DEVEN CHOKSEY RESEARCH

Q3FY26E Consumer Sector Preview

Sector Preview

07th Jan 2026

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January 07, 2026

Q3FY26 Consumer Sector Preview Report

INDIA EQUITY INSIGHT

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Coverage Stocks

Coverage	Rating	CMP (INR)	Target (INR)	Upside (%)
Hindustan Unilever Ltd.	BUY	2,425	2,930	20.8%
ITC Ltd.	BUY	343	486	41.7%
Asian Paints Ltd.	REDUCE	2,847	2,753	(3.3%)
Nestle India Ltd.	HOLD	1,319	1,301	(1.4)%
Godrej Consumer Products Ltd.	ACCUMULATE	1,253	1,275	1.8%
Tata Consumer Products Ltd.	ACCUMULATE	1,215	1,260	3.7%
Colgate-Palmolive (India) Ltd.	ACCUMULATE	2,092	2,429	16.1%
Britannia Industries Ltd.	ACCUMULATE	6,129	6,151	0.4%
Devyani International Ltd.	ACCUMULATE	139	165	18.7%
Varun Beverages Ltd.	BUY	501	576	15.0%
AWL Agri Business Ltd.	HOLD	230	274	19.1%

Note: All market data is as of previous closing.

Source: Company, Deven Choksey Research

Executive Summary

Q3FY26 is expected to mark the start of a meaningful recovery for the FMCG sector as the September GST impact fully normalises and trade restocking improves. The festive season — especially Diwali — should lift demand across categories, with rural sentiment gradually recovering as weather conditions stabilise. Companies are guiding for steady volume improvement from November, supported by easing input costs, premiumisation, brand investments, and new launches. While management commentary remains cautiously optimistic, the combination of channel normalisation, festive momentum, and better macros positions the sector for volume-led profitable growth in H2FY26.

Large-cap leaders such as HUL, ITC, Nestlé India, Asian Paints, and Britannia expect Q3FY26 to benefit from festive-led demand recovery and GST destocking normalisation. Discretionary and seasonal segments — beauty, packaged foods, beverages, and decorative paints — are likely to see stronger traction, aided by brand strength and premium offerings. Softer commodity costs and operating leverage should support sequential margin gains. Overall, managements view Q3 as an inflection point toward sustained volume growth into FY27.

Mid- and small-caps including Varun Beverages, Godrej Consumer, Colgate-Palmolive India, Tata Consumer, Devyani International, and Britannia are expected to deliver relatively stronger momentum in Q3FY26. International operations provide diversification benefits, while domestic demand should improve in categories such as household insecticides, premium oral care, value-added foods, and QSR. New launches, network expansion, and category extensions are likely to scale well during the festive period, with higher operating leverage helping these companies potentially outpace large-caps despite ongoing cost and competition pressures.

Our top picks remain Varun Beverages, Hindustan Unilever and ITC, reflecting a well-balanced consumer portfolio that combines structural growth, margin resilience and earnings visibility. Varun Beverages offers superior growth visibility driven by strong international expansion (notably Africa), diversification into energy drinks, hydration and dairy, and improving operating leverage from backward integration, despite near-term weather volatility.Hindustan Unilever Ltd. stands out for its premiumisation-led strategy, deep distribution strength and stable EBITDA margins, with volumes poised to recover as GST-related disruptions normalise and rural demand improves.ITC provides a defensive-plus growth play, anchored by resilient cigarette volumes, steady FMCG momentum, improving margins as input costs ease, and strong cash generation supporting consistent value creation.

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Hindustan Unilever Ltd

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Q3FY26 Earnings Preview

Stock Snapshot

Parameter	Value
CMP (INR)	2,425
Market Cap (INR Mn.)	56,97,289
52-Week High/Low (INR)	2,750 / 2,136
Target (INR)	2,930
Upside (%)	20.8%
Rating	BUY

Note: All the market data is as of previous closing.
Source: Company, DevenChoksey Research

Executive Summary

We estimate HUL's Q3FY26 revenue at INR 1,68,516 Mn, reflecting 6.5% YoY growth driven by post-GST normalization and festive demand recovery. EBITDA is expected at INR 41,830 Mn, up 13.2% YoY, with operating margin expanding 146 bps to 24.8%, supported by benign input costs and improved operating leverage. Adjusted PAT is projected at INR 29,199 Mn, marking 17.9% YoY growth. Margin expansion is driven by normalizing A&P spends, easing crude derivatives costs, and stable tea prices, positioning HUL for sustained profitable growth as volume recovery accelerates across core categories.

