19 February 2026

FMCG

Volume-led recovery gaining strength, margin tailwinds build into FY27

Sensex: 83,734

Nifty: 25,819

Rural Growth Sustains Momentum; Urban Catching Up: Rural markets continued to outperform their urban counterparts for the past few quarters, though the gap has narrowed. Rural growth remains ~300bps ahead of urban, about half of last year's differential-indicating steady rural momentum alongside a gradual urban recovery. Both segments are now trending positively, aided by improved consumer sentiment following GST cuts.

GST Cuts – Select Categories See Demand Traction: Most Foods segment i.e., Biscuits, Noodles, Snacks along with personal care products i.e., soaps, hair oils etc. have benefitted from GST rate cut. These categories have witnessed healthy growth in Q3FY26, reflecting the GST cut boost as level-playing field against the unorganised players.

Early Signs of Demand Recovery in Paints/QSR: Paints/QSR segment witnessed early signs of recovery with improved volume/SSSG in Dec-25 and Jan-26. The managements remained optimistic of sustained momentum for both the segments. However, the paints companies highlighted ~5% volume-value gap to sustain in the coming quarters impacting overall revenue growth.

Deflationary Bias in RMs Prices; Margin Uptick in Sight: Barring a few commodities, the broader RM basket had been significantly softer compared to last year. The companies indicated that the combined effect of lower input cost, tighter cost control, improved operating leverage (on better scale) and pricing actions (undertaken in earlier quarters) should support gross/EBITDA margin of most players.

Valuations & view: Stock performance has been mixed for the sector with Nestle, Britania & TCPL witnessing 5-10% rise over last 6 months, while Marico, GCPL and Dabur posted flat to marginal positive returns. While ITC, HUL, Colgate, Emami and Mrs. Bector Food declined 5-20% during the period, the paint and QSR stocks have declined by 5-15% and 15-25%, respectively. We believe valuation of several FMCG/discretionary companies looks attractive especially given expectation of stronger FY27 growth. *We expect revenue/earnings of our coverage universe (including discretionaries) to clock ~9/14% CAGR over FY26-28e.*

We like **GCPL** (Rs1,490), **Marico** (Rs865), **Mrs. Bector Food** (Rs320). In consumer discretionaries space we like **Restaurant Brand Asia** (Rs93).

Ajay Thakur
Research Analyst

Preferred Picks – Valuation Metrics

Companies	Rating	Mkt Cap	CMP	TP	EPS			P/E			RoE (%)	Div Yield (%)
		(Rs bn)	(Rs)	(Rs)	FY26e	FY27e	FY28e	FY26e	FY27e	FY28e	FY25	FY25
Godrej Consumer	Buy	1,231	1,214	1,490	20.9	25.8	29.8	58.0	47.1	40.8	16.0	2.2
Marico	Buy	1019	774.3	865	13.9	17.0	19.2	55.7	45.5	40.3	41.0	1.4
Mrs Bector Food	Buy	66	222	320	5.2	6.8	8.3	42.6	32.9	26.7	12.3	0.3
Restaurant Brands Asia*	Buy	37	63.8	93	-3.4	-2.7	-1.5	16.5	13.2	10.2	-25.6	0.0

Source: Bloomberg, Anand Rathi Research *Note: All prices are as on 17th Feb 26* **RBA- EV/EBITDA*

Revenue Analysis

Rural Markets See Strong Growth; Urban Catching Up

- Rural markets continue to outperform urban for the past few quarters, though the gap has narrowed. Rural growth remains ~300bps ahead of urban, about half of last year's differential-indicating steady rural momentum along with a steady urban recovery.
- Both segments are now trending positively, aided by improved consumer sentiment following GST cuts.

Fig 1 – Growth spurs for categories benefitting from GST cut in Q3FY26 (% y/y)

Companies	Hair oils	Biscuits	Personal care (Soaps)	Food (Noodles/ Snacks)
HUL			Mid-single digit growth in Soaps	
Nestle				double-digit volume growth in noodles
Britannia		12% growth in Nov/Dec		
GCPL			7% (vs. 2% decline)	
Dabur	19%			
Marico	High teens growth in VAHO			
Bajaj Consumer	20%(ADHO)			

Source: Company

Will Summer Aid Volume Growth?

- El Nino concerns are resurfacing, reviving the possibility of an intense summer with frequent heatwaves. Weather experts and climate model predict an early summer onset and intense heatwave driven by gradual development of El Nino in 2026, historically associated with hotter-than-normal summers in India. The IMD has already indicated that summer 2026 could be hotter than 2025, with a higher frequency and intensity of heatwaves and above-normal hot days across large parts of the country, raising the probability of a prolonged summer.
- Extreme summers aid demand for cooling, hydration and discretionary summer products i.e., cooling hair oils, talcum powders, soaps, skin care products, deodorants, glucose and beverages (including chilled beer) etc.
- The FMCG players, with summer centric portfolio, tend to outperform other player in volume/margins during an intense summer season (aided by seasonality).
- Players i.e., Emami (~35% being summer portfolio), GCPL (~35% of domestic sales), Zydus Wellness (~40% of domestic sales) and United Breweries have historically witnessed strong performance in intense summer months (Q4FY24 and Q1FY25). Potential summer heat sizzle in 2026 (after last year lull and aided by El Nino) can help drive strong volume in Q4FY26/Q1FY27.
- Thus, combined effect of GST-led demand support, low base and summer-driven volume acceleration could drive stronger FMCG volumes in Q4FY26/Q1FY27.

Fig 2 – Impact of the last FY23-24 El-Nino on summer sales of companies

Company	Q4FY24 Volume (%)	Q1FY25 Volume (%)	Summer / Heat-led Category/brands
Emami	6 (7-quarter high)	9	Talcum and prickly heat powder (PHP) category (Navratna , Dermicool, Boroplus)
Godrej Consumer Products (Domestic volume)	15	10	Soaps, perfumes & deodorants (Godrej no 1, Park Avenue)
Zydus Wellness	6	17	Glucose, prickly heat powder, scrub/peel off (Glucon-D, Nycil & Everyouth)
United Breweries	11	5	Entire beer category (Kingfisher & Heineken)

Source: Company

Quick Commerce Surges Ahead, Powering Next Phase of Digital FMCG Growth

- Quick commerce is emerging as the fastest-growing channel, sharply increasing its share within e-commerce and overall sales, while driving strong alternate channel momentum.
- With rising salience and sustained growth across platforms, online channels are structurally scaling up and becoming a meaningful contributor to FMCG revenue mix.

Fig 3 – Organised Trade Gaining Strength

Companies	Q2 FY26	Q3 FY26
HUL	E-commerce contributes 8% to the business; Q-comm doubling y/y, as consumers increasingly prefer this channel.	**Quick commerce:** now ~3% of revenue, doubling QoQ;
Nestlé	Q-comm accelerated, driven by festive integrations, new launches, focused demand generation, and better platform availability.	E-commerce: Quick commerce saw accelerated momentum, further reinforced by on-off platform demand generation.
Emami	Modern trade and e-comm contribute ~11% each to domestic business, with Q-comm driving ~40% of e-comm sales amid continued channel investments.	Quick commerce sales doubled, contributing 20% of e-commerce, while organized channels rose to 32% YTD, up 280 bps YoY.
Marico	Q-comm remained a key growth driver, nearly doubling on y/y basis.	E-commerce and quick commerce led growth, while traditional trade improved meaningfully,
Tata Consumer	Tata Consumer is the market leader in both E-comm and Q-comm channels, as per its internal tracking.	This quarter, online channels contributed ~18.5% of sales, led by quick commerce at ~15%, with the balance ~4–5% from e-commerce.
Adani Wilmar	Alternate channels grew 35% in Q2 FY26, led by 86% surge in Q-comm, where AWL holds strong category-leading shares.	Alternate channels grew 42% YoY in volume, with quick commerce (up 65% YoY) now contributing ~30% of alternate channel volumes.
Britannia	E-comm and Q-comm saw growth in all adjacencies.	E-commerce salience is currently in the high single digits and is expected to move to the early teens by FY27.
Zydus wellness	E-comm share in key brands is rising, reaching 15-20% for Complan (levels not fully reflected in industry or company-reported metrics).	Quick Commerce and E Commerce maintain strong growth momentum

Source: Company, Anand Rathi Research

A Healthy 11% Revenue Growth for FMCG Manufacturers

- Our analysis of 12 FMCG companies (ex-ITC and adjusted for Zydus Wellness acquisition) shows that revenue grew 11% in Q3FY26 vs. 6% in Q2FY26 and ~7% in Q1FY26. Most managements were optimistic for FY27, with expectations of stronger growth vs. FY26, aided by volume recovery aided by GST cut, easing inflation and gradual demand improvement (especially for urban market).
- We expect revenue of the FMCG companies of our coverage universe to gradually recover to 10% both in FY26 and FY27, led by volume growth.
- In discretionary space, revenue grew 2.9% y/y in Q3FY26 (vs. 4.5% in Q2FY26) for three paint companies. For AlcoBev players, it grew by 8.6% y/y in Q3FY26 (vs. 11% in Q2FY26). Revenue of QSR companies grew 11% in Q3FY26.

- We expect 4%/13% revenue growth for paints/AlcoBev players in FY26 and 8/12% in FY27. We expect revenue OF QSR players to grow by 11/12% in FY26/FY27.

