PL Capital
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Consumer

Sector Update

February 26, 2026

Demand trends mixed despite favorable macros

Consumer sector is showing mixed signals in demand post GST transition. 3Q can't be seen as a normal quarter given that GST transition got completed by mid Nov and early start to festival season, and that does show some impact of inventory re-stocking. We have been of the view that the growth acceleration in staples will be category specific (Link of note) like it had happened in FY18 and after consideration of the changed competitive scenario and distribution moats over the years. QSR's have shown some green shoots, however structural demand recovery is yet to set in.

Paints segment continues to show sustained competitive intensity in decorative paints, although noise levels seem to be subsiding. Industrial Paints sems to be riding on growth led by Automotive and General Industrial paints demand. Jewellery players seem well placed due to high gold price inflation (80% YoY) and expected pressure on local and regional players. Food and grocery retailing is showing impact of rising competition from Quick commerce players as new players and scale benefit remain at play.

Britannia and MRCO are preferred plays in staples, Pidilite in construction aids and Titan Company/ JUBI in Jewellery/ QSR/retail. Any spike in input costs and El Nino disrupting monsoons can be a key risk to our call.

Exhibit 1: PL Universe

Companies	Rating	CMP (Rs)	TP (Rs)
Asian Paints	Reduce	2,395	2,464
Britannia Industries	BUY	6,137	6,972
Colgate Palmolive	Hold	2,295	2,319
Dabur India	HOLD	524	525
Avenue Supermarts	Hold	3,866	3,783
Emami	Acc	475	571
Hindustan Unilever	Acc	2,383	2,609
ITC	Reduce	318	314
Jubilant FoodWorks	BUY	516	666
Metro Brands	Hold	1,050	1,181
Kansai Nerolac Paints	Acc	200	248
Marico	Acc	806	816
Mold-tek Packaging	Acc	571	697
Nestle India	HOLD	1,318	1,394
Pidilite Industries	BUY	1,517	1,734
Restaurant Brands Asia	Acc	64	82
Titan Company	BUY	4,343	4,917
Westlife Foodworld	HOLD	497	552

Source: PL

Acc = Accumulate

Segment Highlights

Staples: Demand witnessed a gradual recovery, with October impacted by GST trade disruptions, however Nov/Dec saw a rebound. Both urban and rural markets delivered healthy growth, Rural continues to grow ahead of urban. We expect this momentum to sustain into Q4, supported by new launches, increased brand investments and higher affordability post GST rationalization.

QSR: Demand trends remained mixed, with October being muted, followed by recovery in Nov/Dec. Geographical and segment specific variations continue in the food services segment. The momentum has continued into Q4, supported by menu innovation and improving consumer sentiment.

Paints & adhesives: Demand remained muted amid extended rainfall and a shorter festive period. Competitive intensity stays elevated, with no let-up likely in the near-term. However, adhesives and other construction aids are witnessing healthy traction, supported by improving real estate and construction activity.

Retail: Jewellery demand remains resilient despite elevated gold prices, supported by healthy festive and wedding season traction. Footwear is a key beneficiary of GST 2.0, with improving footfalls driving recovery. Meanwhile, modern trade continues to face heightened competitive intensity from quick commerce in food and grocery retailing, impacting throughput and operating leverage.

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Staples: Green shoots, but no major acceleration post GST

- 3Q26 volumes have shown a QoQ recovery partly due to de-stocking by trade during GST transition. 2Q/3Q average volume growth does not show much acceleration so far, however the trends in Dec25 show some green shoots.
- If we look at 2Q/3Q average volume growth of FY26/FY25, Nestle, Marico and Dabur show higher growth YoY, while Colgate and Britannia are lower. HUL is at the same level.
- On similar lines, sales growth acceleration is seen in Marico, Dabur, Nestle and ITC. HUL is flattish while BRIT shows a small reduction.
- BRIT, Dabur, Emami and ITC have shown YoY gross margin expansion due to favorable input costs. Nestle Marico and Britannia have shown QoQ margin expansion. Input cost trends indicate positive margin outlook for BRIT, Nestle, Marico and Dabur.

Exhibit 2: Gradual volume recovery driven by improved consumer sentiment

Particulars	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Volume Growth (%)							
Britannia	8.0	8.0	6.0	6.0	2.0	(3.7)	4.5
Colgate Palmolive	8.0	8.0	5.0	-	(2.8)	(3.0)	(2.7)
Dabur	5.2	(7.5)	1.2	(6.0)	(1.0)	2.0	3.0
Emami	8.7	1.7	4.0	7.0	(3.0)	(16.0)	9.0
Hindustan Unilever	4.0	3.0	-	2.0	3.0	-	3.0
ITC (Cigarette)	2.5	3.3	5.5	5.0	6.5	6.0	6.8
Marico	4.0	5.0	6.0	8.0	9.0	7.0	8.0
Nestle India	0.9	3.0	3.0	2.0	3.0	9.0	16.0
Sales Growth (%)							
Britannia	6.0	5.3	7.9	8.9	8.8	3.7	8.2
Colgate Palmolive	13.1	10.1	4.7	(1.8)	(4.2)	(6.2)	1.7
Dabur	7.0	(5.5)	3.1	0.6	1.7	5.4	6.1
Emami	9.7	3.0	5.3	8.1	(0.2)	(10.3)	9.8
Hindustan Unilever	1.3	1.5	1.4	2.4	3.9	0.5	2.6
ITC	3.4	12.7	3.5	4.0	20.6	(3.4)	5.7
Marico	6.7	7.6	15.4	19.8	23.3	30.7	26.6
Nestle India	3.3	1.3	3.9	4.5	5.9	10.6	18.6
Gross Margin (%)							
Britannia	43.4	41.5	38.7	40.1	40.3	41.7	43.3
Colgate Palmolive	70.6	68.5	69.9	70.6	68.9	69.5	70.0
Dabur	47.8	49.3	48.1	46.7	47.0	49.4	48.4
Emami	67.7	70.7	70.3	65.9	69.4	71.0	70.6
Hindustan Unilever	51.4	51.0	50.7	50.5	49.2	50.4	50.3
ITC	56.5	51.6	54.4	54.7	49.0	54.6	54.9
Marico	52.3	50.8	49.5	48.6	46.9	42.6	43.5
Nestle India	57.6	56.6	56.4	56.2	55.2	54.3	55.7

Contd...3

Particulars	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
EBITDA Margin (%)							
Britannia	17.7	16.8	18.4	18.2	16.4	19.7	19.7
Colgate Palmolive	34.0	30.7	31.1	34.1	31.6	30.6	29.7
Dabur	19.6	18.2	20.3	15.1	19.6	18.4	20.6
Emami	23.9	28.1	32.3	22.8	23.7	22.4	33.4
Hindustan Unilever	23.5	23.5	23.2	22.8	22.3	22.9	23.7
ITC	37.2	32.8	34.2	34.7	31.7	34.7	33.1
Marico	23.7	19.6	19.1	16.8	20.1	16.1	16.7
Nestle India	23.1	22.9	23.1	25.2	21.6	21.9	21.2
EBITDA Growth (%)							
Britannia	9.4	(10.2)	2.9	2.3	0.4	21.8	16.0
Colgate Palmolive	21.6	3.2	(3.0)	(6.4)	(11.0)	(6.4)	(2.7)
Dabur	8.3	(16.4)	2.1	(8.6)	2.0	6.4	7.7
Emami	13.9	7.2	7.6	4.1	(1.1)	(28.7)	13.4
Hindustan Unilever	2.4	(1.3)	0.8	0.9	(1.3)	(2.3)	5.1
ITC	(2.6)	1.4	(3.3)	(2.9)	2.9	2.1	2.4
Marico	9.1	5.0	3.9	3.6	4.6	7.3	11.1
Nestle India	5.2	(5.0)	(0.9)	3.8	(1.3)	5.9	9.0
PAT Growth (%)							
Britannia	17.2	(8.9)	4.4	4.3	(1.0)	23.0	17.2
Colgate Palmolive	23.0	3.8	(2.2)	(6.5)	(11.1)	(7.2)	2.9
Dabur	8.3	(17.7)	1.9	(8.3)	2.8	6.5	10.2
Emami	10.8	18.2	7.9	8.9	7.6	(30.2)	17.2
Hindustan Unilever	2.9	(2.1)	-	4.2	(3.2)	(5.1)	2.3
ITC	(1.7)	3.1	(8.2)	(2.9)	1.9	0.2	4.7
Marico	8.7	5.0	5.2	7.8	6.3	10.8	13.3
Nestle India	6.4	(5.7)	6.0	(4.2)	(11.7)	(0.8)	20.6

Source: Company, PL

HUL: Although HUL is facing rising competition in Homecare, Beauty and Personal care, we expect QoQ improvement to set in as post GST demand shows green shoots. New launches, B2C acquisitions and GTM initiatives will enable 7.4/8.2% Revenue and EPS CAGR over FY26-28. Our estimates for FY27/28 are 6.5% lower than consensus and have been lower by 7.8% in past one year. The stock trades at 46.1xFY28EPS and has limited downside as well as upside.

DABUR: Demand outlook is improving particularly in rural markets, sustained growth in oral care and revival in Hair Oils. Low base effect seems positive for Dabur, however long-term portfolio growth and sustenance need to be watched out for. We estimate 9.7%/10.7% sales/ EPS CAGR over FY26-28 on a base of 3.8% CAGR in last three years.

NEST: Nestle posted high single digit volume growth in 2Q and mid- teens volume growth in 3Q26 on strong show across segments. With capacity constraints behind (large part of Rs50bn capex over), expected benefits from reduction in GST rates and softening input costs in cocoa, coffee and other inputs, we estimate 15.2% EPS CAGR over FY26-28. However, valuations at xxFY28 will limit significant gains.

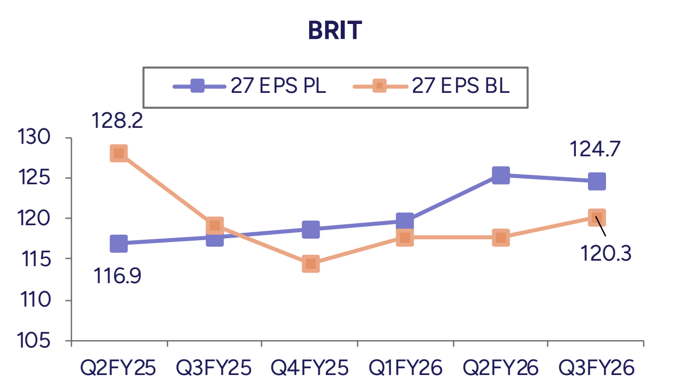
ITC: ITC has reported strong bounce back in FMCG business with double-digit sales growth and margin expansion. Cigarette business also showed a volume growth of 6.8%, however recent spike in excise duty has created near term uncertainty. We don't rule out low double digit hit on volumes which will drag profit growth in FY27. We estimate a 5.3% EPS CAGR over FY26-28.