Business Highlights

HUL's Q2FY26 performance reflected GST transition disruptions with 2.0% revenue growth and flat volume growth (UVG). Home Care sustained mid-single-digit volume growth led by liquids and dishwash innovation. Beauty & Wellbeing posted 5% underlying sales growth with OZiva delivering triple-digit expansion, while Hair Care faced GST-led headwinds. Foods grew 3% with high-single-digit Tea growth and double-digit Coffee momentum, though Ice Cream declined due to extended monsoons.

The GST rate cut covering 40% of portfolio across 1,200+ SKUs has been fully passed through via price and grammage revisions. Digital media now represents over 50% of advertising spend, while quick commerce turnover doubled YoY, strengthening omnichannel distribution.

Q3FY26 Estimates (INR Mn.)

Metric	Bull	Base	Bear
Revenue	1,73,090	1,68,516	1,63,940
EBITDA	43,280	41,830	40,380
Adj. PAT	30,240	29,199	28,160
OPM	25.0%	24.8%	24.6%
Adj. NPM	17.5%	17.3%	17.2%

Source: Company, DevenChoksey Research

Growth Comparison (Base Case)

Metric	YoY (%)	QoQ (%)
Revenue Growth	6.5%	3.8%
EBITDA Growth	13.2%	12.2%
PAT Growth	17.9%	16.7%
OPM Growth	146 bps	186 bps
Adj. NPM Growth	167 bps	193 bps

Source: Company, DevenChoksey Research

Management Guidance

Management expects stronger H2FY26 performance driven by normalized trade conditions post-GST transition, easing cost pressures, and favorable macro environment. EBITDA margin guidance is maintained at 22–23%, with an expected 50–60 bps uplift post ice cream demerger scheduled for Q4FY26 completion. Price growth is likely to remain low single-digit amid stable input costs. The focus remains on premiumisation, scaling Future Core brands, digital-led marketing acceleration, and portfolio reshaping in high-growth categories to drive volume-led profitable growth.

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ITC Ltd

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Q3FY26 Earnings Preview

Stock Snapshot

Parameter	Value
CMP (INR)	343
Market Cap (INR Mn.)	43,00,565
52-Week High/Low (INR)	472 / 338
Target (INR)	486
Upside (%)	41.7%
Rating	BUY

Note: All the market data is as of previous closing.
Source: Company, DevenChoksey Research

Executive Summary

We expect ITC to report base case revenue of INR 2,00,493 Mn for Q3FY26, registering 6.7% YoY growth, driven by resilient cigarette volumes and sustained FMCG expansion. EBITDA is projected at INR 74,182 Mn, up 16.6% YoY, with operating margin expanding 324 bps to 37.0%, supported by easing tobacco leaf costs and improved mix. Adjusted PAT is estimated at INR 54,792 Mn, growing 11.0% YoY, with net margin improving 107 bps to 27.3%. Sequential margin recovery and favorable product mix should drive profitability momentum into H2FY26E.

Business Highlights

The cigarette segment is expected to sustain mid-single-digit volume growth aided by a stable tax regime and enforcement against illicit trade. FMCG-Others segment growth remains robust, led by staples like Aashirvaad, personal care brands Fiama and Savlon, and dairy products under Svasti. Digital-first brands including Yogabar and Mother Sparsh have scaled to an annualized revenue run rate of approximately INR 11,000 Mn.E-commerce and quick-commerce channels sustained strong double-digit growth, though elevated commodity prices in edible oil, wheat, and cocoa constrained segment margins by 180 bps YoY in Q2FY26.

Q3FY26 Estimates (INR Mn.)

Metric	Bull	Base	Bear
Revenue	2,10,518	2,00,493	1,90,468
EBITDA	77,891	74,182	70,473
Adj. PAT	57,532	54,792	52,052
OPM	37.0%	37.0%	37.0%
Adj. NPM	27.3%	27.3%	27.3%

Source: Company, DevenChoksey Research

Growth Comparison (Base Case)

Metric	YoY (%)	QoQ (%)
Revenue Growth	6.7%	2.8%
EBITDA Growth	16.6%	10.8%
PAT Growth	11.0%	6.9%
OPM Growth	324bps	267bps
Adj. NPM Growth	107bps	104bps

Source: Company, DevenChoksey Research

Management Guidance

Management expects moderation in tobacco leaf procurement prices during H2FY26E to support cigarette segment margin recovery following elevated costs from previous crop cycles. The Agri Business is anticipated to recover from H2FY26 as export call-offs normalize after timing differences impacted Q2FY26 performance with a 30.3% YoY decline. FMCG-Others segment continues scaling digital-first brands and expanding the food-tech platform nationwide, with over 60 cloud kitchens operational across five cities and plans for progressive rollout across India.

