Consumer

2Q Preview: GST transition to weigh on earnings growth

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Our channel checks/pre-quarter updates point to stable demand trends for July/August partially offset by GST transition-led disruption (c.300-400bps impact on sales growth) for a majority of staples players in September and the extended monsoon (for beverage categories). Within our coverage universe, we expect Foods players to grow a tad faster compared to HPC players. In terms of sales growth, we expect outperformance from Marico, TCPL, Bikaji, DOMS, and Honasa, and a resilient print from ITC (Cigarettes); Colgate, Asian Paints, VBL and HUL are likely to report a soft quarter. Profitability trends are unlikely to change materially – GM stable QoQ but lower YoY due to raw material (RM) inflation (especially agri-commodities) and discounts extended to clear pipeline inventory, resulting in low-single-digit EBITDA decline for the quarter. However, with lower gross margin coming into the base, EBITDA growth should look better from 3QFY26E. Hence, management commentary on festive season trends/GST transition impact in 3QFY26E will be key to determine the pace of volume recovery and overall earnings trajectory in the coming quarters. Marico, Britannia and Bikaji remain our preferred picks.

- **GST transition-led disruption in September to weigh on overall sales growth:** Our channel checks and management commentaries point to stable demand trends for July/August. However, post announcement of GST rate cuts, some near-term disruption has been seen – a) muted ordering activity by channel partners in order to liquidate inventory with old MRP and b) delay in pantry stocking by consumers, thereby impacting volume trajectory in September. This apart, the adverse monsoon had an impact on discretionary segments like paints and beverages. Within the HPC segment, we expect Marico to outperform yet again with high-single-digit volume growth. GCPL, HUL and Jyothy Labs are likely to see low-single-digit volume growth while Colgate is expected to underperform with mid-single-digit decline owing to high base and GST transition-led disruption. Within the F&B segment, it is a mixed bag – we expect volume trajectory for TCPL (domestic tea) and Bikaji to improve vs. 1QFY26, low-single-digit volume growth for Britannia and continued weak volumes (due to the adverse monsoon) for beverage players like Varun Beverages and Dabur (Juices). Within other discretionary segments, we expect mid-single digit volume growth for Asian Paints and ITC-Cigarettes.

- **Marico, TCPL and Bikaji to outperform; soft quarter for Colgate, HUL and VBL:** Pricing growth is likely to remain firm with Marico leading the pack (c.60%/high teens price hike in Parachute/Saffola edible oils), followed by high-single-digit pricing growth in TCPL (domestic tea), mid-single-digit pricing growth in Britannia, GCPL and low-single-digit growth in HUL. For our HPC coverage universe (ex-ITC), sales growth is expected to be 5.5% in 2QFY26E (vs. 6.5% in 1Q). However, for the Foods universe, growth is expected to a tad higher at 7.0% (vs. c.4.8% in 1Q). As a result, for overall staples coverage (ex-ITC) we expect sales growth of c.6.1% (a tad lower vs. 7.1% in 1Q). We expect Marico to outperform with sales growth of c.30% followed by Honasa (c. LTL sales growth of c. 20%+), and low-double-digit growth in Bikaji/TCPL.

- **Weaker gross margins and scale deleverage to impact operating profitability:** The input cost environment has been a mixed bag in Sep-Q with palm oil prices inching up and copra prices seeing further inflation, while crude oil and tea prices remained benign – JM Proprietary FMCG RM Index was up 1.4%/4.6% YoY/QoQ in 2QFY26. On the profitability front, we expect YoY compression (but stable QoQ) in gross margin and EBITDA margin (due to scale deleverage) for our staples coverage (ex-ITC). EBITDA growth for staples (ex-ITC) is likely to report low-single-digit decline YoY in 2QFY26, with margin compression of c.160bps YoY. Going ahead, how the RM basket behaves (copra season and fresh crop for palm oil in 2H) and impact of GST rationalisation will be the key monitorable.

- **Valuation & View:** Our coverage universe for Staples (ex-ITC) is trading at NTM of 54x, closer to the long-term average. While demand trends have not deteriorated and remain largely similar to that in recent quarters, broad-based recovery across segments is still elusive. On YoY basis, EBITDA comparables will start to look better from 2H (as low GM starts coming into the base) and revenue base turns favourable too from 2H (weak festive in the base). To that extent, management commentary on demand trends in festive/post GST rate cuts will be key monitorables from the perspective of future earnings drivers and rerating from current levels. We have raised our earnings estimate by 1-2% for Britannia, Nestle while cut by c.4-5% for VBL & Jyothy labs.

