

Valuation matrix

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

Steady 1Q solidifies optimism for FY26 recovery

Jewelry and liquor categories sustain outperformance

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

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

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

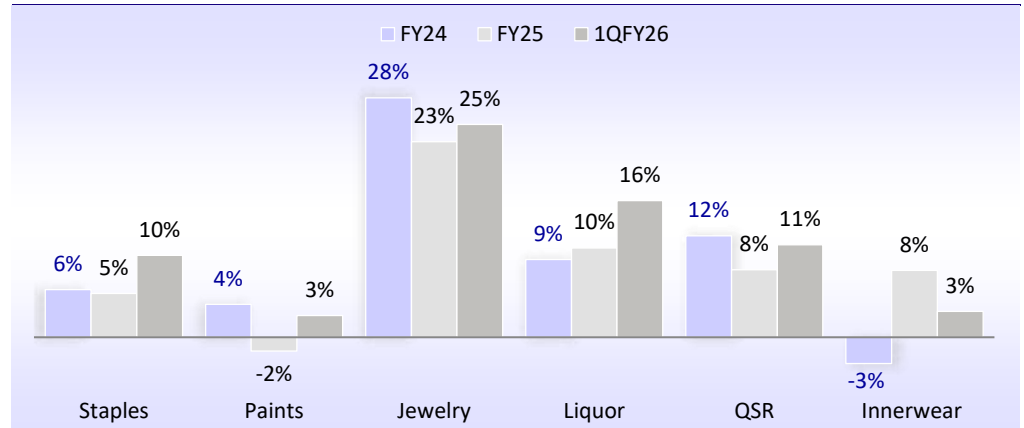
Performance summary of all categories and key areas to monitor

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

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

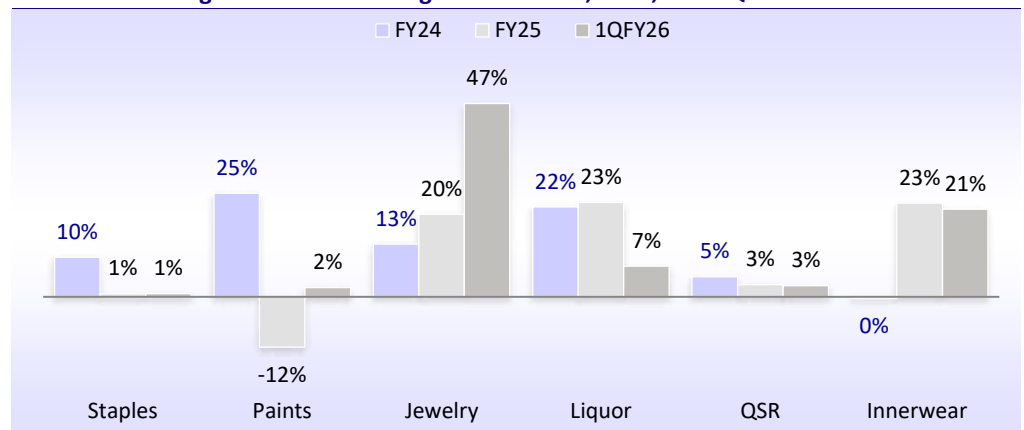
- **QSR:** Consumption trends remained stable, showing no significant improvement or deterioration compared to the last 3-4 quarters. Companies expect a gradual recovery in eat-out frequency. That said, weak underlying growth continued to impact operating margins, exerting pressure on restaurant and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

