Consumer

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We request your ballot.

EXTEL POLL 2025
Best Domestic Brokerage
Ranked Top 3 (CY21-CY23)

Company	Target Price (INR)	Reco
Staples		
BRIT	7,150	Buy
CLGT	2,850	Buy
DABUR	525	Neutral
HMN	675	Buy
GCPL	1,400	Buy
HUVR	3,050	Buy
ITC	515	Buy
JYL	350	Neutral
MRCO	850	Buy
NESTLE	1,300	Neutral
PG	14,000	Neutral
Paints		
APNT	3,000	Neutral
INDIGOPN	1,400	Buy
PIDI	1,500	Neutral
Liquor		
UNSP	1,575	Neutral
RDCK	3,600	Buy
UBBL	1,750	Neutral
Innerwear		
PAGE	47,500	Buy
QSR		
BBQ	215	Neutral
DEVYANI	180	Buy
JUBI	650	Neutral
RBA	120	Buy
SAPPHIRE	350	Buy
WESTLIFE	675	Neutral
Jewelry		
KALYANKJ	675	Buy
PNG	825	Buy
SENCO	375	Neutral
TTAN	4,500	Buy

Growth diversity continues; broad-based positive commentary

Jewelry and liquor categories maintain outperformance; paint shows recovery

- Our widespread consumer coverage universe, a compendium of ~60 consumer companies with combined revenue of ~INR1.2t in 2QFY26/~INR2.5t in 1HFY26 (INR4.6t in FY25) and a market cap of ~INR35t, delivered aggregate revenue/EBITDA growth of 8%/4% in 2QFY26 and 10%/3% in 1HFY26. Consumption trends were temporarily impacted by GST transition for FMCG categories; hence, performance was not comparable. Jewelry and liquor categories maintained their outperformance compared to other categories. Paint category saw signs of demand revival at the quarter end, aided by festive demand pickup.
- Revenue/EBITDA/APAT performance of all our coverage sub-segments in 2QFY26: staples +1%/0%/0%, paint +7%/+17%/+13%, innerwear +4%/+0%/+0%, liquor +11%/+16%/+24%, QSR +10%/+4%/NA (loss widened in 2QFY26), and jewelry +26%/+25%/+26% YoY.
- In 2QFY26, demand trends were mixed across categories. **Staples** witnessed steady underlying demand, though the GST transition and extended monsoon led to temporary disruptions, particularly in personal care, while packaged foods posted a relatively better performance. Most companies expect stability from Nov'25 onward as GST-led volatility eases and price/grammage adjustments reach consumers. Companies have pre-loaded their winter portfolios into the market in anticipation of a strong season and healthy offtake. **In paints**, demand revival became evident from Sep, supported by festive buying, stronger trade sentiment, and improved secondary movement, with further acceleration expected in 2HFY26. **In alcobev**, spirits continued to perform well, driven by strong P&A-led consumption and premiumization across key players, while beer demand remained soft due to weather-led disruptions. **Innerwear** demand was subdued during Jul-Aug but began recovering from mid-Sep, with early festive purchases and improving sentiment. **QSR** players continued to report muted demand despite a supportive base, with dine-in ADS remaining soft and same-store sales largely flat to lower, barring JUBI and RBA. **Jewelry** players reported strong revenue growth, aided by an early festive season and store additions despite high gold prices.
- Gross margin pressure persisted due to high-cost commodity inventory, especially in agri inputs, and limited price hikes. While key commodity prices remain volatile MoM, they are expected to stabilize in 2HFY26. EBITDA margin was also muted in 2Q, though partially offset by cost controls. Paint companies saw meaningful margin improvements, aided by benign RM prices and a favorable mix. In alcobev, spirits players reported margin gains, supported by stable ENA and glass costs, while beer margins were impacted by negative operating leverage. Innerwear margins remained soft as higher marketing spends offset sourcing-led gross margin benefits. QSR margins remained under pressure due to negative operating leverage. Jewelry companies witnessed EBITDA margin expansion despite rising gold prices, supported by a superior product mix and a higher studded share.

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- **Outliers and underperformers in 2QFY26**: Among our coverage companies, APNT, BRIT, NEST, RDCK, JUBI, Titan and Kalyan Jewelers were the outliers, whereas CLGT, Dabur, Page, UBBL, Sapphire Devyani, Westlife and Senco underperformed.
- **Sector outlook and recommendation**: With trade stabilizing after the GST reduction, staples are expected to see a gradual pickup in demand, supported by a steady rural recovery and improving urban sentiment. A favorable winter should further drive offtake of health supplements, personal care, hot beverages, and other winter-sensitive products. Government measures to boost rural incomes and revive urban consumption are likely to boost consumption from 3QFY26 onward. Positive commentary for paints, liquor, innerwear, and jewelry during the festive season is certainly a good indicator for consumption recovery. The extended monsoon has impacted paint demand, but growth recovery was encouraging. After registering weak numbers during the last few quarters, it will be interesting to track if the recovery was limited to festive period or pent-up demand is holding the similar trend. In liquor, premiumization continues to support healthy double-digit growth in spirits. The innerwear segment is seeing a slow but steady recovery as channel inventory normalizes, with the winter season expected to boost thermal and winterwear demand. QSR companies expect eating-out frequency to gradually pick up in 2HFY26. In jewelry, the strong demand momentum is likely to remain intact during the upcoming wedding season, aided by steady footfalls.
- We downgraded Dabur to Neutral due to ongoing execution challenges and upgraded Britannia to BUY on improving demand trends, grammage-led volume support, and potential market share gains from local players.
- **Our top picks are Titan, HUL, BRIT, MRCO, PN Gadgil, and RBA.**

Performance summary of all categories and key areas to monitor

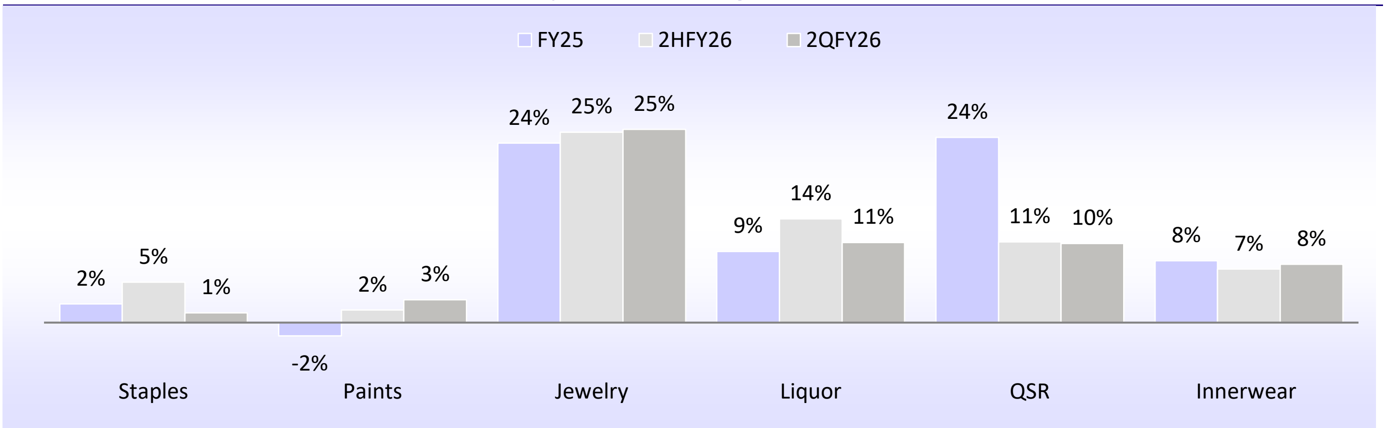
- **Staples:** Our staple companies reported sales growth of 1% (est. 5%); excl. ITC, revenue growth was 5%. EBITDA growth was flat (est. flat), with flat APAT YoY (est. +2%). The GST impact was more pronounced in personal care categories compared to packaged foods. All such transition changes will be interim and stability is expected from Nov'25 onward. About 2-3% of revenue of most companies was affected by the GST-led transition. Many companies have reduced prices and started increasing grammage in low-unit packs (LUPs) to pass on the GST benefits to consumers. Companies have also pre-loaded their winter portfolios into the market, anticipating a strong season and a robust offtake. Key raw material prices remained firm, thereby gross margin pressure persisted for most consumer companies. Copra price correction can boost the margin for Marico in the coming quarters. EBITDA margins for most companies were under pressure in 2Q. According to NIQ data, the FMCG industry posted 13% value growth and 5.4% volume growth, with rural volume growth much higher at 5.7% vs. 1.9% in urban areas. For staple companies under our coverage, gross margin contracted 40bp YoY and EBITDA margin contracted 30bp YoY. Excl. ITC, GM contracted 150bp YoY and EBITDA margin contracted 90bp YoY. We downgraded Dabur to Neutral given persistent execution challenges, and upgraded Britannia to BUY owing to improving demand trends, benefits of grammage play and possible share gain from local and regional firms.

In terms of revenue, Marico (+31%) and Nestle (+11%) were outliers, while Colgate (-6%) came in below expectations.

- **Paints:** Paint companies reported clear signs of a demand revival in Sep-Oct'25, supported by festive demand and improving trade sentiments. The industry expects this uptrend to accelerate further in 2HFY26. Overall Paints category revenue/EBITDA grew 3%/7% in 2QFY26. Asian Paints reported 6% YoY growth, Indigo Paints 4%, Berger ~2%, Kansai Nerolac was flat, and AkzoNobel saw a 2% decline (LFL) in revenue growth. Asian Paints and Indigo Paints saw margin improvement, aided by benign RM prices, a favorable product mix, and efficiency measures. Berger and AkzoNobel saw margin pressure due to weak value growth, higher contribution from low-value products, and increased investments in brand building and manpower. Asian Paints outperformed its peers in 2Q, but its 2-year CAGR was on par with them.
- **Liquor:** Liquor universe delivered sales/EBITDA growth of 11%/14% in 2Q. The AlcoBev sector delivered healthy growth in 2QFY26, driven by premiumization and stable input costs. The P&A segment remained strong, with UNSP posting 8% volume growth, Radico Khaitan delivering 22% P&A growth (overall volumes +38%), ABDL growing 30%, and Tilaknagar rising 16%. UBBL saw a 3% volume decline but delivered strong 17% growth in premium beer. Input costs such as ENA and glass stayed benign, though margin trends diverged: UNSP saw sharp EBITDA margin expansion, Radico reported a 130bp gain, ABDL saw steady improvement, and Tilaknagar, UBBL and Sula faced margin pressure due to mix and operating leverage. Premiumization, regulatory stability, and strong brand momentum support a positive near-term outlook. Radico outperformed its peers in the category.
- **QSR:** The operating environment remained challenging through Aug and Sep, as out-of-home consumption was impacted due to both Shraavana and Navaratri falling in the same quarter, as well as unseasonal rains. Oct saw improvement, backed by a change in the festive season. QSR companies expect eating-out frequency to gradually pick up in 2HFY26. The sector benefited indirectly from GST-related advantages through lower raw material costs, particularly in cheese and sauces, which contributed ~50bp to margins. The benefit was passed on to consumers through price reductions in certain SKUs. However, weak underlying growth continued to impact operating margins, exerting pressure on restaurant and EBITDA margins for most brands. QSR companies continued to focus on value offerings. While delivery channels remain strong, dine-in is showing a gradual improvement. Our coverage universe posted revenue growth of 10% YoY in 2QFY26 vs. 11% in 1QFY26 and 5% in 2QFY25. JUBI outperformed in 2Q.
- **Jewelry:** The jewelry category delivered sales/EBITDA growth of 26%/12% in 2QFY26. Titan and Kalyan Jewelers outperformed the peers. Jewelry companies continued to deliver robust sales growth despite facing challenges such as the Shraddh period, heavy rainfall and a significant rise in gold prices (up ~45% YoY and ~8% QoQ, crossing the INR100k mark (per 10gm) in the retail market). Consumer demand remained strong, fueled by the early festive season. Titan (jewelry standalone, ex-bullion), Kalyan, P N Gadgil (retail), and Senco delivered revenue growth of 19%, 31%, 29%, and 2% in 2Q. Thangamayil sales grew 45%, while DP Abhushan sales declined by 4%. SSSG of Titan/Kalyan/Thangamyil stood at 14%/16%/14%, while Senco reported a same-store sales decline of 4% in 2Q. The studded mix improved for most jewelry companies.

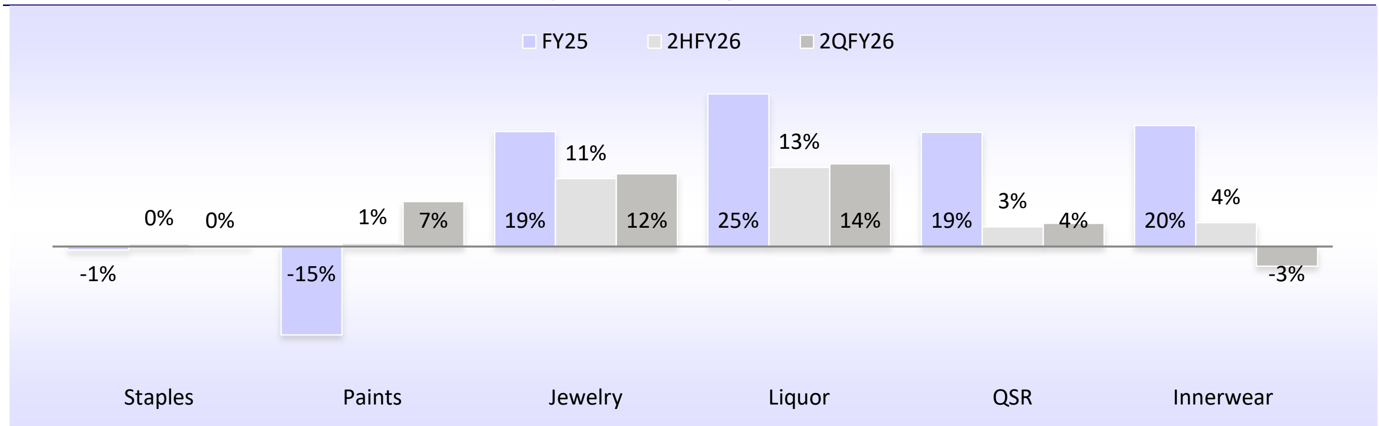
- **Innerwear:** Innerwear demand stayed muted for most of 2QFY26, with pressure on discretionary spending at the mass end affecting category momentum. However, the industry witnessed recovery in late Sep, supported by improved secondary sales and a better-than-expected festive season. Among key players, PAGE posted 4% revenue growth, Dollar Industries 5%, Lux Industries 16%, and Rupa 9%. 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 standing at normal levels. PAGE's gross margins expanded due to sourcing efficiencies; however, high marketing spends dented EBITDA. PAGE delivered 4% YoY growth in revenue and flat EBITDA/APAT in 2QFY26. Overall Innerwear category revenue/EBITDA grew 8%/-3% in 2QFY26.