- **Aligning with our new rating system, we change our rating from a) HOLD to ADD for Dabur, Colgate, TCPL and Jyothy Labs, b) BUY to ADD for HUL, DOMS, Honasa, c) SELL to REDUCE for Asian Paints and d) HOLD to REDUCE for Nestle.**

Exhibit 1. 2QFY26E Earnings preview for coverage universe

INR mn	Sales			EBITDA			Adjusted PAT		
	2QFY26E	2QFY25	YoY	2QFY26E	2QFY25	YoY	2QFY26E	2QFY25	YoY
HUL	161,189	157,290	2.5%	36,185	37,930	-4.6%	24,406	26,000	-6.1%
Dabur	31,930	30,200	5.7%	5,837	5,526	5.6%	4,535	4,250	6.7%
GCPL	38,664	36,471	6.0%	7,370	7,596	-3.0%	5,169	4,970	4.0%
Jyothy Labs	7,447	7,338	1.5%	1,206	1,385	-12.9%	914	1,050	-13.0%
Marico	34,660	26,640	30.1%	5,435	5,220	4.1%	4,421	4,230	4.5%
Colgate	15,287	16,092	-5.0%	4,629	4,974	-6.9%	3,304	3,951	-16.4%
Britannia	48,961	45,662	7.2%	8,310	7,834	6.1%	5,715	5,316	7.5%
TCPL	47,406	42,145	12.5%	6,258	6,263	-0.1%	3,717	3,761	-1.2%
ITC	207,583	203,600	2.0%	62,439	63,352	-1.4%	50,508	50,795	-0.6%
Asian Paints	80,669	80,030	0.8%	13,678	12,395	10.3%	8,979	8,380	7.1%
Nestle	52,458	50,748	3.4%	11,338	11,677	-2.9%	6,999	7,677	-8.8%
Varun Beverages	50,346	48,047	4.8%	11,710	11,511	1.7%	6,607	6,196	6.6%
Bikaji	8,102	7,040	15.1%	1,292	1,067	21.1%	824	692	19.1%
Honasa	5,357	4,618	16.0%	391	-307	NM	363	-186	NM
DOMS	5,485	4,578	19.8%	932	859	8.5%	524	513	2.1%
EMIL	15,863	13,211	20.1%	1,004	839	19.6%	186	245	-24.3%
Staples*	**437,900**	**412,585**	**6.1%**	**86,237**	**88,404**	**-2.5%**	**58,968**	**61,204**	**-3.7%**

Source: Company, JM Financial; *Aggregate of HUL, Dabur, GCPL, Jyothy Labs, Marico, Colgate, Britannia, TCPL and Nestle. Note: Estimates for VBL pertains to 3QCY25

Exhibit 2. GST transition-led disruption in September impacts volume trajectory for most of the key players…

Volume growth	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26E
HUL	2.0%	2.0%	2.0%	4.0%	3.0%	0.0%	2.0%	4.0%	2.0%
Dabur (Domestic)	3.0%	4.0%	4.2%	5.2%	-11.0%	1.2%	-4.0%*	-1.0%	7.0%
GCPL (Domestic)	4.0%	5.0%	7.0%	8.0%	7.0%	0.0%	4.0%	5.0%	2.0%
Jyothy Labs	9.0%	11.0%	7.2%	10.8%	3.0%	8.0%	4.0%	3.6%	3.0%
Marico (Domestic)	3.0%	2.0%	3.0%	4.0%	5.0%	6.0%	7.0%	9.0%	7.6%
Colgate	-2.0%	-1.0%	2.0%	8.0%	8.0%	7.0%	0.0%	-3.5%	-5.0%
Britannia	0.2%	5.5%	6.0%	8.0%	8.0%	6.0%	3.5%	2.0%	2.0%
TCPL (India Tea)	3.0%	2.0%	0.0%	0.0%	-4.0%	7.0%	2.0%	1.0%	5.0%
ITC - Cigarette	4.0%	-1.8%	2.0%	2.5%	2.7%	4.5%	5.0%	6.5%	6.0%
Asian Paints	6.0%	12.0%	10.0%	7.0%	-0.5%	1.6%	1.8%	3.9%	5.0%
Varun Beverages (Domestic)	14.8%	18.6%	4.4%	22.9%	5.7%	4.8%	15.5%	-7.1%	-2.0%

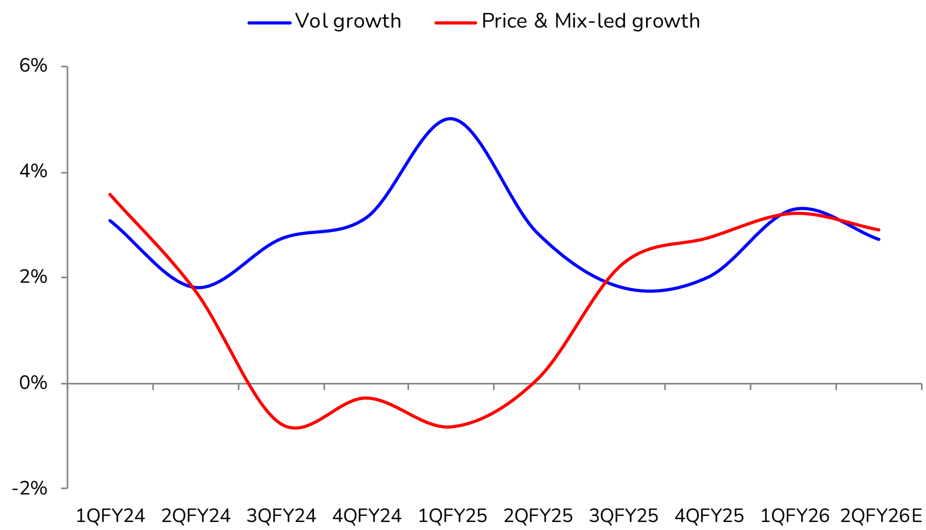
Source: Company, JM Financial; *Volume growth as per JMFe as no specific disclosure made by the company. Note: Estimates for VBL pertains to 3QCY25