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



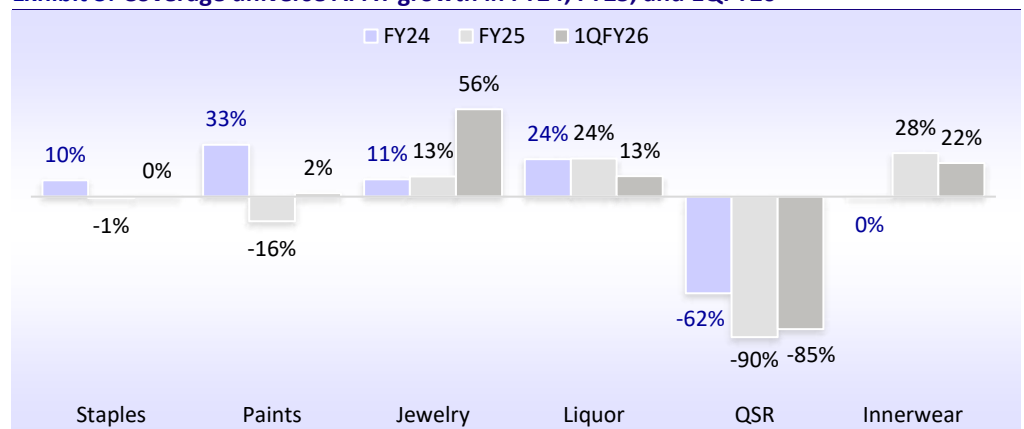
Source: Companies, MOFSL

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



Source: Companies, MOFSL

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



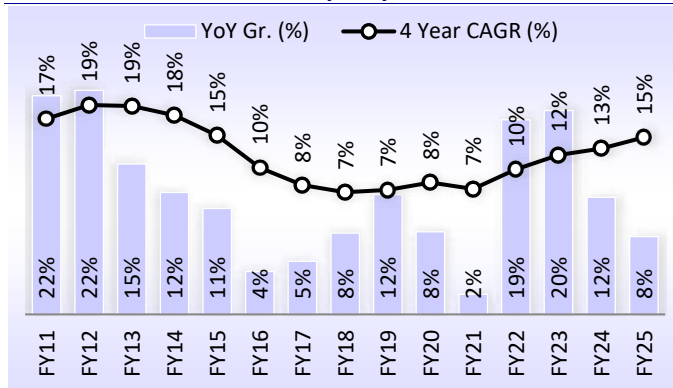
Source: Companies, MOFSL

Consumption tracker

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

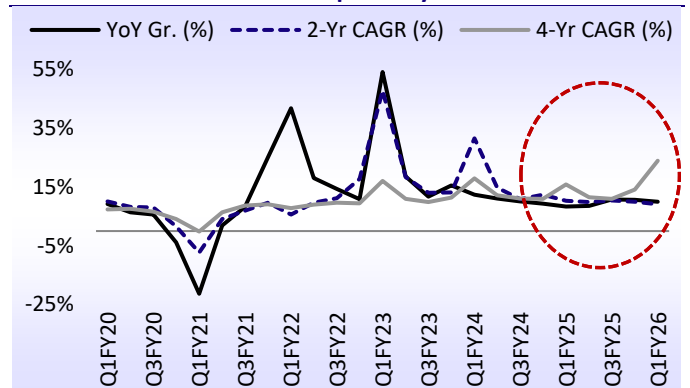
Our consumption tracker consists of various categories from the staple and discretionary baskets. The index comprises a diverse range of categories, from essentials such as oral care, hair care, personal care, and home care, to discretionary items such as F&B, OTC FMCG, cigarettes, footwear, paints,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

Exhibit 4: Consumer Index – yearly trend



Source: Companies, MOFSL

Exhibit 5: Consumer Index – quarterly trend



Source: Companies, MOFSL

Category outperformance and underperformance

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

Exhibit 6: Category outperformance and underperformance (LTM basis)

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

Source: Company, MOFSL

Exhibit 7: Volume and SSSG trends of coverage universe

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

*MOFSL assumptions; Source: Company, MOFSL

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

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

Source: Company, MOFSL

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

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

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

Staples – Stable demand; subdued margins in 1QFY26

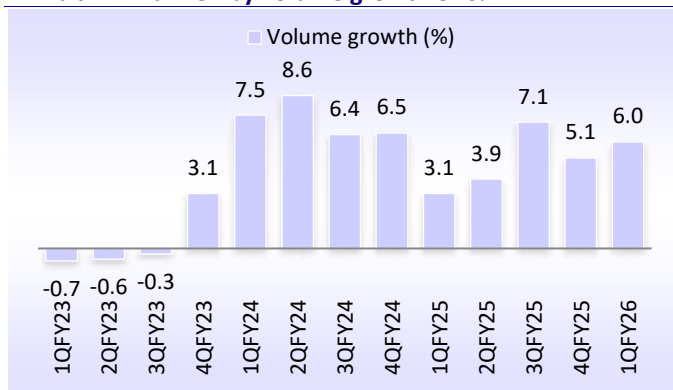
- FMCG demand remained stable, showing a gradual sequential improvement backed by favorable macros. The rural market continued to perform well, with urban demand also picking up. Our staple companies reported sales growth of 10% (est. 6%), EBITDA growth of 1% (est. +1%), and a flat APAT YoY (est. +2%).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