Exhibit 1: Consumer universe (~60 consumer companies) revenue growth in FY25, 2HFY26 and 2QFY26



Source: Companies, MOFSL

Exhibit 2: Consumer universe (~60 consumer companies) EBITDA growth in FY25, 2HFY26 and 2QFY26

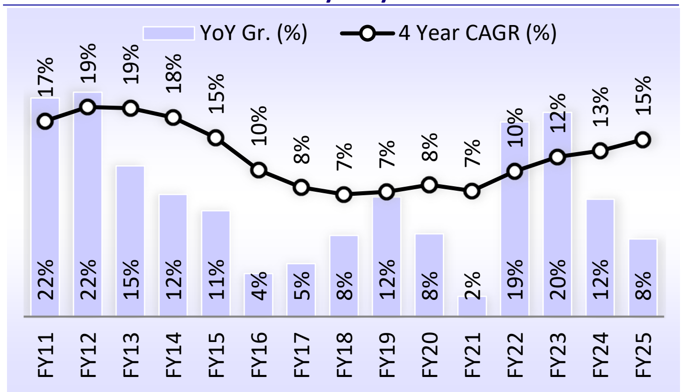


Source: Companies, MOFSL

Consumption tracker

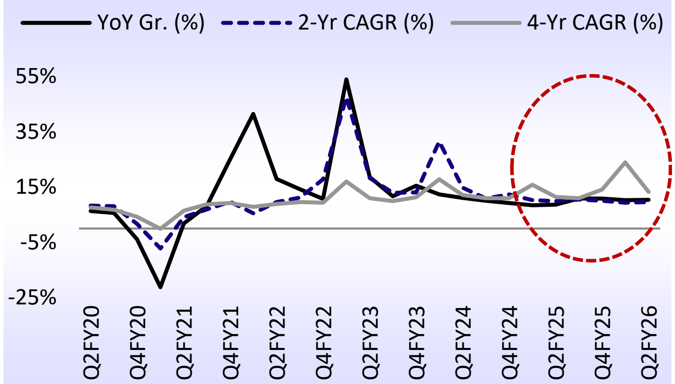
Our consumption tracker consists of various categories from the staple and discretionary baskets. The index comprises a diverse range of categories, from essentials, such as oral care, hair care, personal care, and home care, to discretionary items such as F&B, OTC FMCG, cigarettes, footwear, paints, QSR, dairy, liquor, jewelry and innerwear. The index is based on the weighted average revenue growth of various companies included in their respective categories.

Exhibit 3: Consumer Index – yearly trend



Source: Companies, MOFSL

Exhibit 4: 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 20%. However, oral care saw a revenue decline of 1%. 2Q growth was impacted by GST trade disruption, which is expected to normalize from mid-Nov onward. 2Q was further 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 2Q. Jewelry grew 27%, liquor grew 8%, and QSR saw 9% organic revenue growth, driven by store additions and a favorable base. For paints, the recovery momentum is strengthening, with 3% growth.

Exhibit 5: Category outperformance and underperformance (LTM basis)

Categories	Category Gr. (2QFY26)	Category Gr. (LTM)	Out-performers	Co Avg. Gr. (LTM)	Out-performance (x)	Under-performers	Co Avg. Gr. (LTM)	Under-performance (x)
Personal Care	3%	5%	Gillette	10%	2.2x	Emami (Glow and handsome)	-4%	-0.9x
Hair Care	20%	12%	Marico (PCNO)	32%	2.7x	Emami (Kesh king)	-10%	-0.8x
Oral Care	-1%	0%	Dabur	6%	-32.9x	Colgate	-2%	10.6x
Beverages	7%	7%	CCL	30%	4.0x	Dabur Juices	-13%	-1.8x
Foods	9%	8%	Marico (Edible oil)	24%	3.2x	Gopal Snacks	-5%	-0.7x
Home Care	0%	3%	GCPL	10%	3.2x	Jyothy (HI)	-12%	-3.9x
OTC FMCG	1%	2%	Emami (Healthcare)	8%	3.7x	Dabur	-3%	-1.3x
Dairy	14%	10%	Parag	14%	1.3x	Hatsun Agro	9%	0.9x
Cigarette	5%	11%	Godfrey Phillips	36%	3.2x	VST	-5%	-0.4x
Liquor	11%	10%	Radico Khaitan	25%	2.4x	Sula Vineyards	-2%	-0.2x
QSR	10%	11%	Jubilant Foodworks	18%	1.7x	Barbeque Nation	-1%	-0.1x
Paints	3%	0%	Berger	4%	-12.4x	Asian Paints	-1%	3.4x
Footwear	-1%	0%	Metro	10%	-40.5x	Mirza, Relaxo	-11%	43.3x
Jewelry	25%	26%	Kalyan	35%	1.3x	PN Gadgil	10%	0.4x
Innerwear	8%	8%	Lux Industries	17%	2.0x	Rupa	1%	0.1x

Source: Company, MOFSL

Exhibit 6: Volume and SSSG trends of coverage universe

Volume Growth	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Personal Products												
HUL (FMCG business)	5	4	3	2	2	2	4	3	0	2	4	0
Colgate	-5	1	3	-1	-1	1	7	8	4	0	-3	-5
Dabur - Overall	-3	1	3	3	4	3	5	-7	1	-5	-1	2
Emami - Overall	-4	-7	3	2	-1	6	9	2	4	5	-3	-16
Hair Care												
Marico - FMCG	4	5	3	3	2	3	4	5	6	7	9	7
Marico - Parachute Coconut Oil	2	9	-2	1	3	2	2	4	3	-1	-1	-3
Marico -VAHO	-2	12	0	-1	2	-4	-2	-3	3	6	5	8
Home Care												
GCPL - Branded Biz	3	13	10	4	5	9	8	7	0	4	5	3
Jyothy Labs - Overall	2	3	9	9	11	10	11	3	8	4	4	3
F&B												
Britannia Industries - Domestic	3	3	0	0	6	6	8	8	6	3	2	-3
Marico - Saffola	13	-6	12	4	-5	5	5	0	2	-1	5	0
Nestle – Domestic*	-2	5	5	5	4	4	2	-2	3	2	2	7
Cigarette												
ITC-Cig	15	12	8	5	-1	2	3	4	6	5	6	6
Godfrey Phillips	23	18	8	8	11	18	26	31	30	30	27	23
Paints												
Asian Paints	0	16	10	6	12	10	7	-1	2	2	4	11
Berger paints	7	11	13	11	9	14	12	4	7	7	6	6
Liquor												
United Spirits - P&A	4	10	10	4	5	4	5	-4	11	9	9	8
United Spirits - Total	-24	-27	6	1	-2	4	3	-4	10	7	9	8
Radico Khaitan - P&A	14	17	27	22	20	15	14	13	18	16	41	22
Radico Khaitan - Total	0	-1	8	-3	4	-1	-4	-2	15	27	37	38
United Breweries - P&A	13	19	21	10	14	21	44	27	33	24	46	17
United Breweries - Total	4	3	-12	7	8	11	5	5	8	5	11	-3
Innerwear												
Page Industries	-11	-15	-12	-9	5	6	3	7	5	9	2	3
QSR - SSSG												
Jubilant FoodWorks - LFL	0	-1	-1	-1	-3	0	3	3	13	12	12	9
Devyani - KFC	3	2	-1	-4	-5	-7	-7	-7	-4	-6	-1	-4
Devyani - PH	-6	-3	-5	-10	-13	-14	-9	-6	-1	1	-4	-4
Sapphire - KFC	3	2	0	0	-2	-3	-6	-8	-3	-1	0	-3
Sapphire - PH	-4	-4	-9	-20	-19	-15	-7	-3	5	1	-8	-8
Westlife Development - SSG	20	14	7	1	-9	-5	-7	-7	3	1	1	-3
Barbeque - SSG	-1	-3	-8	-11	-5	1	-7	-3	-2	-2	-3	-2
Burger King	9	8	4	4	3	2	3	-3	-1	5	3	3
Jewelry SSSG (%)												
Titan- Tanishq	9	19	16	22	10	14	3	15	22	15	11	14
Titan- Caratlane	35	29	8	10	2	3	8	28	15	14	20	15
Kalyan			15	10	11	17	12	23	24	15	18	16
Senco			21	19	17	23	4	20	16	18	20	-4
PN Gadgil											8	8

*MOFSL assumptions; Source: Company, MOFSL

Exhibit 7: Revenue, EBITDA, and PAT growth trends of coverage universe

Companies name	Revenue growth (%)					EBITDA growth (%)					APAT growth (%)				
	2Q FY25	3Q FY25	4Q FY25	1Q FY26	2Q FY26	2Q FY25	3Q FY25	4Q FY25	1Q FY26	2Q FY26	2Q FY25	3Q FY25	4Q FY25	1Q FY26	2Q FY26
Staples															
Britannia	5	8	9	9	4	-10	3	2	0	22	-9	4	4	-2	23
Colgate	10	5	-2	(4)	(6)	3	-3	-6	(11)	(6)	5	-2	-7	-12	-8
Dabur	-5	3	1	2	5	-16	2	-9	2	6	-17	2	-8	3	6
Emami	3	5	8	(0)	(10)	7	8	4	(1)	(29)	19	6	9	8	-27
Godrej Consumer	2	3	6	10	4	5	-16	0	(4)	(4)	12	-14	-25	0	-3
HUL	2	2	3	5	2	0	1	2	(1)	(1)	-2	3	3	-5	-4
ITC	17	4	5	16	(6)	5	-2	-2	1	(1)	2	-11	-1	3	1
Jyothy	0	4	1	1	0	2	-2	3	(7)	(15)	1	-4	3	-5	-16
Marico	8	15	20	23	31	5	4	4	5	7	11	4	8	9	7
Nestle	1	4	4	6	11	-5	-1	5	(0)	5	-3	-12	-4	-13	-5
P&G Hygiene	0	10	-1	1	1	2	20	-19	103	(2)	1	17	-16	111	-1
Paints															
Asian Paints	-5	-6	-4	(0)	6	-28	-20	-15	(4)	21	-29	-24	-31	-6	17
Indigo Paints	7	-3	1	(1)	4	-1	-8	3	(6)	12	-11	-3	6	-1	11
Pidilite	5	8	8	11	10	13	8	10	16	11	19	8	20	19	8
Liquor															
United Breweries	12	10	9	16	(3)	23	-3	31	9	(43)	23	-25	20	6	-64
United Spirits	-1	15	11	8	12	8	20	40	(9)	33	5	21	62	-1	48
Radico Khaitan	21	11	21	33	34	35	29	45	56	46	33	30	60	84	69
Innerwear															
Page Industries	11	7	11	3	4	20	32	43	21	(0)	29	34	52	22	0
QSR															
Jubilant Food.	9	19	19	18	16	1	11	20	16	16	-28	-2	43	29	NM
Devyani International	49	54	16	11	13	25	50	16	(8)	(2)	NM	NM	NM	NM	NM
Westlife Foodworld	1	9	7	7	4	(21)	(5)	3	7	(4)	NM	NM	NM	NM	NM
Sapphire Foods	8	14	13	8	7	(3)	10	3	(9)	(9)	NM	NM	NM	NM	NM
Restaurant Brands	1	6	6	13	16	0	3	(11)	21	16	NM	NM	NM	NM	NM
Barbeque Nation	1	(1)	(2)	(3)	(0)	3	(7)	(3)	(10)	(17)	NM	NM	NM	NM	NM
Jewelry															
Titan	16	25	19	25	29	8	23	29	47	23	2	18	13	53	20
Kalyan	37	40	37	31	30	26	33	35	35	25	35	44	36	49	43
Senco	31	27	19	30	2	107	-41	14	69	30	189	-50	94	104	41
PN Gadgil	46	24	5	3	9	59	33	6	71	49	141	49	13	96	50

Source: Company, MOFSL

Exhibit 8: Gross margin and EBITDA margin trend of coverage universe (%)

