

Consumer

Result Preview



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

Slow pace of earnings recovery in staples

For the 19 consumer companies under our coverage, we expect cumulative 3QFY23 growth of +9.3% in topline, +9.6% in EBITDA, and +8.1% in PAT. The three-year sales/EBITDA/PAT CAGR is 12.9%/9.6%/7.0%, with EBITDA growth and PAT growth lagging sales growth because of persistent material cost pressure. In terms of volume growth and revenue growth, our FMCG universe is likely to see another subdued quarter in 3QFY22, especially as rural demand remains weak. While some categories such as biscuits and cigarettes are showing signs of demand resilience, other categories such as paints/adhesives/innerwear are showing signs of lower growth on a very high base of the past couple of years. Going forward, weak rural sales growth from 4QFY22 may result in optically better growth from 4QFY23 onward, but on-the-ground rural demand is still adversely affected by inflationary pressures.

Rural continues to be a drag

With no clear signs of recovery in the rural demand, we expect sales in Staples to be driven by price increases and some premiumisation. Cumulative earnings growth appears better because of behemoths like ITC and APNT. Among large companies, we expect APNT to report 9% YoY sales growth with 5% domestic decorative volume growth, and ~17%/18% EBITDA/PAT growth. For HUVVR, we expect YoY sales/EBITDA/adj PAT growth of 14%/4%/4%. ITC is likely to post YoY sales growth of 5.2% on a high base, and it should sustain its healthy earnings growth trend, with EBITDA/adj. PAT expected to grow by 17.8%/12.8% (PAT growth trailing EBITDA growth mainly due to unusually high other income in the base quarter). We expect healthy cigarette demand (three-year average volume growth in mid-single digit), high ARR in hotels and higher realizations in the paper & paperboards business. VBL, BRIT and INDIGOPN are likely to report strong numbers on all fronts, especially with EBITDA growth of 30% YoY or higher. On the other hand, we expect weak YoY EBITDA growth/decline for both AlcoBev players, PAG, PIDI, GCPL and HMN.

Input cost decline not as expected

As we mentioned in our [commodities note](#) at the end of Nov'22, prices of most commodities have not declined at the expected rate, with the exception of palm oil (which benefits soaps and food players). There is a clear disparity between crude derivatives, where VAM has shown a ~ 50% reduction from the peak, and other derivatives, such as Tio2 and HDPE, which saw minor reductions from the high base. Even in the case of VAM and palm oil, PIDI and GCPL are likely to benefit only from 4QFY23 onward. In the case of agricultural commodities, there has been additional inflation or low deflation. While a sequential gross margin improvement is likely on a cumulative basis for our coverage universe, it will be partially offset by high-cost inventory in 3QFY23, keeping GMs under continued pressure YoY. Following a few quarters of subdued levels, ad-spending is rising in some pockets, checking sequential EBITDA improvement. 13 of 19 stocks under coverage are likely to report flat or lower EBITDA margins YoY, except for ITC (EBITDA margin expansion of 380bps), BRIT, APNT, INDIGOPN and VBL (margin expansion likely to be in the range of 110-140bp YoY).

Top picks

ITC, GCPL and VBL: A revival in cigarette demand, an improvement in the hotels business, lower input cost pressures vs peers and attractive valuations make ITC our top pick from a one-year perspective. The appointment of the new CEO at GCPL offers scope for a transformative change, especially if the company is able to grow its domestic business strongly and continue on its optimal capital allocation strategies. We like VBL owing to: 1) increased penetration in newly acquired territories of South and West India, 2) higher acceptance of newly launched products, and 3) growing refrigeration in rural and semi-rural areas.

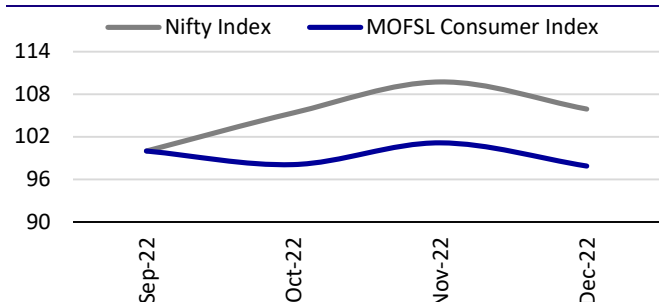
Exhibit 1: Overall performance

Sector	CMP		Sales (INR m)			EBITDA (INR m)			Net profit (INR m)		
	Consumer	(INR)	Rating	Dec'22	Variance YoY (%)	Variance QoQ (%)	Dec'22	Variance YoY (%)	Variance QoQ (%)	Dec'22	Variance YoY (%)
Asian Paints	3046	Neutral	92,947	9.0	9.9	18,085	17.3	47.3	12,181	18.1	51.5
Britannia	4292	Neutral	43,615	22.0	-0.4	7,060	30.8	-0.8	4,926	32.8	0.4
Colgate	1521	Neutral	13,697	7.0	-1.3	4,082	7.3	0.0	2,796	10.8	0.6
Dabur	562	Buy	32,065	9.0	7.4	6,509	3.7	8.4	5,251	4.3	7.2
Emami	430	Buy	9,719	0.0	19.4	3,013	-11.8	54.2	2,597	-9.3	24.9
Godrej Consumer	893	Buy	35,998	9.0	6.1	6,480	-7.3	12.8	4,428	-13.8	16.1
Hind. Unilever	2559	Buy	1,49,249	14.0	1.2	34,056	3.9	0.8	23,902	4.3	0.5
Indigo Paints	1311	Buy	3,186	20.0	31.3	500	29.3	48.1	328	34.9	58.0
ITC	333	Buy	1,66,927	5.2	3.5	60,086	17.8	2.5	46,070	10.8	3.2
Jyothy Labs	204	Neutral	5,762	9.0	-10.9	703	16.2	-12.3	495	39.8	-20.6
Marico	506	Buy	24,792	3.0	-0.7	4,463	3.5	3.1	3,072	-0.9	2.1
Nestle	19564	Neutral	43,383	16.0	-5.5	9,313	9.4	-8.4	6,267	9.3	-7.1
P&G Hygiene	14294	Neutral	10,930	0.0	4.8	2,494	-15.9	16.5	1,811	-14.6	17.3
Page Industries	41921	Neutral	13,207	11.0	5.2	2,509	0.1	5.5	1,728	-1.0	6.6
Pidilite Inds.	2529	Neutral	31,358	10.0	4.1	5,584	1.7	11.7	3,638	2.3	8.7
Tata Consumer	762	Buy	34,344	7.0	2.1	4,590	-0.6	5.8	2,760	0.4	12.9
United Breweries	1688	Sell	16,125	2.0	-4.0	2,079	-0.8	-5.1	1,130	24.8	-15.8
United Spirits	869	Neutral	27,405	-5.0	-4.8	4,784	-2.5	7.3	3,199	9.9	12.2
Varun Beverages	1329	Buy	22,035	27.1	-30.6	2,954	42.3	-57.7	546	231.2	-85.7
Consumer			7,76,742	9.3	1.3	1,79,341	9.6	3.8	1,27,126	8.1	3.8

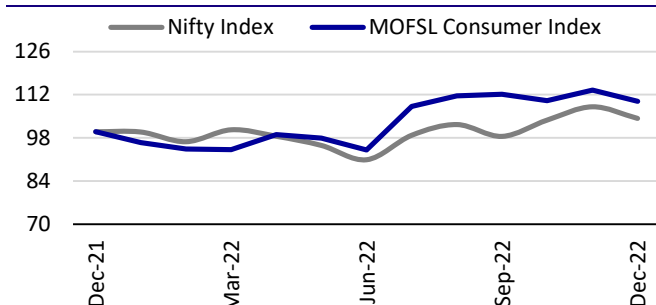
Exhibit 2: Expect most of the companies to post single-digit volume growth in 3QFY23

