

Valuation matrix

Company	Target Price (INR)	Reco
Staples		
BRIT	5,850	Neutral
CLGT	2,550	Neutral
DABUR	600	Buy
HMN	700	Buy
GCPL	1,450	Buy
HUVR	3,000	Buy
ITC	500	Buy
JYL	375	Neutral
MRCO	825	Buy
NESTLE	1,200	Neutral
PG	15,000	Neutral
Paints		
APNT	2,500	Neutral
INDIGOPN	1,400	Buy
PIDI	3,200	Neutral
Liquor		
UNSP	1,500	Neutral
RDCK	3,250	Buy
UBBL	2,000	Neutral
Innerwear		
PAGE	54,000	Buy
QSR		
BBQ	325	Neutral
DEVYANI	200	Buy
JUBI	725	Neutral
RBA	135	Buy
SAPPHIRE	400	Buy
WESTLIFE	750	Neutral
Jewelry		
KALYANKJ	700	Buy
PNG	825	Buy
SESCO	385	Neutral
TTAN	4,150	Buy

Steady 1Q solidifies optimism for FY26 recovery

Jewelry and liquor categories sustain outperformance

- Our widespread consumer coverage universe, with a combined revenue of ~INR4,800b and a market cap of ~INR35,000b, registered aggregate revenue and EBITDA growth of 12%/5% in 1QFY26 and 8%/2% in FY25. Consumption trends saw a sequential improvement in 1Q, with jewelry and liquor categories sustaining their outperformance.
- Revenue/EBITDA/APAT performance of all sub-segments in 1QFY26: staples +10%/1%/0%, paint +3%/+2%/+2%, innerwear +3%/+21%/+22%, liquor +16%/+7%/+13%, QSR +11%/+0%/-85%, and jewelry +25%/+47%/+56% YoY.
- In 1QFY26, demand trends were mixed across categories. **Staples** delivered a slightly better sequential performance, aided by price hikes and improving urban sentiment as inflation eased, while rural demand remained relatively more resilient. Unseasonal rains impacted the summer portfolio, particularly beverages and cool talc. Volume growth for most companies improved sequentially and delivered low- to mid-single digits. Management commentary was also positive regarding volume recovery for the remainder of FY26. Easing inflation, potential rate cuts, tax benefits, and a healthy harvest season are expected to drive volumes. **Paint** companies showed early signs of recovery, although momentum was impacted by the early monsoon. Still, management sentiment appears more positive compared to a year ago, with the sector posting marginal growth after four quarters of decline. The early festive season (Diwali in mid-October) is expected to drive demand for September but may partially impact 3Q performance. Uncertainty around the overall demand recovery still hovers around the category. The **AlcoBev** segment sustained healthy demand, driven by premiumization, product innovations, and re-entry into Andhra Pradesh, while UBBL additionally benefited from market share gains and a favorable base. The impact of the sharp tax increase in Maharashtra will be monitorable in the performance of the upcoming quarters. The **innerwear** category faced soft demand, with subdued consumption patterns affecting tertiary sales. However, companies continued to invest in innovation, marketing, and distribution. The growth recovery toward the end of the quarter was encouraging, making it important to monitor demand recovery during the festive period. **QSR** players continued to report muted demand despite a supportive base, with dine-in ADS remaining soft and SSSG largely flat to negative, barring JUBI and RBA. **Jewelry** players reported strong topline growth, aided by high gold prices and store additions. The shift in Gudipadwa days partially impacted 1Q retail performance.
- Gross margin pressure persisted, driven by high-cost commodity inventory, especially in agri inputs, and limited price hikes. While key commodity prices remain volatile month-to-month, they are expected to stabilize in the remainder of FY26. Companies have implemented price hikes, and steady RM costs could provide relief from GM pressure in 2HFY26. EBITDA margin in 1Q was also impacted, though partially offset by cost controls. Innerwear and jewelry players experienced EBITDA margin gains, while staples, QSR, and paint companies reported margin contraction. Jewelry companies witnessed EBITDA margin

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expansion despite rising gold prices, supported by a superior product mix and a higher studded share.

- **Outliers and underperformers in 1QFY26:** Among our coverage companies, HMN, PG, PIDL, RDCK, Titan, P N Gadgil, and Kalyan Jewelers were the outliers in 1QFY26, whereas CLGT, NEST, INDIGOPN, UBBL, BARBEQUE, and Devyani underperformed.
- **Outlook and recommendation:** With sustained improvements in macros and government initiatives to revive demand, we expect a broad-based demand recovery in FY26. Early signs of demand improvement in 1Q have increased our confidence in growth recovery for FY26. We expect both staples and discretionary categories to perform well, particularly where mid-mass income HHs have higher sensitivity to growth. Our top picks are HUL, GCPL, MRCO, PAGE, Titan, PN Gadgil, and RBA.

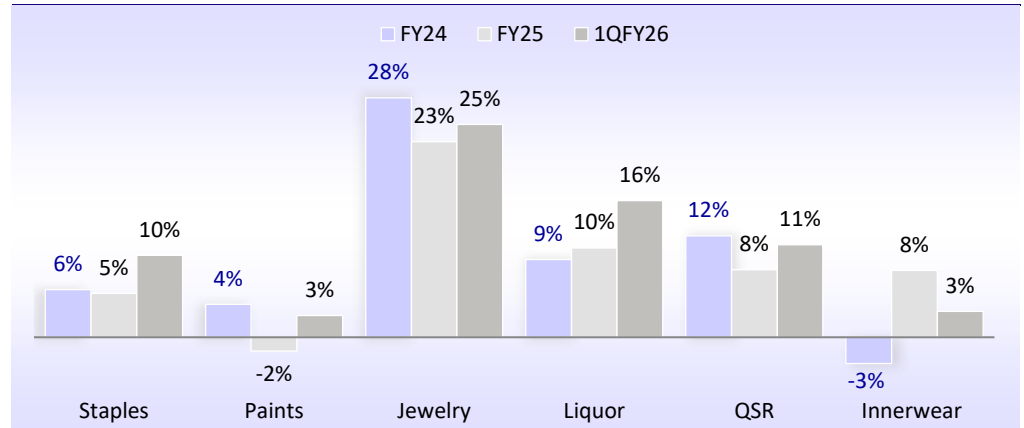
Performance summary of all categories and key areas to monitor

- **Staples:** FMCG demand remained stable, showing a gradual sequential improvement backed by favorable macros. The rural market continued to perform well, with urban demand also picking up. Our staple companies reported sales growth of 10% (est. 6%), EBITDA was +1% (est. +1%), and APAT was flat YoY (est. +2%). Volume growth for most companies was limited to low-to mid-single digits. The early onset of the monsoon impacted the summer product portfolio of a few consumer companies (Dabur, Emami). Gross margin continued to contract for most companies in 1QFY26 due to high-cost inventories. In 1Q, margin softness was broad-based across categories but more pronounced in the beauty & personal care segment. For staple companies under our coverage, gross margin contracted 420bp YoY and EBITDA margin contracted 220bp YoY. According to NIQ data, the FMCG industry posted 14% value growth and 6% volume growth, with rural volume growth much higher at 8.4% vs 4.3% in urban areas. However, the gap is narrowing as the urban areas show signs of sequential recovery. Demand trends are expected to improve gradually with improving macros and a healthy monsoon outlook. In terms of revenue, Marico (+23%) and ITC (+17%) were outliers, while Colgate (-4%) came in below expectations.
- **Paints:** Paint companies in 1QFY26 were partially hit by the early monsoon and an unfavorable product mix amid intense competition in the economy segment. However, the companies are now seeing sequential improvement. Our coverage universe (APNT and Indigo Paints) reported a growth of 3%/2%/2% in revenue/EBITDA/APAT. Berger Paints stood out with 4% revenue growth, supported by its urban-centric initiatives and expansion into new product categories. Grasim stated that as of 1QFY26, Birla Opus maintained a strong 65% revenue share from premium and luxury products across emulsions, enamels, wood finishes, and waterproofing. Raw material prices have softened, especially crude derivatives, but companies are monitoring potential cost increases due to anti-dumping duties on TiO₂ from China. EBITDA margins for most players declined YoY, impacted by an adverse product mix and negative operating leverage.
- **Liquor:** The AlcoBev sector saw healthy growth in 1QFY26, supported by premiumization and re-entry into AP (Since Sep'24). The Prestige & Above (P&A) segment maintained its momentum, with premium volume growth of 9% for

United Spirits, 46% for United Breweries, and 41% for Radico Khaitan. The Mass/Popular segment saw steady performance. UBBL's performance was supported by share gains and a low base from the election-impacted quarter last year. In 1QFY26, input costs such as ENA and glass remained largely stable, though margin performance varied across players. United Spirits saw EBITDA margin contraction, led by higher costs. Radico Khaitan posted a healthy 230bp margin expansion to 15.3%, with guidance of 125-150bp annual improvement. Meanwhile, United Breweries faced ~70bp margin pressure, largely due to weakness in Karnataka. Premiumization, regulatory stability, and strong brand momentum support a positive near-term outlook. Radico outperformed its peers in the category. Our coverage liquor companies delivered sales/EBITDA/APAT growth of 16%/7%/13% during 1Q.

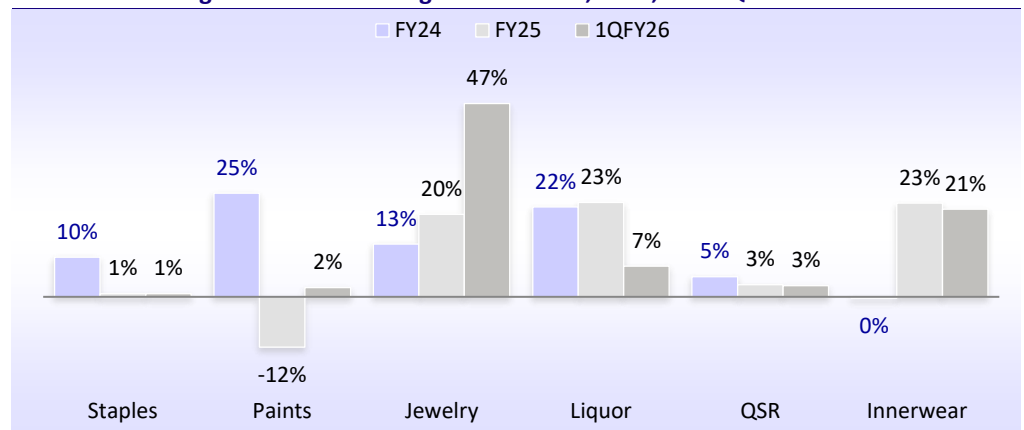
- **QSR:** Consumption trends remained stable, showing no significant improvement or deterioration compared to the last 3-4 quarters. Companies expect a gradual recovery in eat-out frequency. That said, weak underlying growth continued to impact operating margins, exerting pressure on restaurant and EBITDA margins for most brands. Enhancements in value-focused menu offerings and promotional activities have increased footfall. While delivery channels remain strong, dine-in is showing a gradual improvement. Our coverage universe posted revenue growth of 11% YoY in 1QFY26 vs. 8% in 4QFY25 and 5% in 1QFY25. Store additions continued at a healthy pace during the quarter. RBA outperformed in 1QFY26.
- **Jewelry:** Jewelry companies delivered robust revenue growth despite global headwinds and a sharp rise in gold prices (up 32% YoY and 5% QoQ). Demand was resilient, supported by festive and wedding-related purchases. Revenue growth for Titan (Jewelry standalone, ex-bullion), Kalyan, Senco, and P N Gadgil (retail) stood at 17%, 31%, 30%, and 19%, respectively, while Thangamayil and DP Abhushan grew 16% and 5%. The studded jewelry mix improved for Senco and PN Gadgil, while it remained stable for Kalyan and declined for Titan. Companies noted rising interest in 18k jewelry, along with growing traction for 14k gold among customers in select regions. EBITDA margin expansion was supported by a superior product mix and high-studded share. GML rates, which spiked in the last quarter due to US tariff volatility, have now normalized to the usual 3-4% range. Our coverage jewelry companies delivered sales/EBITDA/PAT growth of 25%/47%/56% in 1QFY26.
- **Innerwear:** The innerwear market witnessed soft demand trends as consumption patterns in 1Q were subdued, affecting tertiary sales growth. However, the companies continued with their steady investments in product innovation, brand marketing, and distribution expansion. Among key players, PAGE posted 3% revenue growth, Dollar Industries 19%, and Lux Industries 13%, while Rupa reported an 11% decline. E-commerce and Tier-3/4 cities led growth, followed by Tier-1, Tier-2, and metros. Inventory management improved, with PAGE's inventory days now at normal levels. EBITDA margins expanded during the quarter, supported by stable raw material prices, improved inventory efficiency, and operational gains. PAGE delivered 3%/21%/22% YoY growth in revenue/EBITDA/APAT in 1QFY26.

Exhibit 1: Coverage universe revenue growth in FY24, FY25, and 1QFY26



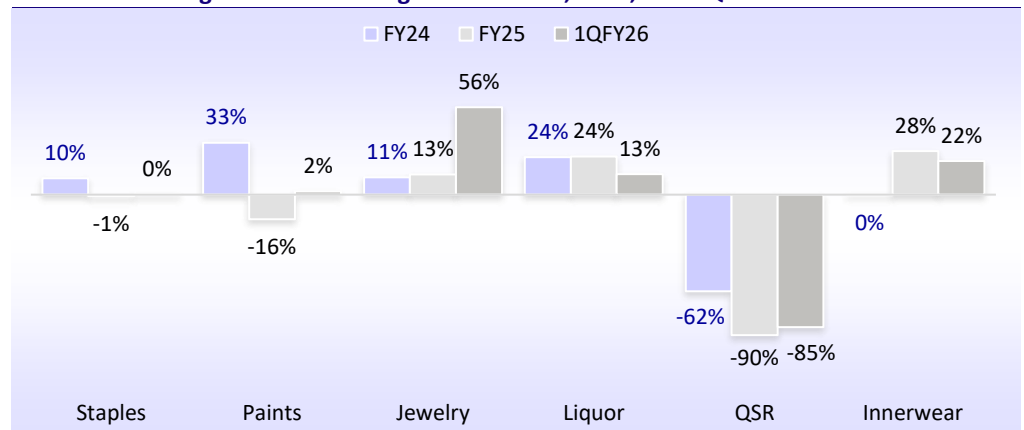
Source: Companies, MOFSL

Exhibit 2: Coverage universe EBITDA growth in FY24, FY25, and 1QFY26



Source: Companies, MOFSL

Exhibit 3: Coverage universe APAT growth in FY24, FY25, and 1QFY26



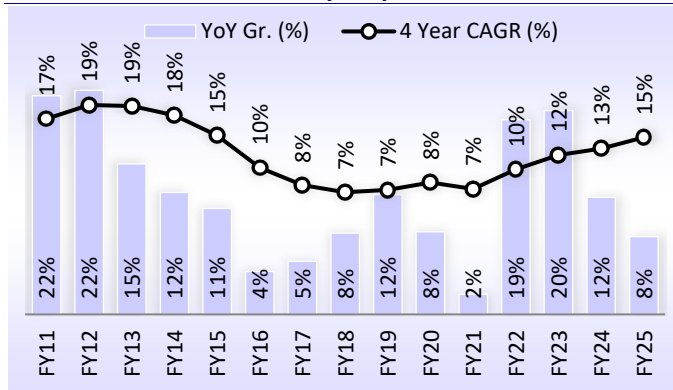
Source: Companies, MOFSL

Consumption tracker

The index is based on the weighted average revenue growth of various companies included in their respective categories.