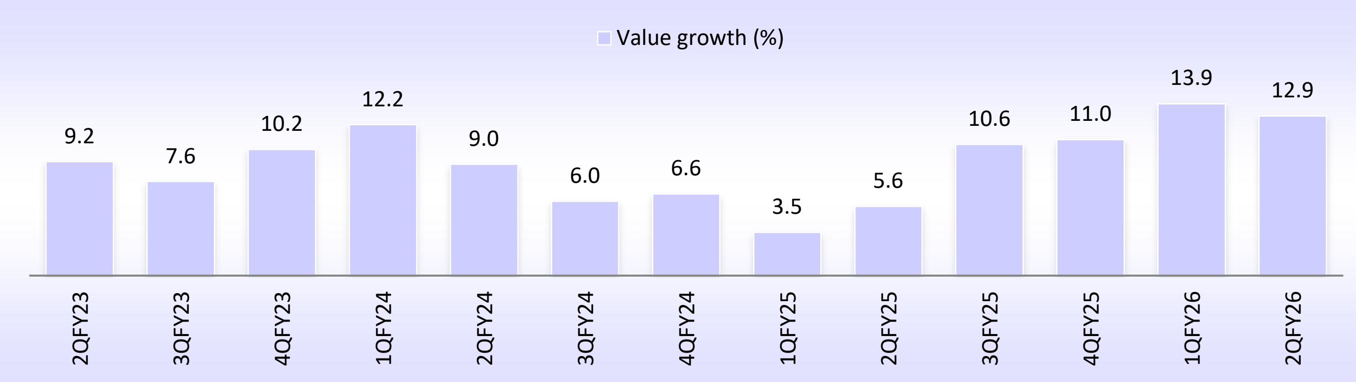
Companies	Gross Margin					EBITDA Margin				
	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Staples										
Britannia	41.5	38.7	40.1	40.3	41.7	16.8	18.4	18.2	16.4	19.7
Colgate	68.5	69.9	70.6	68.9	69.5	30.7	31.1	34.1	31.6	30.6
Dabur	49.3	48.1	46.7	47.0	49.4	18.2	20.3	15.1	19.6	18.4
Emami	70.7	70.3	65.9	69.4	71.0	28.1	32.3	22.8	23.7	22.4
Godrej Consumer	55.6	54.1	52.5	51.9	52.1	20.8	20.1	21.1	19.0	19.2
HUL	51.6	51.3	51.4	50.1	51.4	23.8	23.4	23.1	22.5	23.0
ITC	55.9	57.6	58.8	52.4	58.3	32.6	33.9	34.7	31.7	34.3
Jyothy	50.2	49.8	49.2	48.0	48.1	18.9	16.4	16.8	16.5	16.1
Marico	50.8	49.5	48.6	46.9	42.6	19.6	19.1	16.8	20.1	16.1
Nestle	56.6	56.4	56.2	55.2	54.3	23.3	23.5	25.7	21.9	22.2
P&G Hygiene	62.9	64.8	60.2	63.6	61.3	25.6	29.7	21.1	28.4	24.8
Paints & Adhesives										
Asian Paints	40.8	42.4	43.9	42.7	43.2	15.4	19.1	17.2	18.2	17.6
Indigo Paints	43.7	46.6	46.8	45.9	44.8	13.9	16.7	22.6	14.3	14.9
Pidilite	54.4	54.3	55.0	54.1	55.0	23.8	23.7	20.1	25.1	23.9
Liquor										
United Breweries	43.8	43.1	42.1	42.5	42.8	10.7	7.1	8.0	10.8	6.3
United Spirits	45.2	44.7	44.5	44.0	47.1	17.8	17.1	17.1	16.3	21.2
Radico Khaitan	43.6	43.0	43.5	43.0	43.6	14.6	14.2	13.6	15.4	15.9
Innerwear										
Page Industries	56.5	56.3	60.9	59.1	59.9	22.5	23.0	21.4	22.4	21.7
QSR										
Barbeque Nation	68.1	68.2	68.5	67.7	66.2	14.9	18.7	18.2	15.5	12.4
Devyani intl.	69.3	68.7	68.5	68.2	67.8	16.3	16.9	16.6	15.1	14.1
Jubilant Food.	76.1	75.1	74.5	74.1	74.4	19.4	19.4	19.3	19.0	19.4
Restaurant Brands	67.5	67.8	67.8	67.7	68.3	14.2	15.9	15.9	13.5	14.3
Sapphire Foods	68.8	68.6	68.2	67.4	67.8	16.1	17.8	14.9	14.5	13.8
Westlife Foodworld	69.7	70.1	70.0	71.6	72.4	12.7	14.0	13.2	13.0	11.8
Jewelry										
Kalyan	13.8	13.1	13.8	13.9	12.9	6.5	6.8	6.5	7.0	6.3
PN Gadgil	7.6	9.8	12.0	13.2	11.9	3.6	5.0	5.9	6.4	4.9
Senco	13.2	11.6	16.8	19.1	17.0	5.4	5.3	9.2	10.1	6.9
Titan	22.7	22.0	22.8	22.5	21.4	10.5	10.9	10.3	11.1	10.0

Staples – Transitory disruption; positive outlook

Staple companies witnessed stable demand trends; however, the GST transition and an extended monsoon weighed on the overall performance during the quarter.

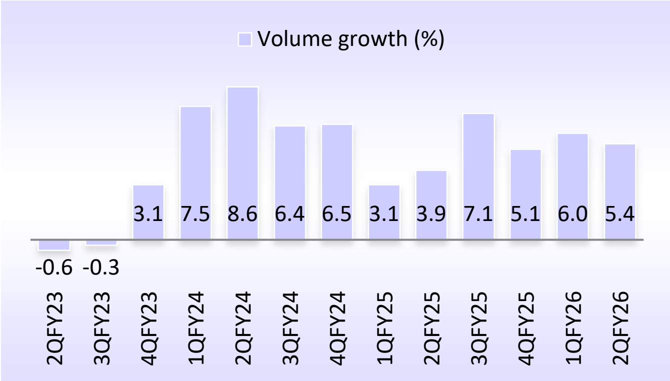
- Staple companies witnessed stable demand trends; however, the GST transition and an extended monsoon weighed on the overall performance during the quarter. The GST impact was more pronounced in personal care categories compared to packaged foods. All such transition changes will be interim and stability is expected from Nov'25 onward. About 2-3% of revenue of most companies was affected by the GST-led transition. Many companies have reduced prices and started increasing grammage in LUPs to pass on the GST benefits to consumers. Companies have also pre-loaded their winter portfolios into the market, anticipating a strong season and a robust offtake. The rural market continued to outpace the urban demand in the seventh consecutive quarter. Our staple companies reported sales growth of 1% (est. 5%); excl. ITC, revenue growth was 5%. EBITDA growth was flat (est. flat), with flat APAT YoY (est. +2%).
- Gross margin continued to contract for most companies in 2QFY26 due to high-cost inventories. In 2Q, 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 40bp YoY and EBITDA margin contracted 30bp YoY. Excl. ITC, GM contracted 150bp YoY and EBITDA margin contracted 90bp 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 omnichannel growth.
- According to NIQ data, the FMCG industry posted 13% value growth and 5.4% volume growth, with rural volume growth much higher at 5.7% vs. 1.9% in urban areas. However, the gap is narrowing as the urban areas show signs of sequential recovery. With trade stabilizing after the GST reduction, staples are expected to see a gradual pickup, supported by a steady rural recovery and improving urban sentiment. A favorable winter should further drive offtake in health supplements, winter personal care, beverages, and packaged foods. Government measures to boost rural incomes are likely to strengthen consumption from 3QFY26.

Exhibit 9: Value grew 13% YoY in 2QFY26…



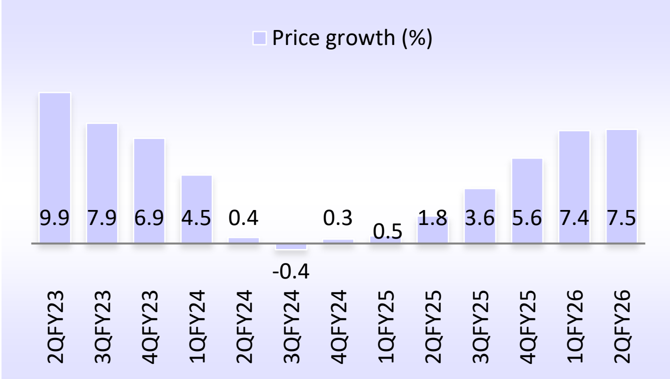
Source: NIQ data, MOFSL

Exhibit 10: …driven by volume growth of 5.4%...



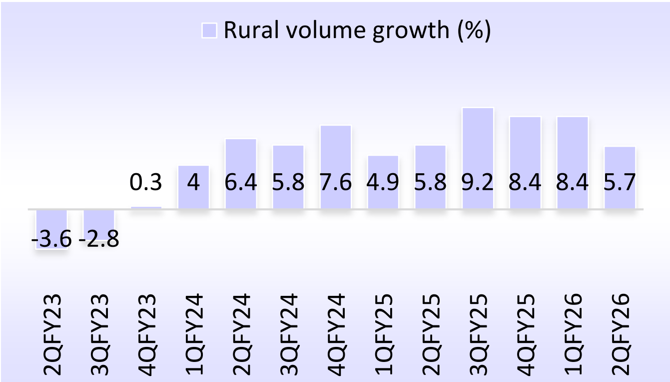
Source: NIQ data, MOFSL

Exhibit 11: ...and price hike of 7.5%



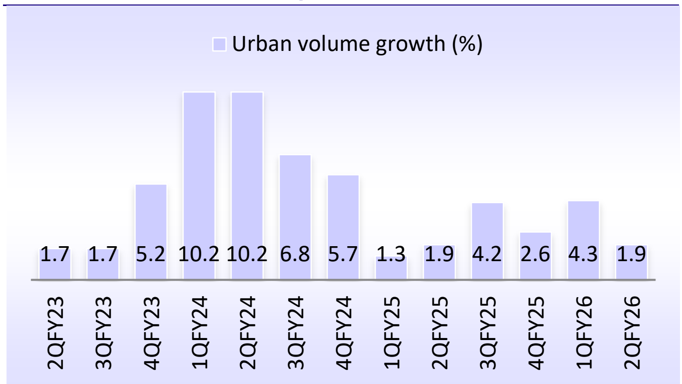
Source: NIQ data, MOFSL

Exhibit 12: Rural volume grew 5.7%



Source: NIQ data, MOFSL

Exhibit 13: Urban volume grew 1.9%



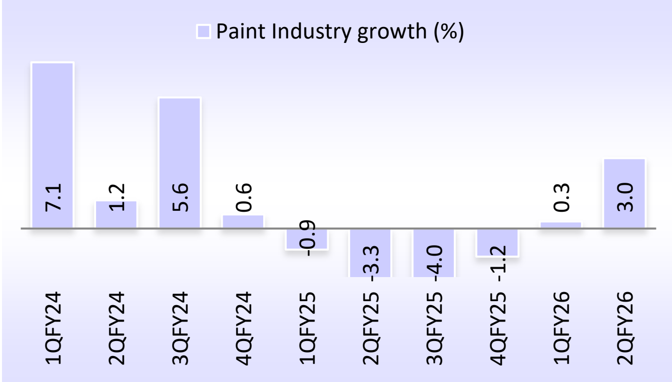
Source: NIQ data, MOFSL

Paint – Recovery signs visible in festive season

Recovery signs emerged from late September, supported by festive/wedding repaint demand, improving rural sentiment, GST corrections, and good monsoons.

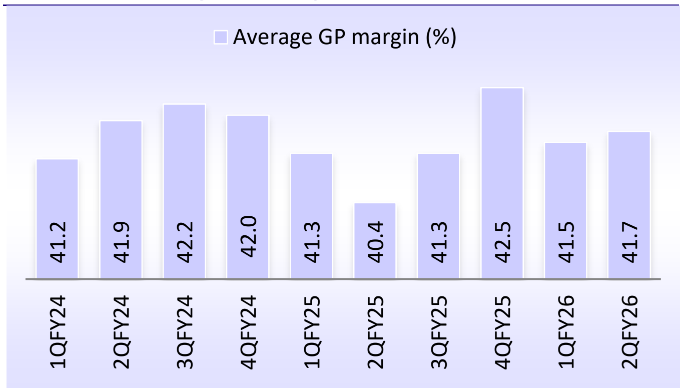
- **Improvement in industry growth:** The paint sector saw a weather-impacted quarter, with prolonged and heavy monsoons suppressing exterior repainting demand and causing muted to low-single-digit industry value growth. Most companies reported better volumes than value, led by economy and mid-tier products, but premium performance was uneven. Recovery signs emerged from late Sep, supported by festive/wedding repaint demand, improving rural sentiment, GST corrections, and good monsoons. Industrial/auto and protective coatings outperformed decorative across multiple players. Overall Paints category revenue/EBITDA grew 3%/7% in 2QFY26. APNT's revenue rose 6% YoY, Indigo Paints revenue increased by 4%, Berger posted revenue growth of ~2%, Kansai was flat, and Akzo revenue (LFL) declined 2%.
- **High competitive intensity:** Competitive pressure remained elevated across the value chain, driven largely by aggressive discounting and promotional schemes from new entrants, especially in the mass/economy segment. Incumbents like Asian Paints and Berger defended their share through stronger execution, branding, and dealer engagement, while companies such as Akzo and Kansai focused on selective pricing actions and strengthening core markets. Extra grammage/freebies and price corrections continued in pockets, but players emphasized brand equity, service levels, and influencer connect over pure discounting. Competitive intensity has stabilized but remains high, impacting value growth and short-term profitability.
- **Improvement in margins**: Margins across paint companies were mixed this quarter, reflecting the interplay of benign raw material prices, adverse weather-led mix shifts, and competitive intensity. Asian Paints and Indigo Paints reported healthy gross margin expansion, supported by softer input costs, better sourcing efficiencies, and stronger premium mix. In contrast, Berger and AkzoNobel saw margin pressure due to weak value growth, higher contribution from low-value products, and increased investments in brand building and manpower. Kansai Nerolac's margins remained stable, with improvements in industrial coatings offset by softness in decorative.
- **Near-term outlook:** The paint sector's outlook is uniformly constructive, with all companies guiding for a strong recovery from 3Q and a much stronger 4Q, as weather normalizes, festive and wedding repainting picks up, and rural sentiment improves. AkzoNobel expects double-digit volume growth in the next quarter, supported by a strong order book, while Asian Paints is guiding for mid-single-digit value growth for the year with margins stable in the 18-20% band. Berger anticipates mid-single-digit growth in 3Q and double-digit growth in 4Q, alongside margin expansion toward 17%. Indigo Paints remains most optimistic, expecting double-digit to high-double-digit growth by 4Q and peak margins, driven by mix improvement. Kansai sees demand strengthening in Nov-Dec, with a materially better 4Q, led by industrial coatings. Companies expect benign RM costs, improving mix, and operating leverage to support margin stability or gradual expansion in 2HFY26.

Exhibit 14: Recovery momentum strengthens in paint cos.