Quarter ending (growth %)	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23E
Asian Paints (Dom. Deco.)	11.0	2.5	(38.0)	11.0	33.0	48.0	106.0	34.0	10.0	8.0	37.0	10.0	5.0
Britannia (Biscuits)	3.0	0.0	21.0	9.0	3.0	8.0	1.0	5.0	6.0	4.0	(2.0)	4.0	7.0
Colgate (Toothpaste)	2.3	(8.0)	0.0	4.0	6.0	16.0	8.0	4.0	1.0	(4.0)	(1.0)	0.0	3.0
Dabur	5.6	(14.6)	(9.7)	16.8	18.1	25.4	34.4	10.0	2.0	2.0	5.0	2.0	3.0
Emami	(2.0)	(20.0)	(28.0)	10.0	13.0	39.0	38.0	6.2	0.0	0.0	9.6#	-1#	-4.0
Hindustan Unilever	5.0	(7.0)	4.0	14.0	17.0	31.0	9.0	4.0	2.0	0.0	6.0	4.0	5.0
ITC (Cigarettes)	2.5	(11.0)	(37.0)	(12.0)	(7.0)	7.0	31.0	9.0	12.5	9.0	26.0	21.0	12.0
Marico (Dom.)	(1.0)	(3.0)	(14.0)	11.0	15.0	25.0	21.0	8.0	0.0	1.0	(6.0)	3.0	6.0
Pidilite	2.0	(3.1)	(58.6)	7.4	22.0	45.3	105.0	24.5	9.0	20.2	44.0	1.0	-3.0

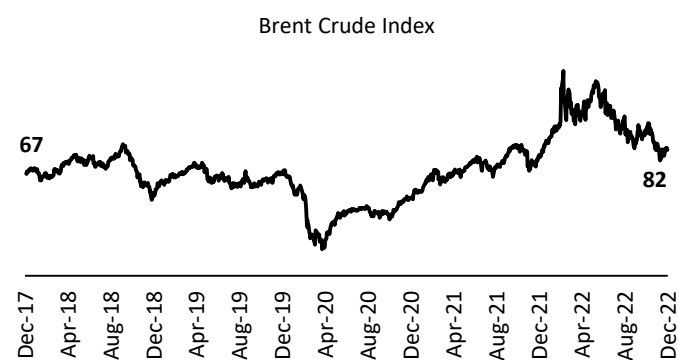
Source: Company, MOFSL

Exhibit 3: Relative performance – three-months (%)

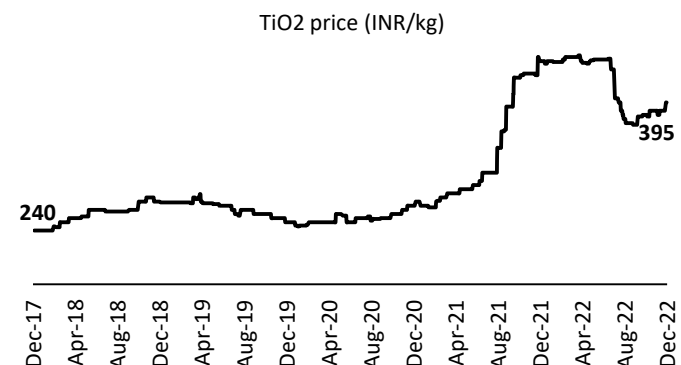
Source: Bloomberg, MOFSL

Exhibit 4: Relative performance – one-year (%)

