

Consumer

Result Preview



Asian Paints
 Britannia Industries
 Colgate
 Dabur
 Emami
 Godrej Consumer
 Hindustan Unilever
 ITC
 Jyothy Laboratories
 Marico
 Nestle India
 Page Industries
 Pidilite Industries
 P&GHH
 Tata Consumer
 United Breweries
 United Spirits
 Varun Beverages

Discretionaries set for a rebound; rural remains resilient

2QFY22 is likely to report strong cumulative growth numbers – ~15% on the topline, ~10% on EBITDA, and ~10% on PAT – for the 18 consumer companies under our coverage. This is on a cumulative base of 5.4% and 7.3% in sales and EBITDA, respectively, in 2QFY21. A large portion of this growth is likely to come from pent-up demand for discretionaries on the back of a) improved mobility, b) restrictions being progressively lifted, c) stores remaining open for a longer time, and d) modern trade (MT) reopening in a phased manner all of which have been faster than last year. Since the rural markets have remained resilient on the back of a strong kharif crop, good rabi sowing, and the monsoons ahead of their long-period averages, Staples demand is also likely to be healthy. In the case of the distribution channels, e-commerce continues to strengthen its salience for most consumer companies, while general trade (GT) remains resilient. In the MT channel, the situation is now progressively improving. As we enter the festive season – with the nationwide vaccination drive continuing in full swing and daily case numbers remaining subdued – discretionary companies are set to witness continued demand momentum over the remainder of the year. This is provided a) India does not see a third COVID wave, b) the vaccination pace remains healthy, and c) the pandemic's impact on incomes/wealth is contained.

Out-of-home categories to outperform this quarter

Among the large companies, we expect HUVR to report 10% YoY sales growth (6% volume growth) and 8.5%/7.2% EBITDA/PAT bei growth. APNT is likely to report 42% topline growth and 14–15% EBITDA/PAT growth, led by pent-up demand. ITC is expected to post 15.5% overall sales growth, with 12% volume growth in Cigarettes (on 4% sales decline and 12% volume decline in 2QFY21). Profitability pressures are likely to ease due to recovery in the high-margin Cigarettes business as well as improved performance in the Hotels business. Staples are likely to report ~9% sales growth over 2QFY21– with good all-round numbers from MRCO, PGHH, and JYL. TCPL is also likely to report healthy 9–11% growth on all parameters in 2QFY22. Among the discretionaries, UBBL and VBL are likely to report strong YoY revenue growth in Sep'21 (56%/19%). Similar impressive trends are expected in operating profit and PAT on the back of improved mobility and a very weak base in the case of UBBL. PAG is also likely to report 10–15% YoY growth across parameters in 2QFY22.

Material costs remain elevated; sequential improvement in margins likely

While overall inflation in the commodity basket was flat sequentially in 2QFY22, YoY inflation remained high. Healthy demand has enabled companies to pass on a significant portion of the cost inflation. Nonetheless, YoY gross margins are likely to remain under pressure, with significant improvement likely only in 3QFY22. The prices of non-agri commodities remain elevated. Crude prices have continued to surge 69.5% YoY / 5.5% sequentially. HDPE/LLP costs – which affect packaging / hair oil companies – have also increased 22.7%/32.7% YoY, but remain stable on a sequential basis. VAM prices softened on a sequential basis, but are up 118.8% YoY and likely to affect PIDI's gross margins. Palm oil prices remain near the peak of May'21 (average prices up 59% YoY / 5.2% QoQ) and are likely to impact HUVR, GCPL, and TCPL (to some extent). Among the other agri commodities, barley and wheat prices rose sequentially, with prices for most others softening or remaining flat. Barley costs rose 46.3% YoY and 7.3% QoQ in 2QFY22, reaching a one-year peak

of INR2,180/quintal in Sep'21. Copra prices fell 8.3% QoQ on account of a good harvest. Tea prices have seen sharp correction, with average prices down 28.4% YoY and 3.8% QoQ. While companies would continue to experience varying degrees of material cost inflation, price increases taken during this quarter would help relieve some of the margin pressure. In addition to gross margin pressure, higher ad spends YoY and sequentially owing to healthy demand (even as ad spends are yet not back at 2QFY20 levels) have resulted in estimated cumulative EBITDA growth of ~10% (v/s ~15% cumulative sales growth), with EBITDA margins declining/flat for almost all companies in our Coverage Universe.

Top picks in Consumer Staples space

HUVR, GCPL, BRIT, and VBL: HUVR continues to lay the foundation for future growth and displays dexterity in decision-making, in addition to cost savings being plowed back into the business. Recovery in discretionary demand (high margin) and flat/declining commodity costs augur well for earnings going forward. The appointment of the new CEO at GCPL offers scope for transformative change, especially if the company is able to robustly grow the domestic business and introduce better capital allocation. BRIT's structural story remains strong, aided by a) direct reach expansion to ~2.4m outlets and b) further investments in IT infrastructure. We like VBL owing to a) the revival in out-of-home consumption on the back of an increase in vaccine distribution, b) rising penetration in newly acquired regions (southern and western India), and c) the growing penetration of refrigerators in rural/semi-rural areas per household as well as power availability for longer hours.

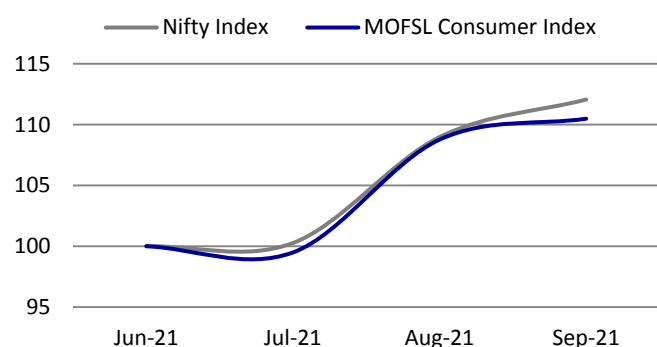
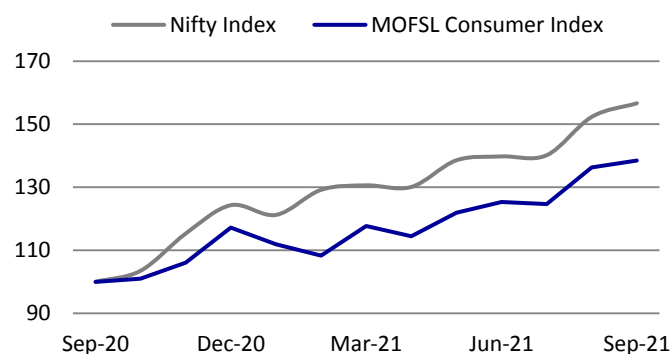
Exhibit 1: Improved overall performance – MRCO, NEST, GCPL likely to outperform

Sector	CMP		Sales (INR m)			EBITDA (INR m)			NET PROFIT (INR m)		
	(INR)	RECO	Sep'21	Var % YoY	Var % QoQ	Sep'21	Var % YoY	Var % QoQ	Sep'21	Var % YoY	Var % QoQ
Asian Paints	3,201	Neutral	75,973	42.0	36.0	14,489	14.5	58.6	9,731	14.2	69.4
Britannia	3,891	Buy	34,875	2.0	2.5	5,824	-13.8	5.2	4,267	-13.9	10.3
Colgate	1,683	Neutral	13,626	6.0	16.9	3,998	-2.3	12.5	2,686	-2.0	15.2
Dabur	624	Buy	26,418	5.0	1.2	5,530	-2.9	0.2	4,572	-5.1	4.5
Emami	566	Buy	7,789	6.0	17.8	2,491	-3.1	46.8	1,933	-9.4	37.6
Godrej Consumer	1,030	Buy	31,775	9.0	9.8	6,794	1.0	11.2	4,934	7.6	18.8
Hind. Unilever	2,687	Buy	1,25,854	10.0	5.6	31,142	8.5	9.4	21,822	7.2	11.2
ITC	237	Neutral	1,29,156	15.5	5.7	47,018	15.8	17.8	38,062	17.8	26.3
Jyothy Labs	168	Neutral	5,546	11.0	6.3	820	-7.7	26.2	523	-13.8	30.4
Marico	554	Buy	23,868	20.0	-5.5	4,405	13.3	-8.4	3,234	8.9	-9.2
Nestle	19,495	Neutral	38,534	8.8	10.8	9,055	0.7	8.6	5,846	-3.0	11.5
P&G Hygiene	13,968	Buy	11,609	15.0	47.6	2,778	21.2	271.0	2,061	20.2	320.7
Page Industries	33,062	Neutral	8,514	15.0	69.7	1,830	10.7	435.1	1,215	9.6	NM
Pidilite Inds.	2,422	Neutral	24,068	28.0	24.3	5,575	8.7	60.4	3,796	6.7	76.3
Tata Consumer	815	Buy	30,686	10.3	2.0	4,384	9.7	9.7	2,961	9.2	57.4
United Breweries	1,603	Sell	14,050	56.0	25.7	1,835	354.0	92.4	894	NM	189.9
United Spirits	867	Buy	21,459	0.0	32.9	2,642	-2.0	57.5	1,475	14.9	70.9
Varun Beverages	914	Buy	21,442	19.0	-12.5	4,762	25.1	-16.6	2,190	43.1	-28.9
Sector Aggregate			6,45,241	14.9	10.5	1,55,375	9.8	18.9	1,12,201	10.0	25.1