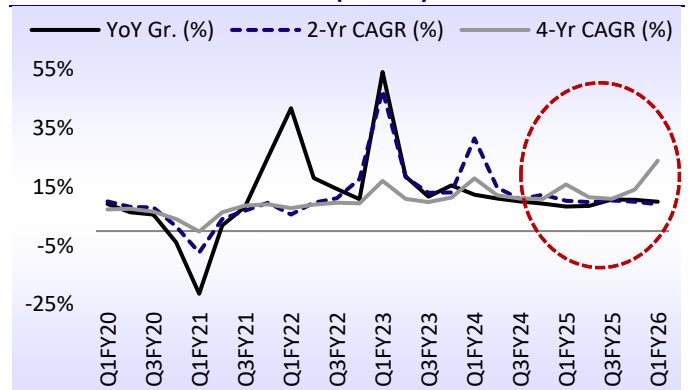
Our consumption tracker consists of various categories from the staple and discretionary baskets. The index comprises a diverse range of categories, from essentials such as oral care, hair care, personal care, and home care, to discretionary items such as F&B, OTC FMCG, cigarettes, footwear, paints, QSR, dairy, liquor, jewelry and innerwear.

Exhibit 4: Consumer Index – yearly trend



Source: Companies, MOFSL

Exhibit 5: Consumer Index – quarterly trend



Source: Companies, MOFSL

Category outperformance and underperformance

- **Moderate growth in essentials:** Most essential categories saw mid-single-digit growth, with hair care (led by Marico) leading at 13%. However, oral care saw a revenue decline of 2%. Growth was led by price hikes and improving urban sentiments amid easing inflation, while rural demand remained more resilient. 1Q was impacted by unseasonal rains, which affected summer portfolio demand, particularly in the beverages and cool talc categories.
- **Discretionary spending shows improvement:** Discretionary categories saw mixed trends in 1Q. Jewelry grew 25%, liquor grew 12%, and QSR saw 11% organic revenue growth, driven by store additions and a favorable base. Cigarettes remained resilient, growing 11% amid stable taxation, while paints showed slight improvement of 1% YoY growth.

Exhibit 6: Category outperformance and underperformance (LTM basis)

Categories	Category Gr. % (1QFY26)	Category Gr. % (LTM)	Out-performers	Co Avg. Gr. (LTM, %)	Out-performance (x)	Under-performers	Co Avg. Gr. (LTM, %)	Under-performance (x)
Personal Care	7	4	Gillette	15	3.7x	Emami (Glow and handsome)	-5	-1.2x
Hair Care	13	7	Marico (PCNO)	20	3.0x	Emami (Kesh king)	-6	-1.0x
Oral Care	-2	1	Colgate	2	1.5x	Gillette	-3	-1.7x
Beverages	2	7	CCL	22	3.2x	Dabur Juices	-15	-2.2x
Foods	8	7	Marico (Edible oil)	20	2.9x	Gopal Snacks	0	0.0x
Home Care	4	5	GCPL	12	2.3x	Jyothy (HI)	-10	-2.0x
OTC FMCG	7	1	Emami (Healthcare)	10	12.8x	Dabur	-5	-6.2x
Dairy	9	9	Parag	12	1.4x	Hatsun Agro	7	0.9x
Cigarette	11	12	Godfrey Phillips	43	3.5x	VST	-2	-0.2x
Liquor	12	9	Radico Khaitan	21	2.4x	Sula Vineyards	-2	-0.3x
QSR	11	10	Jubilant Foodworks	16	1.6x	Barbeque Nation	-1	-0.1x
Paints	1	-2	Berger	4	2.3x	Asian Paints	-4	-2.6x
Footwear	0	0	Metro	9	30.9x	Mirza, Relaxo	-8	-27.1x
Jewelry	25	26	Kalyan	36	1.4x	PN Gadgil	19	0.7x
Innerwear	6	8	Lux Industries	14	1.8x	Rupa	-2	-0.2x

Source: Company, MOFSL

Exhibit 7: Volume and SSSG trends of coverage universe

Volume Growth	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Personal Products												
HUL (FMCG business)	4	5	4	3	2	2	2	4	3	0	2	4
Colgate	-3	-5	1	3	-1	-1	1	7	8	4	0	-3
Dabur - Overall	1	-3	1	3	3	4	3	5	-7	1	-5	-1
Emami - Overall	-5	-4	-7	3	2	-1	6	9	2	4	5	-3
Hair Care												
Marico - FMCG	3	4	5	3	3	2	3	4	5	6	7	9
Marico - Parachute Coconut Oil	-3	2	9	-2	1	3	2	2	4	3	-1	-1
Marico -VAHO	-2	-2	12	0	-1	2	-4	-2	-3	3	6	5
Home Care												
GCPL - Branded Biz	-5	3	13	10	4	5	9	8	7	0	4	5
Jyothy Labs - Overall	1	2	3	9	9	11	10	11	3	8	4	4
F&B												
Britannia Industries - Domestic	5	3	3	0	0	6	6	8	8	6	3	2
Marico - Saffola	9	13	-6	12	4	-5	5	5	0	2	-1	5
Nestle – Domestic*	9	-2	5	5	5	4	4	2	-2	3	2	4
Cigarette												
ITC-Cig	20	15	12	8	5	-1	2	3	4	6	5	6
Godfrey Phillips	24	23	18	8	8	11	18	26	31	30	30	27
Paints												
Asian Paints	10	0	16	10	6	12	10	7	-1	2	2	4
Berger paints	10	7	11	13	11	9	14	12	4	7	7	6
Liquor												
United Spirits - P&A	13	4	10	10	4	5	4	5	-4	11	9	9
United Spirits - Total	-22	-24	-27	6	1	-2	4	3	-4	10	7	9
Radico Khaitan - P&A	22	14	17	27	22	20	15	14	13	18	16	41
Radico Khaitan - Total	11	0	-1	8	-3	4	-1	-4	-2	15	27	37
United Breweries - P&A	48	13	19	21	10	14	21	44	27	33	24	46
United Breweries - Total	23	4	3	-12	7	8	11	5	5	8	5	11
Innerwear												
Page Industries	1	-11	-15	-12	-9	5	6	3	7	5	9	2
QSR - SSSG												
Jubilant FoodWorks - LFL	8	0	-1	-1	-1	-3	0	3	3	13	12	12
Devyani - KFC	13	3	2	-1	-4	-5	-7	-7	-7	-4	-6	-1
Devyani - PH	3	-6	-3	-5	-10	-13	-14	-9	-6	-1	1	-4
Sapphire - KFC	15	3	2	0	0	-2	-3	-6	-8	-3	-1	0
Sapphire - PH	23	-4	-4	-9	-20	-19	-15	-7	-3	5	1	-8
Westlife Development - SSG	40	20	14	7	1	-9	-5	-7	-7	3	1	1
Barbeque - SSG	23	-1	-3	-8	-11	-5	1	-7	-3	-2	-2	-3
Burger King	27	9	8	4	4	3	2	3	-3	-1	5	3
Jewelry SSSG (%)												
Titan- Tanishq	9	9	19	16	22	10	14	3	15	22	15	11
Titan- Caratlane	41	35	29	8	10	2	3	8	28	15	14	20
Kalyan				15	10	11	17	12	23	24	15	18
Senco				21	19	17	23	4	20	16	18	20
PN Gadgil												8

*MOFSL assumptions; Source: Company, MOFSL

Exhibit 8: Revenue, EBITDA, and PAT growth trends of coverage universe

Companies name	Revenue growth (%)					EBITDA growth (%)					APAT growth (%)				
	1Q FY25	2Q FY25	3Q FY25	4Q FY25	1Q FY26	1Q FY25	2Q FY25	3Q FY25	4Q FY25	4Q FY25	1Q FY25	2Q FY25	3Q FY25	4Q FY25	1Q FY26
Staples															
Britannia	6	5	8	9	9	9	-10	3	2	0	16	-9	4	4	-2
Colgate	13	10	5	-2	(4)	22	3	-3	-6	(11)	26	5	-2	-7	-12
Dabur	7	-5	3	1	2	8	-16	2	-9	2	8	-17	2	-8	3
Emami	10	3	5	8	(0)	14	7	8	4	(1)	21	19	6	9	8
Godrej Consumer	-3	2	3	6	10	7	5	-16	0	(4)	24	12	-14	-25	0
HUL	1	2	2	3	5	2	0	1	2	(1)	2	-2	3	3	-5
ITC	8	17	4	5	16	1	5	-2	-2	1	0	2	-11	-1	3
Jyothy	8	0	4	1	1	14	2	-2	3	(7)	17	1	-4	3	-5
LT Foods	16	7	17	7	19	13	-5	5	5	10	11	-7	-5	8	10
Marico	7	8	15	20	23	9	5	4	4	5	9	11	4	8	9
Nestle	3	1	4	4	6	5	-5	-1	5	(0)	6	-3	-12	-4	-13
P&G Hygiene	10	0	10	-1	1	-38	2	20	-19	103	-39	1	17	-16	111
Tata consumer	16	13	17	17	10	22	17	-1	-1	(9)	-5	10	-18	-18	10
Varun Beverages	28	24	38	29	(2)	32	30	39	28	0	26	24	40	35	5
Paints															
Asian Paints	-2	-5	-6	-4	(0)	-20	-28	-20	-15	(4)	-25	-29	-24	-31	-6
Indigo Paints	8	7	-3	1	(1)	-4	-1	-8	3	(6)	-16	-11	-3	6	-1
Pidilite	4	5	8	8	11	15	13	8	10	16	21	19	8	20	19
Liquor															
United Breweries	9	12	10	9	16	28	23	-3	31	9	27	23	-25	20	6
United Spirits	8	-1	15	11	8	19	8	20	40	(9)	25	5	21	62	-1
Radico Khaitan	19	21	11	21	33	25	35	29	45	56	21	33	30	60	84
Innerwear															
Page Industries	4	11	7	11	3	2	20	32	43	21	4	29	34	52	22
QSR															
Jubilant Food.	10	9	19	19	18	1	1	11	20	16	-31	-28	-2	43	29
Devyani International	44	49	54	16	11	29	25	50	16	(8)	NM	NM	NM	NM	NM
Westlife Foodworld	0	1	9	7	7	(24)	(21)	(5)	3	7	NM	NM	NM	NM	NM
Sapphire Foods	10	8	14	13	8	2	(3)	10	3	(9)	NM	NM	NM	NM	NM
Restaurant Brands	6	1	6	6	13	36	0	3	(11)	21	NM	NM	NM	NM	NM
Barbeque Nation	(6)	1	(1)	(2)	(3)	9	3	(7)	(3)	(10)	NM	NM	NM	NM	NM
Jewelry															
Titan	12	16	25	19	25	11	8	23	29	47	-5	2	18	13	53
Kalyan	27	37	40	37	31	16	26	33	35	35	23	35	44	36	49
Senco	8	31	27	19	30	62	107	-41	14	69	85	189	-50	94	104
PN Gadgil	33	46	24	5	3	44	59	33	6	71	59	141	49	13	96

Source: Company, MOFSL

Exhibit 9: Gross margin and EBITDA margin trend of coverage universe (%)

Companies	Gross Margin					EBITDA Margin				
	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Staples										
Britannia	43.4	41.5	38.7	40.1	40.3	17.7	16.8	18.4	18.2	16.4
Colgate	70.6	68.5	69.9	70.6	68.9	34.0	30.7	31.1	34.1	31.6
Dabur	47.8	49.3	48.1	46.7	47.0	19.6	18.2	20.3	15.1	19.6
Emami	67.7	70.7	70.3	65.9	69.4	23.9	28.1	32.3	22.8	23.7
Godrej Consumer	55.9	55.6	54.1	52.5	51.9	21.8	20.8	20.1	21.1	19.0
HUL	52.0	51.6	51.3	51.4	50.1	23.8	23.8	23.4	23.1	22.5
ITC	60.5	55.9	57.6	58.8	52.4	36.6	32.6	33.9	34.7	31.7
Jyothy	51.3	50.2	49.8	49.2	48.0	18.0	18.9	16.4	16.8	16.5
LT Foods	33.0	33.3	33.5	35.7	33.7	11.6	10.9	11.0	11.6	10.8
Marico	52.3	50.8	49.5	48.6	46.9	23.7	19.6	19.1	16.8	20.1
Nestle	57.6	56.6	56.4	56.2	55.2	23.3	23.3	23.5	25.7	21.9
P&G Hygiene	59.2	62.9	64.8	60.2	63.6	14.1	25.6	29.7	21.1	28.4
Tata Consumer	44.9	43.6	41.1	41.9	40.1	15.3	14.9	12.7	13.5	12.7
Varun Beverages	54.7	55.5	56.1	54.6	54.5	27.7	24.0	15.7	22.7	28.5
Paints & Adhesives										
Asian Paints	42.5	40.8	42.4	43.9	42.7	18.9	15.4	19.1	17.2	18.2
Indigo Paints	46.6	43.7	46.6	46.8	45.9	15.2	13.9	16.7	22.6	14.3
Pidilite	53.8	54.4	54.3	55.0	54.1	23.9	23.8	23.7	20.1	25.1
Liquor										
United Breweries	43.0	43.8	43.1	42.1	42.5	11.5	10.7	7.1	8.0	10.8
United Spirits	44.5	45.2	44.7	44.5	44.0	19.5	17.8	17.1	17.1	16.3
Radico Khaitan	41.5	43.6	43.0	43.5	43.0	13.1	14.6	14.2	13.6	15.4
Innerwear										
Page Industries	54.1	56.5	56.3	60.9	59.1	19.0	22.5	23.0	21.4	22.4
QSR										
Barbeque Nation	68.1	68.1	68.2	68.5	67.7	16.6	14.9	18.7	18.2	15.5
Devyani intl.	69.2	69.3	68.7	68.5	68.2	18.3	16.3	16.9	16.6	15.1
Jubilant Food.	76.1	76.1	75.1	74.5	74.1	19.3	19.4	19.4	19.3	19.0
Restaurant Brands	67.6	67.5	67.8	67.8	67.7	12.6	14.2	15.9	15.9	13.5
Sapphire Foods	68.6	68.8	68.6	68.2	67.4	17.3	16.1	17.8	14.9	14.5
Westlife Foodworld	70.6	69.7	70.1	70.0	71.6	13.0	12.7	14.0	13.2	13.0
Jewelry										
Kalyan	14.3	13.8	13.1	13.8	13.9	6.8	6.5	6.8	6.5	7.0
PN Gadgil	8.3	7.6	9.8	12.0	13.2	3.9	3.6	5.0	5.9	6.4
Senco	17.3	13.2	11.6	16.8	19.1	7.7	5.4	5.3	9.2	10.1
Titan	22.1	22.7	22.0	22.8	22.5	9.4	10.5	10.9	10.3	11.1

FMCG demand trends remained stable during the quarter. Rural markets are performing well, while companies are seeing early green shoots in urban markets.