HMN: Demand outlook remains optimistic led by revival in rural demand, initial gains from revamping of kesh king and Fair and Handsome. Onset of summer season will be a key factor to watch out for the demand momentum to sustain. However, we remain cautious as we anticipate tax rate to increase to 18.3%/20% in FY27/28. We estimate a sales/EBIDTA/EPS CAGR of 8.4/9.7/7.7% over FY26–28

CLGT: CLGT continued to report decline in volumes as mass segment led by Colgate strong teeth remained under pressure even as the premium segments sustained strong growth momentum. Rural continued to grow ahead of urban, although the gap has narrowed down in past few months. We believe CLGT would have lost market share as both Dabur and HUL have grown oral care in double digits. We estimate 7.9% EPS CAGR over FY26–28.

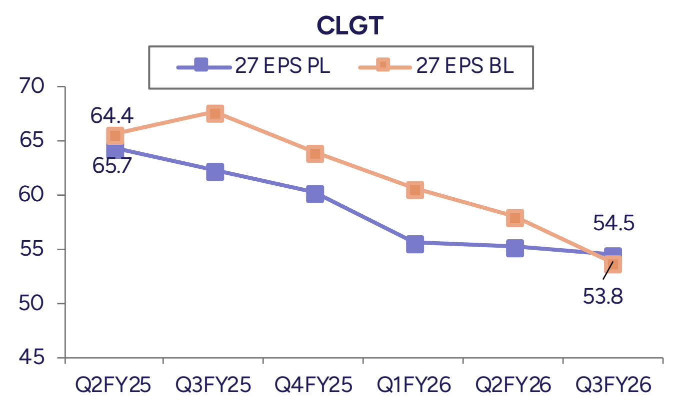
Majority companies witness EPS cut

Exhibit 3: BLE catching up, PLE higher by 3.7/6.1% for FY27/28



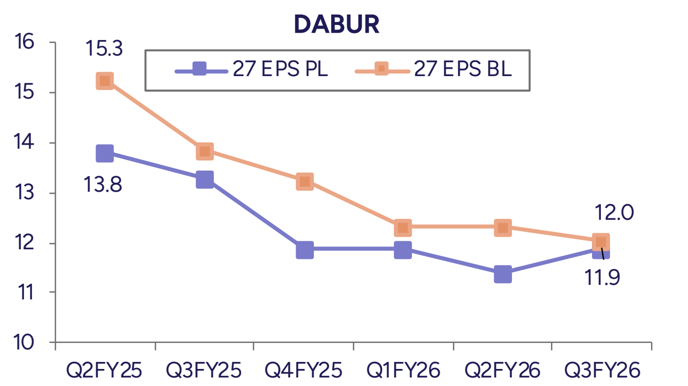
Source: Company, PL

Exhibit 4: PLE est 5-8% lower than BLE and now converge



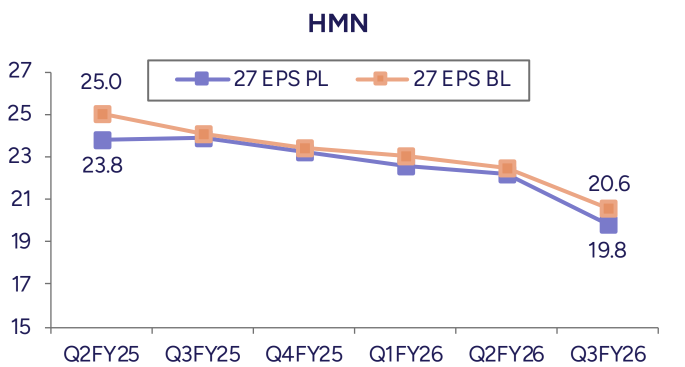
Source: Company, PL

Exhibit 5: PLE lower than BL by 3-10%, now converge as PLE shows uptick while BLE still in EPS cut Cycle



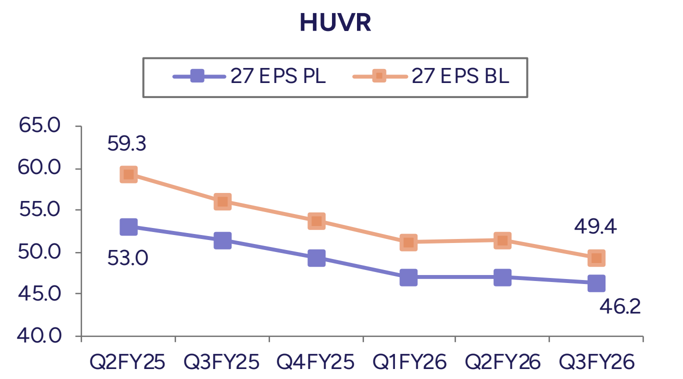
Source: Company, PL

Exhibit 6: PLE/ BLE EPS cut by 18/17% in past 6 qtrs., PLE still lower by 3.7% than consensus



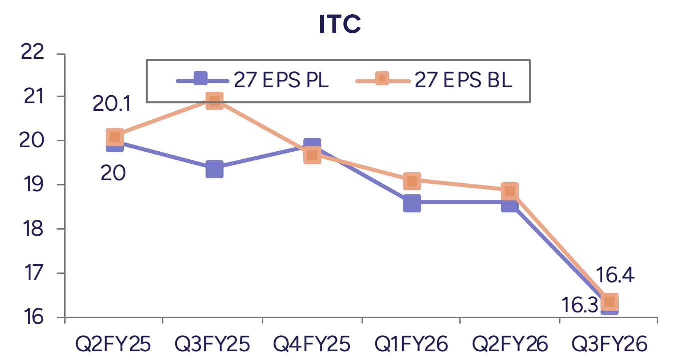
Source: Company, PL

Exhibit 7: Ple lower by 6.5-10.3% than consensus in past 6 quarters, cut by 12.7% versus 16.8% for consensus



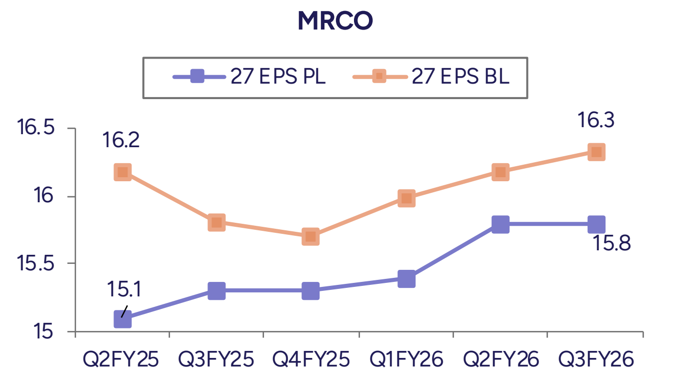
Source: Company, PL

Exhibit 8: BL/Ple cut FY27 EPS by 12.4%/13.3% mainly due to sharp spike in cigarette excise duty



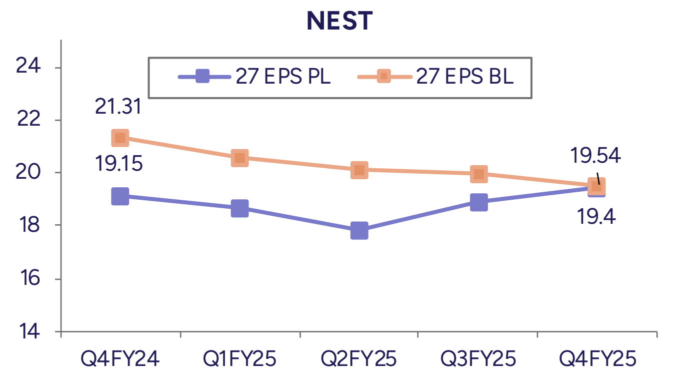
Source: Company, PL

Exhibit 9: PLE lower by 2.5-6.7% than consensus, PLE have seen 5% upgrade since last 6 quarters



Source: Company, PL

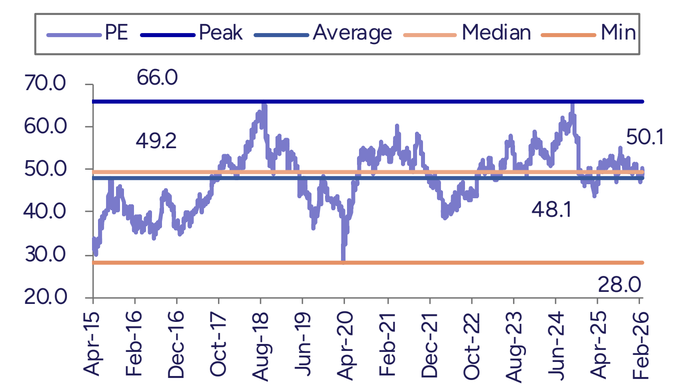
Exhibit 10: BL cuts FY27 EPS by 8.3% while PLE raises FY27 EPS by 1.3% over last 6 quarters.



