

Consumer

Result Preview



Asian Paints
 Britannia Industries
 Colgate-Palmolive India
 Dabur India
 Emami
 Godrej Consumer Products
 Hindustan Unilever
 ITC
 Jyothy Laboratories
 Marico
 Nestle India
 Page Industries
 Pidilite Industries
 P&G Hygiene and Healthcare
 Tata Consumer Products
 United Breweries
 United Spirits
 Varun Beverages

Inflationary pressures dent volumes

The 19 Consumer companies under our coverage universe are likely to report muted cumulative growth numbers – revenue/EBITDA/PAT of 8%/7%/5% – in 4QFY22. This is on a cumulative sales/EBITDA base of 26.7%/26% in 4QFY21. Two year average sales/EBITDA growth is expected to be 17.2%/16.3%. Sales growth will largely be led by price hikes as Staples volumes hover in the negative to slightly positive range, impacted by spiraling inflation and a slowdown in rural demand. Inflation has been the theme in 4QFY22, with already elevated commodity costs pushed further upwards owing to the Russia-Ukraine war, which broke out in Feb'22. With most companies having taken steep price hikes in 3QFY22, managements were already apprehensive of raising prices further as it risked affecting demand. However, spiraling input costs compelled most managements to raise prices further in an effort to protect margins. The recent correction in stock prices has resulted in pockets of opportunities, especially in companies with a lower exposure to commodity cost pressures and strong structural growth visibility. In the case of distribution channels, e-commerce continues to strengthen its salience for most Consumer companies, while general trade (GT) remains resilient. Recovery in the MT channel, while still not back to pre-COVID levels, is certainly well on its way. However, the recovery in certain categories may not be as strong as consumers tighten their purse strings when looking at discretionary purchases. A few key developments to monitor include: a) a fresh COVID wave engulfing the country, b) further escalation in the ongoing conflict in Ukraine continuing to affect commodity costs, and c) extended slowdown in rural demand. On the positive side, a good Rabi harvest may help boost rural demand.

Discretionary demand takes a back seat

Among the large companies, we expect DABUR to report 10% YoY sales growth (3% volume growth) and 21.3%/12.2% EBITDA/PAT growth. DABUR has been relatively less exposed to sharp commodity price increases v/s its Staple peers. Muted performance is expected from HUVR owing to the impact on margin due to higher palm oil prices and the underperformance of its Discretionary portfolio. We expect a 4% YoY volume decline, with sales/EBITDA growth of 6.1%/1% and an adjusted PAT decline of 2.8%. APNT is likely to report a 10.2% revenue growth, led entirely by price increases, as volumes decline by 8%. Steep price hikes taken in Nov'21 are likely to result in flat sequential margins, with 0.4%/7.4% EBITDA/PAT growth. ITC is expected to post a 4% growth in Cigarette volumes with a 4.1%/12.4% YoY increase in sales/EBITDA. While its FMCG-Others business is likely to face severe input cost pressures, ITC is relatively insulated, given the pricing power in its Cigarettes business. Staples are likely to report a 7.4% sales growth over 4QFY22, led by price increases. Among discretionary, VBL, INDIGOPN, and PIDI are likely to report strong YoY revenue growth.

Material costs witness sharp inflationary trends

Overall inflation in the commodity basket rose 20% YoY and 2.4% sequentially in 4QFY22. The larger concern has been the move in recent weeks, with spot prices in key commodities like crude and palm oil at least 30% higher than average prices in Dec'21. Companies have been compelled to pass on a significant part of the input cost inflation to consumers, with further price hikes taken during 4QFY22. Gross margins are likely to remain under pressure, with significant improvement likely only beyond 1HFY23. The prices of non-Agri commodities remained elevated. Crude prices continued to surge, up 64.1% YoY and 25.3% sequentially. HDPE/LLP costs,

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which affect Packaging/Hair Oil companies, have also been on an uptrend. VAM prices had softened in Jan'22, but higher crude oil prices pushed VAM prices up in Feb'22. The same is likely to affect PIDI's gross margin. While palm oil prices have fallen from their peaks in early Mar'22, prices still remain elevated (up 57.4% YoY and 19.5% QoQ). Higher palm costs are likely to impact HUVR, GCPL, and Food companies (though to a lesser extent). Among other Agri commodities, barley prices have risen 65.3% YoY and 6.8% QoQ, with prices reaching a fresh peak of over INR3,000/quintal in Mar'22. Prices for most other Agri-commodities remained benign. While companies will continue to experience sharp material cost inflation, price increases taken in 4QFY22 will help relieve margin pressure to some extent. While larger companies have indicated that advertising spends have not come down, some companies may use ad spends as a lever to protect operating margins.

Top picks in the Consumer Staples space

GCPL, DABUR, MRCO, and VBL: 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. We like DABUR on account of: a) its focus on the core Healthcare business, b) its power brand strategy, c) acceleration in innovation and launches, d) an increasing direct distribution reach, e) narrowing gap v/s domestic peers using analytics, and f) cost savings, which are being plowed back into the business in the form of higher advertisements. MRCO is the only company within our coverage that is witnessing an input cost decline in its key raw material: copra. The ongoing momentum in revenue growth in each of MRCO's core segments, significantly higher growth rates as well as targets in the Foods portfolio, and INR4.5-5b targeted from its 'digital first' range of products offer a much-needed diversification that can lead to higher multiples compared to the past. We like VBL owing to: a) the revival in out-of-home consumption on the back of an increase in the pace of 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.

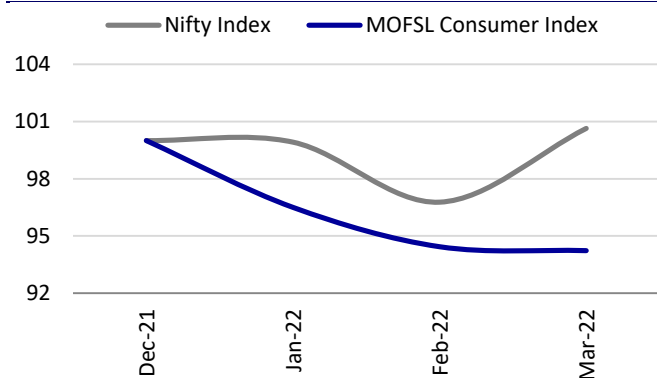
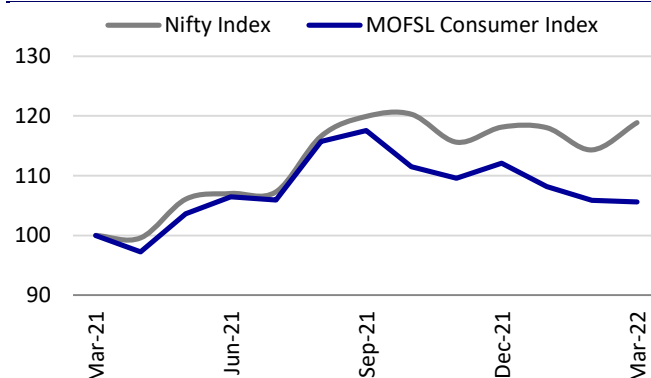
Exhibit 1: Overall performance – Input cost inflation to affect margins

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Mar-22	Var % YoY	Var % QoQ	Mar-22	Var % YoY	Var % QoQ	Mar-22	Var % YoY	Var % QoQ
Asian Paints	3118	Neutral	73,311	10.2	-14.0	13,239	0.4	-14.2	9,346	7.4	-9.4
Britannia	3271	Buy	34,604	10.5	-3.2	5,043	-0.2	-6.6	3,819	6.2	3.0
Colgate	1562	Neutral	13,594	5.9	6.2	3,939	-6.6	3.5	2,692	-14.4	6.7
Dabur	544	Buy	25,719	10.1	-12.6	5,368	21.3	-14.5	4,241	12.2	-15.7
Emami	453	Buy	7,526	3.0	-22.6	1,988	22.1	-41.8	1,392	-6.8	-51.4
Godrej Consumer	771	Buy	28,869	5.7	-12.6	5,577	-3.0	-20.2	3,803	-11.5	-26.0
Hind. Unilever	2127	Buy	1,28,704	6.1	-1.7	29,861	1.0	-8.9	20,431	-2.8	-10.9
Indigo Paints	1623	Buy	3,010	18.4	13.4	457	6.4	13.4	295	18.8	21.5
ITC	255	Neutral	1,38,421	4.1	-12.7	50,292	12.4	-1.4	40,764	8.7	-1.9
Jyothy Labs	150	Neutral	5,255	7.8	-0.6	630	-9.8	4.1	374	-25.8	5.8
Marico	530	Buy	21,859	8.6	-9.2	3,459	8.4	-19.7	2,425	1.9	-21.8
Nestle	17782	Neutral	40,441	12.0	8.2	9,221	-0.9	8.3	5,951	-1.2	3.8
P&G Hygiene	14317	Buy	8,508	12.0	-22.2	2,110	54.8	-28.8	1,530	46.8	-27.9
Page Industries	43702	Neutral	9,251	5.0	-22.2	1,950	14.8	-22.2	1,308	13.1	-25.1
Pidilite Inds.	2494	Neutral	25,590	14.5	-10.2	5,114	11.0	-6.9	3,291	6.2	-7.4
Tata Consumer	788	Buy	31,180	2.7	-2.8	4,349	44.9	-5.8	2,175	91.9	-20.9
United Breweries	1525	Sell	15,607	1.1	-1.3	1,918	-26.6	-8.5	1,052	-33.8	-9.9
United Spirits	909	Neutral	25,507	14.7	-11.6	3,954	-4.0	-19.4	2,326	-4.6	-20.1
Varun Beverages	953	Buy	26,575	18.6	53.2	4,527	18.6	118.1	2,023	56.5	1,126.6
Sector aggregate			6,63,531	7.8	-6.6	1,52,996	6.7	-6.5	1,09,238	4.6	-7.4

