tea Gold	630	630	0%	1000gm	1000gm	NA	32	20	33	44	28	35
BRU Instant Coffee	420	460	10%	200gm	200gm	NA	19	29	19	30	9	24
Real Mixed Fruit Juice	120	125	4%	1000ml	1000ml	NA	32	17	32	32	12	32
Britannia Milk Bikis Biscuits	90	90	0%	500gm	500gm	NA	23	22	11	23	8	17

Parle-G	90	90	0%	800gm	800gm	NA	22	16	8	22	0	22
Dairy Products												
Amul Taaza Toned Milk	70	72	3%	1000ml	1000ml	NA	4	0	6	6	3	7
Amul Butter	265	275	4%	500gm	500gm	NA	10	9	9	4	8	4
Gowardhan Cow Ghee	749	775	3%	1000ml	1000ml	NA	7	3	13	7	3	7
Amul Processed Cheese	278	278	0%	500gm	500gm	NA	7	0	10	7	0	7
Britannia Cheese Cubes	165	165	0%	200gm	200gm	NA	12	10	27	12	5	12
Health Supplements												
Saffola Honey	430	430	0%	1000gm	1000gm	NA	35	35	35	35	35	32
Zandu Kesari Jivan	740	740	0%	900gm	900gm	NA	8	15	30	14	10	34

Source: Systematix Institutional Research

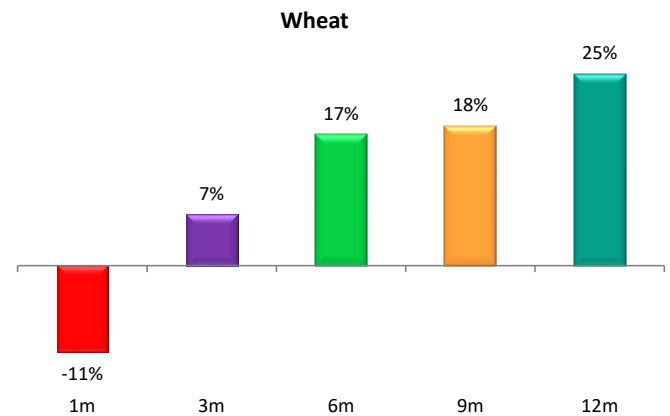
Raw material price tracker

Exhibit 4: Sugar prices corrected 1% MoM, fell 3% QoQ



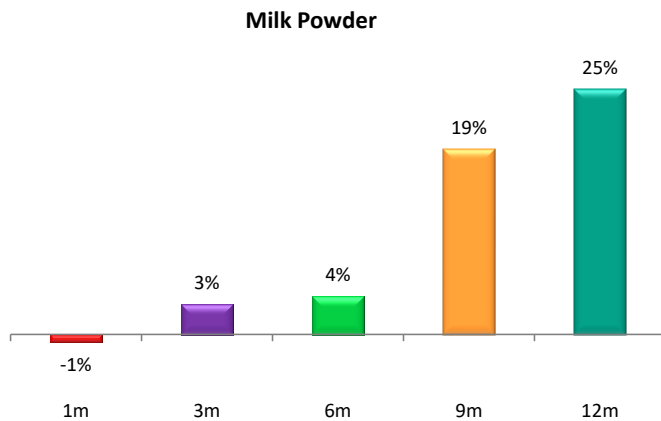
Source: Bloomberg, Systematix Institutional Research

Exhibit 5: Wheat prices fell 11% MoM, but were up 7% QoQ



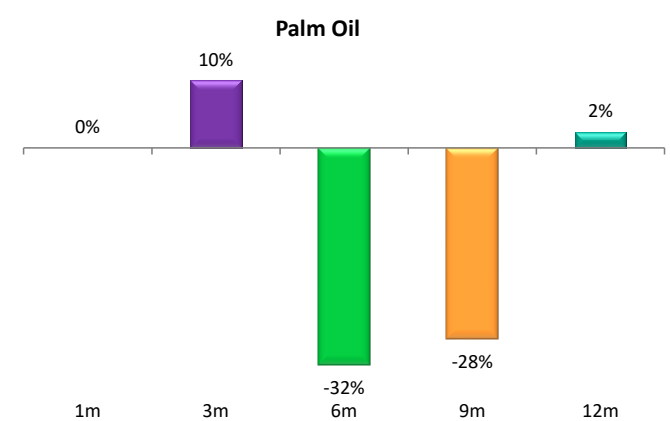
Source: Bloomberg, Systematix Institutional Research