Fig 4 – Volume Growth Picking-up for Most Companies

(%)	FY22	FY23	FY24	FY25	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26
Staples											
HUL	3	5	2	2	4	2	flat	2	4	flat	4
ITC (cigarettes)	16	18	4	4	2	3	6	5	6	6	7
Dabur	10	1	6	-1	5	-7	1	-2	-1	2	3
GCPL	4	1	10	4	10	7	flat	6	8	3	7
Marico	7	3	3	5	4	5	6	7	9	7	8
Britannia	3	2	3	7	8	8	6	5	2	-2	4
Emami	11	2	2	5	9	2	4	5	-3	-12	9
Discretionaries											
United Spirits (P&A)	15	17	5	5	5	-4	11	9	9	8	-3
United Breweries	33	31	4	6	5	5	8	5	11	-3	-1
Radico Khaitan (P&A)	25	20	20	16	18	13	18	17	20	22	26
Asian Paints	31	14	9	3	7	-1	2	2	4	11	8
Berger Paints	20	16	12	8	12	6	7	7	6	8	8.5
QSR (SSG%)											
Devyani - KFC	49	16	-5	-6	-7	-7	-4	-6	-1	-4	1
Devyani - PH	45	4	-11	-4	-9	-6	-1	1	-4	-4	-12
Sapphire - KFC	52	15	-1	-4	-6	-8	-3	-1	0	-3	1
Sapphire - PH	42	12	-16	-1	-7	-3	5	1	-8	-8	-9
Restaurant Brands (SSG%)	47	23	3	1	3	-3	-1	5	3	3	5

Source: Companies, Anand Rathi Research

Fig 5 – Revenue Growth Momentum Remains Steady

(%)	FY22	FY23	FY24	FY25	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26
Staples											
HUL	12	16	2	2	2	2	2	2	4	1	4
Colgate	5	2	9	6	13	10	5	-2	-4	-6	2
ITC	24	17	-1	10	7	13	9	10	21	-3	6
Dabur	14	6	8	1	7	-5	3	1	2	5	6
GCPL	11	8	7	2	-3	2	3	6	10	4	9
Marico	18	3	-1	12	7	8	15	20	23	31	27
Britannia	8	15	3	7	6	5	8	9	9	4	8
Emami	11	7	5	6	10	3	5	8	0	-10	10
Bajaj Consumer	-5	9	2	-2	-9	0	-2	4	8	13	31
Jyothy Labs	15	13	11	3	8	0	4	1	1	0	5
Zydus Wellness	8	12	3	16	20	12	15	17	2	32	109#
Mrs Bector Foods	12	38	19	15	17	20	15	10	8	11	8
Discretionaries											
United Spirits	19	9	7	7	3	-1	14	9	9	12	7
United Breweries	38	28	8	10	9	12	10	9	16	2	4
Radico Khaitan	19	10	31	18	19	21	11	21	33	34	20
Asian Paints	34	19	3	s	-2	-5	-6	-4	0	6	4
Berger Paints	29	21	6	3	2	0	3	7	4	2	0
Kansai Nerolac	26	18	3	2	-1	1	2	5	2	0	4
Devyani International	84	44	19	39	44	49	54	16	11	13	11
Sapphire Foods	NA	NA	15	11	10	8	14	13	8	7	8
Restaurant Brands	163	53	22	12	16	9	11	12	13	16	17

Source: Companies, Anand Rathi Research **Note: Positive changes of 10% or more in green* *# due to Comfort click acquisition for Zydus Wellness*

Margin Analysis

Gross Margin Pressure Reduces on Softer Input Cost

- Input prices saw further softening bias, which was reflected in Q3 gross margin of the FMCG companies. On aggregate basis (ex-ITC), it had risen 25bps y/y in Q3FY26 (vs. 90/200bps y/y decline in Q2/Q1). In discretionaries space, the paint players reported 160bps y/y rise in gross margin (vs. 170/30bps rise in Q2/Q1). AlcoBevs saw on aggregate 250bps y/y rise in gross margin (vs. 60bps rise in Q2 and 10bps decline in Q1) aided by recent benign ENA cost. QSR space saw 50bps gain y/y.
- With most input cost moderating, and price hikes in select products in earlier quarter (Q4FY25/Q1FY26) and GST cut in certain inputs, we expect gross margin to continue to expand in the coming quarters.

Fig 6 – Gross-margin Trend

(%)	FY22	FY23	FY24	FY25	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26
Staples											
HUL	50.9	47.6	51.9	51.6	51.4	51.0	50.7	50.5	49.2	50.4	50.3
Colgate	67.3	65.7	67.7	69.9	70.6	68.5	69.9	70.6	68.9	69.5	70.0
ITC	53.4	56.3	58.8	55.5	57.7	51.6	54.4	54.7	49.0	54.6	54.9
Dabur	48.2	45.6	48.0	48.0	47.8	49.3	48.1	46.7	47.0	49.4	48.4
GCPL	50.5	49.7	55.2	54.5	55.9	55.6	54.1	52.5	51.9	52.1	52.9
Marico	42.9	45.2	50.8	50.3	52.3	50.8	49.5	48.6	46.9	42.6	43.5
Britannia	38.0	41.2	43.4	40.9	43.4	41.5	38.7	40.1	40.3	41.7	43.3
Emami	66.3	64.7	67.6	68.9	67.7	70.7	70.3	65.9	69.4	71.0	70.6
Bajaj Consumer	58.1	54.2	55.0	54.2	56.1	53.3	52.7	54.7	57.7	60.2	60.0
Jyothy Labs	41.6	42.3	49.1	50.1	51.3	50.2	49.8	49.2	48.0	48.0	46.5
Zydus Wellness	51.2	49.2	51.1	52.8	55.6	47.8	49.0	54.9	55.0	52.9	63.4
Mrs Bectors Food	44.2	44.6	46.7	46.2	48.0	47.3	45.1	44.3	45.6	44.2	45.0
Discretionaries											
United Spirits	45.5	42.9	46.6	47.0	52.7	45.2	44.7	46.0	52.7	47.1	46.9
United Breweries	49.9	43.1	42.7	44.2	43.2	44.0	43.3	42.2	42.6	44.0	45.5
Radico Khaitan	45.0	41.8	42.5	42.8	41.0	43.6	43.0	43.5	43.0	43.6	46.5
Asian Paints	37.1	38.7	43.4	42.4	42.5	40.8	42.4	43.9	42.7	43.2	44.4
Berger Paints	38.0	36.3	40.7	41.4	39.9	41.7	41.6	42.7	41.4	41.6	43.1
Kansai Nerolac	30.5	30.2	35.3	35.1	37.0	34.0	35.3	34.6	36.1	35.0	35.5
Devyani International	71.2	70.0	70.3	68.9	69.2	69.3	68.7	68.5	68.2	67.8	68.9
Sapphire Foods	68.9	67.3	68.7	68.5	68.6	68.8	68.6	68.2	67.4	67.8	68.7
Restaurant Brands	65.8	66.4	67.0	67.7	67.6	67.5	67.8	67.8	67.7	68.3	69.9

Source: Companies, Anand Rathi Research

Fig 7 – Gross Margin Changes

(bps)	FY22	FY23	FY24	FY25	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26
Staples											
HUL	-195	-332	430	-36	154	-169	-83	-139	-222	-66	-18
Colgate	-69	-163	203	23	222	-23	-226	131	-172	91	6
ITC	-265	283	113	-330	-175	-572	-237	-347	-748	299	46
Dabur	-171	-257	217	4	119	102	-55	-192	-75	10	33
GCPL	-479	-85	544	-70	211	70	-175	-362	-395	-348	-127
Marico	-410	235	560	-56	227	30	-178	-301	-533	-814	-596
Britannia	-392	313	224	-91	0	-137	-515	-479	-310	16	454
Emami	-146	-155	287	134	226	61	153	11	176	33	34
Bajaj Consumer	-611	-199	80	-80	64	-180	-127	-85	159	684	726
Jyothy Labs	-550	70	680	106	342	98	1	-31	-328	-215	-328
Zydus Wellness	-354	-204	262	172	304	259	88	27	-66	515	1441
Mrs Bector Food	-340	40	210	-50	107	64	-30	-345	-237	-316	-6
Discretionaries											
United Spirits	31	-266	375	42	-140	175	108	32	3	190	219
United Breweries	-229	-680	-38	148	245	-67	-89	33	-52	1	223
Radico Khaitan	-530	-316	66	29	-207	-51	118	250	196	1	348
Asian Paints	-717	154	470	-96	-40	-259	-116	23	15	242	197
Berger Paints	-522	-173	439	73	5	58	54	205	155	-14	143
Kansai Nerolac	-750	-30	500	-18	169	-172	-88	-13	-89	107	24
Devyani International		-120	27	-137	-169	-146	-191	-68	-97	-157	21
Sapphire Foods		-163	144	-21	9	7	-27	-73	-120	-104	8
Restaurant Brands		61	66	67	116	67	72	15	6	80	202

Source: Companies, Anand Rathi Research **Note: Positive changes of more than 150bps in green*

- The prices of most commodities (barring tea) have been softening over the past 6-month and 1-year basis. The price of polypropylene, titanium dioxide, palm oil, crude, wheat, coffee and barley have fallen 10-30% over the last 1 year. HDPE prices fell 6% over last 6 months. Packaging inputs and palm oil prices remain deflationary over the last 1-3 months. Thus, the price hikes in prior quarters, GST rate cut on certain inputs and soft input prices augur well for gross margin in the coming quarters. In discretionaries space, we expect AlcoBev to benefit from continued premiumisation and softer glass bottle prices (boosting EBITDA margin). Though the paint players are likely to see gross margin gain on softer RM prices, EBITDA margin gain could be capped due to keen competition and an adverse sales mix. We are optimistic of SSSG recovery in H2FY26 for the QSR players, which could aid their margin expansion.