Source: Industry

Exhibit 15: Average GP margin at ~41.7%



Source: Industry

Exhibit 16: Annual and quarterly trajectory of paint companies

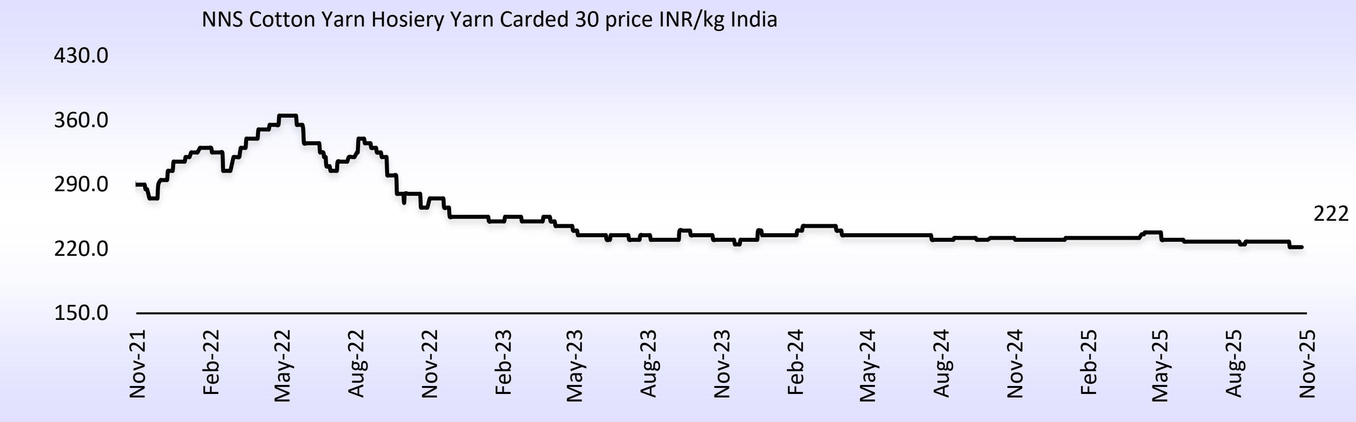
	FY19	FY20	FY21	FY22	FY23	FY24	FY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Sales (INR b)												
Asian Paint	192.4	202.1	217.1	291.0	344.9	354.9	339.1	80.3	85.5	83.6	89.4	85.3
Berger Paints	60.6	63.7	68.2	87.6	105.7	112.0	115.4	27.7	29.8	27.0	32.0	28.3
Kansai Nerolac	54.2	52.8	50.7	63.7	75.4	78.0	78.2	19.5	19.2	18.2	21.6	19.5
Akzo Nobel	29.2	26.6	24.2	31.5	38.0	39.6	40.9	8.5	10.5	10.2	10.0	8.3
Indigo Paints	5.4	6.2	7.2	9.1	10.7	13.1	13.4	3.0	3.4	3.9	3.1	3.1
Sales growth (%)												
Asian Paint	14	5	7	34	19	3	-4	-5	-6	-4	0	6
Berger Paints	17	5	7	29	21	6	3	0	3	7	4	2
Kansai Nerolac	16	-3	-4	26	18	3	0	0	0	3	1	0
Akzo Nobel	7	-9	-9	30	21	4	3	3	2	5	-4	-2
Indigo Paints	33	17	16	25	18	22	3	7	-3	1	-1	4
GP margin (%)												
Asian Paint	41.5	43.7	44.3	37.1	38.7	43.4	42.4	40.8	42.4	43.9	42.7	43.2
Berger Paints	46.4	48.4	50.2	45.9	43.5	47.1	41.4	41.7	41.6	42.7	41.4	41.6
Kansai Nerolac	43.4	45.0	45.6	38.9	37.6	42.0	35.2	34.0	35.2	34.6	36.1	35.2
Akzo Nobel	42.1	45.8	45.4	40.3	39.8	43.9	43.3	43.7	41.9	43.2	42.8	41.3
Indigo Paints	44.3	48.5	47.9	43.3	44.5	47.6	46.0	43.7	46.6	46.8	45.9	44.8
EBITDA (INR b)												
Asian Paint	37.7	41.6	48.6	48.0	62.6	75.8	60.1	12.4	16.4	14.4	16.2	15.0
Berger Paints	9.3	10.6	11.9	13.3	14.9	18.6	18.6	4.3	4.7	4.3	5.3	3.5
Kansai Nerolac	7.5	8.0	8.6	6.5	8.2	10.3	9.4	2.1	2.4	1.7	3.0	2.2
Akzo Nobel	3.4	3.8	3.4	4.3	5.3	6.3	6.4	1.5	1.7	1.6	1.3	1.1
Indigo Paints	0.5	0.9	1.2	1.4	1.8	2.4	2.3	0.4	0.6	0.9	0.4	0.5
EBITDA growth (%)												
Asian Paint	18	11	17	-1	30	21	-21	-28	-20	-15	-4	21
Berger Paints	16	14	12	12	12	25	0	-8	-2	22	1	-19
Kansai Nerolac	-5	7	7	-25	26	26	-8	11	12	9	14	11
Akzo Nobel	15	11	-10	27	21	20	1	15	16	16	14	13
Indigo Paints	10	15	17	15	17	18	17	-1	-8	3	-6	12
EBITDA margin (%)												
Asian Paint	19.6	20.6	22.4	16.5	18.2	21.4	17.7	15.4	19.1	17.2	18.2	17.6
Berger Paints	15.4	16.7	17.4	15.2	14.1	16.6	16.1	15.6	15.9	15.8	16.5	12.5
Kansai Nerolac	13.9	15.2	17.0	10.2	10.8	13.2	12.0	10.9	12.2	9.1	14.0	11.0
Akzo Nobel	11.7	14.2	14.1	13.7	13.8	16.0	15.7	14.9	15.9	15.6	13.5	13.3
Indigo Paints	10.1	14.6	16.9	15.0	16.9	18.2	17.4	13.9	16.7	22.6	14.3	14.9

Innerwear – Muted quarter; expect recovery in 2HFY26

Innerwear demand stayed muted for most of 2QFY26, with pressure on discretionary spending at the mass end affecting category momentum.

- **Subdued demand trends:** Innerwear demand stayed muted for most of 2QFY26, with pressure on discretionary spending at the mass end affecting category momentum. However, the industry witnessed recovery from late September, supported by improved secondary sales and a better-than-expected festive season. Page Industries saw steady festive demand with no post-festive moderation. Rupa reported a strong pickup in primary sales, driven by better rural traction and improving offtake across mid-premium categories. Dollar Industries benefited from robust thermal demand and continued distribution expansion, resulting in healthy double-digit volume gains. Lux also saw selective recovery, aided by early winter stocking and traction in its mid-premium offerings. The overall Innerwear category revenue/EBITDA grew 8%/-3% in 2QFY26. PAGE reported weaker revenue growth of 4% YoY. Lux Industries/Rupa/Dollar reported 16%/9%/5% YoY growth in revenue.
- **Inventory rationalization:** Inventory levels across the innerwear sector remained mixed in 2QFY26 as companies balanced festive-season build-up with ongoing channel rationalization. Page Industries maintained a disciplined inventory cycle at 67 days (vs. 64 at the start of the year), aided by tighter partner-level stocking. Dollar saw a seasonal uptick as it prepared for winter demand, with inventory days at 119, though its cash conversion cycle continued to improve. Lux Industries' inventory days rose to 105 (vs. 91 last year), largely due to stocking for the launch of Lux Nitro. Rupa continued to operate with elevated working capital at 235 days, though channel inventory remained below normal as the company focuses on faster liquidation and aims to reduce the cycle by 20–25 days by year-end.
- **Mix margin performance:** Margin performance remained uneven across the innerwear sector, shaped by differing pricing strategies and category mixes. Dollar delivered robust margin expansion on the back of strong operating leverage, cost discipline, and moderated ad spends. Lux posted a healthy 2Q recovery, though YTD margins remain compressed due to elevated brand investments and new-launch-related costs. Page Industries continued to outperform the sector with best-in-class EBITDA margins of 19–21%, supported by stable input costs and sustained productivity gains. In contrast, Rupa saw a meaningful margin decline as aggressive pricing, higher promotions, and increased overheads weighed on profitability.
- **Outlook –** Innerwear companies expect a stronger 2HFY26, supported by a healthier festive season, winter-led thermal demand, and gradually improving rural sentiment. Dollar and Rupa are optimistic about a meaningful pickup in thermal sales, which should also aid margin recovery. Page remains confident of achieving near double-digit growth, underpinned by new product launches, capacity additions, and a better demand environment. Lux expects sustained traction from its refreshed brand portfolio and continued scale-up across omni-channel platforms.

Exhibit 17: Yarn prices have remained stable over the last two years



Source: Bloomberg, MOFSL

Exhibit 18: Annual and quarterly trajectory of innerwear companies

	FY19	FY20	FY21	FY22	FY23	FY24	FY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Sales (INR b)												
Page	28.5	29.5	28.3	38.9	47.1	45.7	49.3	12.5	13.1	11.0	13.2	12.9
Lux	12.1	16.6	19.4	22.7	23.7	23.2	25.8	6.7	5.5	8.2	6.0	7.8
Dollar	10.3	9.7	10.4	13.4	13.9	15.5	16.8	4.5	3.8	5.4	3.8	4.7
Rupa	11.1	9.4	12.9	14.3	11.2	11.9	12.3	2.9	3.1	4.1	1.8	3.2
Sales growth (%)												
Page	12	3	-4	37	21	-3	8	11	7	11	3	4
Lux	12	38	16	17	4	-2	11	5	22	16	13	16
Dollar	11	-6	7	29	4	11	9	8	15	10	19	5
Rupa	-4	-15	37	11	-22	7	3	-1	0	5	-11	9
GP margin (%)												
Page	58.0	55.5	55.4	56.0	55.8	54.4	56.8	56.5	56.3	60.9	59.1	59.9
Lux	60.7	70.8	66.8	72.3	57.2	53.4	55.7	56.6	55.5	53.3	61.6	54.4
Dollar	57.9	53.6	57.1	54.2	45.6	53.7	53.5	53.2	56.6	47.9	57.8	56.3
Rupa	71.7	74.1	65.1	72.6	59.9	50.1	53.9	59.8	50.7	44.4	75.4	52.1
EBITDA (INR b)												
Page	6.2	5.3	5.3	7.9	8.6	8.6	10.6	2.8	3.0	2.4	2.9	2.8
Lux	1.8	2.7	3.8	4.7	2.2	2.0	2.3	0.6	0.5	0.8	0.4	0.4
Dollar	1.4	1.1	1.4	2.2	1.0	1.5	1.8	0.5	0.4	0.5	0.4	0.6
Rupa	1.7	1.2	2.6	2.7	0.9	1.2	1.3	0.3	0.4	0.5	0.1	0.2
EBITDA growth (%)												
Page	14	-14	-1	49	10	0	23	20.1	32	43	21	-0.4
Lux	17	50	41	24	-54	-7	16	10	42	0	-22	-30
Dollar	10	-23	31	57	-54	55	14	17	27	-2	24	26
Rupa	2	-27	105	4	-67	31	11	-12	15	14	-32	-22
EBITDA margin (%)												
Page	21.6	18.1	18.6	20.2	18.3	18.8	21.5	22.5	23.0	21.4	22.4	21.7
Lux	14.9	16.3	19.7	20.8	9.2	8.7	9.1	9.4	9.1	9.3	5.9	5.7
Dollar	13.3	10.9	13.3	16.2	7.1	10.0	10.4	10.9	10.8	10.0	10.5	13.0
Rupa	15.3	13.2	19.9	18.7	7.9	9.7	10.6	9.6	12.0	11.1	6.6	6.9

Source: Company, MOFSL

Liquor – Healthy P&A growth; beer soft on weather impact

The alcobev sector reported a broadly resilient demand environment in 2QFY26, led by strong traction in premium spirits and improving consumption trends across key states.

- **Healthy demand trends in 2Q** – The alcobev sector reported a broadly resilient demand environment in 2Q, led by strong traction in premium spirits and improving consumption trends across key states. UNSP reported 8% P&A volume growth, led by strength in Andhra Pradesh and a favorable base, though partially offset by the Maharashtra duty hike. Radico Khaitan reported record volume growth (+38%), with strong momentum in P&A (+22%), citing steady premium-led demand. ABDL continued to deliver healthy P&A momentum (+30% YoY). Tilak Nagar sustained its positive momentum (+16% YoY), aided by strong trends in southern markets. UBBL volumes declined 3% due to an unusually weak summer and extended monsoon; however, premium volumes rose 17% YoY. Sula saw mid-single-digit underlying growth in its own brand (excl. Telangana), with wine tourism maintaining double-digit traction. Liquor universe delivered sales/EBITDA growth of 11%/14% in 2Q.
- **Stable raw material costs, divergent margin trends** – Margin performance across alcobev companies remained broadly stable or improved in 2QFY26, supported by benign input costs and strong premium mix gains. United Spirits saw EBITDA margin expansion (+340bp YoY to 21.2%), led by cost efficiencies. Radico Khaitan posted a healthy 130bp margin expansion to 15.9%, with a guidance of 125-150bp annual improvement, aiming for mid-to-late-teen margins over the medium term. ABDL's margins improved from 11.9% to 12.7%, and it is targeting over 15% through premiumization and efficiency gains. Tilaknagar Industries margins declined 250bp YoY to 15.1%. UBL margins contracted ~440bp due to negative operating leverage. Sula witnessed sharp margin erosion of 590bp YoY due to adverse mix shift, reduction in the Wine Tourism sourcing model and carryover of high-cost liquid inventory.
- **State policy changes and industry impact**
  - **UNSP** – Maharashtra policy headwinds remain a significant challenge, though UNSP outperformed the industry in 2Q by reconfiguring its value chain to partly offset the ~35% consumer price increase. The competitive impact of the recently launched, aggressively priced Maharashtra Made Liquor (MML) remains uncertain, with the company expecting that it will take 1-2 quarters to assess whether volumes are being sourced from country liquor upgraders or from the Prestige IMFL segment. Andhra Pradesh, now after a full year of policy normalization, is expected to maintain strong growth momentum.
  - **Radico Khaitan –** The shift in Andhra Pradesh's route-to-market (RTM), allowing private retail participation, has been a major catalyst for Radico's turnaround in the Regular segment. The company's market share in the state surged from ~10% to over 30% in 2QFY26, positioning it as the leading spirits player. In contrast, Maharashtra's industry volumes contracted ~25% due to steep consumer price hikes (INR80-100 per bottle), resulting in a ~20% decline for Radico in the state. Management sees Delhi and potentially Bihar (post elections) as high-impact markets if they adopt RTM models similar to UP, which could structurally lift long-term volume growth.
  - **UBBL –** Beer category performance remains heavily impacted by state-level taxation changes. Sharp tax hikes have led to double-digit volume declines in key states such as Odisha, Karnataka, and Telangana. In contrast,

Maharashtra—where beer taxes remained unchanged—delivered strong growth of 15-16% for UBBL in the quarter. The company also undertook selective price reductions in Meghalaya following a duty cut to protect volumes. In Telangana, the category decline has been amplified by elevated consumer prices post-EBP increase and ongoing changes in retail licensing, which are expected to stabilize by Dec.

- **Others –** ABDL saw short-term disruption in Telangana due to retail licensing changes, putting pressure on Mass Premium volumes, while the MML policy further weighed on industry demand. However, policy reforms in Andhra Pradesh aided a sharp rebound, with volumes more than doubling, and overdue payments in Telangana have begun flowing. Sula faced a temporary RTM disruption in Telangana—its third-largest market—owing to retail licence expiries and destocking, though Maharashtra showed improving trends, with wine excluded from recent excise revisions. Tilaknagar benefited strongly from Andhra Pradesh's retail liberalization and extended store hours, driving >20% volume growth and a market share uptick to ~12%, even as Maharashtra's IMFL industry contracted ~20% under the new MML regime, prompting TI to adopt a cautious stance on participation.