Exhibit 6: Milk powder prices grew 3% QoQ



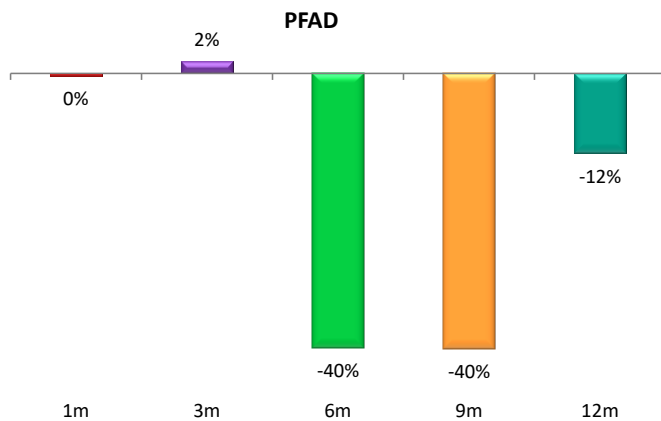
Source: Bloomberg, Systematix Institutional Research

Exhibit 7: Palm oil price remained muted MoM, grew 10% QoQ



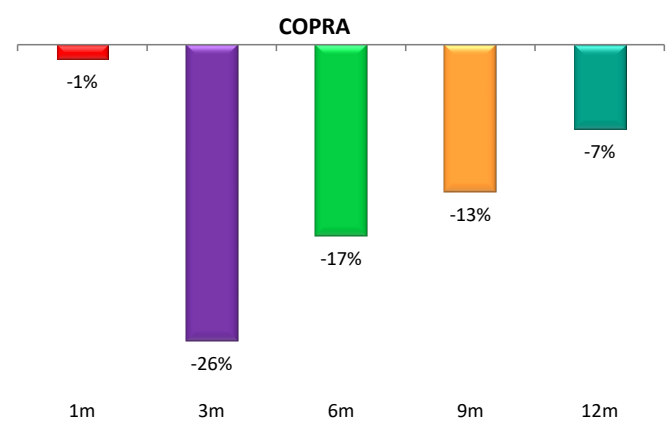
Source: Bloomberg, Systematix Institutional Research

Exhibit 8: PFAD prices were muted MoM, grew 2% QoQ

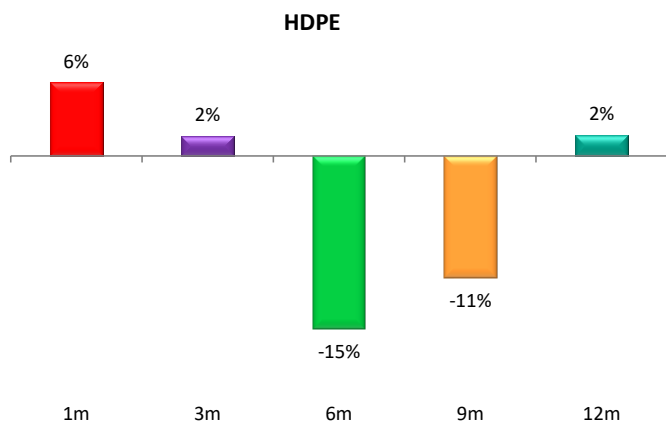


Source: Bloomberg, Systematix Institutional Research

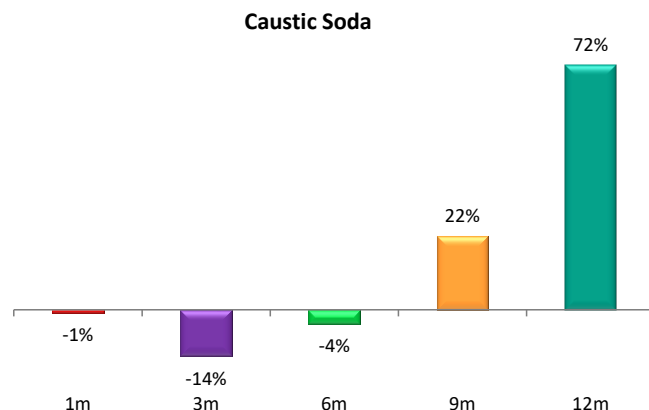
Exhibit 9: Copra prices corrected 1% MoM and 26% QoQ