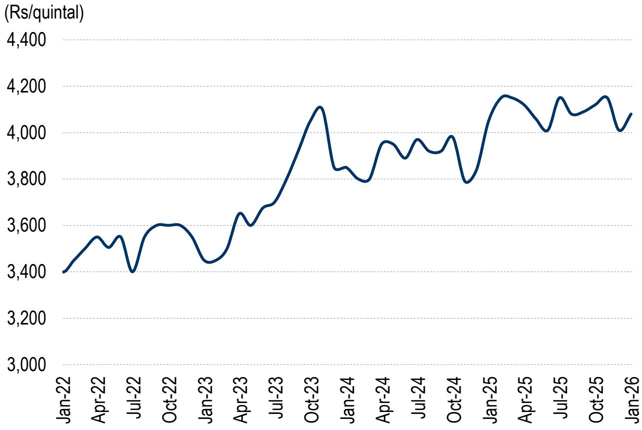
Fig 8 – Major Input Materials and Price Changes

Inputs	Units	Price / Index	Change (%)					Companies impacted
			1-mth	3-mth	6-mth	1-yr	2-yrs	
Wheat	Rs /quintal	2610.0	(5.1)	(2.6)	(5.3)	(18.1)	4.4	ITC, Britannia, Nestle, Adani Wilmar
Palm oil	$ /lb	4014.0	(0.3)	(2.2)	(7.8)	(17.4)	1.0	Godrej Cons., HUL, Britannia, Prataap Snks, Bikaji
Soda ash	Rs /50kg	1625.0	0.0	0.0	0.0	(3.9)	(12.2)	HUL, Jyothy Labs
Sugar	Rs /quintal	4080.0	2.8	(1.0)	(1.4)	(0.7)	7.4	Britannia, ITC, Nestle, HUL, Zydus Wellness
TiO2	Rs /kg	278.0	(7.3)	(8.9)	(14.5)	(18.2)	(19.4)	Paints companies
Caustic soda	Rs /50kg	2525.0	(1.9)	0.0	0.0	(0.6)	26.9	All FMCG
Mentha oil	Rs /kg	1047.6	(0.2)	4.4	0.1	4.6	5.9	Emami, Colgate
Polypropylene	Rs /tonne	840.0	3.7	1.2	(8.7)	(14.3)	(14.3)	All FMCG
Milk powder	Index	164.5	(0.2)	(1.7)	(3.0)	(2.8)	(5.6)	Nestle, Zydus Welness, HUL, Britannia
Barley	Rs /quintal	2225.0	(2.2)	(5.5)	(5.5)	(11.5)	23.3	United Breweries, HUL
Crude oil	$ /bbl	67.4	3.0	7.0	2.8	(10.1)	(18.5)	All FMCG
Tea	Rs /kg	365.0	7.4	14.1	15.9	(2.7)	65.9	Tata Consumer, HUL
Coffee	$ /lb	299.7	(15.8)	(25.8)	(4.9)	(30.6)	53.2	Nestle, HUL, Tata Consumer
LAB	$ /tonne	1650.0	0.0	0.0	0.0	0.6	6.8	HUL, Jyothy Labs
HDPE	$ / tonne	880.0	1.1	(2.2)	(6.4)	(9.3)	(13.7)	All FMCG

