

Consumer

Company name

Asian Paints

Britannia Industries

Colgate

Dabur

Emami

Godrej Consumer

GSK Consumer

Hindustan Unilever

ITC

Jyothy Labs

Marico

Nestle India

Page Industries

Parag Milk Foods

Pidilite Industries

P&GHH

United Breweries

United Spirits

Delayed up-stocking to result in another muted quarter

GST accounting to impact YoY revenue growth

Another quarter of subdued revenue

For our Consumer Universe, we expect aggregate revenue to grow 4.3% YoY and aggregate PAT to grow 9.7% YoY in 2QFY18. Sales for the quarter are likely to be impacted by (a) GST-related disruptions, as well as by (b) GST accounting on sales, which will not affect the base. Aggregate EBITDA is likely to grow 9% YoY mainly because of a weak base and margin should expand 100bp YoY – GST accounting impacts sales, but not EBITDA. Despite another quarter of weak sales growth, EBITDA margins are likely to be optically higher YoY for all companies under coverage barring Glaxo Consumer, Marico, Nestle and United Breweries.

We expect ITC's sales to grow 2.5% YoY (with 2% decline in cigarette volumes) and PAT to grow 9.5% YoY (partly due to high 34.7% tax rate in the base quarter). HUVIR's sales would be flattish (volume growth of 4%); its EBITDA margin is expected to expand 200bp YoY, mainly owing to GST accounting and a weak margin base. 15 of the 18 companies under our coverage are likely to report YoY growth in EBITDA. Britannia, Colgate, GCPL, Page Industries and P&G Hygiene are likely to report healthy EBITDA growth of over 15% YoY mainly due to weak base. United Breweries is likely to report EBITDA decline (though much lower than initially feared) due to absence of input tax credit under GST.

RM costs, promotions and new launches

PFAD/palm oil prices were stable – up 3.3%/1.9% YoY in 2QFY18. TiO2 prices increased by 14% YoY and mentha prices by 24% YoY in 2QFY18. While copra and LLP prices were up 82% YoY and 13% YoY, respectively, HDPE prices declined 7% YoY in the two months ended August 2017. Companies have started taking selective price hikes/grammage reduction following an increase in raw material costs. Given the subdued environment, there has been no stream of new launches, though HUVIR has launched a spate of products in its naturals portfolio.

Preference for quality and longevity of growth

The consumer sector is characterized by rich near-term valuations, given the market's continued preference for quality with healthy growth. Our framework for earnings visibility, longevity of growth and quality management drives our choices in the sector universe. We continue preferring Britannia, Colgate, P&G Hygiene, Emami and Hindustan Unilever notwithstanding the near-term challenges. In the discretionary pack, while the near-term outlook is highly challenging, we like Page Industries, which has demonstrated robust volume growth even in a weak environment and is poised to do better, going forward. We recently upgraded United Breweries to Buy. While its longer term prospects remain robust, the stock has been an underperformer and the actual impact on margins despite the negative news flows over the past year has been far lower than anticipated.

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Exhibit 1: Summary of expected quarterly performance

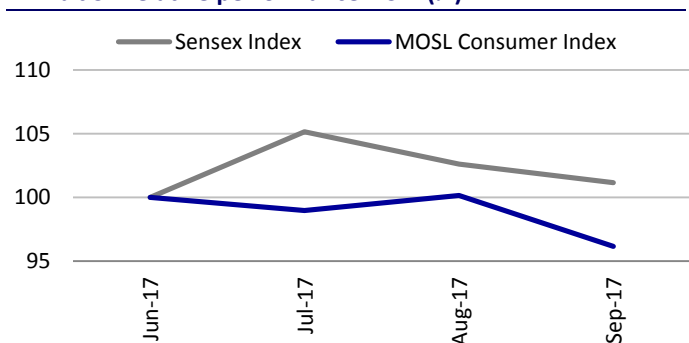
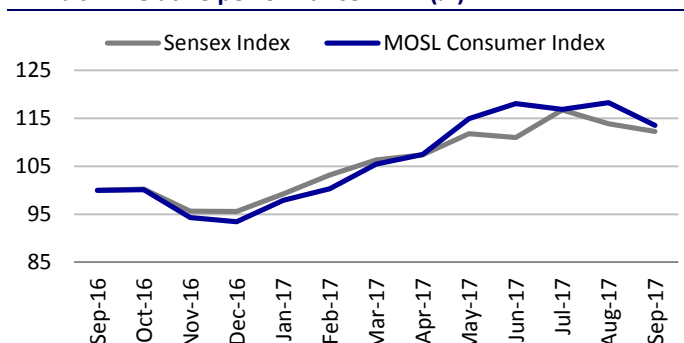
Sector			Sales (INR M)			EBDITA (INR M)			Net Profit (INR M)		
	CMP (INR)	RECO	Sep-17	Var % YoY	Var % QoQ	Sep-17	Var % YoY	Var % QoQ	Sep-17	Var % YoY	Var % QoQ
Consumer											
Asian Paints	1,152	Neutral	42,337	12.5	11.0	8,106	13.7	21.8	5,271	10.7	20.3
Britannia	4,360	Buy	24,792	5.0	11.4	3,783	20.8	30.6	2,788	19.1	29.1
Colgate	1,088	Buy	10,903	4.0	12.5	3,217	17.1	45.0	2,008	10.7	47.2
Dabur	317	Neutral	20,251	2.5	13.1	4,250	5.5	37.6	3,810	6.7	36.3
Emami	1,101	Buy	6,226	6.5	15.1	1,882	7.4	134.7	1,390	4.0	129.6
Godrej Consumer	961	Neutral	26,744	13.5	23.1	5,510	19.0	59.6	3,798	18.3	63.2
GSK Consumer	4,990	Neutral	10,965	1.5	11.3	2,324	-5.2	39.7	1,753	-4.6	32.6
Hind. Unilever	1,188	Buy	78,427	0.0	-8.0	15,615	11.2	-16.3	11,935	10.3	-7.6
ITC	266	Neutral	99,022	2.5	-0.5	38,693	6.6	3.3	27,378	9.5	6.9
Jyothy Labs	396	Neutral	4,500	8.5	26.4	741	16.3	69.7	454	41.9	120.2
Marico	313	Neutral	15,829	10.0	-5.9	2,663	6.8	-17.9	1,954	8.2	-17.2
Nestle	7,257	Neutral	23,194	-0.2	-2.8	4,600	-5.0	3.9	2,795	-7.5	11.5
P&G Hygiene	8,527	Neutral	6,725	12.0	33.7	1,910	26.4	45.7	1,278	22.4	63.8
Page Industries	18,501	Buy	6,453	20.0	-7.3	1,290	20.0	-5.5	825	20.1	-3.3
Parag Milk Foods	262	Neutral	5,201	10.0	26.0	415	10.0	41.3	189	32.2	79.9
Pidilite Inds.	794	Neutral	14,531	2.5	-5.0	3,568	10.6	11.1	2,414	4.6	6.8
United Breweries	839	Buy	11,045	7.0	-34.0	1,138	-3.8	-64.2	297	22.6	-81.6
United Spirits	2,399	Neutral	20,278	-1.0	13.8	2,638	11.9	67.6	1,238	26.6	94.3
Sector Aggregate			427,423	4.3	1.8	102,342	9.0	6.7	71,574	9.7	10.4

Source: MOSL

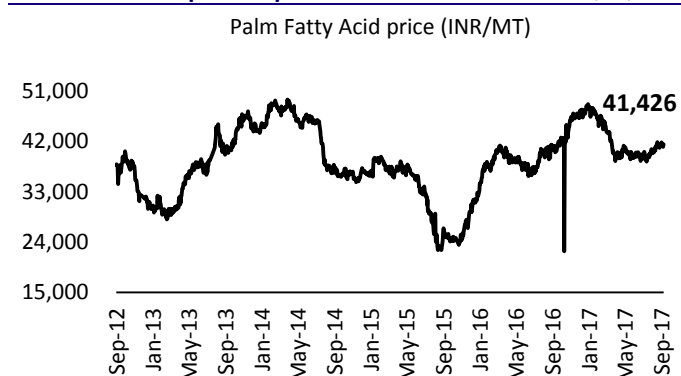
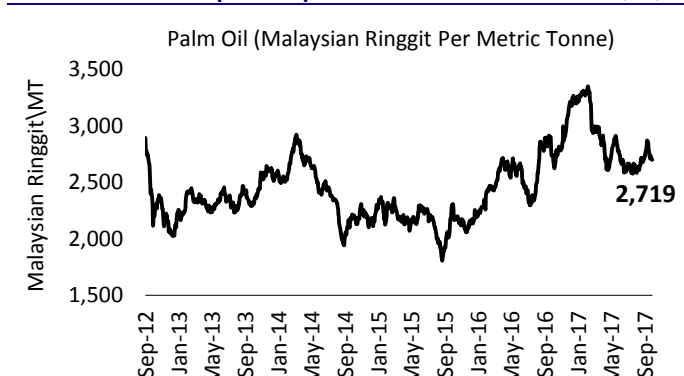
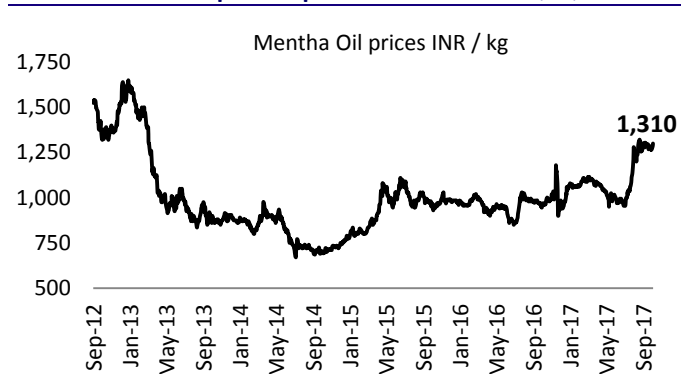
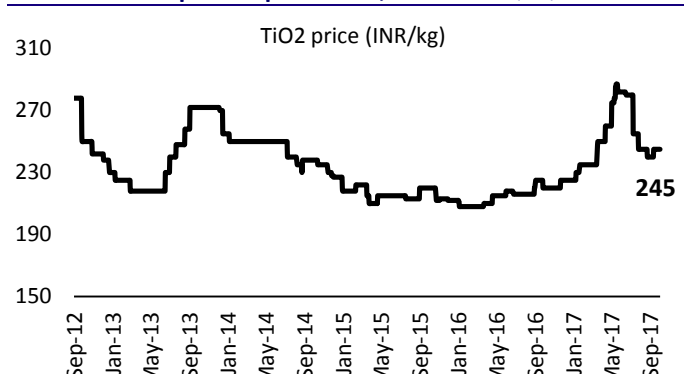
Exhibit 2: 2QFY18 volume growth expectations (%)