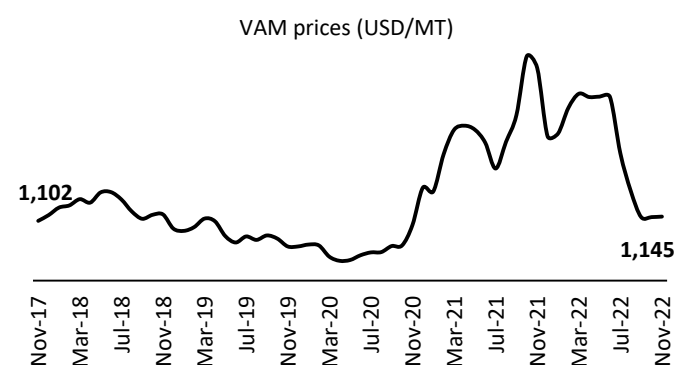
Source: Bloomberg, MOFSL

Exhibit 5: Crude prices rose 11.2% YoY and declined 10.8% QoQ in 3QFY23

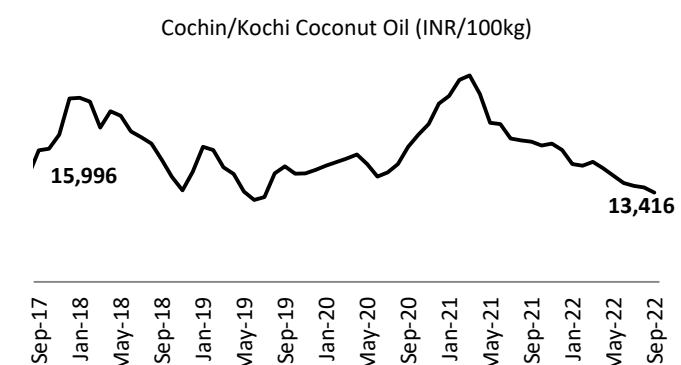
Source: Bloomberg, MOFSL

Exhibit 6: TiO2 declined 10.2%/4.5% YoY/QoQ in 3QFY23

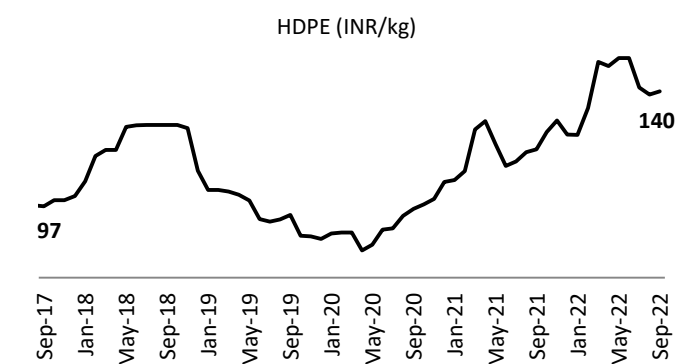
Source: Bloomberg, MOFSL

Exhibit 7: VAM prices (until Nov'22) declined 53.4% YoY and 20.8% QoQ

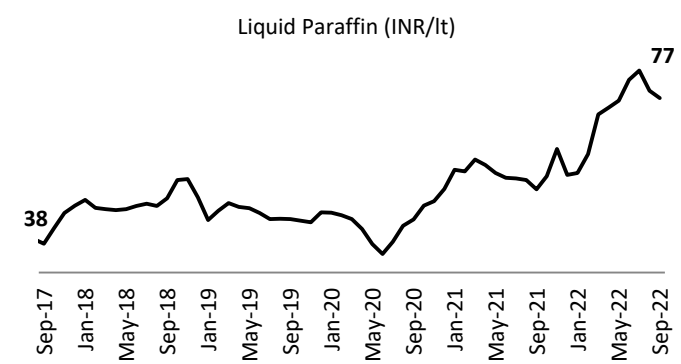
Source: Bloomberg, MOFSL

Exhibit 8: Copra prices (until Sep'22) declined 17.7% YoY and 5.5% QoQ

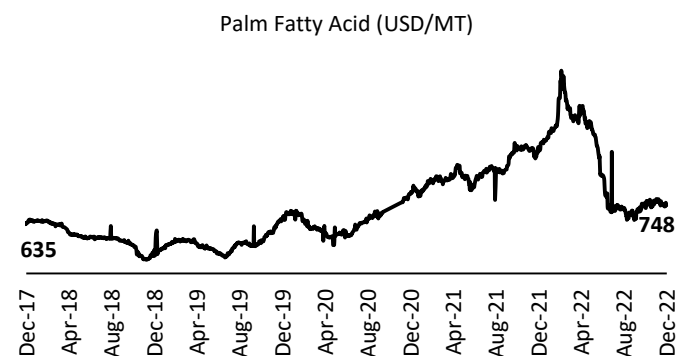
Source: Company, MOFSL

Exhibit 9: HDPE prices (until Sep'22) rose 20.3% YoY and declined 7.5% QoQ

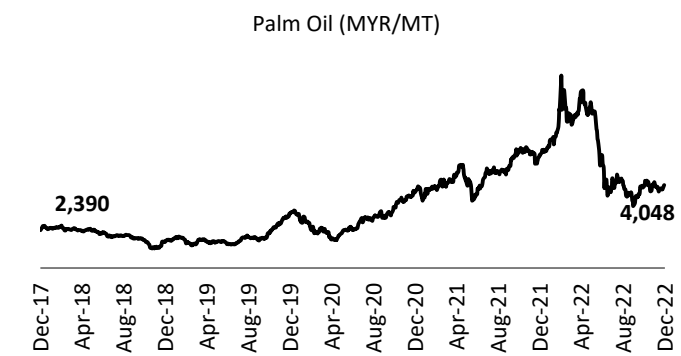
Source: Company, MOFSL

Exhibit 10: LLP prices (until Sep'22) rose 47.8% YoY and 3.3% QoQ

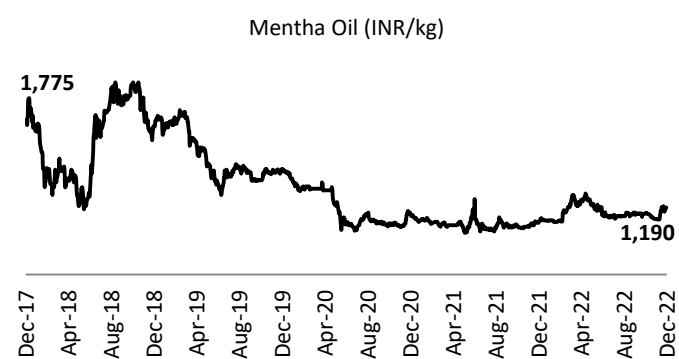
Source: Company, MOFSL

Exhibit 11: PFAD prices fell 36.4% YoY and was flat QoQ

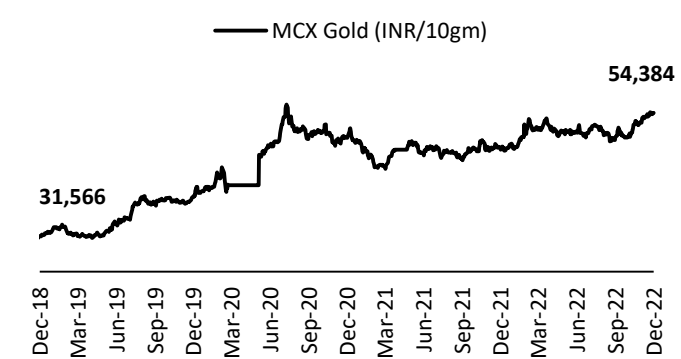
Source: Bloomberg, MOFSL

Exhibit 12: Malaysian palm oil prices declined 24% YoY and was flat QoQ

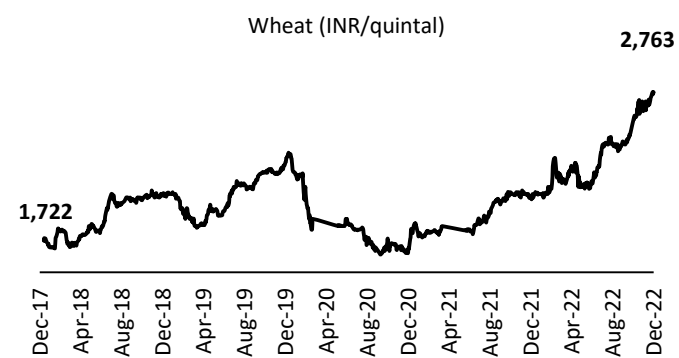
Source: Bloomberg, MOFSL

Exhibit 13: Mentha oil prices rose 6.4% YoY and was flat QoQ

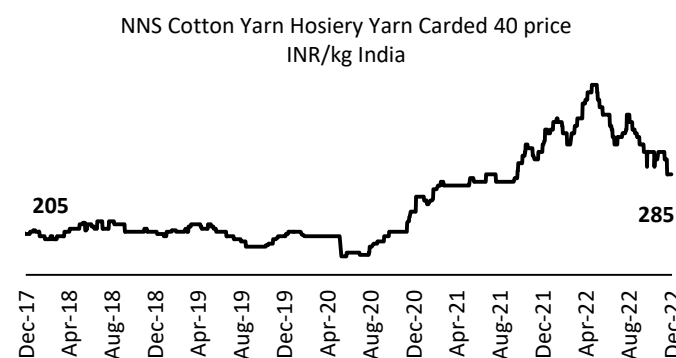
Source: Bloomberg, MOFSL

Exhibit 14: Domestic gold prices rose 8.9% YoY and remained flat QoQ

Source: Bloomberg, MOFSL

Exhibit 15: Wheat prices rose 27.8% YoY and 11.2% QoQ

Source: Bloomberg, MOFSL

Exhibit 16: Yarn prices was flat YoY while declined 10% QoQ

Source: Bloomberg, MOFSL

Exhibit 17: Comparative valuation

Company	CMP (INR)	Rating	EPS (INR)			P/E (x)			P/B (x)			RoE (%)		
			FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Consumer						47.6	39.9	34.9	11.9	11.2	10.5	25.0	28.1	30.0
Asian Paints	3,046	Neutral	43.4	56.6	64.7	70.2	53.8	47.1	19.7	18.2	15.9	29.1	35.1	36.0
Britannia	4,292	Neutral	75.5	86.3	98.0	56.8	49.7	43.8	41.6	37.0	32.8	72.2	78.8	79.4
Colgate	1,521	Neutral	39.8	44.0	48.4	38.2	34.6	31.4	23.8	23.8	23.8	62.4	69.0	75.9
Dabur	562	Buy	10.7	13.0	15.0	52.3	43.2	37.5	10.8	9.8	8.9	21.6	23.7	24.8
Emami	430	Buy	17.0	20.9	21.8	25.2	20.6	19.7	9.1	8.5	8.0	36.2	42.7	41.7
Godrej Consumer	893	Buy	15.8	22.8	27.4	56.5	39.2	32.6	7.4	6.8	6.4	13.5	18.0	20.2
Hind. Unilever	2,559	Buy	41.7	47.8	55.4	61.3	53.5	46.2	12.7	13.1	13.6	20.4	24.1	28.9
Indigo Paints	1,311	Buy	23.0	31.5	41.1	57.0	41.5	31.9	8.2	6.9	5.6	15.5	18.0	19.4
ITC	333	Buy	15.1	16.9	18.8	22.1	19.7	17.7	6.4	6.0	5.6	29.7	31.5	32.8
Jyothy Labs	204	Neutral	5.6	7.2	8.3	36.7	28.3	24.5	4.9	4.7	4.5	13.8	17.0	18.7
Marico	506	Buy	9.5	11.6	13.3	53.4	43.5	38.2	19.3	17.7	16.3	36.3	42.5	44.5
Nestle	19,564	Neutral	253.8	308.2	355.6	77.1	63.5	55.0	88.9	85.7	80.2	116.4	137.6	150.7
P&G Hygiene	14,294	Neutral	179.5	271.7	313.2	79.6	52.6	45.6	58.3	52.5	42.7	76.0	105.1	103.2
Page Industries	41,921	Neutral	624.7	727.9	863.4	67.1	57.6	48.6	37.6	34.1	31.0	56.1	59.3	63.8
Pidilite Inds.	2,529	Neutral	27.7	38.1	45.2	91.3	66.3	56.0	18.1	16.0	14.1	20.9	25.6	26.8
Tata Consumer	762	Buy	11.6	16.6	19.6	65.7	45.8	38.8	4.3	4.0	3.7	6.9	9.3	9.7
United Breweries	1,688	Sell	22.2	33.4	37.4	76	51	45.1	9.9	8.9	8.1	13.9	18.5	18.8
United Spirits	869	Neutral	15.3	17.6	19.9	57	49	43.8	11.6	10.8	9.6	20.4	21.9	21.9
Varun Beverages	1,329	Buy	22.7	28.6	36.6	58.4	46.4	36.3	16.0	12.2	9.3	31.2	29.8	29.1

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: INR3,046 | TP: INR3,130 (+3%)

EPS CHANGE (%): FY23 | 24: -1.6 | -3.4

- Expect 5% YoY volume growth
- Expect GM to expand YoY/QoQ due to lower input costs
- TiO2 declined 10.2%/4.5% YoY/QoQ in 3QFY23
- Watch out for commentary on demand outlook in rural and mix impact, if any.

Quarterly Performance (Consol.)