Source: Bloomberg, Anand Rathi research

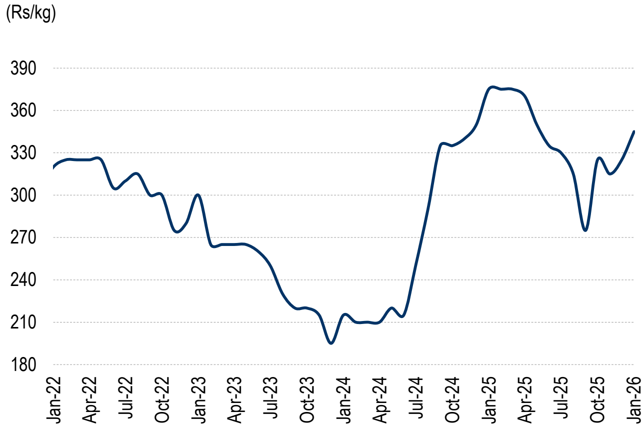
RM Price Trend

Fig 9 – Sugar prices down 1% over last 1 year



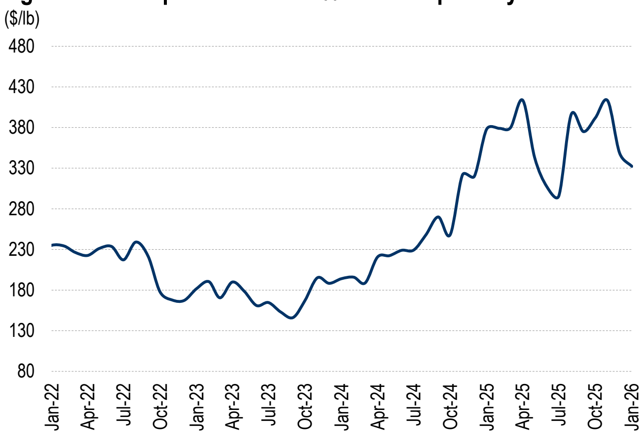
Source: Bloomberg, Anand Rathi Research

Fig 10 – Tea prices rise 16% over last 6 months



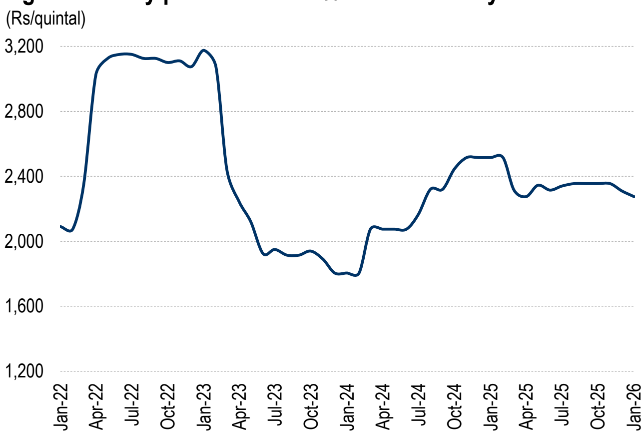
Source: Bloomberg, Anand Rathi Research

Fig 11 – Coffee prices down 31% over the past 1 year



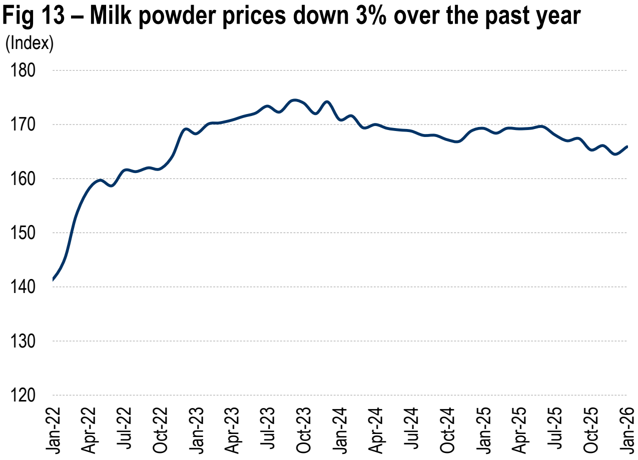
Source: Bloomberg, Anand Rathi Research

Fig 12 – Barley prices down 12% over last one year



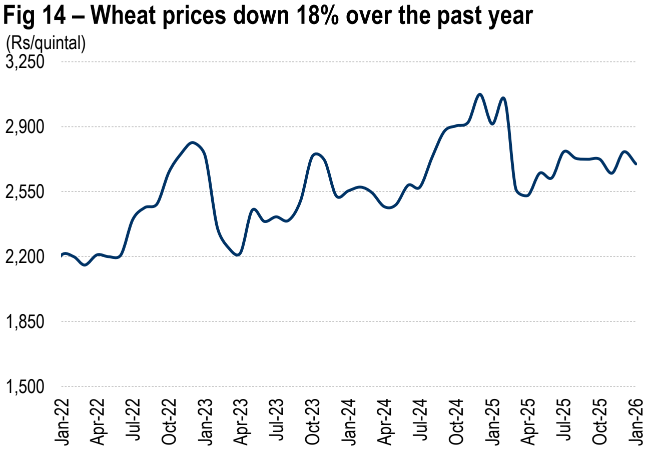
Source: Bloomberg, Anand Rathi Research

Fig 13 – Milk powder prices down 3% over the past year



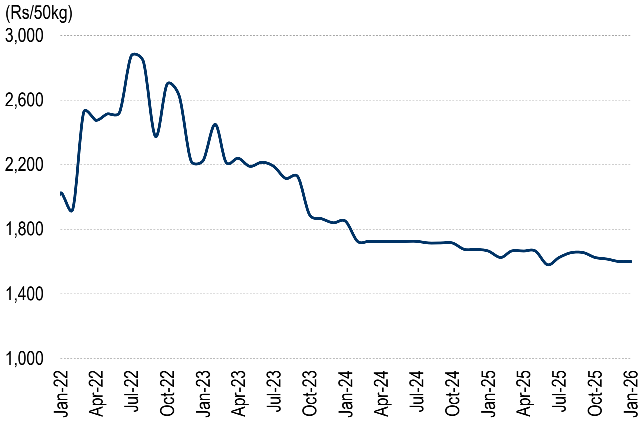
Source: Bloomberg, Anand Rathi Research

Fig 14 – Wheat prices down 18% over the past year



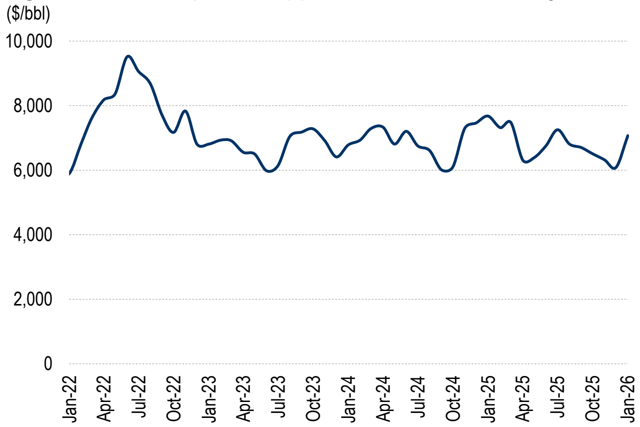
Source: Bloomberg, Anand Rathi Research

Fig 15 – Soda ash prices fell ~12% over the last two years



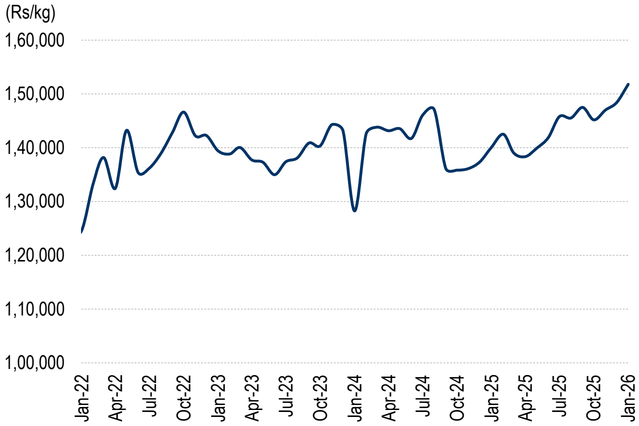
Source: Bloomberg, Anand Rathi Research

Fig 16 – Crude oil price dropped ~10% over last one year



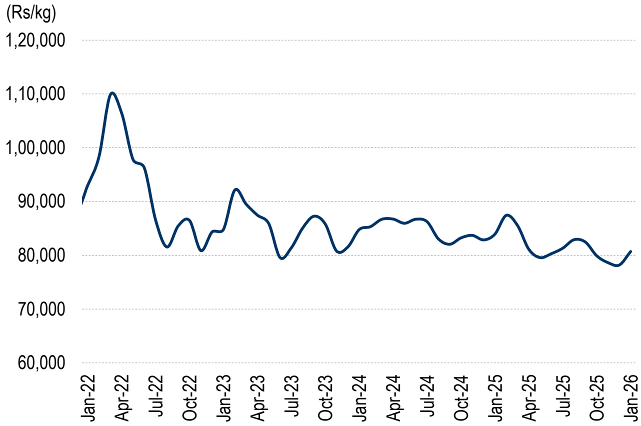
Source: Bloomberg, Anand Rathi Research

Fig 17 – LAB prices saw gradually uptick



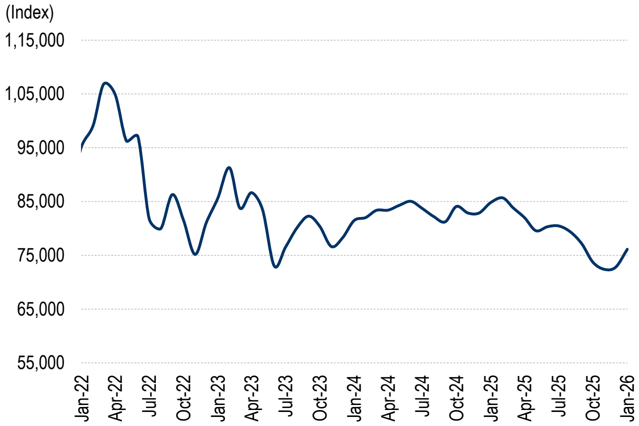
Source: Bloomberg, Anand Rathi Research

Fig 18 – HDPE prices down 14% over the last two years



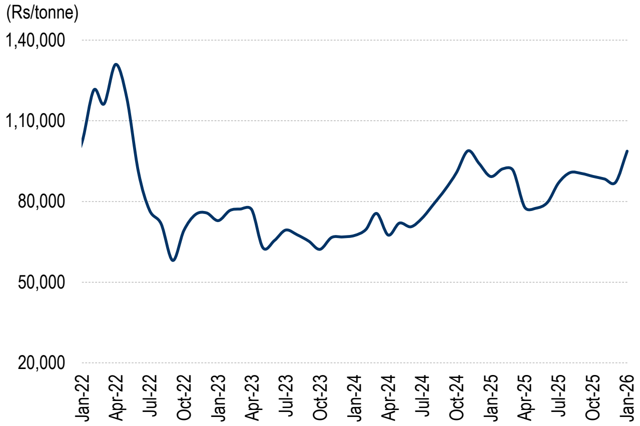
Source: Bloomberg, Anand Rathi Research

Fig 19 – Polypropylene price down 14% in past 1-year



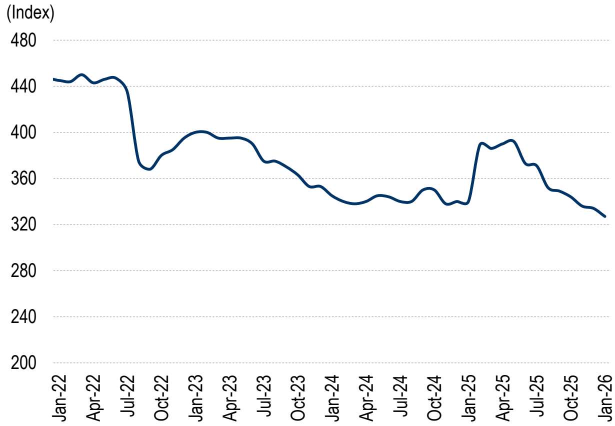
Source: Bloomberg, Anand Rathi Research

Fig 20 – Palm-oil prices down 17% in last year



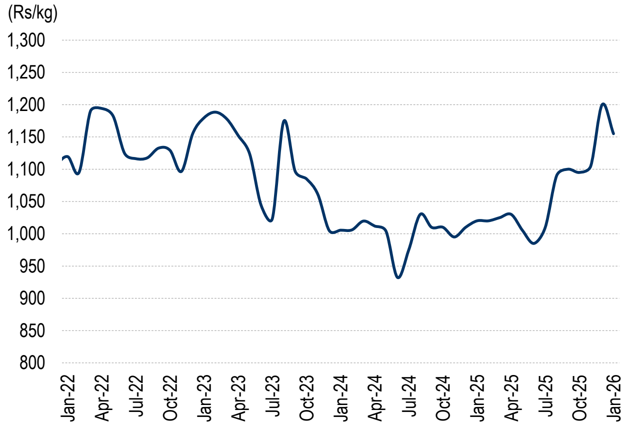
Source: Bloomberg, Anand Rathi Research

Fig 21 – TiO2 prices seen soft (down ~19% in two years)



Source: Bloomberg, Anand Rathi Research

Fig 22 – Mentha oil prices rises 6% past two years



Source: Bloomberg, Anand Rathi Research

EBITDA Margin Analysis

- **A&SP Spending:** While eight FMCG companies reported 3% y/y rise in A&SP spending in Q3FY26, which (as % of sales) fell by 40bps, after 20bps rise in Q2. The companies like Dabur and GCPL are planning to boost their advertising budgets by 10-15% to capitalise on anticipated sales growth aided by improving demand, upcoming sporting events and summer season.

Fig 23 – Trend in A&SP Spending

(%)	FY22	FY23	FY24	FY25	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26
Staples											
HUL	9.2	8.1	10.5	9.8	10.7	9.4	9.5	9.6	9.8	9.8	8.8
Colgate	12.6	12.1	13.4	13.6	13.3	15.0	13.7	12.3	13.1	14.8	13.9
Dabur	7.2	5.6	6.9	6.9	7.0	7.5	6.8	6.2	5.9	7.3	6.7
GCPL	8.1	9.0	11.8	9.5	9.9	9.9	9.7	8.6	8.6	9.8	8.3
Marico	8.4	8.7	9.9	10.4	9.1	10.9	10.5	11.2	9.2	9.9	9.5
Emami	16.1	16.6	18.5	18.2	20.3	16.4	16.7	19.6	19.9	19.6	16.6
Jyothy Labs	7.4	7.0	8.3	8.4	8.3	8.3	9.0	8.0	7.8	8.4	7.7
Zydus Wellness	13.0	14.5	15.8	13.1	14.8	12.9	12.7	11.8	15.4	14.4	18.5
Discretionaries											
United Spirits	7.5	9.0	9.9	9.4	6.3	9.1	11.1	12	7.9	7.6	14.0

Source: Companies, Anand Rathi Research

Fig 24 – A&SP Expenditure Changes

(bps)	FY22	FY23	FY24	FY25	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26
Staples											
HUL	-88	-112	240	-69	94	-182	-97	-112	-95	36	-78
Colgate	-30	-50	130	20	-40	99	-95	101	-16	-18	23
Dabur	-110	-165	135	4	52	69	-76	-29	-111	-13	-7
GCP	-90	90	280	-227	64	-23	29	-43	-136	-10	-134
Marico	-33	33	120	55	52	6	33	125	9	-98	-99
Emami	20	50	190	-28	188	-149	11	-61	-39	322	-15
Jyothy Labs	90	-40	130	10	96	48	8	-105	-47	3	-137
Zydus Wellness	-70	150	130	-272	-9	134	43	-22	61	151	584
Discretionaries											
United Spirits	10	150	90	-54	82	64	15	18	154	-144	297

Source: Companies, Anand Rathi Research **Note: Positive changes of 150bps or more in green*

- **EBITDA Margin:** Despite 25bps rise in gross margin, EBITDA margin of 12 FMCG players (ex-ITC) slid 60bps in Q3, due to higher cost (staff and other expenses). Discretionary segment saw 90bps margin gain for six companies (vs. 70bps in Q2FY26), aided by margin jump seen by United Breweries, Radico Khaitan and Asian Paints, driven by lower RM cost for paint manufacturers and premiumisation/scale benefit for AlcoBev players. QSR players saw continued EBITDA margin pressure (down 80bps y/y) on muted SSSG in Q3FY26.