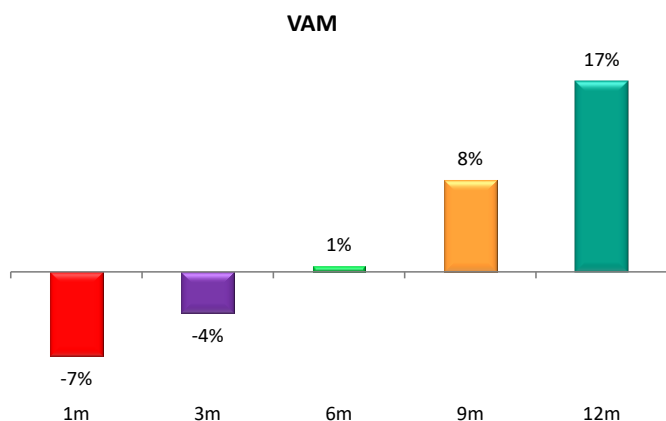
Source: Bloomberg, Systematix Institutional Research

Exhibit 10: HDPE prices grew 6% MoM and 2% QoQ

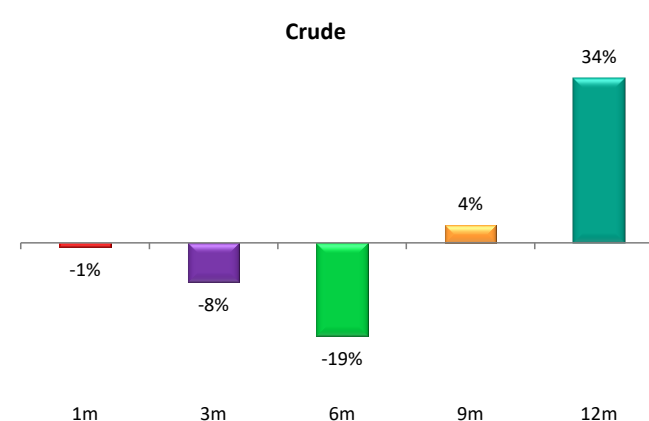
Source: Bloomberg, Systematix Institutional Research

Exhibit 11: Caustic soda prices declined 14% QoQ

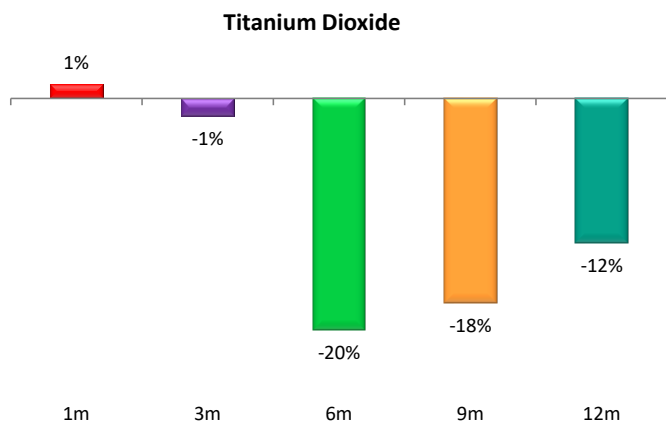
Source: Bloomberg, Systematix Institutional Research

Exhibit 12: VAM prices declined 7% MoM and 4% QoQ

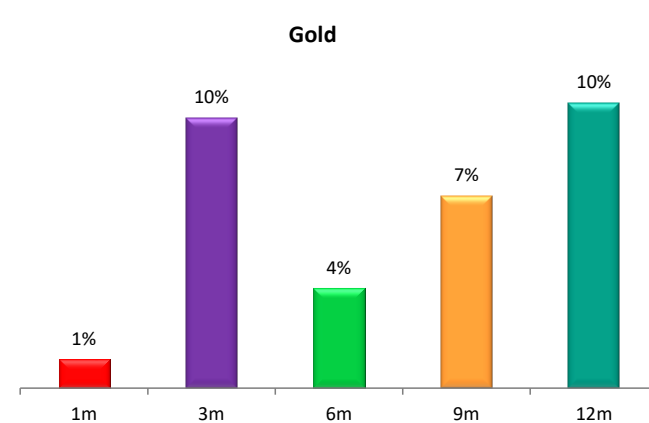
Source: Bloomberg, Systematix Institutional Research