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



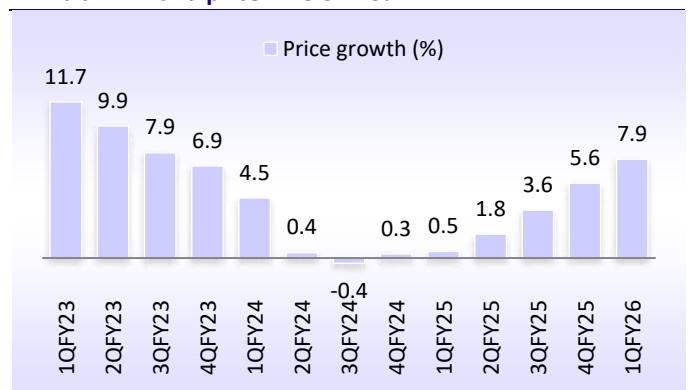
Source: NIQ data, MOFSL

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



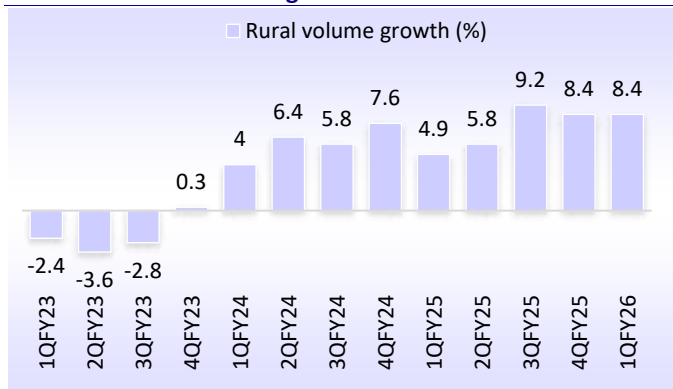
Source: NIQ data, MOFSL

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



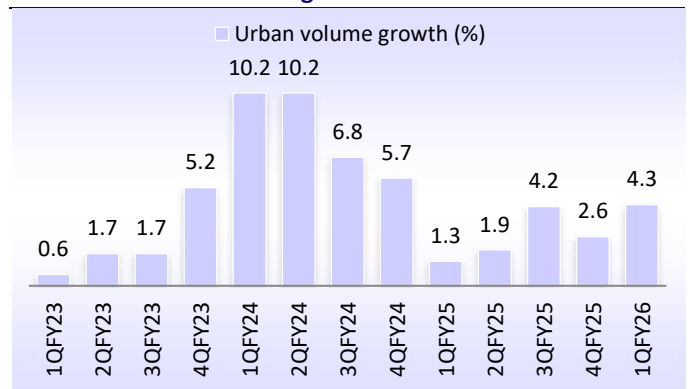
Source: NIQ data, MOFSL

Exhibit 13: Rural volume grew 8.4%



Source: NIQ data, MOFSL

Exhibit 14: Urban volume grew 4.3%



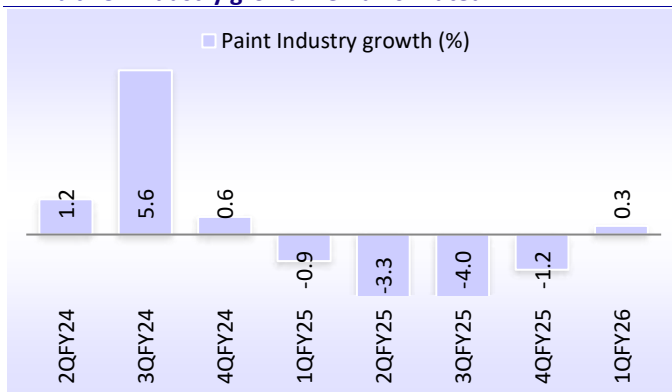
Source: NIQ data, MOFSL

Paint – Early monsoon and poor product mix dent the show

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

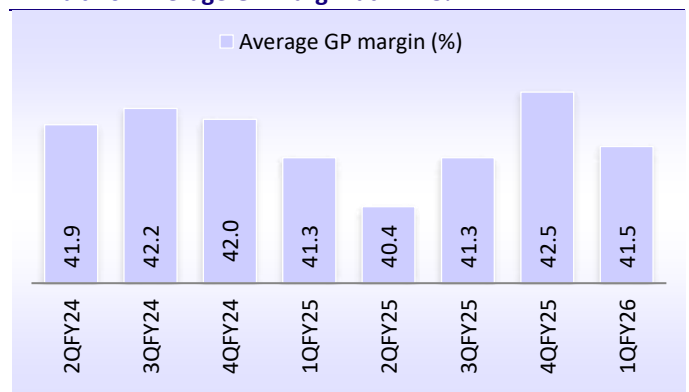
- **Soft industry growth:** Paint companies showed early signs of recovery, though the momentum was impacted by the early monsoon; still, sentiment from managements appears more positive compared to a year ago, with the sector posting marginal growth after four quarters of decline. The early festive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