- **Near-term outlook:** The sector outlook for 2HFY26 remains constructive, supported by festive and wedding-led consumption despite state-specific headwinds. UNSP stays cautiously optimistic, leveraging premiumisation and on-premise recovery, while Radico expects strong P&A momentum, driven by premium launches and a strengthening balance sheet. UBBL anticipates a post-monsoon rebound in beer volumes, along with medium-term category growth. Tilaknagar's pipeline remains robust with upcoming brand launches and capacity expansion, and ABDL expects Telangana normalization and festive demand to drive a recovery in Mass Premium while advancing its export and capex plans.

Exhibit 19: Liquor companies' annual and quarterly trajectory

	FY19	FY20	FY21	FY22	FY23	FY24	FY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Volume growth (%)												
UBBL	13	-3	-38	33	31	2	6	5	8	5	11	-3
UNSP	5	-2	-11	-22	9	2	4	-4	10	7	9	8
Radico Khaitan	11	12	-8	18	7	2	9	-2	15	27	37	38
Allied Blenders & Distillers	NA	NA	NA	13	12	-2	4	-	11	21	16	8
Tilaknagar Industries	12	-3	-15	23	43	16	7	3	2	20	26	16
Sula Vineyards	NA	NA	NA	NA	19	7	NA	-8	1	NA	NA	NA
Premium Category Volume growth (%)												
UBBL	NA	NA	NA	NA	NA	3	32	27	33	24	46	17
UNSP	12	-2	-9	15	12	5	5	-4	11	9	9	8
Radico Khaitan	21	15	-8	20	20	20	15	13	18	16	41	22
Allied Blenders & Distillers	NA	NA	NA	12	15	1	13	9	14	33	44	30
Tilaknagar Industries	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Sula Vineyards	NA	NA	NA	NA	24	13	NA	4	3	NA	NA	NA
Sales (INR b)												
UBBL	64.8	65.1	42.4	58.4	75.0	81.2	89.1	21.1	20.0	23.2	28.6	20.5
UNSP	89.8	90.9	78.9	94.2	103.7	106.9	115.7	28.4	34.3	29.5	25.5	31.7
Radico Khaitan	21.0	24.3	24.0	28.7	31.4	41.2	48.5	11.2	12.9	13.0	15.1	14.9
Allied Blenders & Distillers	9.2	30.0	23.5	26.9	31.5	33.3	35.2	8.7	9.7	9.2	9.2	9.9
Tilaknagar Industries	6.6	6.5	5.5	7.8	11.6	13.9	14.3	3.7	3.4	4.1	4.1	4.0
Sula Vineyards	-	4.9	3.9	4.2	5.2	5.7	5.8	1.3	2.0	1.3	1.1	1.3
Sales growth (%)												
UBBL	15	1	-35	38	28	8	10	12	10	9	16	-3
UNSP	10	1	-13	19	10	3	8	-1	15	11	8	12
Radico Khaitan	15	16	-1	20	10	31	18	21	11	21	33	34
Allied Blenders & Distillers	NA	NA	NA	14	17	6	6	2	9	20	22	14
Tilaknagar Industries	14	-1	-16	43	49	20	3	6	-10	13	31	6
Sula Vineyards	NA	NA	-20	10	22	10	2	-1	-1	3	-9	-1
GP margin (%)												
UBBL	53.6	51.6	52.2	49.9	43.1	42.7	43.0	43.8	43.1	42.1	42.5	42.8
UNSP	48.8	44.8	43.4	43.9	41.5	43.4	44.7	45.2	44.7	44.5	44.0	47.1
Radico Khaitan	51.4	48.3	49.9	45.0	41.8	42.5	42.8	43.6	43.0	43.5	43.0	43.6
Allied Blenders & Distillers	NA	NA	39.5	39.4	37.3	37.0	41.9	42.9	42.8	43.4	43.2	44.4
Tilaknagar Industries	51.7	46.0	49.5	51.2	47.1	49.2	49.3	52.2	46.5	48.8	51.9	48.3
Sula Vineyards	NA	53.1	59.2	72.4	74.2	76.4	76.2	78.9	67.6	82.8	74.0	69.0
EBITDA (INR b)												
UBBL	11.4	8.8	3.8	7.0	6.2	7.0	8.4	2.3	1.4	1.9	3.1	1.3
UNSP	12.9	15.1	9.9	15.1	14.2	17.1	20.6	5.1	5.9	5.1	4.2	6.7
Radico Khaitan	3.5	3.7	4.1	4.0	3.6	5.1	6.7	1.6	1.8	1.8	2.3	2.4
Allied Blenders & Distillers	NA	NA	1.9	2.0	1.8	2.4	4.3	1	1.2	1.4	1.1	1
Tilaknagar Industries	0.6	-0.5	0.5	1.1	1.4	1.9	2.5	0.7	0.6	0.8	0.9	0.6
Sula Vineyards	NA	0.5	0.6	1.1	1.6	1.8	1.5	0.3	0.5	0.3	0.2	0.3
EBITDA growth (%)												
UBBL	26	-23	-56	83	-12	13	21	23	-3	31	9	-43
UNSP	25	17	-34	53	-6	20	20	8	20	40	-9	33
Radico Khaitan	28	8	10	-2	-11	41	33	35	29	45	56	46
Allied Blenders & Distillers	NA	NA	NA	1	-6	31	78	45	98	127	51	21
Tilaknagar Industries	1853	P/L	LP	107	22	35	37	39	17	63	88	-9
Sula Vineyards	NA	NA	25	86	39	12	-15	-24	-26	-3	-46	-24
EBITDA margin (%)												
UBBL	17.6	13.5	9.0	11.9	8.2	8.6	9.4	10.7	7.1	8.0	10.8	6.3
UNSP	14.3	16.6	12.5	16.0	13.7	16.0	17.8	17.8	17.1	17.1	16.3	21.2
Radico Khaitan	16.5	15.3	17.0	14.0	11.4	12.3	13.9	14.6	14.2	13.6	15.4	15.9
Allied Blenders & Distillers	NA	NA	8.3	7.3	5.9	7.3	12.3	11.9	12.0	14.8	12.1	12.7
Tilaknagar Industries	8.5	-8.0	9.9	14.3	11.8	13.3	17.8	17.6	17.7	19.3	23.1	15.1
Sula Vineyards	NA	10.1	15.8	26.7	30.5	31.0	25.7	25.4	26.5	22.6	16.7	19.4

Source: Company, MOFSL

QSR – Unit economics remain weak

- **Demand remained challenging:** The operating environment remained challenging through Aug and Sep, as out-of-home consumption was impacted by both Shraavana and Navaratri falling in the same quarter, as well as unseasonal rains. Oct saw improvement, backed by a change in the festive season. QSR companies expect eating-out frequency to gradually pick up in 2HFY26. The sector benefited indirectly from GST-related advantages through lower raw material costs, particularly in cheese and sauces, which contributed ~50bp to margins. The benefit was passed on to consumers through price reductions in certain SKUs. QSR companies continued to focus on value offerings. While delivery channels remained strong, dine-in showed a gradual improvement. Our coverage universe posted revenue growth of 10% YoY in 2QFY26 vs. 11% in 1QFY26 and 5% in 2QFY25. JUBI delivered robust LFL growth of 9% and RBA recorded SSSG of 3%, while Westlife/Devyani KFC/Devyani PH/Sapphire KFC/ Sapphire PH/UFBL posted same-store sales decline of 3%/4%/4%/3%/8%/2% YoY.
- **Store additions continue:** The store addition pace remained steady during the quarter. While most QSR names continued to see double-digit store growth YoY, it remained muted for PH. That said, QSR companies have maintained their annual store addition guidance for FY26.
- **Pressure on profitability:** Given the continued softness in underlying growth, operating margins remained impacted, which further exerted pressure on restaurant and EBITDA margins for most brands. Both restaurant margin and EBITDA margin (pre-Ind AS) continued to contract YoY and QoQ in 2QFY26. EBITDA margin (pre-Ind AS) expanded YoY for JUBI and RBA. However, with a gradual demand recovery and improvement in ADS, margins should expand going forward.
- **Near-term outlook:** Demand trends in 2QFY26 remained broadly in line with recent quarters, showing no meaningful pickup. However, Oct demand pickup suggests an encouraging start to 3QFY26, with QSR players witnessing gradual demand recovery. A favorable base is likely to support near-term growth. With dine-in footfalls gradually recovering, the gap between dine-in and delivery revenue is expected to narrow, while delivery continues to hold strong. Supported by improving macros, we expect higher dine-out frequency to aid SSSG and overall industry growth. Continued menu innovation and targeted dine-in activation efforts will be key to further strengthening footfalls and order volumes.

Exhibit 20: No material uptick in demand in the last four to five quarters (%)

	FY19	FY20	FY21	FY22	FY23	FY24	FY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Sapphire - KFC												
Revenue growth (%)	0	18	-24	75	40	18	11	9	12	12	11	7
KFC - SSSG (%)	14	5	-30	52	15	-1	-4	-8	-3	-1	0	-3
KFC - Stores	158	187	203	263	341	429	502	461	496	502	510	529
Store growth (%)	0	18	9	30	30	26	17	21	22	17	15	15
KFC - ADS ('000')	125.2	129.6	106.3	130.0	135.0	125.0	114.0	111	115	108	116	103
Gross margin (%)	65.4	65.4	67.9	68.4	66.6	68.2	68.2	68.3	68.2	68.0	67.1	67.2
RoM Pre - Ind AS (%)	12.7	13.0	14.0	19.5	19.4	19.7	17.3	16.5	18.2	15.7	15.7	13.8

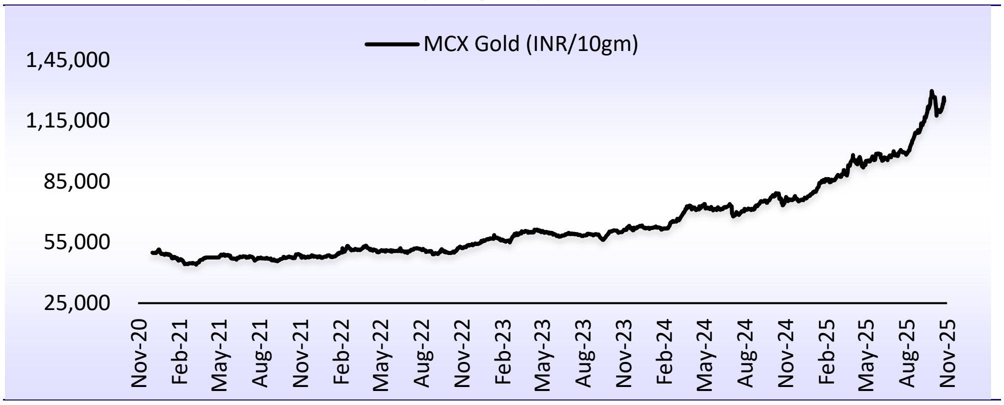
	FY19	FY20	FY21	FY22	FY23	FY24	FY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Sapphire - Pizza Hut												
Revenue growth (%)	0	9	-34	67	41	-1	5	3	10	5	-6	-6
PH - SSSG (%)	5	-5	-35	42	12	-16	-1	-3	5	1	-8	-8
PH - Stores	153	174	162	219	286	319	334	323	339	334	336	338
Store growth (%)	0	14	-7	35	31	12	5	4	6	5	5	5
PH - ADS ('000')	61.3	57.9	48.2	57.0	58.0	46.0	46.0	47.0	48.0	42.0	44.0	42.0
Gross margin (%)	73.9	76.2	76.1	75.5	74.7	75.6	75.8	76.5	75.6	74.8	74.6	74.4
RoM Pre - Ind AS (%)	7.5	7.3	5.1	13.4	13.3	4.9	2.4	4.1	4.7	-4.6	-2.5	-1.8
Sapphire Consol												
Revenue growth (%)	0	12	-24	69	32	15	11	8	14	13	8	7
Store	374	425	435	579	743	868	963	909	963	963	974	997
Store growth (%)	0	16	1	32	30	19	12	12	13	10	10	10
Gross margin (%)	66.9	67.8	69.6	69.3	67.3	68.7	68.5	68.8	68.6	68.2	67.4	67.8
EBITDA (INRm) (Pre -Ind AS)	435	662	382	1,808	2,647	2,717	2,616	590	811	508	548	548
EBITDA margin (%) (Pre -Ind AS)	3.6	4.9	3.7	10.5	11.7	10.5	9.1	8.5	10.7	7.1	7.1	7.4
EBITDA margin (%) (Post -Ind AS)	12.2	13.8	12.2	17.7	18.9	17.8	16.5	16.1	17.8	14.9	14.5	13.8
Devyani - KFC												
Revenue growth (%)	31	31	6	89	45	15	7	7	9	3	10	5
KFC - SSSG (%)	5	3	-34	49	16	-5	-6	-7	-4	-6	-1	-4
KFC - Stores	134	172	264	364	490	596	696	645	689	696	704	734
Store growth (%)	35	28	53	38	35	22	17	19	17	17	14	14
KFC - ADS ('000')	114	117	100	113	117	105	94	96	96	83	98	89
Gross margin (%)	66.0	64.8	67.7	69.3	68.3	69.5	68.9	69.0	68.6	68.3	67.1	68.1
RoM Pre - Ind AS (%)	18.4	16.0	18.3	21.3	20.2	19.6	17.4	16.6	17.2	16.2	15.5	14.1
Devyani - Pizza Hut												
Revenue growth (%)	9	-1	-31	85	32	1	3	0	6	8	3	1
PH - SSSG (%)	5	-4	-30	45	4	-11	-4	-6	-1	1	-4	-4
PH - Stores	268	269	297	413	506	567	630	593	644	630	618	621
Store growth (%)	10	0	10	39	23	12	11	11	14	11	8	5
PH - ADS ('000')	45	44	35	43	42	37	34	35	35	31	33	33
Gross margin (%)	74.0	74.9	74.2	75.6	74.4	75.9	76.3	76.7	76.2	75.6	74.7	74.7
RoM Pre - Ind AS (%)	15.5	10.5	12.9	16.3	14.5	7.2	2.7	3.1	2.1	0.7	-1.1	-0.2
Devyani consol												
Revenue growth (%)	18	16	-25	84	44	19	39	49	54	16	11	13
Store	566	610	692	938	1,243	1,782	2,039	1,921	2,032	2,039	2,145	2,184
Store growth (%)	29	8	14	36	33	21	16	41	40	14	17	14
Gross margin (%)	70.3	69.6	69.6	71.2	70.0	70.3	68.9	69.3	68.7	68.5	68.2	67.8
EBITDA (INRm) (Pre -Ind AS)	969	575	842	2,995	4,348	3,807	4,943	1,143	1,306	1,081	1,095	934
EBITDA margin (%) (Pre -Ind AS)	7.4	3.8	7.4	14.4	14.5	10.7	10.0	9.4	10.1	8.9	8.1	6.8
EBITDA margin (%) (Post -Ind AS)	21.3	16.8	20.7	22.8	21.9	18.3	17.0	16.3	16.9	16.6	15.1	14.1
Restaurant brand (Consol)												
Revenue growth (%)	67	33	19	48	38	19	5	1	6	6	8	11
Store	317	435	439	492	577	630	681	638	682	681	683	694
Store growth (%)	0	37	1	12	17	9	8	10	9	8	8	9
Gross margin (%)	63.6	64.2	60.5	63.1	64.2	64.2	65.1	64.9	65.6	65.3	65.4	66.1
EBITDA (INRm) (Pre -Ind AS)	152	202	(619)	(416)	(595)	204	370	38	133	146	119	113
EBITDA pre-Ind AS (%)	0.0	1.2	-6.2	-2.8	-2.9	0.8	1.5	0.6	2.1	2.3	1.7	1.6
EBITDA margin (%)	12.5	12.4	2.5	6.5	5.4	10.9	10.7	9.7	11.4	12.2	10.8	10.8
Restaurant brand (India)												
Revenue growth (%)	67	33	-41	91	53	22	12	9	11	12	13	16
SSSG (%)	0	3	-37	47	23	3	1	-3	-1	5	3	3
Store	187	260	265	315	391	455	513	464	510	513	519	533
Store growth (%)	45	39	2	19	24	16	13	15	16	13	14	15