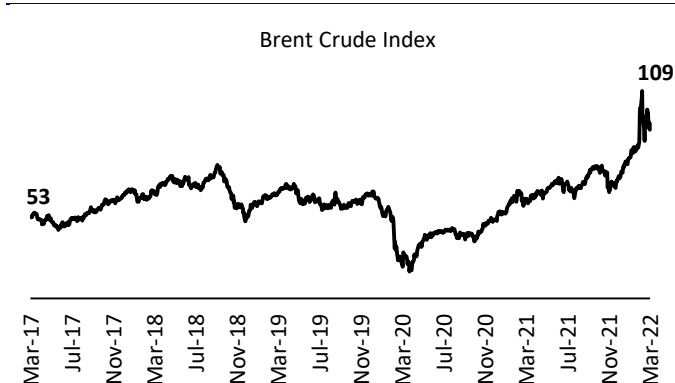
Exhibit 2: Expect most companies to post muted volume growth in 4QFY22

Quarter ending (growth %)	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22E
Asian Paints (dom. Deco.)	10.0	16.0	14.0	11.0	2.5	(38.0)	11.0	33.0	48.0	106.0	34.0	18.0	(8.0)
Britannia (Biscuits)	7.0	3.0	3.0	3.0	0.0	21.0	9.0	3.0	8.0	1.0	5.0	6.0	1.0
Colgate (Toothpaste)	5.0	4.0	4.0	2.3	(8.0)	0.0	4.0	6.0	16.0	8.0	4.0	1.0	2.0
Dabur	4.3	9.6	4.8	5.6	(14.6)	(9.7)	16.8	18.1	25.4	34.4	10.0	2.0	3.0
Emami	0.0	0.0	1.0	(2.0)	(20.0)	(28.0)	10.0	13.0	39.0	38.0	6.2	0.0	(3.0)
Hindustan Unilever	7.0	5.0	5.0	5.0	(7.0)	4.0	14.0	17.0	31.0	9.0	4.0	2.0	(4.0)
ITC (Cigarettes)	8.0	3.0	2.5	2.5	(11.0)	(37.0)	(12.0)	(7.0)	7.0	31.0	9.0	12.5	4.0
Marico (Dom.)	8.0	6.0	1.0	(1.0)	(3.0)	(14.0)	11.0	15.0	25.0	21.0	8.0	0.0	1.0
Pidilite	4.0	6.0	(1.0)	2.0	(3.1)	(58.6)	7.4	22.0	45.0	105.0	25.0	9.4	(2.0)

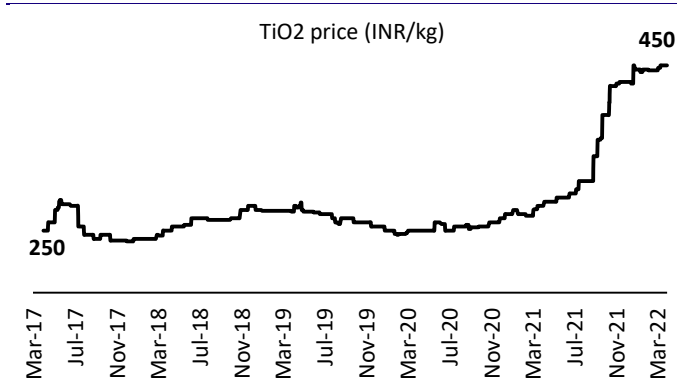
Source: Company, MOFSL

Exhibit 3: Relative performance – three-months (%)**Exhibit 4: Relative performance – one-year (%)**