- For seven FMCG companies, we expect EBITDA margin to fall 50bps in FY26 and gain 70bps in FY27. EBITDA margin of AlcoBev players is likely to rise by 110/75bps in FY26/FY27, aided by premiumisation and softer input cost (lower grain and glass prices). After 270bps fall in FY25, EBITDA margin of paint manufacturers is likely to rise by 60bps in FY26 and 40bps in FY27, aided by gross margin expansion. In QSR, we expect 70bps decline in FY26 and 100bps expansion in EBITDA margin in FY27.

Fig 25 – EBITDA Margin Trend

(%)	FY22	FY23	FY24	FY25	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26
Staples											
HUL	24.5	23.4	23.7	23.5	23.5	23.5	23.2	22.8	22.3	22.9	23.0
Colgate	30.7	29.6	33.5	32.4	34.0	30.7	31.1	34.1	31.6	30.6	29.7
ITC	33.5	36.3	37.4	34.6	37.0	32.8	34.2	34.7	31.7	34.7	34.8
Dabur	20.7	18.7	19.3	18.4	19.6	18.2	20.3	15.1	19.6	18.4	20.6
GCPL	19.6	18.3	21.0	20.9	21.7	20.7	20.1	21.1	19.0	19.2	21.5
Marico	17.6	18.5	21.0	19.7	23.7	19.6	19.1	16.8	20.1	16.1	16.7
Britannia	15.6	17.4	18.9	18.3	17.7	16.8	18.4	18.2	16.4	19.7	19.7
Emami	29.9	25.3	26.5	26.9	23.9	28.1	32.3	22.8	23.7	22.4	33.4
Bajaj Consumer	19.8	14.7	15.8	13.2	14.9	14.0	11.2	12.8	15.2	18.0	18.3
Jyothy Labs	11.3	12.8	17.4	17.5	18.0	18.9	16.4	16.8	16.5	16.1	15.0
Zydus Wellness	17.2	15.0	13.2	14.0	18.5	4.0	3.2	20.8	18.1	3.5	6.3
Mrs Bector Foods	12.4	12.9	14.9	13.4	14.6	14.2	12.5	12.5	12.3	12.6	12.8
Discretionaries											
United Spirits	16.4	13.4	17.7	18.6	25.8	17.7	16.5	15.2	21.3	21.2	16.8
United Breweries	11.9	8.2	8.6	10.5	11.5	10.7	7.1	8.0	10.9	9.7	10.9
Radico Khaitan	13.8	11.2	12.2	13.9	13.1	14.6	14.2	13.6	15.4	15.9	17.3
Asian Paints	16.5	18.2	21.4	17.7	18.9	15.4	19.1	17.2	18.2	17.6	20.1
Berger Paints	15.2	14.1	16.6	16.1	16.9	15.6	15.9	15.8	16.5	12.5	15.8
Kansai Nerolac	10.2	10.8	13.2	12.6	16.3	11.5	13.4	10.2	14.9	11.3	13.0
Devyani International	22.8	21.9	18.3	17.0	18.3	16.3	16.9	16.6	15.1	14.1	15.7
Sapphire Foods	21.3	18.9	17.8	16.5	17.3	16.1	17.8	14.9	14.5	13.8	16.5
Restaurant Brands	9.6	11.5	13.5	14.5	12.7	14.2	15.7	15.3	12.3	13.6	16.6

Source: Companies, Anand Rathi Research

Fig 26 – EBITDA Margin Changes

(bps)	FY22	FY23	FY24	FY25	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26
Staples											
HUL	-20	-110	30	-16	26	-66	-14	-34	-117	-66	-50
Colgate	-48	-111	140	-105	238	-206	-248	-166	-241	-9	-134
ITC	-63	276	114	-280	-245	-367	-239	-242	-547	186	63
Dabur	-25	-200	70	-95	24	-238	-19	-150	6	18	31
GCPL	-220	-135	275	-10	311	117	-565	-187	-278	-155	142
Marico	-213	94	246	-90	51	-48	-210	-263	-359	-351	-234
Britannia	-353	179	153	-58	56	-290	-89	-118	-135	294	132
Emami	-84	-452	117	38	88	111	67	-89	-20	-577	108
Bajaj Consumer	-640	-220	180	-256	-281	-166	-388	-171	29	407	714
Jyothy Labs	-520	144	210	14	90	38	-108	36	-150	-281	-149
Zydus Wellness	-145	-205	-171	78	187	16	5	8	-39	-44	312
Mrs Bector Foods	-362	47	207	-151	-91	-140	-179	-197	-226	-163	36
Discretionaries											
United Spirits	345	-320	429	91	-92	138	34	318	-451	337	-35
United Breweries	295	-372	38	196	172	98	-93	134	-68	-102	381
Radico Khaitan	-315	-260	110	168	58	151	191	226	230	129	306
Asian Paints	-586	164	322	-365	-422	-480	-344	-219	-70	218	94
Berger Paints	-221	-112	250	-54	-148	-147	-80	190	-39	-319	-7
Kansai Nerolac	-680	60	240	-59	19	-309	18	-56	-136	-21	-40
Devyani International	NA	-99	-351	-133	-220	-312	-41	-4	-318	-215	-120
Sapphire Foods	NA	-243	-113	-124	-127	-181	-54	-136	-276	-235	-126
Restaurant Brands	NA	194	202	98	126	23	-22	275	-41	-57	91

Source: Companies, Anand Rathi Research **Note: Positive changes of 150bps and more in green*

Management Commentaries

Hindustan Unilever (HUL)

- Underlying demand saw a steady improvement, aided by lower inflation (especially easing food inflation) and improving consumer confidence (as per the RBI's consumer survey). Following the rollout of GST 2.0 last quarter, the prices are stabilised now. Both developments are likely to improve disposable income and boost consumption, going forward.
- HUL delivered a competitive performance, recording gains in turnover-weighted market share across categories. Home Care achieved its highest ever market share in Q3FY26.
- Its winter portfolio delivered double-digit growth, offset by weaker non-winter performance. It delivered mid-single digit growth in skincare with double-digit growth in premium bars i.e., Pears and Dove.
- The management reiterated focus on volume growth over margin expansion, keeping EBITDA margin within guided range (implied benefit of ~50bps from Ice-cream demerger). It indicated H2FY26 expected to be better than H1FY26, and FY27 expected to be better than FY26, with broad-based growth.

Dabur

- Demand trends in India saw a gradual recovery following GST rate cut. While it saw transient headwinds in Oct-25 due to GST transition, demand improved over rest of the quarter. Rural markets continued to outperform urban markets consistent with recent quarters.
- Hair oil portfolio grew by 19.1% with a record market share of 20% (+193bps); toothpaste delivered a robust 10% growth with herbal segment continuing to outpace non-herbal by 530bps. It gained market share across oral care, air fresheners and juices categories.
- The management expects high single-digit growth in Q4FY26 and targets high single-digit to low double-digit growth in FY27; anticipated to be more volume-driven with easing inflation and sequential margin improvement towards 20% operating margin target; taking ~2% price hike in Q4FY26 carrying into next year

Godrej Consumer Products (GCPL)

- GCPL saw a strong broad-based performance in Q3FY26. Home Care grew 12%, led by Air Fresheners and Fabric Care, while Personal Care recovered with 7% growth with Soaps demonstrating a positive trajectory, aided by improving affordability following GST cut and stable commodity prices.
- Indonesia showed signs of stabilisation with 5% volume growth and ~100bps y/y improvement in profitability. Revenue appears to be flat due to distribution arrangement changes, but underlying trends are positive with likely meaningful recovery from FY27.
- Full year guidance maintained for high single digit consolidated revenue growth. The management expects India to sustain normative 24-26% EBITDA margin, though some temporary pressures in Indonesia and LatAm may moderate consolidated EBITDA growth in FY26.

Marico

- The management sees early signs of steady recovery in consumption, aided by moderating inflation, GST rate rationalisation, higher MSPs, and healthy crop sowing, which should aid demand improvement in both urban and rural markets in the coming quarters.
- It delivered high single-digit volume growth with sequential improvement despite elevated pricing, with >95% of business gaining or sustaining market share. Value-added hair oils achieved record market share of ~30% with double-digit growth trajectory likely to continue.
- Copra prices fell 25-30% from the peak levels. The company will take single strategic price cut once full visibility on trajectory is clear. The management is confident of delivering mid-teens operating profit growth with 150-200bps improvement in margin.

Tata Consumer Products (TCPL)

- Revenue grew by 15%, crossing quarterly milestone of Rs50bn. Growth businesses (Sampan, Soulful, RTD, Capital Foods, Organic India) now represent 30% of India business growing at 29%. With 45/26% growth in Tata Sampan/RTD, the management maintains 30% growth guidance for this portfolio, going forward.
- It completed 82% of national GTM rollout, transitioning 270 distributors and adding 160 new ones with AI-enabled route optimisation. It segmented distribution by category (salt-only, core, and growth) to provide dedicated focus in appropriate geographies.
- Tea prices returning to 2024 levels after Q3 uptick. Most price reductions passed to the consumers in Q3FY26. Coffee is expected to moderate from current 370-390 levels though volatile.

Britannia Industries

- Delivered a strong Q3 results with Nov-Dec posting ~12% growth after GST transition. Growth split: 50% volume and 50% value realisation.
- GST cut created temporary market flux, as Britannia moved first to Rs5/10 price points with extra grammage, while some competitors remained at Rs4.5/Rs9, impacting channel dynamics.
- The company outlined five strategic priorities including enhanced brand investment (hired new CMO for unified brand approach), developing functional foods platform under Nutri Choice, focused interventions against regional competitors, and accelerating e-commerce where adjacencies (cake, rusk, wafer) grow 3x faster than biscuits.
- Commodity prices remained stable to benign across wheat flour, RPO, sugar, cocoa and milk, while favourable crop acreage estimates suggests continued stability, aiding gross margin expansion of 530bps y/y in Q3.