Quarter Ending	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18E
Asian Paints (Dom Deco)	10.0	3.0	4.0	12.0	7.0	15.0	13.0	11.0	12.0	2.0	10.0	4.0	15.0
Britannia (Biscuits)	6.0	8.0	8.0	10.0	12.0	11.0	10.0	8.0	10.0	2.0	2.0	2.0	6.0
Colgate (Toothpaste)	7.0	5.0	5.0	2.0	3.0	1.0	3.0	5.0	4.0	(12.0)	(3.0)	(5.0)	7.0
Dabur	8.7	7.4	8.1	8.1	5.5	(2.5)	7.0	4.1	4.5	(5.0)	2.4	(4.4)	10.0
Emami	11.5	11.0	12.0	15.0	13.5	9.3	18.0	18.0	11.0	0.2	(1.5)	(18.0)	10.0
Godrej Cons. (Soaps)	2.0	3.0	5.0	DD	MSD	MSD	MSD	LDD	(MSD)	(8.0)	5.0	(8.0)	5.0
GSK Consumer	2.0	5.0	2.0	2.0	0.0	0.0	0.0	(6.0)	(3.0)	(17.0)	(1.0)	0.0	6.0
Hindustan Unilever	5.0	3.0	6.0	6.0	7.0	6.0	4.0	4.0	(1.0)	(4.0)	4.0	0.0	4.0
ITC (cigarette)	(4.0)	(13.0)	(12.0)	(17.0)	(14.0)	(5.0)	0.0	3.0	4.0	(1.0)	0.0	1.0	(2.0)
Marico													
Domestic	8.0	5.0	3.0	6.0	5.5	10.5	8.4	8.0	3.0	(4.0)	10.0	(9.0)	8.0
Parachute	7.0	8.0	5.0	8.0	11.0	4.0	7.0	7.0	(6.0)	(1.0)	15.0	(9.0)	9.0
Hair Oil	13.0	10.0	5.0	14.0	8.0	21.0	15.0	9.0	11.0	(12.0)	10.0	(8.0)	6.0
Saffola	9.0	3.0	(1.0)	4.0	4.0	17.0	10.0	11.0	8.0	6.0	6.0	(9.0)	7.0
Pidilite	10.0	7.0	5.5	5.0	3.0	6.0	6.0	9.0	7.8	(1.5)	7.0	0.0	4.0

Source: Company, MOSL

Exhibit 3: Relative performance – 3m (%)**Exhibit 4: Relative performance – 1Yr (%)**

Source: Bloomberg, MOSL

Exhibit 5: PFAD prices up 3.3% YoY and down 0.6% QoQ**Exhibit 6: Palm oil prices up 1.9% YoY and down 2.5% QoQ****Exhibit 7: Mentha prices up 24% YoY and 18% QoQ****Exhibit 8: TiO2 prices up 14% YoY; down 8% QoQ****Exhibit 9: Comparative valuation**

Sector / Companies	CMP (INR)	RECO	EPS (INR)			PE (x)			EV/EBIDTA (x)			ROE (%)		
			FY18E	FY19E	FY20E	FY18E	FY19E	FY20E	FY18E	FY19E	FY20E	FY18E	FY19E	FY20E
Consumer														
Asian Paints	1,152	Neutral	22.2	26.5	32.0	51.9	43.5	36.0	33.1	27.5	22.7	26.7	28.1	28.9
Britannia	4,360	Buy	85.3	104.6	130.1	51.1	41.7	33.5	36.2	29.1	22.9	34.3	34.5	34.9
Colgate	1,088	Buy	24.5	29.8	36.1	44.5	36.6	30.2	26.9	22.2	18.6	50.8	58.2	65.3
Dabur	317	Neutral	7.7	9.1	10.7	40.9	34.6	29.5	33.6	28.3	23.8	26.0	26.3	26.4
Emami	1,101	Buy	26.9	33.1	38.5	40.9	33.2	28.6	31.6	26.1	22.6	32.0	33.9	36.0
Godrej Consumer	961	Neutral	21.5	24.7	28.0	44.6	38.9	34.3	31.3	27.3	24.3	24.2	22.8	22.3
GSK Consumer	4,990	Neutral	158.1	182.1	201.5	31.6	27.4	24.8	21.0	18.2	15.5	21.1	22.6	22.2
Hind. Unilever	1,188	Buy	22.9	27.4	31.9	51.8	43.4	37.2	35.8	30.0	25.7	76.2	87.2	92.0
ITC	266	Neutral	9.3	10.3	11.7	28.6	25.7	22.7	19.6	17.5	15.3	24.8	26.3	27.2
Jyothy Labs	396	Neutral	9.8	11.1	13.4	40.3	35.6	29.5	27.0	22.9	19.7	16.5	18.4	21.1
Marico	313	Neutral	6.8	8.2	9.6	45.9	38.0	32.5	32.3	27.0	23.2	34.9	37.7	39.7
Nestle	7,257	Neutral	115.0	133.6	160.7	63.1	54.3	45.2	38.1	32.4	27.3	35.5	38.1	41.7
P&G Hygiene	8,527	Neutral	151.6	176.0	207.3	56.3	48.4	41.1	35.5	30.2	25.3	64.9	62.8	61.8
Page Industries	18,501	Buy	294.7	398.4	508.4	62.8	46.4	36.4	39.7	29.7	23.4	39.6	43.1	45.1
Parag Milk Foods	262	Neutral	9.1	12.5	16.9	28.7	21.0	15.5	13.4	10.9	8.2	11.0	13.3	15.6
Pidilite Inds.	794	Neutral	18.1	20.6	23.7	44.0	38.6	33.5	28.9	24.9	21.1	25.2	23.5	22.3
United Breweries	839	Buy	9.9	14.0	18.4	84.8	59.9	45.6	32.1	26.0	20.9	10.7	13.6	15.8
United Spirits	2,399	Neutral	34.5	51.5	63.8	69.5	46.6	37.6	35.7	26.8	21.0	18.0	20.3	18.8
Sector Aggregate						41.7	35.7	30.7	28.2	24.1	20.5	28.4	29.5	30.2

Source: MOSL

Asian Paints

Bloomberg	APNT IN
Equity Shares (m)	959.2
M. Cap. (INR b)/(USD b)	1105 / 17
52-Week Range (INR)	1261 / 850
1,6,12 Rel Perf. (%)	-4 / 1 / -17

Financial Snapshot (INR b)

Y/E March	2017	2018E	2019E	2020E
Sales	152.9	166.2	202.2	242.4
EBITDA	30.2	32.8	39.0	46.6
Adj. PAT	20.2	21.3	25.4	30.7
Adj. EPS.INR	21.0	22.2	26.5	32.0
EPS Gr. (%)	8.7	5.6	19.5	20.8
BV/Sh.(INR)	79.3	87.1	101.3	120.5
RoE (%)	28.5	26.7	28.1	28.9
RoCE (%)	24.3	23.0	24.7	25.9
Payout (%)	37.8	45.1	39.6	34.3

Valuations

P/E (x)	54.8	51.9	43.5	36.0
P/BV (x)	14.5	13.2	11.4	9.6
EV/EBITDA	35.6	32.9	27.4	22.6
Div. Yield (%)	0.8	1.0	1.1	1.1

CMP: INR1,152 TP: INR1,315 (+14%) Neutral

- We expect revenue to grow 12.5% YoY to INR42.3b in 2QFY18, with 15% volume growth in the domestic decorative business. We have factored in GST related accounting impact of 7.5% on sales and no impact on absolute EBITDA.
- We note that crude prices are up 13% YoY and 3% QoQ in 2QFY18. The magnitude of price movement in crude derivatives is lower vis-à-vis crude prices.
- Operating margin is likely to expand slightly by 20bp to 19.1% in 2QFY18.
- We estimate 10.7% PAT growth for 2QFY18.
- The stock trades at 43.5x FY19E EPS of INR26.5; maintain **Neutral**.

Key issues to watch for

- Volume growth trends and demand scenario in urban and rural geographies.
- Demand outlook for industrial paints.
- Outlook for raw materials/pricing actions.