Exhibit 15: Industry growth remains muted



Source: Indigo paints, Berger paints PPT

Exhibit 16: Average GP margin at ~41.5%



Source: Indigo paints PPT

Exhibit 17: Annual and quarterly trajectory of paint companies

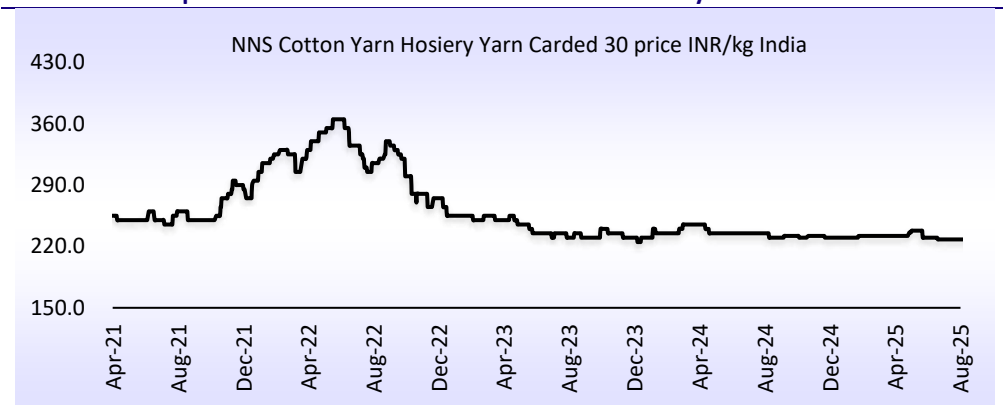
| Sales (INR b) | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | 1QFY25 | 2QFY25 | 3QFY25 | 4QFY25 | 1QFY26 |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|--------|--------|--------|--------|--------|
| Asian Paint | 192.4 | 202.1 | 217.1 | 291.0 | 344.9 | 354.9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

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

Innerwear – Bleak 1Q; expect recovery soon

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

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



Source: Bloomberg, MOFSL

Exhibit 19: Annual and quarterly trajectory of innerwear companies

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

Source: Company, MOFSL

Liquor – Healthy growth; watchful of policy changes

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

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

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

- **UBBL** - Karnataka volumes fell 16-17%, in line with the category contraction following steep excise hikes, though market share was retained. West Bengal also saw a double-digit decline, worsened by aggressive price competition in the economy segment. Uttar Pradesh emerged as a bright spot, with a supportive policy framework driving expectations of 20-25% growth. Telangana showed early signs of recovery as collections improved and base effects eased. Meanwhile, in Maharashtra, recent tax hikes in spirits have created favorable conditions for beer, potentially supporting double-digit volume growth if policies remain stable.
- **Others** - Tilaknagar Industries saw strong momentum in Maharashtra with Mansion House Brandy driving growth, alongside healthy traction in southern states like Tamil Nadu and Andhra Pradesh, while presence in newer states such as UP and West Bengal is expanding. Allied Blenders & Distillers faced pressure in West Bengal from price competition in the economy segment but maintained steady volumes in northern states like UP and Haryana, with Andhra Pradesh expected to improve as policy stabilizes. Sula Vineyards continued to rely on Maharashtra as its core market, where wine tourism partly offset softer own-brand sales, while Karnataka, Goa, and Delhi NCR showed steady premium demand, supported by tourism and urban consumption.
- **Near-term outlook:** United Spirits expects a gradual recovery in consumer sentiment with Prestige & Above driving growth, though mass-end demand remains soft. Radico Khaitan guided for sustained double-digit volume growth, led by strong traction in premium brands and rising acceptance in newer markets. Allied Blenders & Distillers expects stable demand in its mass portfolio while premiumization should accelerate growth over the medium term. Tilaknagar Industries anticipates continued robust demand for Mansion House Brandy, especially in southern markets, and sees growth opportunities in newer states as distribution expands. United Breweries expects beer demand to remain resilient with premium beer, driving category growth, though Karnataka remains a near-term drag. Sula Vineyards is optimistic on long-term premium wine demand and expects tourism-led consumption to remain strong, with gradual recovery in core wine sales.