Discretionaries

United Spirits

- The company delivered a resilient growth despite continued policy headwinds in Maharashtra. Consumption green shoots are visible, especially at the top end of portfolio. Improved disposable income, I-T slab rationalisation and good monsoons aided demand. While demand was healthy in Oct-Dec, the management remains cautiously optimistic given uncertainties in job market and geopolitics.

- Positive price mix was aided by premiumisation and Maharashtra-led volume mix benefits. The management expects 6-8% historical price mix to sustain at the higher end, while Maharashtra headwinds persist.
- Introduction of Made-in-Maharashtra (MML) liquor at attractive price points impacted popular and lower prestige segments. Despite MML disruption, overall industry continues to grow in volume and value. The company saw double-digit value decline in Maharashtra post-MML, though it was stabilised on q/q basis. Notably, portfolio execution remains strong outside Maharashtra.
- The company remains committed to double-digit P&A growth guidance. It expects India-UK FTA to open incremental strategic opportunities. FTA benefits estimated at Rs1.1-1.2bn annually on bulk scotch cost, expected to materialise from Q2FY27 once British Parliament endorses the treaty (anticipated Mar-May'25).

United Breweries

- UBL delivered a resilient quarter despite industry headwinds from weather disruptions and affordability challenges. Category volume declined sharply in key states: Karnataka (down 17%), Rajasthan (down 5%), Telangana (double-digit) and WB also saw weakness, primarily due to pricing and taxation-led affordability pressure.
- January showed early recovery signs, with category growth returning to 4-5%, though the management cautioned that sustained mid-single digit growth will take time.
- The company gained 90bps of national market share and 180-200bps of premium market share in 2025 and launched Kingfisher Smooth in Jan-26 in Rajasthan and Karnataka.
- It is executing productivity and cost effectiveness programmes aiming at 3-6% gross savings over 2026-2028, with ~50% of Q3 margin improvement was structural including initiatives i.e., return optimisation (36.7% new bottle infusion YTD), premium localisation across eight states and network optimisation.
- The management maintains medium-to-long-term industry volume growth estimate of 6-7%, despite higher aluminum prices, high single-digit barley inflation and mixed regulatory scenario. It plans to reinvest major portion of cost savings into brand building and innovation.

Radico Khaitan

- Indian spirits industry continued to benefit from strong structural tailwinds, aided by premiumisation and evolving consumer preferences. Demand growth was broad-based in Q3FY26 across most states, except Maharashtra, which remained impacted by policy-related challenge.
- Luxury portfolio expected to reach Rs5bn revenue (vs. Rs3.4bn in FY25). AP market share rose from 15% to 26%, making Radico the leading player. Strong growth also reported in UP, Telangana, Rajasthan, MP and Haryana (barring Maharashtra due to policy changes).
- RM environment is expected to remain stable. EBITDA margin expansion is expected to continue, with a medium-term target of ~18% over the next two years.

Asian Paints

- Volume grew by a strong ~8% in Q3FY26. Decorative value growth stood at 3%, leading to ~5% gap between volume and value growth due to adverse product-mix. Demand remained weak in Oct-25 due to shortened festive window (~15 days) and prolonged monsoon.
- The management indicates recent ~2-3% price hike by competition (Birla Opus) is largely symbolic. The company remains disciplined on pricing, relying on its leadership position.
- The management reiterated its EBITDA margin guidance of 18-20%, led by structural cost efficiency instead of reliance on RM cost deflation.
- The management expects high single-digit volume growth (in 8-10% band) in Q4FY26 within the guided broadly in-line with Q3FY26.

Berger Paints

- Q3FY26 saw high single-digit volume growth, while value growth remained muted due to mix shift and earlier price correction. Extended monsoons spilling into Oct-25 disrupted repainting demand; momentum improved sequentially (Oct-25 negative; Nov-25 slight positive; Dec-25 mid-single digit and Jan-26 similar to Dec-25).
- Gross margin at 41.2%, highest in ~15 quarters (barring Q4FY25), aided by: focus on premium products, stable RM prices and partial benefit from lower TiO_2 cost after ADD refund from the government. As Titanium dioxide is not subject to ADD, it received part refund as per the court's directive (balance is expected).
- It aims to achieve double-digit volume growth. If volume growth is higher at 12-13%, then value growth is likely to be ~7-8%, aided by mix and pricing dynamics, indicating volume value growth gap at ~4-5% for next 1-2 years. EBITDA margin is likely to remain in 15-17% band.

Kansai Nerolac

- It saw strong demand in automotive coatings in Q3FY26, aided by GST cut and continued government focus on infrastructure, despite headwinds from extended monsoon. The management indicated that demand conditions have improved sequentially from Q1 to Q3, with a visible recovery post-Diwali in Nov-Dec'25.
- It added >3,500 dealers to its network till Dec-25, and launched 11 new products YTD, which contributed to decorative sales volume.
- Competitive intensity in decorative segment remains high, which is likely to persist in the near-term. Despite elevated investments across decorative and industrial segments, the company maintained its near-term EBITDA margin guidance of 13-14%.

QSR

Devyani International

- It delivered steady performance in Q3FY26 amid a challenging environment, aided by continued store expansion, margin discipline and improved profitability across portfolios. India biz remained primary growth engine, while international operations continued to strengthen.
- CEO & Whole-time Director Virag Joshi will retire on 31st of Mar-26; Manish Dawar will be elevated to President & CEO from 1st of Apr-26.

- Early signs of demand recovery were visible in Jan-26, with positive SSSG across most formats, indicating potential stabilisation after prolonged weakness. Experiments in deal structures and channel-wise promotions contributed to SSSG improvement in Jan-26.
- It expects to sustain EBITDA and gradually improve margin. Focus areas include: (a) KFC growth; and (b) Pizza Hut turnaround via technology upgrade, innovation and marketing improvement.

Sapphire foods

- Jan-16 trends at KFC are better than Q3FY26, indicating early signs of recovery. The company indicated that Jan-26 trending higher, growth being driven by Rs99 *Chicken Krisper Meal* (pilot in ~25% stores in Dec-25, expanded to ~33% in Jan-26) focused on dine-in and takeaway.
- Innovation efforts (PH) included the launch of *Ultimate Cheese Pizza* and value-led Rs99 four-course meal. However, limited marketing support constrained broader traction outside TN.
- The management remains cautiously optimistic, with Jan-26 trends indicating further improvement in KFC's SSSG. However, Pizza Hut's long-term recovery will depend on better alignment between franchise partners and sustained brand investments. The merger process is expected to take ~12 months to complete, with closer strategic coordination likely to begin within 3-6 months following CCI approval.

Restaurant Brands Asia

- The company reported 4 consecutive quarters of positive SSSG, underscoring sustained recovery and demand momentum. Regional performance remained robust, with South India, Punjab, and UP belt performing well, while core metro markets i.e., Delhi and Mumbai continued to show strong dine-in traffic and customer frequency.
- Domestic gross margin improvement continued to remain at 70%, driven by supply chain efficiencies. On the product and operations side, margin gain is aided by fresh food availability and lower logistics cost.
- The company plans to strengthen its premium portfolio through higher advertising, aided by integrated, multi-channel executions to enhance visibility, drive trials and improve brand perception.
- The management reiterated its gross margin trajectory of ~70%, which has already been achieved ahead of schedule, aided by delivery optimisation, supply chain efficiencies and distribution initiatives.

Valuations

Stock performance has been mixed for the sector, with Nestle, Britania & TCPL saw 5-10% rise over last 6 months, while Marico, GCPL and Dabur posted flat-to-slight positive return and ITC, HUL, Colgate, Emami and Mrs. Bector Food fell 5-20% in Q3. Paint stocks declined by 5-15%, while QSR players slipped 15-25% during the quarter. We believe valuation of several FMCG companies looks attractive especially given expectation of stronger FY27 growth. Out of our coverage universe (including discretionaries), we expect ~9% revenue CAGR over FY26-28e driving ~14% earnings CAGR (vs. 4% y/y revenue growth and 5% earnings decline in FY25).

We like **GCPL (Rs1,490), Marico (Rs865), and Mrs. Bector Food (Rs320).** In discretionaries space, we like **Restaurant Brand Asia (Rs93)**.