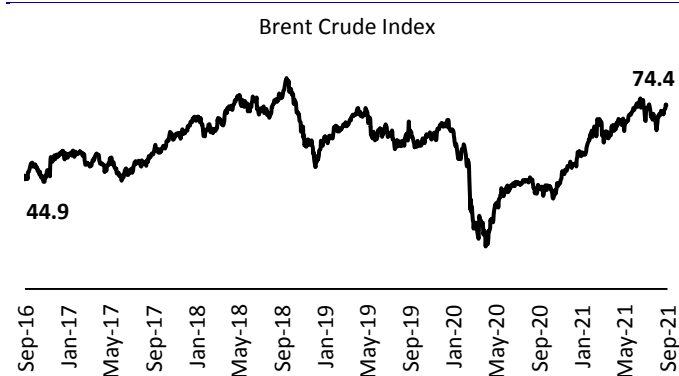
Exhibit 2: Expect all companies to post volume growth in 2QFY22

Quarter Ending (gr. %)	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22E
Asian Paints (Dom Deco)	11.0	21.0	10.0	16.0	14.0	11.0	2.5	(38.0)	11.0	33.0	48.0	106.0	45.0
Britannia (Biscuits)	11.0	7.0	7.0	3.0	3.0	3.0	0.0	21.0	9.0	3.0	8.0	(2.0)	4.0
Colgate (Toothpaste)	7.0	7.0	5.0	4.0	4.0	2.3	(8.0)	0.0	4.0	6.0	16.0	8.0	5.0
Dabur	8.1	12.4	4.3	9.6	4.8	5.6	(14.6)	(9.7)	16.8	18.1	25.4	34.4	6.0
Emami	(4.0)	3.5	0.0	0.0	1.0	(2.0)	(20.0)	(28.0)	10.0	13.0	39.0	38.0	6.0
Hindustan Unilever	10.0	10.0	7.0	5.0	5.0	5.0	(7.0)	4.0	14.0	17.0	31.0	9.0	6.0
ITC (Cigarettes)	6.0	7.0	8.0	3.0	2.5	2.5	(11.0)	(37.0)	(12.0)	(7.0)	7.0	31.0	12.0
Marico (Dom.)	6.0	5.0	8.0	6.0	1.0	(1.0)	(3.0)	(14.0)	11.0	15.0	25.0	21.0	21.0
Pidilite	11.0	13.0	4.0	6.0	(1.0)	2.0	(3.1)	(58.6)	7.4	22.0	45.3	105.0	25.0

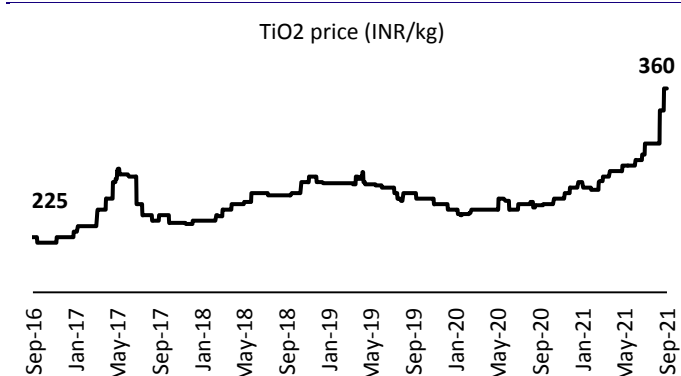
Source: Company, MOFSL

Exhibit 3: Relative performance – 3M (%)**Exhibit 4: Relative performance – 1yr (%)**