Exhibit 3. …which along with positive pricing actions drives mid-single-digit sales growth

Sales growth (%)	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26E
HUL	3.1%	-0.3%	0.6%	1.7%	2.4%	1.9%	2.7%	5.2%	2.5%
Dabur	7.3%	7.0%	5.1%	7.0%	-5.5%	3.1%	0.6%	1.7%	5.7%
GCPL	6.1%	1.5%	6.1%	-3.1%	2.2%	3.5%	6.3%	10.0%	6.0%
Jyothy Labs	11.1%	10.6%	7.0%	8.0%	0.2%	4.0%	1.1%	1.3%	1.5%
Marico	-0.8%	-1.9%	1.7%	6.7%	7.6%	15.4%	19.8%	23.3%	30.1%
Colgate	6.1%	8.2%	10.4%	13.0%	10.0%	4.7%	-1.9%	-4.4%	-5.0%
Britannia	0.8%	2.2%	3.1%	4.0%	4.5%	6.5%	9.0%	9.8%	7.2%
Nestle	9.4%	8.3%	9.3%	3.8%	1.3%	3.9%	3.7%	5.9%	3.4%
Varun Beverages	21.8%	20.5%	10.9%	28.3%	24.1%	38.3%	28.9%	-2.5%	4.8%
TCPL	11.0%	9.5%	8.5%	16.3%	12.9%	16.8%	17.3%	9.8%	12.5%
ITC	3.4%	2.1%	-2.9%	3.6%	16.0%	3.3%	9.2%	19.8%	2.0%
Asian Paints	0.3%	5.4%	-0.6%	-2.3%	-5.3%	-6.1%	-4.3%	-0.2%	0.8%
Staples* (Ex-ITC/Asian Paints/VBL)	**4.9%**	**2.9%**	**4.1%**	**4.4%**	**3.4%**	**5.3%**	**5.9%**	**7.1%**	**6.1%**

Source: Company, JM Financial. Sales growth computation excludes other operating income. *Aggregate of HUL, Dabur, GCPL, Jyothy Labs, Marico, Colgate, Britannia, Nestle and TCPL.. Note: Estimates for VBL pertains to 3QCY25

Exhibit 4. Both volume and pricing growth to see sequential improvement for Staples players



Source: Company, JM Financial

Exhibit 5. Gross margin performance to remain weak yoy (stable qoq) due to input cost inflation

Gross margins (%)	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26E
HUL	52.2%	51.1%	51.8%	51.4%	51.0%	50.6%	50.6%	49.5%	49.9%
Dabur	48.2%	48.5%	48.4%	47.6%	49.2%	47.9%	46.5%	46.9%	48.0%
GCPL	54.5%	55.4%	55.9%	55.6%	55.4%	53.9%	52.2%	51.6%	52.2%
Jyothy Labs	49.2%	49.8%	49.5%	51.3%	50.2%	49.8%	49.2%	48.0%	47.2%
Marico	50.5%	51.3%	51.6%	52.3%	50.8%	49.5%	48.6%	46.9%	44.0%
Colgate	68.6%	72.0%	69.1%	70.4%	68.4%	69.7%	70.4%	68.6%	68.7%
Britannia	42.1%	43.0%	44.1%	41.8%	40.2%	36.9%	39.3%	39.2%	38.9%
Nestle	56.3%	58.4%	56.7%	57.5%	56.4%	56.2%	55.7%	55.0%	54.5%
Varun Beverages	53.6%	54.3%	54.4%	52.8%	52.9%	52.6%	52.5%	52.5%	55.0%
TCPL	42.5%	43.8%	46.1%	44.9%	43.6%	41.1%	41.9%	40.1%	41.3%
Asian Paints	43.2%	43.4%	43.5%	42.4%	40.6%	42.3%	43.7%	42.6%	43.0%
Staples*(Ex-ITC/Asian Paints/VBL)	**51.0%**	**51.3%**	**51.8%**	**51.2%**	**50.6%**	**49.4%**	**49.5%**	**48.4%**	**48.5%**

Source: Company, JM Financial. *Aggregate of HUL, Dabur, GCPL, Jyothy Labs, Marico, Colgate, Britannia, Nestle and TCPL.. Note: Estimates for VBL pertains to 3QCY25.