Quarterly Performance (Consolidated)

(INR Million)

Y/E March	FY17				FY18				FY17	FY18
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Dom Deco Volume Growth %	11.0	12.0	2.0	10.0	4.0	15.0	15.0	10.0	8.8	11.0
Net Sales	35,870	37,633	39,370	39,525	38,152	42,337	44,292	41,388	152,398	166,169
Change (%)	7.6	9.6	2.6	7.8	6.4	12.5	12.5	4.7	6.8	9.0
EBITDA	8,162	7,130	7,763	7,119	6,654	8,106	9,310	8,703	30,173	32,772
Margin (%)	22.8	18.9	19.7	18.0	17.4	19.1	21.0	21.0	19.8	19.7
Change (%)	20.3	17.3	-1.2	2.1	-18.5	13.7	19.9	22.3	9.0	8.6
Interest	63	60	92	90	80	80	80	104	305	344
Depreciation	844	844	855	835	905	970	983	998	3,378	3,857
Other Income	719	791	415	701	783	886	456	742	2,626	2,867
PBT	7,973	7,017	7,231	6,895	6,452	7,942	8,702	8,342	29,116	31,438
Tax	2,593	2,207	2,465	2,205	2,160	2,621	2,872	2,722	9,469	10,375
Effective Tax Rate (%)	32.5	31.5	34.1	32.0	33.5	33.0	33.0	32.6	32.5	33.0
Adjusted PAT	5,506	4,759	4,662	4,796	4,382	5,271	5,726	5,911	20,162	21,289

E: MOSL Estimates

Britannia Industries

Bloomberg	BRIT IN
Equity Shares (m)	120.0
M. Cap. (INR b)/(USD b)	523 / 8
52-Week Range (INR)	4409 / 2776
1,6,12 Rel Perf. (%)	3 / 24 / 14

Financial Snapshot (INR b)

Y/E March	2017	2018E	2019E	2020E
Sales	89.6	95.8	116.8	141.4
EBITDA	11.9	14.2	17.5	21.9
Adj. PAT	8.8	10.2	12.6	15.6
Adj. EPS. INR	73.7	85.3	104.6	130.1
EPS Gr. (%)	7.3	15.8	22.6	24.4
BV/Sh.(INR)	224.7	272.4	334.4	411.6
RoE (%)	36.9	34.3	34.5	34.9
RoCE (%)	31.1	29.3	29.7	30.4
Payout (%)	0.0	35.0	35.0	35.0

Valuations

P/E (x)	59.2	51.1	41.7	33.5
P/BV (x)	19.4	16.0	13.0	10.6
EV/EBITDA (x)	43.7	36.1	29.0	22.9
Div. Yield (%)	0.0	0.7	0.8	1.0

CMP: INR4,360 TP: INR5,165 (+18%) Buy

- We expect Britannia's (BRIT) sales to grow 5% YoY to INR24.8b, with base business volumes growing 6%. We have factored in GST-related accounting impact of 7.5% on sales and no impact on absolute EBITDA.
- We expect 200bp YoY expansion in operating margin, and estimate 21% EBITDA growth and 19% PAT growth. Wheat and sugar costs are down YoY.
- The stock trades at 41.7x FY19E EPS of INR104.6; maintain **Buy**. Britannia is one of our top picks in the tier-II consumer space.

Key issues to watch for

- Volume growth in biscuits.
- Outlook for raw materials.

Quarterly Performance

Y/E March	FY17				FY18				FY17	FY18E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Base business volume growth (%)	10.0	10.0	2.0	2.0	2.0	6.0	10.0	10.0	6.0	7.1
Net Sales	21,063	23,612	22,648	22,444	22,248	24,792	24,686	24,111	89,623	95,837
YoY Change (%)	8.5	11.0	5.6	5.2	5.6	5.0	9.0	7.4	7.4	6.9
EBITDA	2,817	3,131	2,954	3,081	2,896	3,783	3,713	3,819	11,864	14,212
Margins (%)	13.4	13.3	13.0	13.7	13.0	15.3	15.0	15.8	13.2	14.8
YoY Growth (%)	3.5	2.0	0.3	6.1	2.8	20.8	25.7	24.0	-5.1	19.8
Depreciation	279	289	303	322	332	347	363	356	1,193	1,399
Interest	15	15	11	13	13	15	11	16	55	55
Other Income	739	670	561	335	741	804	673	538	2,424	2,756
PBT	3,263	3,496	3,201	3,081	3,293	4,224	4,012	3,985	13,040	15,514
Tax	1,071	1,156	997	973	1,133	1,436	1,364	1,342	4,197	5,275
Rate (%)	32.8	33.1	31.1	31.6	34.4	34.0	34.0	33.7	32.2	34.0
Adjusted PAT	2,192	2,340	2,204	2,108	2,160	2,788	2,648	2,644	8,843	10,239
YoY Change (%)	13.2	5.8	4.6	5.9	-1.5	19.1	20.1	25.4	7.3	15.8

E: MOSL Estimates

Colgate

Bloomberg	CLGT IN
Equity Shares (m)	272.0
M. Cap. (INR b)/(USD b)	296 / 5
52-Week Range (INR)	1176 / 862
1,6,12 Rel Perf. (%)	-1 / 3 / -1

Financial Snapshot (INR b)

Y/E March	2017	2018E	2019E	2020E
Sales	39.5	40.4	48.5	57.1
EBITDA	9.4	10.9	13.0	15.5
Adj. PAT	5.8	6.7	8.1	9.8
Adj. EPS (INR)	21.2	24.5	29.8	36.1
EPS Gr. (%)	-5.7	15.2	21.7	21.2
BV/Sh.(INR)	46.8	49.4	52.9	57.6
RoE (%)	50.4	50.8	58.2	65.3
RoCE (%)	49.3	49.8	57.1	64.1
Payout (%)	47.0	70.0	70.0	70.0

Valuations

P/E (x)	51.3	44.5	36.6	30.2
P/BV (x)	23.2	22.0	20.6	18.9
EV/EBITDA (x)	31.0	26.9	22.2	18.6
Div. Yield (%)	0.9	1.6	1.9	2.3

CMP: INR1,088 TP: INR1,385 (+27%) Buy

- We expect Colgate's (CLGT) sales to grow 4% YoY to INR10.9b, with 7% toothpaste volume growth. We have factored in GST related accounting impact of 7.5% on sales and no impact on absolute EBITDA.
- We estimate EBITDA margin expansion of 320bp YoY to 29.2%. Hence, we have modeled EBITDA growth of 17.1% and adjusted PAT growth of 10.7% for the quarter.
- The stock trades at 36.6x FY19E EPS of INR29.8; we have a **Buy** rating on the stock.

Key issues to watch for

- Volume growth in toothpaste and market share movement.
- Ad spends and competitive intensity in toothpaste, especially from Patanjali.

Quarterly Performance

Y/E March	FY17				FY18				FY17	FY18E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Toothpaste Volume Gr %	5.0	4.0	-12.0	-3.0	-5.0	7.0	10.0	6.0	-1.5	4.5
Net Sales	10,056	10,483	8,650	10,326	9,694	10,903	9,299	10,492	39,515	40,388
YoY Change (%)	8.9	9.4	-8.8	2.5	-3.6	4.0	7.5	1.6	3.0	2.2
EBITDA	2,113	2,748	2,141	2,443	2,218	3,217	2,602	2,818	9,444	10,854
Margins (%)	20.9	26.0	24.5	23.5	22.7	29.2	27.6	26.5	23.7	26.6
YoY Growth (%)	3.7	8.1	-10.3	1.2	5.0	17.1	21.5	15.3	0.7	14.9
Depreciation	316	333	342	341	373	333	342	348	1,332	1,395
Interest	0	0	0	0	0	0	0	0	0	0
Financial other Income	101	113	109	80	125	135	131	77	403	467
PBT	1,897	2,527	1,908	2,182	1,970	3,019	2,391	2,547	8,514	9,927
Tax	640	714	630	756	606	1,011	801	857	2,740	3,276
Rate (%)	33.7	28.3	33.0	34.6	30.8	33.5	33.5	33.7	32.2	33.0
Adj PAT	1,257	1,813	1,278	1,426	1,364	2,008	1,590	1,689	5,774	6,651
YoY Change (%)	1.3	15.6	-12.8	-0.5	8.5	10.7	24.4	18.5	1.2	15.2

E: MOSL Estimates

Dabur

Bloomberg	DABUR IN
Equity Shares (m)	1761.5
M. Cap. (INR b)/(USD b)	558 / 9
52-Week Range (INR)	323 / 259
1,6,12 Rel Perf. (%)	2 / 6 / 0

Financial Snapshot (INR b)

Y/E March	2017	2018E	2019E	2020E
Sales	77.0	79.2	92.2	106.0
EBITDA	15.1	15.7	18.3	21.2
Adj. PAT	12.8	13.6	16.1	18.9
Adj. EPS (INR)	7.2	7.7	9.1	10.7
EPS Gr. (%)	1.9	6.7	18.3	17.3
BV/Sh.(INR)	27.5	32.1	37.5	43.8
RoE (%)	28.4	26.0	26.3	26.4
RoCE (%)	24.6	22.6	23.3	23.9
Payout (%)	35.0	35.0	35.0	35.0

Valuations

P/E (x)	43.7	40.9	34.6	29.5
P/BV (x)	11.5	9.9	8.4	7.2
EV/EBITDA (x)	35.2	33.6	28.3	23.8
Div. Yield (%)	0.8	0.9	1.0	1.2

CMP: INR317 TP: INR330 (+4%) Neutral

- We expect sales to grow 2.5% YoY to INR20.3b, led by ~10% domestic organic volume growth. We have factored in GST related accounting impact of 5.5% on sales and no impact on absolute EBITDA.
- We expect EBITDA margin to expand 60bp YoY to 21% in 2QFY18.
- We have modeled EBITDA growth of 5.5% YoY and adjusted PAT growth of 6.7% in the quarter.
- The stock trades at 34.6x FY19E EPS of INR9.1; maintain **Neutral**.

Key issues to watch for

- Domestic volume growth and outlook for rural demand.
- Roadmap for science-based Ayurveda product launch.
- Recovery in wholesale channel.
- Margin performance in international business.
- Competitive intensity, especially from Patanjali.