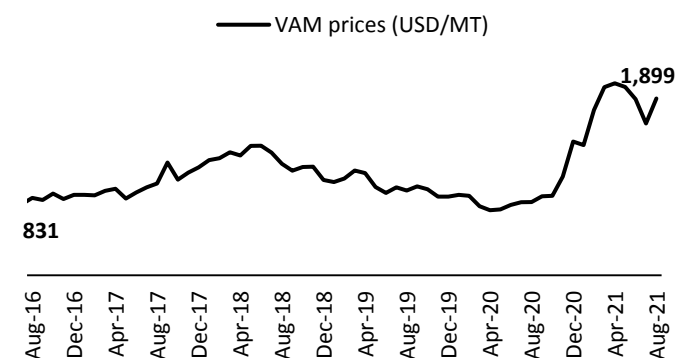
Source: Bloomberg, MOFSL

Exhibit 5: Crude prices up 69.5% YoY and 5.5% QoQ

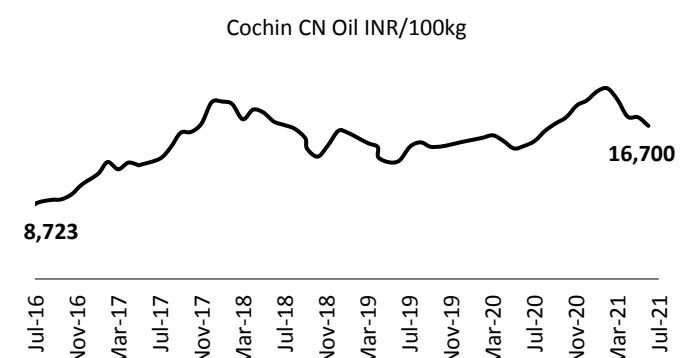
Source: Bloomberg, MOFSL

Exhibit 6: TiO2 price up 25.6% YoY and 10.6% QoQ

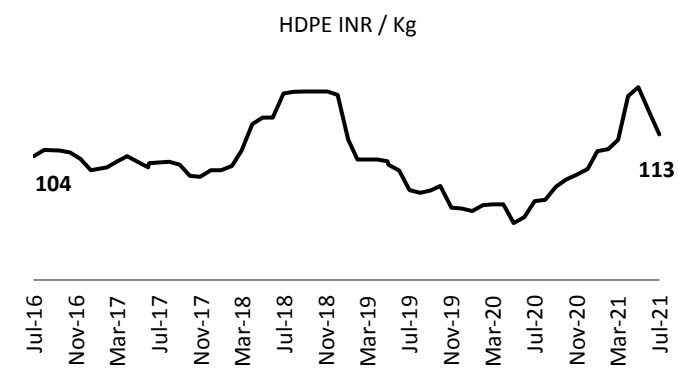
Source: Bloomberg, MOFSL

Exhibit 7: VAM prices (up to Aug'21) rise 118.8% YoY, but fall 11.4% QoQ

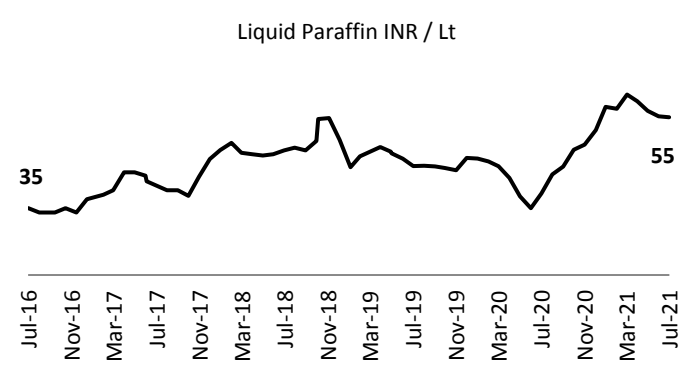
Source: Bloomberg, MOFSL

Exhibit 8: Copra prices (up to Jul'21) rise 8.9% YoY, but decline 8.3% QoQ

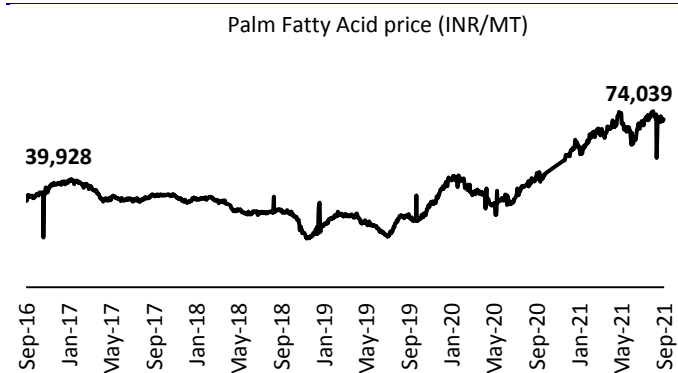
Source: Company, MOFSL

Exhibit 9: HDPE (up to Jul'21) prices rise 22.7% YoY, but fall 5.5% QoQ

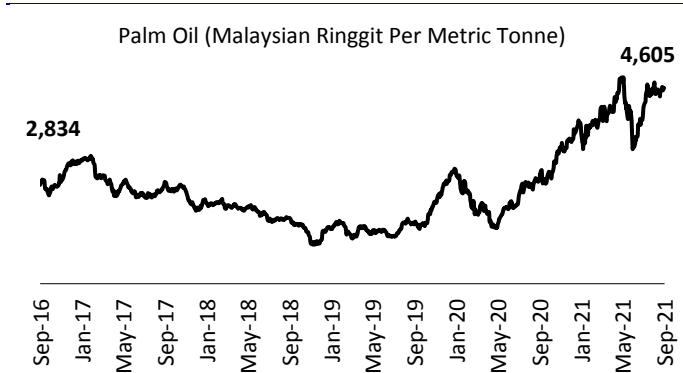
Source: Company, MOFSL

Exhibit 10: LLP (up to Jul'21) prices up 32.7% YoY, but down 3.1% QoQ

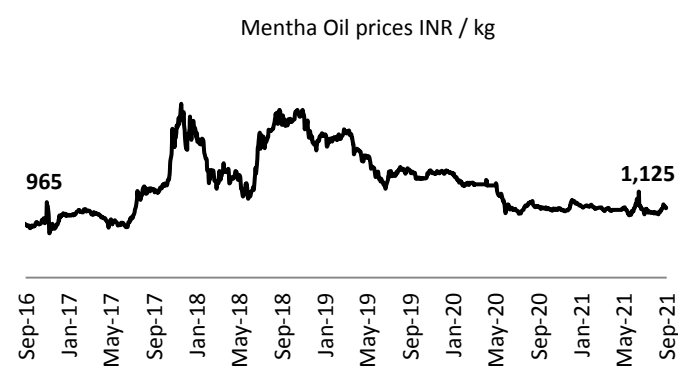
Source: Company, MOFSL

Exhibit 11: PFAD prices up 66.8% YoY and 4.3% QoQ

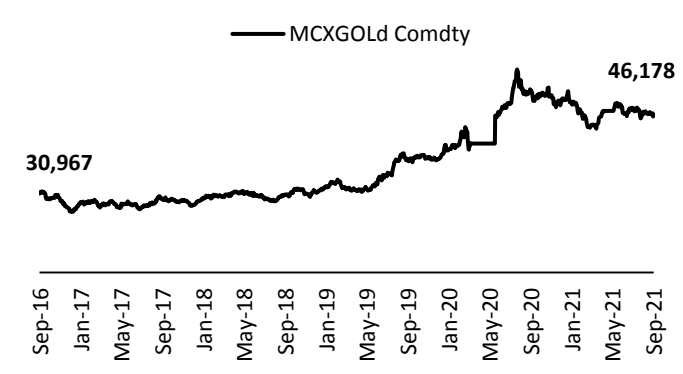
Source: Bloomberg, MOFSL

Exhibit 12: Palm oil prices up 59% YoY and 5.2% QoQ

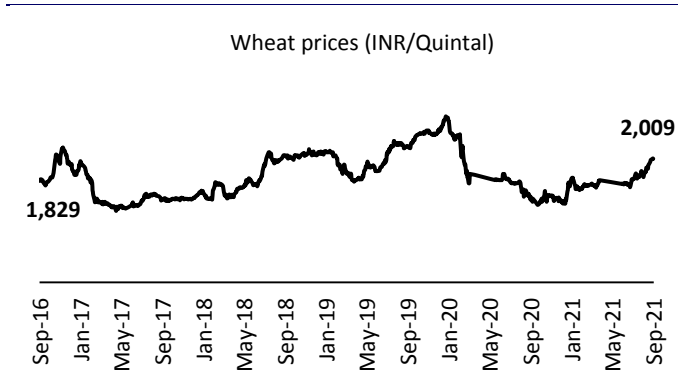
Source: Bloomberg, MOFSL

Exhibit 13: Mentha oil prices down 2.2% YoY and 1.1% QoQ

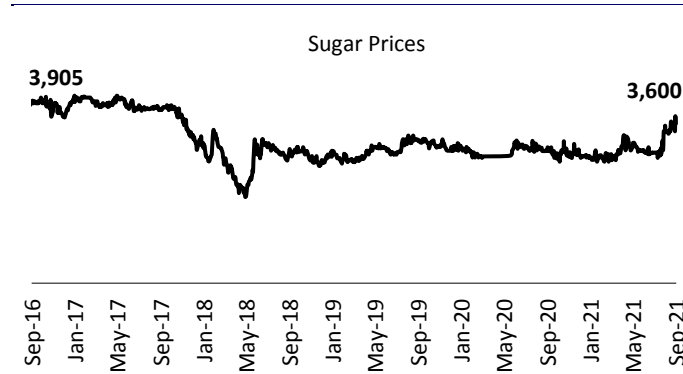
Source: Bloomberg, MOFSL

Exhibit 14: Gold prices down 7.6% YoY / 0.4% QoQ on MCX

Source: Bloomberg, MOFSL

Exhibit 15: Wheat prices up 6.2% YoY and 4.4% QoQ

Source: Bloomberg, MOFSL

Exhibit 16: Sugar prices down 2.9% YoY and 2.6% QoQ

Source: Bloomberg, MOFSL

Exhibit 17: Comparative valuation

Company Name	CMP (INR)	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E
Consumer						50.5	51.4	42.6	10.7	11.9	11.3	21.2	23.2	26.5
Asian Paints	3,201	Neutral	33.4	40.5	46.9	75.9	79.0	68.3	19.0	21.4	19.2	28.0	28.6	29.7
Britannia	3,891	Buy	76.8	71.4	88.3	47.2	54.5	44.1	24.6	19.6	18.0	46.5	41.3	42.6
Colgate	1,683	Neutral	38.1	39.8	42.2	41.0	42.3	39.9	36.4	39.3	39.3	75.0	92.8	98.4
Dabur	624	Buy	9.6	10.1	12.6	56.4	61.7	49.7	12.5	13.6	12.2	23.7	22.7	25.9
Emami	566	Buy	16.3	17.1	18.8	30.0	33.0	30.1	12.3	12.5	12.3	40.3	40.5	41.3
Godrej Consumer	1,030	Buy	17.3	18.9	22.7	42.2	54.5	45.3	7.9	10.6	10.0	20.4	20.0	22.8
Hind. Unilever	2,687	Buy	34.8	38.4	47.5	69.8	69.9	56.5	12.0	13.3	13.3	29.5	19.0	23.6
ITC	237	Neutral	10.6	12.5	14.7	20.6	18.9	16.1	4.6	4.8	4.6	21.2	25.7	29.1
Jyothy Labs	168	Neutral	5.8	5.1	6.3	23.5	32.6	26.6	3.5	4.4	4.4	16.1	13.4	16.7
Marico	554	Buy	9.0	10.0	11.8	45.8	55.6	46.8	16.4	15.7	14.8	37.0	33.0	32.5
Nestle	19,495	Neutral	217.4	237.4	276.2	79.0	82.1	70.6	82.0	92.7	90.8	106.5	113.1	130.0
P&G Hygiene	13,968	Buy	156.1	224.2	295.8	79.8	62.3	47.2	56.6	57.6	51.3	54.1	96.9	115.0
Page Industries	33,062	Neutral	305.3	396.7	497.6	99.3	83.3	66.4	38.2	38.2	35.5	38.5	45.8	53.5
Pidilite Inds.	2,422	Neutral	22.2	26.6	32.3	81.7	90.9	75.1	16.4	18.7	15.8	22.4	22.2	22.8
Tata Consumer	815	Buy	9.5	10.9	15.0	67.5	75.0	54.4	4.0	5.0	4.7	6.1	6.7	8.9
United Breweries	1,603	Sell	4.6	16.3	21.6	272	98	74.2	9.2	11.0	10.1	3.4	11.6	14.2
United Spirits	867	Buy	6.4	11.1	14.6	88	78	59.3	9.8	12.8	10.9	11.2	16.4	18.4
Varun Beverages	914	Buy	7.5	14.9	24.4	89.3	61.5	37.4	8.2	9.7	7.8	9.5	16.9	23.1

Source: Bloomberg, MOFSL

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL Coverage Universe. Highlighted columns indicate the quarter/financial year under review.