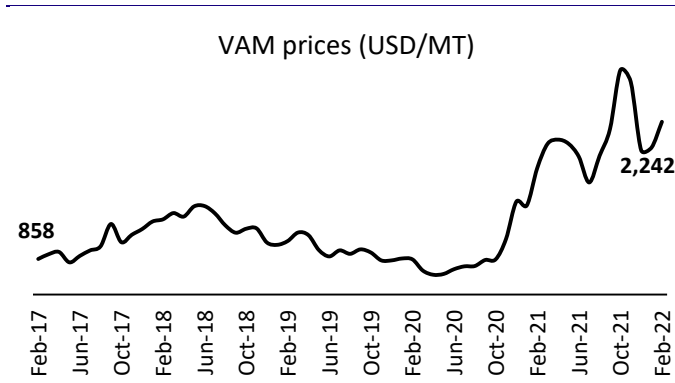
Source: Bloomberg, MOFSL

Exhibit 5: Crude prices rose 64.1% YoY and 25.3% QoQ

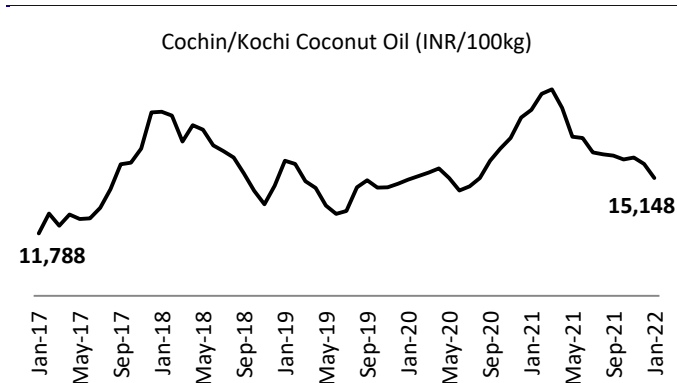
Source: Bloomberg, MOFSL

Exhibit 6: TiO2 prices rose 63.4% YoY and 4.7% QoQ

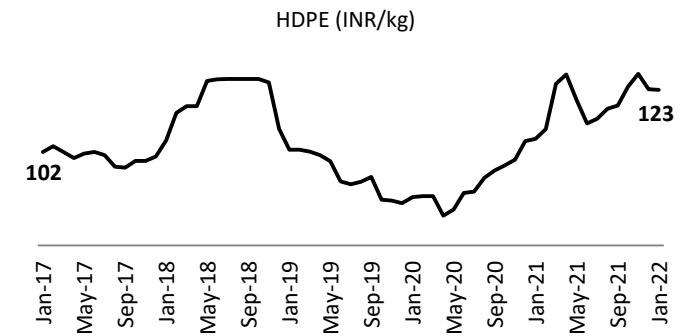
Source: Bloomberg, MOFSL

Exhibit 7: VAM prices (till Feb'22) rose 22% YoY, but fell 13.9% QoQ

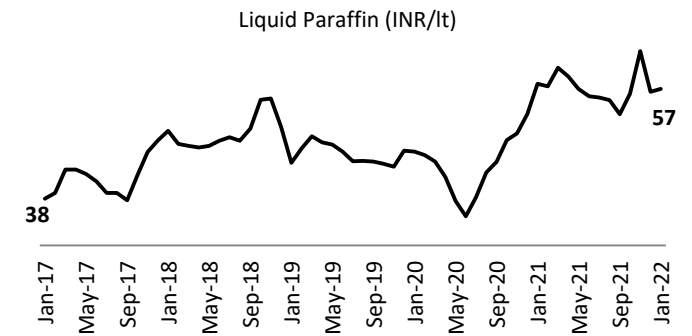
Source: Bloomberg, MOFSL

Exhibit 8: Copra prices (till Jan'22) fell 24.4% YoY and 7.3% QoQ

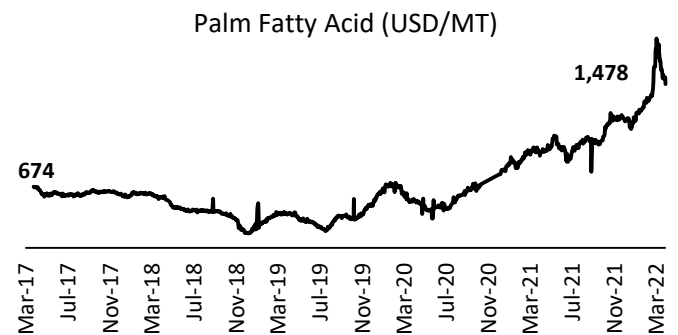
Source: Company, MOFSL

Exhibit 9: HDPE (till Jan'22) prices rose 8.3% YoY, but fell 2.6% QoQ

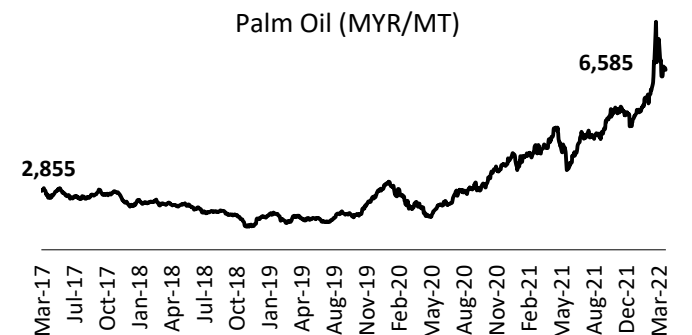
Source: Company, MOFSL

Exhibit 10: LLP (till Jan'22) prices fell 2.8% YoY and 4.7% QoQ

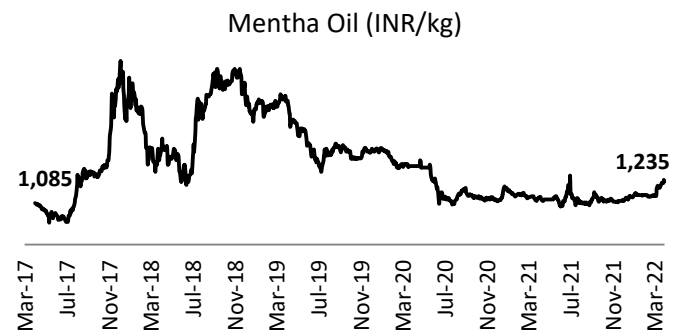
Source: Company, MOFSL

Exhibit 11: PFAD prices rose 58.6% YoY and 21.6% QoQ

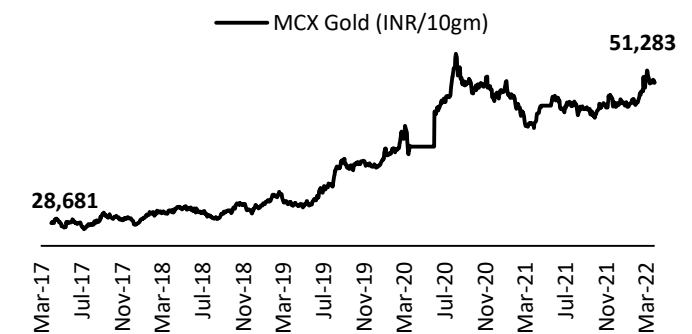
Source: Bloomberg, MOFSL

Exhibit 12: Malaysian palm oil prices rose 57.4% YoY and 19.5% QoQ

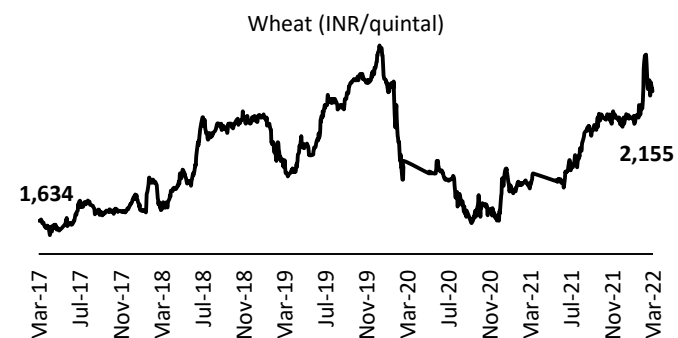
Source: Bloomberg, MOFSL

Exhibit 13: Mentha oil prices rose 1.7% YoY and 4.5% QoQ

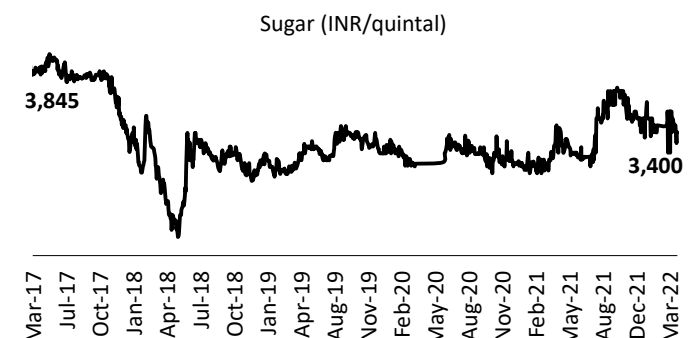
Source: Bloomberg, MOFSL

Exhibit 14: Gold prices rose 5.8% YoY and 4% QoQ on the MCX

Source: Bloomberg, MOFSL

Exhibit 15: Wheat prices rose 18.3% YoY and 3.2% QoQ

Source: Bloomberg, MOFSL

Exhibit 16: Sugar prices rose 9.5% YoY, but fell 3.1% QoQ

Source: Bloomberg, MOFSL

Exhibit 17: Comparative valuation

Company Name	CMP INR	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Consumer						49.6	43.7	36.5	11.1	10.6	10.1	22.3	24.4	27.6
Asian Paints	3,118	Neutral	33.8	42.0	53.5	95.1	74.2	58.2	22.0	21.1	19.8	23.8	29.0	35.1
Britannia	3,271	Buy	63.1	66.8	83.1	51.8	48.9	39.3	17.0	15.9	14.7	37.1	33.5	38.7
Colgate	1,562	Neutral	37.6	39.6	42.5	41.5	39.4	36.8	36.4	36.4	36.4	87.8	92.5	99.1
Dabur	544	Buy	10.6	12.1	14.0	51.5	45.2	38.8	11.8	10.7	9.6	23.6	24.8	26.1
Emami	453	Buy	18.6	20.7	22.4	24.4	21.9	20.3	9.6	9.1	8.3	42.5	42.6	42.8
Godrej Consumer	771	Buy	17.5	16.8	22.3	44.0	45.9	34.5	7.9	7.7	7.3	18.4	17.0	21.8
Hind. Unilever	2,127	Buy	36.7	38.7	45.2	57.9	54.9	47.0	10.6	11.1	11.7	18.3	19.8	24.2
Indigo Paints	1,623	Buy	17.1	25.8	36.4	95.0	63.0	44.6	12.0	10.1	8.2	13.5	17.4	20.3
ITC	255	Neutral	12.1	14.0	16.4	21.0	18.3	15.6	5.2	4.9	4.6	25.0	27.7	30.6
Jyothy Labs	150	Neutral	4.2	5.6	6.4	35.4	26.9	23.3	4.1	4.1	4.1	11.2	15.3	17.8
Marico	530	Buy	9.4	11.2	13.2	56.2	47.2	40.3	15.1	14.4	13.6	31.4	31.2	34.8
Nestle	17,782	Neutral	240.8	260.0	299.9	73.8	68.4	59.3	82.3	78.6	78.6	113.2	117.5	132.6
P&G Hygiene	14,317	Buy	210.9	263.8	321.1	67.9	54.3	44.6	59.4	53.5	47.8	91.4	103.7	113.4
Page Industries	43,702	Neutral	427.4	534.4	621.2	102.2	81.8	70.4	50.2	45.4	42.6	49.1	55.5	60.5
Pidilite Inds.	2,494	Neutral	25.1	26.9	37.3	99.4	92.6	66.8	19.5	17.8	15.8	21.1	20.1	25.1
Tata Consumer	788	Buy	10.4	14.1	17.2	75.6	56.0	45.9	4.8	4.4	4.1	6.5	8.3	9.4
United Breweries	1,525	Sell	12.6	17.8	23.4	121	86	65.3	10.6	9.9	9.1	9.0	11.9	14.6
United Spirits	909	Neutral	11.5	13.1	16.9	79	70	53.8	13.2	11.5	10.2	16.7	16.6	18.9
Varun Beverages	953	Buy	16.0	24.4	28.9	59.4	39.0	33.0	10.1	8.2	6.8	18.3	23.3	22.5

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: INR3,118 | TP: INR2,950 (-5%)

EPS CHANGE (%): FY23|24: 0.0|0.0

- Expect a volume growth of 2% YoY in 4QFY22.
- Expect GM to decline sharply YoY and QoQ due to a higher inflationary environment.
- Tio2 prices rose sharply (up 63.4% YoY and 4.7% QoQ) in 4QFY22.
- Watch out for commentary on the demand outlook after the price hikes.