Exhibit 6. ..which along with scale deleverage to impact operating profitability for Staples players

EBITDA growth (%)	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26E
HUL	9.1%	-0.8%	-1.1%	2.2%	-0.1%	0.8%	2.4%	-0.7%	-4.6%
Dabur	10.0%	9.5%	13.9%	8.3%	-16.4%	2.1%	-8.6%	2.0%	5.6%
GCPL	29.9%	15.7%	17.9%	12.7%	7.9%	-10.1%	0.5%	-4.1%	-3.9%
Jyothy Labs	68.3%	40.6%	18.8%	13.7%	2.3%	-2.4%	3.3%	-7.0%	-12.9%
Marico	14.8%	12.5%	12.5%	9.1%	5.0%	3.9%	3.6%	4.6%	4.1%
Colgate	18.2%	29.6%	17.8%	21.6%	3.2%	-3.0%	-6.4%	-11.0%	-6.9%
Britannia	22.6%	0.4%	-1.7%	9.4%	-10.2%	2.9%	2.3%	0.4%	6.1%
Nestle	22.3%	12.5%	22.0%	5.6%	-4.9%	-0.6%	2.9%	-1.3%	-5.2%
Varun Beverages	26.2%	36.0%	23.9%	31.8%	30.5%	38.7%	27.8%	0.4%	1.7%
TCPL	23.8%	26.2%	23.0%	22.4%	16.6%	-1.3%	-1.4%	-9.1%	-0.1%
ITC	3.0%	-3.2%	-5.9%	-2.6%	4.9%	-3.3%	2.5%	2.9%	-1.4%
Asian Paints	39.8%	27.6%	-9.3%	-20.2%	-27.8%	-20.4%	-15.1%	-4.1%	10.3%
Staples*(Ex-ITC/Asian Paints/VBL)	**15.9%**	**7.2%**	**7.9%**	**7.4%**	**-0.8%**	**-0.3%**	**0.9%**	**-1.7%**	**-2.5%**

Source: Company, JM Financial. *Aggregate of HUL, Dabur, GCPL, Jyothy Labs, Marico, Colgate, Britannia, Nestle and TCPL.. Note: Estimates for VBL pertains to 3QCY25.

Exhibit 7. Operating margin compression expected across all key coverage companies

EBITDA margin (%)	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26E
HUL	24.7%	24.0%	23.5%	24.1%	24.1%	23.7%	23.4%	22.8%	22.4%
Dabur	20.7%	20.6%	16.6%	19.6%	18.3%	20.4%	15.1%	19.7%	18.3%
GCPL	19.7%	23.2%	22.5%	21.9%	20.8%	20.2%	21.2%	19.1%	18.9%
Jyothy Labs	18.5%	17.5%	16.4%	18.0%	18.9%	16.4%	16.8%	16.5%	16.2%
Marico	20.1%	21.2%	19.4%	23.7%	19.6%	19.1%	16.8%	20.1%	15.7%
Colgate	33.0%	33.8%	35.9%	34.2%	30.9%	31.3%	34.3%	31.9%	30.3%
Britannia	20.0%	19.6%	19.6%	18.2%	17.2%	18.9%	18.4%	16.7%	17.0%
Nestle	24.5%	24.2%	25.7%	23.2%	23.0%	23.2%	25.5%	21.7%	21.1%
Varun Beverages	22.8%	15.7%	22.9%	27.7%	24.0%	15.7%	22.7%	28.5%	23.3%
TCPL	14.4%	15.0%	16.0%	15.3%	14.9%	12.7%	13.5%	12.7%	13.2%
ITC	34.4%	34.5%	34.9%	34.9%	31.1%	32.3%	32.8%	29.9%	30.1%
Asian Paints	20.2%	22.6%	19.4%	18.9%	15.4%	19.1%	17.2%	18.2%	17.0%
Staples*(Ex-ITC/Asian Paints/VBL)	**22.3%**	**22.4%**	**22.2%**	**22.1%**	**21.4%**	**21.2%**	**21.1%**	**20.3%**	**19.7%**

Source: Company, JM Financial. *Aggregate of HUL, Dabur, GCPL, Jyothy Labs, Marico, Colgate, Britannia, Nestle and TCPL. Note: Estimates for VBL pertains to 3QCY25

Exhibit 8. 2QFY26 expectations for JMF consumer coverage companies...