Asian Paints Neutral

CMP: INR3,201 | TP: INR3,340 (+4%)

EPS CHANGE (%): FY22|23: 11.3|3.2

- Expect 45% YoY volume growth
- YoY GM contraction due to inflation in crude and TiO2 prices
- Tio2 prices up 25.6% YoY in 2QFY22
- Watch out for commentary on demand outlook

Quarterly Performance (Consol.)

(INR b)

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Est. Dom. Deco. Vol. growth (%)	-38.0	11.0	33.0	48.0	106.0	45.0	18.0	0.0	7.0	32.0
Net Sales	29.2	53.5	67.9	66.5	55.9	76.0	76.7	69.0	217.1	277.5
Change (%)	-42.7	5.9	25.2	43.5	91.1	42.0	13.0	3.7	7.4	27.8
Gross Profit	13.1	23.8	30.6	28.7	21.5	30.4	32.6	32.7	96.2	117.1
Gross Margin (%)	44.7	44.4	45.1	43.2	38.4	40.0	42.5	47.4	44.3	42.2
EBITDA	4.8	12.7	17.9	13.2	9.1	14.5	16.5	17.1	48.6	57.3
Margin (%)	16.6	23.6	26.3	19.8	16.4	19.1	21.5	24.8	22.4	20.6
Change (%)	-58.2	32.5	50.3	53.4	88.7	14.5	-7.7	29.9	16.7	17.9
Interest	0.2	0.2	0.2	0.3	0.2	0.2	0.2	0.3	0.9	1.0
Depreciation	1.9	1.9	1.9	2.1	2.0	2.1	2.1	2.1	7.9	8.2
Other Income	0.5	0.8	1.0	0.8	0.9	0.8	0.8	0.8	3.0	3.4
PBT	3.2	11.3	16.7	11.5	7.8	13.0	15.0	15.6	42.8	51.4
Tax	0.9	2.9	4.3	2.9	2.0	3.3	3.8	3.9	11.0	13.0
Effective Tax Rate (%)	26.9	25.9	25.8	24.9	26.2	25.2	25.2	24.7	25.7	25.2
Adjusted PAT	2.2	8.5	12.7	8.7	5.7	9.7	11.2	12.2	32.1	38.9
Change (%)	-67.4	0.8	62.3	81.1	161.5	14.2	-11.3	39.8	15.4	21.2

E: MOFSL Estimates

Britannia Industries Buy

CMP: INR3,891 | TP: INR4,660 (+20%)

EPS CHANGE (%): FY22|23: 0.0|0.0

- Expect 4% volume growth in base business for 2QFY22
- EM to sustain in the high teens on cost-saving initiatives
- GM down 200bp YoY on moderately higher agri prices
- RM cost outlook/commentary on ICD – key monitorable

Consol. Quarterly Performance

(INR b)

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Base business volume growth (%)	21.0	9.0	3.0	8.0	-2.0	4.0	9.0	8.0	10.0	3.9
Net Sales	34.2	34.2	31.7	31.3	34.0	34.9	35.1	35.3	131.4	139.4
YoY change (%)	26.7	12.1	6.1	9.2	-0.5	2.0	11.0	12.8	13.2	6.1
Gross Profit	14.2	14.5	13.6	12.7	13.2	14.1	14.8	15.3	55.1	57.3
Margins (%)	41.7	42.5	43.1	40.5	38.7	40.5	42.0	43.2	41.9	41.1
EBITDA	7.2	6.8	6.1	5.1	5.5	5.8	6.2	6.3	25.1	23.9
Margins (%)	21.0	19.8	19.3	16.1	16.3	16.7	17.5	18.0	19.1	17.1
YoY growth (%)	81.7	37.2	21.8	11.3	-22.8	-13.8	0.7	25.5	36.1	-4.9
Depreciation	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6	2.0	2.1
Interest	0.3	0.3	0.3	0.2	0.3	0.4	0.5	0.7	1.1	1.9
Other Income	0.9	0.7	0.8	0.6	0.6	0.8	0.9	0.9	3.1	3.2
PBT	7.4	6.7	6.1	4.9	5.3	5.7	6.0	5.9	25.1	23.0
Tax	1.9	1.7	1.6	1.3	1.4	1.4	1.5	1.4	6.6	5.8
Rate (%)	26.4	26.1	26.2	26.9	27.2	25.2	25.2	23.3	26.4	25.2
Adjusted PAT	5.4	5.0	4.5	3.6	3.9	4.3	4.5	4.6	18.5	17.2
YoY change (%)	105.4	22.7	22.5	-3.5	-28.7	-13.9	-0.5	26.7	31.2	-7.1

E: MOFSL Estimates

Colgate**Neutral****CMP: INR1,683 | TP: INR1,810 (+8%)****EPS CHANGE (%): FY22|23: 0.0|0.0**

- Expect 5% YoY volume growth in 2QFY22
- Expect close to 30% EM to continue in 2QFY22, led by cost savings
- Expect YoY GM contraction on higher material costs
- Monitorables: A&P spends and performance of new launches and Naturals category

Quarterly Performance**(INR m)**

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Toothpaste Volume Gr %	0.0	4.0	6.0	16.0	8.0	5.0	3.0	4.0	6.5	5.0
Net Sales (inclgd. OOI)	10,406	12,855	12,319	12,832	11,660	13,626	12,812	13,481	48,412	51,579
YoY change (%)	-4.1	5.2	7.4	19.8	12.0	6.0	4.0	5.1	7.0	6.5
Gross Profit	6,883	8,759	8,594	8,683	8,062	9,257	8,682	9,170	32,919	35,171
Gross margin (%)	66.1	68.1	69.8	67.7	69.1	67.9	67.8	68.0	68.0	68.2
EBITDA	3,080	4,093	3,706	4,218	3,552	3,998	3,982	4,353	15,096	15,885
Margins (%)	29.6	31.8	30.1	32.9	30.5	29.3	31.1	32.3	31.2	30.8
YoY growth (%)	2.7	26.7	17.3	60.4	15.3	-2.3	7.5	3.2	25.6	5.2
Depreciation	454	461	456	455	447	470	474	527	1,825	1,918
Interest	20	18	19	16	15	20	21	29	73	85
Financial other Income	63	76	99	66	52	83	109	148	304	392
PBT	2,669	3,689	3,330	3,814	3,142	3,591	3,597	3,945	13,502	14,274
Tax	687	947	847	667	810	905	906	833	3,148	3,453
Rate (%)	25.7	25.7	25.4	17.5	25.8	25.2	25.2	21.1	23.3	24.2
Adj PAT	1,982	2,742	2,484	3,147	2,332	2,686	2,690	3,113	10,354	10,821
YoY change (%)	17.2	12.3	24.7	54.1	17.7	-2.0	8.3	-1.1	26.8	4.5

E: MOFSL Estimates

Dabur**Buy****CMP: INR624 | TP: INR750 (+20%)****EPS CHANGE (%): FY22|23: -1.1|-0.9**

- Expect 6% YoY volume growth in 2QFY22
- Aggression on new launches and distribution expansion to continue
- Expect GM change of -240bp YoY on higher input costs
- Demand outlook for herbal products and performance in international business – key monitorables