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Asian Paints Ltd

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Q3FY26 Earnings Preview

Stock Snapshot

Parameter	Value
CMP (INR)	2,847
Market Cap (INR Mn.)	27,31,220
52-Week High/Low (INR)	2,986 / 2,125
Target (INR)	2,753
Upside (%)	-3.3%
Rating	REDUCE

Note: All the market data is as of previous closing.
Source: Company, DevenChoksey Research

Q3FY26 Estimates (INR Mn.)

Metric	Bull	Base	Bear
Revenue	93,343	90,624	87,905
EBITDA	18,577	17,575	16,613
Adj. PAT	12,790	11,962	11,164
OPM	[19.9%	19.4%	18.9%
Adj. NPM	13.7%	13.2%	12.7%

Source: Company, DevenChoksey Research

Growth Comparison (Base Case)

Metric	YoY (%)	QoQ (%)
Revenue Growth	6.0%	6.2%
EBITDA Growth	7.4%	16.9%
PAT Growth	7.7%	20.4%
OPM Growth	25 bps	177 bps
Adj. NPM Growth	21 bps	155 bps

Source: Company, DevenChoksey Research

Executive Summary

Asian Paints is expected to post Q3FY26 revenue of INR 90,624 mn, up 6.0% YoY and 6.2% QoQ, led by festive-season demand and sustained premium-emulsion and waterproofing traction. EBITDA is projected at INR 17,575 mn (7.4% YoY), with OPM expanding 25 bps YoY to 19.4% on benign raw-material trends, improved mix and execution-led operating leverage. Adj. PAT is estimated at INR 11,962 mn (7.7% YoY), aided by margin gains and tighter cost control and stable other income supporting earnings quality.

Business Highlights

Demand recovery is being driven by execution, with management earlier reporting 10.9% standalone volume growth in Q2FY26 and new launches contributing 15% of revenue. Q3FY26 should benefit from festive demand and raw-material deflation (1.6% in Q2).
International operations had grown 9.9% YoY to INR 8,460 mn in Q2, while industrial JVs delivered strong growth, aiding mix. Home Decor remains soft, but the INR 30,000 mn VAM/VAE project is nearing commercialisation.

Management Guidance

Management commentary points to mid-digit value growth in FY26, with volumes expected to outpace value by 4–5%, supported by services, regionalisation and B2B scale-up. PBDIT margin guidance is maintained at 18–20% as marketing and technology investments are balanced against benign raw-material trends. The INR 30,000 mn VAM/VAE capex is nearing completion with phased commercialisation expected in Q1 next year, while the Fujairah white-cement unit is testing up to 90% capacity.

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Nestle India Ltd

Q3FY26 Earnings Preview

Stock Snapshot

Parameter	Value
CMP (INR)	1,319
Market Cap (INR Mn.)	25,43,061
52-Week High/Low (INR)	1,324 / 1,055
Target (INR)	1,301
Upside (%)	-1.4%
Rating	HOLD

Note: All the market data is as of previous closing.
Source: Company, DevenChoksey Research

Executive Summary

We forecast Nestle India to report revenue of INR 52,885 Mn for Q3FY26, reflecting 10.6% YoY growth driven by volume-led expansion across MAGGI, KITKAT, and NESCAFE franchises. EBITDA is projected at INR 11,899 Mn with operating margin at 22.5%, down 57 bps YoY due to sustained input cost pressures in dairy and edible oils. Adjusted PAT is estimated at INR 7,255 Mn, up 5.5% YoY, with net margin at 13.7%. Sequential revenue decline of 6.3% QoQ reflects post-festive seasonality, though margin expansion of 59 bps QoQ indicates improving operating leverage and gradual stabilization of commodity costs.

Business Highlights

Nestle India continues to execute its volume-driven penetration strategy with strong momentum in Confectionery (KITKAT), Prepared Dishes (MAGGI Double Masala and Spicy variants), and Powdered Beverages (NESCAFE premium and affordable ranges). Exports remain robust with double-digit growth across Middle East and Asia, while domestic sales benefit from rural pricing actions and numeric distribution expansion. Innovation-led launches including KITKAT Delights Salted Caramel and Hazelnut variants, and PURINA FRISKIES extensions, continue to drive consumption occasions. Nestle Professional (Out-of-Home channel) posted strong double-digit growth, making India the fastest-growing market in Zone AOA and second-largest by size. Digital channels and e-commerce partnerships sustained momentum through festive campaigns and platform-exclusive launches, reinforcing omnichannel penetration and brand engagement across urban and rural geographies.