INR mn	2QFY26E	2QFY25	YoY	1QFY26	QoQ	Key growth assumptions	Expectations
Asian Paints							
Sales	80,669	80,030	0.8%	89,245	-9.6%	Vols +5% offset by adverse mix resulting in	MSD volume growth was largely offset by adverse price/mix. RM deflation and sourcing efficiencies to result in GPM expansion of 300bps. Negative operating leverage to restrict flowthrough to EBITDA, with margin expansion of c.200bps.
EBITDA	13,678	12,395	10.3%	16,250	-15.8%	flattish sales growth	
EBITDA margin %	17.0%	15.5%	147 bps	18.2%	-125 bps	GPM: +300bps yoy	
Adjusted Profit	8,979	8,380	7.1%	10,998	-18.4%		
Bikaji Foods							
Sales	8,102	7,040	15.1%	6,371	27.2%	GPM:+150bps yoy	Expect HSD vol growth driving DD sales growth. Ethnic Snacks and Western Snacks to grow in LDD. Western Snacks to grow in HSD and Packaged Sweets is expected to achieve robust growth of 25% yoy. Benign RM led GM expansion to result in sharp improvement in EBITDAM (ex-PLI).
EBITDA	1,292	1,067	21.1%	963	34.2%	EBITDA ex-PLI: +27.6% yoy	
EBITDA margin %	16.0%	15.2%	79 bps	15.1%	84 bps	EBITDAM ex-PLI: +140bps yoy/ +100bps qoq	
Adjusted Profit	824	692	19.1%	599	37.6%		
Britannia							
Sales	48,961	45,662	7.2%	45,349	8.0%	Vol: +2%, Pricing: mid single digit	We forecast 2% volume growth impacted by GST led disruption, which along with price hikes (+6%) to aid revenue growth of 7%. Higher RM costs to result in lower EBITDA growth of 6.1% with margin compression of 30bps.
EBITDA	8,310	7,834	6.1%	7,571	9.8%	GPM -130bps yoy	
EBITDA margin %	17.0%	17.2%	-18 bps	16.7%	28 bps		
Adjusted Profit	5,715	5,316	7.5%	5,207	9.8%		
Colgate							
Sales	15,287	16,092	-5.0%	14,206	7.6%	Vols: -5%, Pricing/Mix: remains same	High base, weak category trend and GST led disruption to impact topline. Scale deleverage to impact overall profitability
EBITDA	4,629	4,974	-6.9%	4,526	2.3%	GPM: 30bps yoy	
EBITDA margin %	30.3%	30.9%	-63 bps	31.9%	-158 bps		
Adjusted Profit	3,304	3,951	-16.4%	3,206	3.1%		
Dabur							
Sales	31,930	30,200	5.7%	33,958	-6.0%	India Vol growth: 7%	Consol sales growth in mid-single digit, with mid to high SD sales growth for domestic business. Oral care to see double digit growth while Hair oils expected to see mid-single digit growth, Juices sales impacted by adverse monsoons
EBITDA	5,837	5,526	5.6%	6,678	-12.6%	GPM -120bps yoy	
EBITDA margin %	18.3%	18.3%	-1 bps	19.7%	-138 bps		
Adjusted Profit	4,535	4,250	6.7%	5,139	-11.8%		
DOMS							
Sales	5,485	4,578	19.8%	5,623	-2.5%	Organic sales growth of +15%	Organic sales growth in mid teens and Uniclan sales (INR 380mn) to drive overall revenue performance, margins to see slight compression on yoy basis owing to consolidation of lower margin Uniclan business.
EBITDA	932	859	8.5%	987	-5.6%	Uniclan consolidation to result in margin	
EBITDA margin %	17.0%	18.8%	-177 bps	17.6%	-56 bps	compression on yoy basis	
Adjusted Profit	524	513	2.1%	573	-8.5%		
EMIL							
Sales	15,863	13,211	20.1%	17,394	-8.8%	Store count +21% yoy	Revenue to grow in line with store count growth of 21%. Festive demand has been strong. EBITDA growth largely inline with sales growth. Higher interest & depreciation cost to result in PAT Decline for the quarter
EBITDA	1,004	839	19.6%	1,100	-8.7%	GPM -45bps yoy	
EBITDA margin %	6.3%	6.4%	-2 bps	6.3%	0 bps		
Adjusted Profit	186	245	-24.3%	277	-33.0%		
Godrej Consumer							
Sales	38,664	36,471	6.0%	36,419	6.2%	India Sales (organic) +4.1% yoy	India sales growth in MSD. Home Care to grow in HSD and LSD decline in Personal Care. Indonesia sales likely to witness LSD decline, GAUM to see strong mid teens growth. International margins to remain flattish yoy; however,compression in India margins to result EBITDA decline by 190bps.
EBITDA	7,370	7,596	-3.0%	6,946	6.1%	International sales +8.4% yoy	
EBITDA margin %	19.1%	20.8%	-177 bps	19.1%	-1 bps	GPM: -300bps yoy; OPM: -190bps yoy	
Adjusted Profit	5,169	4,970	4.0%	4,710	9.7%		
Honasa Consumer							
Sales	5,357	4,618	16.0%	5,953	-10.0%	Mamaearth to decline in flat to low single digit	Expect sales to grow in mid teens (LTL growth of c.20%+), est.marginal decline in Mamaearth & 20%+ growth in newer brands led by TDC. Lower A&P and scale leverage to agressively boost EBITDA margin.
EBITDA	391	-307	NM	458	-14.6%	New brands to grow 20%+	
EBITDA margin %	7.3%	-6.6%	NM	7.7%	-40 bps		
Adjusted Profit	363	-186	NM	413	-12.1%		