Quarterly Performance (Consolidated)**(INR m)**

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Domestic FMCG vol. growth (%)	-9.7	16.8	18.1	25.4	34.4	6.0	6.0	3.0	12.7	12.4
Net sales	19,800	25,160	27,288	23,368	26,115	26,418	28,653	23,898	95,617	1,05,085
YoY change (%)	-12.9	13.7	16.0	25.3	31.9	5.0	5.0	2.3	10.1	9.9
Gross profit	9,784	12,802	13,751	11,390	12,562	12,808	14,381	12,114	47,727	51,865
Margin (%)	49.4	50.9	50.4	48.7	48.1	48.5	50.2	50.7	49.9	49.4
EBITDA	4,166	5,694	5,742	4,425	5,520	5,530	6,172	4,814	20,027	22,036
Margins (%)	21.0	22.6	21.0	18.9	21.1	20.9	21.5	20.1	20.9	21.0
YoY growth (%)	-9.0	16.3	16.5	25.6	32.5	-2.9	7.5	8.8	11.7	10.0
Depreciation	567	596	572	666	613	638	640	663	2,401	2,555
Interest	78	75	69	86	75	64	59	86	308	284
Other income	718	876	809	850	848	972	971	1,006	3,253	3,798
PBT	4,238	5,899	5,911	4,522	5,681	5,800	6,444	5,071	20,570	22,996
Tax	825	1,067	975	744	1,297	1,218	1,353	1,191	3,611	5,059
Rate (%)	19.5	18.1	16.5	16.4	22.8	21.0	21.0	23.5	17.6	22.0
Adjusted PAT	3,418	4,817	4,920	3,778	4,373	4,572	5,081	3,865	16,933	17,891
YoY change (%)	-9.8	10.7	18.9	27.1	28.0	-5.1	3.3	2.3	11.0	5.7

E: MOFSL Estimates

Emami**Buy****CMP: INR566 | TP: INR685 (+21%)****EPS CHANGE (%): FY22|23: 0.0|0.0**

- Expect 6% YoY growth in domestic volumes in 2QFY22
- Watch out for commentary on outlook for Male Grooming category
- Expect GM/EM change of -300bp each YoY off a high base
- Outlook for volume growth, summer demand, and rural – key monitorables

Consol. Quarterly performance**(INR m)**

Y/E MARCH	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Domestic volume growth (%)	-28.0	10.0	13.0	39.0	38.0	6.0	8.0	6.0	8.5	14.5
Net Sales	4,813	7,348	9,336	7,308	6,610	7,789	10,176	7,796	28,805	32,371
YoY change (%)	-25.8	11.3	14.9	37.2	37.3	6.0	9.0	6.7	8.5	12.4
COGS	1,613	2,185	2,766	2,728	2,246	2,550	3,249	2,468	9,292	10,512
Gross Profit	3,200	5,163	6,570	4,580	4,363	5,240	6,927	5,329	19,513	21,859
Gross margin (%)	66.5	70.3	70.4	62.7	66.0	67.3	68.1	68.3	67.7	67.5
EBITDA	1,230	2,571	3,402	1,628	1,697	2,491	3,505	2,162	8,831	9,855
Margins (%)	25.5	35.0	36.4	22.3	25.7	32.0	34.4	27.7	30.7	30.4
YoY change	-8.3	33.2	28.9	65.2	38.0	-3.1	3.0	32.8	27.9	11.6
Depreciation	194	216	341	240	234	259	290	327	991	1,110
Interest	47	25	14	47	6	10	5	9	133	31
Other Income	67	79	92	465	107	107	124	132	703	469
PBT	1,056	2,409	3,139	1,806	1,564	2,329	3,333	1,957	8,410	9,183
Tax	95	284	438	326	175	396	567	424	1,142	1,561
Rate (%)	9.0	11.8	13.9	18.0	11.2	17.0	17.0	21.7	13.6	17.0
PAT before Amortization	973	2,133	2,710	1,493	1,404	1,933	2,760	1,524	7,309	7,622
YoY change (%)	-6.4	31.6	26.3	52.4	44.4	-9.4	1.9	2.1	25.3	4.3

E: MOFSL Estimates

Godrej Consumer**Buy****CMP: INR1,030 | TP: INR1,250 (+21%)****EPS CHANGE (%): FY21|22: 0.0|0.0**

- Robust sales growth on improved demand in the HI and Hygiene segments
- Commentary on competition in the HI category, particularly in light of new launches
- Demand for out-of-home categories, such as Hair Color, to improve
- Watch out for margin improvement in Africa

Quarterly Performance (Consolidated)**(INR m)**

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales (including OOI)	23,273	29,151	30,554	27,307	28,945	31,775	33,610	27,701	1,10,286	1,22,029
YoY change (%)	-0.9	10.8	10.0	26.8	24.4	9.0	10.0	1.4	11.3	10.6
Gross Profit	12,629	16,318	16,822	15,223	15,098	17,151	18,504	15,601	60,992	66,354
Margin (%)	54.3	56.0	55.1	55.7	52.2	54.0	55.1	56.3	55.3	54.4
EBITDA	4,727	6,729	6,935	5,490	6,111	6,794	7,359	6,502	23,883	26,766
Margins (%)	20.3	23.1	22.7	20.1	21.1	21.4	21.9	23.5	21.7	21.9
YoY growth (%)	3.0	16.7	9.8	15.2	29.3	1.0	6.1	18.4	11.4	12.1
Depreciation	493	509	491	545	509	516	530	546	2,039	2,100
Interest	483	313	241	229	273	204	156	135	1,266	768
Other Income	218	139	150	166	209	251	271	315	671	1,046
PBT	3,968	6,045	6,353	4,882	5,427	6,326	6,943	6,137	21,248	24,832
Tax	147	1,463	1,400	586	1,272	1,392	1,527	1,313	3,595	5,505
Rate (%)	3.7	24.2	22.0	12.0	23.4	22.0	22.0	21.4	16.9	22.2
Adj PAT	3,817	4,584	4,956	4,297	4,152	4,934	5,416	4,823	17,653	19,325
YoY change (%)	31.4	9.8	10.2	50.8	8.8	7.6	9.3	12.3	21.9	9.5

E: MOFSL Estimate

Hindustan Unilever**Buy****CMP: INR2,687 | TP: INR3,280 (+22%)****EPS CHANGE (%): FY22|23: 0.0|0.0**

- Expect domestic volume growth (incl. GSKCH) of 6% YoY
- GMs to contract only 30bps YoY, despite higher material costs, on price increases and a favorable mix
- Watch out for commentary on distribution and GTM integration for the Nutrition business
- Outlook for competitive intensity, RM cost, discretionary, and out-of-home demand – key monitorables

Quarterly performance (Standalone)**(INR b)**

Y/E March	FY21				FY21				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Domestic volume growth (%)	4.0	14.0	17.0	31.0	9.0	6.0	5.0	6.0	16.5	6.5
Net sales	105.6	114.4	118.6	121.3	119.2	125.9	129.3	133.0	460.0	507.4
YoY change (%)	4.4	16.1	20.9	34.6	12.8	10.0	9.0	9.7	18.6	10.3
Gross Profit	54.7	60.7	64.0	63.8	60.1	66.4	69.9	73.0	243.2	269.4
Margin %	51.8	53.0	54.0	52.6	50.4	52.7	54.1	54.9	52.9	53.1
EBITDA	26.4	28.7	28.5	29.6	28.5	31.1	33.7	34.9	113.2	128.2
YoY change (%)	-0.1	17.4	16.7	43.2	7.7	8.5	17.9	18.1	18.0	13.2
Margins (%)	25.0	25.1	24.1	24.4	23.9	24.7	26.0	26.3	24.6	25.3
Depreciation	2.4	2.5	2.7	2.5	2.4	2.6	2.7	3.0	10.1	10.7
Interest	0.3	0.3	0.4	0.1	0.1	0.1	0.2	0.2	1.1	0.6
Other income	1.6	1.5	1.0	1.1	0.7	1.1	1.5	1.9	5.1	5.2
PBT	25.3	27.4	26.4	28.1	26.6	29.5	32.3	33.7	107.2	122.1
Tax	5.3	6.5	6.8	6.8	5.7	7.7	8.4	10.0	25.4	31.7
Rate (%)	21.0	23.8	25.6	24.2	21.5	26.0	26.0	29.5	23.7	26.0
PAT bei	18.7	20.4	19.5	21.0	19.6	21.8	23.9	24.0	81.8	90.3
YoY change (%)	7.0	11.1	15.4	43.2	4.8	7.2	22.4	23.1	21.3	10.4
Reported Profit	18.8	20.1	19.2	21.4	20.6	21.8	23.9	24.0	79.5	90.3