Q3FY26 Estimates (INR Mn.)

Metric	Bull	Base	Bear
Revenue	54,710	52,885	51,060
EBITDA	12,493	11,899	11,305
Adj. PAT	7,638	7,255	6,872
OPM	22.8%	22.5%	22.1%
Adj. NPM	14.0%	13.7%	13.5%

Source: Company, DevenChoksey Research

Growth Comparison (Base Case)

Metric	YoY (%)	QoQ (%)
Revenue Growth	10.6%	-6.3%
EBITDA Growth	7.9%	-3.8%
PAT Growth	5.5%	-2.4%
OPM Growth	-57 bps	59 bps
Adj. NPM Growth	-68 bps	55 bps

Source: Company, DevenChoksey Research

Management Guidance

Management maintains its volume-led growth strategy with emphasis on penetration expansion, innovation acceleration, and brand investment under the “bolder, bigger, better” framework. Commodity outlook remains mixed with milk prices expected to soften post-festive season, while coffee and cocoa are anticipated to stabilize. Edible oils may remain firm due to global supply constraints. Leadership reaffirmed commitment to sustaining EBITDA margin at approximately 22% through pricing actions, efficiency initiatives, and operational agility. Capacity additions including the new MAGGI noodles line at Sanand, Gujarat, signal continued investment in manufacturing infrastructure to support long-term volume growth across geographies and channels.

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Godrej Consumer Products Ltd

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Q3FY26 Earnings Preview

Stock Snapshot

Parameter	Value
CMP (INR)	1,253
Market Cap (INR Mn.)	12,82,126
52-Week High/Low (INR)	1,309 / 980
Target (INR)	1,275
Upside (%)	1.8%
Rating	ACCUMULATE

Note: All the market data is as of previous closing.
Source: Company, DevenChoksey Research

Q3FY26 Estimates (INR Mn.)

Metric	Bull	Base	Bear
Revenue	43,549	41,084	38,619
EBITDA	9,799	9,244	8,689
Adj. PAT	6,565	6,193	5,821
OPM	23.0%	22.5%	22.0%
Adj. NPM	15.5%	15.1%	14.7%

Source: Company, DevenChoksey Research

Executive Summary

Godrej Consumer Products is expected to deliver strong Q3FY26 performance with revenue of INR 41,084 Mn, reflecting 9.0% YoY growth driven by robust demand in Home Care and recovery in Personal Wash post-GST normalization. EBITDA is projected at INR 9,244 Mn with a healthy 22.3% YoY expansion. PAT is estimated at INR 6,193 Mn, up 22.9% YoY, supported by operating margin expansion of 244 bps to 22.5% on favorable product mix and operating leverage. The momentum is expected to sustain into H2FY26 with continued traction in Household Insecticides, Air Fresheners, and Hair Colour portfolios.

Growth Comparison (Base Case)

Metric	YoY (%)	QoQ (%)
Revenue Growth	9.0%	7.4%
EBITDA Growth	22.3%	26.1%
PAT Growth	22.9%	26.6%
OPM Growth	244 bps	333 bps
Adj. NPM Growth	170 bps	229 bps

Source: Company, DevenChoksey Research

Business Highlights

Home Care segment continues to drive growth with double-digit volume expansion in Fabric Care, strong market share gains in Household Insecticides through new molecule innovations, and scaling traction in Air Fresheners across Aer-O, Aer Spray, and Aer Plug formats. Godrej has achieved market leadership in incense sticks while electric mosquito repellents continue gaining significant market share. International operations show mixed performance with GAUM region delivering robust 15% constant currency revenue growth and 20% EBITDA growth, while Indonesia faces temporary macro headwinds with pricing pressures expected to ease over the next two quarters. The recent acquisition of Muuchstac strengthens presence in the high-margin men's face wash segment.

Management Guidance

Management has guided for high single-digit underlying volume growth for the standalone India business in FY26, with consolidated INR revenue growth also in high single digits. India standalone and GAUM regions are expected to deliver double-digit EBITDA growth for the full year, with standalone margins recovering in H2FY26 toward the lower end of the normative 24-26% EBITDA band. Consolidated EBITDA growth may be marginally below the double-digit target due to temporary macro pressures in Indonesia and Latin America, though pricing pressures are expected to ease over the next one to two quarters. Personal Wash category is projected to rebound significantly in H2 post-GST reduction normalization.