Staples – Stable demand; subdued margins in 1QFY26

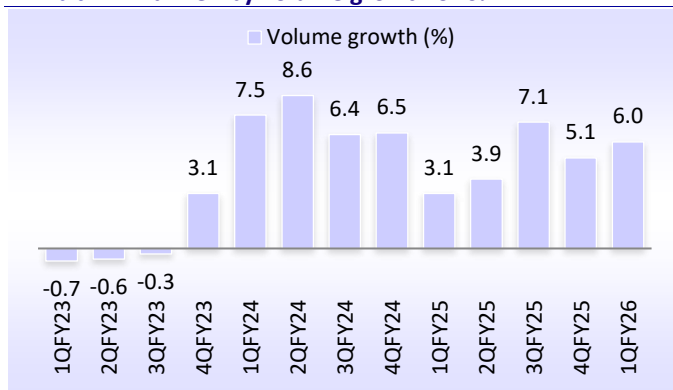
- FMCG demand remained stable, showing a gradual sequential improvement backed by favorable macros. The rural market continued to perform well, with urban demand also picking up. Our staple companies reported sales growth of 10% (est. 6%), EBITDA growth of 1% (est. +1%), and a flat APAT YoY (est. +2%).
- Volume growth for most companies was limited to low- to mid-single digits. The early onset of the monsoon impacted the summer product portfolio of a few consumer companies (Dabur, Emami).
- Gross margin continued to contract for most companies in 1QFY26 due to high-cost inventories. In 1Q, margin softness was broad-based across categories but more pronounced in the beauty & personal care segment. Through operational cost optimization (particularly ad spends), companies were able to somewhat manage margin pressure at the EBITDA level. With new low-cost RM inventory coming in, the full benefits are expected to materialize in the coming quarters. For staple companies under our coverage, gross margin contracted 420bp YoY and EBITDA margin contracted 220bp YoY.
- The rise of alternative channels such as e-commerce and quick commerce—driven by speed, convenience, and availability—continued to gain momentum. According to Nielsen, even though e-commerce accounts for just 11-13% of FMCG value share in Metros, it contributes to more than half of the omnichannel growth.
- According to NIQ data, the FMCG industry posted 14% value growth and 6% volume growth, with rural volume growth much higher at 8.4% vs 4.3% in urban areas. However, the gap is narrowing as the urban areas show signs of sequential recovery. Most consumer companies in their recent earnings calls stated that with inflation easing and a favorable monsoon outlook, they remain positive on the consumption uptick.
- Rural-led recovery remains intact, while urban demand is also picking up, albeit at a slower pace. Growth is being driven by smaller towns and channels such as e-commerce and quick commerce. Encouraged by favorable macros, consumer companies are increasing investments in their brands. We anticipate a steady recovery in volume growth, supported by a recovery in both urban and rural markets. Companies continue to focus on traditional growth strategies such as expanding distribution, launching new products, and offering consumer incentives. An uptick in volumes, coupled with an improvement in realization, is expected to accelerate revenue growth in the coming quarters.

Exhibit 10: Value grew 14% YoY in 1QFY26...



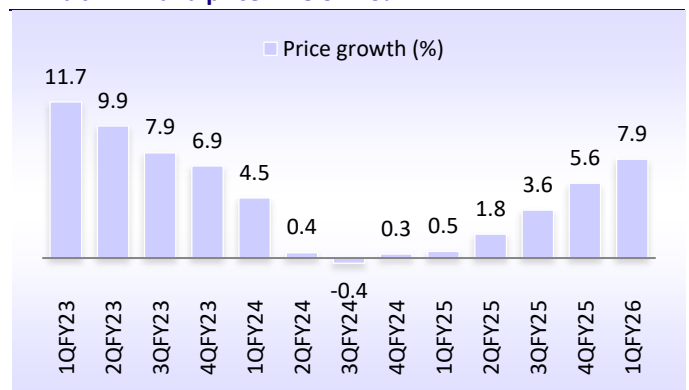
Source: NIQ data, MOFSL

Exhibit 11: ...driven by volume growth of 6%...



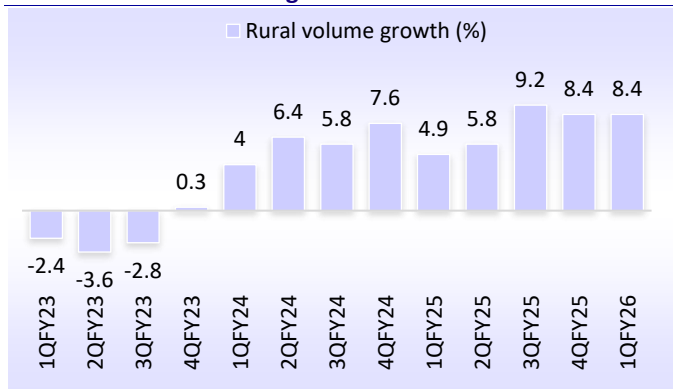
Source: NIQ data, MOFSL

Exhibit 12: ...and price hike of 7.9%



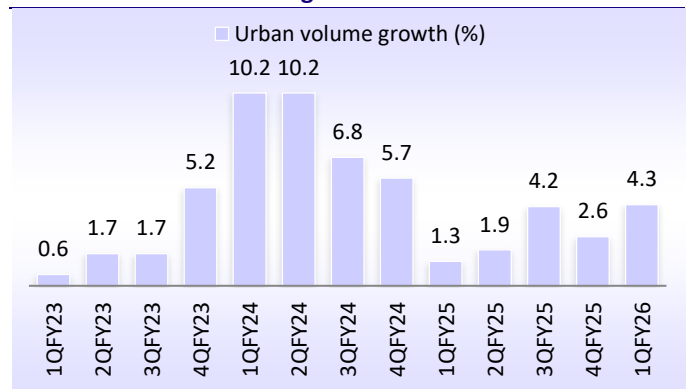
Source: NIQ data, MOFSL

Exhibit 13: Rural volume grew 8.4%



Source: NIQ data, MOFSL

Exhibit 14: Urban volume grew 4.3%



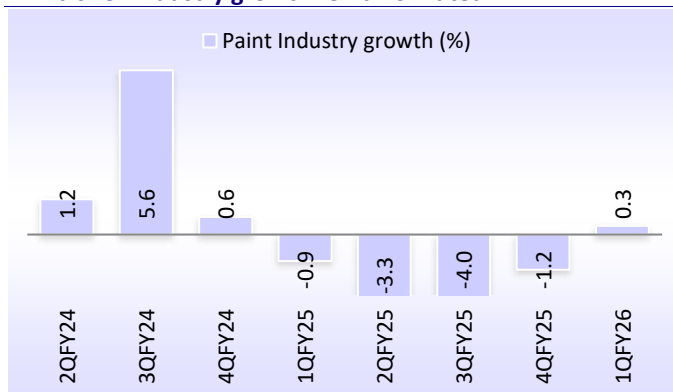
Source: NIQ data, MOFSL

Paint – Early monsoon and poor product mix dent the show

Companies expect a gradual recovery going forward, supported by the early festive season and improving urban demand.

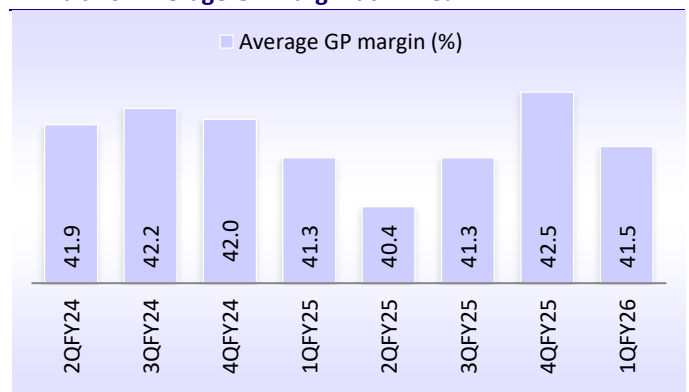
- **Soft industry growth:** Paint companies showed early signs of recovery, though the momentum was impacted by the early monsoon; still, sentiment from managements appears more positive compared to a year ago, with the sector posting marginal growth after four quarters of decline. The early festive season (Diwali in mid-October) is expected to drive demand for September but may partially impact 3Q performance. APNT's revenue remained flat YoY, Berger posted revenue growth of ~4%, and Indigo Paints' revenue declined 1% YoY.
- **High competitive intensity:** Competition remains intense, and the company is focusing on innovation, brand saliency, regionalization, and other strategic levers to navigate near-term uncertainties. Grasim stated that as of 1QFY26, Birla Opus kept a strong 65% revenue share from premium and luxury products across emulsions, enamels, wood finishes, and waterproofing.
- **Margin pressure:** EBITDA margin contracted 4% YoY for APNT due to product mix changes and negative operating leverage. Challenges persisted in the form of higher costs related to discounting, advertising, R&D, distribution and manpower, and idle capacity overheads. INDIGOPN stated that A&P spending as a percentage of revenue is expected to decline slightly in FY26, despite increased investments in digital marketing. Raw material prices have softened, especially crude derivatives, but companies are monitoring potential cost increases due to anti-dumping duties on TiO₂ from China. APNT (18-20%), Berger (15-17%), and Kansai (13-14%) have maintained their EBITDA margin guidance.
- **Near-term outlook:** Companies expect demand to gradually improve as the key retailing season is expected to shift to September, supported by the early festive season and improving urban demand. Green shoots of demand are visible across the industry. Lower inflation and supportive government policies are likely to aid overall demand recovery. APNT expects revenue recovery to be gradual, with revenue growth anticipated in single digits for FY26, while Berger targets higher revenue growth in FY26 YoY.