Source: Company, PL

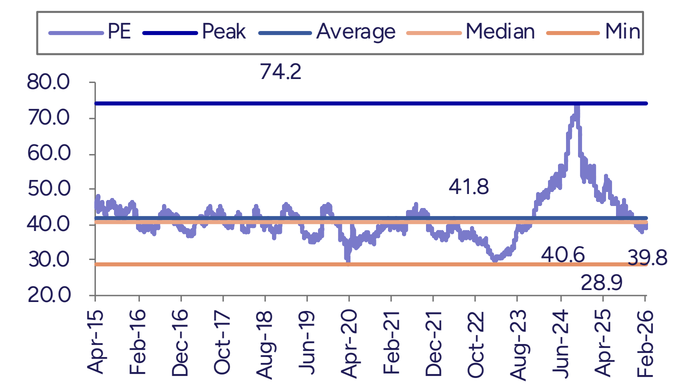
Staples PE Band Charts

Exhibit 11: BRIT trading at 1yr fwd median PE of ~55



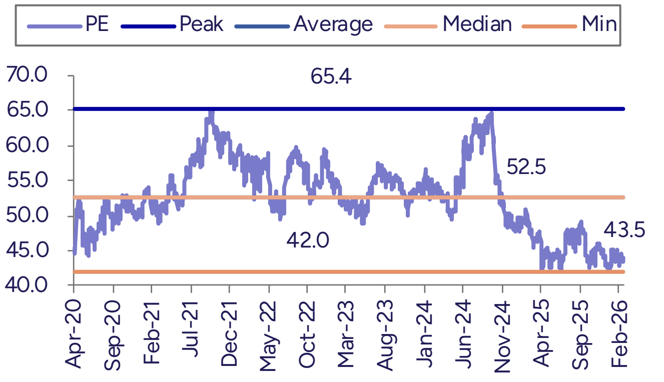
Source: Company, PL

Exhibit 12: CLGT trading below 1-yr fwd median PE



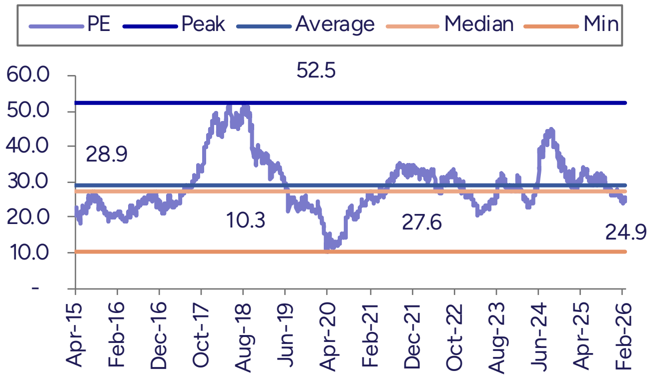
Source: Company, PL

Exhibit 13: Dabur 1-yr fwd PE at low point of recent years



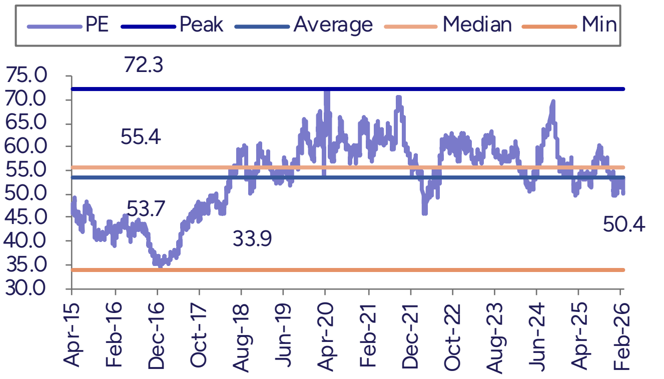
Source: Company, PL

Exhibit 14: Emami 1-yr fwd PE lower than median



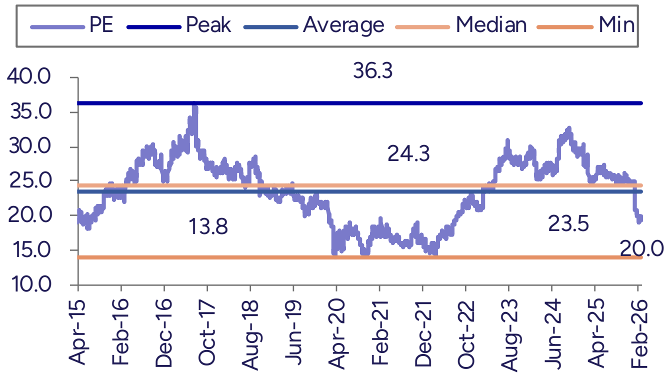
Source: Company, PL

Exhibit 15: HUVR 1-yr fwd PE lower than median



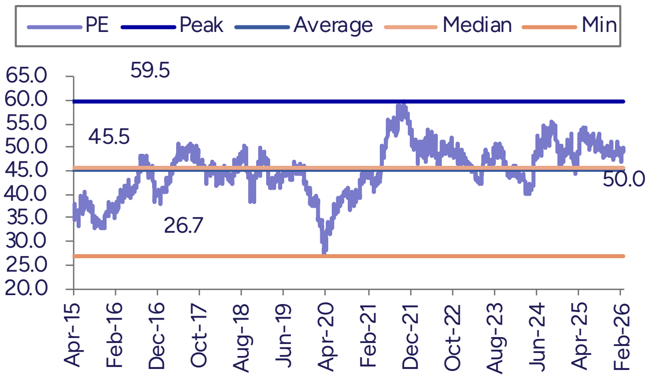
Source: Company, PL

Exhibit 16: ITC 1-yr fwd PE band below median



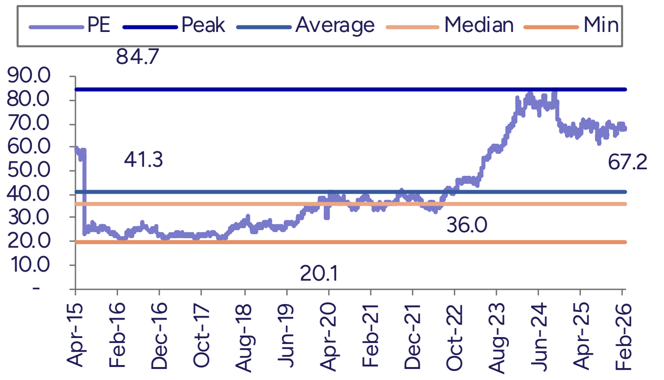
Source: Company, PL

Exhibit 17: MRCO 1-yr fwd PE band slightly above median



Source: Company, PL

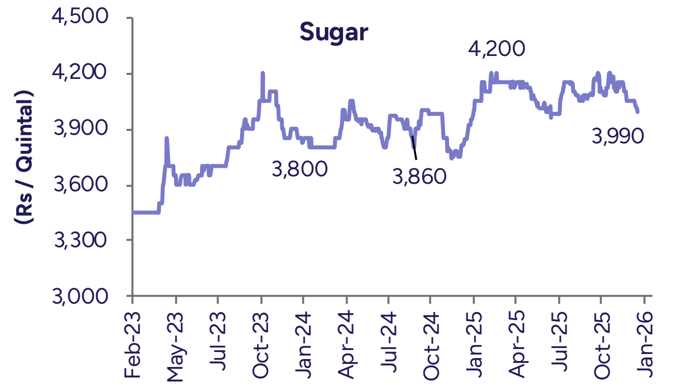
Exhibit 18: NEST 1-yr fwd PE band above average