Exhibit 20: Liquor companies' annual and quarterly trajectory

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

Source: Company, MOFSL

QSR – Unchanged print; urban recovery can turn around

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

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

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

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

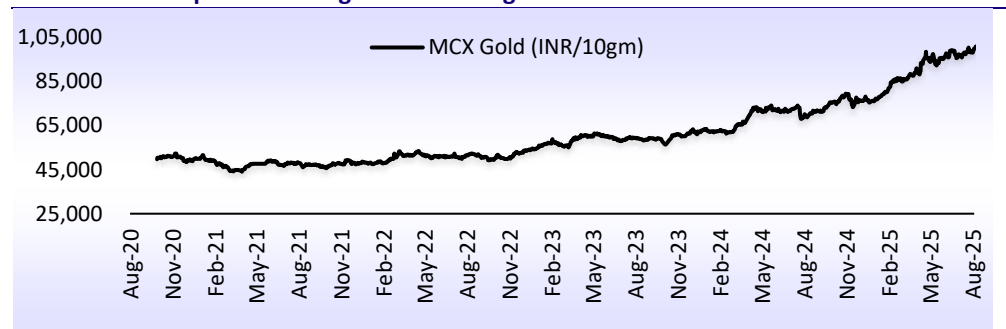
| | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | 1QFY25 | 2QFY25 | 3QFY25 | 4QFY25 | 1QFY26 |
|-----------------------------|-------|-------|-------|-------|-------|-------|-------|--------|--------|--------|--------|--------|
| Store growth (%) | 6 | 8 | 3 | 15 | 15 | 13 | 10 | 14 | 13 | 13 | 10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