	FY19	FY20	FY21	FY22	FY23	FY24	FY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
ADS ('000)	110	110	68	100	118	117	114	118	114	108	120	119
Gross margin (%)	63.6	64.2	64.5	65.8	66.4	67.0	67.7	67.5	67.8	67.8	67.7	68.3
EBITDA pre- Ind AS (%)	0.0	0.9	0.0	0.0	-12.5	-1.4	2.5	5.0	6.2	5.4	4.1	5.0
Jubilant (Standalone)												
Revenue growth (%)	18	10	-16	32	18	5	14	9	19	10	18	16
LFL (%)	16	3	-18	37	7	-4	7	2.8	12.5	12.1	11.6	9.1
Store (India)	1,265	1,370	1,406	1,621	1,863	2,096	2,304	2,199	2,266	2,304	2,362	2,450
Store growth (%)	6	8	3	15	15	13	10	13	13	10	10	11
ADS ('000)	82	86	85	85	83	77	80	78	84	82	85	81
Gross margin (%)	75.2	75.0	78.1	77.5	75.9	76.4	75.4	76.1	75.1	74.5	74.1	74.4
EBITDA (INRm) (Pre -Ind AS)	6,078	5,770	5,045	7,786	7,847	6,743	7,257	1,716	1,998	1,873	2,046	2,055
EBITDA pre-Ind AS (%)	17.2	14.9	15.4	17.9	15.4	12.6	11.9	11.7	12.4	11.8	12.0	12.1
EBITDA margin (%)	17.2	22.6	23.4	25.5	22.7	20.5	19.3	19.4	19.4	19.3	19.0	19.4
Westlife												
Revenue growth (%)	24	10	-36	60	45	5	4	1	9	7	7	4
SSSG (%)	17	4	-24	58	36	-2	-3	-7	3	1	1	-3
Store	296	319	305	326	357	398	438	408	421	438	444	450
Store growth (%)	7	8	-4	7	10	11	10	10	11	10	10	10
ADS ('000)	130	133	89	132	175	165	156	168	173	153	165	158
Gross margin (%)	63.5	65.2	64.7	66.3	69.9	70.3	70.1	69.7	70.1	70.0	71.6	72.4
RoM Pre - Ind AS (%)	14.4	14.7	7.7	14.3	19.2	17.3	14.3	13.5	15.7	13.6	14.6	13.6
EBITDA (INRm) (Pre -Ind AS)	1,243	1,453	(24)	1,304	3,010	2,698	2,032	476	593	461	505	398
EBITDA pre-Ind AS (%)	8.9	9.4	-0.2	8.3	13.2	11.3	8.2	7.7	9.1	7.6	7.7	6.2
EBITDA margin (%)	8.9	14.2	6.3	13.1	17.3	15.8	13.2	12.7	14.0	13.2	13.0	11.8
United Foodbrands												
Revenue growth (%)	26	15	-40	70	43	2	-2	1	-1	-2	-3	0
SSSG (%)	6	-2	-44	65	28	-7	-4	-3	-2	-2	-3	-2
Store	133	164	164	185	216	217	230	222	226	230	236	241
Store growth (%)	28	23	0	13	17	0	6	5	8	6	8	9
ADS ('000')	152	141	85	127	156	158	147	153	162	141	140	141
Gross margin (%)	66.5	65.5	64.8	64.6	66.3	66.6	68.2	68.1	68.2	68.5	67.7	66.2
EBITDA (INRm) (Pre -Ind AS)	742	744	(90)	300	1,186	836	907	166	339	190	136	33
EBITDA pre-Ind AS (%)	10.0	8.8	-1.8	-41.8	9.6	6.7	7.4	5.4	10.3	6.5	4.6	1.1
EBITDA margin (%)	19.7	19.4	9.1	15.5	18.7	16.9	17.1	14.9	18.7	18.2	15.5	12.4

Jewelry – Fast track continues; healthy margins

- **Stable strong sales growth trajectory continued –** Jewelry companies continued to deliver robust sales growth despite facing challenges such as the Shraddh period, heavy rainfall and a surge in gold price (up ~45% YoY and ~8% QoQ, crossing the INR100k mark (per 10gm) in the retail market). Consumer demand remained strong, fueled by the early festive season. Titan (jewelry standalone, ex-bullion), Kalyan, P N Gadgil (retail), Senco and Thangamayil delivered revenue growth of 19%, 31%, 29%, 2% and 45% in 2Q, while DP Abhushan declined 4% YoY. SSSG of Titan/Kalyan stood at 14%/16%, while Senco reported a same-store sales decline of 4%. The studded mix improved for most jewelry companies. The jewelry category delivered sales/EBITDA growth of 26%/12% in 2QFY26.
- **Consumer preferences shifting toward lower karat jewelry** – The studded jewelry mix improved for most companies, while it slightly declined for Titan. Companies noted rising interest in 18k jewelry across consumer segments, with growing traction for 14k gold in select regions. The players are adding more introductions in lower cartage offerings.
- **Strong store addition plans** – Jewelry players are expanding rapidly to strengthen their market reach, with the sector delivering a 13% CAGR in store additions over FY19-25. Titan aims to add 35-40 new Tanishq stores and revamp ~70 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, taking the total store count to 78-80 by the end of FY26, including its lightweight 'Litestyle' format. DP Abhushan remains more measured with six openings in FY26. As of Sep'25, Titan, Kalyan, Senco, PN Gadgil, Thangamayil, and DP Abhushan operated 1,145, 436, 192, 63, 66, and 11 stores, respectively.
- **Margin expansion supported by scale and mix** – EBITDA margin expansion YoY was aided by a richer product mix, higher contribution from studded and diamond jewelry, and festive-driven sales. Titan's margin was impacted by high promotion and product mix, while Kalyan's India business margin remained flat. Senco, PN Gadgil, and DP Abhushan saw efficiencies from scale and cost optimization.
- **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. Interaction with management indicates that the strong demand momentum has continued in Oct, and we expect it to remain intact in 2HFY26 as well.

Exhibit 21: Gold prices have seen steep surge in prices



Source: Bloomberg, MOFSL

Exhibit 22: Jewelry companies' annual and quarterly trends

Jewelry companies	FY19	FY20	FY21	FY22	FY23	FY24	FY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Sales (INRb)												
Titan (Total)	197.8	210.5	216.4	288.0	405.8	510.8	604.6	145.3	177.4	149.2	165.2	187.3
Titan (Jewelry)	163.9	173.2	193.2	255.2	359.1	455.2	539.7	127.7	161.3	132.5	146.5	165.2
Titan (Jewelry ex-bullion)	163.9	173.2	179.6	244.9	337.1	414.1	508.4	117.8	159.9	122.7	129.9	143.3
Titan Caratlane	4.2	6.4	7.2	12.6	21.9	29.3	35.7	8.3	11.2	8.8	10.3	10.7
Kalyan (Consol)	97.7	101.0	85.7	108.2	140.7	185.5	250.5	60.7	72.9	61.8	72.7	78.6
Kalyan (India)	74.5	78.5	73.3	90.6	115.8	157.7	216.5	52.3	63.9	53.5	61.4	68.4
-South	50.5	52.7	50.8	59.7	70.9	81.2	104.1	26.7	28.0	25.4	31.2	31.6
-Non South	23.9	25.7	22.5	30.8	45.0	76.6	112.4	25.5	35.9	28.1	30.3	36.8
Senco	24.8	24.2	26.6	35.3	40.8	52.4	63.3	15.0	20.5	13.8	18.3	15.4
PN Gadgil	24.5	24.6	19.3	25.6	45.1	61.1	76.9	20.0	24.4	15.9	17.1	21.8
Thangamyil	14.4	16.9	18.2	21.9	31.5	38.3	49.1	11.8	11.3	13.8	15.6	17.0
DP Abhushan	8.1	8.1	12.2	17.3	19.8	23.4	33.1	10.0	10.8	7.2	5.4	9.7
Sales growth (%)												
Titan (Total)		6	3	33	41	26	18	16	25	19	25	29
Titan (Jewelry)		6	12	32	41	27	19	15	27	20	24	29
Titan (Jewelry ex-bullion)		6	4	36	38	23	23	27	27	25	20	22
Titan Caratlane		51	14	75	73	34	22	28	25	18	39	29
Kalyan (Consol)		3	-15	26	30	32	35	37	40	37	31	30
Kalyan (India)		5	-7	24	28	36	37	39	42	38	31	31
-South		4	-4	18	19	15	28	31	35	29	30	19
-Non South		8	-13	37	46	70	47	49	47	48	33	44
Senco		-3	10	33	15	29	21	31	24	21	30	2
PN Gadgil		0	-21	32	76	36	26	46	24	5	3	9
Thangamyil		17	7	21	44	21	28	19	26	41	27	45
DP Abhushan		0	51	42	14	18	41	84	42	29	7	-4
SSSG (%)												
Titan - Tanishq	16	3	-9	41	32	15	13	15	22	15	11	14
Titan - Caratlane		9	-15	66	61	6	0	28	15	14	20	15
Kalyan - India					5	12	20	23	24	21	18	16
Senco			7	27	10	19	15	20	16	18	20	-4
PN Gadgil							26				8	NA
Thangamyil		17	7	10	25	23	18	11	25	19	7	14
Stores												
Titan (Total)	1,670	1,831	1,909	2,178	2,710	3,035	3,311	3,171	3,240	3,311	3,322	3,377
Titan (Jewelry)	395	461	514	582	763	937	1091	1,009	1,055	1,091	1,110	1,145
- Tanishq	287	327	353	389	423	479	522	502	515	522	526	533
- Caratlane	55	92	117	138	222	272	323	286	306	323	332	342
- Mia	50	38	40	50	111	178	234	209	222	234	240	258
- Zoya	3	4	4	5	7	8	12	12	12	12	12	12
Kalyan (India)	103	107	107	124	149	217	351	267	312	351	368	396

Jewelry companies	FY19	FY20	FY21	FY22	FY23	FY24	FY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
- Kalyan (COCO)	103	107	107	124	132	128	126	126	121	126	126	126
- Kalyan (FOCO)	0	0	0	0	15	76	152	105	132	152	161	174
- Candere		0	0	0	2	13	73	36	59	73	81	96
Kalyan (ME)	34	37	30	30	33	36	37	36	37	37	38	40
Kalyan (Total)	137	144	137	154	182	253	388	303	349	388	406	436
Senco	97	108	111	127	136	159	174	166	171	175	186	192
-COCO	49	56	60	70	75	93	102	99	101	103	110	113
-FOCO	48	52	51	57	61	66	72	67	70	72	76	79
PN Gadgil	29	34	32	32	34	36	53	39	48	53	55	63
-COCO	25	25	22	22	21	25	41	28	37	41	41	47
-FOCO	4	9	10	10	13	11	12	11	11	12	14	16
-PNG Litestyle	0	0	0	0	0	0	0				2	4
Thangamyil	37	47	47	52	53	57	60	59	59	60	64	66
DP Abhushan	5	5	5	6	8	8	11	9	10	11	11	11
Stores Growth (%)												
Titan (Jewelry)		17	11	13	31	23	16	20	17	16	14	13
Titan (Total)		10	4	14	24	12	9	11	10	9	7	6
Kalyan (India)		4	0	16	20	46	62	53	55	62	53	48
Kalyan (Total)		5	-5	12	18	39	53	45	49	53	47	44
Senco		11	3	14	7	17	9	14	10	10	13	16
PN Gadgil		17	-6	0	6	6	47	15	37	47	49	62
Thangamyil		27	0	11	2	8	5	5	5	5	8	12
DP Abhushan		0	0	20	33	0	38	13	25	38	38	22
Studded mix (%)												
Titan	30.0	30.9	26.6	28.2	29.1	28.8	27.3	34.3	23.0	30.0	28.6	33.6
Kalyan (India)	26.1	24.8	22.7	23.6	26.2	28.4	30.1	29.7	29.5	31.1	30.2	30.9
Senco	7.0	8.0	9.0	8.0	10.4	11.4	14.6	11.1	10.4	14.8	11.6	12.1
PN Gadgil		4.2	3.9	5.2	6.9	6.7	7.5	6.5	7.4	8.0	10.0	9.0
GP margin (%)												
Titan	27.2	28.0	24.2	24.9	25.2	22.8	22.4	22.7	22.0	22.8	22.5	21.4
Kalyan - Consol	16.1	16.9	17.0	15.6	15.6	14.6	13.6	13.8	13.1	13.8	13.9	12.9
Kalyan - India	16.4	17.7	16.9	15.3	15.6	14.5	13.4	13.5	12.7	13.3	13.6	12.5
Senco	15.0	17.5	14.1	15.7	16.1	15.3	14.4	13.2	11.6	16.8	19.1	17.0
PN Gadgil	9.7	12.0	9.6	9.8	8.0	8.4	9.4	7.6	9.8	12.0	13.2	11.9
Thangamyil	9.7	11.5	11.4	9.0	9.4	9.6	9.1	5.4	11.9	9.1	10.7	10.8
DP Abhushan	6.2	7.5	6.7	6.6	6.4	6.6	7.7	6.1	7.7	9.3	14.5	10.7
EBIT margin (%)												
Titan (Total)	10.2	10.8	7.1	11.1	11.7	10.3	10.0	10.2	10.6	9.9	10.6	9.6
Titan (Jewelry)	11.6	11.8	8.8	12.1	12.2	10.6	10.1	9.9	10.8	10.1	9.6	9.1
Titan Caratlane	-4.3	-1.3	3.2	4.7	7.6	6.7	8.4	7.0	11.7	7.9	6.6	10.2
Kalyan Consol	3.7	5.2	4.3	5.4	6.2	5.6	5.2	5.1	5.6	5.0	5.6	5.0
Kalyan India	3.9	5.7	6.2	5.6	6.5	5.7	5.4	5.2	5.7	5.2	5.9	5.3
Senco	5.9	7.4	5.1	6.7	6.6	6.0	5.6	4.3	4.6	7.8	9.0	5.7
PN Gadgil	1.6	2.9	1.6	3.5	2.2	4.1	4.1	3.2	4.7	5.1	5.8	4.3
Thangamyil	4.4	5.2	7.6	3.5	4.4	5.1	4.3	0.0	6.8	3.6	5.0	5.2
DP Abhushan	3.2	3.8	3.9	4.0	3.6	4.0	4.9	3.6	4.9	5.3	9.6	7.5

Source: Company, MOFSL

Commodity prices cooling off

2Q gross margins were flat YoY given stable RM prices.