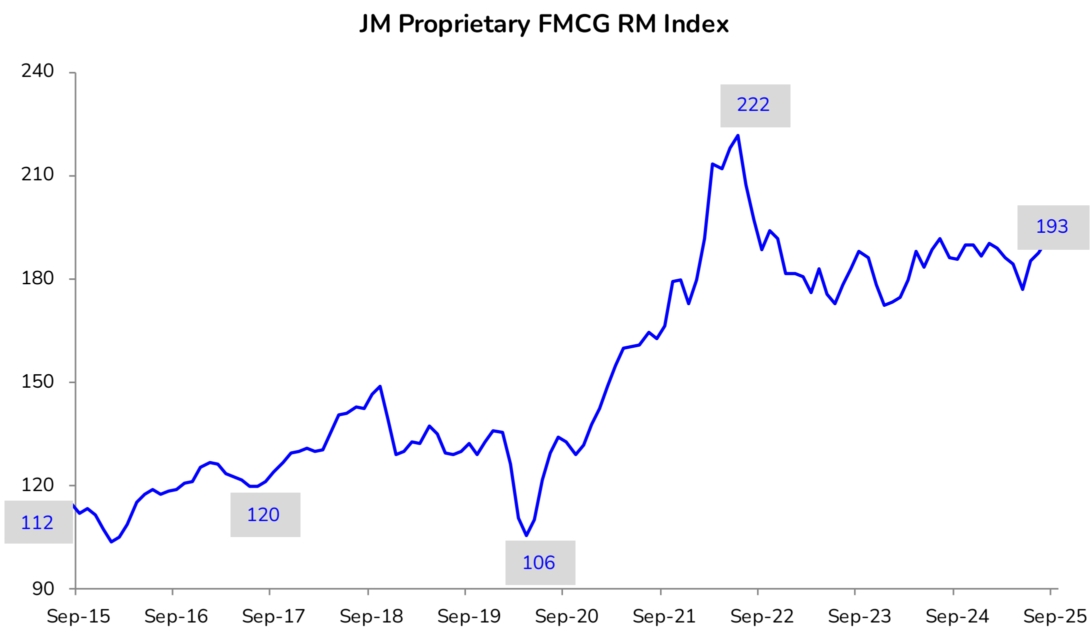
Source: Companis Data, JM Financial

Exhibit 9. ... contd.

INR mn	2QFY26E	2QFY25	YoY	1QFY26	QoQ	Key growth assumptions	Expectations
HUL							
Sales	161,189	157,290	2.5%	163,230	-1.3%	UVG: +2%; Pricing: remains same	GST led disruption to result in moderation in sales growth for the quarter. Higher RM cost/scale deleverage to impact margins resulting in EBITDA decline on yoy basis.
EBITDA	36,185	37,930	-4.6%	37,180	-2.7%	GM down 100bps yoy	
EBITDA margin %	22.4%	24.1%	-167 bps	22.8%	-33 bps		
Adjusted Profit	24,406	26,000	-6.1%	25,260	-3.4%		
ITC							
Sales	207,583	203,600	2.0%	209,110	-0.7%	Cig vols +6% and EBIT +3.9%	Cig volume to remain resilient at +6% resulting in cig sales growth of +6.8%, modest EBIT growth due to high cost RM being utilised.
EBITDA	62,439	63,352	-1.4%	62,613	-0.3%	FMCG sales +3.0% & EBIT -14.2%	
EBITDA margin %	30.1%	31.1%	-104 bps	29.9%	14 bps	Agri/Paper sales: +5%/+7%	
Adjusted Profit	50,508	50,825	-0.6%	49,124	2.8%		
Jyothy Labs							
Sales	7,447	7,338	1.5%	7,512	-0.9%	Volume growth: +3%, Pricing: -2%	Sales growth to remain in low single digits. GM compression and scale deleverage to result in decline in EBITDA.
EBITDA	1,206	1,385	-12.9%	1,242	-2.8%	GM down 300bps yoy	
EBITDA margin %	16.2%	18.9%	-267 bps	16.5%	-33 bps		
Adjusted Profit	914	1,050	-13.0%	968	-5.6%		
Marico							
Sales	34,660	26,640	30.1%	32,590	6.4%	Parach Vols: -2%	Healthy pricing led growth in core segment, strong growth in Foods & Personal Care to drive revenue growth. Steep inflation in copra prices led GM compression and higher brand investments to impact EBITDA growth on yoy basis.
EBITDA	5,435	5,220	4.1%	6,550	-17.0%	VAHO/Saffola sales growth: +19.3% /+19%	
EBITDA margin %	15.7%	19.6%	-391 bps	20.1%	-442 bps	GPM -680bps yoy	
Adjusted Profit	4,421	4,230	4.5%	5,040	-12.3%		
Nestle							
Sales	52,458	50,748	3.4%	50,740	3.4%	Volume growth: low single digit	GST transition to impact revenue performance. GPM to contract 140bps due to some RM uptick, translating in EBITDA decline on yoy basis.
EBITDA	11,338	11,677	-2.9%	11,003	3.0%	GM down 140bps yoy	
EBITDA margin %	21.6%	23.0%	-140 bps	21.7%	-7 bps		
Adjusted Profit	6,999	7,677	-8.8%	6,592	6.2%		
Tata Consumer Products							
Sales	47,406	42,145	12.5%	47,789	-0.8%	India Tea: mid-single-digit vol growth	Healthy growth in Tea, Salt & Sampann business along with scale up in recent acquisitions to drive overall revenue growth. Decline in tea prices to aid GM expansion of 120bps on qoq basis. Higher A&P spends and scale deleverage to result in flattish EBITDA growth.
EBITDA	6,258	6,263	-0.1%	6,069	3.1%	India Foods: +13.3% yoy	
EBITDA margin %	13.2%	14.9%	-166 bps	12.7%	50 bps	Intl Beverages +11.0% yoy	
Adjusted Profit	3,717	3,761	-1.2%	3,342	11.2%		
Varun Beverages							
Sales	50,346	48,047	4.8%	70,174	-28.3%	India vol:-2% yoy	Performance impacted by heavy rainfall and transitory impact of GST rate change, resulting in mid-single-digit sales growth (est. domestic volume decline of 2%). Scale deleverage to lead to decline in profitability.
EBITDA	11,710	11,511	1.7%	19,988	-41.4%	International vol: +19.1% yoy	
EBITDA margin %	23.3%	24.0%	-70 bps	28.5%	-522 bps		
Adjusted Profit	6,607	6,196	6.6%	13,170	-49.8%		