Exhibit 15: Industry growth remains muted



Source: Indigo paints, Berger paints PPT

Exhibit 16: Average GP margin at ~41.5%



Source: Indigo paints PPT

Exhibit 17: Annual and quarterly trajectory of paint companies

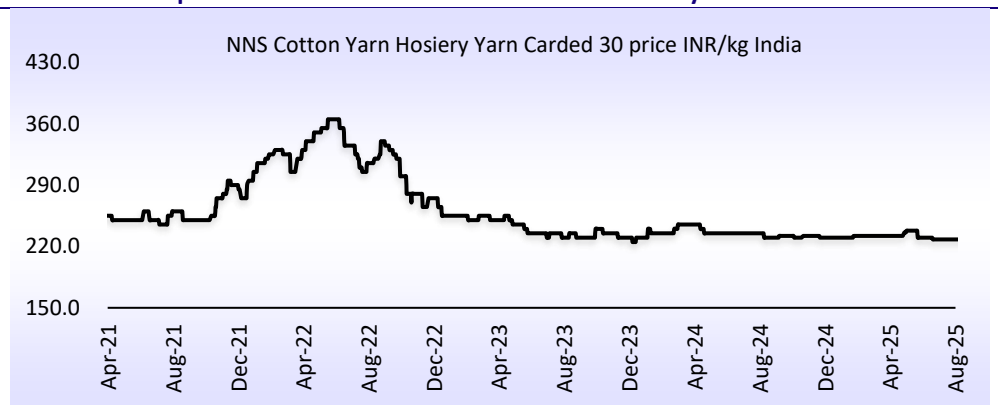
Sales (INR b)	FY19	FY20	FY21	FY22	FY23	FY24	FY25	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Asian Paint	192.4	202.1	217.1	291.0	344.9	354.9	339.1	89.7	80.3	85.5	83.6	89.4
Berger Paints	60.6	63.7	68.2	87.6	105.7	112.0	115.4	30.9	27.7	29.8	27.0	32.0
Kansai Nerolac	54.2	52.8	50.7	63.7	75.4	78.0	78.2	21.3	19.5	19.2	18.2	21.6
Akzo Nobel	29.2	26.6	24.2	31.5	38.0	39.6	40.9	10.4	9.8	10.5	10.2	10.0
Indigo Paints	5.4	6.2	7.2	9.1	10.7	13.1	13.4	3.1	3.0	3.4	3.9	3.1
Sales growth (%)												
Asian Paint	14	5	7	34	19	3	-4	-2	-5	-6	-4	0
Berger Paints	17	5	7	29	21	6	3	2	0	3	7	4
Kansai Nerolac	16	-3	-4	26	18	3	0	-1	0	0	3	1
Akzo Nobel	7	-9	-9	30	21	4	3	4	3	2	5	-4
Indigo Paints	33	17	16	25	18	22	3	8	7	-3	1	-1
GP margin (%)												
Asian Paint	41.5	43.7	44.3	37.1	38.7	43.4	42.4	42.5	40.8	42.4	43.9	42.7
Berger Paints	46.4	48.4	50.2	45.9	43.5	47.1	41.4	39.9	41.7	41.6	42.7	41.4
Kansai Nerolac	43.4	45.0	45.6	38.9	37.6	42.0	35.2	36.8	34.0	35.2	34.6	36.1
Akzo Nobel	42.1	45.8	45.4	40.3	39.8	43.9	43.3	44.6	43.7	41.9	43.2	42.8
Indigo Paints	44.3	48.5	47.9	43.3	44.5	47.6	46.0	46.6	43.7	46.6	46.8	45.9
EBITDA (INR b)												
Asian Paint	37.7	41.6	48.6	48.0	62.6	75.8	60.1	16.9	12.4	16.4	14.4	16.2
Berger Paints	9.3	10.6	11.9	13.3	14.9	18.6	18.6	5.2	4.3	4.7	4.3	5.3
Kansai Nerolac	7.5	8.0	8.6	6.5	8.2	10.3	9.4	3.3	2.1	2.4	1.7	3.0
Akzo Nobel	3.4	3.8	3.4	4.3	5.3	6.3	6.4	1.7	1.5	1.7	1.6	1.3
Indigo Paints	0.5	0.9	1.2	1.4	1.8	2.4	2.3	0.5	0.4	0.6	0.9	0.4
EBITDA growth (%)												
Asian Paint	18	11	17	-1	30	21	-21	-20	-28	-20	-15	-4
Berger Paints	16	14	12	12	12	25	0	-6	-8	-2	22	1
Kansai Nerolac	-5	7	7	-25	26	26	-8	15	11	12	9	14
Akzo Nobel	15	11	-10	27	21	20	1	16	15	16	16	14
Indigo Paints	10	15	17	15	17	18	17	-4	-1	-8	3	-6
EBITDA margin (%)												
Asian Paint	19.6	20.6	22.4	16.5	18.2	21.4	17.7	18.9	15.4	19.1	17.2	18.2
Berger Paints	15.4	16.7	17.4	15.2	14.1	16.6	16.1	16.9	15.6	15.9	15.8	16.5
Kansai Nerolac	13.9	15.2	17.0	10.2	10.8	13.2	12.0	15.5	10.9	12.2	9.1	14.0
Akzo Nobel	11.7	14.2	14.1	13.7	13.8	16.0	15.7	16.3	14.9	15.9	15.6	13.5
Indigo Paints	10.1	14.6	16.9	15.0	16.9	18.2	17.4	15.2	13.9	16.7	22.6	14.3

Consumption patterns in 1Q were subdued, affecting tertiary sales growth. The companies are confident of growth recovery for the coming quarters.

Innerwear – Bleak 1Q; expect recovery soon

- **Subdued demand trends:** The innerwear market witnessed soft demand trends as consumption patterns in 1Q were subdued, affecting tertiary sales growth. PAGE stated that competitive intensity is much better now compared to three years ago. In 1Q, the innerwear segment slightly underperformed other categories such as Athleisure. The difference, however, was not significant. PAGE reported weaker revenue growth of 3% YoY. Lux Industries/Dollar reported 13%/19% YoY growth in revenue, driven by premium and mid-tier brands. Rupa reported an 11% revenue decline YoY. E-commerce continued to show strong growth, led by higher growth in hinterlands compared to metros.
- **Inventory rationalization:** Inventory management remained in focus, with companies optimizing stock levels across distribution networks. In 1Q, PAGE inventory days stood at 56 as of 1Q-end vs 64 at the beginning of the quarter. Net working capital was 48 days vs. 64 days at the beginning of 1Q. For innerwear, inventory days are now normal. In Athleisure, PAGE continues to reduce inventory days monthly; however, it will normalize in three quarters. Lux saw an increase in inventory by ~37 days in 1QFY26 YoY due to the launch of Lux Nitro. Dollar Industries' inventory days increased to 125 days in 1QFY26 vs 110 days in 4QFY25. Dollar remains focused on reducing its cash conversion cycle to around 150 days by FY26-end from the current 160 days.
- **Margin expansion:** Most companies reported EBITDA margin expansion, supported by stable raw material costs, improved efficiencies, and cost controls. No price hikes were taken by companies in 1Q. Moreover, it does not expect any price hikes in the coming quarters. PAGE expects 19-21% EBITDA margin for FY26 despite achieving 21.5% in FY25, as higher IT and marketing expenses are anticipated.
- **Outlook – Innerwear companies expect a gradual demand recovery in the coming quarters, supported by product innovation, improved inventory management, and digital expansion. Companies are strengthening their e-commerce presence, retail footprint, and category portfolio, including sustainable products. Despite higher marketing and distribution spending, operating margins are expected to remain strong, with strategic investments safeguarding market share.**

Exhibit 18: Yarn prices have remained stable over the last two years



Source: Bloomberg, MOFSL

Exhibit 19: Annual and quarterly trajectory of innerwear companies

Sales (INR b)	FY19	FY20	FY21	FY22	FY23	FY24	FY25	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Page	28.5	29.5	28.3	38.9	47.1	45.7	49.3	12.8	12.5	13.1	11.0	13.2
Lux	12.1	16.6	19.4	22.7	23.7	23.2	25.8	5.4	6.7	5.5	8.2	6.0
Dollar	10.3	9.7	10.4	13.4	13.9	15.5	16.8	3.2	4.5	3.8	5.4	3.8
Rupa	11.1	9.4	12.9	14.3	11.2	11.9	12.3	2.1	2.9	3.1	4.1	1.8
Sales growth (%)												
Page	12	3	-4	37	21	-3	8	4	11	7	11	3
Lux	12	38	16	17	4	-2	11	2	5	22	16	13
Dollar	11	-6	7	29	4	11	9	1	8	15	10	19
Rupa	-4	-15	37	11	-22	7	3	8	-1	0	5	-11
GP margin (%)												
Page	58.0	55.5	55.4	56.0	55.8	54.4	56.8	54.1	56.5	56.3	60.9	59.1
Lux	60.7	70.8	66.8	72.3	57.2	53.4	55.7	58.6	56.6	55.5	53.3	61.6
Dollar	57.9	53.6	57.1	54.2	45.6	53.7	53.5	59.3	53.2	56.6	47.9	57.8
Rupa	71.7	74.1	65.1	72.6	59.9	50.1	53.9	69.6	59.8	50.7	44.4	75.4
EBITDA (INR b)												
Page	6.2	5.3	5.3	7.9	8.6	8.6	10.6	2.4	2.8	3.0	2.4	2.9
Lux	1.8	2.7	3.8	4.7	2.2	2.0	2.3	0.5	0.6	0.5	0.8	0.4
Dollar	1.4	1.1	1.4	2.2	1.0	1.5	1.8	0.3	0.5	0.4	0.5	0.4
Rupa	1.7	1.2	2.6	2.7	0.9	1.2	1.3	0.2	0.3	0.4	0.5	0.1
EBITDA growth (%)												
Page	14	-14	-1	49	10	0	23	2	20	32	43	21
Lux	17	50	41	24	-54	-7	16	34	10	42	0	-22
Dollar	10	-23	31	57	-54	55	14	30	17	27	-2	24
Rupa	2	-27	105	4	-67	31	11	59	-12	15	14	-32
EBITDA margin (%)												
Page	21.6	18.1	18.6	20.2	18.3	18.8	21.5	19.0	22.5	23.0	21.4	22.4
Lux	14.9	16.3	19.7	20.8	9.2	8.7	9.1	8.4	9.4	9.1	9.3	5.9
Dollar	13.3	10.9	13.3	16.2	7.1	10.0	10.4	10.0	10.9	10.8	10.0	10.5
Rupa	15.3	13.2	19.9	18.7	7.9	9.7	10.6	8.6	9.6	12.0	11.1	6.6

Source: Company, MOFSL

Liquor – Healthy growth; watchful of policy changes

Liquor companies saw healthy demand trends in 1QFY26, with the premiumization trend continued.

- **Mixed demand trends in 1Q** - In 1QFY26, alco-bev demand was healthy but uneven: United Spirits flagged a still-muted consumer backdrop with early green shoots in urban recovery, leaning on premiumization and innovation to drive NSV growth (+8%). Radico Khaitan reported record volume growth (+37%), with strong momentum in Prestige & Above (+41%), citing sustained premium-led demand. Excluding AP, total volume growth stood at ~12%, with P&A volume growth at ~20%. Allied Blenders & Distillers highlighted robust growth with premiumization as a key lever and steady mass-premium volumes. Tilaknagar pointed to strong southern-market traction and share gains, underpinned by resilient brandy demand. United Breweries saw broad-based beer recovery, with 11% volume growth and a 46% surge in premium beer, underscoring premium momentum. Sula noted softer own-brand wine sales amid industry headwinds as its revenue declined 9% YoY, but continued to gain in premium mix and achieved record wine-tourism footfalls, supporting demand resilience.
- **Stable raw material costs, divergent margin trends** - In 1QaFY26, input costs such as ENA and glass remained largely stable, though margin performance varied across players. United Spirits saw an EBITDA margin contraction, led by higher costs and a 36% surge in marketing spends, with management guiding for EBIT growth to remain moderately ahead of revenue growth. Radico Khaitan posted a healthy 230bp margin expansion to 15.3%, with a guidance of 125-150bp annual improvement, aiming for mid-to-late-teen margins over the medium term. Allied Blenders & Distillers improved margins from 9.8% to 12.1%, targeting over 15% through premiumization and efficiency gains. Tilaknagar Industries reported a sharp ~700bp YoY jump in margins to 23.1%, backed by strong market share gains and operating leverage, with management confident of sustaining elevated profitability while continuing capacity and brand investments. United Breweries faced ~70bp margin pressure, largely due to weakness in Karnataka, while Sula Vineyards witnessed sharp margin erosion due to an 11% decline in core wine sales, though its wine tourism business remained robust and management expects demand recovery with improving macro conditions.
- **State policy changes and industry impact**
 - **UNSP** - The company is managing steep excise duty hikes and the rollout of Maharashtra Made Liquor (MML) in this key state, which contributes mid- to high-teens of national value sales. IMFL duties rose sharply, driving a 30-40% increase in MRPs, but the company strategically chose to absorb part of the burden depending on brand tier, rather than fully passing it on to consumers. While Maharashtra remains challenging, resilience in consumer spending and tailwinds from states like Uttar Pradesh, Madhya Pradesh, and Jharkhand support a cautiously optimistic outlook.
 - **Radico Khaitan** - In Andhra Pradesh, its market share surged from 10% in 1HFY25 to 28%, the highest in the industry. Maharashtra contributed only 4-5% of volumes, with no signs of pre-buying ahead of duty revisions. In Karnataka, the share of premium brands rose sharply from 4% to 15% YoY, reflecting stronger consumer acceptance of premium offerings. Meanwhile, Telangana receivables stood at INR 900m, the lowest in the sector; despite

slow clearance, payments have been timely, and the company expects full recovery over time.

- **UBBL** - Karnataka volumes fell 16-17%, in line with the category contraction following steep excise hikes, though market share was retained. West Bengal also saw a double-digit decline, worsened by aggressive price competition in the economy segment. Uttar Pradesh emerged as a bright spot, with a supportive policy framework driving expectations of 20-25% growth. Telangana showed early signs of recovery as collections improved and base effects eased. Meanwhile, in Maharashtra, recent tax hikes in spirits have created favorable conditions for beer, potentially supporting double-digit volume growth if policies remain stable.
- **Others** - Tilaknagar Industries saw strong momentum in Maharashtra with Mansion House Brandy driving growth, alongside healthy traction in southern states like Tamil Nadu and Andhra Pradesh, while presence in newer states such as UP and West Bengal is expanding. Allied Blenders & Distillers faced pressure in West Bengal from price competition in the economy segment but maintained steady volumes in northern states like UP and Haryana, with Andhra Pradesh expected to improve as policy stabilizes. Sula Vineyards continued to rely on Maharashtra as its core market, where wine tourism partly offset softer own-brand sales, while Karnataka, Goa, and Delhi NCR showed steady premium demand, supported by tourism and urban consumption.

- **Near-term outlook:** United Spirits expects a gradual recovery in consumer sentiment with Prestige & Above driving growth, though mass-end demand remains soft. Radico Khaitan guided for sustained double-digit volume growth, led by strong traction in premium brands and rising acceptance in newer markets. Allied Blenders & Distillers expects stable demand in its mass portfolio while premiumization should accelerate growth over the medium term. Tilaknagar Industries anticipates continued robust demand for Mansion House Brandy, especially in southern markets, and sees growth opportunities in newer states as distribution expands. United Breweries expects beer demand to remain resilient with premium beer, driving category growth, though Karnataka remains a near-term drag. Sula Vineyards is optimistic on long-term premium wine demand and expects tourism-led consumption to remain strong, with gradual recovery in core wine sales.