Quarterly Performance (Consolidated)

Y/E March	FY17				FY18				FY17	FY18E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Domestic Vol Growth (%)	4.1	4.5	-5.0	2.4	-4.4	10.0	18.0	14.0	2.0	9.5
Net Sales	19,522	19,757	18,477	19,147	17,901	20,251	20,417	20,652	77,014	79,221
YoY Change (%)	2.7	1.0	-6.1	-4.7	-8.3	2.5	10.5	7.9	-2.1	2.9
EBITDA	3,488	4,028	3,286	4,176	3,089	4,250	3,917	4,402	15,089	15,658
Margins (%)	17.9	20.4	17.8	21.8	17.3	21.0	19.2	21.3	19.6	19.8
YoY Growth (%)	10.5	0.7	-12.0	0.6	-11.4	5.5	19.2	5.4	-0.6	3.8
Depreciation	343	357	333	395	391	375	349	424	1,429	1,539
Interest	118	166	139	117	133	158	132	103	540	526
Other Income	610	952	883	650	813	1,047	971	600	2,984	3,431
PBT	3,637	4,456	3,697	4,314	3,378	4,763	4,407	4,475	16,104	17,024
Tax	701	873	753	977	589	943	873	966	3,303	3,371
Rate (%)	19.3	19.6	20.4	22.6	17.4	19.8	19.8	21.6	20.5	19.8
Minority Interest	-1	11	7	1	-5	11	7	16	31	30
Adjusted PAT	2,936	3,572	2,938	3,337	2,794	3,810	3,527	3,493	12,769	13,623
YoY Change (%)	12.3	6.2	-7.5	0.7	-4.8	6.7	20.1	4.7	2.1	6.7

E: MOSL Estimates

Emami

Bloomberg	HMN IN
Equity Shares (m)	227.0
M. Cap. (INR b)/(USD b)	250 / 4
52-Week Range (INR)	1261 / 937
1,6,12 Rel Perf. (%)	0 / 1 / -17

Financial Snapshot (INR b)

Y/E March	2017	2018E	2019E	2020E
Sales	24.9	26.2	31.8	37.2
EBITDA	7.6	8.0	9.6	11.0
NP	6.0	6.1	7.5	8.7
EPS (INR)	26.5	26.9	33.1	38.5
EPS Gr. (%)	4.5	1.4	23.1	16.1
BV/Sh. (INR)	77.3	90.7	105.0	108.4
RoE (%)	35.8	32.0	33.9	36.0
RoCE (%)	31.0	32.5	38.2	42.4
Payout (%)	33.0	33.4	27.2	23.4

Valuations

P/E (x)	41.5	40.9	33.2	28.6
P/BV (x)	14.2	12.1	10.5	10.2
EV/EBITDA (x)	33.3	31.5	26.1	22.6
Div. Yld (%)	0.8	0.8	0.8	0.8

CMP: INR1,101 TP: INR1,400 (+27%) Buy

- We project Emami's (HMN) sales to grow 6.5% YoY to INR6.2b, with ~10% domestic volume growth. We have factored in GST related accounting impact of 6.5% on sales and no impact on absolute EBITDA.
- We expect EBITDA margin to expand 30bp to 30.2%. EBITDA is likely to grow 7.4% YoY to INR1.9b.
- PAT before amortization is expected to grow 4% YoY to INR1.4b due to a high tax rate of 23% (full-year tax rate taken at MAT) compared to 14.7% in base quarter 2QFY17.
- The stock trades at 33.2x FY19E EPS of INR33.1; maintain **Buy**.

Key issues to watch for

- Volume growth and broad consumer demand across categories.
- Recovery in wholesale channel.
- Outlook for mentha oil prices.
- Competitive intensity, especially from Patanjali.

Quarterly Performance

Y/E MARCH	FY17				FY18				FY17	FY18E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Domestic volume Growth (%)	18.0	11.0	0.2	-1.5	-18.0	10.0	14.0	18.0	6.9	6.0
Net Sales	6,454	5,846	7,260	5,777	5,411	6,226	8,058	6,541	25,337	26,235
YoY Change (%)	20.1	10.2	0.2	-4.4	-16.2	6.5	11.0	13.2	5.7	3.5
EBITDA	1,473	1,752	2,585	1,781	802	1,882	3,039	2,235	7,591	7,957
Margins (%)	22.8	30.0	35.6	30.8	14.8	30.2	37.7	34.2	30.0	30.3
YoY Change	49.2	15.1	3.7	-4.7	-45.6	7.4	17.5	25.5	10.5	4.8
Depreciation	106	111	112	140	153	122	123	122	469	519
Interest	125	160	127	168	79	50	30	25	580	185
Other Income	51	87	82	92	65	95	90	81	311	331
PBT	1,292	1,568	2,428	1,565	635	1,805	2,976	2,169	6,853	7,585
Tax	117	230	381	108	28	415	684	349	836	1,477
Rate (%)	9.1	14.7	15.7	6.9	4.4	23.0	23.0	16.1	12.2	19.5
PAT before Amortization	1,175	1,336	2,046	1,456	605	1,390	2,291	1,820	6,013	6,108
YoY Change (%)	18.0	9.6	4.8	-6.6	-48.5	4.0	12.0	25.0	5.0	1.6
Amortization	609	680	705	623	598	612	634	556	2,617	2,400
Reported PAT	567	661	1,343	833	10	778	1,657	1,264	3,404	3,708

E: MOSL Estimates

Godrej Consumer

Bloomberg	GCPL IN
Equity Shares (m)	681.0
M. Cap. (INR b)/(USD b)	654 / 10
52-Week Range (INR)	1084 / 643
1,6,12 Rel Perf. (%)	4 / 8 / 7

Financial Snapshot (INR b)

Y/E March	2017	2018E	2019E	2020E
Sales	92.4	104.3	120.5	137.0
EBITDA	18.9	21.6	24.7	27.5
Adj. PAT	12.9	14.7	16.8	19.1
Adj. EPS (INR)	18.9	21.5	24.7	28.0
EPS Gr. (%)	12.4	14.0	14.6	13.6
BV/Sh.(INR)	77.8	100.0	116.2	135.7
RoE (%)	24.6	24.2	22.8	22.3
RoCE (%)	16.8	16.5	16.3	16.6
Payout (%)	31.2	34.8	30.4	26.7

Valuations

P/E (x)	50.8	44.6	38.9	34.3
P/BV (x)	12.3	9.6	8.3	7.1
EV/EBITDA (x)	35.8	31.5	27.4	24.4
Div. Yield (%)	0.6	0.8	0.8	0.8

CMP: INR961 TP: INR1,005 (+5%) Neutral

- We expect Godrej Consumer's revenue to rise 13.5% YoY to INR26.7b. We have factored in GST-related accounting impact of 2.5% on sales and no impact on absolute EBITDA. Soaps volumes are likely to grow 5% YoY in 2QFY18.
- We estimate operating margin to expand 100bp YoY to 20.6%.
- We have modeled 19% EBITDA growth, and expect PAT to grow by 18.3% YoY.
- The stock trades at 38.9x FY19E EPS of INR24.7. We have a **Neutral** rating on the stock.

Key issues to watch for

- Growth trend in soap volumes.
- Competitive intensity across categories.
- Currency guidance.
- Outlook for international business— demand outlook in Indonesia and margin guidance for LatAm.

Quarterly Performance (Consolidated)

Y/E March	FY17				FY18				FY17	FY18E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	21,144	23,563	23,916	23,805	21,728	26,744	27,863	27,920	92,428	104,254
YoY Change (%)	6.5	11.3	8.9	11.8	2.8	13.5	16.5	17.3	9.7	12.8
EBITDA	3,806	4,631	5,063	5,414	3,452	5,510	6,177	6,454	18,915	21,594
Margins (%)	18.0	19.7	21.2	22.7	15.9	20.6	22.2	23.1	20.5	20.7
YoY Growth (%)	21.6	13.7	12.0	19.5	-9.3	19.0	22.0	19.2	16.4	14.2
Depreciation	327	358	363	369	374	393	417	430	1,416	1,614
Interest	326	350	397	379	397	333	357	376	1,452	1,463
Other Income	166	194	294	350	282	213	221	213	1,004	928
PBT	3,330	4,118	4,474	4,972	2,960	4,998	5,623	5,861	16,894	19,446
Tax	770	907	986	1,145	634	1,199	1,350	1,397	3,808	4,580
Rate (%)	23.1	22.0	22.0	23.0	21.4	24.0	24.0	23.8	22.5	23.6
Adj PAT	2,561	3,212	3,489	3,827	2,327	3,798	4,274	4,424	13,088	14,826
YoY Change (%)	18.3	7.3	5.0	21.4	-9.2	18.3	22.5	15.6	12.5	13.3

E: MOSL Estimates

GSK Consumer

Bloomberg	SKB IN
Equity Shares (m)	42.1
M. Cap. (INR b)/(USD b)	210 / 3
52-Week Range (INR)	6299 / 4650
1,6,12 Rel Perf. (%)	-5 / -9 / -31

Financial Snapshot (INR b)

Y/E December	2017	2018E	2019E	2020E
Sales	39.9	41.9	47.9	54.2
EBITDA	8.3	8.7	9.7	11.1
Adj. PAT	6.6	6.7	7.7	8.5
Adj. EPS (INR)	156.1	158.1	182.1	201.5
EPS Gr. (%)	0.9	1.3	15.2	10.7
BV/Sh. (INR)	742.4	757.8	854.6	961.9
RoE (%)	22.2	21.1	22.6	22.2
RoCE (%)	22.2	21.1	22.6	22.2
Payout (%)	35.0	40.0	40.0	40.0

Valuations

P/E (x)	32.0	31.6	27.4	24.8
P/BV (x)	6.7	6.6	5.8	5.2
EV/EBITDA (x)	21.5	21.0	18.2	15.5
Div. Yield (%)	1.1	1.3	1.5	1.6

CMP: INR4,990 TP: INR4,630 (-7%) Neutral

- We expect GSK Consumer to report net sales of INR11b, up 1.5% YoY, led by a 6% volume growth in HFD. We have factored in GST related accounting impact of 7.5% on sales and no impact on absolute EBITDA.
- We estimate EBITDA margin to contract 150bp YoY to 21.2% (over a very high base in 2QFY17), and PAT to decline 4.6% YoY.
- The stock trades at 27.4x FY19E EPS of INR182.1.