Quarterly Performance (Consol.)

(INR b)

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Est. Dom. Deco. Vol. growth (%)	-38.0	11.0	33.0	48.0	106.0	34.0	18.0	-8.0	7.0	29.5
Net Sales	29.2	53.5	67.9	66.5	55.9	71.0	85.3	73.3	217.1	285.4
Change (%)	-42.7	5.9	25.2	43.5	91.1	32.6	25.6	10.2	7.4	31.4
Gross Profit	13.1	23.8	30.6	28.7	21.5	24.7	31.3	26.7	96.2	104.1
Gross Margin (%)	44.7	44.4	45.1	43.2	38.4	34.7	36.8	36.4	44.3	36.5
EBITDA	4.8	12.7	17.9	13.2	9.1	9.0	15.4	13.2	48.6	46.8
Margin (%)	16.6	23.6	26.3	19.8	16.4	12.7	18.1	18.1	22.4	16.4
Change (%)	-58.2	32.5	50.3	53.4	88.7	-28.5	-13.7	0.4	16.7	-3.5
Interest	0.2	0.2	0.2	0.3	0.2	0.2	0.3	0.3	0.9	1.0
Depreciation	1.9	1.9	1.9	2.1	2.0	2.0	2.1	2.1	7.9	8.2
Other Income	0.5	0.8	1.0	0.8	0.9	1.4	0.7	0.9	3.0	3.9
PBT	3.2	11.3	16.7	11.5	7.8	8.2	13.8	11.7	42.8	41.5
Tax	0.9	2.9	4.3	2.9	2.0	2.2	3.6	2.6	11.0	10.5
Effective Tax Rate (%)	26.9	25.9	25.8	24.9	26.2	27.1	26.3	22.0	25.7	25.2
Adjusted PAT	2.2	8.5	12.7	8.7	5.7	6.1	10.3	9.3	32.1	31.5
Change (%)	-67.4	0.8	62.3	81.1	161.5	-29.0	-18.5	7.4	15.4	-1.9

E: MOFSL Estimates

Britannia Industries

Buy

CMP: INR3,271 | TP: INR 3,750 (+15%)

EPS CHANGE (%): FY23|24: 0.0|0.0

- Expect 1% volume growth in the base business in 4QFY22.
- EM to be under pressure, but sustain in the teens on cost-saving initiatives.
- The sharp decline in GM is due to inflation in key RM.
- RM cost outlook and commentary on ICDs are key monitorables.

Consolidated quarterly performance

(INR m)

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Base business volume growth (%)	21.0	9.0	3.0	8.0	1.0	5.0	6.0	1.0	10.0	3.9
Net Sales	34,207	34,191	31,656	31,308	34,035	36,074	35,750	34,604	1,31,361	1,40,462
YoY change (%)	26.7	12.1	6.1	9.2	-0.5	5.5	12.9	10.5	13.2	6.9
Gross Profit	14,248	14,540	13,642	12,671	13,170	13,531	13,554	12,976	55,100	53,230
Margin (%)	41.7	42.5	43.1	40.5	38.7	37.5	37.9	37.5	41.9	37.9
EBITDA	7,169	6,754	6,115	5,054	5,538	5,583	5,397	5,043	20,578	21,561
Margin (%)	21.0	19.8	19.3	16.1	16.3	15.5	15.1	14.6	15.7	15.4
YoY growth (%)	81.7	37.2	21.8	11.3	-22.8	-17.3	-11.7	-0.2	11.6	4.8
Depreciation	480	485	486	528	491	502	504	522	1,979	2,018
Interest	256	298	318	237	342	390	374	397	1,109	1,503
Other Income	937	735	826	632	605	534	551	597	3,129	2,287
PBT	7,370	6,706	6,137	4,921	5,310	5,226	5,071	4,721	20,620	20,328
Tax	1,944	1,750	1,611	1,326	1,442	1,410	1,362	903	6,630	5,117
Rate (%)	26.4	26.1	26.2	26.9	27.2	27.0	26.9	19.1	32.2	25.2
Adjusted PAT	5,427	4,956	4,526	3,595	3,868	3,816	3,709	3,819	13,989	15,212
YoY change (%)	105.4	22.7	22.5	-3.5	-28.7	-23.0	-18.1	6.2	-0.8	8.7

E: MOFSL estimates

Colgate

Neutral

CMP: INR1,562 | TP: INR1,490 (-5%)

EPS CHANGE (%): FY23|24: -1.6|-3.0

- Expect marginal volume growth of 2% YoY in 4QFY22.
- Expect EBITDA margin to decline led by GM pressures.
- Expect YoY contraction in GM on higher material costs.
- Monitorables: Volume growth, A&P spends, and performance of launches and the Naturals category.

Quarterly performance

(INR m)

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Toothpaste Volume Gr. (%)	0.0	4.0	6.0	16.0	8.0	4.0	1.0	2.0	6.5	3.8
Net Sales (including OOI)	10,406	12,855	12,319	12,832	11,660	13,524	12,801	13,594	48,412	51,579
YoY change (%)	-4.1	5.2	7.4	19.8	12.0	5.2	3.9	5.9	7.0	6.5
Gross Profit	6,883	8,759	8,594	8,683	8,062	9,038	8,526	8,964	32,919	34,590
Gross margin (%)	66.1	68.1	69.8	67.7	69.1	66.8	66.6	65.9	68.0	67.1
EBITDA	3,080	4,093	3,706	4,218	3,552	4,008	3,806	3,939	15,096	15,304
Margin (%)	29.6	31.8	30.1	32.9	30.5	29.6	29.7	29.0	31.2	29.7
YoY growth (%)	2.7	26.7	17.3	60.4	15.3	-2.1	2.7	-6.6	25.6	1.4
Depreciation	454	461	456	455	447	449	439	452	1,825	1,787
Interest	20	18	19	16	15	15	15	25	73	70
Financial other Income	63	76	99	66	52	65	57	67	304	241
PBT	2,669	3,689	3,330	3,814	3,142	3,609	3,408	3,529	13,502	13,688
Tax	687	947	847	667	810	917	885	837	3,148	3,448
Rate (%)	25.7	25.7	25.4	17.5	25.8	25.4	26.0	23.7	23.3	25.2
Adj. PAT	1,982	2,742	2,484	3,147	2,332	2,692	2,523	2,692	10,354	10,239
YoY change (%)	17.2	12.3	24.7	54.1	17.7	-1.8	1.6	-14.4	26.8	-1.1

E: MOFSL estimates

Dabur

Buy

CMP: INR544 | TP: INR700 (+29%)

EPS CHANGE (%): FY23|24: -2.4|-0.7

- Expect a 5% YoY volume growth in 4QFY22.
- Distribution expansion and aggression in product launches to continue.
- Expect a marginal pressure on GM due to higher input costs.
- Key monitorables: Demand outlook for Herbal and Immunity products, and commentary on rural demand as well as the international business.

Consolidated quarterly performance

(INR m)

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Domestic FMCG vol. growth (%)	-9.7	16.8	18.1	25.4	34.4	10.0	2.0	3.0	12.7	12.9
Net sales	19,800	25,160	27,288	23,368	26,115	28,176	29,418	25,719	95,617	1,09,427
YoY change (%)	-12.9	13.7	16.0	25.3	31.9	12.0	7.8	10.1	10.1	14.4
Gross profit	9,784	12,802	13,751	11,390	12,562	13,761	14,222	12,345	47,727	52,889
Margin (%)	49.4	50.9	50.4	48.7	48.1	48.8	48.3	48.0	49.9	48.3
EBITDA	4,166	5,694	5,742	4,425	5,520	6,207	6,275	5,368	20,027	23,370
Margin (%)	21.0	22.6	21.0	18.9	21.1	22.0	21.3	20.9	20.9	21.4
YoY growth (%)	-9.0	16.3	16.5	25.6	32.5	9.0	9.3	21.3	11.7	16.7
Depreciation	567	596	572	666	613	633	632	676	2,401	2,555
Interest	78	75	69	86	75	83	111	102	308	370
Other income	718	876	809	850	848	1,124	967	948	3,253	3,888
PBT	4,238	5,899	5,911	4,522	5,681	6,616	6,500	5,537	20,570	24,333
Tax	825	1,067	975	744	1,297	1,558	1,455	1,286	3,611	5,597
Rate (%)	19.5	18.1	16.5	16.4	22.8	23.6	22.4	23.2	17.6	23.0
Adjusted PAT	3,418	4,817	4,920	3,778	4,373	5,044	5,033	4,241	16,933	18,691
YoY change (%)	-9.8	10.7	18.9	27.1	28.0	4.7	2.3	12.2	11.0	10.4

E: MOFSL estimates

Emami**Buy****CMP: INR453 | TP: INR540 (+19%)****EPS CHANGE (%): FY22|23: 6.8|6.6**

- Expect a 3% YoY decline in domestic volumes in 4QFY22. Advance summer purchases have not been at usual levels.
- Watch out for the management's commentary on the incremental impact of material prices beyond 4QFY22.
- Expect a 340/410bp YoY change in GM/EM from a low base.
- Outlook for volume growth and growth in rural India are key monitorables.