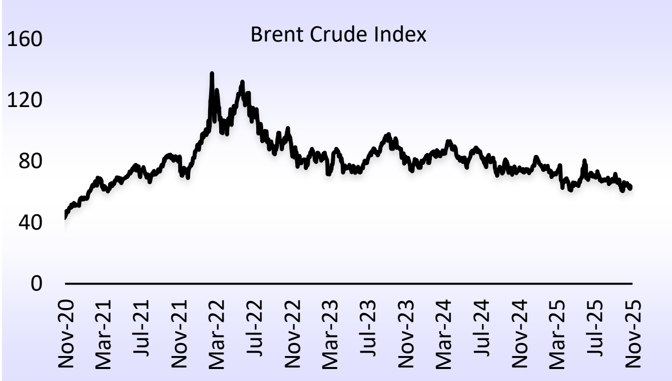
- In 2Q, most raw material prices were largely stable on a YoY basis. Agri commodities continued to see low-single-digit YoY inflation, while non-agri commodity prices remained stable in 2Q. Gold (+45% YoY) and Copra (+123% YoY) saw steep inflation YoY during the quarter.
- As of mid-3QFY26, prices of non-agricultural commodities, such as crude oil, TiO2, soda ash, and HDPE continued to decline YoY. Agricultural commodities, which were seeing elevation for the last couple of quarters, are now seeing moderation in prices YoY. Commodities such as copra, sugar, and cashew remained inflationary YoY, while wheat, maize, tea and cocoa prices cooled off. Overall, agri commodities prices remained a mixed bag for now.

Exhibit 23: Trend in commodity prices

Commodity	Unit	CMP (INR)	Average prices of commodities						Change in prices (%)	
			2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	YoY	QoQ
Non- Agri Commodity										
Brent Crude	$/barrel	64	80	75	76	68	69	64	-14	-7
Titanium Dioxide	INR/kg	305	343	344	337	327	317	302	-12	-5
Titanium Dioxide China	CNY/MT	13,500	15,771	15,180	15,099	14,892	13,657	13,767	-9	1
VAM China	USD/MT	822	778	783	809	782	767	806	3	5
Soda Ash	INR/50kg	1,500	1,832	1,803	1,848	1,600	1,565	1,500	-17	-4
Glass	India WPI Index	173	174	173	174	174	173	173	0	0
Gold	MCX Gold (INR/10gm)	1,24,702	71,543	76,403	83,375	94,876	1,02,287	1,22,549	60	20
HDPE	INR/10kg	860	1,026	964	942	928	946	890	-8	-6
Agri Commodity										
Wheat	INR/quintal	2,631	2,743	2,949	2,947	2,630	2,732	2,664	-10	-2
Sugar	INR/quintal	4,120	3,901	3,874	4,074	4,088	4,068	4,142	7	2
Mentha	INR/KG	1,090	1,012	1,002	1,021	1,007	1,062	1,088	9	2
Cashew	India WPI Index	174	164	170	168	172	172	194	14	12
Maize	INR/quintel	1,852	2,527	2,437	2,377	2,262	2,357	1,986	-19	-16
Molasses	India WPI Index	164	157	158	158	161	163	164	4	1
Barley	INR/quintel	2,300	2,221	2,396	2,391	2,276	2,304	2,305	-4	0
Tea	India WPI Tea	180	208	210	173	194	176	180	-14	2
Cocoa beans	USD/MT	5,287	8,555	8,709	9,668	9,359	7,940	6,070	-30	-24
Coffee	India WPI Coffee	238	232	231	230	234	239	238	3	0
Tobacco	India WPI Tobacco	114	114	114	114	114	114	114	0	0
Milk	India WPI Milk	191	186	185	187	189	191	191	3	0
SMP	US$/CWT	116	136	139	133	131	125	115	-17	-8
Copra	Copra WPI Index	395	175	215	234	281	390	395	84	1
Cotton	USD/LB	64	73	73	70	70	69	66	-9	-4
Yarn	NNS Cotton Yarn Hosiery Yarn Carded 30 price INR/kg India	222	233	231	231	233	228	226	-2	-1
Oil Commodities										
Palm Fatty acid	USD/MT	1,007	844	961	1,038	902	970	1,027	7	6
Malaysia Palm oil	MYR/MT	4,045	4,000	4,840	4,712	4,071	4,275	4,297	-11	1
Coconut Oil	INR/quintel	32,500	13,617	18,781	18,460	23,131	32,223	31,467	68	-2
Rice Bran oil	Rice Bran oil Index	181	155	179	177	177	179	181	1	1
Sunflower oil	INR/MT	1,38,500	96,071	1,28,397	1,32,328	1,30,508	1,30,939	1,40,250	9	7

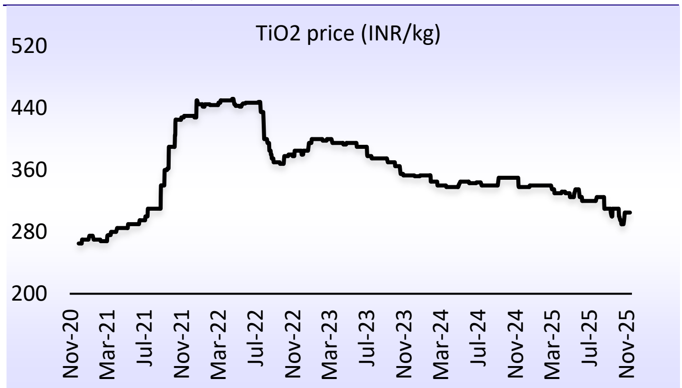
*till 17th November'25, Source: Company, MOFSL