Fig 27 – Earnings Growth of the Companies in Our Coverage Universe

Companies	Revenue (Rs m)				EBITDA margin (%)			PAT (Rs m)			
	FY26e	FY27e	FY28e	3yr CAGR (%)	FY26e	FY27e	FY28e	FY26e	FY27e	FY28e	3yr CAGR (%)
Staples											
HUL	6,68,017	7,24,602	7,80,068	8.1	23.4	23.9	24.3	1,10,525	1,22,741	1,35,477	10.7
GCPL	1,56,075	1,72,392	1,88,425	9.9	20.6	21.9	22.4	21,401	26,369	30,446	19.3
Dabur	1,36,265	1,47,544	1,59,056	8.0	19.1	19.4	19.6	19,756	21,870	24,044	10.3
Marico	1,35,573	1,50,131	1,64,630	10.2	17.6	19.2	19.6	17,926	21,975	24,782	17.6
Emami	40,012	44,114	48,284	9.9	26.2	26.8	27.4	8,556	9,503	10,490	10.7
Zydus Wellness	39,630	52,403	59,046	22.1	13.5	15.8	16.9	2,672	4,525	5,545	44.0
Mrs Bector Foods	21,198	24,314	27,772	14.5	13.3	14.2	14.7	1,602	2,074	2,556	26.3
Discretionary											
Asian Paints	3,52,856	3,78,426	4,11,902	8.0	18.5	18.9	19.1	41,860	46,585	52,093	11.6
Berger Paints	1,21,157	1,32,788	1,44,871	9.4	15.9	16.4	16.7	11,853	13,768	15,703	15.1
Kansai Nerolac	80,686	86,495	93,155	7.5	12.5	13.0	13.3	6,984	7,918	8,821	12.4
United Spirits	1,36,590	1,52,589	1,70,385	11.7	19.6	19.9	20.0	19,962	22,734	25,845	13.8
United Breweries	95,041	1,05,923	1,17,319	11.1	9.9	11.0	11.9	4,842	6,695	8,540	32.8
Radico Khaitan	60,710	68,090	76,044	11.9	15.4	16.7	17.9	5,399	6,965	8,722	27.1
Devyani International	55,539	62,420	70,589	12.7	15.3	16.4	17.0	-155	945	1,920	NA
Sapphire Foods	31,231	34,832	39,024	11.8	15.2	16.0	16.9	-108	206	650	NA
Restaurant Brands Asia	28,290	32,100	36,651	13.8	11.6	12.8	14.4	-1,996	-1,569	-869	-0.3

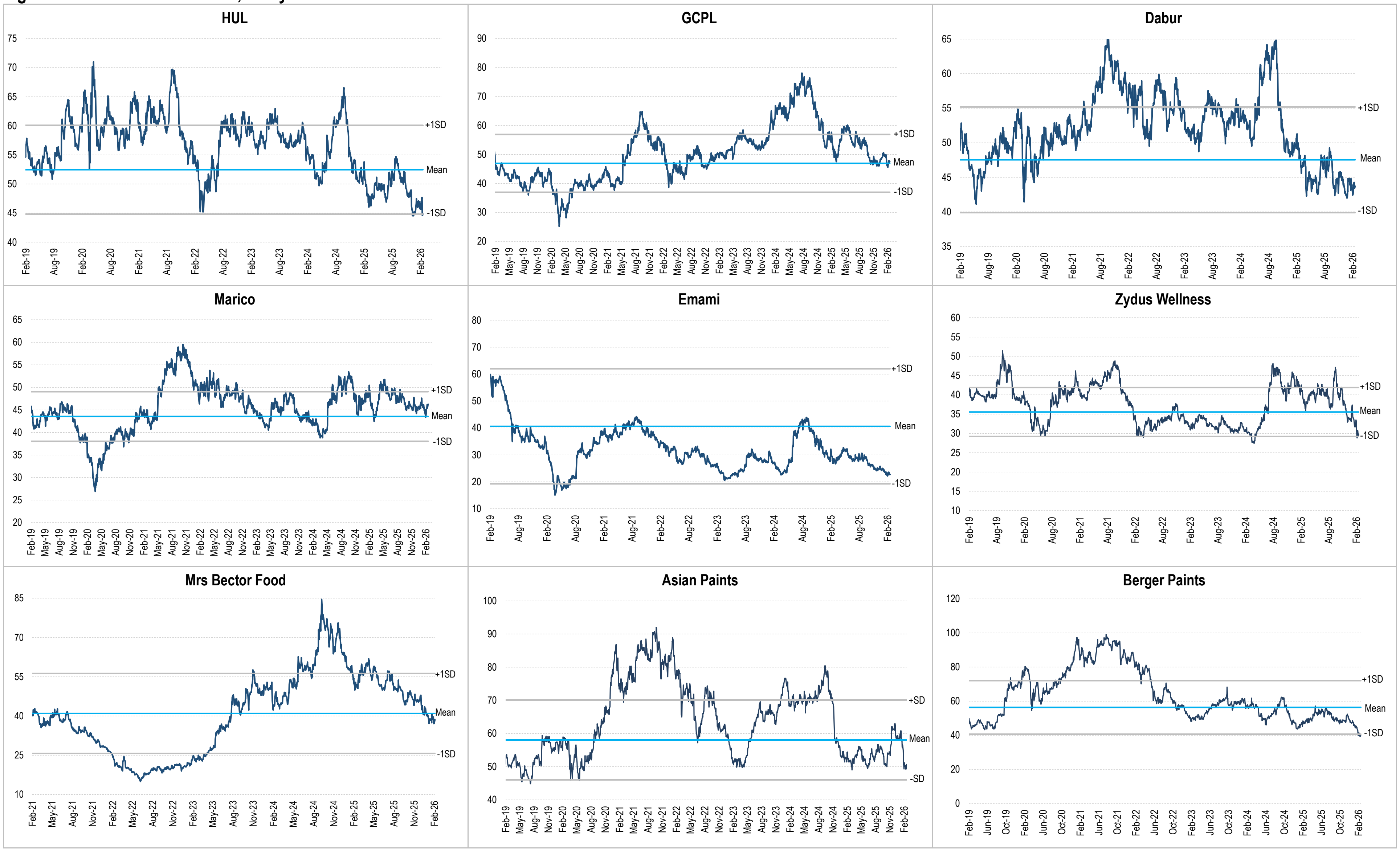
Source: Bloomberg, Anand Rathi Research Note: All prices are as on 17thFeb 26

Fig 28 – Valuation Parameters of the Companies in Our Coverage Universe

Companies	CMP	M.Cap	EV	EPS (Rs)			PE (x)			EV / EBITDA (x)		
	Rs / sh	Rs bn	Rs bn	FY26e	FY27e	FY28e	FY26e	FY27e	FY28e	FY26e	FY27e	FY28e
Staples												
HUL	2,312	5,422	5,396	47.0	52.2	57.6	49.2	44.3	40.1	34.5	31.2	28.5
GCPL	1,214	1,231	1,261	20.9	25.8	29.8	58.0	47.1	40.8	39.2	33.3	29.8
Dabur	517	897	903	11.1	12.3	13.6	46.4	41.9	38.1	34.6	31.6	29.0
Marico	774	1,019	1,020	13.9	17.0	19.2	55.7	45.5	40.3	42.9	35.4	31.6
Emami	490	211	209	19.6	21.8	24.0	25.0	22.5	20.4	19.9	17.7	15.8
Zydus Wellness	405	127	157	8.4	14.2	17.4	48.2	28.5	23.2	29.3	19.0	15.8
Mrs Bector Food	222	66	67	5.2	6.8	8.3	42.6	32.9	26.7	23.8	19.4	16.4
Discretionary												
Asian Paints	2,437	2,329	2,355	43.6	48.6	54.3	55.8	50.2	44.9	36.0	33.0	30.0
Berger Paints	463	539	540	10.2	11.8	13.5	45.5	39.2	34.4	28.0	24.8	22.3
Kansai Nerolac	203	162	161	8.6	9.8	10.9	23.4	20.7	18.6	15.9	14.3	13.0
United Spirits	1,424	1,033	1,023	27.5	31.3	35.6	51.8	45.5	40.0	38.2	33.7	30.0
United Breweries	1,594	430	434	18.3	25.3	32.3	87.0	63.0	49.4	46.1	37.4	31.0
Radico Khaitan	2,813	374	380	40.5	52.2	65.4	69.5	53.9	43.0	40.7	33.4	27.9
Devyani International	131	163	195	-0.13	0.77	1.56	-1,041.3	171.0	84.1	22.9	19.0	16.3
Sapphire Foods	218	70	83	0.58	2.16	3.54	378.7	101.1	61.7	17.5	14.9	12.6
Restaurant Brand Asia	64	37	54	-3.43	-2.70	-1.49	-18.6	-23.7	-42.7	16.5	13.2	10.2

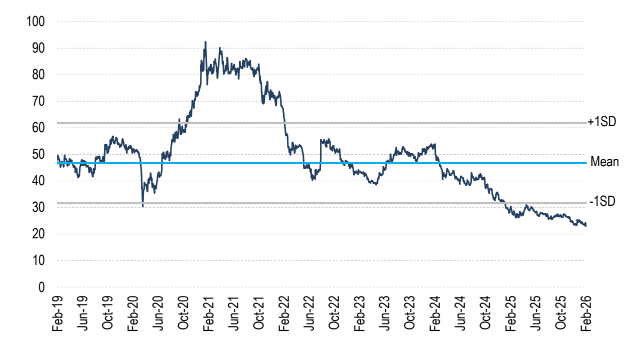
Source: Bloomberg, Anand Rathi Research Note: All prices are as on 17thFeb 26

Fig 29 – P/E standard deviation, one year forward

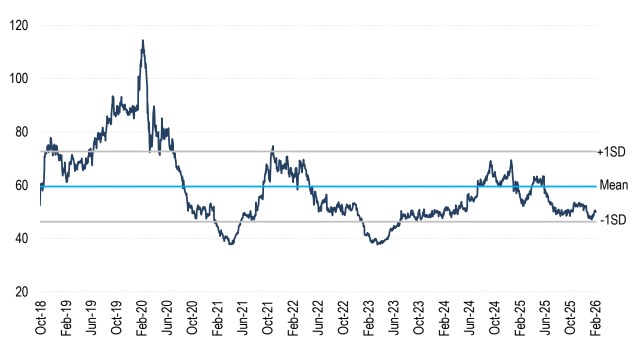


P/E standard deviation, one year forward (contd.)