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Tata Consumer Products Ltd

Q3FY26 Earnings Preview

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Stock Snapshot

Parameter	Value
CMP (INR)	1,215
Market Cap (INR Mn.)	12,02,298
52-Week High/Low (INR)	1,215 / 926
Target (INR)	1,260
Upside (%)	3.7%
Rating	ACCUMULATE

Note: All the market data is as of previous closing.
Source: Company, DevenChoksey Research

Executive Summary

Tata Consumer Products is expected to deliver strong Q3FY26 performance with revenue of INR 49,801 Mn, registering 12.1% YoY growth driven by sustained double-digit momentum in India business. EBITDA is estimated at INR 7,520 Mn with operating margin expanding sharply to 15.1%, up 239 bps YoY, reflecting normalization of tea and salt margins to pre-inflation levels. PAT is projected at INR 4,686 Mn, marking robust 64.4% YoY growth with net margin improving to 9.4%, supported by better operating leverage and easing input costs.

Business Highlights

India business continues to demonstrate strong traction with 18% revenue growth in Q2FY26, driven by 14% volume expansion across Beverages and Foods.

The Foods segment delivered 19% growth with Tata Sampann staples surging 40% YoY and value-added salt growing 23%, while Beverages recorded 12% growth led by coffee (56% YoY) and normalization in tea pricing. The Ready-to-Drink business rebounded sharply with 31% volume growth and 25% value growth supported by GST rate reduction and new launches in alkaline water and RTD coffee.

Q3FY26 Estimates (INR Mn.)

Metric	Bull	Base	Bear
Revenue	51,291	49,801	48,311
EBITDA	8,046	7,520	6,994
Adj. PAT	5,020	4,686	4,352
OPM	15.7%	15.1%	14.5%
Adj. NPM	9.8%	9.4%	9.0%

Source: Company, DevenChoksey Research

Growth Comparison (Base Case)

Metric	YoY (%)	QoQ (%)
Revenue Growth	12.1%	0.3%
EBITDA Growth	33.2%	11.9%
PAT Growth	64.4%	15.9%
OPM Growth	239 bps	157 bps
Adj. NPM Growth	300 bps	127 bps

Source: Company, DevenChoksey Research

Management Guidance

Management remains optimistic on sustained growth trajectory, expecting margin recovery to accelerate in H2FY26 as tea prices stabilize and coffee cost pressures ease. EBITDA margins are projected to reach approximately 15% by Q4FY26, progressing toward the medium-term target range of 17-20%. The company anticipates mid-teens revenue growth for the India business, supported by steady volume momentum, premiumization, and expansion of high-growth adjacencies. Capital Foods and Organic India are expected to deliver approximately 30% YoY growth, while the RTD segment is projected to sustain approximately 30% growth, aided by innovation, affordability, and distribution expansion into semi-urban and rural markets.

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DEVEN CHOKSEY RESEARCH

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Colgate-Palmolive (India) Ltd

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Q3FY26 Earnings Preview

Stock Snapshot

Parameter	Value
CMP (INR)	2,092
Market Cap (INR Mn.)	5,68,858
52-Week High/Low (INR)	2,975 / 2,051
Target (INR)	2,429
Upside (%)	16.1%
Rating	ACCUMULATE

Note: All the market data is as of previous closing.

Source: Company, DevenChoksey Research

Executive Summary

Colgate-Palmolive India is expected to deliver Q3FY26 revenue of INR 15,655 Mn, implying 7.1% YoY growth and 3.0% sequential improvement as GST led distribution disruption normalizes and premium portfolio momentum sustains. EBITDA is estimated at INR 4,853 Mn, while PAT is likely to print at INR 3,601 Mn, translating into 11.6% YoY growth on a softer base and lower depreciation and interest burden. Operating margin should be broadly flat YoY at 31.0%, with modest QoQ expansion supported by improving mix, calibrated ad spends and continued cost efficiencies.

Business Highlights

Colgate enters Q3FY26 after a weak Q2FY26, where revenue declined 6.2% YoY to INR 15,195 Mn on GST driven distribution disruption, even as gross margin expanded 91 bps YoY to 69.5% on benign input costs and efficiencies.

In Q3FY26, base case assumptions build in low single digit volume recovery and sustained double digit growth in premium offerings, aided by normalization at distributors and retailers and continued traction in the flagship Colgate Strong Teeth franchise backed by the Cavity Proof campaign. Margin delivery should remain resilient with EBITDA margin near 31.0%, as higher trade incentives and promotions to recapture shelf space are offset by operating leverage and disciplined overhead control.

Q3FY26 Estimates (INR Mn.)