Key issues to watch for

- HFD volume outlook.
- Outlook for category growth and raw materials.
- Observe if there is any further market share decline.
- Guidance on price increases.

Quarterly Performance

Y/E Mar	FY17				FY18				FY17	FY18E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
HFD Volume Growth (%)	-6.0	-3.0	-17.0	-1.0	0.0	6.0	14.0	5.0	-6.8	6.0
Net Sales	9,439	10,803	8,604	11,019	9,853	10,965	9,593	11,444	39,864	41,855
YoY Change (%)	-5.2	-1.1	-11.5	2.3	4.4	1.5	11.5	3.9	-3.6	5.0
Total Exp	7,404	8,351	6,927	8,848	8,190	8,641	7,484	8,881	31,530	33,196
EBITDA	2,035	2,452	1,677	2,171	1,664	2,324	2,110	2,563	8,335	8,660
Margins (%)	21.6	22.7	19.5	19.7	16.9	21.2	22.0	22.4	20.9	20.7
YoY Change (%)	-0.6	3.0	-9.5	1.5	-18.3	-5.2	25.8	18.1	-1.0	3.9
Depreciation	147	148	171	177	170	170	172	174	642	686
Interest	6	6	6	9	5	7	7	9	28	28
Other Income	592	578	559	710	557	549	531	643	2,439	2,280
PBT	2,474	2,876	2,059	2,695	2,045	2,697	2,461	3,023	10,104	10,226
Tax	868	1,039	695	936	723	944	862	1,048	3,537	3,576
Rate (%)	35.1	36.1	33.8	34.7	35.3	35.0	35.0	34.7	35.0	35.0
Adj PAT	1,606	1,837	1,364	1,759	1,322	1,753	1,600	1,975	6,566	6,650
YoY Change (%)	2.9	-0.1	-8.3	8.4	-17.7	-4.6	17.3	12.3	-4.5	1.3

E: MOSL Estimates

Hindustan Unilever

Bloomberg	HUVR IN
Equity Shares (m)	2163.9
M. Cap. (INR b)/(USD b)	2571 / 39
52-Week Range (INR)	1286 / 783
1,6,12 Rel Perf. (%)	-1 / 22 / 24

Financial Snapshot (INR b)

Y/E March	2017	2018E	2019E	2020E
Sales	313.0	326.4	385.1	445.6
EBITDA	60.5	70.5	83.5	97.2
Adj. PAT	42.5	49.7	59.2	69.0
Adj. EPS (INR)	19.6	22.9	27.4	31.9
EPS Gr. (%)	1.9	16.9	19.2	16.6
BV/Sh.(INR)	30.0	30.3	32.5	36.9
RoE (%)	66.5	76.2	87.2	92.0
RoCE (%)	88.5	101.0	115.9	123.0
Payout (%)	84.0	85.0	78.6	73.7

Valuations

P/E (x)	60.5	51.8	43.4	37.2
P/BV (x)	39.6	39.3	36.6	32.2
EV/EBITDA (x)	42.2	36.3	30.4	26.0
Div. Yield (%)	1.4	1.6	1.8	2.0

CMP: INR1,188 TP: INR1,400 (+18%) Buy

- We expect Hindustan Unilever's revenue to remain flat, with an underlying ~4% volume growth. We have factored in GST-related accounting impact of 7.5% on sales and no impact on absolute EBITDA.
- PFAD prices are up just 3.3% YoY and LAB prices are up 8% YoY.
- We expect operating margin to expand by 200bp YoY over a low base in 2QFY17 to 19.9% in 2QFY18.
- EBITDA is likely to grow 11% YoY and PAT is likely to grow 10% YoY.
- The stock trades at 43.4x FY19E EPS of INR27.4; maintain **Buy**.

Key issues to watch for

- Comments on volume growth and consumer demand environment.
- Prospects of rural recovery.

Quarterly performance

Y/E March	FY17				FY18				FY17 Ind AS	FY18 Ind AS
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Volume Growth (%)	4.0	-1.0	-4.0	4.0	0.0	4.0	10.0	7.0	0.8	5.0
Net Sales	81,270	78,427	77,060	82,130	85,290	78,427	83,225	86,016	318,887	332,957
YoY Change (%)	3.6	1.4	-0.7	6.4	4.9	0.0	8.0	4.7	2.7	4.4
EBITDA	16,347	14,046	13,560	16,510	18,660	15,615	16,809	19,404	60,463	70,488
YoY Change (%)	8.1	5.1	-5.2	12.2	14.1	11.2	24.0	17.5	5.1	16.6
Margins (%)	20.1	17.9	17.6	20.1	21.9	19.9	20.2	22.6	19.0	21.2
Depreciation	933	945	1,000	1,080	1,140	1,163	1,186	1,122	3,958	4,611
Interest	60	49	50	60	60	60	60	62	219	242
Other Income	1,076	2,528	820	830	1,130	2,781	902	993	5,254	5,806
PBT	16,431	15,580	13,330	16,200	18,590	17,173	16,465	19,213	61,541	71,440
Tax	5,411	4,807	4,480	4,360	5,630	5,238	5,022	5,900	19,058	21,789
Rate (%)	32.9	30.9	33.6	26.9	30.3	30.5	30.5	30.7	31.0	30.5
Adjusted PAT	11,277	10,818	9,199	11,180	12,920	11,935	11,443	13,313	42,474	49,651
YoY Change (%)	6.1	9.3	-10.2	7.6	14.6	10.3	24.4	19.1	3.2	16.9
Reported Profit	11,727	10,956	10,380	11,830	12,830	11,935	11,443	13,313	44,893	49,651

E: MOSL Estimates

Bloomberg	ITC IN
Equity Shares (m)	12147.4
M. Cap. (INR b)/(USD b)	3226 / 50
52-Week Range (INR)	353 / 222
1,6,12 Rel Perf. (%)	-5 / -10 / -1

Financial Snapshot (INR b)

Y/E March	2017	2018E	2019E	2020E
Sales	396.4	412.1	474.0	542.2
EBITDA	145.8	158.1	176.5	200.4
Adj. PAT	102.0	112.6	125.5	142.3
Adj. EPS (INR)	8.4	9.3	10.3	11.7
EPS Gr. (%)	9.4	10.4	11.4	13.4
BV/Sh.(INR)	37.2	37.6	41.1	45.0
RoE (%)	23.5	24.8	26.3	27.2
RoCE (%)	22.6	23.8	25.3	26.4
Payout (%)	66.2	70.2	70.2	70.2

Valuations

P/E (x)	31.6	28.6	25.7	22.7
P/BV (x)	7.1	7.1	6.5	5.9
EV/EBITDA (x)	20.7	19.0	16.9	14.7
Div. Yield (%)	2.1	2.5	2.7	3.1

CMP: INR266**TP: INR290 (+9%)****Neutral**

- We expect net sales to grow 2.5% YoY to INR99b, with cigarette volume decline of 2% YoY (base quarter saw 4% volume growth). We have factored in GST related accounting impact of 7.5% on sales and no impact on absolute EBITDA.
- We expect cigarette EBIT to grow 8% YoY.
- We have factored in EBITDA growth of 6.6% YoY to INR38.7b for the company.
- We expect Other FMCG to post revenue growth of ~4% YoY.
- We estimate PAT growth of 9.5% YoY to INR27.4b.
- The stock trades at 25.7x FY19E EPS of INR10.3; maintain **Neutral**.

Key issues to watch for

- Trends in cigarette volume.
- Demand outlook for FMCG categories and segmental profitability.

Quarterly Performance

Y/E March	FY17				FY18				FY17	FY18E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Cigarette Vol Gr (%)	3.0	4.0	-1.0	0.0	1.0	-2.0	10.0	10.0	1.5	3.0
Net Sales	100,540	96,607	92,484	111,255	99,547	99,022	98,495	119,905	400,887	416,969
YoY Change (%)	9.8	9.8	4.3	14.0	-1.0	2.5	6.5	7.8	9.6	4.0
Total Exp	65,278	60,307	57,020	72,502	62,083	60,329	59,249	77,224	255,106	258,885
EBITDA	35,262	36,300	35,464	38,754	37,464	38,693	39,246	42,680	145,780	158,084
Growth (%)	8.4	7.3	2.1	7.5	6.2	6.6	10.7	10.1	6.3	8.4
Margins (%)	35.1	37.6	38.3	34.8	37.6	39.1	39.8	35.6	36.4	37.9
Depreciation	2,613	2,684	2,665	2,418	2,682	2,953	2,932	3,140	10,380	11,707
Interest	101	107	136	-115	104	107	136	-117	230	230
Other Income	4,205	4,754	6,879	4,021	4,768	5,229	7,567	4,359	19,859	21,923
PBT	36,754	38,262	39,542	40,471	39,446	40,862	43,746	44,016	155,030	168,070
Tax	12,907	13,262	13,075	13,777	13,841	13,484	14,436	13,702	53,021	55,463
Rate (%)	35.1	34.7	33.1	34.0	35.1	33.0	33.0	31.1	34.2	33.0
Adj PAT	23,847	25,000	26,467	26,695	25,605	27,378	29,310	30,314	102,009	112,607
YoY Change (%)	10.1	10.5	5.7	12.1	7.4	9.5	10.7	13.6	9.5	10.4

E: MOSL Estimates

Jyothy Labs

Bloomberg	JYL IN
Equity Shares (m)	181.0
M. Cap. (INR b)/(USD b)	72 / 1
52-Week Range (INR)	441 / 318
1,6,12 Rel Perf. (%)	2 / 11 / -2

Financial Snapshot (INR b)

Y/E March	2017	2018E	2019E	2020E
Net Sales	16.8	17.2	20.9	24.6
EBITDA	2.5	2.7	3.2	3.8
Adj PAT	2.0	1.8	2.0	2.4
Adj PAT for NCD	1.5	1.4	1.6	2.0
Adj.EPS (INR)	11.2	9.8	11.1	13.4
EPS Gr. (%)	175.7	-12.6	13.2	20.8
BV/Sh (INR)	59.9	59.5	61.5	65.7
RoE (%)	21.1	16.5	18.4	21.1
RoCE (%)	17.3	13.1	14.3	16.3

Valuations

P/E (x)	35.3	40.3	35.6	29.5
P/BV (x)	6.6	6.7	6.5	6.0
EV/EBITDA	30.0	27.1	23.0	19.7
Dividend Yield (%)	1.5	1.8	2.0	2.0

CMP: INR396
TP: INR410 (+3%)
Neutral

- We expect Jyothy Labs' net sales to grow 8.5% to INR4.5b. We have factored in GST-related accounting impact of 7.5% on sales and no impact on absolute EBITDA.
- EBITDA margin is likely to expand by 110bp YoY to 16.4%.
- We have factored in EBITDA growth of 16.3% YoY to INR741m.
- The stock trades at 23x FY19E EV/EBITDA. Speculation around Henkel deal (deadline for which has been extended till October 31st) will overshadow fundamentals in FY18, in our view. **Neutral**.