Consolidated quarterly performance**(INR m)**

Y/E MARCH	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Domestic volume growth (%)	-28.0	10.0	13.0	39.0	38.0	6.2	0.0	-3.0	8.5	10.3
Net Sales	4,813	7,348	9,336	7,308	6,610	7,888	9,719	7,526	28,805	31,742
YoY change (%)	-25.8	11.3	14.9	37.2	37.3	7.4	4.1	3.0	8.5	10.2
COGS	1,613	2,185	2,766	2,728	2,246	2,464	3,170	2,555	9,292	10,435
Gross Profit	3,200	5,163	6,570	4,580	4,363	5,425	6,549	4,971	19,513	21,307
Gross margin (%)	66.5	70.3	70.4	62.7	66.0	68.8	67.4	66.0	67.7	67.1
EBITDA	1,230	2,571	3,402	1,628	1,697	2,772	3,415	1,988	8,831	9,872
Margin (%)	25.5	35.0	36.4	22.3	25.7	35.1	35.1	26.4	30.7	31.1
YoY change	-8.3	33.2	28.9	65.2	38.0	7.8	0.4	22.1	27.9	11.8
Depreciation	194	216	341	240	234	236	242	258	991	970
Interest	47	25	14	47	6	8	18	10	133	43
Other Income	67	79	92	465	107	376	166	128	703	778
PBT	1,056	2,409	3,139	1,806	1,564	2,904	3,322	1,848	8,410	9,638
Tax	95	284	438	326	175	410	491	370	1,142	1,446
Rate (%)	9.0	11.8	13.9	18.0	11.2	14.1	14.8	20.0	13.6	15.0
PAT before Amortization	973	2,133	2,710	1,493	1,404	2,532	2,864	1,392	7,309	8,192
YoY change (%)	-6.4	31.6	26.3	52.4	44.4	18.7	5.7	-6.8	25.3	12.1

E: MOFSL estimates

Godrej Consumer**Buy****CMP: INR771 | TP: INR1,000 (+30%)****EPS CHANGE (%): FY23|24: 0.0|0.0**

- Sales growth to be entirely led by price increases, with a likely volume decline.
- Update on strategy refresh initiatives highlighted by the new CEO in Dec'21.
- Demand for out-of-home categories such as Hair Color to improve.
- Watch out for margin improvement in Africa and performance in other international markets.

Consolidated quarterly performance**(INR m)**

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales (including OOI)	23,273	29,151	30,554	27,307	28,945	31,637	33,026	28,869	1,10,286	1,22,476
YoY change (%)	-0.9	10.8	10.0	26.8	24.4	8.5	8.1	5.7	11.3	11.1
Gross Profit	12,629	16,318	16,822	15,223	15,098	15,760	16,732	14,735	60,992	62,325
Margin (%)	54.3	56.0	55.1	55.7	52.2	49.8	50.7	51.0	55.3	50.9
EBITDA	4,727	6,844	7,112	5,748	6,111	6,792	6,991	5,577	23,883	25,470
Margin (%)	20.3	23.5	23.3	21.0	21.1	21.5	21.2	19.3	21.7	20.8
YoY growth (%)	3.0	18.7	12.6	20.6	29.3	-0.8	-1.7	-3.0	11.4	6.6
Depreciation	493	509	491	545	509	509	542	580	2,039	2,139
Interest	483	313	241	229	273	245	256	186	1,266	960
Other Income	218	139	150	166	209	226	224	245	671	904
PBT	3,968	6,045	6,353	4,882	5,427	6,068	6,107	5,056	21,248	22,658
Tax	147	1,463	1,400	586	1,272	1,267	972	1,253	3,595	4,764
Rate (%)	3.7	24.2	22.0	12.0	23.4	20.9	15.9	24.8	16.9	21.0
Adj. PAT	3,817	4,584	4,956	4,297	4,152	4,803	5,138	3,803	17,653	17,897
YoY change (%)	31.4	9.8	10.2	50.8	8.8	4.8	3.7	-11.5	21.9	1.4

E: MOFSL estimates

Hindustan Unilever**Buy****CMP: INR2,127 | TP: INR2,500 (+18%)****EPS CHANGE (%): FY23|24: -1.0|-1.1**

- Expect 4% YoY domestic volume decline (including GSKCH) on a high base of FY21.
- Expect GM to contract by 250bp YoY, led by higher material costs.
- Outlook on the Nutrition business and rural v/s urban demand.
- Outlook on competitive intensity, RM cost, discretionary, and out-of-home demand are key monitorables.

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

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Domestic volume growth (%)	4.0	14.0	17.0	31.0	9.0	4.0	2.0	-4.0	16.5	2.8
Net sales	105.6	114.4	118.6	121.3	119.2	127.2	130.9	128.7	460.0	506.0
YoY change (%)	4.4	16.1	20.9	34.6	12.8	11.2	10.4	6.1	18.6	10.0
Gross Profit	54.7	60.7	64.0	63.8	60.1	65.7	68.2	64.5	243.2	258.5
Margin %	51.8	53.0	54.0	52.6	50.4	51.6	52.1	50.1	52.9	51.1
EBITDA	26.4	28.7	28.5	29.6	28.5	31.3	32.8	29.9	113.2	122.4
YoY change (%)	-0.1	17.4	16.7	43.2	7.7	9.2	14.9	1.0	18.0	8.1
Margins (%)	25.0	25.1	24.1	24.4	23.9	24.6	25.0	23.2	24.6	24.2
Depreciation	2.4	2.5	2.7	2.5	2.4	2.7	2.6	2.7	10.1	10.3
Interest	0.3	0.3	0.4	0.1	0.1	0.3	0.3	0.1	1.1	0.8
Other income	1.6	1.5	1.0	1.1	0.7	1.1	0.9	1.0	5.1	3.7
PBT	25.3	27.4	26.4	28.1	26.6	29.5	30.9	28.0	107.2	115.0
Tax	5.3	6.5	6.8	6.8	5.7	7.7	7.8	7.6	25.4	28.8
Rate (%)	21.0	23.8	25.6	24.2	21.5	26.0	25.3	27.0	23.7	25.0
PAT bei	18.7	20.4	19.5	21.0	19.6	21.9	22.9	20.4	81.8	86.3
YoY change (%)	7.0	11.1	15.4	43.2	4.8	7.5	17.5	-2.8	21.3	5.5
Extraordinary Inc/(Exp)	-1.2	-0.8	-0.4	0.1	-0.3	0.0	-0.7	0.0	-2.3	-
Reported Profit	18.8	20.1	19.2	21.4	20.6	21.9	22.4	20.4	79.5	85.4

E: MOFSL Estimates

Note: Quarterly PAT (bei) is as reported by the company while FY21/FY22E PAT (bei) is adjusted PAT

Indigo Paints**Buy****CMP: INR1,623 | TP: INR2,000 (+23%)****EPS CHANGE (%): FY22|23: -7.8|-11.5**

- Expect ~18% sales growth over the high base of last year, led entirely by price hikes.
- Expect marginal sequential GM improvement due to price hikes.
- Price hikes of 15-20% taken due to steep RM inflation.
- Expect better sales in Kerala (~30% contribution) after the recovery from the severe impact of COVID in early FY22.