Source: Companies Data, JM Financial. Note: Estimates for VBL pertains to 3QCY25

Exhibit 10. Input cost environment is a mixed bag - JM Proprietary FMCG RM Index up 1.4% YoY and 4.6% QoQ for Sep-Q



Source: Bloomberg, JM Financial

Exhibit 11. Some trend reversal seen during Sep'25 in Crude oil while Palm oil prices inch up

Source: Bloomberg, JM Financial

Exhibit 12. Revision in estimates

	Revised			Earlier			Change (YoY)		
Britannia	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales (INR mn)	1,92,685	2,10,403	2,29,934	1,92,685	2,10,403	2,29,934	0.0%	0.0%	0.0%
EBITDA (INR mn)	35,060	39,155	43,029	35,219	38,727	42,423	-0.5%	1.1%	1.4%
PAT (INR mn)	24,628	28,090	31,445	24,749	27,768	30,977	-0.5%	1.2%	1.5%
EPS (INR)	102.2	116.6	130.5	102.7	115.3	128.6	-0.5%	1.2%	1.5%
Bikaji	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales (INR mn)	29,708	34,304	39,430	29,708	34,304	39,430	0.0%	0.0%	0.0%
EBITDA (INR mn)	4,370	5,054	5,329	4,344	5,058	5,338	0.6%	-0.1%	-0.2%
PAT (INR mn)	2,781	3,364	3,683	2,721	3,356	3,679	2.2%	0.2%	0.1%
EPS (INR)	11.1	13.4	14.7	10.9	13.4	14.7	2.2%	0.2%	0.1%
Honasa	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales (INR mn)	23,332	26,684	30,414	23,332	26,684	30,414	0.0%	0.0%	0.0%
EBITDA (INR mn)	1,636	2,281	3,055	1,603	2,264	3,048	2.1%	0.7%	0.2%
PAT (INR mn)	1,474	1,990	2,581	1,413	1,945	2,549	4.3%	2.3%	1.3%
EPS (INR)	4.5	6.1	7.9	4.3	6.0	7.8	4.3%	2.3%	1.3%
EMIL	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales (INR mn)	73,103	83,577	95,340	73,103	83,192	94,581	0.0%	0.5%	0.8%
EBITDA (INR mn)	4,833	5,917	6,886	4,805	5,845	6,797	0.6%	1.2%	1.3%
PAT (INR mn)	1,434	2,036	2,546	1,457	2,012	2,514	-1.6%	1.2%	1.3%
EPS (INR)	3.7	5.3	6.6	3.8	5.2	6.5	-1.6%	1.2%	1.3%
Varun Beverages	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales (INR mn)	2,12,791	2,42,378	2,73,170	2,16,074	2,47,113	2,79,369	-1.5%	-1.9%	-2.2%
EBITDA (INR mn)	50,330	56,305	62,448	51,512	57,868	64,779	-2.3%	-2.7%	-3.6%
PAT (INR mn)	29,631	33,934	38,515	30,548	35,176	40,411	-3.0%	-3.5%	-4.7%
EPS (INR)	8.8	10.0	11.4	9.0	10.4	12.0	-3.0%	-3.5%	-4.7%
Nestle	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales (INR mn)	2,13,677	2,32,890	2,54,018	2,13,677	2,31,071	2,50,087	0.0%	0.8%	1.6%
EBITDA (INR mn)	50,037	55,893	62,022	49,898	55,117	60,709	0.3%	1.4%	2.2%
PAT (INR mn)	32,094	36,344	40,788	31,992	35,772	39,820	0.3%	1.6%	2.4%
EPS (INR)	16.6	18.8	21.2	16.6	18.6	20.6	0.3%	1.6%	2.4%
Jyothy Labs	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales (INR mn)	28,466	30,378	32,419	29,818	31,865	34,054	-4.5%	-4.7%	-4.8%
EBITDA (INR mn)	4,686	5,116	5,583	4,908	5,366	5,864	-4.5%	-4.7%	-4.8%
PAT (INR mn)	3,559	3,936	4,364	3,729	4,127	4,575	-4.6%	-4.6%	-4.6%
EPS (INR)	9.7	10.7	11.9	10.2	11.2	12.5	-5.0%	-4.3%	-4.9%