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Est. Dom. Deco. Vol. growth (%)	106.0	34.0	18.0	8.0	37.0	10.0	5.0	3.0	31.0	4.8
Net Sales	55,854	70,960	85,272	78,927	86,069	84,576	92,947	83,489	2,91,013	3,47,081
Change (%)	91.1	32.6	25.6	18.7	54.1	19.2	9.0	5.8	34.0	19.3
Gross Profit	21,464	24,656	31,339	30,546	32,450	30,219	35,785	33,379	1,08,005	1,31,833
Gross Margin (%)	38.4	34.7	36.8	38.7	37.7	35.7	38.5	40.0	37.1	38.0
EBITDA	9,136	9,045	15,423	14,433	15,560	12,277	18,085	16,922	48,036	62,843
Margin (%)	16.4	12.7	18.1	18.3	18.1	14.5	19.5	20.3	16.5	18.1
Change (%)	88.7	-28.5	-13.7	9.5	70.3	35.7	17.3	17.2	-1.1	30.8
Interest	215	239	275	226	288	354	350	405	954	1,396
Depreciation	2,006	2,028	2,079	2,051	2,081	2,157	2,300	2,403	8,164	8,941
Other Income	896	1,382	718	804	990	955	850	794	3,800	3,588
PBT	7,811	8,160	13,788	12,960	14,181	10,721	16,285	14,908	42,719	56,094
Tax	2,043	2,211	3,624	3,151	3,706	2,903	4,104	4,152	11,029	14,865
Effective Tax Rate (%)	26.2	27.1	26.3	24.3	26.1	27.1	25.2	27.9	25.8	26.5
Adjusted PAT	5,743	6,052	10,313	9,898	10,602	8,038	12,181	10,826	32,005	41,647
Change (%)	161.5	-29.0	-18.5	13.8	84.6	32.8	18.1	9.4	-0.2	30.1

E: MOFSL Estimates

Britannia Industries

Neutral

CMP: INR4,292 | TP: INR 4,280 (+0%)

EPS CHANGE (%): FY23 | 24: 0.1 | -0.7

- Expect 7% volume growth in the base business in 3QFY23
- While price increases will help operating margins, management outlook on RM will be sought
- Commentary on hinterland demand to be a key focus
- Commentary on ICD a key monitorable

Consol. Quarterly Performance

(INR b)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Base business volume growth (%)	1.0	5.0	6.0	4.0	-2.0	4.0	7.0	6.0	3.9	3.8
Net Sales	34.0	36.1	35.7	35.5	37.0	43.8	43.6	42.8	141.4	167.2
YoY change (%)	-0.5	5.5	12.9	13.4	8.7	21.4	22.0	20.4	7.6	18.3
Gross Profit	13.2	13.5	13.6	13.5	13.6	17.1	17.0	16.8	53.8	64.6
Margins (%)	38.7	37.5	37.9	38.0	36.9	38.9	39.0	39.4	38.0	38.6
EBITDA	5.5	5.6	5.4	5.5	5.0	7.1	7.1	7.1	22.0	26.3
Margins (%)	16.3	15.5	15.1	15.5	13.5	16.3	16.2	16.7	15.6	15.7
YoY growth (%)	-22.8	-17.3	-11.7	8.8	-9.6	27.5	30.8	29.9	-12.3	19.6
Depreciation	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.6	2.0	2.2
Interest	0.3	0.4	0.4	0.3	0.4	0.5	0.6	0.6	1.4	2.1
Other Income	0.6	0.5	0.6	0.5	0.6	0.5	0.6	0.6	2.2	2.3
PBT	5.3	5.2	5.1	5.2	4.6	6.6	6.5	6.6	20.8	24.3
Tax	1.4	1.4	1.4	1.4	1.3	1.7	1.6	1.5	5.6	6.1
Rate (%)	27.2	27.0	26.9	27.2	27.8	25.6	24.5	23.5	27.0	25.2
Adjusted PAT	3.9	3.8	3.7	3.8	3.3	4.9	4.9	5.0	15.2	18.2
YoY change (%)	-28.7	-23.0	-18.1	5.1	-13.5	28.5	32.8	33.1	-18.0	19.9

E: MOFSL Estimates

Colgate

Neutral

CMP: INR1,521 | TP: INR1,655 (+9%)

EPS CHANGE (%): FY23|24: -0.6|-0.3

- Expect volume growth of 3% YoY in 3QFY23
- Expect EBITDA margin to improve 40bp sequentially despite GM pressure
- Expect GM to decline 120bp YoY
- Key monitorables: A&P spends, performance of new launches and the Naturals category

Quarterly Performance

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Toothpaste Volume Gr %	8.0	4.0	1.0	-4.0	-1.0	0.0	3.0	7.0		
Net Sales (inclgd. OOI)	11,660	13,524	12,801	13,013	11,968	13,875	13,697	14,407	50,998	53,947
YoY change (%)	12.0	5.2	3.9	1.4	2.6	2.6	7.0	10.7	5.3	5.8
Gross Profit	8,062	9,038	8,526	8,696	7,938	8,846	8,958	9,619	34,323	35,361
Gross margin (%)	69.1	66.8	66.6	66.8	66.3	63.8	65.4	66.8	67.3	65.5
EBITDA	3,552	4,008	3,806	4,294	3,257	4,080	4,082	4,412	15,660	15,830
Margins (%)	30.5	29.6	29.7	33.0	27.2	29.4	29.8	30.6	30.7	29.3
YoY growth (%)	15.3	-2.1	2.7	1.8	-8.3	1.8	7.3	2.7	3.7	1.1
Depreciation	447	449	439	438	442	439	448	464	1,773	1,792
Interest	15	15	15	14	13	13	15	18	59	59
Financial other Income	52	65	57	89	115	113	119	146	263	493
PBT	3,142	3,609	3,408	3,931	2,918	3,741	3,738	4,076	14,090	14,472
Tax	810	917	885	1,015	727	961	942	1,015	3,627	3,646
Rate (%)	25.8	25.4	26.0	25.8	24.9	25.7	25.2	24.9	25.7	25.2
Adj PAT	2,332	2,692	2,523	2,916	2,190	2,780	2,796	3,060	10,463	10,825
YoY change (%)	17.7	-1.8	1.6	3.0	-6.1	3.3	10.8	4.9	4.2	3.5

E: MOFSL Estimates

Dabur

Buy

CMP: INR562 | TP: INR650 (+16%)

EPS CHANGE (%): FY23|24: -|-0.2

- Expect 3% YoY volume growth in 3QFY23
- Commentary on rural demand and international business a key monitorable
- Expect GM pressure to ease QoQ but YoY pressure to continue on GM and EBITDA margins
- Demand outlook for Herbal, Immunity products and juices to be watched out for

Quarterly Performance (Consolidated)

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Domestic FMCG vol. growth (%)	34.4	10.0	2.0	2.0	5.0	2.0	3.0	8.0	10.1	
Net sales	26,115	28,176	29,418	25,178	28,224	29,865	32,065	28,829	1,08,887	1,18,983
YoY change (%)	31.9	12.0	7.8	7.7	8.1	6.0	9.0	14.5	14.1	9.3
Gross profit	12,562	13,761	14,222	11,946	12,943	13,551	14,910	13,863	52,490	55,268
Margin (%)	48.1	48.8	48.3	47.4	45.9	45.4	46.5	48.1	48.2	46.5
EBITDA	5,520	6,207	6,275	4,536	5,437	6,007	6,509	5,918	22,538	23,871
Margins (%)	21.1	22.0	21.3	18.0	19.3	20.1	20.3	20.5	20.7	20.1
YoY growth (%)	32.5	9.0	9.3	2.5	-1.5	-3.2	3.7	30.5	12.5	5.9
Depreciation	613	633	632	651	676	705	720	779	2,529	2,881
Interest	75	83	111	118	122	151	111	123	386	506
Other income	848	1,124	967	991	1,006	1,233	1,113	904	3,932	4,254
PBT	5,681	6,616	6,500	4,759	5,645	6,385	6,790	5,919	23,555	24,739
Tax	1,297	1,558	1,455	954	1,231	1,473	1,528	1,310	5,264	5,541
Rate (%)	22.8	23.6	22.4	20.0	21.8	23.1	22.5	22.1	22.3	22.4
Adjusted PAT	4,373	5,044	5,033	3,792	4,403	4,901	5,251	4,442	18,242	18,997
YoY change (%)	28.0	4.7	2.3	0.4	0.7	-2.8	4.3	17.1	7.7	4.1