Exhibit 13: Crude prices corrected 1% MoM and 8% QoQ

Source: Bloomberg, Systematix Institutional Research

Exhibit 14: TiO2 prices remained muted MoM and QoQ

Source: Bloomberg, Systematix Institutional Research

Exhibit 15: Gold price increased 1% MoM, 10% QoQ

Source: Bloomberg, Systematix Institutional Research

Top consumer sector updates for January 2023

Mergers, acquisitions and JVs

Hindustan Unilever to sell Annapurna and Captain Cook brands for Rs604 mn to Singapore based company

- ✚ HUL has signed an agreement for the sale of its atta and salt business, which it markets under the brands 'Annapurna' and 'Captain Cook' respectively, to Uma Global Foods and Uma Consumer Products for Rs604 mn
- ✚ Uma Global Foods and Uma Consumer Products are subsidiaries of Reactive Brands International, a Singapore – headquartered company and an affiliate of CSAW Aqbator (Singapore)
- ✚ CSAW is focused on buying and scaling up food brands to promote affordable wellness
- ✚ In FY22, 'Annapurna' and 'Captain Cook' had a turnover of Rs1.27 bn, which is less than one percent of HUL's revenue
- ✚ HUL's decision to divest is in line with the intent of exiting non-core categories while continuing to drive its growth agenda in the packaged foods business of dressings, scratch cooking and soups

Source: Business Standard, Article dated: 17th Feb'23, Systematix Institutional Research

Bisleri enters global markets, signs supply pact with Dubai-based Nasser Abdulla Lootah Group

- ✚ Bisleri International, which is in the process of being acquired by Tata Group, has signed its first international manufacturing and bottling agreement with Dubai-based Nasser Abdulla Lootah Group
- ✚ Nasser Abdulla Group is a 25-year-old entity with interests in travel, shipping, logistics, mineral water, real estate and information technology.
- ✚ Group company Emirates Drinking Water will produce the Indian company's Bisleri water at its plants in Dubai, which will sell in Dubai, Sharjah and Abu Dhabi in mass – premium general and modern trade stores, hotels and restaurants, and via ecommerce platforms
- ✚ Dubai is one of the world's largest bottled water markets, because of the home RO purification industry since the water is saline and all water consumption happening through bottled water. The third reason is high tourism and very rapid expansion of entertainment hubs, restaurants and hotels
- ✚ Currently, local players mostly dominate UAE's market for bottled water. Established players could potentially enter and create disruption. The entry into the UAE would pave the way for Bisleri's expansion across other markets in the Middle East
- ✚ Bisleri had started a franchise distribution model in 2015 in the Middle East, but that dissipated within a few months.

Source: Economic times, Article dated: 21st Feb'23, Systematix Institutional Research

CCI approves stake acquisition in LT Foods by Riyadh – based SALIC International

- ✚ SALIC is an investment company with holdings in various international companies specialized in the fields of agriculture and trading of food commodities both in Saudi Arabia and internationally.
- ✚ SALIC's agri-business is focused on farming and procurement as well as importing commodities into the Kingdom of Saudi Arabia
- ✚ In November last year, the board of LT Foods approved the preferential issuance of 27,408,164 equity shares, i.e. 7.89% equity stake in LT Foods, at Rs. 142.23 per share to SALIC.
- ✚ In addition, SALIC will acquire 1.33% equity stake through a secondary share purchase from the Promoters Group. Post completion of this transaction, SALIC will hold 9.22% equity stake in LT Foods.
- ✚ This transaction would reflect a successful collaboration and partnership between LT Foods and SALIC as the equity injection would accelerate LT Foods' organic and inorganic expansion plans across business segments, give a boost to its future growth plans specifically in the Middle East and Saudi Arabia region and fortify its position as one of the leading players in the industry
- ✚ This would enable SALIC to have greater exposure to the Specialty Rice sector and secure larger quantities of Specialty Basmati Rice to Kingdom of Saudi Arabia

Source: Business Standard, Article dated: 15th Feb'23, Systematix Institutional Research

Reliance Consumer Products Ltd has entered into a strategic partnership with Sri Lanka-headquartered Maliban Biscuit Manufactories to launch their brand in India

- ✚ The latest move will pitch Reliance directly with Britannia, Parle and ITC which together control over 80% of India's biscuit segment
- ✚ Reliance stated that the alliance is part of its aim to bring a bouquet of domestic and globally recognized consumer brands
- ✚ Maliban, founded in 1954, is the second biggest biscuit firm in Sri Lanka and sells products including biscuits, crackers, cookies and wafers. The Company also operates in global markets and exports to over 35 countries

Source: Economic times, Article dated: 1st Feb'23, Systematix Institutional Research

Sapphire Foods to increase its stake in Maldives-based GFIPL from 51% up to 75%.