E: MOFSL Estimates

ITC**Neutral****CMP: INR237 | TP: INR240 (+1%)****EPS CHANGE (%): FY22|23: 2.5|2.2**

- Expect cigarette volume growth of 12% on a low base
- Hotel revenue to grow as demand rebounds
- GM/EM to remain flat YoY
- Outlook for Agri and Hotel businesses – key monitorables

Quarterly Performance**(INR b)**

Y/E March	FY21				FY22				FY21	FY22E	FY22	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	
Est. cigarette vol. gr. (%)	-37.0	-12.0	-7.0	7.0	31.0	12.0	6.0	-4.0	-12.3	11.3	22.0	
Net Sales	89.1	111.8	119.7	132.9	122.2	129.2	132.7	138.6	454.9	522.6	114.2	7.0%
YoY change (%)	-21.2	-4.1	1.4	22.6	37.1	15.5	10.8	4.3	-0.3	14.9	28.1	
Gross Profit	49.6	64.5	68.4	72.2	64.3	74.3	78.3	85.4	248.4	302.3	63.9	
Margin (%)	55.7	57.6	57.1	54.3	52.6	57.5	59.0	61.6	54.6	57.8	56.0	
EBITDA	26.5	40.6	43.1	44.7	39.9	47.0	50.2	53.6	155.3	190.8	39.9	0.0%
Growth (%)	-42.0	-11.0	-6.5	7.4	50.8	15.8	16.4	19.9	-13.4	22.8	50.9	
Margins (%)	29.7	36.3	36.0	33.6	32.7	36.4	37.9	38.7	34.2	36.5	35.0	
Depreciation	4.0	3.8	3.9	3.9	4.0	4.3	4.4	4.5	15.6	17.1	4.0	
Interest	0.2	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.6	0.4	0.1	
Other Income	9.0	6.1	9.7	7.7	4.3	8.2	9.5	10.4	32.5	32.4	8.5	
PBT	31.3	42.7	48.8	48.5	40.2	50.9	55.3	59.4	171.6	205.7	44.4	-9.5%
Tax	7.9	10.4	11.9	11.1	10.0	12.8	13.9	15.0	41.3	51.8	11.2	
Rate (%)	25.1	24.4	24.4	22.8	25.0	25.2	25.2	25.3	24.1	25.2	25.2	
Adj PAT	23.4	32.3	36.9	37.5	30.1	38.1	41.4	44.4	130.3	153.9	33.2	-9.3%
YoY change (%)	-26.2	-19.7	-13.7	-1.3	28.6	17.8	12.2	18.4	-14.6	18.1	41.8	

E: MOFSL estimate; Full year COGS also includes contract processing charges (included in other op. exps. in quarterly)

Jyothy Labs**Neutral****CMP: INR168 | TP: INR170 (+1%)****EPS CHANGE (%): FY22|23: 0.0|0.0**

- S/A net sales to grow 11% YoY
- EM to contract 300bp YoY

- Out-of-home categories to see better demand
- Update on launches/performance of HI portfolio

Standalone Quarterly Performance**(INR m)**

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	4,287	4,996	4,694	4,873	5,219	5,546	4,929	4,708	18,850	20,402
YoY change (%)	4.1	7.6	15.3	27.5	21.8	11.0	5.0	-3.4	13.2	8.2
Gross Profit	1,968	2,373	2,269	2,197	2,250	2,495	2,259	2,180	8,807	9,184
Margins (%)	45.9	47.5	48.3	45.1	43.1	45.0	45.8	46.3	46.7	45.0
EBITDA	782	889	798	698	650	820	739	773	3,167	2,982
EBITDA growth %	19.4	12.4	22.6	73.9	-16.9	-7.7	-7.4	10.7	26.8	-5.9
Margins (%)	18.3	17.8	17.0	14.3	12.5	14.8	15.0	16.4	16.8	14.6
Depreciation	187	193	198	200	206	193	208	210	779	818
Interest	51	29	20	18	17	29	24	22	117	91
Other Income	42	39	63	53	48	39	57	48	198	192
PBT	587	706	643	533	476	637	565	588	2,469	2,266
Tax	83	100	121	28	75	115	102	117	332	408
Rate (%)	14.1	14.1	18.8	5.3	15.7	18.0	18.0	19.9	13.4	18.0
Adjusted PAT	504	607	522	505	401	523	463	471	2,138	1,858
YoY change (%)	40.4	14.0	22.8	93.9	-20.5	-13.8	-11.3	-6.7	35.5	-13.1

E: MOFSL Estimates

Marico**Buy****CMP: INR554 | TP: INR655 (+18%)****EPS CHANGE (%): FY22|23: 0.0|0.0**

- Expect 9% domestic volume growth
- Saffola portfolio to do well on COVID tailwinds and focused launches

- Expect GM/EM contraction on higher material prices and a high margin base
- Outlook for RM and margin guidance for International segment – key monitorables

Quarterly Performance**(INR m)**

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Domestic volume growth (%)	-14.0	11.0	15.0	25.0	21.0	9.0	5.0	2.0	9.3	9.3
Net Sales	19,250	19,890	21,220	20,120	25,250	23,868	23,342	20,069	80,480	92,529
YoY Change (%)	-11.1	8.7	16.3	34.5	31.2	20.0	10.0	-0.3	10.0	15.0
Gross Profit	9,360	9,550	9,950	8,880	10,360	10,267	10,735	10,014	37,780	41,376
Gross margin (%)	48.6	48.0	46.9	44.1	41.0	43.0	46.0	49.9	46.9	44.7
EBITDA	4,670	3,890	4,130	3,190	4,810	4,405	4,473	3,861	15,910	17,549
Margins (%)	24.3	19.6	19.5	15.9	19.0	18.5	19.2	19.2	19.8	19.0
YoY Change (%)	1.3	10.2	10.7	13.1	3.0	13.3	8.3	21.0	8.3	10.3
Depreciation	340	330	360	360	330	353	364	401	1,390	1,448
Interest	90	80	70	100	80	81	78	77	340	315
Other Income	190	270	240	290	270	292	288	300	920	1,150
PBT	4,430	3,750	3,940	3,020	4,670	4,263	4,320	3,683	15,100	16,936
Tax	1,030	690	820	560	1,020	959	972	859	3,240	3,811
Rate (%)	23.3	18.4	20.8	18.5	21.8	22.5	22.5	23.3	21.5	22.5
Minority Interest	90	90	50	80	90	70	50	60	270	270
Adjusted PAT	3,310	2,970	3,070	2,380	3,560	3,234	3,298	2,763	11,590	12,855
YoY Change (%)	3.4	20.2	12.9	16.1	7.6	8.9	7.4	16.1	10.4	10.9

E: MOFSL Estimates

Nestlé India**Neutral****CMP: INR19,495 | TP: INR19,200 (-2%)****EPS CHANGE (%): CY21|22: 0.0|0.0**

- Sales growth momentum to continue
- GM contraction of 130bp YoY on moderately higher agri commodity prices
- Expect focus on new launches to resume
- Watch out for commentaries on in-home consumption and material costs