Key issues to watch for

- Update on new launches and innovations.
- Update on Henkel call option.
- Pick-up in Henkel brands' performance.

Quarterly Performance

Y/E March	FY17				FY18				FY17	FY18E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	4,244	4,148	3,834	4,457	3,559	4,500	4,256	4,860	16,683	17,175
YoY Change (%)	5.1	6.5	3.3	4.1	-16.1	8.5	11.0	9.0	4.7	3.0
Other Operating Income	3.9	4.2	5.2	5.0	8.0	4.6	5.7	1.8	18.3	20.1
Total Sales	4,248	4,152	3,839	4,462	3,567	4,505	4,261	4,862	16,701	17,195
EBITDA	807	637	507	606	437	741	690	870	2,557	2,737
EBITDA Growth %	38.8	28.0	-1.3	-3.5	-45.9	16.3	36.2	43.4	15.1	7.1
Margins (%)	19.0	15.3	13.2	13.6	12.2	16.4	16.2	17.9	15.3	15.9
Depreciation	133	73	73	83	141	81	81	83	363	384
Interest	143	164	144	99	86	112	123	103	551	424
Other Income	25	31	26	21	18	34	28	43	103	123
PBT	555	430	314	446	228	583	515	727	1,746	2,052
Tax	120	119	108	-629	22	128	113	4	-281	267
Rate (%)	21.6	27.7	34.3	-141.1	9.5	22.0	22.0	0.5	-16.1	13.0
Adjusted PAT	445	320	215	1,087	206	454	402	723	2,067	1,785
YoY Change (%)	72.6	61.2	6.6	778.6	-53.6	41.9	86.7	-33.5	164.4	-13.6

E: MOSL Estimates

Marico

Bloomberg	MRCO IN
Equity Shares (m)	1289.6
M. Cap. (INR b)/(USD b)	404 / 6
52-Week Range (INR)	348 / 235
1,6,12 Rel Perf. (%)	0 / 0 / -3

Financial Snapshot (INR b)

Y/E March	2017	2018E	2019E	2020E
Sales	59.2	65.0	76.9	89.9
EBITDA	11.4	12.2	14.6	16.9
Adj. PAT	8.1	8.8	10.6	12.4
Adj. EPS (INR)	6.3	6.8	8.2	9.6
EPS Gr. (%)	12.1	8.5	20.9	16.8
BV/Sh.(INR)	18.0	21.0	22.7	25.7
RoE (%)	36.7	34.9	37.7	39.7
RoCE (%)	31.5	29.8	32.3	34.1
Payout (%)	47.7	46.9	66.8	57.1

Valuations

P/E (x)	49.8	45.9	38.0	32.5
P/BV (x)	17.4	14.9	13.8	12.2
EV/EBITDA (x)	35.1	32.4	27.1	23.2
Div. Yield (%)	1.0	1.0	1.8	1.8

CMP: INR313

TP: INR350 (+12%)

Neutral

- We expect sales to grow 10% YoY at INR15.8b, with 8% growth in domestic volumes. We have factored in GST-related accounting impact of 4% on sales and no impact on absolute EBITDA.
- In our opinion, *Parachute*, *VAHO* and *Saffola* should post 9%, 6% and 7% growth, respectively.
- We observe that copra prices are up 82% YoY (data available till August 2017), while kardi oil prices are up 24% YoY. We are modeling 50bp EBITDA margin decline for 2QFY18.
- PAT is projected to grow by 8.2% YoY to INR1.95b.
- We like MRCO's franchise, portfolio strength, management quality and multiple growth drivers. Valuations remain fair. The stock trades at 38x FY19E EPS of INR8.2; maintain **Neutral**.

Key issues to watch for

- Comments on volume growth trends across key categories.
- Outlook for raw materials.
- Margin expansion and guidance for the international business.

Quarterly Performance

Y/E March	FY17				FY18				FY17	FY18E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Domestic volume growth (%)	8.0	3.4	-4.0	10.0	-9.0	8.0	20.0	14.0	3.6	8.5
Net Sales	17,523	14,390	14,140	13,152	16,815	15,829	17,251	15,131	59,180	65,026
YoY Change (%)	0.2	-0.9	-7.5	2.2	-4.0	10.0	22.0	15.1	-3.3	9.9
EBITDA	3,740	2,493	2,697	2,525	3,243	2,663	3,393	2,908	11,414	12,207
Margins (%)	21.3	17.3	19.1	19.2	19.3	16.8	19.7	19.2	19.3	18.8
YoY Change (%)	18.2	9.8	-6.4	20.1	-13.3	6.8	25.8	15.2	8.1	7.0
Depreciation	208	209	213	273	211	262	266	385	903	1,124
Interest	54	21	44	47	35	27	58	101	166	220
Other Income	275	285	260	293	229	342	312	486	1,152	1,369
PBT	3,753	2,548	2,700	2,497	3,226	2,716	3,382	2,908	11,497	12,232
Tax	1,072	740	781	784	866	761	947	851	3,377	3,425
Rate (%)	28.6	29.1	28.9	31.4	26.8	28.0	28.0	29.3	29.4	28.0
Adjusted PAT	2,679	1,806	1,916	1,709	2,359	1,954	2,433	2,051	8,110	8,797
YoY Change (%)	17.2	18.1	-6.8	25.5	-11.9	8.2	26.9	20.0	14.4	8.5

E: MOSL Estimates

Nestle India

Bloomberg	NEST IN
Equity Shares (m)	96.4
M. Cap. (INR b)/(USD b)	700 / 11
52-Week Range (INR)	7408 / 5701
1,6,12 Rel Perf. (%)	4 / 4 / -5

Financial Snapshot (INR b)

Y/E December	2016	2017E	2018E	2019E
Sales	91.6	95.6	106.9	125.3
EBITDA	18.0	17.7	20.6	24.1
Adj. PAT	11.4	11.1	12.9	15.5
Adj. EPS (INR)	118.0	115.0	133.6	160.7
EPS Gr. (%)	-1.6	-2.5	16.1	20.3
BV/Sh.(INR)	312.6	336.0	365.7	404.9
RoE (%)	39.0	35.5	38.1	41.7
RoCE (%)	38.8	35.2	37.8	41.4
Payout (%)	53.4	60.9	59.9	59.1

Valuations

P/E (x)	61.5	63.1	54.3	45.2
P/BV (x)	23.2	21.6	19.8	17.9
EV/EBITDA (x)	37.5	37.9	32.1	27.1
Div. Yield (%)	0.9	1.0	1.1	1.3

CMP: INR7,257 TP: INR6,160 (-15%) Neutral

- We expect Nestle India's net sales to decline 0.2% YoY to INR23.2b in 3QCY17. We have factored in GST related accounting impact of 5.25% on sales (publicly stated management guidance) and no impact on absolute EBITDA.
- We expect EBITDA margin to contract by 100bp YoY to 19.8%. EBITDA and PAT are projected to decline by 5% YoY (to INR4.6b) and 7.5% YoY (to INR2.8b), respectively.
- The stock trades at 54.3x CY18E EPS; maintain **Neutral**.

Key issues to watch for

- Volume trends and management commentary on demand environment.
- Further recovery in sales and market share of Maggi.
- Response to new product/variant launches.