Metric	Bull	Base	Bear
Revenue	15,950	15,655	15,300
EBITDA	4,980	4,853	4,700
Adj. PAT	3,750	3,601	3,450
OPM	31.2%	31.0%	30.7%
Adj. NPM	23.5%	23.0%	22.5%

Source: Company, DevenChoksey Research

Growth Comparison (Base Case)

Metric	YoY (%)	QoQ (%)
Revenue Growth	7.1%	3.0%
EBITDA Growth	6.8%	4.3%
PAT Growth	11.6%	9.9%
OPM Growth	(8 bps)	37 bps
Adj. NPM Growth	92 bps	145 bps

Source: Company, DevenChoksey Research

Management Guidance

Management remains constructive on a gradual demand recovery from H2FY26, underpinned by normalization of GST related channel disruption, improving macros and steady premium portfolio traction. The company continues to guide for healthy, mid single digit revenue growth over FY26E, supported by sustained innovation in offerings like Colgate Visible White Purple and the Palmolive Moments body wash range, along with disciplined brand investments at around 15.0% of sales and a focus on preserving industry leading EBITDA margins in the low 30s.

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Britannia Industries Ltd

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Stock Snapshot

Parameter	Value
CMP (INR)	6,129
Market Cap (INR Mn.)	14,76,161
52-Week High/Low (INR)	6,336 / 4,506
Target (INR)	6,151
Upside (%)	0.4%
Rating	ACCUMULATE

Note: All the market data is as of previous closing.

Source: Company, DevenChoksey Research

Q3FY26 Estimates (INR Mn.)

Metric	Bull	Base	Bear
Revenue	50,150	49,168	48,200
EBITDA	9,250	8,982	8,650
Adj. PAT	6,550	6,308	6,050
OPM	18.4%	18.3%	17.9%
Adj. NPM	13.1%	12.8%	12.5%

Source: Company, DevenChoksey Research

Growth Comparison (Base Case)

Metric	YoY (%)	QoQ (%)
Revenue Growth	7.1%	1.6%
EBITDA Growth	6.3%	-5.9%
PAT Growth	8.4%	-3.6%
OPM Growth	-13 bps	-145 bps
Adj. NPM Growth	16 bps	-69 bps

Source: Company, DevenChoksey Research

Executive Summary

Britannia is expected to deliver Q3FY26 revenue of around INR 49,168 Mn, implying 7.1% YoY and 1.6% QoQ growth as GST related disruptions normalize. EBITDA is estimated at INR 8,982 Mn with a margin of 18.3%, moderating sequentially from an exceptionally strong Q2 but broadly stable YoY. PAT is projected at INR 6,308 Mn, up 8.4% YoY, supported by healthy gross margins despite higher depreciation and interest. Operating margin contraction of 13 bps YoY and 145 bps QoQ largely reflects partial reinvestment in brands and normalized operating leverage, while PAT growth is aided by lower effective tax and benign input costs.

Business Highlights

EBITDA is projected at INR 8,982 Mn against INR 8,449 Mn a year ago, as gross margin benefits from lower palm oil and stable wheat and sugar costs, partly offset by calibrated A&P and distribution investments.

Adjacency categories such as Rusk, Croissant, Wafers, Dairy and Cheese should continue double digit growth, sustaining premium mix and supporting NPM at 12.8% versus 12.7% last year, even as Q3 sees some seasonal moderation from Q2 highs. International markets, especially Africa and the Kenya JV, along with digital and quick commerce, which contributes about 4.0% of sales with structurally higher realisations, are expected to bolster overall revenue resilience and underpin steady mid single digit volume growth in the quarter.

Management Guidance

Management has reiterated its focus on accelerating volume led growth in H2FY26, targeting a return to double digit topline expansion supported by GST led formalisation, portfolio renovation and deeper rural reach. It expects a stable commodity basket, with wheat, sugar and palm oil largely range bound, enabling maintenance of gross margin above 41% and EBITDA margin near 19% on a full year basis. Capex for FY26E is guided at about INR 1,000 Mn, largely towards capacity optimisation, digital infrastructure and adjacency categories, while the company continues to prioritise premiumisation and innovation across biscuits, dairy and adjacencies to sustain mid teens PAT CAGR over FY25-FY27E.

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Devyani International Ltd

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Stock Snapshot

Parameter	Value
CMP (INR)	139
Market Cap (INR Mn.)	1,71,123
52-Week High/Low (INR)	210 / 122
Target (INR)	165
Upside (%)	18.7%
Rating	ACCUMULATE

Note: All the market data is as of previous closing.
Source: Company, DevenChoksey Research

Q3FY26 Estimates (INR Mn.)