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

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	1,046	1,548	2,096	2,543	1,560	1,961	2,655	3,010	7,233	9,186
Change (%)	-27.3	20.4	22.2	40.8	49.2	26.7	26.6	18.4	15.8	27.0
Gross Profit	465	777	1,040	1,186	710	818	1,138	1,326	3,468	3,993
Gross Margin (%)	44.5	50.2	49.6	46.7	45.5	41.7	42.9	44.1	47.9	43.5
EBITDA	190	291	315	429	202	234	387	457	1,225	1,279
Margin (%)	18.2	18.8	15.0	16.9	12.9	11.9	14.6	15.2	16.9	13.9
Change (%)	-	-	-	-7.9	6.1	-19.6	22.8	6.4	34.7	4.4
Interest	14	11	9	4	3	3	3	6	38	14
Depreciation	56	57	62	70	74	77	79	86	244	315
Other Income	2	6	12	16	30	30	23	22	36	106
PBT	122	230	256	371	156	185	328	387	979	1,056
Tax	38	42	68	122	40	49	85	92	286	266
Effective Tax Rate (%)	31.2	18.3	26.6	33.0	25.5	26.6	26.0	23.7	29.2	25.2
Adjusted PAT	84	188	188	249	116	135	243	295	693	790
Change (%)	-	-	-	-8.9	38.2	-28.0	29.4	18.8	45.0	13.9

E: MOFSL Estimates

ITC

Neutral

CMP: INR255 | TP: INR245 (-4%)

EPS CHANGE (%): FY23|24: -1.3|1.5

- Expect 4% volume growth in Cigarettes.
- Input cost pressures in the FMCG-Others business remains an overhang.
- Expect GM to contract by 170bp YoY due to high RM cost.
- Outlook on the Agri, Paper and Packaging, and Hotel businesses are key monitorables.

Quarterly performance

(INR b)

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Est. cigarette vol. gr. (%)	-37.0	-12.0	-7.0	7.0	31.0	9.0	12.5	4.0	-12.3	14.1
Net Sales	89.1	113.1	119.7	132.9	122.2	127.3	158.6	138.4	454.9	546.5
YoY change (%)	-21.2	-3.0	1.4	22.6	37.1	12.6	32.5	4.1	-0.3	20.2
Gross Profit	49.6	64.9	68.4	72.2	64.3	72.8	81.4	75.2	248.4	293.8
Margin (%)	55.7	57.4	57.1	54.3	52.6	57.2	51.3	54.3	54.6	53.8
EBITDA	26.5	40.9	43.1	44.7	39.9	46.2	51.0	50.3	155.3	187.4
Growth (%)	-42.0	-10.4	-6.5	7.4	50.8	12.9	18.2	12.4	-13.4	20.6
Margin (%)	29.7	36.1	36.0	33.6	32.7	36.3	32.2	36.3	34.2	34.3
Depreciation	4.0	3.8	3.9	3.9	4.0	4.0	4.1	4.3	15.6	16.4
Interest	0.2	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.6	0.4
Other Income	9.0	6.1	9.7	7.7	4.3	6.8	8.1	9.9	32.5	29.1
PBT	31.3	43.0	48.8	48.5	40.2	48.8	54.9	55.8	171.6	199.7
Tax	7.9	10.5	11.9	11.1	10.0	11.8	13.4	15.1	41.3	50.3
Rate (%)	25.1	24.4	24.4	22.8	25.0	24.2	24.3	27.0	24.1	25.2
Adj. PAT	23.4	32.5	36.9	37.5	30.1	37.0	41.6	40.8	130.3	149.4
YoY change (%)	-26.2	-19.2	-13.7	-1.3	28.6	13.7	12.7	8.7	-14.6	14.7

E: MOFSL estimate; full-year COGS also includes contract processing charges (included in other operating expenses on a quarterly basis)

Jyothy Labs.

Neutral

CMP: INR150 | TP: INR150 (0%)

EPS CHANGE (%):FY23|24: -4.9|-4.6

- Expect standalone net sales to grow by 7.8% YoY on a higher base.
- Expect EM to contract by 230bp YoY.
- Expect out-of-home categories to see better demand.
- An update on the launches and performance of the HI portfolio are key monitorables.

Standalone quarterly performance

(INR m)

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	4,287	4,996	4,694	4,873	5,219	5,783	5,287	5,255	18,850	21,544
YoY change (%)	4.1	7.6	15.3	27.5	21.8	15.7	12.6	7.8	13.2	14.3
Gross Profit	1,968	2,373	2,269	2,197	2,250	2,296	2,170	2,283	8,807	8,998
Margin (%)	45.9	47.5	48.3	45.1	43.1	39.7	41.0	43.4	46.7	41.8
Total Exp.	1,186	1,484	1,471	1,499	1,600	1,625	1,564	1,653	5,640	6,442
EBITDA	782	889	798	698	650	671	605	630	3,167	2,556
EBITDA growth (%)	19.4	12.4	22.6	73.9	-16.9	-24.5	-24.2	-9.8	26.8	-19.3
Margin (%)	18.3	17.8	17.0	14.3	12.5	11.6	11.4	12.0	16.8	11.9
Depreciation	187	193	198	200	206	206	210	212	779	833
Interest	51	29	20	18	17	18	18	15	117	67
Other Income	42	39	63	53	48	52	43	47	198	190
PBT	587	706	643	533	476	500	420	451	2,469	1,846
Tax	83	100	121	28	75	79	66	76	332	295
Rate (%)	14.1	14.1	18.8	5.3	15.7	15.7	15.7	16.9	13.4	16.0
Adjusted PAT	504	607	522	505	401	421	354	374	2,138	1,551
YoY change (%)	40.4	14.0	22.8	93.9	-20.5	-30.6	-32.2	-25.8	35.5	-27.5

E: MOFSL estimates

Marico**Buy****CMP: INR530 | TP: INR630 (+19%)****EPS CHANGE (%): FY23|24: -6.7|-4.4**

- Expect domestic volume growth of 1% on a higher base.
- A slowdown in rural India can affect domestic performance.
- Expect a slight YoY expansion in GM on benign RM prices.
- Outlook on RM and margin guidance are key monitorables.

Quarterly Performance**(INR m)**

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Domestic volume growth (%)	-14.0	11.0	15.0	25.0	21.0	8.0	0.0	1.0	9.3	7.5
Net Sales	19,250	19,890	21,220	20,120	25,250	24,190	24,070	21,859	80,480	95,369
YoY Change (%)	-11.1	8.7	16.3	34.5	31.2	21.6	13.4	8.6	10.0	18.5
Gross Profit	9,360	9,550	9,950	8,880	10,360	10,270	10,520	9,746	37,780	40,896
Gross margin (%)	48.6	48.0	46.9	44.1	41.0	42.5	43.7	44.6	46.9	42.9
EBITDA	4,670	3,890	4,130	3,190	4,810	4,230	4,310	3,459	15,910	16,809
Margins (%)	24.3	19.6	19.5	15.9	19.0	17.5	17.9	15.8	19.8	17.6
YoY Change (%)	1.3	10.2	10.7	13.1	3.0	8.7	4.4	8.4	8.6	5.7
Depreciation	340	330	360	360	330	330	360	382	1,390	1,402
Interest	90	80	70	100	80	100	100	80	340	360
Other Income	190	270	240	290	270	250	220	270	920	1,010
PBT	4,430	3,750	3,940	3,020	4,670	4,050	4,070	3,268	15,100	16,058
Tax	1,030	690	820	560	1,020	890	900	803	3,240	3,613
Rate (%)	23.3	18.4	20.8	18.5	21.8	22.0	22.1	24.6	21.5	22.5
Minority Interest	90	90	50	80	90	70	70	40	270	270
Adjusted PAT	3,310	2,970	3,070	2,380	3,560	3,090	3,100	2,425	11,590	12,175
YoY Change (%)	3.4	20.2	12.9	16.1	7.6	4.0	1.0	1.9	10.8	5.0

E: MOFSL Estimates

Nestlé India**Neutral****CMP: INR17,782 | TP: INR18,700 (+5%)****EPS CHANGE (%): CY22|23: 0.0|0.0**

- Expect growth momentum in sales to continue.
- Expect higher contribution from out-of-home consumption.
- Expect 200bp/300bp YoY contraction in GM/EM on higher Agri commodity prices.
- Watch out for commentaries on in-home consumption and material costs.