Source: Company, PL

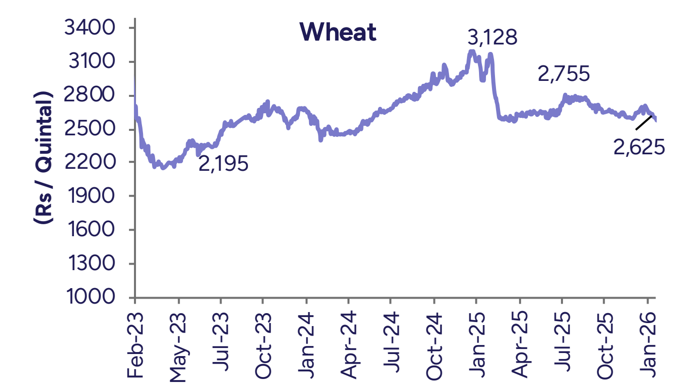
Input costs outlook remains benign

Exhibit 19: Sugar prices down 1.2%/2.5% YoY/QoQ



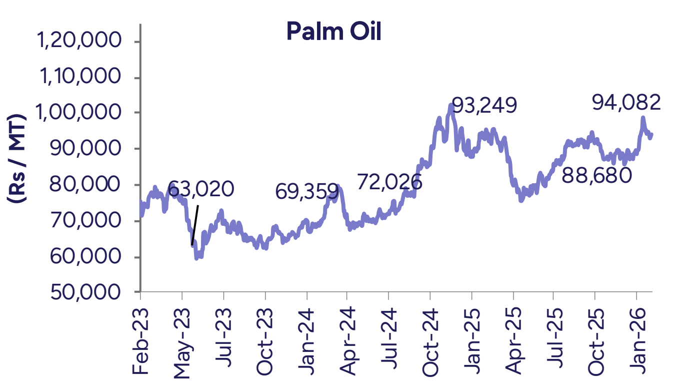
Source: Company, PL

Exhibit 20: Wheat prices down 10.9%/0.2% YoY/QoQ



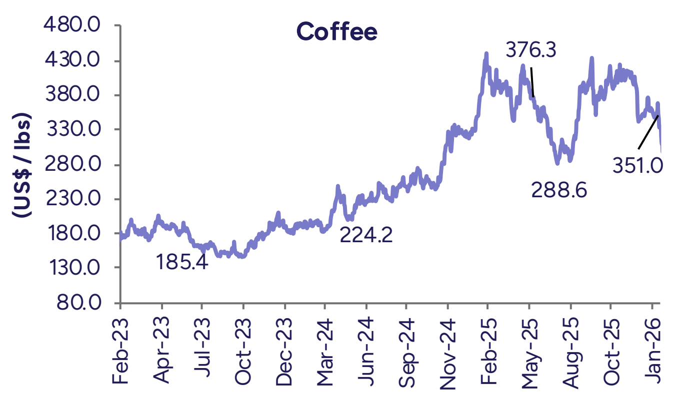
Source: Company, PL

Exhibit 21: Palm oil prices up by 1.4%/3.4% YoY/QoQ



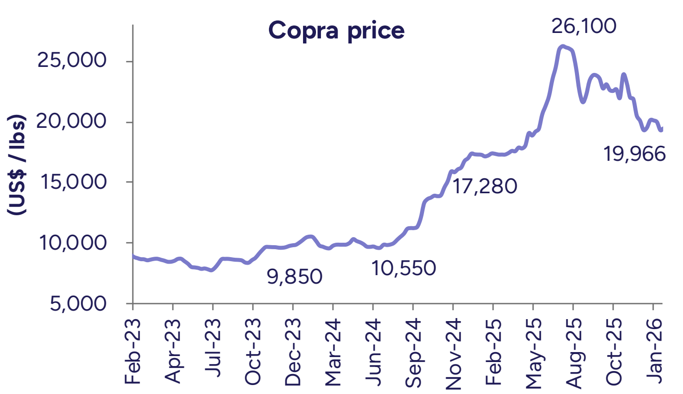
Source: Company, PL

Exhibit 22: Coffee prices down 10.5%/7.5% YoY/QoQ



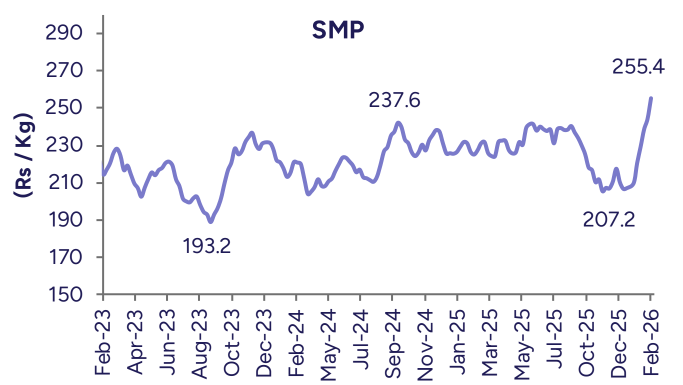
Source: Company, PL

Exhibit 23: Copra prices are down 15.6% QoQ but is up 11% YoY



Source: Company, PL

Exhibit 24: SMP prices are up average 10.1% MoM post 3QFY26



Source: Company, PL

Britannia Industries

Rating: BUY | CMP: Rs6,137 | TP: Rs6,972

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	1,79,427	1,94,420	2,19,264	2,43,781
EBITDA (Rs. m)	31,872	36,275	41,964	47,658
Margin (%)	*17.8*	*18.7*	*19.1*	*19.5*
PAT (Rs. m)	22,027	25,397	30,047	34,773
EPS (Rs.)	91.4	105.4	124.7	144.3
Gr. (%)	*3.1*	*15.3*	*18.3*	*15.7*
DPS (Rs.)	73.5	75.0	85.0	100.0
Yield (%)	*1.2*	*1.2*	*1.4*	*1.6*
RoE (%)	*53.1*	*53.9*	*54.0*	*52.8*
RoCE (%)	*49.7*	*55.8*	*57.3*	*57.4*
EV/Sales (x)	8.2	7.6	6.6	5.9
EV/EBITDA (x)	46.3	40.5	34.7	30.3
PE (x)	67.1	58.2	49.2	42.5
P/BV (x)	33.9	29.1	24.4	20.7

BRIT's long-term outlook remains positive given 1) expected uptick in volume growth, post GST transition 2) success of new launches and 3) possibility of entry into new categories with new B2C platforms. We see new management focus on 1) B2C and future platforms 2) market interventions and innovations to gain market share form regional and local players 3) Increased pace of innovations and launches and 4) rising share of Ecom/ Quick commerce which are growing 3x faster in non-biscuit segment for BRIT.

Although 3Q26 sales growth was weak due to GST transition impact in October, 12% sales growth in Nov/ Dec25 is positive. Although benign RM prices are providing some impetus to unorganized/ regional players, GST rate cut has reduced the relative advantage which will enable BRIT to gain back market share over time. We believe 10-12% price reduction provides cushion for relatively stable margin profile as current prices are at 2023 levels. We estimate double digit sales and 17.0% EPS CAGR over FY26-28 and value the stock at 50x Dec'27EPS and assign a target price of Rs6972 (Rs6761 earlier). Retain BUY.

- **GST disruption largely over as trades settles in:** BRIT has seen GST reduction from 18% to 5% in 85% of the business. The GST reduction is significant as FY18 GST reduction was only from 23% to 18% whereas now it is by 13pc. The trade disruption which was created by a few players opting for price reduction in small packs (incentivising trade indirectly) is largely over which should ease pressure on BRIT. We witnessed a gradual recovery as GST transition related disruptions has eased from November onwards. We note that BRIT reported 12% sales growth in November and December and trend should consolidate in coming quarters.

- **BRIT evolving strategy to gain back share from unorganised sector:** BRIT has been facing competition in certain pockets from regional players in a benign input cost scenario. However, we expect pressures to subside as BRIT focuses on volume led growth, improves consumer value proposition and increases investments behind brand building. We believe lower GST rates will reduce the cushion available for unorganised players and enable BRIT to gain back shares and grow ahead of market.

- **Innovations and new business growing ahead of market:** BRIT has been adding new innovations and adjacencies with large addressable market and strong niches. It has launched innovations in Nutri choice, 50-50 cheez and caramel dipped, fudge it Brownies, layered Cakes and Doodh Marie Gold. The offerings in dairy have been strengthened, and it aims to accelerate growth in cheese segment, where it has seen tepid growth. BRIT will focus more on E-comm and Q-comm channel as it believes it has immense opportunity. Cake, rusk, croissants and wafers have grown by double digits in 3Q with the contribution of Ecom being 3x for this business than biscuits.

Marico

Rating: ACCUMULATE | CMP: Rs806 | TP: Rs816

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	1,08,310	1,36,092	1,40,829	1,55,395
EBITDA (Rs. m)	21,389	23,766	27,898	31,787
Margin (%)	*19.7*	*17.5*	*19.8*	*20.5*
PAT (Rs. m)	15,840	17,183	20,343	23,218
EPS (Rs.)	12.3	13.3	15.8	18.0
Gr. (%)	*10.8*	*8.5*	*18.4*	*14.1*
DPS (Rs.)	10.5	10.5	12.3	13.0
Yield (%)	*1.3*	*1.3*	*1.5*	*1.6*
RoE (%)	*40.6*	*41.4*	*44.6*	*45.5*
RoCE (%)	*45.8*	*48.1*	*52.4*	*54.0*
EV/Sales (x)	9.4	7.5	7.2	6.5
EV/EBITDA (x)	47.8	42.9	36.5	31.8
PE (x)	65.6	60.5	51.1	44.8
P/BV (x)	26.1	24.0	21.7	19.2

MRCO remains confident of sustaining high single digit volume (8% in 3Q26) growth driven by 1) healthy near-term demand outlook and GST led gains. 2) sustained market share gains across the core portfolio. 3) increasing focus on urban-centric and premium offerings and 4) strong innovation pipeline with portfolio diversification and scale-up in digital first brands.

MRCO has faced brunt of high copra prices, impacting margins, however it has been able to hold on to market share despite more than 60% price rise. We expect margins to improve over FY26-28, driven by 1) benign copra prices 2) premiumization supported by strong momentum in B2C and Foods and 3) revival in higher margin VAHO business. We factor in ~310bps margin expansion over FY26–FY28 and estimate a CAGR of 15.6% in EPS over FY26-28. We roll over to FY28 and increase target price to Rs816 (Rs 801 earlier).

- **Digital first/food initiatives continue to accelerate growth:** MRCO has seen 5x growth in foods portfolio and with 10pc increase in GM over past couple of years. MRCO has been acquiring digital first brands which have seen a 70% increase in sales in FY25, and another 50% growth is expected by FY27. MRCO is looking at increasing sales from digital first brands from Rs9bn to Rs20-25bn by FY27. MRCO has acquired 4700BC, Cosmix further filling in product gaps in premium gourmet snacking, premium wellness, and the high growth skincare category. Beardo and Plix have achieved double-digit and single-digit margins and overall profitability is expected to show steady improvement over the years.

Exhibit 25: Recent acquisitions by Marico

Sr. No.	Name	Category	Consideration (In Crs)	ARR (In cr)	ARR Target by FY30	Turnover of FY2025 (In crs)
1	Zea Maize (4700 BC)	Premium Gourmet Snacking	226.8	140	490	98.7
2	Cosmix Wellness	High growth Wellness	225.7	100	300	50.9
3	Skinetiq	Skin care	261.6	100	300	152.0

Source: Company, PL

- **Copra** prices have corrected 30% from peak levels and are unlikely to show spike to earlier levels. MRCO is looking at calibrated price cuts, however it will first look at some margin restoration in the near term. We factor a ~310bps margin expansion over FY26-28 with mid-single digit volume growth.

- **VAHO** witnessed a rebound in growth with 29% value growth in 3QFY26. The category being margin accretive and with their increased mix would be margin tailwind in near to medium term. MRCO expects the momentum in VAHO to continue in coming quarters with increased investments.

- **International** business (27% of sales) has reported 21% CCG in 3Q and 20% in 9mFY26. Bangladesh, Vietnam, MENA and SA have grown by 29/22/17/16% in CC terms. MRCO is looking at 30% growth in CC sales by FY27. 9mFY26 sales grew by 27% in INR and EBIT has grown by 11.2% as higher copra prices have impacted margins in largest market of Bangladesh. Recent acquisition of Skinetiq (sales of Rs1.25bn) in Vietnam will accelerate growth.

Paints: Competitive intensity remains a key determinant

- Overall demand for decorative paints remained muted amidst extended rainfall and shorter festive period. Margins improved on YoY basis as RM prices remain benign and low margins in base quarter
- Demand for adhesives and construction chemicals remained strong, led by strong growth in small towns and rural areas as repair work and maintenance sees strong growth. Outlook for construction chemicals remains strong led by rising usage of waterproofing.
- Industrial paints are growing in high single digits to low double digits. Auto paints have bright outlook in near term due to GST led gains while other industrial paints should sustain strong growth given rising demand from Infra, marine, Railways and other segments.
- Demand outlook remains steady, however heightened competitive intensity will continue to weigh on sales and margin mix. Even if we assume double digit volume growth in steady state, topline growth is unlikely to exceed mid to high single digits which will limit PAT growth.
- In addition to competition from Birla Opus, we expect JSW Akzo and JK Maxx (JK cement) to add to competitive intensity.

Paints: Industrial Paints lead growth, RM remain benign

APNT: Near term outlook remains cautious despite favorable macro tailwinds as competitive intensity remains elevated. Further APNT has just mid- single digit contribution from Industrial Paints which have higher growth visibility. We expect Revenue/PAT CAGR of 5.4%/8% over FY26-FY28.

KNPL: Demand outlook remains cautiously optimistic in near term led by healthy growth in industrial paints, both automotive and general industrial, we expect 6.4%/7.9% sales/PAT CAGR over FY26-FY28. Any incremental market share loss in decorative paints remains a key risk.

MTEP: outlook remains strong, supported by double-digit volume growth guidance and capacity utilization expected to exceed 70% by FY27 led by healthy orders from ABG group and robust traction in Pharma and FMCG. We forecast a 15.8%/30.9% sales/EPS CAGR over FY26–FY28.

Raw Material trend: Input costs are likely to remain benign/range bound over near to medium term, supporting stable gross margins. However, INR depreciation and crude price movements need to watch out for.