Metric	Bull	Base	Bear
Revenue	15,320	14,970	14,350
EBITDA	2,750	2,634	2,430
Adj. PAT	470	418	340
OPM	18.0%	17.6%	16.9%
Adj. NPM	3.1%	2.8%	2.4%

Source: Company, DevenChoksey Research

Executive Summary

Devyani International is expected to deliver Q3FY26 revenue of INR 14,970 Mn, implying 15.7% YoY and 8.7% QoQ growth, supported by steady store additions across KFC, Pizza Hut, international and owned brands. EBITDA is estimated at INR 2,634 Mn, up 20.1% YoY, with margin expanding 66 bps YoY to 17.6% on improving gross margin, calibrated discounting and operating leverage on higher ADS. PAT is projected at INR 418 Mn versus INR 56 Mn in Q3FY25, with 651.7% YoY growth as interest and depreciation trends normalise and operating performance recovers across key portfolios.

Growth Comparison (Base Case)

Metric	YoY (%)	QoQ (%
Revenue Growth	15.7%	8.7%
EBITDA Growth	20.1%	35.6%
PAT Growth	651.7%	341.2%
OPM Growth	66 bps	348 bps
Adj. NPM Growth	236 bps	405 bps

Source: Company, DevenChoksey Research

Business Highlights

Q3FY26 revenue is driven by 39 NNUs taking the network to 2,184 outlets and robust 14.0% YoY growth in the international portfolio. Q3FY26 sales of INR 14,970 Mn assume continued traction in KFC India revenue from INR 5,723 Mn in Q2FY26 and stable Pizza Hut and franchisee contributions, alongside improving performance in Sky Gate and owned brands as portfolio rationalisation and menu innovation support ADS recovery.

Brand economics remain the key swing factor, with Q2FY26 EBITDA at INR 1,943 Mn and margin of 14.1%, weighed by 67.8% gross margin and elevated other expenses from higher input inflation and consolidation of Sky Gate.

Management Guidance

Management continues to guide for KFC to remain the primary growth engine, with 100 to 110 KFC store additions in FY26 and calibrated expansion in Pizza Hut as discussions with Yum on development arrangements progress, while international operations in Thailand are expected to add 20 to 21 KFC stores and sustain mid teens brand contribution margins. Management also targets gradual improvement in consolidated gross margin from the Q2FY26 level of 67.8% through tighter promotional intensity, portfolio pruning in Pizza Hut, optimisation of delivery aggregator costs, and efficiency led recovery in owned brands including Sky Gate, with an aim to restore EBITDA margin closer to the mid teens band on a sustainable basis over the next few quarters.

DEVEN CHOKSEY RESEARCH

January 07, 2026

Varun Beverages Ltd

Q4CY25 Earnings Preview

INDIA EQUITY INSIGHT

Chatur Research
Phone: +91-22-6696 5555
www.devenchoksey.com

Stock Snapshot

Parameter	Value
CMP (INR)	501
Market Cap (INR Mn.)	16,92,855
52-Week High/Low (INR)	646 / 420
Target (INR)	576
Upside (%)	15.0%
Rating	BUY

Note: All the market data is as of previous closing.
Source: Company, DevenChoksey Research

Executive Summary

Varun Beverages is expected to report revenue of INR 41,425 Mn in Q4CY25, reflecting 12.3% YoY growth driven by seasonal normalization post-monsoon impact. EBITDA is estimated at INR 7,341 Mn with 26.6% YoY expansion, while PAT is projected at INR 3,130 Mn, up 69.1% YoY. Operating margin is expected at 17.7%, expanding 200 bps YoY due to improved operational leverage, favorable product mix, and backward integration benefits. However, QoQ contraction reflects typical seasonal weakness in Q4CY25 winter quarter, with margins normalizing from peak summer levels.

Business Highlights

International operations continue driving growth momentum with 9% YoY volume expansion in Q3CY25, led by South Africa's double-digit trajectory and recovery in Zimbabwe and DRC. The company launched Adrenalin Rush energy drink at INR 60 price point with encouraging initial response across four test cities. Hydration category (Nimus) grew approximately 50% YoY while value-added dairy surged 100% YoY, demonstrating successful portfolio diversification beyond carbonated beverages.

Backward integration initiatives delivered gross margin improvement of 119 bps YoY to 56.7% in Q3CY25 despite weather headwinds. The company incorporated a Kenya subsidiary for East African expansion and entered beer distribution through KB brand partnership across select African markets. Net realization stood at INR 178.8 per case with CSD contributing 74%, packaged drinking water 22%, and NCB 4% to the product mix.