E: MOFSL Estimates

Emami**Buy****CMP: INR430 | TP: INR520 (+21%)****EPS CHANGE (%): FY23 | 24: -5.9 | -4.9**

- Expect volumes to decline 4% YoY in 3QFY23 due to weak winter and rural sales
- Watch out for commentary on the outlook on pain management and healthcare range
- Expect 90bp/410bp YoY decline in GM/EM from a high base
- Outlook for volume growth and growth in rural India are the key monitorables

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

Y/E MARCH	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Domestic volume growth (%)	38.0	6.2	0.0	0.0	9.6	-1.0	-4.0	-1.0	11.1	2.1
Net Sales	6,610	7,888	9,719	7,704	7,783	8,138	9,719	7,954	31,920	33,593
YoY change (%)	37.3	7.4	4.1	5.4	17.8	3.2	0.0	3.2	10.8	5.2
Gross Profit	4,363	5,425	6,549	4,805	4,872	5,422	6,463	5,006	21,142	21,762
Gross margin (%)	66.0	68.8	67.4	62.4	62.6	66.6	66.5	62.9	66.2	64.8
EBITDA	1,697	2,772	3,415	1,639	1,733	1,954	3,013	2,157	9,524	8,856
Margins (%)	25.7	35.1	35.1	21.3	22.3	24.0	31.0	27.1	29.8	26.4
YoY change	38.0	7.8	0.4	0.7	2.1	-29.5	-11.8	31.5	7.9	-7.0
Depreciation	234	236	242	230	242	245	261	286	942	1,033
Interest	6	8	18	18	25	18	20	20	51	83
Other Income	107	376	166	303	63	420	208	166	953	857
PBT	1,564	2,904	3,322	1,694	1,530	2,111	2,939	2,016	9,483	8,596
Tax	175	410	491	-259	120	54	382	304	817	860
Rate (%)	11.2	14.1	14.8	-15.3	7.8	2.6	13.0	15.1	8.6	10.0
Minority interest	-15	-38	-33	-59	-44	-22	-40	-36	-146	-160
PAT before Amortization	1,404	2,532	2,864	2,013	1,454	2,079	2,597	1,748	8,813	7,897
YoY change (%)	44.4	18.7	5.7	34.8	3.5	-17.9	-9.3	-13.1	20.6	-10.4

E: MOFSL Estimates

Godrej Consumer**Buy****CMP: INR893 | TP: INR1,035 (+16%)****EPS CHANGE (%): FY23 | 24: -1.3 | -0.9**

- Sharply lower palm oil prices to lead to sequential GM/ EM improvement but YoY pressures to continue.
- Watch out for outlook in Household Insecticides category
- Commentary on new product launches a key monitorable
- Watch out for the commentary on GAUM and Indonesia business

Quarterly Performance (Consolidated)**(INR b)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales (including OOI)	28.9	31.6	33.0	29.2	31.2	33.9	36.0	33.6	122.8	134.7
YoY change (%)	24.4	8.5	8.1	6.8	8.0	7.2	9.0	15.1	11.3	9.7
Gross Profit	15.1	15.8	16.7	14.4	14.6	16.2	17.8	17.3	62.0	65.9
Margin (%)	52.2	49.8	50.7	49.5	46.6	47.9	49.5	51.7	50.5	48.9
EBITDA	6.1	6.8	7.0	5.0	5.3	5.7	6.5	6.6	24.0	24.1
Margins (%)	21.1	21.5	21.2	17.2	17.0	16.9	18.0	19.6	19.5	17.9
YoY growth (%)	29.3	-0.8	-1.7	-12.6	-12.8	-15.4	-7.3	30.7	0.3	0.7
Depreciation	0.5	0.5	0.5	0.5	0.6	0.5	0.6	0.6	2.1	2.3
Interest	0.3	0.2	0.3	0.3	0.4	0.5	0.5	0.5	1.1	1.8
Other Income	0.2	0.2	0.2	0.2	0.3	0.4	0.4	0.4	0.9	1.5
PBT	5.4	6.1	6.1	4.0	4.6	4.8	5.6	5.7	21.6	20.7
Tax	1.3	1.3	1.0	0.2	1.1	1.0	1.2	1.3	3.7	4.6
Adj PAT	4.2	4.8	5.1	3.8	3.5	3.8	4.4	4.5	17.9	16.2
YoY change (%)	8.8	4.8	3.7	-10.7	-16.4	-20.6	-13.8	16.4	1.6	-9.8

E: MOFSL Estimate

Hindustan Unilever

Buy

CMP: INR2,559 | TP: INR2,940 (+15%)

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

- Expect 5% YoY domestic volume growth
- Watch out for outlook on the Nutrition business and rural v/s urban demand
- GM to contract 500bp YoY, led by higher material costs; GM to expand sequentially
- Key monitorables: Outlook discretionary, and out-of-home demand

Quarterly performance (Standalone)

(INR b)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Domestic volume growth (%)	9.0	4.0	2.0	0.0	6.0	4.0	5.0	1.0	3.0	4.0
Net sales	119.2	127.2	130.9	134.6	142.7	147.5	149.2	146.2	511.9	585.7
YoY change (%)	12.8	11.2	10.4	11.0	19.8	15.9	14.0	8.6	11.3	14.4
Gross Profit	60.1	65.7	68.2	66.7	67.6	67.6	70.3	71.7	260.7	277.1
Margin %	50.4	51.6	52.1	49.5	47.4	45.8	47.1	49.0	50.9	47.3
EBITDA	28.5	31.3	32.8	32.5	32.5	33.8	34.1	35.3	125.0	135.6
YoY change (%)	7.7	9.2	14.9	9.7	14.0	7.8	3.9	8.8	10.4	8.5
Margins (%)	23.9	24.6	25.0	24.1	22.8	22.9	22.8	24.1	24.4	23.2
Depreciation	2.4	2.7	2.6	2.6	2.6	2.5	2.7	2.9	10.3	10.7
Interest	0.1	0.3	0.3	0.4	0.3	0.3	0.3	0.4	1.0	1.2
Other income	0.7	1.1	0.9	1.2	1.4	1.2	1.2	1.5	3.9	5.3
PBT	26.6	29.5	30.9	30.7	31.0	32.2	32.3	33.5	117.7	129.0
Tax	5.7	7.7	7.8	8.0	8.0	5.8	8.4	8.8	29.2	31.0
Rate (%)	21.5	26.0	25.3	26.1	25.7	17.9	26.0	26.4	24.8	24.0
PAT bei	19.6	21.9	22.9	22.8	22.9	23.8	23.9	24.7	88.5	98.0
YoY change (%)	4.8	7.5	17.5	8.6	16.7	8.8	4.3	8.1	9.0	10.7
Extraordinary Inc/(Exp)	-0.3	0.0	-0.7	0.6	-0.1	-0.3	0.0	0.0	-0.3	-0
Reported Profit	20.6	21.9	22.4	23.3	22.9	26.2	23.9	24.7	88.2	97.6

E: MOFSL Estimates

Note: Quarterly PAT (bei) is as reported by the company while FY21/FY22 PAT (bei) is adjusted PAT

Indigo Paints

Buy

CMP: INR1,311 | TP: INR1,550 (+18%)

EPS CHANGE (%): FY23|24: -|-17.3

- Expect 20 % sales growth, supported by festive demand and price hikes
- Watch out for comments on demand trends
- Expect GM to improve QoQ due to the full effect of price hikes
- Commentary on progress on expansion to larger cities

Quarterly Performance (Consol.)