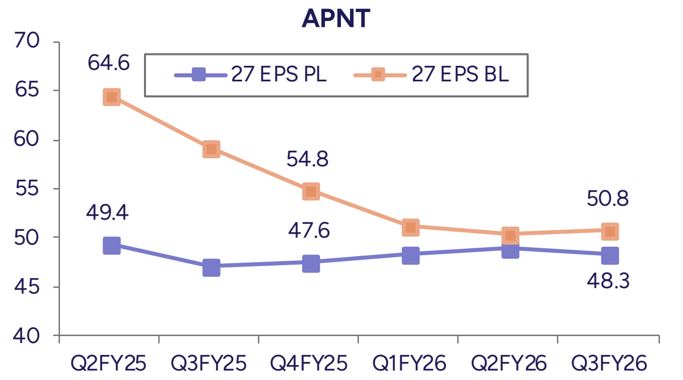
Exhibit 26: Volumes remain impacted by extended rainfall and shorter festive season

Particulars	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Volume Growth (%)							
Asian Paints	7.0	(0.5)	1.6	1.8	3.9	10.9	7.9
Kansai Nerolac	5.1	4.0	4.0	5.5	3.2	0.9	4.1
Mold-tek Packaging	7.5	6.9	7.6	7.3	15.0	6.8	5.9
Pidilite Industries	9.6	8.1	9.7	9.7	9.8	10.3	9.3
Sales Growth (%)							
Asian Paints	(2.3)	(5.3)	(6.1)	(4.3)	(0.3)	6.3	3.7
Kansai Nerolac	(1.0)	1.0	1.5	4.7	1.8	0.4	3.5
Mold-tek Packaging	5.8	12.3	15.2	14.6	22.3	9.6	4.1
Pidilite Industries	3.7	5.2	7.6	8.2	10.5	9.9	10.1
Gross Margin (%)							
Asian Paints	42.5	40.8	42.4	43.9	42.7	43.2	44.4
Kansai Nerolac	37.0	34.0	35.3	34.6	36.1	35.0	35.5
Mold-tek Packaging	42.5	43.5	45.1	43.6	44.3	45.7	47.1
Pidilite Industries	53.8	54.4	54.3	55.0	54.1	55.0	56.5
EBITDA Margin (%)							
Asian Paints	18.9	15.4	19.1	17.2	18.2	17.6	20.1
Kansai Nerolac	16.3	11.5	13.4	10.2	14.9	11.3	13.0
Mold-tek Packaging	18.2	17.5	17.7	18.9	19.4	18.6	19.9
Pidilite Industries	23.9	23.8	23.7	20.1	25.1	23.9	25.5
PAT Growth (%)							
Asian Paints	(24.5)	(24.4)	(23.3)	(30.7)	(6.1)	8.7	8.3
Kansai Nerolac	6.3	(27.6)	7.8	2.4	(4.3)	5.2	(3.2)
Mold-tek Packaging	(11.8)	(10.0)	(3.9)	(9.5)	30.5	9.7	13.1
Pidilite Industries	20.6	17.8	9.0	20.4	18.7	8.2	20.0

Source: Company, PL

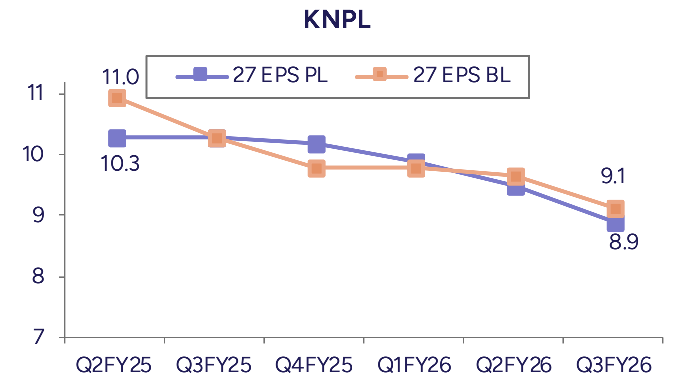
PLe and BLe gap narrowed

Exhibit 27: BLE FY27 EPS cut by 23% versus just 2% for PLE in last 6 qtrs, Gap down to just 5% now



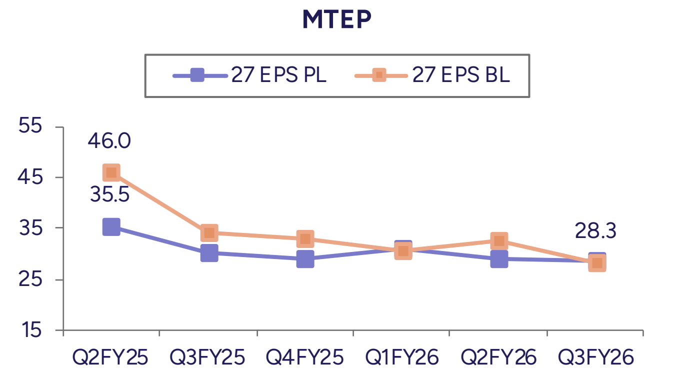
Source: Company, PL

Exhibit 28: BL/Ple cut FY27 EPS by 17.3%/13.5% over 6 quarters.



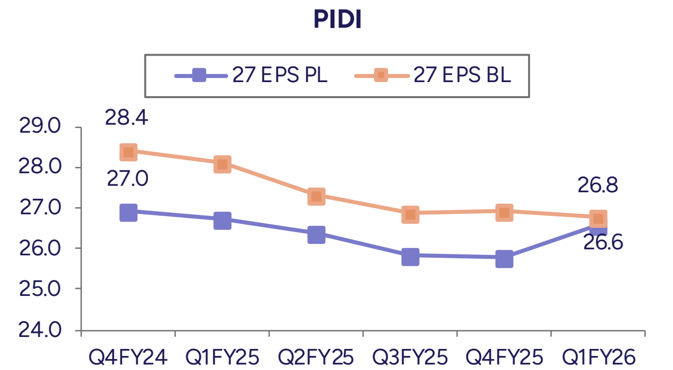
Source: Company, PL

Exhibit 29: Gap between Ple & BL reduced from 22.0% to ~0%, PL EPS cut by 19% over last 6 quarters



Source: Company, PL

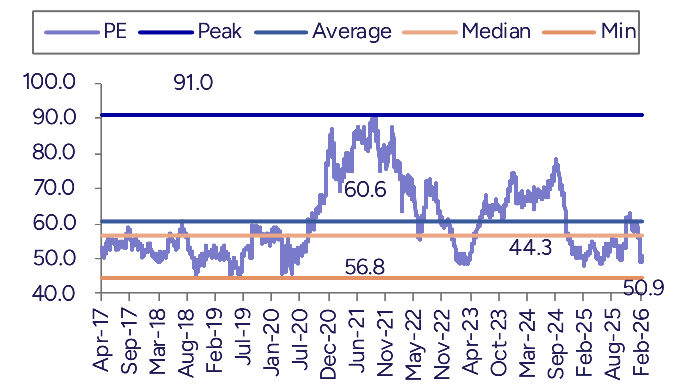
Exhibit 30: Gap between Ple & BL reduced from 5.1% to ~0%, PLE largely unchanged in last 6 quarters



Source: Company, PL

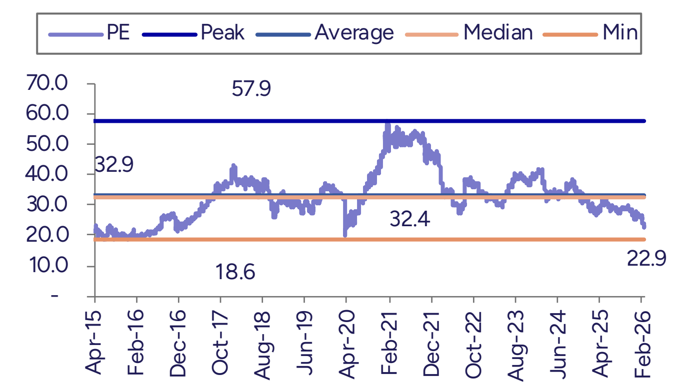
Paints PE Band Charts

Exhibit 31: APNT 1-yr fwd PE band trading below median



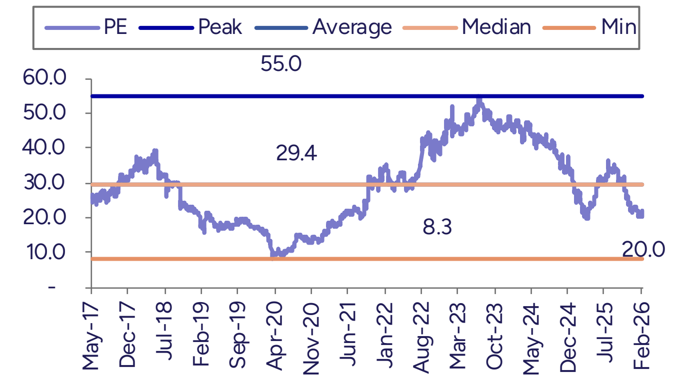
Source: Company, PL

Exhibit 32: Kansai 1-yr fwd PE band below median



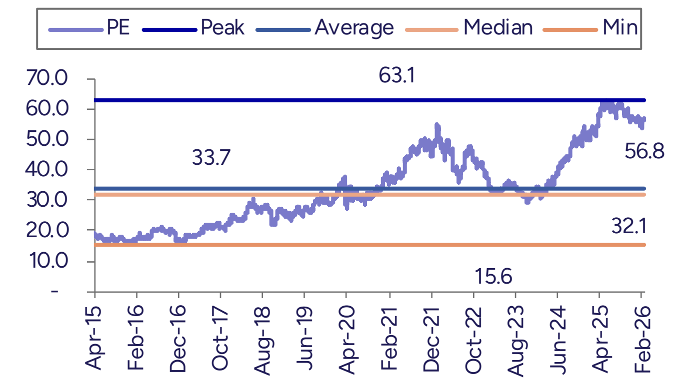
Source: Company, PL

Exhibit 33: MTEP 1-yr fwd PE band trading below median



Source: Company, PL

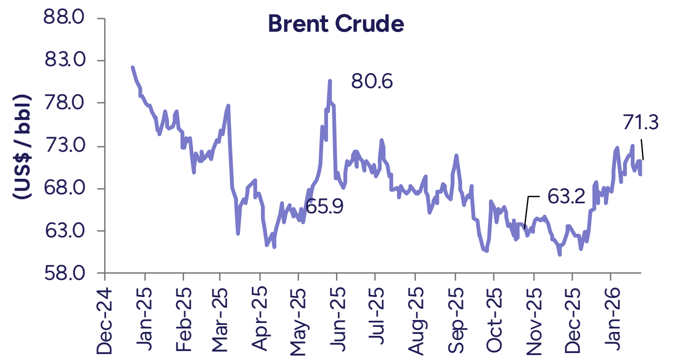
Exhibit 34: Pidilite 1-yr fwd PE band coming off peak