Quarterly performance

Y/E December	CY16				CY17				CY16	CY17E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	22,770	22,332	23,252	22,410	24,757	23,865	23,194	23,474	91,593	95,647
YoY Change (%)					8.7	6.9	-0.2	4.8	12.8	4.4
COGS	9,872	9,495	9,860	9,601	10,939	10,791	10,183	10,527	38,797	42,001
EBITDA	5,523	4,718	4,844	4,566	5,110	4,430	4,600	4,771	17,958	17,684
Margins (%)	24.3	21.1	20.8	20.4	20.6	18.6	19.8	20.3	19.6	18.5
YoY Growth (%)			69.5	30.8	-7.5	-6.1	-5.0	4.5	12.6	-1.5
Depreciation	891	889	883	873	867	854	838	830	3,536	3,414
Interest	259	220	220	210	228	229	220	210	35	38
Other income	421	524	547	668	578	569	629	768	2,139	2,322
PBT	4,793	4,132	4,289	4,150	4,593	3,915	4,171	4,499	16,526	16,554
Tax	1,722	1,288	1,269	1,332	1,468	1,408	1,376	1,485	5,150	5,463
Rate (%)	35.9	31.2	29.6	32.1	32.0	36.0	33.0	33.0	31.2	33.0
Adjusted PAT	3,071	2,844	3,020	2,818	3,126	2,507	2,795	3,014	11,376	11,091
YoY Change (%)		22.5	83.1	35.1	1.8	-11.8	-7.5	7.0	16.5	-2.5

Note: Quarterly numbers are adjusted for Ind-AS changes

E: MOSL Estimates

Page Industries

Bloomberg	PAG IN
Equity Shares (m)	11.2
M. Cap. (INR b)/(USD b)	206 / 3
52-Week Range (INR)	19560 / 12360
1,6,12 Rel Perf. (%)	1 / 21 / 4

Financial Snapshot (INR b)

Y/E March	2017	2018E	2019E	2020E
Sales	21.3	26.2	32.3	39.8
EBITDA	4.1	5.2	6.9	8.7
Adj. PAT	2.7	3.3	4.4	5.7
Adj. EPS (INR)	238.7	294.7	398.4	508.4
EPS Gr. %	15.0	23.4	35.2	27.6
FCF to PAT	0.7	0.7	0.7	0.8
BV/Sh.INR	596.9	744.2	923.5	1126.9
RoE (%)	40.0	39.6	43.1	45.1
RoCE (%)	40.4	40.4	44.7	47.6
Payout (%)	43.7	50.0	55.0	60.0
Valuations				
P/E (x)	77.5	62.8	46.4	36.4
EV/EBITDA (x)	50.0	39.7	29.7	23.4

CMP: INR18,501 TP: INR21,310 (+15%) Buy

- We expect Page to report net sales of INR6.5b, up 20% YoY, led by ~15% volume growth.
- We expect EBITDA margin to remain flat YoY at 20%.
- PAT is likely to post 20.1% YoY growth to INR825m.
- The stock trades at 46.4x FY19E EPS of INR398.4; maintain **Buy**.

Key issues to watch for

- Volume trends and management commentary on demand environment.
- Update on EBO growth prospects.

Quarterly Performance

Y/E MARCH	FY17				FY18				FY17	FY18E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	5,686	5,378	5,283	4,989	6,962	6,453	6,498	6,317	21,335	26,230
YoY Change (%)	26.7	15.3	19.2	12.8	22.5	20.0	23.0	26.6	18.5	22.9
EBITDA	1,092	1,075	991	974	1,365	1,290	1,252	1,280	4,132	5,187
Margins (%)	19.2	20.0	18.8	19.5	19.6	20.0	19.3	20.3	19.4	19.8
YoY Change	8.8	6.3	19.6	5.3	25.0	20.0	26.3	31.5	9.7	25.5
Depreciation	59	60	62	65	67	66	69	72	247	273
Interest	39	40	45	56	45	40	45	39	180	169
Other Income	59	62	20	103	40	40	20	31	243	131
PBT	1,053	1,037	904	955	1,294	1,224	1,158	1,200	3,948	4,876
Tax	373	350	275	287	441	399	378	372	1,285	1,590
Rate (%)	35.5	33.8	30.4	30.1	34.1	32.6	32.6	31.0	32.6	32.6
PAT	679	687	629	668	853	825	781	828	2,663	3,287
YoY Change (%)	8.5	14.0	20.9	17.9	25.5	20.1	24.1	24.0	15.0	23.4

E: MOSL Estimates

Parag Milk Foods

Bloomberg	PARAG IN
Equity Shares (m)	84.1
M. Cap. (INR b)/(USD b)	22 / 0
52-Week Range (INR)	328 / 203
1,6,12 Rel Perf. (%)	5 / 3 / -27

Financial Snapshot (INR b)

Y/E March	2017	2018E	2019E	2020E
Sales	17.3	19.8	23.1	26.8
EBITDA	1.1	1.7	2.1	2.7
Adj. PAT	0.3	0.8	1.0	1.4
Adj. EPS (INR)	3.6	9.1	12.5	16.9
EPS Gr. %	-46.4	152.6	37.0	35.1
BV/Sh.INR	78.2	87.3	99.7	116.6
RoE (%)	6.0	11.0	13.3	15.6
RoCE (%)	6.9	10.1	12.0	14.0

Valuations

P/E (x)	72.6	28.7	21.0	15.5
P/BV (x)	3.3	3.0	2.6	2.2

CMP: INR262
TP: INR280 (+7%)
Neutral

- We expect Parag to report net sales of INR5.2b, up 10% YoY. Both liquid milk and milk products are expected to see decent growth.
- Festive season related demand can be seen during this quarter.
- Milk prices have started declining in the last few days (down 7-10% YoY).
- We estimate EBITDA margin at 8% and PAT at INR189m.
- The stock trades at 21x FY19E EPS of INR12.5. We have a **Neutral** rating on the stock.

Key issues to watch for

- Farm gate milk prices and global SMP price movement.
- Execution of value-added products distribution, especially whey protein.
- Competitive intensity.

Consolidated - Quarterly Earning Model

Y/E March	FY17				FY18				FY17	FY18E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	3,835	4,728	4,461	4,283	4,129	5,201	5,130	5,376	17,307	19,835
YoY Change (%)	2.6	0.7	15.1	3.4	7.7	10.0	15.0	25.5	5.2	14.6
EBITDA	318	377	-145	519	294	415	347	644	1,070	1,700
YoY Change (%)	11.8	-8.9	-137.8	29.6	-7.7	10.0	LP	24.3	-27.8	58.9
Margins (%)	8.3	8.0	-3.2	12.1	7.1	8.0	6.8	12.0	6.2	8.6
Depreciation	98	115	109	168	116	115	109	123	490	462
Interest	96	64	89	88	79	64	62	51	336	256
Other Income	16	23	20	59	15	23	20	24	118	82
PBT	140	222	-322	322	115	259	196	494	362	1,064
Tax	38	78	-54	3	9	70	53	166	65	298
Rate (%)	27.2	35.4	16.8	0.9	8.1	27.0	27.0	33.5	18.0	28.0
Adj PAT	102	143	-268	319	105	189	143	328	297	766
YoY Change (%)	45.5	47.8	-284.5	98.4	3.0	32.2	LP	2.8	-37.2	157.9
Margins (%)	2.7	3.0	-6.0	7.5	2.5	3.6	2.8	6.1	1.7	3.9

E: MOSL Estimates

P&G Hygiene

Bloomberg	PG IN
Equity Shares (m)	32.5
M. Cap. (INR b)/(USD b)	277 / 4
52-Week Range (INR)	8640 / 6428
1,6,12 Rel Perf. (%)	3 / 10 / 8

Financial Snapshot (INR b)

Y/E June	2016	2017	2018E	2019E
Sales	23.2	24.8	28.9	33.9
EBITDA	6.6	7.6	8.9	10.5
Adj. PAT	4.3	4.9	5.7	6.7
Adj. EPS (INR)	132.9	151.6	176.0	207.3
EPS Growth (%)	2.3	14.0	16.1	17.8
BV/Share (INR)	212.2	255.6	306.0	365.4
RoE (%)	39.3	64.9	62.8	61.8
RoCE (%)	40.2	66.0	63.7	61.7

Valuations

P/E (x)	64.1	56.3	48.4	41.1
P/BV (x)	40.2	33.4	27.9	23.3

CMP: INR8,527 TP: INR9,200 (+8%) Neutral

- We expect PGHH to report net sales of INR5.9b, down 2.4% YoY. We have factored in GST related accounting impact of 7% on sales and no impact on absolute EBITDA.
- We expect EBITDA margin to expand 540bp YoY to 30.6%.
- PAT would post 11.5% YoY growth to INR1.2b in 1QFY18 (June ending).
- The stock trades at 41.1x FY19E EPS of INR207.3; maintain **Neutral**.

Key issues to watch for

- Segmental growth numbers.
- Margin performance.

Standalone - Quarterly Earning Model

Y/E June	FY17				FY18				FY17	FY18E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	6,004	6,432	5,739	5,029	5,863	6,951	6,351	5,612	23,208	24,777
YoY Change (%)	11.5	-2.4	5.5	-5.8	-2.4	8.1	10.7	11.6	2.0	6.8
EBITDA	1,512	2,286	1,538	1,311	1,797	2,130	1,946	1,720	6,648	7,590
Growth	55.9	5.7	15.3	-17.7	18.9	-6.8	26.6	31.2	9.8	14.2
Margins (%)	25.2	35.5	26.8	26.1	30.6	30.6	30.6	30.6	28.6	30.6
Depreciation	127	132	142	197	157	157	157	157	561	628
Interest	4	43	13	44	8	8	9	9	104	35
Other Income	225	208	232	108	120	120	120	120	726	480
PBT	1,605	2,320	1,614	1,179	1,752	2,085	1,900	1,674	6,709	7,407
Tax	561	814	618	398	587	699	637	561	2,388	2,481
Rate (%)	34.9	35.1	38.3	33.8	33.5	33.5	33.5	33.5	35.6	33.5
Reported PAT	1,044	1,506	996	780					4,320	4,925
Adj PAT	1,044	1,506	996	780	1,165	1,387	1,264	1,113	4,320	4,925
YoY Change (%)	50.1	2.8	2.6	-28.6	11.5	-7.9	26.8	42.6	55.8	14.0
Margins (%)	17.4	23.4	17.4	15.5	19.9	19.9	19.9	19.8	18.6	19.9

E: MOSL Estimates

Pidilite Industries

Bloomberg	PIDI IN
Equity Shares (m)	512.7
M. Cap. (INR b)/(USD b)	407 / 6
52-Week Range (INR)	867 / 569
1,6,12 Rel Perf. (%)	-5 / 6 / -4

Financial Snapshot (INR b)

Y/E March	2017	2018E	2019E	2020E
Sales	56.2	58.9	71.0	84.0
EBITDA	12.6	13.6	15.5	17.9
Adj. PAT	8.6	9.3	10.6	12.2
Adj. EPS (INR)	16.7	18.1	20.6	23.7
EPS Gr. (%)	6.7	7.9	14.0	15.2
BV/Sh.(INR)	64.5	79.0	96.1	116.3
RoE (%)	28.2	25.2	23.5	22.3
RoCE (%)	26.8	24.1	22.7	21.7
Payout (%)	29.2	16.6	14.6	12.6

Valuations

P/E (x)	47.4	44.0	38.6	33.5
P/BV (x)	12.3	10.0	8.3	6.8
EV/EBITDA (x)	31.5	29.0	25.0	21.1
Div. Yield (%)	0.6	0.4	0.4	0.4

CMP: INR794
TP: INR865 (+9%)
Neutral

- We expect Pidilite's (PIDI) revenue to grow by 2.5% YoY, led by 4% volume growth in Consumer and Bazaar segment. We have factored in GST related accounting impact of 7.5% on sales and no impact on absolute EBITDA.
- EBITDA margin is expected to expand 180bp YoY to 24.6%.
- We expect EBITDA and PAT to grow by 10.6% and 4.6% YoY, respectively.
- While we like the business franchise and the long-term growth prospects, fair valuations at 38.6x FY19E EPS of INR20.6 keep us **Neutral** on the stock.