Quarterly performance**(INR b)**

Y/E December	CY21				CY22				CY21	CY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	36.1	34.8	38.8	37.4	40.4	39.3	43.9	43.4	147.1	167.0
YoY Change (%)	8.6	14.0	9.6	8.9	12.0	13.0	13.0	16.1	10.2	13.5
COGS	15.0	14.9	17.2	16.1	17.6	17.3	19.3	19.3	63.2	73.5
Gross Profit	21.1	19.8	21.6	21.3	22.8	22.0	24.6	24.1	83.9	93.5
Margin (%)	58.5	57.0	55.7	57.0	56.5	56.0	56.0	55.5	57.0	56.0
Operating Exp.	11.8	11.5	12.1	12.8	13.6	12.9	14.3	13.9	48.2	54.7
EBITDA	9.3	8.3	9.5	8.5	9.2	9.1	10.3	10.2	35.7	38.8
Margin (%)	25.8	24.0	24.5	22.8	22.8	23.2	23.4	23.5	24.3	23.2
YoY Growth (%)	16.2	9.9	5.9	12.4	(0.9)	9.3	7.8	19.7	10.9	8.7
Depreciation	0.9	1.0	1.0	1.1	1.1	1.2	1.2	1.3	3.9	4.8
Interest	0.5	0.5	0.5	0.4	0.5	0.5	0.5	0.6	2.0	2.1
Other income	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4	1.2	1.6
PBT	8.1	7.2	8.4	7.3	8.0	7.8	8.9	8.8	31.0	33.5
Tax	2.1	1.9	2.2	1.6	2.0	2.0	2.3	2.2	7.7	8.4
Rate (%)	25.8	26.8	25.9	21.4	25.2	25.2	25.2	25.2	25.0	25.2
Adjusted PAT	6.0	5.2	6.2	5.7	6.0	5.8	6.7	6.6	23.2	25.1
YoY Change (%)	13.1	5.4	3.2	23.6	(1.2)	11.5	7.5	14.9	10.8	8.0

Page Industries

Neutral

CMP: INR43,702 | TP: INR40,400 (-8%)

EPS CHANGE (%): FY23|24: 0.0|0.0

- Expect moderate sales growth due to a high base.
- Athleisure demand could taper, given improved mobility.
- Expect marginal GM expansion due to price increases.
- 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	2Q	3Q	4QE		
Net Sales	2,848	7,403	9,271	8,808	5,015	10,840	11,898	9,251	28,330	37,004
YoY change (%)	-65.9	-4.5	16.8	62.7	76.1	46.4	28.3	5.0	-3.8	30.6
Gross Profit	1,370	4,106	5,139	5,075	2,895	5,941	6,335	4,996	15,690	20,167
Gross margin (%)	48.1	55.5	55.4	57.6	57.7	54.8	53.2	54.0	55.4	54.5
Other Expenditure	1,717	2,452	2,878	3,377	2,553	3,607	3,828	3,046	10,424	13,034
As a percentage to sales	60.3	33.1	31.0	38.3	50.9	33.3	32.2	32.9	36.8	35.2
EBITDA	-347	1,654	2,261	1,698	342	2,334	2,507	1,950	5,266	7,133
Margin (%)	-12.2	22.3	24.4	19.3	6.8	21.5	21.1	21.1	18.6	19.3
YoY change	P/L	10.9	62.9	192.1	L/P	41.2	10.9	14.8	-1.1	35.5
Depreciation	160	157	156	156	159	165	167	171	629	662
Interest	77	75	74	72	73	74	77	80	297	305
Other Income	61	37	42	56	36	54	71	47	195	207
PBT	-524	1,459	2,073	1,526	145	2,148	2,334	1,746	4,534	6,374
Tax	-128	350	536	371	36	543	589	439	1,128	1,606
Rate (%)	24.5	24.0	25.8	24.3	24.6	25.3	25.2	25.1	24.9	25.2
PAT	-396	1,109	1,537	1,156	109	1,605	1,746	1,308	3,406	4,768
YoY change (%)	P/L	-3.2	76.6	272.5	L/P	44.8	13.6	13.1	-0.8	40.0

E: MOFSL estimates

P&G Hygiene

Buy

CMP: INR14,317 | TP: INR17,000 (+19%)

EPS CHANGE (%): FY21|22: -3.2|-3.1

- Expect sales growth of 12% YoY in 3QFY22.
- Progress on the Whisper School program.
- Expect EM expansion of 690bp YoY overall on a low base, partly led by normalization in ad spends.
- A&P spends is a key monitorable.

Standalone quarterly earnings

(INR m)

Y/E June	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	10,095	10,184	7,597	7,866	10,583	10,930	8,508	8,886	35,741	38,907
YoY Change (%)	18.5	18.5	15.8	24.0	4.8	7.3	12.0	13.0	19.1	8.9
Gross profit	6,663	7,056	5,078	5,352	7,041	7,127	5,530	5,787	24,148	25,484
Margin (%)	66.0	69.3	66.8	68.0	66.5	65.2	65.0	65.1	67.6	65.5
EBITDA	2,293	2,567	1,363	749	3,013	2,965	2,110	1,337	6,972	9,426
Growth	25.8	37.5	-1.5	-32.1	31.4	15.5	54.8	78.6	12.2	35.2
Margin (%)	22.7	25.2	17.9	9.5	28.5	27.1	24.8	15.1	19.5	24.2
Depreciation	118	120	113	126	127	129	135	137	477	528
Interest	4	21	30	7	6	29	20	20	61	75
Other Income	96	94	148	57	58	69	90	111	394	327
PBT	2,267	2,520	1,369	672	2,938	2,875	2,045	1,291	6,828	9,150
Tax	552	698	326	183	756	754	515	281	1,759	2,306
Rate (%)	17.9	21.8	24.9	27.2	25.7	26.2	25.2	21.7	21.3	25.2
Reported PAT	2,539	2,506	983	490	2,183	2,121	1,530	1,011	6,518	6,844
Adj. PAT	1,715	1,822	1,042	490	2,183	2,121	1,530	1,011	5,068	6,844
YoY Change (%)	25.3	34.0	2.6	-29.2	27.3	16.4	46.8	106.4	13.2	35.0
Margin (%)	17.0	17.9	13.7	6.2	20.6	19.4	18.0	11.4	14.2	17.6

E: MOFSL Estimates

Pidilite Industries**Neutral****CMP: INR2,494 | TP: INR2,170 (-13%)****EPS CHANGE (%): FY23|24: 0.0|+3.5**

- Expect 2% volume decline in the domestic C&B segment.
- Expect a YoY contraction in GM on a sharp inflation in RM prices. On a QoQ basis, GM will expand due to price rises.
- Expect the revival in Real Estate to continue.
- Outlook for raw material prices, especially VAM prices, is a key monitorable.

Consolidated quarterly earning model

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	8,778	18,803	22,990	22,355	19,368	26,264	28,507	25,590	72,927	99,729
YoY change (%)	-56.5	4.1	19.3	44.7	120.6	39.7	24.0	14.5	-0.6	36.8
Gross Profit	4,694	10,520	12,588	11,359	9,511	11,924	12,425	11,521	39,160	45,380
Margin (%)	53.5	55.9	54.8	50.8	49.1	45.4	43.6	45.0	53.7	45.5
EBITDA	664	5,126	6,408	4,608	3,476	5,496	5,490	5,114	16,806	19,576
YoY change (%)	-85.0	39.2	38.4	53.1	423.7	7.2	-14.3	11.0	4.0	16.5
Margin (%)	7.6	27.3	27.9	20.6	17.9	20.9	19.3	20.0	23.0	19.6
Depreciation	461	479	495	572	566	603	605	658	2,007	2,432
Interest	91	87	121	74	96	124	108	107	372	434
Other Income	200	217	204	173	61	139	52	81	794	333
PBT	312	4,778	5,997	4,135	2,875	4,908	4,830	4,431	15,221	17,043
Tax	159	1,220	1,548	1,038	721	1,159	1,275	1,140	3,964	4,295
Rate (%)	50.8	25.5	25.8	25.1	25.1	23.6	26.4	25.7	26.1	25.2
Adj. PAT	154	3,558	4,449	3,097	2,154	3,749	3,555	3,291	11,258	12,748
YoY change (%)	-94.8	2.8	29.1	63.6	1,303.0	5.4	-20.1	6.2	-4.1	13.2
Margin (%)	1.7	18.9	19.3	13.9	11.1	14.3	12.5	12.9	15.4	12.8

E: MOFSL estimates

Tata Consumer Products**Buy****CMP: INR788 | TP: INR905 (+15%)****EPS CHANGE (%): FY23|24: 0.0|0.0**

- Expect revenue for the India Foods business to grow by 18% YoY. Expect 2% volume growth in the India branded Tea business.
- Update on input cost pressures in the Foods business.
- The impact of lower tea prices is a key monitorable.
- Update on product launches in the India Foods business.