Source: Company, PL

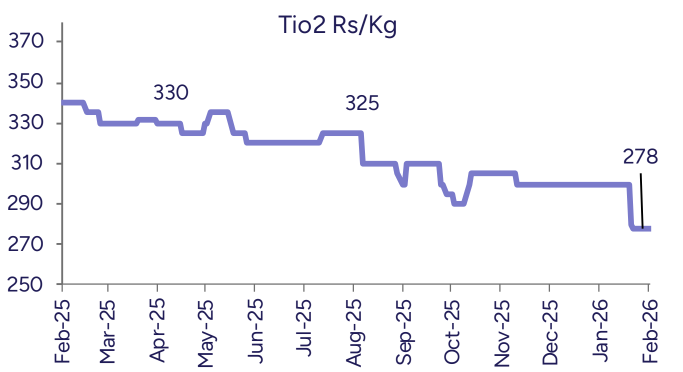
RM costs remain favorable

Exhibit 35: Crude oil price are up 14% from recent low



Source: Company, PL

Exhibit 36: Tio2 price are down by 19% YoY and 7% since Jan



Source: Company, PL

Pidilite Industries

Rating: BUY | CMP: Rs1,517 | TP: Rs1,734

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	1,31,403	1,46,930	1,62,477	1,80,693
EBITDA (Rs. m)	30,125	34,935	38,221	42,049
Margin (%)	*22.9*	*23.8*	*23.5*	*23.3*
PAT (Rs. m)	21,211	24,824	27,051	29,972
EPS (Rs.)	41.7	24.4	26.6	29.5
Gr. (%)	*16.6*	*(41.5)*	*9.0*	*10.8*
DPS (Rs.)	16.0	15.0	11.5	13.0
Yield (%)	*1.1*	*1.0*	*0.8*	*0.9*
RoE (%)	*23.4*	*24.4*	*23.8*	*23.1*
RoCE (%)	*28.8*	*30.2*	*29.5*	*28.4*
EV/Sales (x)	5.6	10.2	9.2	8.2
EV/EBITDA (x)	24.5	43.0	39.0	35.2
PE (x)	36.4	62.2	57.0	51.5
P/BV (x)	7.9	14.5	12.7	11.2

Pidi's Long term demand outlook remains firm led by 1) strong demand from housing, real estate and infrastructure 2) rising usage of new construction aids 3) ability to innovative and launch new products and 4) favorable macro tailwinds. We believe, PIDI is well positioned to sustain growth, driven by continuous innovations, strategic tie-ups to introduce technologically advanced products, and 2–4x growth in pioneer and growth categories (45% of sales). Near-term margin outlook remains stable given benign RM prices; however, expansion looks unlikely as PIDI continues to invest in new categories and brand building. We estimate 10% EPS CAGR over FY26–28 and assign a DCF-based target price of Rs1,734 (Rs1714 earlier). The stock trades at rich valuations of 48.5xFY28, however given 15% correction from peak and steady outlook, it offers scope for mid teen returns in next 12-15 months. Retain BUY.

Management guides for high single–low double digit volume growth: Pidi continues to witness strong traction across rural and small-town markets, driven by steady demand in repair and new construction, while its B2B segment is delivering healthy underlying volume growth led by robust domestic momentum despite near-term export softness.

- The construction ecosystem remains resilient with no visible slowdown, supporting sustained growth in project business and improving traction in retail waterproofing, aided by continued scale-up of brands such as Dr. Fixit and Roff.
- On the cost front, easing input prices with VAM now forming less than 10% of the raw material basket are expected to support margin stability, even as the company maintains calibrated investments in A&P to drive long-term brand strength.
- PIDI remains confident of delivering 10–12% volume growth over the medium term, with EBITDA margins trending toward the upper end of the 20–24% band led by improving rural demand, favorable monsoons and GST-led formalization benefits.

Conusmer & Bazaar: continue to witness a healthy demand environment, led by strong traction across core categories such as adhesives and DIY products. The near-term outlook remains robust, with the company likely to sustain double-digit growth supported by favorable macro trends, along side continued investments in branding and distribution to drive long-term growth. We expect the C&B business to deliver ~10.8%/10.5% sales/volume CAGR over FY26–FY28.

B2B: Project business is witnessing healthy traction with market share gains, driven by sustained momentum in India's infrastructure, real estate and industrial activity. However, export slowdown amid geopolitical uncertainty has weighed on near-term performance. We view these as transitory headwinds, with the long-term outlook remaining constructive. We expect ~10.9%/9% sales/volume CAGR over FY26–FY28.

QSR: selective green shoots, full-fledged recovery uncertain

- Demand trend was mixed with Oct giving muted start to the quarter while Nov/Dec saw MoM recovery led by improving footfalls, menu innovation, sharper value offerings and a favorable macro environment.
- EBITDA Margins expanded YoY, aided by operating leverage (lower overheads) and healthy gross margins.
- Demand Momentum are likely to sustain into the coming quarters, with Jan–Feb trends indicating healthy footfall traction
- We have cut avg sales estimates of FY27/FY28 by 1%/1.4% as recovery remains slower than expected with competitive intensity remaining at elevated levels

RBA sees healthy demand traction while South drags WFL performance

Restaurant Brands Asia: Demand outlook remains healthy, supported by favorable macro policies. 4.5% LTL sales growth and achievement of gross margin guidance 2 years in advance is positive. We expect operating leverage, disciplined cost control, and higher other income (capital infusion by new promoters) to drive RBA to PAT positive by 2H27. A potential exit from the Indonesia business remains a key catalyst for stock re-rating.

Westlife Foodworld: Demand trends remain mixed with West continues to see healthy traction, while the South remains a key laggard. The recovery witnessed in Nov–Dec has sustained into Q4, indicating gradual demand normalization. We estimate 16.9% sales CAGR over FY26–28E, with ~190bps EBITDA margin expansion driven by operating leverage and an improving regional/product mix.

Exhibit 37: Gradual recovery seen driven by increased footfalls

Particulars	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
SSGR (%)							
Jubilant Foodworks	3.0	2.8	12.5	12.1	11.6	9.1	5.0
Restaurant Brands Asia	3.1	-3.0	-0.5	5.1	2.6	2.8	4.5
Westlife Foodworld	-6.7	-6.5	2.8	0.7	0.5	2.8	-3.2

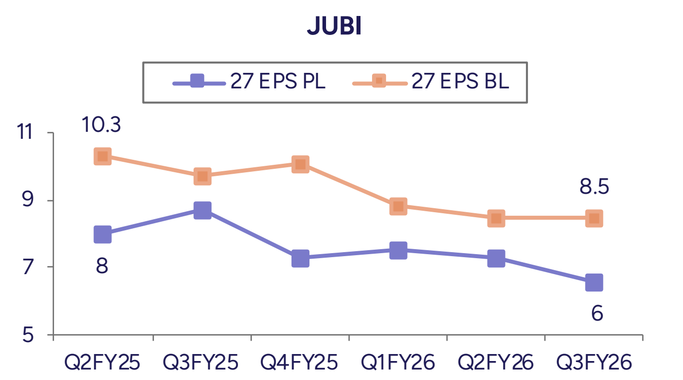
Contd...16

Particulars	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Sales Growth (%)							
Jubilant Foodworks	9.9	9.1	18.9	19.2	18.2	15.8	11.8
Restaurant Brands Asia	16.2	33.1	11.2	11.6	12.6	15.6	16.5
Westlife Foodworld	0.3	0.5	8.9	7.3	6.7	3.9	2.6
Gross Margin (%)							
Jubilant Foodworks	76.1	76.1	75.1	74.5	74.1	74.4	74.9
Restaurant Brands Asia	67.6	67.5	67.8	67.8	67.7	68.3	69.9
Westlife Foodworld	70.8	69.7	70.1	70.0	71.6	72.4	72.4
EBITDA Margin (%)							
Jubilant Foodworks	19.3	19.4	19.4	19.3	19.0	19.4	20.5
Restaurant Brands Asia	12.7	14.2	15.7	15.3	12.3	13.6	16.6
Westlife Foodworld	12.8	12.3	13.5	12.8	13.0	10.5	14.5
PAT Growth (%)							
Jubilant Foodworks	-31.5	-27.8	7.9	31.5	29.5	22.8	20.6
Restaurant Brands Asia	21.6	48.0	190.7	-18.1	-57.1	21.9	-74.3
Westlife Foodworld	-88.7	-98.4	-59.3	99.4	-62.3	-7081.7	17.5

Source: Company, PL

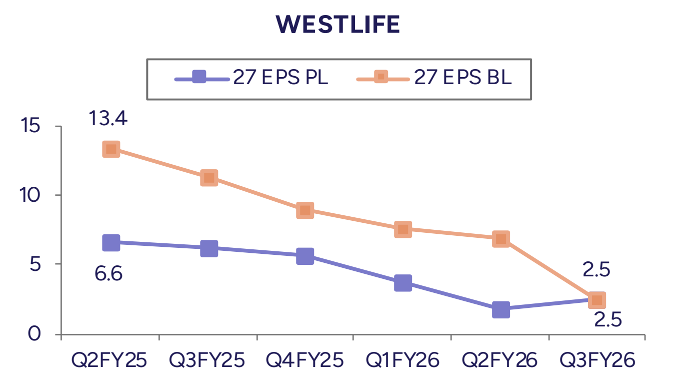
Jubi and Westlife witnessed EPS cuts over 6 quarters

Exhibit 38: BL/PLe have cut FY27 EPS by 17.5%/25.0% over 6 quarters



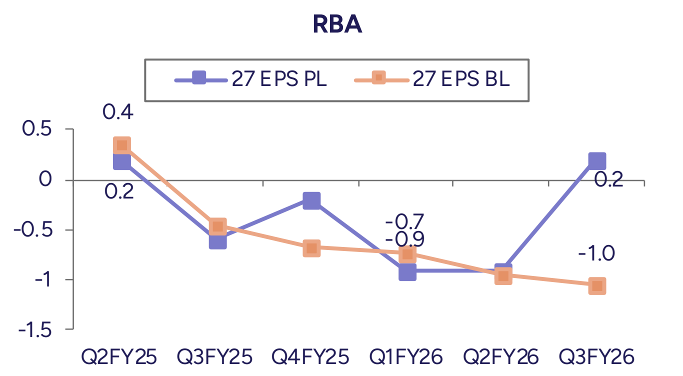
Source: Company, PL

Exhibit 39: BL/Ple have cut FY27 EPS by 81%/62% over 6 quarters and now converged