Exhibit 20: Liquor companies' annual and quarterly trajectory

Volume growth (%)	FY19	FY20	FY21	FY22	FY23	FY24	FY25	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
UBBL	13	-3	-38	33	31	2	6	5	5	8	5	11
UNSP	5	-2	-11	-22	9	2	4	3	-4	10	7	9
Radico Khaitan	11	12	-8	18	7	2	9	-4	-2	15	27	37
Allied Blenders & Distillers	NA	NA	NA	13	12	-2	4	-12	0	11	21	16
Tilaknagar Industries	12	-3	-15	23	43	16	7	1	3	2	20	26
Sula Vineyards	NA	NA	NA	NA	19	7	NA	-1	-8	1	NA	NA
Premium Category Volume growth (%)												
UBBL	NA	NA	NA	NA	NA	3	32	44	27	33	24	46
UNSP	12	-2	-9	15	12	5	5	5	-4	11	9	9
Radico Khaitan	21	15	-8	20	20	20	15	14	13	18	16	41
Allied Blenders & Distillers	NA	NA	NA	12	15	1	13	-4	9	14	33	44
Tilaknagar Industries	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Sula Vineyards	NA	NA	NA	NA	24	13	NA	-7	4	3	NA	NA
Sales (INR b)												
UBBL	64.8	65.1	42.4	58.4	75.0	81.2	89.1	24.7	21.1	20.0	23.2	28.6
UNSP	89.8	90.9	78.9	94.2	103.7	106.9	115.7	23.5	28.4	34.3	29.5	25.5
Radico Khaitan	21.0	24.3	24.0	28.7	31.4	41.2	48.5	11.4	11.2	12.9	13.0	15.1
Allied Blenders & Distillers	9.2	-	23.5	26.9	31.5	33.3	35.2	7.6	8.7	9.7	9.2	9.2
Tilaknagar Industries	6.6	6.5	5.5	7.8	11.6	13.9	14.3	3.1	3.7	3.4	4.1	4.1
Sula Vineyards	-	4.9	3.9	4.2	5.2	5.7	5.8	1.2	1.3	2.0	1.3	1.1
Sales growth (%)												
UBBL	15	1	-35	38	28	8	10	9	12	10	9	16
UNSP	10	1	-13	19	10	3	8	8	-1	15	11	8
Radico Khaitan	15	16	-1	20	10	31	18	19	21	11	21	33
Allied Blenders & Distillers	NA	NA	NA	14	17	6	6	-7	2	9	20	22
Tilaknagar Industries	14	-1	-16	43	49	20	3	3	6	-10	13	31
Sula Vineyards	NA	NA	-20	10	22	10	2	11	-1	-1	3	-9
GP margin (%)												
UBBL	53.6	51.6	52.2	49.9	43.1	42.7	43.0	43.0	43.8	43.1	42.1	42.5
UNSP	48.8	44.8	43.4	43.9	41.5	43.4	44.7	44.5	45.2	44.7	44.5	44.0
Radico Khaitan	51.4	48.3	49.9	45.0	41.8	42.5	42.8	41.5	43.6	43.0	43.5	43.0
Allied Blenders & Distillers	NA	NA	39.5	39.4	37.3	37.0	41.9	38.7	42.9	42.8	43.4	43.2
Tilaknagar Industries	51.7	46.0	49.5	51.2	47.1	49.2	49.3	49.6	52.2	46.5	48.8	51.9
Sula Vineyards	NA	53.1	59.2	72.4	74.2	76.4	76.2	80.7	78.9	67.6	82.8	74.0
EBITDA (INR b)												
UBBL	11.4	8.8	3.8	7.0	6.2	7.0	8.4	2.8	2.3	1.4	1.9	3.1
UNSP	12.9	15.1	9.9	15.1	14.2	17.1	20.6	4.6	5.1	5.9	5.1	4.2
Radico Khaitan	3.5	3.7	4.1	4.0	3.6	5.1	6.7	1.5	1.6	1.8	1.8	2.3
Allied Blenders & Distillers	NA	NA	1.9	2.0	1.8	2.4	4.3	1	1.0	1.2	1.4	1.1
Tilaknagar Industries	0.6	-0.5	0.5	1.1	1.4	1.9	2.5	0.5	0.7	0.6	0.8	0.9
Sula Vineyards	NA	0.5	0.6	1.1	1.6	1.8	1.5	0.3	0.3	0.5	0.3	0.2
EBITDA growth (%)												
UBBL	26	-23	-56	83	-12	13	21	28	23	-3	31	9
UNSP	25	17	-34	53	-6	20	20	19	8	20	40	-9
Radico Khaitan	28	8	10	-2	-11	41	33	25	35	29	45	56
Allied Blenders & Distillers	NA	NA	NA	1	-6	31	78	43	45	98	127	51
Tilaknagar Industries	1853	P/L	LP	107	22	35	37	31	39	17	63	88
Sula Vineyards	NA	NA	25	86	39	12	-15	12	-24	-26	-3	-46
EBITDA margin (%)												
UBBL	17.6	13.5	9.0	11.9	8.2	8.6	9.4	11.5	10.7	7.1	8.0	10.8
UNSP	14.3	16.6	12.5	16.0	13.7	16.0	17.8	19.5	17.8	17.1	17.1	16.3
Radico Khaitan	16.5	15.3	17.0	14.0	11.4	12.3	13.9	13.1	14.6	14.2	13.6	15.4
Allied Blenders & Distillers	NA	NA	8.3	7.3	5.9	7.3	12.3	9.8	11.9	12.0	14.8	12.1
Tilaknagar Industries	8.5	-8.0	9.9	14.3	11.8	13.3	17.8	16.0	17.6	17.7	19.3	23.1
Sula Vineyards	NA	10.1	15.8	26.7	30.5	31.0	25.7	28.1	25.4	26.5	22.6	16.7

Source: Company, MOFSL

QSR – Unchanged print; urban recovery can turn around

- **Unchanged growth print:** Consumption trends remained stable, showing no significant improvement or deterioration compared to the last 3-4 quarters. QSR companies expect eating-out frequency to gradually pick up in FY26. This improvement is likely to be supported by lower inflation and government stimulus. The revenue gap between dine-in and delivery has narrowed, driven by increased dine-in footfall traffic. However, weak underlying growth continued to impact operating margins, exerting pressure on restaurant and EBITDA margins for most brands. Enhancements in value-focused menu offerings and dine-in promotions have increased footfalls. While delivery channels remain strong, dine-in is showing a gradual improvement. Our coverage universe posted revenue growth of 11% YoY in 1QFY26 vs. 8% in 4QFY25 and 5% in 1QFY25. Jubilant delivered robust LFL growth of 12%, Westlife and RBA recorded SSSG of 1% and 3%, while Devyani KFC/Devyani PH/Sapphire PH/BBQ registered same-store sales decline of 1%/4%/8%/3% and Sapphire KFC remained flat YoY.
- **Store additions continue:** The store addition pace remained steady during the quarter. Despite no material uptick in demand, QSR companies have maintained their annual store addition guidance for FY26.
- **Pressure on profitability:** With underlying growth remaining soft, companies witnessed an adverse impact on their unit economics. Both restaurant margin and EBITDA margin (pre-Ind AS) continued to contract YoY and QoQ in 1QFY26. EBITDA margin (pre-Ind AS) expanded YoY for JUBI and RBA; however, for RBA, it contracted on a QoQ basis. However, with a gradual uptick in footfalls and improvement in ADS, margins should expand going forward.
- **Near-term outlook:** The 1QFY26 demand trends continued to mirror recent historical quarters, with no material uptick. We expect a favorable base effect to support growth in the near term. The revenue gap between dine-in and delivery is expected to narrow as the dine-in footfall improves. Dine-in footfalls and order volumes are gradually recovering, while delivery channels continue to perform well. Mid-income households, which form a significant customer base for QSR chains, are expected to increase their frequency of dine-out, supporting SSSG and overall industry expansion. Improvising menu and activation drives for dine-in can be crucial for improving footfall/orders going forward.

Exhibit 21: No material uptick in demand in the last four to five quarters (%)

	FY19	FY20	FY21	FY22	FY23	FY24	FY25	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Sapphire - KFC												
Revenue growth (%)	0	18	-24	75	40	18	11	11	9	12	12	11
KFC - SSSG (%)	14	5	-30	52	15	-1	-4	-6	-8	-3	-1	0
KFC - Stores	158	187	203	263	341	429	502	442	461	496	502	510
Store growth (%)	0	18	9	30	30	26	17	23	21	22	17	15
KFC - ADS ('000')	125.2	129.6	106.3	130.0	135.0	125.0	114.0	122	111	115	108	116
Gross margin (%)	65.4	65.4	67.9	68.4	66.6	68.2	68.2	68.2	68.3	68.2	68.0	67.1
RoM Pre - Ind AS (%)	12.7	13.0	14.0	19.5	19.4	19.7	17.3	18.8	16.5	18.2	15.7	15.7
Sapphire - Pizza Hut												
Revenue growth (%)	0	9	-34	67	41	-1	5	3	3	10	5	-6
PH - SSSG (%)	5	-5	-35	42	12	-16	-1	-7	-3	5	1	-8
PH - Stores	153	174	162	219	286	319	334	320	323	339	334	336
Store growth (%)	0	14	-7	35	31	12	5	6	4	6	5	5
PH - ADS ('000')	61.3	57.9	48.2	57.0	58.0	46.0	46.0	48.0	47.0	48.0	42.0	44.0
Gross margin (%)	73.9	76.2	76.1	75.5	74.7	75.6	75.8	76.1	76.5	75.6	74.8	74.6

	FY19	FY20	FY21	FY22	FY23	FY24	FY25	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
RoM Pre - Ind AS (%)	7.5	7.3	5.1	13.4	13.3	4.9	2.4	4.6	4.1	4.7	-4.6	-2.5
Sapphire Consol												
Revenue growth (%)	0	12	-24	69	32	15	11	10	8	14	13	8
Store	374	425	435	579	743	868	963	886	909	963	963	974
Store growth (%)	0	16	1	32	30	19	12	14	12	13	10	10
Gross margin (%)	66.9	67.8	69.6	69.3	67.3	68.7	68.5	68.6	68.8	68.6	68.2	67.4
EBITDA (INRm) (Pre -Ind AS)	435	662	382	1,808	2,647	2,717	2,616	707	590	811	508	548
EBITDA margin (%) (Pre -Ind AS)	3.6	4.9	3.7	10.5	11.7	10.5	9.1	9.8	8.5	10.7	7.1	7.1
EBITDA margin (%) (Post -Ind AS)	12.2	13.8	12.2	17.7	18.9	17.8	16.5	17.3	16.1	17.8	14.9	14.5
Devyani - KFC												
Revenue growth (%)	31	31	6	89	45	15	7	7	7	9	3	10
KFC - SSSG (%)	5	3	-34	49	16	-5	-6	-7	-7	-4	-6	-1
KFC - Stores	134	172	264	364	490	596	696	617	645	689	696	704
Store growth (%)	35	28	53	38	35	22	17	21	19	17	17	14
KFC - ADS ('000')	114	117	100	113	117	105	94	104	96	96	83	98
Gross margin (%)	66.0	64.8	67.7	69.3	68.3	69.5	68.9	69.5	69.0	68.6	68.3	67.1
RoM Pre - Ind AS (%)	18.4	16.0	18.3	21.3	20.2	19.6	17.4	19.5	16.6	17.2	16.2	15.5
Devyani - Pizza Hut												
Revenue growth (%)	9	-1	-31	85	32	1	3	-1	0	6	8	3
PH - SSSG (%)	5	-4	-30	45	4	-11	-4	-9	-6	-1	1	-4
PH - Stores	268	269	297	413	506	567	630	570	593	644	630	618
Store growth (%)	10	0	10	39	23	12	11	9	11	14	11	8
PH - ADS ('000')	45	44	35	43	42	37	34	36	35	35	31	33
Gross margin (%)	74.0	74.9	74.2	75.6	74.4	75.9	76.3	76.8	76.7	76.2	75.6	74.7
RoM Pre - Ind AS (%)	15.5	10.5	12.9	16.3	14.5	7.2	2.7	4.9	3.1	2.1	0.7	-1.1
Devyani consol												
Revenue growth (%)	18	16	-25	84	44	19	39	44	49	54	16	11
Store	566	610	692	938	1,243	1,782	2,039	1,836	1,921	2,032	2,039	2,145
Store growth (%)	29	8	14	36	33	21	16	42	41	40	14	17
Gross margin (%)	70.3	69.6	69.6	71.2	70.0	70.3	68.9	69.2	69.3	68.7	68.5	68.2
EBITDA (INRm) (Pre -Ind AS)	969	575	842	2,995	4,348	3,807	4,943	1,414	1,143	1,306	1,081	1,095
EBITDA margin (%) (Pre -Ind AS)	7.4	3.8	7.4	14.4	14.5	10.7	10.0	11.6	9.4	10.1	8.9	8.1
EBITDA margin (%) (Post -Ind AS)	21.3	16.8	20.7	22.8	21.9	18.3	17.0	18.3	16.3	16.9	16.6	15.1
Restaurant brand (Consol)												
Revenue growth (%)	67	33	19	48	38	19	5	6	1	6	6	8
Store	317	435	439	492	577	630	681	630	638	682	681	683
Store growth (%)	0	37	1	12	17	9	8	10	10	9	8	8
Gross margin (%)	63.6	64.2	60.5	63.1	64.2	64.2	65.1	64.5	64.9	65.6	65.3	65.4
EBITDA (INRm) (Pre -Ind AS)	152	202	(619)	(416)	(595)	204	370	87	38	133	146	119
EBITDA pre-Ind AS (%)	0.0	1.2	-6.2	-2.8	-2.9	0.8	1.5	1.3	0.6	2.1	2.3	1.7
EBITDA margin (%)	12.5	12.4	2.5	6.5	5.4	10.9	10.7	10.2	9.7	11.4	12.2	10.8
Restaurant brand (India)												
Revenue growth (%)	67	33	-41	91	53	22	12	16	9	11	12	13
SSSG (%)	0	3	-37	47	23	3	1	3	-3	-1	5	3
Store	187	260	265	315	391	455	513	456	464	510	513	519
Store growth (%)	45	39	2	19	24	16	13	15	15	16	13	14
ADS ('000)	110	110	68	100	118	117	114	119	118	114	108	120
Gross margin (%)	63.6	64.2	64.5	65.8	66.4	67.0	67.7	67.6	67.5	67.8	67.8	67.7
EBITDA pre- Ind AS (%)	3.0	0.0	0.0	-12.5	-1.4	2.5	4.3	3.6	5.0	6.2	5.4	4.1
Jubilant (Standalone)												
Revenue growth (%)	18	10	-16	32	18	5	14	10	9	19	10	18
LFL (%)	16	3	-18	37	7	-4	7	3.0	2.8	12.5	12.1	11.6
Store (India)	1,265	1,370	1,406	1,621	1,863	2,096	2,304	2,148	2,199	2,266	2,304	2,362