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	1,560	1,961	2,655	2,884	2,240	2,426	3,186	3,292	9,060	11,143
Change (%)	49.2	26.7	26.6	13.4	43.6	23.7	20.0	14.2	25.3	23.0
Gross Profit	710	818	1,138	1,258	1,012	1,012	1,402	1,544	3,925	4,970
Gross Margin (%)	45.5	41.7	42.9	43.6	45.2	41.7	44.0	46.9	43.3	44.6
EBITDA	202	234	387	538	353	338	500	557	1,360	1,748
Margin (%)	12.9	11.9	14.6	18.6	15.7	13.9	15.7	16.9	15.0	15.7
Change (%)	6.1	-19.6	22.8	25.2	74.9	44.5	29.3	3.7	11.0	28.5
Interest	3	3	3	5	4	3	3	5	13	15
Depreciation	74	77	79	83	84	85	87	104	313	360
Other Income	30	30	23	25	5	32	24	29	109	90
PBT	156	185	328	474	269	282	434	477	1,143	1,463
Tax	40	49	85	128	70	74	106	118	302	369
Effective Tax Rate (%)	25.5	26.6	26.0	27.1	26.0	26.4	24.5	24.7	26.5	25.2
Adjusted PAT	116	135	243	346	199	208	328	359	840	1,094
Change (%)	38.2	-28.0	29.4	39.1	71.5	53.2	34.9	3.9	18.6	30.2

E: MOFSL Estimates

ITC

Buy

CMP: INR333 | TP: INR405 (+22%)

EPS CHANGE (%): FY23 | 24: 0 | -1.5

- Expect 12% volume growth in Cigarettes with 3-year average volume growth in mid -single digit
- Watch out for Hotels revenue growth and profitability as leisure and business travel return to normalcy
- Expect GM to remain flat sequentially while improving 560bp YoY
- Outlook on the Agri, paper & packaging and Hotel businesses a key monitorable

Quarterly Performance

(INR b)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4QE	1Q	2Q	3QE	4QE		
Est. cigarette vol. gr. (%)	31.0	9.0	12.5	9.0	26.0	21.0	12.0	12.0	15.4	17.8
Net Sales	122.2	127.3	158.6	155.3	172.9	161.3	166.9	183.9	563.4	685.0
YoY change (%)	37.1	12.6	32.5	16.8	41.5	26.7	5.2	18.4	23.9	21.6
Gross Profit	64.3	72.8	81.4	82.5	88.1	91.9	95.0	103.4	292.9	378.5
Margin (%)	52.6	57.2	51.3	53.1	51.0	57.0	56.9	56.2	52.0	55.3
EBITDA	39.9	46.2	51.0	52.2	56.5	58.6	60.1	68.5	189.5	243.7
Growth (%)	50.8	12.9	18.2	16.8	41.5	27.1	17.8	31.1	22.0	28.6
Margins (%)	32.7	36.3	32.2	33.6	32.7	36.4	36.0	37.2	33.6	35.6
Depreciation	4.0	4.0	4.1	4.5	4.1	4.2	4.5	4.8	16.5	17.6
Interest	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.6	0.4
Other Income	4.3	6.8	8.1	6.7	3.1	5.1	6.1	8.3	25.9	22.5
PBT	40.2	48.8	54.9	54.4	55.4	59.4	61.6	71.8	198.3	248.2
Tax	10.0	11.8	13.4	12.5	13.7	14.7	15.5	18.5	47.7	62.5
Rate (%)	25.0	24.2	24.3	23.0	24.7	24.8	25.2	25.8	24.1	25.2
Adj PAT	30.1	37.0	41.6	41.9	41.7	44.7	46.1	53.3	150.6	185.7
YoY change (%)	28.6	13.7	12.7	11.8	38.4	20.8	10.8	27.2	15.5	23.3

Jyothy Labs.

Neutral

CMP: INR204 | TP: INR200 (-2%)

EPS CHANGE (%): FY23 | 24: 2.8 | -3.4

- Expect standalone net sales to grow 9% YoY
- Expect GM expansion of 40bp sequential while decline on 100bp YoY
- Expect out-of-home categories to see better demand
- Key monitorables: Update on detergent and HI portfolio performance and new launches

Standalone Quarterly Performance

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	5,219	5,783	5,287	5,374	5,858	6,464	5,762	6,986	21,663	25,260
YoY change (%)	21.8	15.7	12.6	10.3	12.2	11.8	9.0	30.0	14.9	16.6
Gross Profit	2,250	2,296	2,170	2,154	2,280	2,563	2,307	2,933	8,869	10,280
Margins (%)	43.1	39.7	41.0	40.1	38.9	39.6	40.0	42.0	40.9	40.7
EBITDA	650	671	605	568	598	802	703	978	2,495	2,979
EBITDA growth %	-16.9	-24.5	-24.2	-18.6	-8.0	19.5	16.2	72.1	-21.2	19.4
Margins (%)	12.5	11.6	11.4	10.6	10.2	12.4	12.2	14.0	11.5	11.8
Depreciation	206	206	210	164	113	112	136	156	785	629
Interest	17	18	18	14	13	12	18	17	67	106
Other Income	48	52	43	46	51	55	48	51	190	220
PBT	476	500	420	437	524	733	596	857	1,832	2,464
Tax	75	79	66	52	90	109	101	158	271	419
Rate (%)	15.7	15.7	15.7	11.8	17.1	14.9	17.0	18.5	14.8	17.0
Adjusted PAT	401	421	354	385	434	624	495	698	1,561	2,045
YoY change (%)	-20.5	-30.6	-32.2	-23.7	8.2	48.0	39.8	81.2	-27.0	31.0

E: MOFSL Estimates

Marico

Buy

CMP: INR506 | TP: INR595 (+18%)

EPS CHANGE (%): FY23|24: -|-6.0

- Expect volumes to grow 6% YoY off a low base
- Expect a YoY expansion in GM on lower RM prices
- Rural slowdown could affect domestic performance
- Outlook on Saffola edible oils and digital first brands is a key monitorable

Quarterly Performance

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Domestic volume growth (%)	21.0	8.0	0.0	1.0	-5.0	3.0	6.0	5.0	7.0	2.3
Net Sales	25,250	24,190	24,070	21,610	25,580	24,960	24,792	22,926	95,120	98,258
YoY Change (%)	31.2	21.6	13.4	7.4	1.3	3.2	3.0	6.1	18.2	3.3
Gross Profit	10,360	10,270	10,520	9,610	11,520	10,890	11,032	10,432	40,760	43,875
Gross margin (%)	41.0	42.5	43.7	44.5	45.0	43.6	44.5	45.5	42.9	44.7
EBITDA	4,810	4,230	4,310	3,460	5,280	4,330	4,463	3,671	16,810	17,744
Margins (%)	19.0	17.5	17.9	16.0	20.6	17.3	18.0	16.0	17.7	18.1
YoY Change (%)	3.0	8.7	4.4	8.5	9.8	2.4	3.5	6.1	5.7	5.6
Depreciation	330	330	360	370	360	370	396	434	1,390	1,560
Interest	80	100	100	110	100	150	130	147	390	527
Other Income	270	250	220	240	170	190	198	254	980	812
PBT	4,670	4,050	4,070	3,220	4,990	4,000	4,135	3,344	16,010	16,469
Tax	1,020	890	900	650	1,220	930	992	810	3,460	3,953
Rate (%)	21.8	22.0	22.1	20.2	24.4	23.3	24.0	24.2	21.6	24.0
Adjusted PAT	3,560	3,090	3,100	2,500	3,710	3,010	3,072	2,424	12,250	12,216
YoY Change (%)	7.6	4.0	1.0	5.0	4.2	-2.6	-0.9	-3.0	5.5	-0.3

E: MOSL Estimates

Nestlé India

Neutral

CMP: INR19,564 | TP: INR19,560 (0%)

EPS CHANGE (%): CY22|23: 3.7|1.0

- Expect growth momentum in sales to continue
- Expect 190bp/130bp YoY GM/EM contraction on higher agri commodity prices
- Expect higher contribution from out-of-home consumption
- Watch out for commentaries on demand and material costs

Quarterly performance

(INR m)

Y/E December	CY21				CY22				CY21	CY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	36,108	34,767	38,826	37,393	39,807	40,366	45,910	43,383	1,47,094	1,69,465
YoY Change (%)	8.6	14.0	9.6	8.9	10.2	16.1	18.2	16.0	10.2	15.2
Gross Profit	21,132	19,819	21,627	21,326	22,050	21,782	24,231	23,910	83,905	91,972
Margin (%)	58.5	57.0	55.7	57.0	55.4	54.0	52.8	55.1	57.0	54.3
EBITDA	9,301	8,339	9,523	8,513	9,308	8,492	10,166	9,313	35,676	37,279
Margins (%)	25.8	24.0	24.5	22.8	23.4	21.0	22.1	21.5	24.3	22.0
YoY Growth (%)	16.2	9.9	5.9	12.4	0.1	1.8	6.8	9.4	10.9	4.5
Depreciation	936	953	955	1,058	1,043	1,016	981	1,031	3,902	4,070
Interest	540	517	519	436	356	370	370	394	2,012	1,489
Other income	297	295	337	273	214	194	306	278	1,201	993
PBT	8,121	7,164	8,386	7,293	8,124	7,300	9,122	8,166	30,963	32,712
Tax	2,096	1,919	2,169	1,560	2,115	1,850	2,379	1,899	7,744	8,243
Rate (%)	25.8	26.8	25.9	21.4	26.0	25.3	26.1	23.3	25.0	25.2
Adjusted PAT	6,024	5,245	6,217	5,733	6,008	5,450	6,743	6,267	23,219	24,469
YoY Change (%)	13.1	5.4	3.2	23.6	-0.3	3.9	8.5	9.3	10.8	5.4