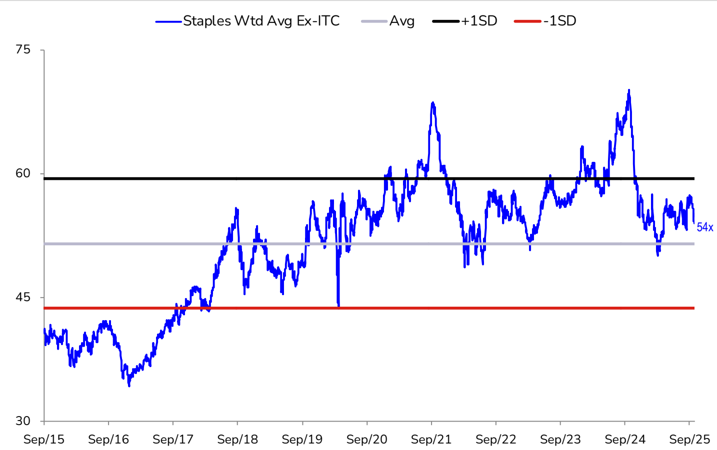
Source: Company, JM Financial. Note: Estimates of VBL pertains to CY25E/CY26E/CY27E.

Exhibit 13. Valuation metrics

Company	CMP (INR)	TP (INR)	Upside	Rating	EPS (INR)			PE (x)			FY25-28E (CAGR %)		
					FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	Sales	EBITDA	EPS
Asian Paints	2,353	2,245	-4.6%	REDUCE	44.8	49.1	55.1	52.5	47.9	42.7	7.8%	9.0%	9.6%
Bikaji Foods	731	850	16.3%	BUY	11.1	13.4	14.7	65.9	54.5	49.7	15.6%	17.5%	22.5%
Britannia	5,887	6,795	15.4%	BUY	102.2	116.6	130.5	57.6	50.5	45.1	9.5%	10.5%	12.7%
Colgate	2,231	2,355	5.6%	ADD	51.8	56.5	61.1	43.1	39.5	36.5	5.0%	5.4%	5.0%
Dabur	493	525	6.5%	ADD	11.1	11.9	13.1	44.6	41.5	37.7	8.0%	10.8%	9.4%
DOMS Industries	2,610	2,845	9.0%	ADD	36.7	43.0	51.8	71.2	60.7	50.4	19.6%	17.1%	15.8%
Electronic Marts	141	165	17.0%	BUY	3.7	5.3	6.6	37.8	26.7	21.3	13.6%	15.2%	16.7%
GCPL	1,153	1,370	18.8%	BUY	22.3	26.6	30.4	51.7	43.4	37.9	9.7%	12.0%	17.6%
Honasa	295	325	10.2%	ADD	4.5	6.1	7.9	65.1	48.2	37.2	13.7%	64.6%	52.6%
HUL	2,517	2,800	11.2%	ADD	44.8	49.1	54.5	56.2	51.2	46.2	7.2%	7.0%	7.1%
ITC	400	490	22.5%	BUY	16.9	18.7	20.4	23.7	21.4	19.6	8.3%	8.0%	9.1%
Jyothy Labs	311	350	12.5%	ADD	9.7	10.7	11.9	32.1	29.0	26.2	4.4%	3.8%	4.7%
Marico	715	825	15.4%	BUY	13.7	16.1	18.1	52.0	44.5	39.6	13.9%	12.6%	12.6%
Nestle	1,177	1,200	2.0%	REDUCE	16.6	18.8	21.2	70.7	62.5	55.6	8.2%	9.1%	9.6%
TCPL	1,120	1,210	8.0%	ADD	16.3	19.6	22.6	68.5	57.2	49.5	10.2%	13.1%	20.4%
Varun Beverages	440	550	25.0%	BUY	8.8	10.0	11.4	50.2	43.8	38.6	11.8%	9.9%	14.1%

Source: Company, JM Financial. Note: Figures of VBL pertains to CY25E/CY26E/CY27E.

Exhibit 14. Consumer sector valuations currently trades below 5-yr average, though above 10-yr average



Source: Bloomberg, JM Financial

APPENDIX I

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BUY	Expected return >= 15% over the next twelve months.
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REDUCE	Expected return >= -10% and < 5% over the next twelve months.
SELL	Expected return < -10% over the next twelve months.

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Rating	**Meaning**
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
HOLD	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

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