- ✚ Sapphire Foods (SPIL) announced to increase its stake in GFIPL to 75% from the current 51% Gamma Island Food Pvt Ltd operates Pizza Hut and KFC restaurants in Maldives under franchisee agreements
- ✚ The Board of Directors of Gamma Pizzakraft (Overseas) Pvt Ltd (GPOPL), wholly – owned subsidiary of SPIL, has considered and approved subscription of upto 81,914 equity shares of GFIPL, subsidiary of GPOPL and step – down subsidiary of the company, for a total consideration of up to 1.88 crore Maldivian Rufiyaa (Rs101.5 mn)

Source: Economic times, Article dated: 22nd Feb'23, Systematix Institutional Research

New launches and forays

ITC's Aashirvaad Instant Meals launches their latest product in the breakfast category- Instant Sambar

- ✚ ITC Ltd.'s Aashirvaad Instant Meals, one of the leading players in the ready-to-eat category, launched Instant Sambar – a quick, non-fussy sambar that requires just addition of hot water.
- ✚ Available in leading metros including Kolkata, Mumbai, Delhi, Hyderabad, Pune, Bengaluru and Ahmedabad Aashirvaad Instant Sambar retails at Rs. 25 per pack of 30g and serves 2
- ✚ The product will be available for purchase at the ITC E-Store, and third-party e-commerce sites, including Amazon and Big Basket.

Source: The Reporting Today , Article dated:19th Feb'23, Systematix Institutional Research

Shoppers Stop to launch new footwear brand under Fratini and Altlife labels

- ✚ Shoppers Stop is also focusing on bringing in exclusive brands into the company's ecosystem
- ✚ Shoppers Stop's aim is to open 10-15 beauty outlets every year apart from the 10-12 department stores
- ✚ Company has recently signed an exclusive partnership with NARS (Cosmetics) as part of the strategic group that it will bring into India
- ✚ Shoppers Stop also has got exclusive rights for eight fragrance brands of L'Oreal International Division which have been launched in the country

Source: CNBCTV18, Article dated:23rd Feb'23, Systematix Institutional Research

Aditya Birla Group enters premium casual dining space

- ✚ The Aditya Birla Group has entered into the premium casual dining space, a fast – growing segment in the organized food services market
- ✚ The group's hospitality arm housed under Aditya Birla New Age (ABNA) has collaborated with India's well – know chef restaurateur Rahul Akrekar and will build premium casual dining restaurant chains across India
- ✚ ABNA, promoted by Aryaman Vikram Birla, son of Kumar Mangalam Birla, aspires to create a preferred house of Food & Beverage (F&B) brands in India under its umbrella
- ✚ High disposable income among the rising middle class in India, and the expansion of the urban cosmopolitan lifestyle is driving the boom in dining out behaviour. Therefore, the demand for premium casual dining restaurants (PCDR) is expected to increase across India as consumers seek new dining experiences

Source: Economic times, Article dated:9th Feb'23, Systematix Institutional Research

Reliance Retail planning foray into value apparel space

- ✚ Reliance Retail is planning to launch a value apparel format to compete directly with Tata's Zudio, Landmark group – owned Max and Shoppers Stop's new mass - priced brand in InTune
- ✚ The company is in talks to leased 6,000 – 9,000 sq ft space across malls and high street for the new brand, name for which has not been disclosed yet
- ✚ While Tata has Westside and Zudio in the mass and low – priced segment, Reliance has Trends and recently launched premium fashion and lifestyle store AZORTE, to compete directly with fast fashion brands Zara and H&M in India. It had nothing to offer which can compete with Zudio and Max and the new brand, which will sell clothing within Rs1,000 range, will help it to expand its offering
- ✚ India's consumption structure has been skewed in the past over a narrow base of richer consumers accounting for a large chunk of the overall market
- ✚ However, as the economy is broadening across many more cities and the impact is reaching further down the income ladder, the opportunity for value – formats and value – brands is expanding