E: MOFSL Estimates

Page Industries

Neutral

CMP: INR41,921 | TP: INR45,630 (+9%)

EPS CHANGE (%): FY23|24: -4.1|-7.9

- Expect lower double-digit revenue growth YoY in 3QFY23 with low single digit volume growth.
- Need to watch out for athleisure demand momentum
- Expect GM to expand YoY on account of lower yarn costs and price hikes
- Watch out for commentary on traction in kids' and women wear and rural expansion

Quarterly Performance

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	5,015	10,840	11,898	11,111	13,413	12,550	13,207	11,140	38,865	50,310
YoY change (%)	76.1	46.4	28.3	26.2	167.4	15.8	11.0	0.3	37.2	29.4
Gross Profit	2,895	5,941	6,335	6,603	7,311	6,999	7,396	6,467	21,775	28,174
Gross margin (%)	57.7	54.8	53.2	59.4	54.5	55.8	56.0	58.1	56.0	56.0
EBITDA	342	2,334	2,507	2,671	2,978	2,379	2,509	2,256	7,855	10,122
Margins (%)	6.8	21.5	21.1	24.0	22.2	19.0	19.0	20.2	20.2	20.1
YoY change	L/P	41.2	10.9	57.3	770.7	1.9	0.1	-15.5	49.2	28.9
Depreciation	159	165	167	164	180	188	204	225	655	797
Interest	73	74	77	97	85	92	89	86	322	352
Other Income	36	54	71	49	33	27	57	102	210	219
PBT	145	2,148	2,334	2,460	2,746	2,125	2,274	2,048	7,088	9,192
Tax	36	543	589	555	675	504	546	499	1,722	2,225
Rate (%)	24.6	25.3	25.2	22.6	24.6	23.7	24.0	24.4	24.3	24.2
PAT	109	1,605	1,746	1,905	2,070	1,621	1,728	1,548	5,365	6,968
YoY change (%)	L/P	44.8	13.6	64.9	1,790.9	1.0	-1.0	-18.7	57.5	29.9

E: MOFSL Estimates

P&G Hygiene

Neutral

CMP: INR14,294 | TP: INR14,625 (+2%)

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

- Expect sales to remain flat YoY in 2QFY23
- Whisper sales likely to be affected as high CPI inflation could slow conversions into the category
- Expect YoY EM to improve sequentially on the back of moderation in advertisement expense
- A&P spends and outlook on demand are the key monitorables

Standalone - Quarterly Earnings

(INR m)

Y/E June	FY22				FY23				FY21	FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			
Net Sales	10,583	10,930	8,913	7,573	10,428	10,930	9,715	8,295	35,741	37,998	39,367
YoY Change (%)	4.8	7.3	17.3	-3.7	-1.5	0.0	9.0	9.5	19.1	6.3	3.6
Gross profit	7,041	7,127	5,275	3,974	6,116	6,394	5,780	5,133	24,148	23,416	23,423
Margin (%)	66.5	65.2	59.2	52.5	58.6	58.5	59.5	61.9	67.6	61.6	59.5
EBITDA	3,013	2,965	1,650	671	2,140	2,494	1,980	1,456	6,972	8,299	8,070
Growth	31.4	15.5	21.0	-10.4	-29.0	-15.9	20.0	117.0	12.2	19.0	-2.8
Margins (%)	28.5	27.1	18.5	8.9	20.5	22.8	20.4	17.6	19.5	21.8	20.5
Depreciation	127	129	131	142	140	140	145	133	477	529	557
Interest	6	29	68	8	10	13	15	18	61	112	55
Other Income	58	69	60	56	67	80	85	98	394	243	330
PBT	2,938	2,875	1,511	577	2,058	2,421	1,906	1,403	6,828	7,901	7,788
Tax	756	754	381	152	514	610	480	358	1,759	2,042	1,963
Rate (%)	25.7	26.2	27.0	26.3	25.0	25.2	25.2	25.5	21.3	26.2	25.2
Reported PAT	2,183	2,121	1,029	426	1,544	1,811	1,426	1,045	6,518	5,758	5,825
Adj PAT	2,183	2,121	1,130	426	1,544	1,811	1,426	1,045	5,068	5,858	5,825
YoY Change (%)	27.3	16.4	8.4	-13.1	-29.3	-14.6	26.1	145.5	13.2	15.6	-0.6
Margins (%)	20.6	19.4	12.7	5.6	14.8	16.6	14.7	12.6	14.2	15.4	14.8

E: MOFSL Estimates

Pidilite Industries

Neutral

CMP: INR2,529 | TP: INR2,390 (-6%)

EPS CHANGE (%): FY23|24: -|-3.2

- Expect consolidated revenue to grow by 10% YoY in 3QFY23
- Expect a YoY contraction in GM on sharp YoY RM inflation with QoQ expansion due to the effect of price increases
- Commentary on revival in real estate – a potential further positive for demand
- Outlook on demand trends is a key monitorable

Consolidated - Quarterly Earning Model

(INR b)

Y/E March	FY22				FY23				FY22E	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	19.4	26.3	28.5	25.1	31.0	30.1	31.4	28.7	99.2	121.2
YoY change (%)	120.6	39.7	24.0	12.1	60.1	14.7	10.0	14.5	36.0	22.1
Gross Profit	9.5	11.9	12.4	10.9	12.9	12.3	13.5	13.8	44.8	52.5
Margin (%)	49.1	45.4	43.6	43.5	41.7	41.0	43.0	48.0	45.1	43.4
EBITDA	3.5	5.5	5.5	4.0	5.3	5.0	5.6	5.7	18.5	21.6
YoY change (%)	423.7	7.2	(14.3)	(13.0)	52.3	(9.0)	1.7	43.2	9.9	17.0
Margins (%)	17.9	20.9	19.3	16.0	17.1	16.6	17.8	20.0	18.6	17.8
Depreciation	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.8	2.4	2.7
Interest	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.4	0.5
Other Income	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.4	0.5
PBT	2.9	4.9	4.8	3.4	4.7	4.4	4.9	4.9	16.0	18.8
Tax	0.7	1.2	1.3	0.9	1.2	1.1	1.2	1.3	4.1	4.7
Rate (%)	25.1	23.6	26.4	26.9	24.6	25.2	25.2	25.7	25.4	25.2
Adj PAT	2.2	3.7	3.6	2.5	3.5	3.3	3.6	3.6	11.9	14.1
YoY change (%)	1,303.0	5.4	-20.1	-19.6	64.4	-10.7	2.3	42.6	6.1	17.8
Margins (%)	11.1	14.3	12.5	9.9	11.4	11.1	11.6	12.4	12.0	11.6

E: MOFSL Estimates

Tata Consumer Products

Buy

CMP: INR762 | TP: INR940 (+23%)

EPS CHANGE (%): FY23|24: -5|-2

- Expect revenue for the India Foods business to grow by 27% YoY.
- Expect Nourishco to continue its strong performance
- Tea prices and volumes to be a key monitorable; Expect Tea volumes to decline by 2% YoY
- Expect International beverages to be muted due to inflationary environment