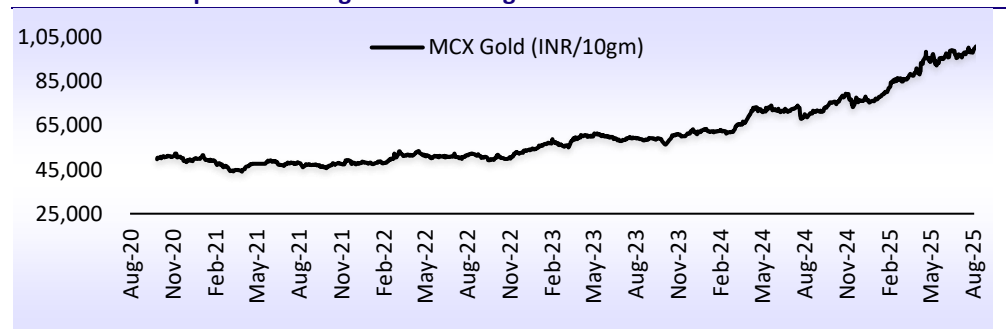
	FY19	FY20	FY21	FY22	FY23	FY24	FY25	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Store growth (%)	6	8	3	15	15	13	10	14	13	13	10	10
ADS ('000)	82	86	85	85	83	77	80	79	78	84	82	85
Gross margin (%)	75.2	75.0	78.1	77.5	75.9	76.4	75.4	76.1	76.1	75.1	74.5	74.1
EBITDA (INRm) (Pre -Ind AS)	6,078	5,770	5,045	7,786	7,847	6,743	7,257	1,670	1,716	1,998	1,873	2,046
EBITDA pre-Ind AS (%)	17.2	14.9	15.4	17.9	15.4	12.6	11.9	11.6	11.7	12.4	11.8	12.0
EBITDA margin (%)	17.2	22.6	23.4	25.5	22.7	20.5	19.3	19.3	19.4	19.4	19.3	19.0
Westlife												
Revenue growth (%)	24	10	-36	60	45	5	4	0	1	9	7	7
SSSG (%)	17	4	-24	58	36	-2	-3	-7	-7	3	1	1
Store	296	319	305	326	357	398	438	403	408	421	438	444
Store growth (%)	7	8	-4	7	10	11	10	12	10	11	10	10
ADS ('000)	130	133	89	132	175	165	156	170	168	173	153	165
Gross margin (%)	63.5	65.2	64.7	66.3	69.9	70.3	70.1	70.6	69.7	70.1	70.0	71.6
RoM Pre - Ind AS (%)	14.4	14.7	7.7	14.3	19.2	17.3	14.3	14.3	13.5	15.7	13.6	14.6
EBITDA (INRm) (Pre -Ind AS)	1,243	1,453	(24)	1,304	3,010	2,698	2,032	502	476	593	461	505
EBITDA pre-Ind AS (%)	8.9	9.4	-0.2	8.3	13.2	11.3	8.2	8.1	7.7	9.1	7.6	7.7
EBITDA margin (%)	8.9	14.2	6.3	13.1	17.3	15.8	13.2	13.0	12.7	14.0	13.2	13.0
Barbeque Nation												
Revenue growth (%)	26	15	-40	70	43	2	-2	-6	1	-1	-2	-3
SSSG (%)	6	-2	-44	65	28	-7	-4	-7	-3	-2	-2	-3
Store	133	164	164	185	216	217	230	219	222	226	230	236
Store growth (%)	28	23	0	13	17	0	6	3	5	8	6	8
ADS ('000')	152	141	85	127	156	158	147	155	153	162	141	140
Gross margin (%)	66.5	65.5	64.8	64.6	66.3	66.6	68.2	68.1	68.1	68.2	68.5	67.7
EBITDA (INRm) (Pre -Ind AS)	742	744	(90)	300	1,186	836	907	212	166	339	190	136
EBITDA pre-Ind AS (%)	10.0	8.8	-1.8	-41.8	9.6	6.7	7.4	6.9	5.4	10.3	6.5	4.6
EBITDA margin (%)	19.7	19.4	9.1	15.5	18.7	16.9	17.1	16.6	14.9	18.7	18.2	15.5

Source: Company, MOFSL

Jewelry – Robust growth with margin expansion

- **Strong sales growth despite headwinds** - Jewelry companies delivered robust revenue growth despite global headwinds such as geopolitical tensions, tariff volatility, and a sharp rise in gold prices (up 32% YoY and 5% QoQ). Consumer demand remained resilient, supported by festive and wedding-related purchases. Titan (Jewelry standalone, ex-bullion), Kalyan, Senco, and P N Gadgil (retail) revenue growth was 17%, 31%, 30%, and 19%, respectively, while Thangamayil and DP Abhushan grew 16% and 5%. SSSG stood at 11% for Titan, 18% for Kalyan, 20% for Senco, 10% for PN Gadgil, and 7% for Thangamayil.
- **Shift in product mix and consumer preferences** - The studded jewelry mix improved for Senco and PN Gadgil, while it remained stable for Kalyan and declined for Titan. Companies noted rising interest in 18k jewelry across consumer segments, with growing traction for 14k gold in select regions. Meanwhile, Gold Metal Loan (GML) rates, which spiked in the last quarter due to US tariff volatility, have now normalized to the usual 3-4% range.
- **Aggressive store expansion plans** - Jewelry players are expanding rapidly to strengthen market reach, with the sector delivering a 13% CAGR in store additions over FY19-25. Titan aims to add 40-50 new Tanishq stores and revamp 50-60 outlets in FY26, alongside international expansion. Kalyan plans ~170 showroom additions across India and the Middle East, including Candere. Senco targets ~20 stores annually, while PN Gadgil plans 20-25 openings in FY26, including its lightweight “Lifestyle” format. DP Abhushan remains more measured with 6 openings in FY26 and 7 in FY27, focusing on larger-format premium showrooms. As of Jun’25, Titan, Kalyan, Senco, PN Gadgil, Thangamayil, and DP Abhushan operated 1,110, 406, 186, 55, 64, and 11 stores, respectively.
- **Margin expansion supported by scale and mix** - EBITDA margin expansion was aided by a richer product mix, higher contribution from studded and diamond jewelry, and festive-driven sales. Titan benefitted from hedging gains and international growth, while Kalyan, Senco, PN Gadgil, and DP Abhushan saw efficiencies from scale and cost optimization. DP Abhushan also strengthened its premium positioning through larger-format stores. Thangamayil, however, witnessed margin contraction.
- **Positive outlook with structural drivers** - The jewelry sector outlook remains strong, supported by continued consumer shift from unorganized to organized players, rising ticket sizes, better shopping experiences, and wider product offerings. While growth in 2Q could moderate on a high base from last year’s duty cut, July demand trends have been encouraging, with gold prices stabilizing over the past three months.

Exhibit 22: Gold price touching an all-time high



Source: Bloomberg, MOFSL

Exhibit 23: Jewelry companies' annual and quarterly trends

Jewelry companies	FY19	FY20	FY21	FY22	FY23	FY24	FY25	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Sales (INR b)												
Titan (Total)	197.8	210.5	216.4	288.0	405.8	510.8	604.6	132.7	145.3	177.4	149.2	165.2
Titan (Jewelry)	163.9	173.2	193.2	255.2	359.1	455.2	539.7	118.1	127.7	161.3	132.5	146.5
Titan (Jewelry ex-bulion)	163.9	173.2	179.6	244.9	337.1	414.1	508.4	108.1	117.8	159.9	122.7	129.9
Titan Caratlane	4.2	6.4	7.2	12.6	21.9	29.3	35.7	7.4	8.3	11.2	8.8	10.3
Kalyan (Consol)	97.7	101.0	85.7	108.2	140.7	185.5	250.5	55.4	60.7	72.9	61.8	72.7
Kalyan (India)	74.5	78.5	73.3	90.6	115.8	157.7	216.5	46.9	52.3	63.9	53.5	61.4
-South	50.5	52.7	50.8	59.7	70.9	81.2	104.1	24.0	26.7	28.0	25.4	31.2
-Non South	23.9	25.7	22.5	30.8	45.0	76.6	112.4	22.8	25.6	35.9	28.1	30.3
Senco	24.8	24.2	26.6	35.3	40.8	52.4	63.3	14.0	15.0	20.5	13.8	18.3
PN Gadgil	24.5	24.6	19.3	25.6	45.1	61.1	76.9	16.7	20.0	24.4	15.9	17.1
Thangamyil	14.4	16.9	18.2	21.9	31.5	38.3	49.1	12.2	11.8	11.3	13.8	15.6
DP Abhushan	8.1	8.1	12.2	17.3	19.8	23.4	33.1	5.0	10.0	10.8	7.2	5.4
Sales growth (%)												
Titan (Total)		6	3	33	41	26	18	12	16	25	19	25
Titan (Jewelry)		6	12	32	41	27	19	10	15	27	20	24
Titan (Jewelry ex-bulion)		6	4	36	38	23	23	11	27	27	25	20
Titan Caratlane		51	14	75	73	34	22	15	28	25	18	39
Kalyan (Consol)		3	-15	26	30	32	35	27	37	40	37	31
Kalyan (India)		5	-7	24	28	36	37	29	39	42	38	31
-South		4	-4	18	19	15	28	18	31	35	29	30
-Non South		8	-13	37	46	70	47	42	49	47	48	33
Senco		-3	10	33	15	29	21	8	31	24	21	30
PN Gadgil		0	-21	32	76	36	26	33	46	24	5	3
Thangamyil		17	7	21	44	21	28	27	19	26	41	27
DP Abhushan		0	51	42	14	18	41	7	84	42	29	7
SSSG (%)												
Titan - Tanishq	16	3	-9	41	32	15	13	3	15	22	15	11
Titan - Caratlane		9	-15	66	61	6	0	8	28	15	14	20
Kalyan - India					5	12	20	12	23	24	21	18
Senco			7	27	10	19	15	4	20	16	18	20
PN Gadgil							26				8	10
Thangamyil		17	7	10	25	23	18	20	11	25	19	7
Stores												
Titan (Total)	1,670	1,831	1,909	2,178	2,710	3,035	3,311	3,096	3,171	3,240	3,311	3,322
Titan (Jewelry)	395	461	514	582	763	937	1091	974	1,009	1,055	1,091	1,110
- Tanishq	287	327	353	389	423	479	522	491	502	515	522	526
- Caratlane	55	92	117	138	222	272	323	275	286	306	323	332
- Mia	50	38	40	50	111	178	234	197	209	222	234	240
- Zoya	3	4	4	5	7	8	12	11	12	12	12	12
Kalyan (India)	103	107	107	124	149	217	351	241	267	312	351	368
- Kalyan (COCO)	103	107	107	124	132	128	126	128	126	121	126	126
- Kalyan (FOCO)	0	0	0	0	15	76	152	89	105	132	152	161
- Candere		0	0	0	2	13	73	24	36	59	73	81
Kalyan (ME)	34	37	30	30	33	36	37	36	36	37	37	38
Kalyan (Total)	137	144	137	154	182	253	388	277	303	349	388	406
Senco	97	108	111	127	136	159	174	165	166	171	175	186
-COCO	49	56	60	70	75	93	102	97	99	101	103	110
-FOCO	48	52	51	57	61	66	72	68	67	70	72	76
PN Gadgil	29	34	32	32	34	36	53	37	39	48	53	55
-COCO	25	25	22	22	21	25	41		28	37	41	40
-FOCO	4	9	10	10	13	11	12		11	11	12	13

Jewelry companies	FY19	FY20	FY21	FY22	FY23	FY24	FY25	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
-PNG Lifestyle	0	0	0	0	0	0	0					2
Thangamyil	37	47	47	52	53	57	60	59	59	59	60	64
DP Abhushan	8	8	8	8	8	8	11	8	9	10	11	11
Stores Growth (%)												
Titan (Jewelry)		17	11	13	31	23	16	23	20	17	16	14
Titan (Total)		10	4	14	24	12	9	11	11	10	9	7
Kalyan (India)		4	0	16	20	46	62	50	53	55	62	53
Kalyan (Total)		5	-5	12	18	39	53	43	45	49	53	47
Senco		11	3	14	7	17	9	16	14	10	10	13
PN Gadgil		17	-6	0	6	6	47	9	15	37	47	49
Thangamyil		27	0	11	2	8	5	9	5	5	5	8
DP Abhushan		0	0	0	0	0	38	0	13	25	38	38
Studded mix(%)												
Titan	30.0	30.9	26.6	28.2	29.1	28.8	27.3	30.0	30.0	23.0	30.0	29.0
Kalyan (India)	26.1	24.8	22.7	23.6	26.2	28.4	30.1	30.4	29.7	29.5	31.1	30.2
Senco	7.0	8.0	9.0	8.0	10.4	11.4	14.6	10.0	11.1	10.4	14.8	11.6
PN Gadgil		4.2	3.9	5.2	6.9	6.7	7.5	NA	NA	7.4	8.0	10.0
GP margin (%)												
Titan	27.2	28.0	24.2	24.9	25.2	22.8	22.4	22.1	22.7	22.0	22.8	22.5
Kalyan - Consol	16.1	16.9	17.0	15.6	15.6	14.6	13.6	14.3	13.8	13.1	13.8	13.9
Kalyan - India	16.4	17.7	16.9	15.3	15.6	14.5	13.4	14.2	13.5	12.7	13.3	13.6
Senco	15.0	17.5	14.1	15.7	16.1	15.3	14.4	17.3	13.2	11.6	16.8	19.1
PN Gadgil	9.7	12.0	9.6	9.8	8.0	8.4	9.4	8.3	7.6	9.8	12.0	13.2
Thangamyil	9.7	11.5	11.4	9.0	9.4	9.6	9.1	12.1	5.4	11.9	9.1	10.7
DP Abhushan	6.2	7.5	6.7	6.6	6.4	6.6	7.7	10.7	6.1	7.7	9.3	14.5
EBIT margin (%)												
Titan (Total)	10.2	10.8	7.1	11.1	11.7	10.3	10.0	9.1	10.2	10.6	9.9	10.6
Titan (Jewelry)	11.6	11.8	8.8	12.1	12.2	10.6	10.1	9.3	9.9	10.8	10.1	9.6
Titan Caratlane	-4.3	-1.3	3.2	4.7	7.6	6.7	8.4	5.7	7.0	11.7	7.9	6.6
Kalyan Consol	3.7	5.2	4.3	5.4	6.2	5.6	5.2	5.4	5.1	5.6	5.0	5.6
Kalyan India	3.9	5.7	6.2	5.6	6.5	5.7	5.4	5.5	5.2	5.7	5.2	5.9
Senco	5.9	7.4	5.1	6.7	6.6	6.0	5.6	6.5	4.3	4.6	7.8	9.0
PN Gadgil	1.6	2.9	1.6	3.5	2.2	4.1	4.1	3.5	3.2	4.7	5.1	5.8
Thangamyil	4.4	5.2	7.6	3.5	4.4	5.1	4.3	6.9	0.0	6.8	3.6	5.0
DP Abhushan	3.2	3.8	3.9	4.0	3.6	4.0	4.9	7.3	3.6	4.9	5.3	9.6

Source: Company, MOFSL

Commodity prices – Non-agri cools off; agri mixed bag

High-cost raw material inventory contributed to weaker gross margins in 1QFY26.