Exhibit 24: Brent crude prices down 14% YoY and 7% QoQ



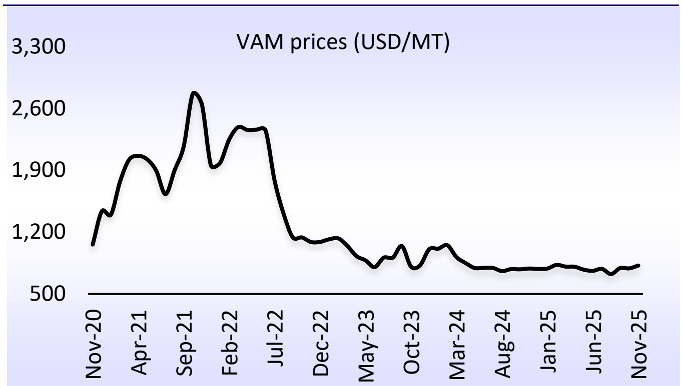
Source: Bloomberg, MOFSL

Exhibit 25: TiO2 prices declined 12% YoY and 5% QoQ



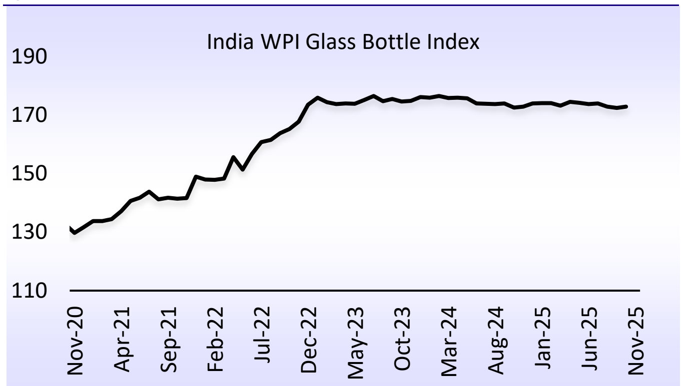
Source: Bloomberg, MOFSL

Exhibit 26: VAM prices are up 3% YoY and 5% QoQ till mid-Nov'25



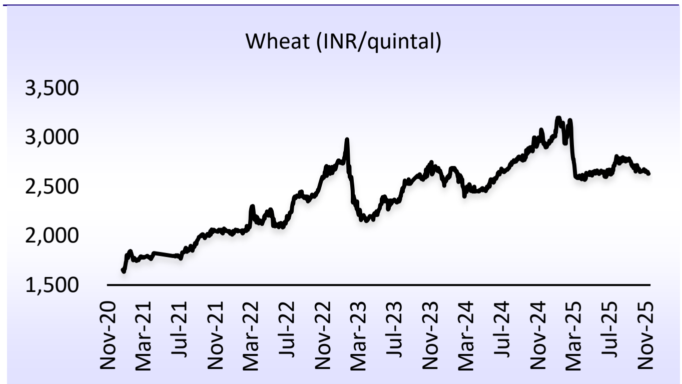
Source: Bloomberg, MOFSL

Exhibit 27: Glass costs have been stable for the last 12 quarters



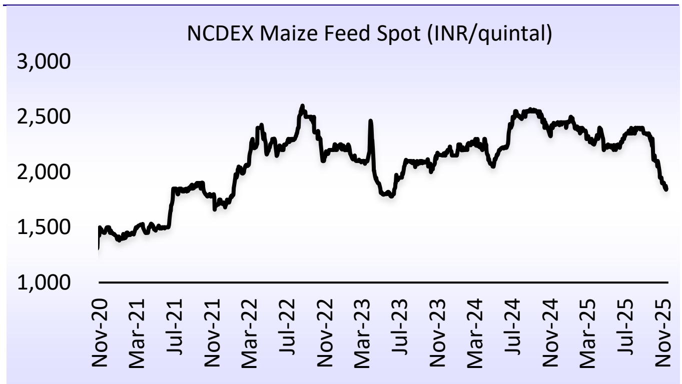
Source: Bloomberg, MOFSL

Exhibit 28: Wheat prices down 10% YoY and 2% QoQ



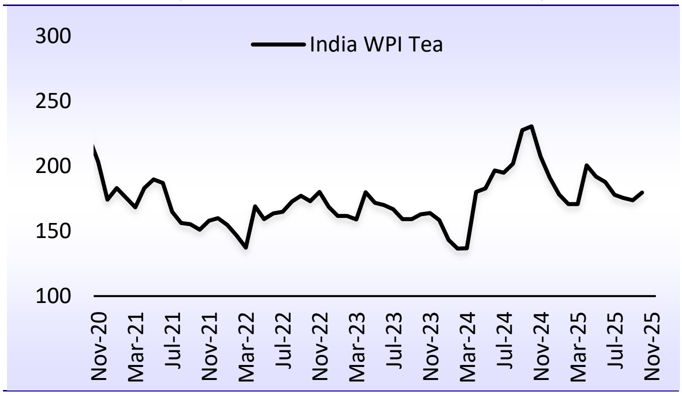
Source: Bloomberg, MOFSL

Exhibit 29: Maize prices down 19% YoY and 16% QoQ



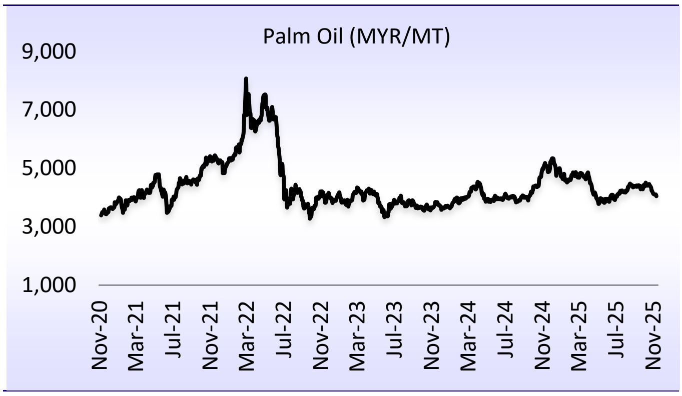
Source: Bloomberg, MOFSL

Exhibit 30: Tea prices down 14% YoY while 2% up QoQ



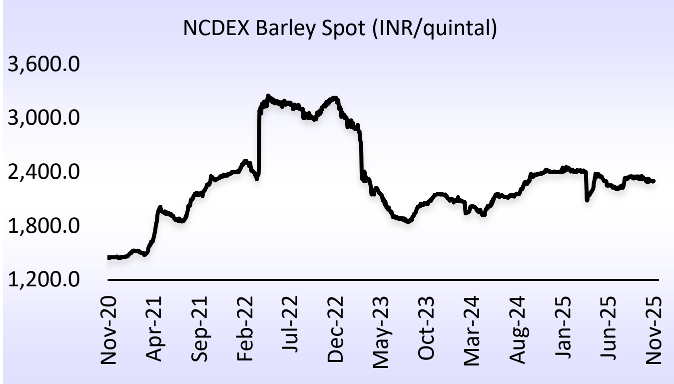
Source: Bloomberg, MOFSL

Exhibit 31: Malaysian palm oil prices down 11% YoY and flat QoQ as of mid-Nov'25



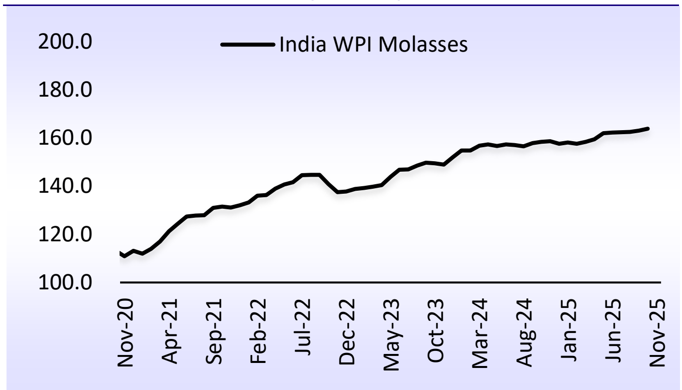
Source: Bloomberg, MOFSL

Exhibit 32: Barley prices are range bound



Source: Bloomberg, MOFSL

Exhibit 33: Molasses (ENA) prices up 4% YoY but flat QoQ



Source: Bloomberg, MOFSL

Exhibit 34: Valuation summary

Company	CMP	Target Price	Reco	EPS (INR)			P/E (x)			EV/EBITDA (x)			RoE (%)			Div. (%)
	(INR)	(INR)		FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E
Staples																
Britannia Inds.	5,813	7,150	Buy	108.4	126.4	143.5	54	46	40	37	32	28	55.2	53.7	49.5	1.3
Colgate-Palm.	2,181	2,850	Buy	51.9	57.8	63.0	42	38	35	29	27	24	87.0	99.7	107.0	2.5
Dabur India	515	525	Neutral	10.8	12.2	13.4	48	42	39	34	30	27	17.2	18.4	19.7	1.8
Emami	513	675	Buy	20.3	21.9	23.6	25	23	22	21	19	17	31.2	30.3	29.7	2.2
Godrej Consumer	1,125	1,400	Buy	21.3	25.9	30.1	53	43	37	37	31	27	17.8	20.8	23.1	2.0
Hind. Unilever	2,434	3,050	Buy	45.8	52.1	56.4	53	47	43	37	32	30	21.6	24.0	25.0	1.7
ITC	408	515	Buy	16.8	18.5	19.8	24	22	21	18	16	15	29.6	31.3	32.5	3.9
Jyothy Labs	310	350	Neutral	10.3	11.7	13.0	30	27	24	22	19	16	18.3	19.5	19.8	1.7
Marico	740	850	Buy	13.6	16.3	18.1	54	45	41	40	33	29	43.3	49.0	49.7	1.7
Nestle India	1,281	1,300	Neutral	16.9	20.1	22.5	76	64	57	47	40	36	77.9	85.8	87.9	1.2
P & G Hygiene	12,846	14,000	Neutral	268.1	296.7	330.1	48	43	39	36	32	29	105.7	95.7	88.5	1.7
Paints																
Asian Paints	2,876	3,000	Neutral	46.8	54.1	61.9	62	53	46	41	36	31	22.9	25.4	27.1	1.4
Indigo Paints	1,280	1,400	Buy	33.2	38.5	44.5	39	33	29	23	19	16	14.5	14.7	14.8	0.6
Pidilite Inds.	1,472	1,500	Neutral	23.9	27.6	31.6	62	53	47	43	38	33	23.4	24.0	24.3	0.8
Liquor																
United Spirits	1,427	1,575	Neutral	23.0	25.6	28.2	62	56	51	42	38	34	17.5	16.3	15.1	0.8
Radico Khaitan	3,295	3,600	Buy	41.9	53.3	65.5	79	62	50	48	40	33	17.9	19.2	19.9	0.3
United Breweries	1,727	1,750	Neutral	16.4	26.9	34.8	105	64	50	54	40	31	9.7	14.9	17.6	0.4
Innerwear																
Page Industries	38,900	47,500	Buy	715.4	803.0	911.2	54	48	43	37	33	29	47.1	44.4	42.7	1.2
QSR																
United Foodbrands	178	215	Neutral	-14.0	-13.4	-12.4	NM	NM	NM	4	4	3	-17.8	-20.4	-23.5	0.0
Devyani intl.	144	180	Buy	-0.1	1.2	2.2	NM	124	66	26	20	16	-1.9	26.4	60.4	0.0
Jubilant Food.	589	650	Neutral	5.3	8.1	10.7	111	73	55	23	20	17	17.4	26.4	32.0	0.3
Restaurant Brands	62	120	Buy	-3.2	-1.4	-0.2	NM	NM	NM	11	7	5	-23.4	-12.4	-2.0	0.0
Sapphire Foods	256	350	Buy	-0.3	2.0	3.1	NM	127	82	18	14	12	-0.7	4.6	6.7	0.0
Westlife Foodworld	550	675	Neutral	-0.2	2.0	5.4	NM	270	102	29	24	20	-0.6	5.0	12.1	0.0
Jewelry																
Kalyan Jewellers	496	675	Buy	11.2	14.3	17.0	44	35	29	25	21	17	22.1	24.1	24.6	0.6
P N Gadgil Jewellers	632	825	Buy	25.1	29.5	34.8	25	21	18	18	15	13	19.8	19.1	18.6	0.0
Senco Gold	321	375	Neutral	17.7	18.5	22.6	18	17	14	11	11	9	13.8	12.8	13.9	0.5
Titan Company	3,905	4,500	Buy	56.8	67.2	79.5	69	58	49	43	37	32	37.7	34.7	32.4	0.4

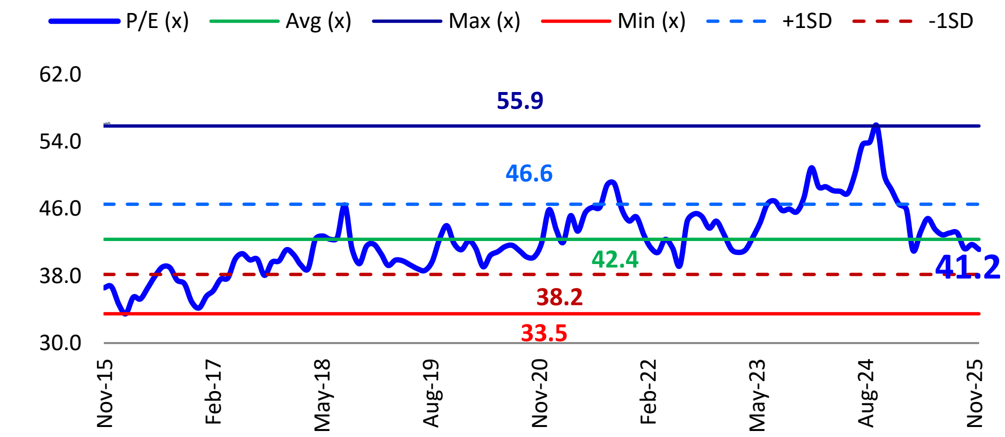
Source: Company, MOFSL

Exhibit 35: Valuation changes vs. historical averages

Companies	Current	Average P/E (x)			Prem / Disc P/E (x) vs.		
	P/E (x)	15 YR	10 YR	5 YR	15 YR	10 YR	5 YR
Consumer	**41.2**	**38.6**	**42.4**	**45.2**	**6.7**	**-2.9**	**-9.0**
Consumer Ex ITC	**47.5**	**38.6**	**52.5**	**56.8**	**23.2**	**-9.4**	**-16.4**
Asian Paints	53.8	49.8	57.8	64.8	8.0	-7.0	-17.0
Britannia Inds.	50.9	40.0	48.6	50.8	27.4	4.9	0.3
Colgate-Palm.	38.9	34.7	41.6	43.4	12.1	-6.4	-10.2
Dabur India	43.9	41.2	48.0	52.7	6.6	-8.4	-16.7
Emami	24.6	23.3	28.9	28.8	5.5	-14.9	-14.5
Godrej Consumer	46.2	41.8	48.4	53.3	10.4	-4.6	-13.4
Hind. Unilever	48.1	47.0	53.7	56.6	2.3	-10.4	-14.9
Indigo Paints	31.5	65.2	60.4	60.4	-51.7	-48.0	-48.0
ITC	22.6	23.5	22.6	21.5	-3.7	0.2	5.0
Jyothy Lab.	27.2	34.9	32.5	31.9	-22.1	-16.3	-14.8
L T Foods	16.3	8.1	10.7	11.1	102.4	52.9	46.4
Marico	46.4	35.2	44.3	47.6	31.7	4.7	-2.5
Nestle India	66.3	54.6	61.4	67.8	21.5	8.0	-2.2
P & G Hygiene	46.3	57.0	67.0	68.6	-18.8	-30.9	-32.6
Page Industries	50.5	55.7	65.8	68.5	-9.3	-23.2	-26.2
Pidilite Inds.	55.2	49.9	61.7	74.4	10.5	-10.6	-25.8
Tata Consumer	65.8	31.3	37.8	56.2	110.2	74.2	17.1
Radico Khaitan	59.9	44.3	50.7	64.3	35.2	18.1	-6.8
United Breweries	59.9	44.3	50.7	64.3	35.2	18.1	-6.8
United Spirits	76.1	92.4	98.6	107.2	-17.6	-22.8	-29.0
Varun Beverages	57.0	NA	63.2	58.7	NA	-9.8	-2.8

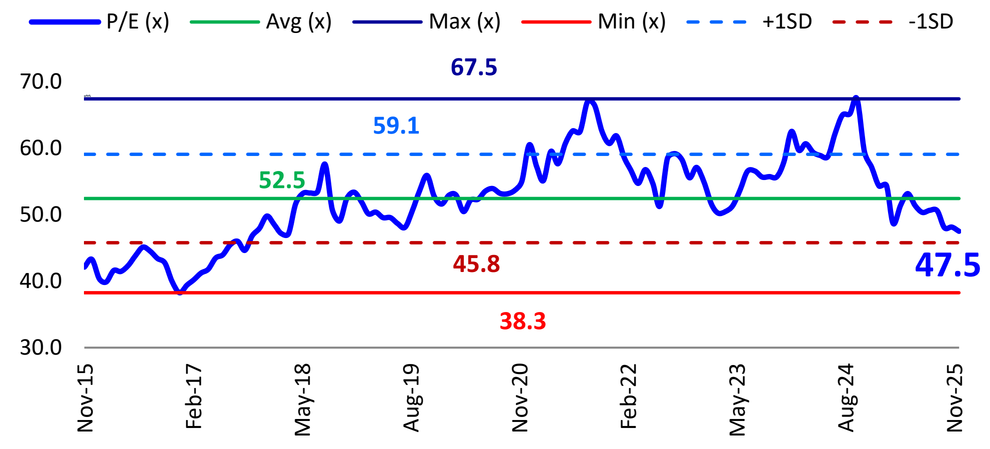
Source: Bloomberg, MOFSL

Exhibit 36: Consumer sector's P/E band (x)



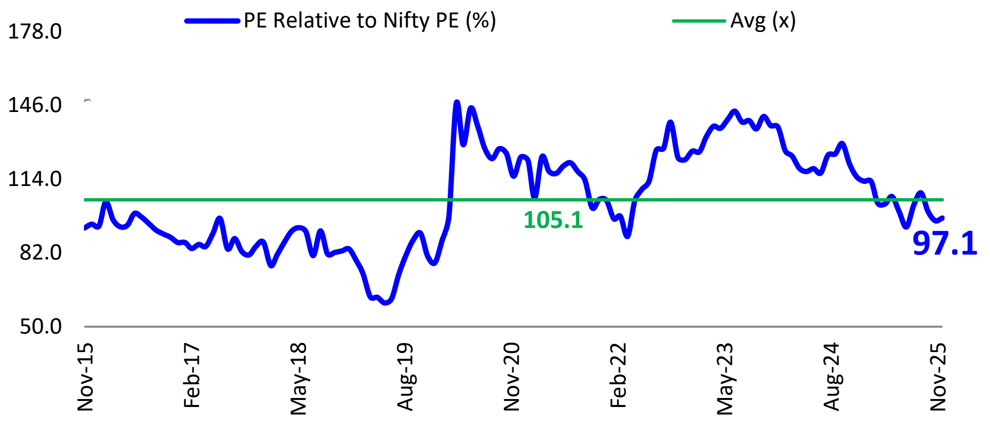
Source: Bloomberg, MOFSL

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



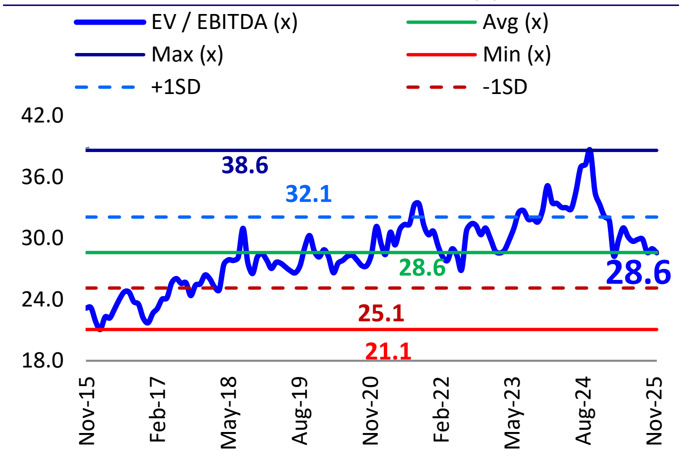
Source: Bloomberg, MOFSL

Exhibit 38: Consumer sector's P/E relative to the Nifty P/E (%)



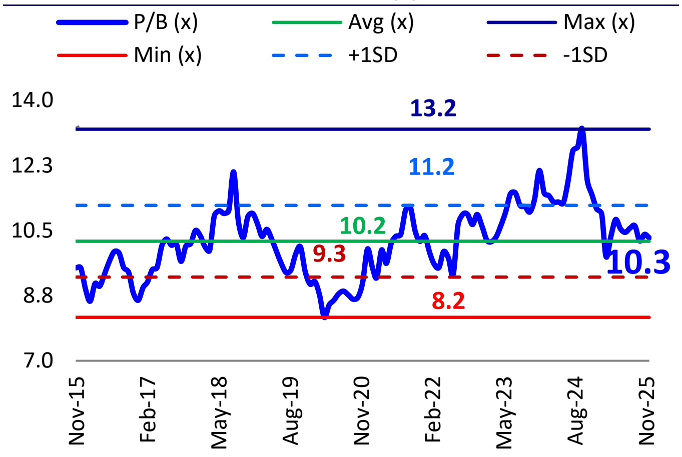
Source: Bloomberg, MOFSL

Exhibit 39: Consumer sector – EV/EBITDA (x)



Source: Bloomberg, MOFSL

Exhibit 40: Consumer sector – P/B (x)



Source: Bloomberg, MOFSL

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

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