Consolidated - Quarterly Earning Model

(INRb)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Gross Sales	30.1	30.3	32.1	31.8	33.3	33.6	34.3	34.8	124.3	136.0
YoY Change (%)	10.9	9.1	4.5	4.5	10.6	10.9	7.0	9.5	7.1	9.5
Total Expenditure	26.1	26.2	27.5	27.3	28.7	29.3	29.8	29.9	107.1	117.7
EBITDA	4.0	4.1	4.6	4.4	4.6	4.3	4.6	4.8	17.2	18.3
Margins (%)	13.3	13.6	14.4	14.0	13.7	12.9	13.4	13.9	13.8	13.5
Depreciation	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	2.8	2.9
Interest	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.7	0.7
Other Income	0.3	0.4	0.3	0.5	0.4	0.3	0.4	0.4	1.4	1.4
PBT before EO expense	3.4	3.6	4.0	4.0	4.0	3.7	4.0	4.3	15.1	16.1
Extra-Ord expense	0.0	-0.2	-0.1	-0.2	-0.2	1.1	0.0	0.0	-0.5	0.9
PBT	3.4	3.5	3.9	3.8	3.8	4.8	4.0	4.3	14.6	17.0
Tax	1.0	0.9	1.0	1.0	1.0	1.3	1.1	1.1	3.8	4.5
Rate (%)	28.1	23.7	24.9	23.6	25.5	34.2	26.5	26.5	25.0	28.0
Minority Interest	0.2	0.2	0.3	0.2	0.2	0.6	0.2	0.2	0.8	1.2
Profit/Loss of Asso. Cos.	-0.4	0.2	0.0	-0.5	0.0	0.3	0.0	-0.2	-0.6	0.2
Reported PAT	1.9	2.7	2.7	2.2	2.6	3.3	2.8	2.8	9.4	11.4
Adj PAT	1.9	2.8	2.7	2.3	2.7	2.4	2.8	2.8	9.7	10.8
YoY Change (%)	-28.8	3.3	23.4	104.3	45.4	-12.7	0.4	22.4	11.8	10.5
Margins (%)	6.3	9.2	8.6	7.3	8.2	7.3	8.0	8.1	7.8	7.9

E: MOFSL estimates

United Breweries

Sell

CMP: INR1,688 | TP: INR1,450 (-14%)

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

- Expect revenue to remain flat YoY as well as sequentially
- Expect GM to be negatively impacted due to higher barley and glass bottle prices
- Expect EM contraction of 40bp YoY
- Outlook on RM costs and on-trade performance to be the key monitorables

Standalone Quarterly Performance

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	11,180	14,262	15,809	17,069	24,367	16,796	16,125	19,080	58,384	76,367
YoY Change (%)	120.6	58.4	22.6	10.6	117.9	17.8	2.0	11.8	37.7	30.8
Gross Profit	5,404	7,380	7,899	8,310	10,784	7,837	7,579	9,081	29,123	35,460
Margin (%)	48.3	51.7	50.0	48.7	44.3	46.7	47.0	47.6	49.9	46.4
EBITDA	954	1,656	2,096	2,603	2,825	2,191	2,079	2,560	7,402	9,834
YoY Change (%)	L/P	309.6	6.7	-0.4	196.1	32.3	-0.8	-1.7	84	32.9
Margins (%)	8.5	11.6	13.3	15.3	11.6	13.0	12.9	13.4	12.7	12.9
Depreciation	552	556	529	532	575	520	580	636	2,172	2,311
Interest	39	47	37	25	8	10	20	27	148	65
Other Income	61	46	60	130	104	143	80	75	298	402
PBT	425	1,098	1,590	2,176	2,345	1,805	1,559	1,972	5,117	7,859
Tax	117	291	421	547	554	463	429	536	1,376	1,980
Rate (%)	27.4	26.5	26.5	25.1	23.6	25.6	27.5	27.2	26.9	25.2
Adj PAT	308	806	906	1,630	1,617	1,342	1,130	1,437	3,741	5,879
YoY Change (%)	L/P	1,911.2	-11.6	2.5	424.3	66.4	24.8	-11.8	136.3	57.1
Margins (%)	2.8	5.7	5.7	9.5	6.6	8.0	7.0	7.5	6.4	7.7

E: MOFSL Estimates

United Spirits

Neutral

CMP: INR869 | TP: INR965 (+11%)

EPS CHANGE (%): FY23|24: -0.3|5.1

- Watch out for updates on negotiations with states for price increases
- Material cost pressures to lead to 110bp YoY impact on GM
- The quarter is likely to be adversely affected by repeal of Delhi excise policy
- The outlook for ENA/glass and price increase granted by states are the key monitorables

Quarterly Performance

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
(Standalone)	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Volume growth %	60.5	3.5	3.7	5.0	17.9	8.3	-20.0	-22.0	11.9	-9.2
Total revenues	16,151	24,468	28,847	24,351	21,693	28,797	27,405	22,247	93,817	1,00,141
YoY change (%)	56.8	14.0	15.9	9.5	34.3	17.7	-5.0	-8.6	18.9	6.7
Gross Profit	7,205	11,023	12,727	10,166	8,882	11,375	11,784	10,219	41,121	42,260
Margin (%)	44.6	45.1	44.1	41.7	40.9	39.5	43.0	45.9	43.8	42.2
EBITDA	1,677	4,014	4,907	4,267	2,992	4,459	4,784	3,687	14,865	15,922
Margins (%)	10.4	16.4	17.0	17.5	13.8	15.5	17.5	16.6	15.8	15.9
EBITDA growth (%)	L/P	48.8	27.9	3.6	78.4	11.1	-2.5	-13.6	50.5	7.1
Depreciation	554	655	662	671	653	559	660	670	2,542	2,542
Interest	198	230	338	127	166	141	120	82	893	509
Other income	106	35	16	258	251	81	150	120	415	602
PBT	1,031	3,164	3,923	3,727	2,424	3,840	4,154	3,055	11,845	13,473
Tax	168	921	1,012	633	-313	990	955	699	2,734	2,331
Rate (%)	16.3	29.1	25.8	17.0	-12.9	25.8	23.0	22.9	23.1	17.3
Adj. PAT	863	2,243	2,911	3,094	2,737	2,850	3,199	2,356	9,111	11,142
YoY change (%)	L/P	74.7	26.6	27.0	217.1	27.1	9.9	-23.8	97.3	22.3

E: MOFSL Estimate

Varun Beverages

Buy
CMP: INR1,329 | TP: INR1,550 (+17%)
EPS CHANGE (%): CY22|23: +2|+3

- Expect CSD sales volumes to grow 21% YoY in 4QCY22
- Expect EBITDA margin to improve to ~13% v/s 12% in 4QCY21
- Update on volume mix; water mix is higher generally in 4Q
- Update on market penetration of Sting and Mountain Dew Ice and new product launches

Consolidated - Quarterly Earning Model

(INRm)

Y/E December	CY21				CY22				CY21	CY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Gross Sales	22,409	24,498	23,982	17,343	28,275	49,548	31,766	22,035	88,232	1,31,624
YoY Change (%)	33.7	49.4	33.0	30.3	26.2	102.3	32.5	27.1	36.8	49.2
Total Expenditure	18,593	18,790	19,035	15,268	22,965	37,042	24,776	19,081	71,686	1,03,864
EBITDA	3,816	5,708	4,947	2,076	5,310	12,506	6,990	2,954	16,546	27,760
Margins (%)	17.0	23.3	20.6	12.0	18.8	25.2	22.0	13.4	18.8	21.1
Depreciation	1,347	1,288	1,385	1,293	1,313	1,531	1,531	1,550	5,313	5,925
Interest	579	468	427	373	470	464	453	500	1,847	1,886
Other Income	57	244	369	9	85	105	106	50	679	346
PBT before EO expense	1,947	4,197	3,504	419	3,612	10,616	5,112	954	10,066	20,294
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
PBT	1,947	4,197	3,504	419	3,612	10,616	5,112	954	10,066	20,294
Tax	579	1,009	925	93	901	2,596	1,157	238	2,606	4,893
Rate (%)	29.8	24.0	26.4	22.1	25.0	24.5	22.6	25.0	25.9	24.1
Minority Interest & Profit/Loss of Asso. Cos.	75	106	178	161	169	146	144	169	520	628
Reported PAT	1,293	3,082	2,401	165	2,542	7,874	3,810	546	6,941	14,773
Adj PAT	1,293	3,082	2,401	165	2,542	7,874	3,810	546	6,941	14,773
YoY Change (%)	153.5	118.9	56.9	-183.6	96.7	155.5	58.7	231.2	113.5	112.9
Margins (%)	5.8	12.6	10.0	1.0	9.0	15.9	12.0	2.5	7.9	11.2

E: MOFSL Estimates

NOTES

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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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