Source: Company, MOFSL

Jewelry – Robust growth with margin expansion

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

Exhibit 22: Gold price touching an all-time high



Source: Bloomberg, MOFSL

Exhibit 23: Jewelry companies' annual and quarterly trends

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

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

Source: Company, MOFSL

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

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

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

Exhibit 24: Trend in commodity prices

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

*till August '25, Source: Company, MOFSL

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

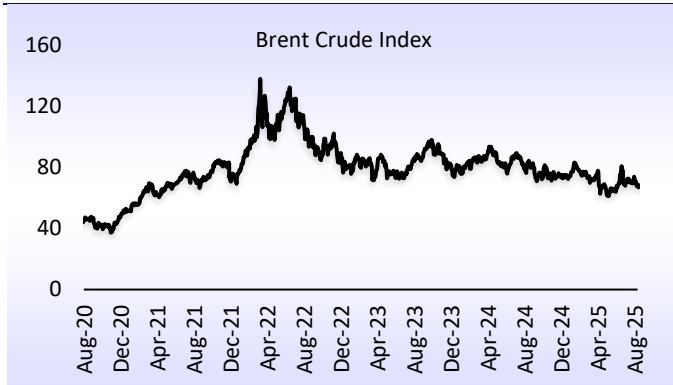


Exhibit 26: TiO2 prices declined 6% YoY and 2% QoQ

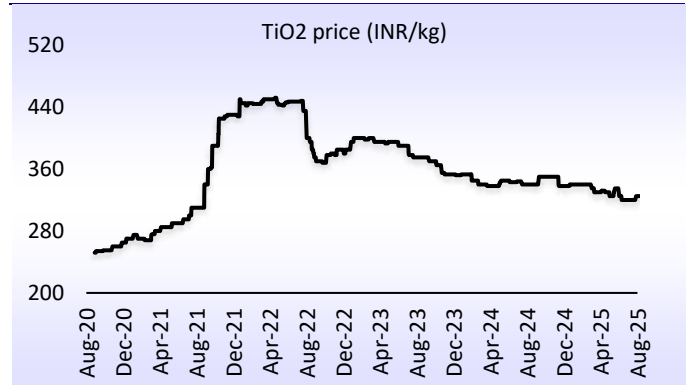


Exhibit 27: VAM prices were flat both YoY and QoQ till Aug'25

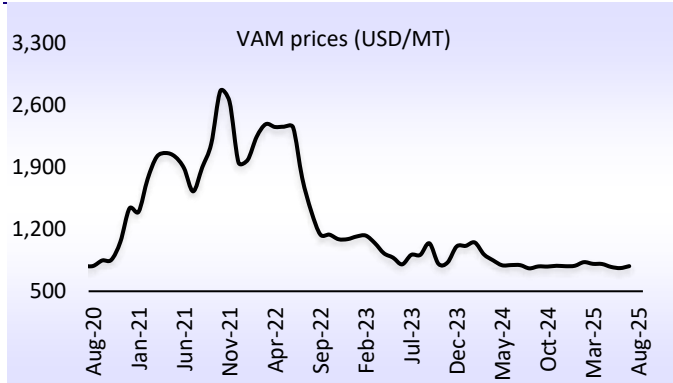


Exhibit 28: Glass costs have been stable for the last 11 quarters

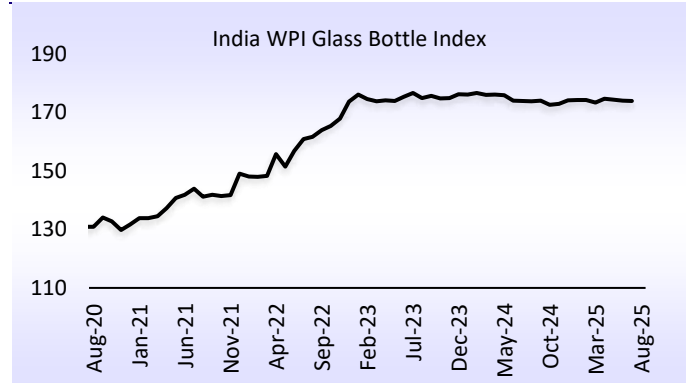


Exhibit 29: Wheat prices down 1% YoY while up 3% QoQ till Aug'25

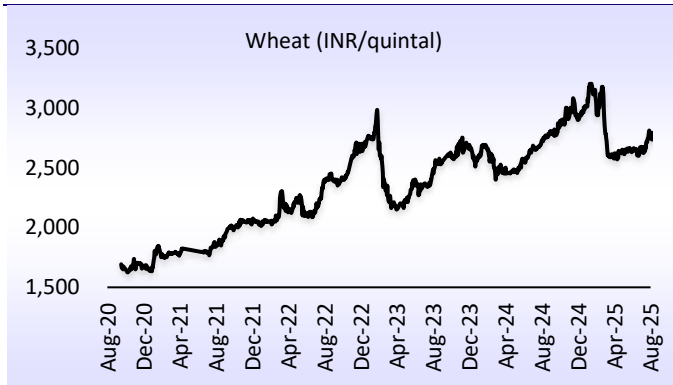


Exhibit 30: Maize prices down 6% YoY while up 5% QoQ till Aug'25

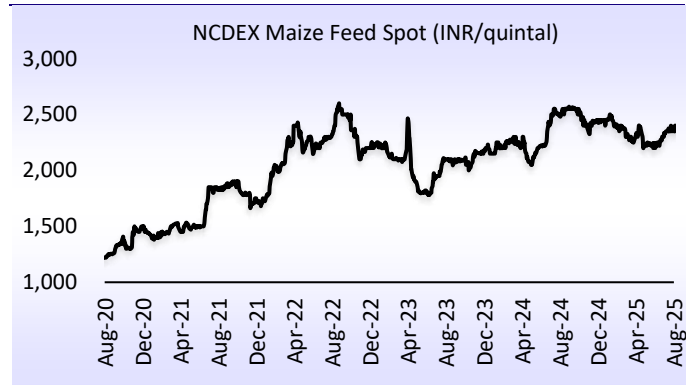
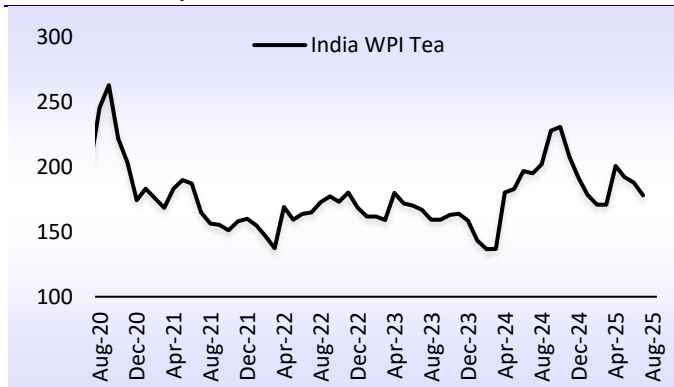
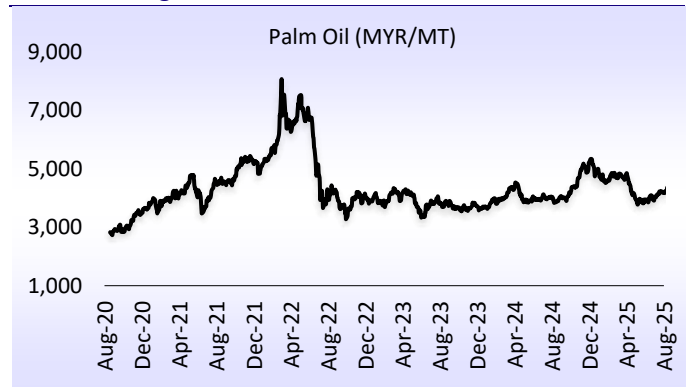