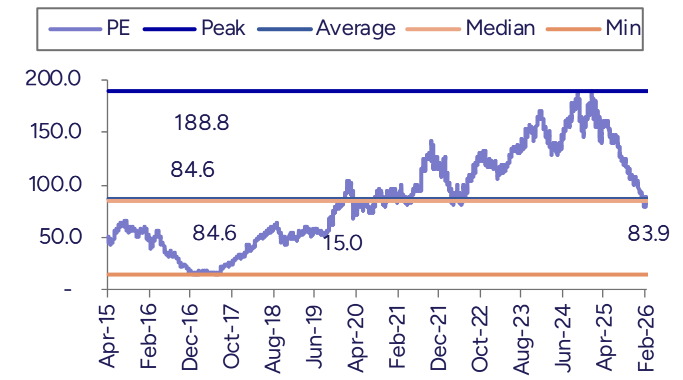
Source: Company, PL

Exhibit 40: BL FY27 EPS estimates now below Ple by 600%



Source: Company, PL

Exhibit 41: JUBI 1-yr fwd PE band near its median



Source: Company, PL

Jubilant Foodworks

Rating: BUY | CMP: Rs516 | TP: Rs666

Key Financials - Standalone

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	61,047	69,653	80,444	94,508
EBITDA (Rs. m)	11,807	13,697	16,247	19,993
Margin (%)	*19.3*	*19.7*	*20.2*	*21.2*
PAT (Rs. m)	2,188	2,826	4,348	6,540
EPS (Rs.)	3.3	4.3	6.6	9.9
Gr. (%)	*(11.0)*	*29.1*	*53.8*	*50.4*
DPS (Rs.)	1.3	2.0	4.0	6.0
Yield (%)	*0.2*	*0.4*	*0.8*	*1.2*
RoE (%)	*9.8*	*11.7*	*16.1*	*21.5*
RoCE (%)	*20.6*	*23.4*	*27.9*	*34.4*
EV/Sales (x)	5.6	4.9	4.1	3.5
EV/EBITDA (x)	28.9	24.7	20.5	16.3
PE (x)	155.6	120.5	78.3	52.1
P/BV (x)	15.0	13.3	12.0	10.6

JUBI's outlook remains healthy led by 1) Continued traction from sustained menu innovation, and 2) Robust demand momentum from the delivery segment. Popeyes are witnessing strong traction with high double digit growth and improving economics. Dp eurasia is seeing recovery with business now entirely servicing its acquisition-related debt through internal cash flows to remain impacted by inflation which has now stabilized in Turkey. Management Commentary remained healthy with Poepeye to contribute 1-1.5% towards overall growth in near term & plans to open 1,000 new stores across brands and markets in the next three years. We expect ~150bps expansion over FY26-FY28 led by 1) increase in average ticket size 2) supply chain benefits and 3) gains from tech investments and a healthy LTL outlook.

We estimate 52.1% standalone EPS CAGR over FY26-28 on a low base. We have assigned 33x FY27 EV/EBIDTA to standalone nos and arrive at value of Rs600/share and 22x PAT to DP eurraisa (Rs 66/share) on its CY26 earnings. We assign an SOTP based target price of Rs665 (no change). JUBI seems best placed in QSR space to gain from expected improvement in consumer demand.

India business to sustain mid to high single digit LFL growth: JUBI maintains a constructive medium-term outlook, guiding for 5–7% LFL growth in Domino's Pizza India with ~15% standalone revenue growth CAGR & ~200bps EBITDA margin expansion over FY24 with pre-Ind AS margins trending toward ~15%.

- Margin improvement is expected to be supported by calibrated pricing, premium product mix (including recent innovation-led launches), productivity gains from technology and AI initiatives, and operating leverage from an aggressive store rollout plan (1,000 stores over three years).
- Popeyes business is delivering high double-digit growth, led by robust order momentum. Popeyes is likely to contribute 1–1.5% to growth in the near term, with drag from emerging brands moderating as scale improves.
- Continued investments in AI-led site selection, app-driven customer acquisition, and supply chain capabilities position the company to gain share in the broader food services market with disciplined capital allocation.
- We believe JUBI has largely navigated the hyper-competitive phase, with sharper value positioning and menu interventions aiding recovery.

Turkey Business: DP Eurasia is witnessing a gradual recovery with improving operational stability despite high-inflation environment. Turkey continues to see steady store network expansion. However, persistent macro volatility and currency depreciation remain key overhangs and could act as growth drags over the medium to long term. We believe disciplined cost controls and calibrated expansion should help partially mitigate macro headwinds. We expect Revenue/PAT to growth at 17.15%/26.4% over CY26-CY28.

Retail: Demand remained strong amidst strong festive and wedding season

- **Brick & Mortar** retail chains reported a soft quarter, impacted by deflationary trends and intensified competition from quick commerce, which dented sales growth. Outlook remains tepid as the price gap between B&M and quick commerce is declining with latter gaining scale.

- **Jewellery** delivered strong double-digit YoY growth in Q3, driven by a healthy wedding season despite elevated gold prices (up 65% YoY). Value growth will remain strong given 81% YoY higher prices, consumers movement towards branded players given high gold prices. Long term competitive intensity will decline as local/ regional players expansion will take a back seat and branded players have capacity to straddle between 22 carat and lower carat jewellery to retain consumers. Q4 is expected to mirror Q3 performance, supported by continued focus on lightweight jewellery.

- **Footwear** saw strong demand in Q3 led by strong festive and wedding season coupled with GST cuts. Demand outlook remains healthy led by newer launches and favorable macro environment. However, the full impact of BIS norms and import restrictions remains a challenge for global brands.

- We have seen an increase in EPS for all coverage companies in 3Q26 results.

Hyper-Competitive Environment Clouds Near-Term Earnings Visibility

Avenue Supermarts: Demand trends remain mixed as the company navigates an increasingly competitive retail landscape, particularly with the rapid expansion of quick commerce platforms. While D'Mart continues to benefit from its value-focused positioning, strong private label mix, and efficient supply chain, near-term demand momentum appears uneven. In addition, relatively weak store-level economics driven by rising operating costs & competitive pricing pressures, are keeping margin sustainability under close watch. While 4Q26 has a low base, LFL sales, balance sheet shape and capex plans need to be watched out for. We estimate a 12.5% EPS CAGR for FY26–FY28.

Metro Brands: Demand remains healthy, supported by positive consumer sentiment and improving store economics. Metro Brands' growth delta is likely to be driven by MetroActiv, Clarks, FILA and Foot Locker amid EBO expansion. The sharpening brand portfolio mix, rising contribution from athletic and athleisure categories, and continued premiumsation should aid revenue growth and margin resilience. Athleisure segment is currently navigating a challenging phase with BIS norms hindering footlocker stores expansion plans, leading to near-term disruptions across the value chain. However, we believe these headwinds are transitory in nature and expect the operating environment to gradually stabilize over the next 2–3 quarters as compliance levels improve and supply chains adjust. We expect 15.5% EPS CAGR over FY26–28.

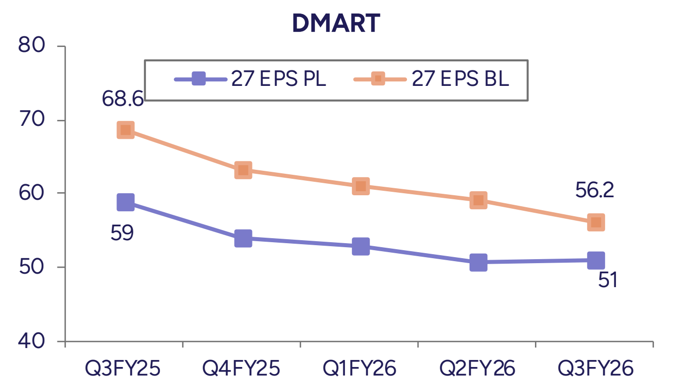
Exhibit 42: Jewellery sees strong demand led by robust festive season

Particulars	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Volume Growth (%)							
Metro Brands	(1.1)	5.4	10.6	6.7	3.9	9.4	12.0
Sales Growth (%)							
Dmart	18.6	14.4	17.7	16.9	16.3	15.5	13.3
Metro Brands	(1.1)	5.4	10.6	10.3	9.1	11.2	15.4
Titan	8.1	13.3	23.3	19.7	20.8	25.1	39.9
Gross Margin (%)							
Dmart	15.6	14.9	14.7	14.2	15.3	15.1	15.3
Metro Brands	59.5	55.0	58.6	57.5	59.3	55.3	59.1
Titan	20.9	19.4	19.2	21.7	21.3	20.0	18.5
EBITDA Margin (%)							
Dmart	8.7	7.6	7.6	6.4	7.9	7.3	8.1
Metro Brands	31.3	26.4	32.0	30.7	30.9	26.2	32.7
Titan	10.0	8.6	9.4	10.7	11.2	9.8	10.4
ssss							
PAT Growth (%)							
Dmart	17.5	5.8	4.8	(2.2)	(0.1)	3.8	18.3
Metro Brands	(1.2)	4.6	(3.3)	(38.9)	7.4	(3.0)	35.7
Titan	(0.9)	(25.0)	(4.8)	10.7	33.8	42.7	58.9

Source: Company, PL

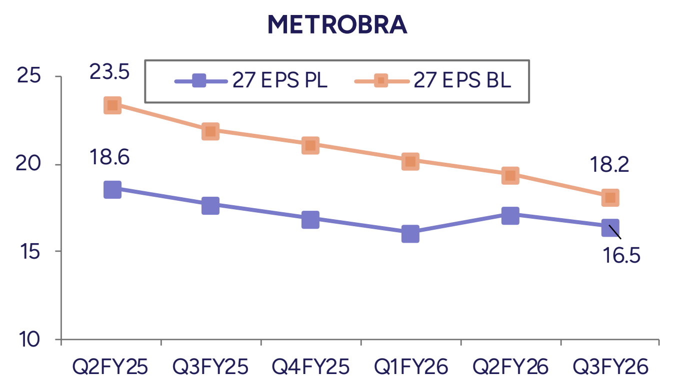
TTAN sees EPS upgrade while rest see EPS cut

Exhibit 43: BL EPS has been higher by 14% than PLe in past 4 quarters, it is still 10% higher than PLe



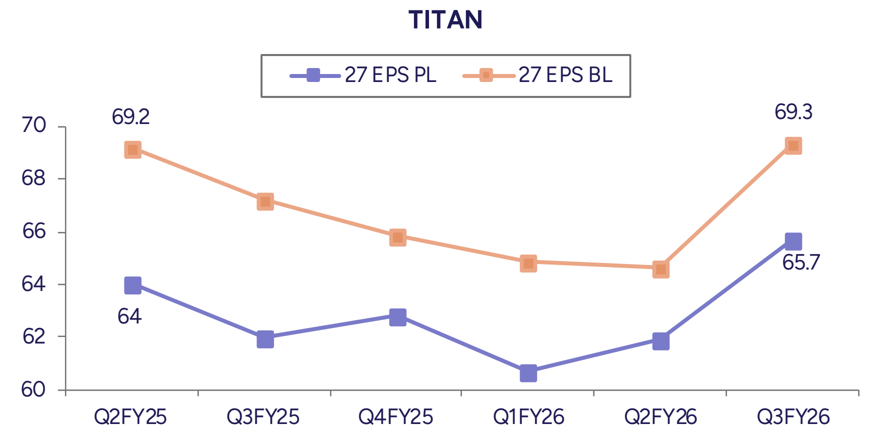
Source: Company, PL

Exhibit 44: BL/PLe cut FY27 EPS by 22.5%/11.3% over 6 quarters, BLE converging but still higher by 10% than PLe.