Source: Economic times, Article dated:1st Feb'23, Systematix Institutional Research

Titan launches 'Kenneth Cole New York Automatic Fest' at Shoppers Stop

- ✚ Titan has launched promotional event 'Kenneth Cole New York Automatic Fest' across Shoppers Stop, Lifestyle, and World of Titan
- ✚ Titan is the exclusive distributor of Kenneth Cole New York in India
- ✚ In order to launch a range of 15 new styles and promote the brand's Spring 2023 collection, the business has tied up with specialist retailers for the pan-India promotion
- ✚ The Kenneth Cole New York Automatic Fest will act as the launchpad for the brand's Spring 2023 collection which features a range of both casual and formal timepieces with mechanical features, skeleton dials, and chronograph styling
- ✚ The brand is positioned in the premium segment of the market and designs in the new collection include sports watches, pair watches, and watches containing a single diamond
- ✚ The showcase highlights 30 Kenneth Cole New York watch designs and prices begin at Rs 12,000.

Source: Fashion Network, Article dated:13th Feb'23, Systematix Institutional Research

Metro Brands enters into foot health, wellness and technology space with BioFoot

- ✚ Footwear retail chain, Metro Brands Limited has introduced BioFoot – a custom foot solutions brand – with its first store in Colaba, Mumbai
- ✚ The store spanning across 2,500 square feet offers a curated range of experiences, services, and products to provide solutions for foot-related ailments
- ✚ Consumers can purchase footwear solutions (customized (3D) insoles and shoes) for various foot-related concerns including heel pain, flat feet, bunions, corns and calluses, and even diabetes – related foot issues
- ✚ The store offers products for both men and women and exclusively from international brands including FitFlop, Clarks, Brooks, Adidas and exclusively from Aetrex, OS1st and Orthofeet

Source: Fashion Network, Article dated:27th Feb'23, Systematix Institutional Research

Capacity expansion plans

Asian Paints signs pact with Gujarat to set up manufacturing facility in Dahej

- ✚ Asian Paints entered into an agreement with the Gujarat government to set up a manufacturing facility in Dahej. The pact was signed through its newly incorporated, wholly owned subsidiary, Asian Paints (Polymers).
- ✚ Asian Paints subsidiary will set up the facility for Vinyl Acetate Ethylene Emulsion (VAE) and Vinyl Acetate Monomer (VAM) at Dahej, Gujarat
- ✚ The installed capacity of the unit would be 100,000 tonnes per annum for VAM and 150,000 tonnes per annum for VAE. VAM is a key input for manufacturing VAE.
- ✚ According to Asian Paints, VAE is considered to be the emulsion of the future, and the key constituent for manufacturing environment-friendly paints. VAE offers better paint properties and can significantly improve paint performance in customer-facing attributes.

Source: Mint, Article dated:21st Feb'23, Systematix Institutional Research

Institutional Equities Team

Nikhil Khandelwal	Managing Director	+91-22-6704 8001	nikhil@systematixgroup.in
--------------------------	--------------------------	-------------------------	----------------------------------