Exhibit 31: Tea prices down 15% YoY and 8% QoQ



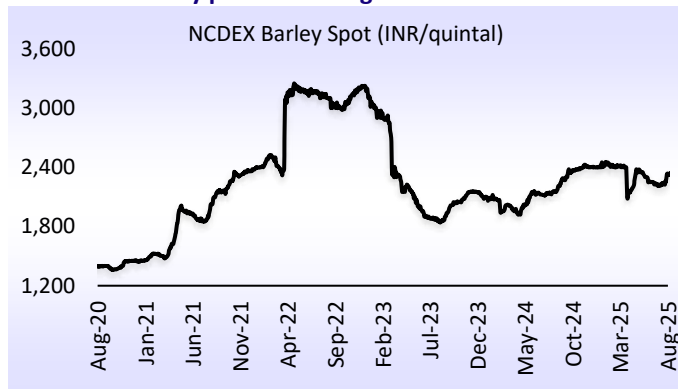
Source: Bloomberg, MOFSL

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



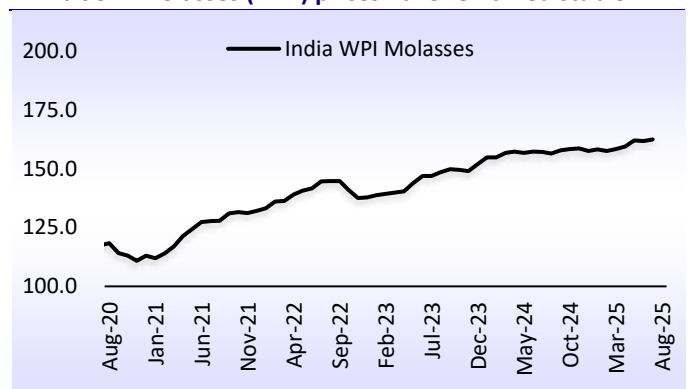
Source: Bloomberg, MOFSL

Exhibit 33: Barley prices are range bound



Source: Bloomberg, MOFSL

Exhibit 34: Molasses (ENA) prices have remained stable



Source: Bloomberg, MOFSL

Exhibit 35: Valuation summary

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

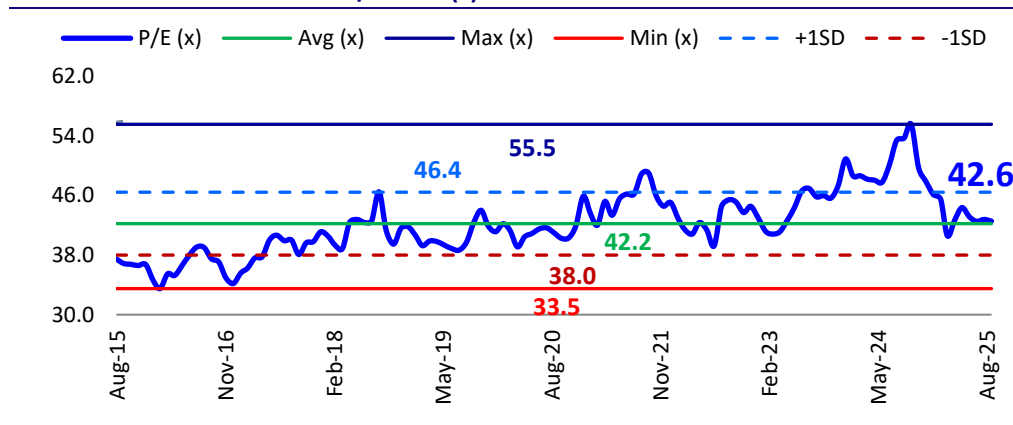
Source: Company, MOFSL

Exhibit 36: Valuation changes vs. historical averages

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

Source: Bloomberg, MOFSL

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