Consolidated quarterly earning model

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Gross Sales	27,139	27,813	30,696	30,372	30,085	30,331	32,084	31,180	1,16,020	1,23,679
YoY Change (%)	13.4	18.5	23.1	26.3	10.9	9.1	4.5	2.7	20.4	6.6
Total Expenditure	22,313	23,818	27,082	27,370	26,090	26,198	27,467	26,831	1,00,583	1,06,586
EBITDA	4,827	3,996	3,613	3,002	3,995	4,133	4,617	4,349	15,438	17,093
Margins (%)	17.8	14.4	11.8	9.9	13.3	13.6	14.4	13.9	13.3	13.8
Depreciation	619	626	644	659	668	693	698	700	2,547	2,759
Interest	173	179	181	155	204	198	162	150	687	714
Other Income	327	262	195	430	280	396	250	516	1,214	1,442
PBT before EO expense	4,362	3,454	2,983	2,618	3,403	3,638	4,007	4,014	13,417	15,063
Extra-Ord expense	633	-239	-61	-639	-39	-163	-132	0	-307	-334
PBT	4,995	3,215	2,922	1,979	3,364	3,475	3,876	4,014	13,111	14,729
Tax	1,104	871	552	646	957	861	999	1,084	3,173	3,901
Rate (%)	25.3	25.2	18.5	24.7	28.1	23.7	24.9	27.0	23.6	25.9
Minority Interest	180	161	192	205	151	178	250	225	738	804
Profit/Loss of Asso. Cos.	-435	389	4	-590	-404	244	24	-531	-633	-667
Reported PAT	3,276	2,571	2,182	539	1,851	2,680	2,651	2,175	8,567	9,357
Adj PAT	2,643	2,712	2,228	1,133	1,881	2,803	2,749	2,175	8,716	9,608
YoY Change (%)	47.0	39.6	31.1	-36.2	-28.8	3.3	23.4	91.9	20.8	10.2
Margins (%)	9.7	9.8	7.3	3.7	6.3	9.2	8.6	7.0	7.5	7.8

E: MOFSL estimates

United Breweries

Sell

CMP: INR1,525 | TP: INR1,100 (-28%)

EPS CHANGE (%): FY23|24: -17.0|-11.1

- Expect moderate revenue growth.
- Expect GM to witness pressures due to higher barley and glass bottle prices.
- Increased mobility and on-trade channel to aid recovery.
- Recovery trend and outlook for RM are key monitorables.

Standalone quarterly performance

(INR m)

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	5,069	9,006	12,897	15,435	11,180	14,262	15,809	15,607	42,407	56,857
YoY Change (%)	-75.3	-42.9	-11.3	8.4	120.6	58.4	22.6	1.1	-34.9	34.1
Gross Profit	2,365	4,707	6,948	8,024	5,404	7,380	7,899	7,662	22,044	28,345
Margin (%)	46.7	52.3	53.9	52.0	48.3	51.7	50.0	49.1	52.0	49.9
EBITDA	-957	404	1,965	2,613	954	1,656	2,096	1,918	4,025	6,624
YoY Change (%)	P/L	-79.0	-11.3	97.6	L/P	309.6	6.7	-26.6	-54	64.6
Margin (%)	-18.9	4.5	15.2	16.9	8.5	11.6	13.3	12.3	9.5	11.6
Depreciation	505	612	578	623	552	556	529	570	2,319	2,208
Interest	72	60	53	42	39	47	37	62	227	184
Other Income	14	326	46	116	61	46	60	61	502	228
PBT	-1,519	59	1,379	2,064	425	1,098	1,590	1,347	2,054	4,460
Tax	-376	18	355	474	117	291	421	295	471	1,124
Rate (%)	24.8	31.5	25.7	23.0	27.4	26.5	26.5	21.9	22.9	25.2
Adj. PAT	-1,143	40	1,024	1,590	308	806	1,168	1,052	1,584	3,336
YoY Change (%)	P/L	-96.5	-4.3	286.0	L/P	1,911.2	14.1	-33.8	-63.0	110.7
Margin (%)	-22.5	0.4	7.9	10.3	2.8	5.7	7.4	6.7	3.7	5.9

E: MOFSL estimates

United Spirits

Neutral

CMP: INR909 | TP: INR800 (-12%)

EPS CHANGE (%): FY22|23: -11.0|-7.9

- Expect an 8% YoY volume growth in 4QFY22.
- Demand recovery in the on-trade channel is a key monitorable.
- Expect an update on the 'Strategic Refresh' announced in 2QFY22 and the strategic review expected by May-end.
- The outlook for ENA/molasses and price increases granted by states are key monitorables.

Quarterly performance

(INR m)

Y/E March	FY21				FY22				FY21	FY22E
(Standalone)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Volume growth (%)	-49.2	-3.9	-0.8	8.1	61.2	3.5	3.7	8.0	-11.3	13.0
Total revenue	10,302	21,459	24,887	22,244	16,151	24,468	28,847	25,507	78,892	94,973
YoY change (%)	-53.6	-6.5	-3.6	11.6	56.8	14.0	15.9	14.7	-13.2	20.4
Gross Profit	4,291	9,041	11,102	9,776	7,205	11,023	12,727	10,968	34,210	41,923
Margin (%)	41.7	42.1	44.6	43.9	44.6	45.1	44.1	43.0	43.4	44.1
EBITDA	-776	2,697	3,838	4,118	1,677	4,014	4,907	3,954	9,877	14,552
Margin (%)	-7.5	12.6	15.4	18.5	10.4	16.4	17.0	15.5	12.5	15.3
EBITDA growth (%)	-119.5	-35.1	-9.5	51.7	L/P	48.8	27.9	-4.0	-34.5	47.3
Depreciation	638	571	614	670	554	655	662	697	2,493	2,568
Interest	499	507	377	275	198	230	338	196	1,658	962
PBT From operations	-1,913	1,619	2,847	3,173	925	3,129	3,907	3,061	5,726	11,022
Other income	95	128	194	61	106	35	16	82	478	239
PBT	-1,818	1,747	3,041	3,234	1,031	3,164	3,923	3,143	6,204	11,261
Tax	-415	463	742	797	168	921	1,012	817	1,587	2,918
Rate (%)	22.8	26.5	24.4	24.6	16.3	29.1	25.8	26.0	25.6	25.9
Adj. PAT	-1,403	1,284	2,299	2,437	863	2,243	2,911	2,326	4,617	8,343
YoY change (%)	-170.6	-42.8	-11.2	124.1	L/P	74.7	26.6	-4.6	-41.6	80.7

E: MOFSL estimates

Varun Beverages

Buy
CMP: INR953 | TP: INR1,157 (+21%)
EPS CHANGE (%): CY22|23: -2.7|-1.5

- Expect CSD sales volumes to grow by 17.6% YoY in 1QCY22.
- Update on growing out-of-home consumption led by opening up of offices and an increase in travel.
- The management commentary on key demand will be a key monitorable.
- Expect an update on its entry into the non-Beverage category, with new signings with PepsiCo for Kurkure Puffcorn.

Consolidated quarterly earning model

Y/E December	CY21				CY22				CY21	CY22E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Gross Sales	22,409	24,498	23,982	17,343	26,575	30,681	27,813	19,700	88,232	1,04,769
YoY Change (%)	33.7	49.4	33.0	30.3	18.6	25.2	16.0	13.6	36.8	18.7
Total Expenditure	18,593	18,790	19,035	15,268	22,048	22,829	21,684	17,110	71,686	83,670
EBITDA	3,816	5,708	4,947	2,076	4,527	7,853	6,129	2,590	16,546	21,099
Margin (%)	17.0	23.3	20.6	12.0	17.0	25.6	22.0	13.1	18.8	20.1
Depreciation	1,347	1,288	1,385	1,293	1,447	1,388	1,485	1,393	5,313	5,713
Interest	579	468	427	373	380	400	380	375	1,847	1,535
Other Income	57	244	369	9	65	275	416	92	679	847
PBT before EO expense	1,947	4,197	3,504	419	2,765	6,339	4,680	914	10,066	14,698
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
PBT	1,947	4,197	3,504	419	2,765	6,339	4,680	914	10,066	14,698
Tax	579	1,009	925	93	664	1,521	1,123	219	2,606	3,528
Rate (%)	29.8	24.0	26.4	22.1	24.0	24.0	24.0	24.0	25.9	24.0
Minority Interest and Profit/Loss of Asso. Cos.	75	106	178	161	79	112	186	221	520	598
Reported PAT	1,293	3,082	2,401	165	2,023	4,706	3,370	474	6,941	10,573
Adj. PAT	1,293	3,082	2,401	165	2,023	4,706	3,370	474	6,941	10,573
YoY Change (%)	153.5	118.9	56.9	-183.6	56.5	52.7	40.3	187.3	113.5	52.3
Margin (%)	5.8	12.6	10.0	1.0	7.6	15.3	12.1	2.4	7.9	10.1

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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