Source: Company, PL

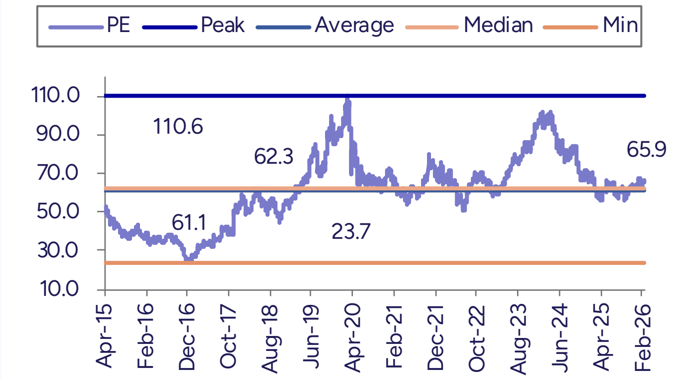
Exhibit 45: BL/ PLe have increased FY27 EPS by 0.1%/2.6% over 6 quarters



Source: Company, PL

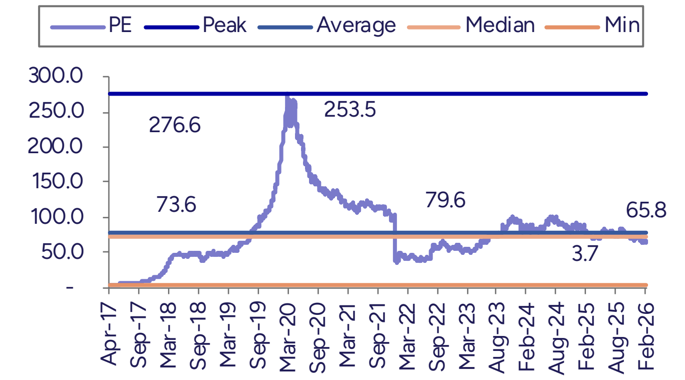
Retail PE Band Charts

Exhibit 46: Titan 1-yr fwd PE band slightly above median



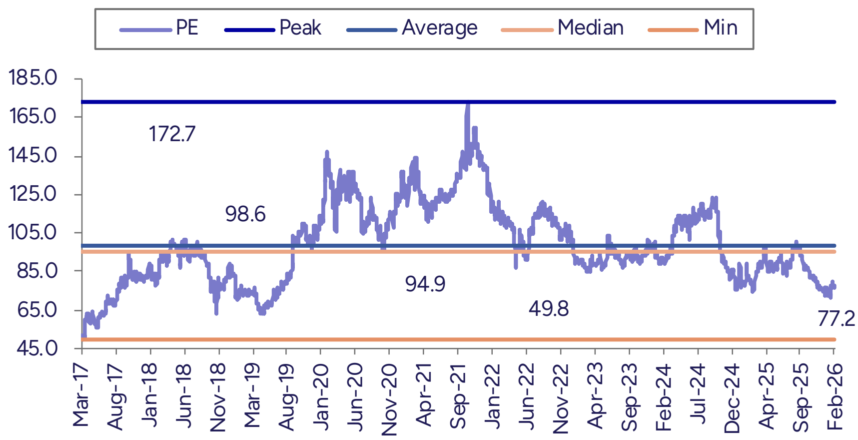
Source: Company, PL

Exhibit 47: MetroBra 1-yr fwd PE band slightly below average



Source: Company, PL

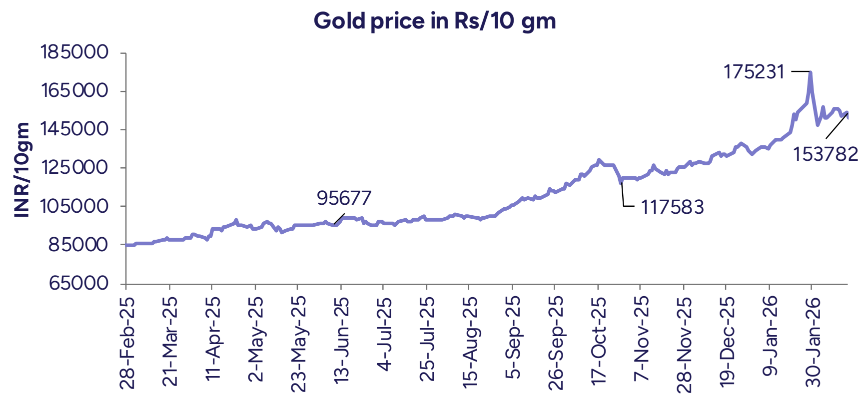
Exhibit 48: Avenue Supermarts 1-yr fwd PE settling below median



Source: Company, PL

Gold prices still firm

Exhibit 49: Gold prices are up 36.1%/81.9% QoQ/YoY



Source: Company, PL

Titan Company

Rating: BUY | CMP: Rs4,343 | TP: Rs4,917

Key Financials - Standalone

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. bn)	548	704	860	989
EBITDA (Rs. bn)	53	74	91	106
Margin (%)	*9.6*	*10.5*	*10.5*	*10.7*
PAT (Rs. bn)	33	48	58	69
EPS (Rs.)	37.5	53.4	65.7	78.0
Gr. (%)	*(5.9)*	*42.6*	*22.9*	*18.8*
DPS (Rs.)	11.0	13.0	16.0	20.0
Yield (%)	*0.3*	*0.3*	*0.4*	*0.5*
RoE (%)	*21.3*	*26.0*	*26.5*	*25.9*
RoCE (%)	*17.8*	*19.5*	*20.4*	*20.7*
EV/Sales (x)	7.3	5.7	4.7	4.1
EV/EBITDA (x)	75.3	54.7	44.6	38.3
PE (x)	115.9	81.3	66.1	55.6
P/BV (x)	23.0	19.5	15.9	13.1

TTAN's long term outlook too remains positive given 1) TTAN will likely be a gainer as higher gold prices give advantage in souring and inventory funding and consumers shift to branded chains 2) Success in light weight jewellery (9k and 14k) in Mia/Caratlane and 18k jewellery in Tanishq to cater to sub Rs100000 consumer will drive value growth and 3) emergence of Caratlane and Teal as new growth contributors. We estimate 20.9% EPS CAGR over FY26-28. We value Caratlane/TEAL at Rs253/101 per share and arrive at SOTP based target price of Rs4917 based on FY28 numbers. Retain Buy

Jewellery outlook remains strong: Titan's jewellery division reported robust Q3 numbers led by strong festive season and exchange program.

- We expect gold prices to remain firm thus believe strong value led growth to continue in coming quarters. We expect the core jewellery business (ex-bullion) to deliver an ~21% CAGR over FY26–FY28, underpinned by resilient festive and wedding demand and a sustained store expansion pipeline.
- The jewellery segment benefits from strong studded demand, led by high-value purchases at Tanishq and Zoya, alongside continued scale-up of CaratLane while introduction of lower karat offerings will drive affordability.
- The margin softness primarily a function of an adverse mix shift toward lower-margin SKUs and elevated gold-coin contribution appears to have largely bottomed out. we forecast EBIT margins (ex-bullion) of ~10.7% FY27/FY28 respectively.
- **Caratlane** performance continue to be broad-based, led by strong momentum in solitaires and healthy 35% growth in the studded portfolio in Q3. We expect sales/EBIT top grow at 22%/22.4% CAGR over FY26-FY28 and value the business at Rs253/share

Watches see good demand: Watch business is seeing good traction with higher growth in Titan, helios channel & Nebula, while wearables are lagging amid higher competition, however prices are largely stable now. We anticipate strong momentum to continue in near term with sales to grow at 14.6% CAGR to ~Rs52.3bn over FY26-FY28 and PBIT margin to be likely at 15.2%/14.8% in FY27/FY28 vs 12.1% in FY25 led by superior mix & new launches.

TEAL continues to solidify its automation solutions and manufacturing businesses, serving marquee Indian as well as global customers with strong order book. We expect sales/EBIT to grow at 15%/24.3% CAGR over FY26-FY28 to Rs16.6bn/3.9bn from FY25 sales/EBIT of Rs 8.6bn/1.3bn and value the business at Rs101/share

TTAN recently entered into LGD jewellery priced between Rs10,000 and Rs1 lakh for everyday wear under **beYon** brand. We believe this move enables Titan to participate in a rapidly growing segment while preserving the premium positioning of its core natural diamond offerings

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Asian Paints	Reduce	2,464	2,628
2	Avenue Supermarts	Hold	3,783	3,801
3	Britannia Industries	BUY	6,972	6,019
4	Colgate Palmolive	Hold	2,319	2,113
5	Dabur India	Hold	525	510
6	Emami	Accumulate	571	489
7	Hindustan Unilever	Accumulate	2,609	2,410
8	ITC	Reduce	314	319
9	Jubilant FoodWorks	BUY	666	554
10	Kansai Nerolac Paints	Accumulate	255	238
11	Marico	Accumulate	801	746
12	Metro Brands	Hold	1,181	1,026
13	Mold-tek Packaging	Accumulate	746	608
14	Nestle India	Hold	1,394	1,333
15	Pidilite Industries	BUY	1,734	1,460
16	Restaurant Brands Asia	Accumulate	82	63
17	Titan Company	BUY	4,917	4,269
18	Westlife Foodworld	Hold	552	477

PL's Recommendation Nomenclature

Buy	:	> 15%
Accumulate	:	5% to 15%
Hold	:	+5% to -5%
Reduce	:	-5% to -15%
Sell	:	< -15%
Not Rated (NR)	:	No specific call on the stock
Under Review (UR)	:	Rating likely to change shortly

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We/I Mr. Amnish Aggarwal- MBA, CFA, Mr. Vishwa Solanki- PGDM - Finance, Mr. Parth Thakker- BFM, Passed CFA Level II Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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