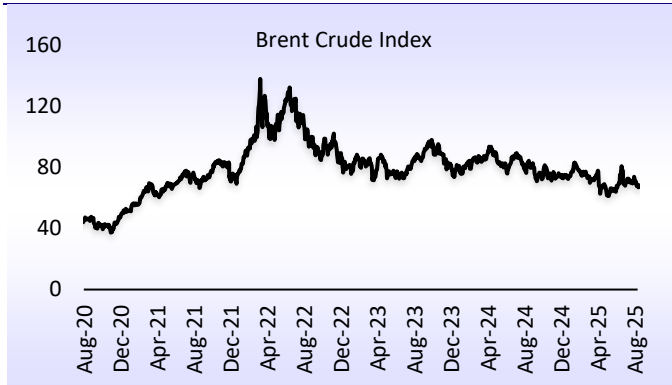
- Prices of non-agricultural commodities, such as crude oil, TiO₂, Soda ash, and HDPE, declined, whereas prices of agricultural commodities, such as copra, sugar, and coffee, continue to face inflationary pressures. While most agri commodities are seeing low single digit YoY inflation, copra prices are rising 117% YoY and 35% QoQ.
- High-cost raw material inventory contributed to weaker gross margins in 1QFY26.
- Companies are focused on normalizing the gap between volume and value growth while prioritizing a strategic balance between revenue growth and margin expansion amid evolving market dynamics. This approach aims to navigate cost pressures effectively while maintaining competitive positioning.

Exhibit 24: Trend in commodity prices

Commodity	Unit	Companies	CMP	Average prices of commodities						Change in prices (%)	
				1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	YoY	QoQ
Non- Agri Commodity											
Brent Crude	\$/barrel	Paints, PIDI,	68	85	80	75	76	68	70	-13	3
Titanium Dioxide	INR/kg	GCPL, JYL	325	342	343	344	337	327	322	-6	-2
Titanium Dioxide China	CNY/MT	Paints	13,480	16,742	15,771	15,180	15,099	14,892	13,608	-14	-9
VAM China	USD/MT	Paints	784	813	778	783	809	782	784	1	0
Soda Ash	INR/50kg	PIDI, Paints	1,550	1,813	1,832	1,803	1,848	1,600	1,580	-14	-1
Glass	India WPI Index	HUL, GCPL,	174	175	174	173	174	174	174	0	0
Gold	MCX Gold (INR/10gm)	UNSP, UBBL	98,365	71,749	71,543	76,403	83,375	94,876	98,234	37	4
HDPE	INR/10kg	Jewelry	950	1,035	1,026	964	942	928	949	-8	2
Agri Commodity											
Wheat	INR/quintal	ITC, NESTLE,	2,791	2,525	2,743	2,949	2,947	2,630	2,719	-1	3
Sugar	INR/quintel	HUL, ITC, NESTLE, DABUR, BRIT	4,100	3,933	3,901	3,874	4,074	4,088	4,063	4	-1
Mentha	INR/KG	HMN, HUL, CLGT, DABUR	1,100	1,006	1,012	1,002	1,021	1,007	1,025	1	2
Cashew	India WPI Index	BRIT	171	154	164	170	168	172	171	4	0
Maize	INR/quintel	HUL, CLGT, DABUR	2,390	2,201	2,527	2,437	2,377	2,262	2,368	-6	5
Molasses	India WPI Index	UNSP	162	157	157	158	158	161	162	3	1
Barley	INR/quintel	UBBL, NESTLE	2,352	2,064	2,221	2,396	2,391	2,276	2,278	3	0
Tea	India WPI Tea	HUL	178	187	208	210	173	194	178	-15	-8
Cocoa beans	USD/MT	NESTLE	7,675	9,467	8,555	8,709	9,668	9,359	8,422	-2	-10
Coffee	India WPI Coffee	NESTLE, HUL	240	221	232	231	230	234	240	3	3
Tabacco	India WPI Tabacco	ITC	114	114	114	114	114	114	114	0	0
Milk	India WPI Milk	NESTLE, BRIT	190	185	186	185	187	189	190	2	1
SMP	US\$/CWT	NESTLE, BRIT	128	135	134	138	130	127	129	-4	1
Copra	Copra WPI Index	MRCO, DABUR	380	155	175	215	234	281	380	117	35
Cotton	USD/LB	PAGE	68	75	72	72	69	68	68	-6	-1
Yarn	NNS Cotton Yarn Hosiery Yarn Carded 30 price INR/kg India	PAGE	228	237	233	231	231	233	228	-2	-2
Oil Commodities											
Palm Fatty acid	USD/MT	HUL, GCPL, JYL	999	810	844	961	1,038	902	932	10	3
Malaysia Palm oil	MYR/MT	HUL, GCPL, JYL	4,434	4,037	4,000	4,840	4,712	4,071	4,203	5	3
Coconut Oil	INR/quintel	MRCO, DABUR	32,500	12,796	13,617	18,781	18,460	23,131	31,167	129	35
Rice Bran oil	Rice Bran oil Index	MRCO	176	147	155	179	177	177	176	14	-1
Sunflower oil	INR/MT	MRCO	133,000	89,133	96,071	1,28,397	1,32,328	130,508	128,066	33	-2

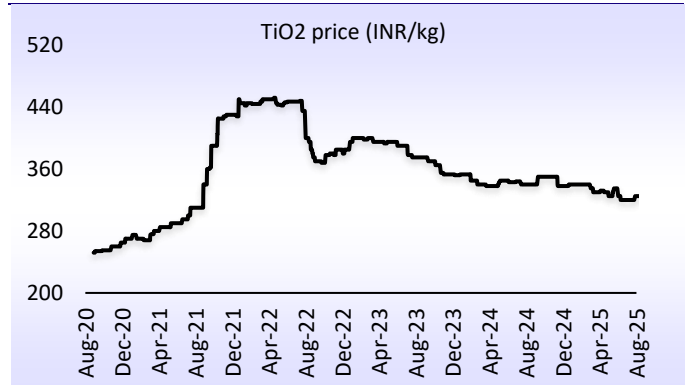
*till August '25, Source: Company, MOFSL