Q4CY25 Estimates (INR Mn.)

Metric	Bull	Base	Bear
Revenue	43,496	41,425	39,354
EBITDA	8,257	7,341	6,424
Adj. PAT	3,530	3,130	2,730
OPM	19.0%	17.7%	16.3%
Adj. NPM	8.1%	7.6%	6.9%

Source: Company, DevenChoksey Research

Growth Comparison (Base Case)

Metric	YoY (%)	QoQ (%)
Revenue Growth	12.3%	-15.4%
EBITDA Growth	26.6%	-36.0%
PAT Growth	69.1%	-57.8%
OPM Growth	200 bps	-571 bps
Adj. NPM Growth	254 bps	-758 bps

Source: Company, DevenChoksey Research

Management Guidance

Management remains optimistic about sustaining growth momentum driven by robust international performance and domestic demand recovery as weather normalizes. The company guides revenue CAGR of 11.6% between CY24-CY26E with PAT CAGR of 16.3%. Focus continues on product diversification across energy drinks, value-added dairy, and hydration categories.

International CapEx will accelerate for Africa expansion including Kenya manufacturing setup and Morocco capacity scale-up, while domestic CapEx remains moderate given adequate capacity headroom. Management targets low or no-sugar variants reaching 60% of volumes driven by consumer health trends.

DEVEN CHOKSEY RESEARCH

January 07, 2026

AWL Agri Business Ltd

Q3FY26 Earnings Preview

INDIA EQUITY INSIGHT

Chatur Research
Phone: +91-22-6696 5555
www.devenchoksey.com

Stock Snapshot

Parameter	Value
CMP (INR)	230
Market Cap (INR Mn.)	2,98,913
52-Week High/Low (INR)	333 / 229
Target (INR)	274
Upside (%)	19.1%
Rating	HOLD

Note: All the market data is as of previous closing.
Source: Company, DevenChoksey Research

Executive Summary

Adani Wilmar is expected to report Q3FY26 revenue of INR 1,81,942 Mn, up 8.0% YoY and 3.3% QoQ, driven by improved realizations in edible oils and robust growth in Industry Essentials. EBITDA is estimated at INR 5,903 Mn, down 25.4% YoY due to margin compression from elevated input costs and normalization from a high base. Adjusted PAT is projected at INR 2,832 Mn, declining 31.0% YoY, impacted by margin pressure and higher interest costs. Operating margin is expected to contract 146 bps YoY to 3.2%, reflecting raw material inflation and competitive pricing dynamics in edible oils, though sequential recovery is anticipated in Q4FY26 supported by festive demand and easing commodity costs.

Business Highlights

Q3FY26 volumes are expected to grow modestly at 2-3% YoY, with edible oil volumes supported by price normalization and mustard and sunflower oil resilience contributing over 15% each to the branded mix.Alternate channel revenue including Q-commerce and e-commerce continues to scale rapidly, growing 35% YoY, while rural distribution expanded to 58,000 towns, covering 900,000 outlets. International operations in Bangladesh are showing recovery with positive profitability after two difficult years, supported by improved business environment and higher FX reserves.

Q3FY26 Estimates (INR Mn.)

Metric	Bull	Base	Bear
Revenue	1,91,039	1,81,942	1,72,845
EBITDA	6,198	5,903	5,608
Adj. PAT	2,974	2,832	2,690
OPM	3.2%	3.2%	3.2%
Adj. NPM	1.6%	1.6%	1.6%

Source: Company, DevenChoksey Research

Growth Comparison (Base Case)

Metric	YoY (%)	QoQ (%)
Revenue Growth	8.0%	3.3%
EBITDA Growth	-25.4%	-14.2%
PAT Growth	-31.0%	15.7%
OPM Growth	-146 bps	-66 bps
Adj. NPM Growth	-88 bps	17 bps

Source: Company, DevenChoksey Research

Management Guidance

Management expects demand recovery in H2FY26 supported by festive consumption, rural improvement, and easing input costs particularly in edible oils where palm oil prices have normalized to lowest levels. Volume growth is expected to be led by soft oils and sustained Industry Essentials strength, with margins stabilizing around INR 3,500 per tonne despite higher marketing spends to drive brand penetration. The acquired GD Foods business is projected to deliver double-digit growth in H2FY26 post-GST rate reduction on value-added products from 18% to 5%, while Bangladesh operations are anticipated to sustain positive profitability throughout FY26. Management has guided for steady improvement in working capital utilization and inventory management to support sequential margin expansion in Q4FY26.

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