Quarterly performance**(INR b)**

Y/E December	CY20				CY21				CY20	CY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	33.3	30.5	35.4	34.3	36.1	34.8	38.5	38.0	133.5	147.5
YoY Change (%)	10.7	1.7	10.1	9.0	8.6	14.0	8.8	10.8	7.9	10.5
COGS	14.5	13.3	14.8	14.0	15.0	14.9	16.6	16.3	56.7	62.9
Gross Profit	18.7	17.2	20.6	20.3	21.1	19.8	21.9	21.8	76.8	84.6
Margin (%)	56.3	56.3	58.1	59.1	58.5	57.0	56.8	57.2	57.5	57.4
Operating Exp	10.7	9.6	11.6	12.7	11.8	11.5	12.8	12.8	44.6	49.0
EBITDA	8.0	7.6	9.0	7.6	9.3	8.3	9.1	8.9	32.2	35.6
Margins (%)	24.1	24.9	25.4	22.1	25.8	24.0	23.5	23.5	24.1	24.2
YoY Growth (%)	4.7	5.0	16.1	9.9	16.2	9.9	0.7	18.1	10.7	10.8
Depreciation	0.9	0.9	0.9	1.0	0.9	1.0	1.0	1.2	3.7	4.1
Interest	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	1.6	2.1
Other income	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	1.5	1.2
PBT	7.1	6.6	8.0	6.5	8.1	7.2	7.8	7.5	28.3	30.6
Tax	1.8	1.7	2.0	1.9	2.1	1.9	2.0	1.7	7.3	7.7
Rate (%)	25.1	25.0	24.9	28.7	25.8	26.8	25.2	23.0	25.8	25.2
Adjusted PAT	5.3	5.0	6.0	4.6	6.0	5.2	5.8	5.8	21.0	22.9
YoY Change (%)	12.3	11.1	(0.1)	(0.9)	13.1	5.4	(3.0)	24.5	7.6	9.2

E: MOFSL Estimates

Page Industries**Neutral****CMP: INR33,062 | TP: INR31,500 (-5%)****EPS CHANGE (%): FY22|23: 0.0|0.0**

- Expect sharp volume growth on a soft base
- GM to expand on a better mix and stable yarn prices
- Athleisure demand to taper, given improved mobility
- Watch out for commentary on traction in Kids' Wear and Athleisure

Quarterly Performance**(INR m)**

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	2,848	7,403	9,271	8,808	5,015	8,514	10,383	8,867	28,330	32,779
YoY change (%)	-65.9	-4.5	16.8	62.7	76.1	15.0	12.0	0.7	-3.8	15.7
Gross Profit	1,370	4,106	5,139	5,075	2,895	4,938	6,022	5,140	15,690	18,995
Gross margin (%)	48.1	55.5	55.4	57.6	57.7	58.0	58.0	58.0	55.4	58.0
Other Expenditure	1,717	2,452	2,878	3,377	2,553	3,107	3,582	3,001	10,424	12,244
% to sales	60.3	33.1	31.0	38.3	50.9	36.5	34.5	33.8	36.8	37.4
EBITDA	-347	1,654	2,261	1,698	342	1,830	2,440	2,139	5,266	6,752
Margins (%)	-12.2	22.3	24.4	19.3	6.8	21.5	23.5	24.1	18.6	20.6
YoY change	P/L	10.9	62.9	192.1	L/P	10.7	7.9	26.0	-1.1	28.2
Depreciation	160	157	156	156	159	172	181	194	629	706
Interest	77	75	74	72	73	75	77	79	297	305
Other Income	61	37	42	56	36	41	46	52	195	174
PBT	-524	1,459	2,073	1,526	145	1,625	2,227	1,918	4,534	5,915
Tax	-128	350	536	371	36	409	561	484	1,128	1,491
Rate (%)	24.5	24.0	25.8	24.3	24.6	25.2	25.2	25.2	24.9	25.2
PAT	-396	1,109	1,537	1,156	109	1,215	1,666	1,434	3,406	4,425
YoY change (%)	P/L	-3.2	76.6	272.5	L/P	9.6	8.4	24.1	-0.8	29.9

E: MOFSL Estimates

P&G Hygiene**Buy****CMP: INR13,968 | TP: INR16,270 (+16%)****EPS CHANGE (%): FY21|22: 0.0|0.0**

- Expect sales growth of 15% YoY in 1QFY22
- GM/EM to expand 100bp/120bp YoY
- Whisper and Vicks to benefit from consumer focus on health and hygiene amid COVID impact
- A&P spends – key monitorable

Standalone - Quarterly Earnings**(INR m)**

Y/E June	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	10,095	10,184	7,597	7,866	11,609	12,018	9,420	9,289	35,741	42,335
YoY Change (%)	18.5	18.5	15.8	24.0	15.0	18.0	24.0	18.1	19.1	18.4
Gross profit	6,663	7,056	5,078	5,352	7,778	8,052	6,500	6,459	24,148	28,788
Margin (%)	66.0	69.3	66.8	68.0	67.0	67.0	69.0	69.5	67.6	68.0
EBITDA	2,293	2,567	1,363	749	2,778	2,902	2,305	1,838	6,972	9,822
Growth	25.8	37.5	-1.5	-32.1	21.2	13.0	69.0	145.4	12.2	40.9
Margins (%)	22.7	25.2	17.9	9.5	23.9	24.1	24.5	19.8	19.5	23.2
Depreciation	118	120	113	126	130	130	135	133	477	528
Interest	4	21	30	7	13	13	13	16	61	55
Other Income	96	94	148	57	120	120	130	120	394	490
PBT	2,267	2,520	1,369	672	2,755	2,879	2,287	1,809	6,828	9,729
Tax	552	698	326	183	694	725	576	456	1,759	2,452
Rate (%)	17.9	21.8	24.9	27.2	25.2	25.2	25.2	25.2	21.3	25.2
Adj PAT	1,715	1,822	1,042	490	2,061	2,153	1,710	1,353	5,068	7,277
YoY Change (%)	25.3	34.0	2.6	-29.2	20.2	18.2	64.1	176.3	13.2	43.6
Margins (%)	17.0	17.9	13.7	6.2	17.8	17.9	18.2	14.6	14.2	17.2

E: MOFSL Estimates

Pidilite Industries**Neutral****CMP: INR2,422 | TP: INR2,300 (-5%)****EPS CHANGE (%): FY22|23: 1.3|1.3**

- Expect 25% volume growth in the domestic C&B segment
- Expect GM contraction on sharp RM inflation
- Revival in Real Estate continues – a further positive for demand
- Outlook for raw material prices, especially VAM prices – key monitorable

Consolidated - Quarterly Earnings Model**(INR m)**

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	8,778	18,803	22,990	22,355	19,368	24,068	25,289	22,686	72,927	91,411
YoY change (%)	-56.5	4.1	19.3	44.7	120.6	28.0	10.0	1.5	-0.6	25.3
Gross Profit	4,694	10,520	12,588	11,359	9,511	12,275	13,277	12,003	39,160	47,066
Margin (%)	53.5	55.9	54.8	50.8	49.1	51.0	52.5	52.9	53.7	51.5
EBITDA	664	5,126	6,408	4,608	3,476	5,575	6,017	5,092	16,806	20,160
YoY change (%)	-85.0	39.2	38.4	53.1	423.7	8.7	-6.1	10.5	4.0	20.0
Margins (%)	7.6	27.3	27.9	20.6	17.9	23.2	23.8	22.4	23.0	22.1
Depreciation	461	479	495	572	566	600	600	724	2,007	2,490
Interest	91	87	121	74	96	80	85	77	372	339
Other Income	200	217	204	173	61	180	235	297	794	773
PBT	312	4,778	5,997	4,135	2,875	5,075	5,567	4,587	15,221	18,104
Tax	159	1,220	1,548	1,038	721	1,279	1,436	1,126	3,964	4,562
Rate (%)	50.8	25.5	25.8	25.1	25.1	25.2	25.8	24.5	26.1	25.2
Adj PAT	154	3,558	4,449	3,097	2,154	3,796	4,131	3,461	11,258	13,542
YoY change (%)	-94.8	2.8	29.1	63.6	1,303.0	6.7	-7.1	11.8	-4.1	20.3
Margins (%)	1.7	18.9	19.3	13.9	11.1	15.8	16.3	15.3	15.4	14.8

E: MOFSL Estimates

Tata Consumer Products

Buy

CMP: INR815 | TP: INR975 (+20%)

EPS CHANGE (%): FY22|23: +38|+17

- India Foods biz revenue to grow 20% YoY; expect 7% volume growth in India Branded Tea business
- Tea cost inflation – key monitorable
- Update on synergy benefits and expansion in distribution
- Update on new product launches in India Foods business

Consolidated - Quarterly Earnings Model

(INR m)