Exhibit 25: Brent crude prices declined 13% YoY, while rose 3% QoQ



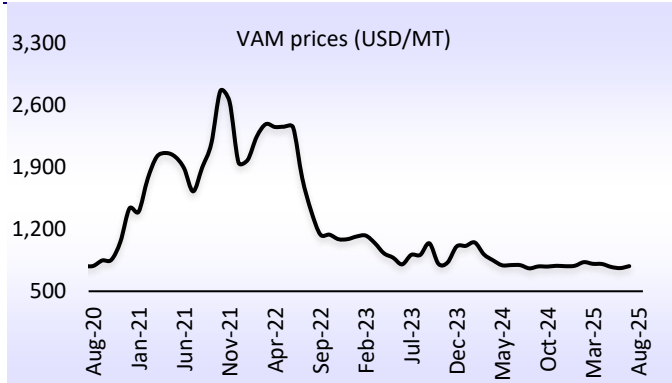
Source: Bloomberg, MOFSL

Exhibit 26: TiO2 prices declined 6% YoY and 2% QoQ



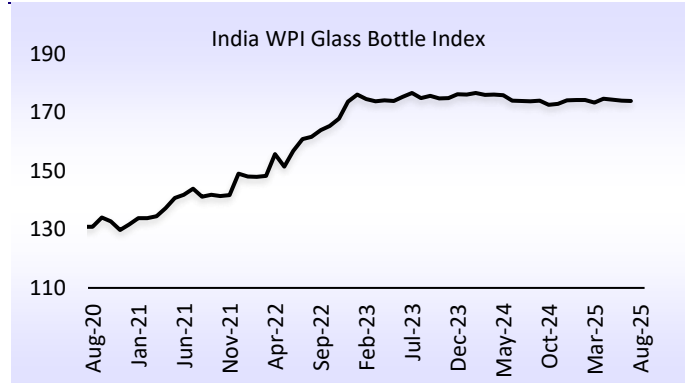
Source: Bloomberg, MOFSL

Exhibit 27: VAM prices were flat both YoY and QoQ till Aug'25



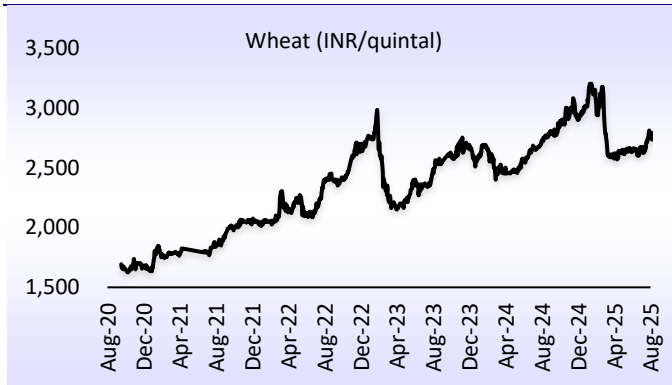
Source: Bloomberg, MOFSL

Exhibit 28: Glass costs have been stable for the last 11 quarters



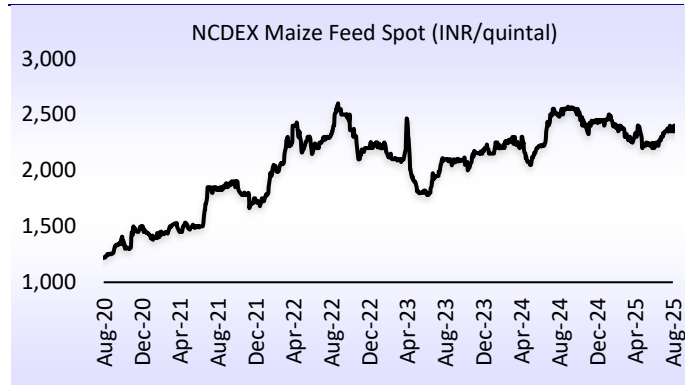
Source: Bloomberg, MOFSL

Exhibit 29: Wheat prices down 1% YoY while up 3% QoQ till Aug'25



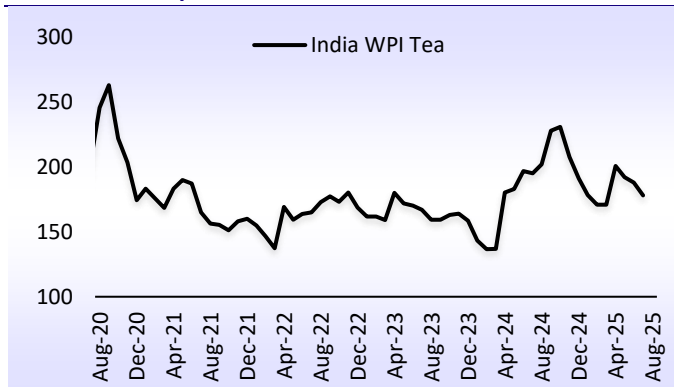
Source: Bloomberg, MOFSL

Exhibit 30: Maize prices down 6% YoY while up 5% QoQ till Aug'25



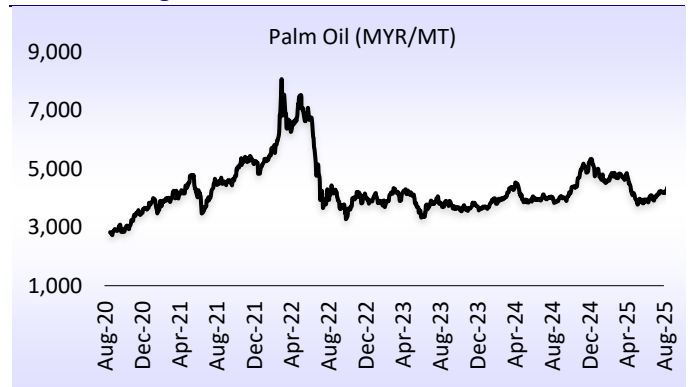
Source: Bloomberg, MOFSL

Exhibit 31: Tea prices down 15% YoY and 8% QoQ



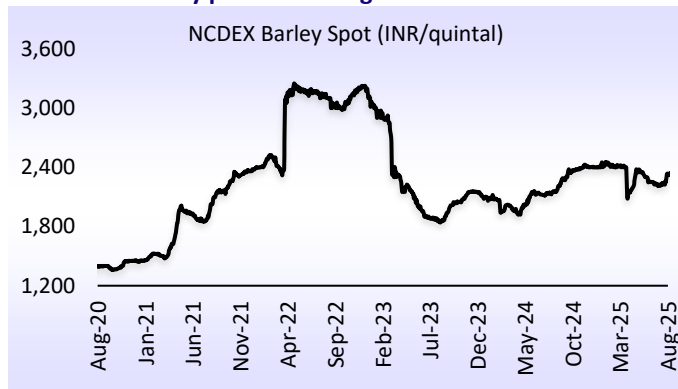
Source: Bloomberg, MOFSL

Exhibit 32: Malaysian palm oil prices up 5% YoY and 3% QoQ as of Aug'25



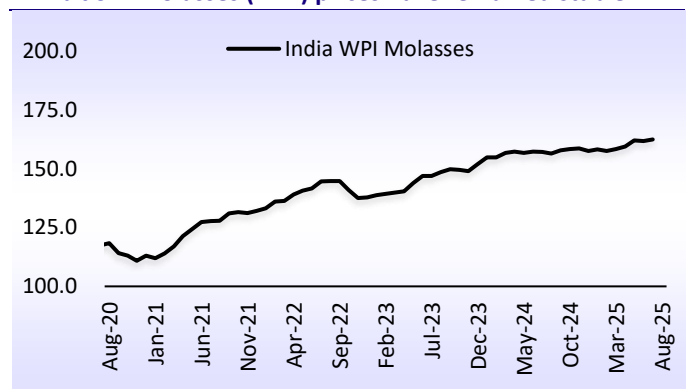
Source: Bloomberg, MOFSL

Exhibit 33: Barley prices are range bound



Source: Bloomberg, MOFSL

Exhibit 34: Molasses (ENA) prices have remained stable



Source: Bloomberg, MOFSL

Exhibit 35: Valuation summary

Company	CMP	Target Price	Reco	EPS (INR)			EV/EBIT DA (x)			EV/Sales (x)			RoE (%)			Div. (%)
	(INR)	(INR)		FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25
Staples																
BRIT	5,765	5,850	Neutral	91.9	104.0	116.4	41	37	33	7.3	6.6	6.0	53.4	53.6	51.6	1.3
CLGT	2,282	2,550	Neutral	51.4	51.8	56.7	31	31	28	10.1	10.0	9.3	79.0	86.9	98.9	2.2
DABUR	523	600	Buy	10.2	11.0	12.3	36	33	29	6.7	6.2	5.7	17.4	17.3	18.5	1.5
HMN	571	700	Buy	20.3	21.2	22.8	25	23	21	6.7	6.3	5.7	34.4	32.3	30.9	1.8
GCPL	1,259	1,450	Buy	18.5	21.9	26.8	43	40	34	9.0	7.9	7.2	15.4	18.3	21.3	1.6
HUVR	2,692	3,000	Buy	44.3	45.9	51.5	41	40	36	9.6	9.1	8.5	20.7	21.6	23.7	2.0
ITC	403	500	Buy	16.0	17.1	18.6	18	17	16	6.2	5.7	5.3	27.7	29.9	31.3	3.6
JYL	342	375	Neutral	10.2	10.7	11.9	24	23	20	4.3	4.0	3.6	19.4	18.8	19.8	1.0
L T Foods	437	600	Buy	17.4	23.3	28.9	16	12	10	1.8	1.4	1.2	16.8	19.4	20.5	0.6
MRCO	719	825	Buy	12.4	13.9	15.7	43	39	33	8.4	7.0	6.4	40.9	44.1	47.0	1.6
NESTLE	1,164	1,200	Neutral	16.0	16.9	19.4	46	43	38	11.0	10.2	9.3	83.9	78.0	82.7	1.2
PG	13,116	15,000	Neutral	195.9	269.5	297.0	49	36	32	12.6	9.3	8.6	84.2	106.2	95.7	1.2
Tata Consumer	1,080	1,270	Buy	14.0	16.8	19.8	43	38	33	6.0	5.4	5.0	7.7	8.1	9.1	0.6
Varun beverages	508	620	Buy	7.7	9.5	11.4	37	32	28	8.7	7.7	6.5	22.0	18.1	18.8	0.5
Paints																
APNT	2,487	2,500	Neutral	42.5	45.4	54.1	39	36	31	7.0	6.6	5.9	21.4	22.2	25.6	1.8
INDIGOPN	1,108	1,400	Buy	29.8	33.1	38.5	22	20	17	3.8	3.5	3.0	14.7	14.4	14.7	0.3
PIDI	3,101	3,200	Neutral	41.3	48.5	55.6	51	45	39	11.7	10.5	9.1	23.1	23.8	24.1	0.6
Liquor																
UNSP	1,303	1,500	Neutral	19.8	21.6	23.9	45	41	37	8.0	7.3	6.6	18.2	16.6	15.5	0.6
RDCK	2,904	3,250	Buy	25.8	40.1	51.4	59	43	35	8.2	6.5	5.6	12.8	17.2	18.7	0.1
UBBL	1,853	2,000	Neutral	17.7	23.8	33.4	58	45	35	5.5	4.7	4.2	10.9	13.9	17.9	0.4
Innerwear																
PAGE	45,485	54,000	Buy	652.9	736.4	843.3	49	43	38	10.6	9.7	8.5	51.8	48.3	46.1	2.0
QSR																
BBQ	261	325	Neutral	-6.9	-7.1	-5.8	5	5	4	5.2	4.4	3.7	-7.5	-8.3	-7.3	0.0
DEVYANI	174	200	Buy	0.2	0.6	1.4	28	26	21	5.3	4.8	4.2	2.1	8.0	27.4	0.0
JUBI	641	725	Neutral	3.6	6.2	9.2	30	25	21	4.7	4.4	3.9	11.2	19.3	27.2	0.2
RBA	78	135	Buy	-4.0	-1.9	-0.4	16	12	8	0.1	1.2	1.0	-30.6	-13.4	-2.7	0.0
SAPPHIRE	324	400	Buy	1.0	1.2	2.8	22	19	16	0.1	1.2	1.0	2.3	2.7	6.2	0.0
WESTLIFE	709	750	Neutral	0.8	1.9	4.6	38	34	28	11.3	9.0	7.6	2.0	4.6	10.5	0.0
Jewelry																
KALYANKJ	498	700	Buy	7.8	10.9	13.3	33	26	22	4.1	3.6	3.0	17.9	21.5	22.7	0.3
PNG	569	825	Buy	17.4	22.8	27.6	24	17	14	2.2	1.7	1.4	22.6	18.1	18.2	0.0
SENCO	374	385	Neutral	12.4	15.4	17.5	17	14	13	NM	1.6	1.3	12.1	12.1	12.4	0.3
TTAN	3,593	4,150	Buy	42.3	54.6	64.2	54	42	37	3.6	3.2	2.8	35.8	36.5	33.5	0.3

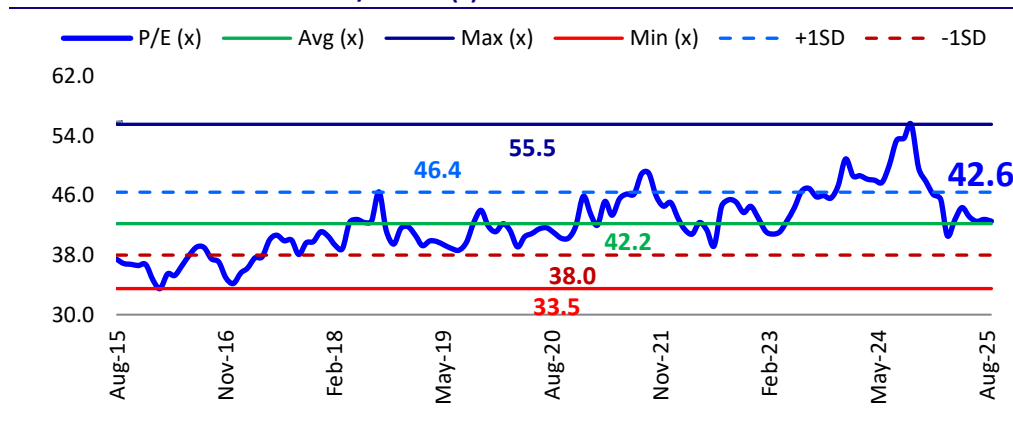
Source: Company, MOFSL

Exhibit 36: Valuation changes vs. historical averages

Companies	Current P/E (x)	Average P/E (x)			Prem / Disc P/E (x) vs.		
		15 YR	10 YR	5 YR	15 YR	10 YR	5 YR
Consumer	42.7	38.4	42.2	45.1	11.4	1.2	-5.2
Consumer Ex ITC	50.2	38.4	52.3	57.0	31.0	-3.9	-11.8
Asian Paints	51.1	49.4	57.4	64.9	3.5	-11.0	-21.3
Britannia Inds.	50.8	39.9	48.6	51.3	27.4	4.5	-0.9
Colgate-Palm.	42.7	34.4	41.7	43.2	24.1	2.5	-1.2
Dabur India	44.8	41.0	47.7	52.9	9.4	-5.9	-15.3
Emami	28.0	23.1	28.8	28.4	21.2	-2.7	-1.5
Godrej Consumer	52.4	41.6	47.9	52.6	26.0	9.3	-0.5
Hind. Unilever	54.5	46.7	53.5	56.9	16.8	1.8	-4.2
Indigo Paints	32.0	65.2	60.6	60.6	-50.9	-47.2	-47.2
ITC	22.5	23.5	22.6	21.1	-4.2	-0.5	6.8
Jyothy Lab.	30.4	35.2	32.8	32.0	-13.6	-7.4	-4.8
L T Foods	16.9	8.0	10.2	10.2	112.3	66.3	65.9
Marico	49.9	35.0	44.1	47.3	42.9	13.4	5.5
Nestle India	64.8	54.2	61.0	68.1	19.6	6.2	-4.8
P & G Hygiene	47.3	56.8	67.0	69.2	-16.7	-29.4	-31.7
Page Industries	58.5	55.1	65.9	68.3	6.2	-11.3	-14.4
Pidilite Inds.	60.0	49.5	61.1	74.6	21.3	-1.9	-19.6
Tata Consumer	64.5	32.4	36.9	54.7	99.1	74.9	17.9
Radico Khaitan	60.0	44.1	50.1	64.0	36.0	19.8	-6.2
United Breweries	60.0	44.1	50.1	64.0	36.0	19.8	-6.2
United Spirits	67.5	90.6	95.4	101.8	-25.5	-29.3	-33.7
Varun Beverages	58.9	8097.9	63.7	59.3	-99.3	-7.5	-0.6

Source: Bloomberg, MOFSL

Exhibit 37: Consumer sector's P/E band (x)



Source: Bloomberg, MOFSL

Exhibit 38: Consumer sector's P/E (ex-ITC) band (x)

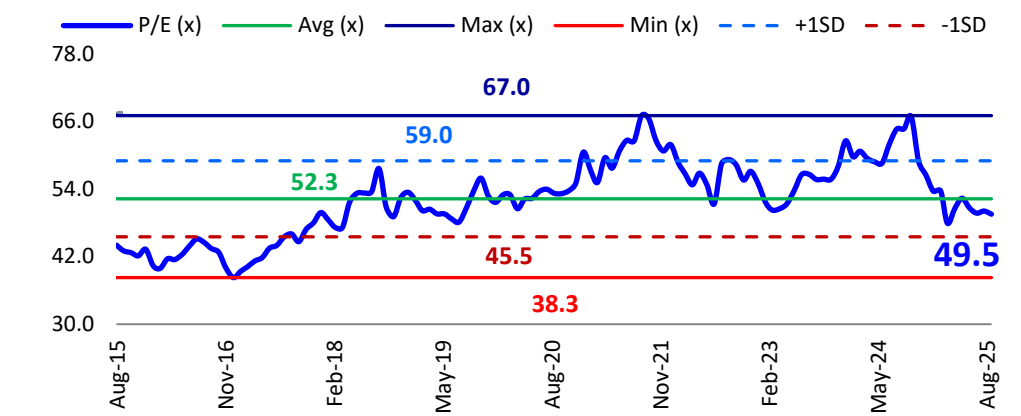


Exhibit 39: Consumer sector's P/E relative to the Nifty P/E (%)

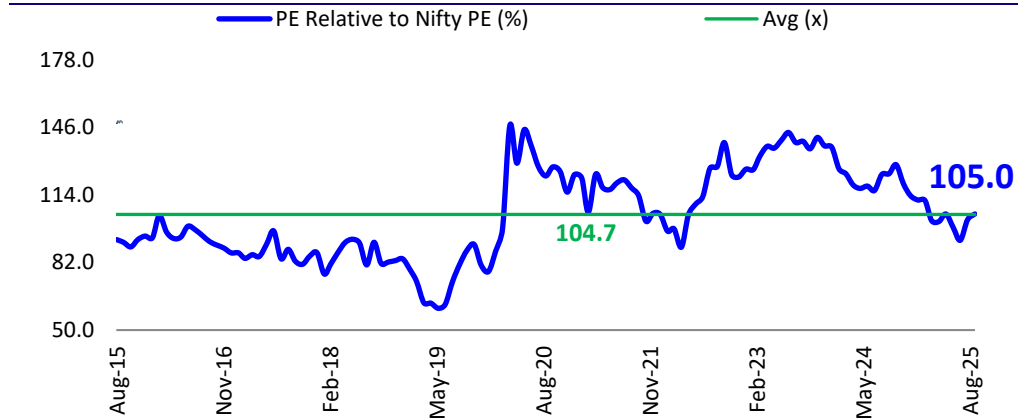


Exhibit 40: Consumer sector – EV/EBITDA (x)

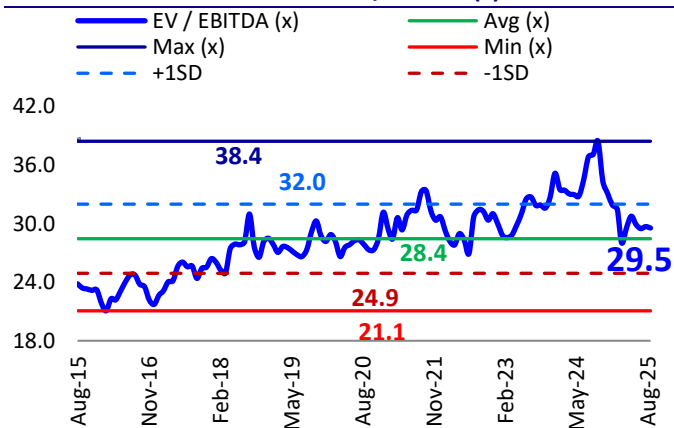
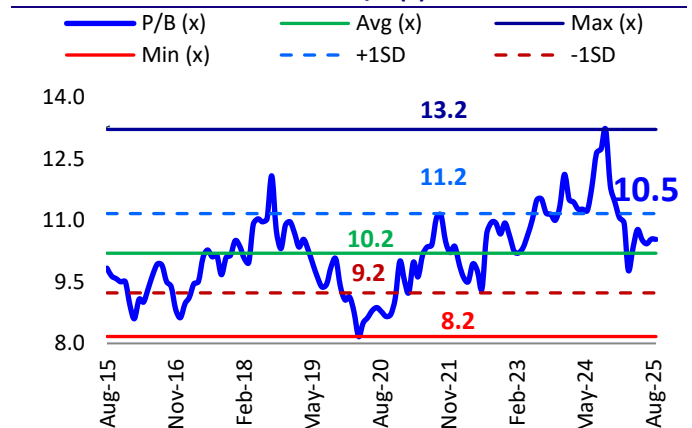


Exhibit 41: Consumer sector – P/B (x)



Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

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
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

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