Key issues to watch for

- Volume growth in Fevicol.
- Outlook for VAM prices.
- Outlook for industrial and construction chemical segments.
- Progress on Elastomer project (if any).

Consolidated - Quarterly Earning Model

Y/E March	FY17				FY18				FY17	FY18E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	15,694	14,177	13,344	12,954	15,289	14,531	15,145	13,953	56,168	58,918
YoY Change (%)	6.8	7.5	-0.3	4.9	-2.6	2.5	13.5	7.7	4.8	4.9
Total Expenditure	11,754	10,951	10,477	10,375	12,079	10,964	11,513	10,810	43,570	45,366
EBITDA	3,939	3,225	2,866	2,579	3,210	3,568	3,632	3,143	12,598	13,552
Margins (%)	25.1	22.8	21.5	19.9	21.0	24.6	24.0	22.5	22.4	23.0
Depreciation	258	303	295	296	313	318	316	318	1,151	1,264
Interest	35	26	30	48	37	26	30	34	139	127
Other Income	241	324	272	286	432	275	272	279	1,123	1,259
PBT	3,887	3,209	2,814	2,520	3,292	3,499	3,558	3,070	12,430	13,419
Tax	1,174	912	793	971	1,033	1,085	1,103	940	3,851	4,160
Rate (%)	30.2	28.4	28.2	38.5	31.4	31.0	31.0	30.6	31.0	31.0
Adj PAT	2,713	2,309	2,020	1,549	2,260	2,414	2,455	2,130	8,579	9,259
YoY Change (%)	16.3	12.4	1.5	-7.5	-16.7	4.6	21.5	37.5	6.7	7.9
Margins (%)	17.3	16.3	15.1	12.0	14.8	16.6	16.2	15.3	15.3	15.7

E: MOSL Estimates

United Breweries

Bloomberg	UBBL IN
Equity Shares (m)	264.4
M. Cap. (INR b)/(USD b)	222 / 3
52-Week Range (INR)	976 / 716
1,6,12 Rel Perf. (%)	5 / 5 / -24

Financial Snapshot (INR b)

Y/E March	2017	2018E	2019E	2020E
Sales	47.6	51.6	60.3	68.8
EBITDA	6.7	7.0	8.6	10.6
PAT	2.3	2.6	3.7	4.9
EPS (INR)	8.7	9.9	14.0	18.4
EPS Gr. (%)	-23.0	13.9	41.5	31.5
BV/Sh.(INR)	88.3	96.6	108.6	124.5
RoE (%)	10.2	10.7	13.6	15.8
RoCE (%)	9.1	10.0	12.9	14.7

Valuations

P/E (x)	96.7	84.8	59.9	45.6
P/BV (x)	9.5	8.7	7.7	6.7
EV/EBITDA (x)	33.8	32.1	26.0	20.9
EV/Sales (x)	4.8	4.3	3.7	3.2

CMP: INR839

TP: INR980 (+17%)

Buy

- We expect United Breweries' revenue to grow by 7% YoY to INR11b.
- We build in EBITDA margin contraction of 120bp YoY to 10.3%, and 3.8% EBITDA decline YoY to INR1.1b.
- We estimate 22.6% PAT growth in 2QFY18, led by lower interest and higher other income.
- The stock trades at 59.9x FY19E EPS of INR14. Maintain **Buy**.

Key issues to watch for

- Trends in volume growth and margins.
- Price trend and outlook for raw materials.
- Comment on highway ban impact on stores with 500m proximity.

Standalone - Quarterly Earning Model

Y/E March	FY17				FY18				FY17	FY18E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	15,642	10,322	10,250	11,127	16,742	11,045	11,070	12,697	47,341	51,554
YoY Change (%)	7.5	-3.7	-6.6	-8.4	7.0	7.0	8.0	14.1	-2.2	8.9
Total Expenditure	12,733	9,139	8,942	10,116	13,559	9,906	9,802	11,327	40,930	44,594
EBITDA	2,909	1,183	1,308	1,011	3,184	1,138	1,268	1,369	6,412	6,960
YoY Change (%)	17.1	-12.4	-27.3	-21.3	9.4	-3.8	-3.0	35.4	-7.3	8.5
Margins (%)	18.6	11.5	12.8	9.1	19.0	10.3	11.5	10.8	13.5	13.5
Depreciation	637	702	698	833	649	667	690	749	2,870	2,754
Interest	148	141	153	144	142	80	80	124	587	426
Other Income	136	8	330	43	63	50	50	27	516	189
PBT	2,260	348	787	76	2,456	441	548	523	3,472	3,968
Tax	790	106	274	9	837	144	179	189	1,178	1,349
Rate (%)	34.9	30.4	34.8	11.7	34.1	32.7	32.7	36.1	33.9	34.0
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	4
Reported PAT	1,471	242	513	67	1,619	297	369	334	2,293	2,615
Adj PAT	1,471	242	513	67	1,619	297	369	334	2,293	2,615
YoY Change (%)	20.4	-53.5	-28.0	-87.1	10.1	22.6	-28.1	396.4	-23.0	14.0
Margins (%)	9.4	2.3	5.0	0.6	9.7	2.7	3.3	2.6	4.8	5.1

E: MOSL Estimates

United Spirits

Bloomberg	UNSP IN
Equity Shares (m)	145.3
M. Cap. (INR b)/(USD b)	349 / 5
52-Week Range (INR)	2773 / 1775
1,6,12 Rel Perf. (%)	-6 / 13 / -18

Financial Snapshot (INR b)

Y/E March	2017	2018E	2019E	2020E
Sales	85.5	87.4	100.8	116.5
EBITDA	9.8	10.5	13.8	17.5
PAT	3.9	5.0	7.5	9.3
EPS (INR)	26.7	34.5	51.5	63.8
EPS Gr. (%)	87.1	29.1	49.3	23.8
BV/Sh.(INR)	133.4	191.4	254.1	339.0
RoE (%)	21.3	18.0	20.3	18.8
RoCE (%)	11.8	12.4	15.4	17.3
Payout (%)	0.0	0.0	0.0	0.0
Valuations				
P/E (x)	89.7	69.5	46.6	37.6
P/BV (x)	18.0	12.5	9.4	7.1
EV/EBITDA (x)	35.4	32.4	24.3	19.0

CMP: INR2,399 TP: INR2,600 (+8%) Neutral

- We expect United Spirits' (UNSP) revenue to decline by 1% to INR20.3b and have built in 7% decline in volumes.
- We expect EBITDA margin expansion of 150bp YoY to 13% and EBITDA to grow 11.9% YoY to INR2.6b.
- We estimate PAT of INR1.2b in 2QFY18, growth of 26.6% YoY, mainly due to lower interest costs.
- Maintain **Neutral**.

Key issues to watch for

- Trends in volume growth, premiumization and margins.
- Price trend and outlook for ENA.
- Comment on highway ban impact on stores with 500m proximity.

Quarterly Performance

Y/E March (Standalone)	FY17				FY18				FY17	FY18
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Volume Growth %	-0.2	1.0	-5.0	-8.2	-18.9	-7.0	0.0	4.0	-3.1	-5.6
Total Revenues	20,405	20,483	24,943	20,250	17,818	20,278	26,689	22,614	85,476	87,400
YoY Change (%)	10.4	8.2	3.5	-0.6	-12.7	-1.0	7.0	11.7	4.4	2.3
Total Exp	18,271	18,126	22,007	17,599	16,244	17,640	23,414	19,613	75,650	76,912
EBITDA	2,134	2,357	2,936	2,651	1,574	2,638	3,275	3,001	9,826	10,488
Margins (%)	10.5	11.5	11.8	13.1	8.8	13.0	12.3	13.3	11.5	12.0
EBITDA growth (%)	24.5	-18.8	15.2	142.3	-26.2	11.9	11.5	13.2	18.8	6.7
Depreciation	261	332	313	418	321	365	344	452	1,323	1,482
Interest	1,030	885	922	853	703	708	701	656	3,690	2,768
PBT From operations	843	1,140	1,701	1,380	550	1,565	2,230	1,894	4,813	6,239
Other income	241	283	454	253	309	283	386	266	995	1,244
PBT	1,084	1,423	2,155	1,633	859	1,848	2,616	2,160	5,808	7,482
Tax	253	445	580	515	222	610	889	748	1,923	2,469
Rate (%)	23.3	31.3	26.9	31.5	25.8	33.0	34.0	34.6	33.1	33.0
Adj. PAT	831	978	1,575	1,118	637	1,238	1,726	1,412	3,885	5,013
YoY Change (%)	616.1	-4.2	98.5	237.8	-23.4	26.6	9.6	26.3	87.1	29.1

E: MOSL Estimates

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