Equity Research

Analysts	Industry Sectors	Desk-Phone	E-mail
Dhananjay Sinha	Co Head of Equities & Head of Research - Strategy & Economics	+91-22-6704 8095	dhananjaysinha@systematixgroup.in
Ashish Poddar	Consumer Durables, Building Materials, Small & Midcaps	+91-22-6704 8039	ashishpoddar@systematixgroup.in
Girija Ray	Cement	+91-22-6704 8098	girijaray@systematixgroup.in
Himanshu Nayyar	Consumer Staples & Discretionary	+91-22-6704 8079	himanshunayyar@systematixgroup.in
Pradeep Agrawal	NBFCs & Diversified Financials	+91-22-6704 8024	pradeepagrawal@systematixgroup.in
Pratik Tholiya	Specialty & Agro Chem, Fertilisers, Sugar, Textiles and Select Midcaps	+91-22-6704 8028	pratiktholiya@systematixgroup.in
Rahul Jain	Metals & Mining	+91-22-6704 8066	rahuljain@systematixgroup.in
Rakesh Kumar	Banking, Insurance	+91-22-6704 8041	rakeshkumar@systematixgroup.in
Sudeep Anand	Oil & Gas , Telecom, Logistics	+91-22-6704 8085	sudeepanand@systematixgroup.in
Vishal Manchanda	Pharmaceuticals and Healthcare	+91-22-6704 8064	vishalmanchanda@systematixgroup.in
Aniket Shah	Banking, Insurance	+91-22-6704 8034	aniketshah@systematixgroup.in
Bezad Deboo	Pharmaceuticals and Healthcare	+91-22-6704 8046	bezaddeboo@systematixgroup.in
Chetan Mahadik	Consumer Staples & Discretionary	+91-22-6704 8091	chetanmahadik@systematixgroup.in
Hena Vora	NBFCs & Diversified Financials	+91-22-6704 8045	henavora@systematixgroup.in
Poorvi Banka	Auto, Auto Ancillaries	+91-22-6704 8063	poorvibanka@systematixgroup.in
Pranay Shah	Consumer Durables, Building Materials, Small & Midcaps	+91-22-6704 8017	pranayshah@systematixgroup.in
Pratik Oza	Midcaps	+91-22-6704 8036	pratikoza@systematixgroup.in
Prathmesh Kamath	Oil & Gas , Telecom, Logistics	+91-22-6704 8022	prathmeshkamath@systematixgroup.in
Purvi Mundhra	Macro-Strategy	+91-22-6704 8078	purvimundhra@systematixgroup.in
Rajesh Mudaliar	Consumer Staples & Discretionary	+91-22-6704 8084	rajeshmudaliar@systematixgroup.in
Shraddha Kapadia	Consumer Durables, Building Materials, Small & Midcaps	+91-22-6704 8019	shraddhakapadia@systematixgroup.in
Shweta Dikshit	Metals & Mining	+91-22-6704 8042	shwetadikshit@systematixgroup.in
Varun Gajaria	Midcaps	+91-22-6704 8081	varungajaria@systematixgroup.in

Equity Sales & Trading

Name		Desk-Phone	E-mail
Vipul Sanghvi	Co Head of Equities & Head of Sales	+91-22-6704 8062	vipulsanghvi@systematixgroup.in
Nirbhay Kumar Singh	Sales	+91-22-6704 8061	nirbhaysingh@systematixgroup.in
Sidharth Agrawal	Sales	+91-22-6704 8090	sidharthagrawal@systematixgroup.in
Shivang Agrawal	Sales	+91-22-6704 8068	shivangagrawal@systematixgroup.in
Pawan Sharma	Director and Head - Sales Trading	+91-22-6704 8067	pawansharma@systematixgroup.in
Mukesh Chaturvedi	Vice President and Co Head - Sales Trading	+91-22-6704 8074	mukeshchaturvedi@systematixgroup.in
Vinod Bhuwad	Sales Trading	+91-22-6704 8051	vinodbhuwad@systematixgroup.in
Rashmi Solanki	Sales Trading	+91-22-6704 8097	rashmisolanki@systematixgroup.in
Karan Damani	Sales Trading	+91-22-6704 8053	karandamani@systematixgroup.in
Vipul Chheda	Dealer	+91-22-6704 8087	vipulchheda@systematixgroup.in
Paras Shah	Dealer	+91-22-6704 8047	parasshah@systematixgroup.in
Rahul Singh	Dealer	+91-22-6704 8054	rahulsingh@systematixgroup.in

Corporate Access

Pearl Pillay	Sr. Associate	+91-22-6704 8088	pearlpillay@systematixgroup.in
--------------	---------------	------------------	--------------------------------

Production

Madhu Narayanan	Editor	+91-22-6704 8071	madhunarayanan@systematixgroup.in
Mrunali Pagdhare	Production	+91-22-6704 8057	mrunalip@systematixgroup.in
Vijayendra Achrekar	Production	+91-22-6704 8089	vijayendraachrekar@systematixgroup.in

Operations

Sachin Malusare	Vice President	+91-22-6704 8055	sachinmalusare@systematixgroup.in
Jignesh Mistry	Manager	+91-22-6704 8049	jigneshmistry@systematixgroup.in
Sushant Chavan	Manager	+91-22-6704 8056	sushantchavan@systematixgroup.in

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