Y/E March	FY21				FY22				FY21	FY22
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Gross Sales	27,139	27,813	30,696	30,372	30,085	30,686	32,039	31,618	1,16,020	1,24,427
YoY Change (%)	13.4	18.5	23.1	26.3	10.9	10.3	4.4	4.1	20.4	7.2
Total Expenditure	22,313	23,818	27,082	27,370	26,090	26,301	27,256	27,033	1,00,583	1,06,680
EBITDA	4,827	3,996	3,613	3,002	3,995	4,384	4,783	4,584	15,438	17,747
Margins (%)	17.8	14.4	11.8	9.9	13.3	14.3	14.9	14.5	13.3	14.3
Depreciation	619	626	644	659	668	670	680	700	2,547	2,718
Interest	173	179	181	155	204	180	160	140	687	684
Other Income	327	262	195	430	280	302	224	494	1,214	1,300
PBT before EO expense	4,362	3,454	2,983	2,618	3,403	3,836	4,167	4,238	13,417	15,644
Extra-Ord expense	633	-239	-61	-639	-39	0	0	0	-307	-39
PBT	4,995	3,215	2,922	1,979	3,364	3,836	4,167	4,238	13,111	15,605
Tax	1,104	871	552	646	957	1,036	1,125	1,144	3,173	4,262
Rate (%)	25.3	25.2	18.5	24.7	28.1	27.0	27.0	27.0	23.6	27.2
Minority Interest	180	161	192	205	151	169	202	215	738	737
Profit/Loss of Asso. Cos.	-435	389	4	-590	-404	330	4	-560	-633	-631
Reported PAT	3,276	2,571	2,182	539	1,851	2,961	2,844	2,319	8,567	9,976
Adj PAT	2,643	2,712	2,228	1,133	1,881	2,961	2,844	2,319	8,716	10,005
YoY Change (%)	47.0	39.6	31.1	-36.2	-28.8	9.2	27.7	104.6	20.8	14.8
Margins (%)	9.7	9.8	7.3	3.7	6.3	9.6	8.9	7.3	7.5	8.0

United Breweries

Sell

CMP: INR1,603 | TP: INR1,170 (-27%)

EPS CHANGE (%): FY22|23: 0.0|0.0

- Expect revenues to surge on a negative base
- Expect GM to witness pressure due to higher barley prices
- Limited on-trade operating hours to affect recovery
- Reopening trend and outlook for RM – key monitorables

Standalone Quarterly Performance

(INR m)

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	5,069	9,006	12,897	15,435	11,180	14,050	16,122	17,203	42,407	58,555
YoY Change (%)	-75.3	-42.9	-11.3	8.4	120.6	56.0	25.0	11.5	-34.9	38.1
Gross Profit	2,365	4,707	6,948	8,024	5,404	7,165	8,383	9,077	22,044	27,903
Margin (%)	46.7	52.3	53.9	52.0	48.3	51.0	52.0	52.8	52.0	47.7
EBITDA	-957	404	1,965	2,613	954	1,835	2,483	2,595	4,025	8,490
YoY Change (%)	P/L	-79.0	-11.3	97.6	L/P	354.0	26.4	-0.7	-54	110.9
Margins (%)	-18.9	4.5	15.2	16.9	8.5	13.1	15.4	15.1	9.5	14.5
Depreciation	505	612	578	623	552	640	700	807	2,319	2,698
Interest	72	60	53	42	39	60	80	88	227	267
Other Income	14	326	46	116	61	60	65	66	502	251
PBT	-1,519	59	1,379	2,064	425	1,195	1,768	1,766	2,054	5,776
Tax	-376	18	355	474	117	301	446	592	471	1,456
Rate (%)	24.8	31.5	25.7	23.0	27.4	25.2	25.2	33.5	22.9	25.2
Adj PAT	-1,143	40	1,024	1,590	308	894	1,323	1,174	1,584	4,320
YoY Change (%)	P/L	-96.5	-4.3	286.0	L/P	2,129.8	29.1	-26.2	-63.0	172.8
Margins (%)	-22.5	0.4	7.9	10.3	2.8	6.4	8.2	6.8	3.7	7.4

E: MOFSL Estimates

United Spirits

Buy
CMP: INR867 | TP: INR1,005 (+16%)
EPS CHANGE (%): FY22|23: 0.0|0.0

- Expect 2% YoY volume decline in 2QFY22
- Watch out for 'Strategic Refresh' – to be announced by the new CEO
- Recovery in on-trade a positive
- Outlook for ENA/molasses and price increase granted by states – key monitorables

Quarterly Performance

(INR m)

Y/E March (Standalone)	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Volume growth %	-49.2	-3.9	-0.8	8.1	61.2	-2.0	14.0	3.0	-11.3	13.0
Total revenues	10,302	21,459	24,887	22,244	16,151	21,459	30,362	23,791	78,892	91,763
YoY change (%)	-53.6	-6.5	-3.6	11.6	56.8	0.0	22.0	7.0	-13.2	16.3
Gross Profit	4,291	9,041	11,102	9,776	7,205	9,442	13,359	10,461	34,210	40,467
Margin (%)	41.7	42.1	44.6	43.9	44.6	44.0	44.0	44.0	43.4	44.1
EBITDA	-776	2,697	3,838	4,118	1,677	2,642	5,509	3,569	9,877	13,397
Margins (%)	-7.5	12.6	15.4	18.5	10.4	12.3	18.1	15.0	12.5	14.6
EBITDA growth (%)	-119.5	-35.1	-9.5	51.7	L/P	-2.0	43.5	-13.3	-34.5	35.6
Depreciation	638	571	614	670	554	620	650	704	2,493	2,528
Interest	499	507	377	275	198	170	150	122	1,658	640
PBT From operations	-1,913	1,619	2,847	3,173	925	1,852	4,709	2,743	5,726	10,229
Other income	95	128	194	61	106	120	140	160	478	526
PBT	-1,818	1,747	3,041	3,234	1,031	1,972	4,849	2,903	6,204	10,755
Tax	-415	463	742	797	168	497	1,222	780	1,587	2,667
Rate (%)	22.8	26.5	24.4	24.6	16.3	25.2	25.2	26.9	25.6	24.8
Adj. PAT	-1,403	1,284	2,299	2,437	863	1,475	3,627	2,123	4,617	8,088
YoY change (%)	-170.6	-42.8	-11.2	124.1	L/P	14.9	57.8	-12.9	-41.6	75.2

E: MOFSL Estimate

Varun Beverages

Buy
CMP: INR914 | TP: INR1,172 (+28%)
EPS CHANGE (%): CY21|22: +64 |+20

- CSD sales volumes to grow 19% YoY
- Update on penetration levels and distribution in southern and western regions
- Revival in demand from HORECA segment – key monitorable
- Update on new product launches and market acceptance – Sting and Mountain Dew Ice

Consolidated – Quarterly Earnings Model

(INR m)

Y/E December	CY20				CY21				CY20	CY21
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Gross Sales	16,764	16,402	18,026	13,309	22,409	24,498	21,442	13,426	64,501	81,776
YoY Change (%)	23.3	-41.6	3.6	9.1	33.7	49.4	19.0	0.9	-9.5	26.8
Total Expenditure	14,053	12,625	14,218	11,587	18,593	18,790	16,680	11,642	52,483	65,705
EBITDA	2,712	3,777	3,808	1,722	3,816	5,708	4,762	1,784	12,019	16,071
Margins (%)	16.2	23.0	21.1	12.9	17.0	23.3	22.2	13.3	18.6	19.7
Depreciation	1,351	1,243	1,346	1,347	1,347	1,288	1,350	1,400	5,287	5,385
Interest	870	742	580	620	579	468	450	430	2,811	1,927
Other Income	253	27	35	56	57	244	37	58	370	396
PBT before EO expense	743	1,819	1,917	-189	1,947	4,197	2,999	13	4,290	9,155
Extra-Ord expense	665	0	0	0	0	0	0	0	665	0
PBT	78	1,819	1,917	-189	1,947	4,197	2,999	13	3,625	9,155
Tax	-523	389	302	-116	579	1,009	720	3	52	2,311
Rate (%)	-670.1	21.4	15.8	61.6	29.8	24.0	24.0	24.0	1.4	25.2
MI & P/L of Asso. Cos.	51	22	84	125	75	106	89	137	283	407
Reported PAT	549	1,408	1,530	-197	1,293	3,082	2,190	-128	3,290	6,437
Adj PAT	510	1,408	1,530	-197	1,293	3,082	2,190	-128	3,251	6,437
YoY Change (%)	25.5	-65.4	89.6	-66.7	153.5	118.9	43.1	-35.3	-30.7	98.0
Margins (%)	3.0	8.6	8.5	-1.5	5.8	12.6	10.2	-1.0	5.0	7.9

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