Source: Bloomberg, MOFSL

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

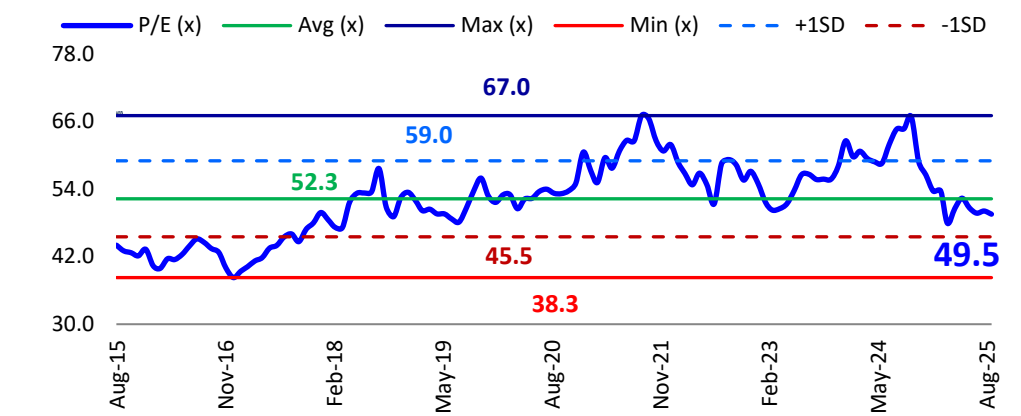


Exhibit 39: Consumer sector's P/E relative to the Nifty P/E (%)

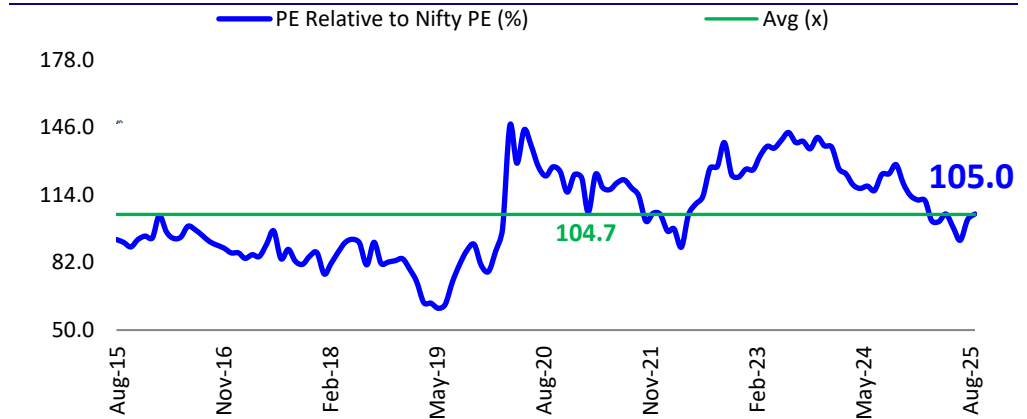


Exhibit 40: Consumer sector – EV/EBITDA (x)

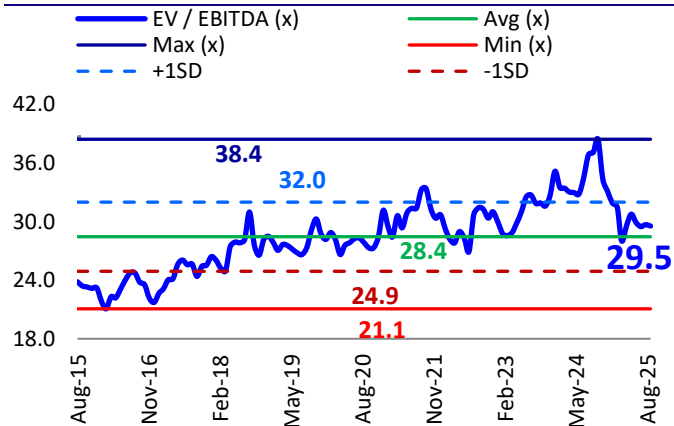
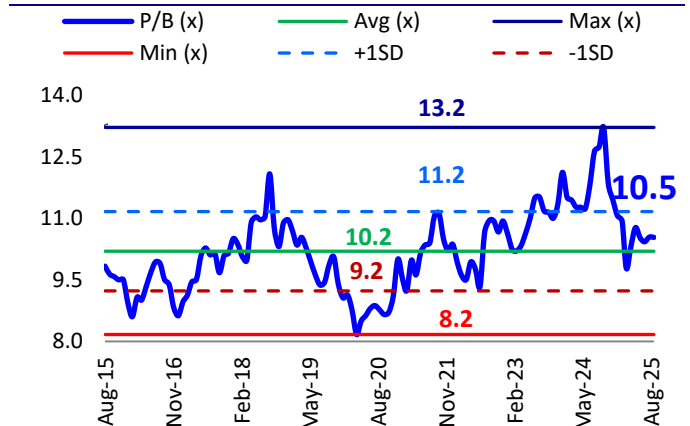


Exhibit 41: Consumer sector – P/B (x)



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|----------------------------------|----------------------------------------------------------------------------------------------|
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| SELL | < - 10% |
| NEUTRAL | < - 10 % to 15% |
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