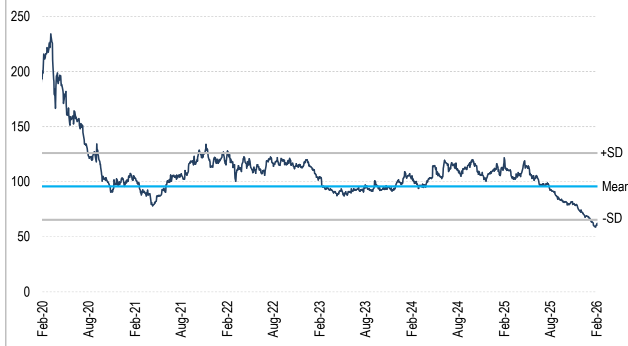
Kansai Nerolac



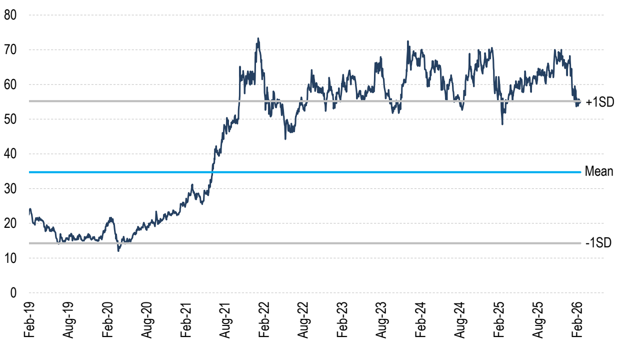
United Spirits



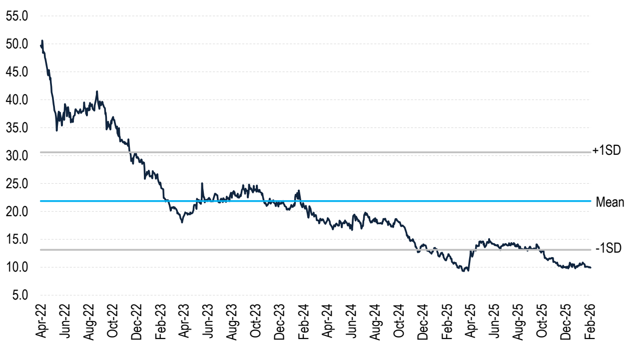
United Breweries



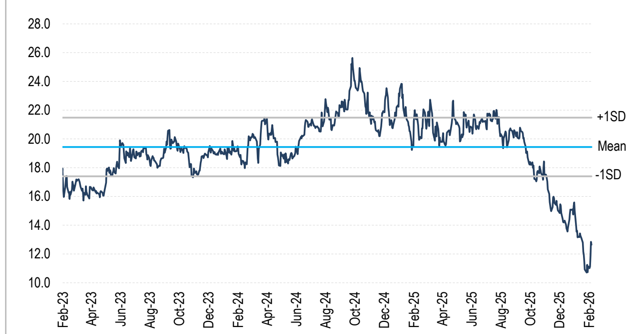
Radico Khaitan



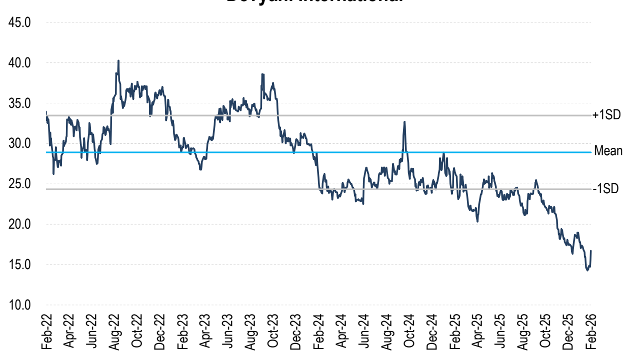
Restaurant Brands Asia



Sapphire Foods India



Devyani International



Source: Bloomberg, Anand Rathi Research

Appendix

Analyst Certification

The views expressed in this Research Report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report. The research analysts are bound by stringent internal regulations and also legal and statutory requirements of the Securities and Exchange Board of India (hereinafter "SEBI") and the analysts' compensation are completely delinked from all the other companies and/or entities of Anand Rathi, and have no bearing whatsoever on any recommendation that they have given in the Research Report.

Anand Rathi Ratings Definitions

Analysts' ratings and the corresponding expected returns take into account our definitions of Large Caps, Mid Caps & Small Caps as described in the Ratings Table below:

Ratings Guide (12 months)

	Buy	Hold	Sell
Large Caps (Top 100 companies)	>15%	0-15%	<0%
Mid Caps (101st-250th company)	>20%	0-20%	<0%
Small Caps (251st company onwards)	>25%	0-25%	<0%

Research Disclaimer and Disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

Anand Rathi Share and Stock Brokers Ltd. (hereinafter refer as ARSSBL) (Research Entity, SEBI Regn No. INH000000834, Date of Regn. 29/06/2015, BSE Enlistment Number – 5048 date of Regn 25 July 2024) is a subsidiary of the Anand Rathi Financial Services Ltd. ARSSBL is a corporate trading and clearing member of Bombay Stock Exchange Ltd (BSE), National Stock Exchange of India Ltd. (NSEIL),Multi Commodity Exchange of India Limited (MCX),National Commodity & Derivatives Exchange Limited (NCDEX), and also depository participant with National Securities Depository Ltd (NSDL) and Central Depository Services Ltd. (CDSL), ARSSBL is engaged into the business of Stock Broking, Depository Participant, Mutual Fund distributor. Investments in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI, Enlistment as RA and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

The research analysts, strategists, or research associates principally responsible for the preparation of Anand Rathi research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues.

General Disclaimer: This Research Report (hereinafter called "Report") is meant solely for use by the recipient and is not for circulation. This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security through ARSSBL nor any solicitation or offering of any investment /trading opportunity on behalf of the issuer(s) of the respective security (ies) referred to herein. These information / opinions / views are not meant to serve as a professional investment guide for the readers. No action is solicited based upon the information provided herein. Recipients of this Report should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by ARSSBL to be reliable. ARSSBL or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of ARSSBL shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this Report. The price and value of the investments referred to in this Report and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. ARSSBL does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding taxation aspects of any potential investment.

Opinions expressed are our current opinions as of the date appearing on this Research only. We do not undertake to advise you as to any change of our views expressed in this Report. Research Report may differ between ARSSBL's RAs and/ or ARSSBL's associate companies on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold ARSSBL, its employees and associates responsible for any losses, damages of any type whatsoever.

ARSSBL and its associates or employees may; (a) from time to time, have long or short positions in, and buy or sell the investments in/ security of company (ies) mentioned herein or (b) be engaged in any other transaction involving such investments/ securities of company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) these and other activities of ARSSBL and its associates or employees may not be construed as potential conflict of interest with respect to any recommendation and related information and opinions. Without limiting any of the foregoing, in no event shall ARSSBL and its associates or employees or any third party involved in, or related to computing or compiling the information have any liability for any damages of any kind.

Details of Associates of ARSSBL and Brief History of Disciplinary action by regulatory authorities & its associates are available on our website i.e. www.rathionline.com

Disclaimers in respect of jurisdiction: This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject ARSSBL to any registration or licensing requirement within such jurisdiction(s). No action has been or will be taken by ARSSBL in any jurisdiction (other than India), where any action for such purpose(s) is required. Accordingly, this Report shall not be possessed, circulated and/or distributed in any such country or jurisdiction unless such action is in compliance with all applicable laws and regulations of such country or jurisdiction. ARSSBL requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to ARSSBL. Any dispute arising out of this Report shall be subject to the exclusive jurisdiction of the Courts in India.

Statements on ownership and material conflicts of interest, compensation - ARSSBL and Associates

Answers to the Best of the knowledge and belief of ARSSBL/ its Associates/ Research Analyst who is preparing this report

Research analyst or research entity or his associate or his relative has any financial interest in the subject company and the nature of such financial interest.	No
ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report?	No
ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company	No
ARSSBL/its Associates/ Research Analyst/ his Relative have any other material conflict of interest at the time of publication of the research report?	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have managed or co-managed public offering of securities for the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation or other benefits from the subject company or third party in connection with the research report	No
ARSSBL/its Associates/ Research Analyst/ his Relative have served as an officer, director or employee of the subject company.	No
ARSSBL/its Associates/ Research Analyst/ his Relative has been engaged in market making activity for the subject company.	No

NOTICE TO US INVESTORS:

This research report is the product of Anand Rathi Share and Stock Brokers Limited, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated person(s) of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances, and trading securities held by a research analyst account.

Research reports are intended for distribution only to Major U.S. Institutional Investors as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act of 1934 (the Exchange Act) and interpretations thereof by the U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). If the recipient of this research report is not a Major U.S. Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated, and/or transmitted onward to any U.S. person which is not a Major U.S. Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major U.S. Institutional Investors, Anand Rathi Share and Stock Brokers Limited has entered into a Strategic Partnership and chaperoning agreement with a U.S. registered broker-dealer: Banc Trust Securities USA. Transactions in securities discussed in this research report should be affected through Banc Trust Securities USA.

1. ARSSBL or its Affiliates may or may not have been beneficial owners of the securities mentioned in this report.
2. ARSSBL or its affiliates may have or not managed or co-managed a public offering of the securities mentioned in the report in the past 12 months.
3. ARSSBL or its affiliates may have or not received compensation for investment banking services from the issuer of these securities in the past 12 months and do not expect to receive compensation for investment banking services from the issuer of these securities within the next three months.
4. However, one or more of ARSSBL or its Affiliates may, from time to time, have a long or short position in any of the securities mentioned herein and may buy or sell those securities or options thereon, either on their own account or on behalf of their clients.
5. As of the publication of this report, ARSSBL does not make a market in the subject securities.
6. ARSSBL or its Affiliates may or may not, to the extent permitted by law, act upon or use the above material or the conclusions stated above, or the research or analysis on which they are based before the material is published to recipients and from time to time, provide investment banking, investment management or other services for or solicit to seek to obtain investment banking, or other securities business from, any entity referred to in this report.

As of the publication of this report, ARSSBL does not make a market in the subject securities.

Registration granted by SEBI, Enlistment as RA and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Additional information on recommended securities/instruments is available on request.

Compliance officer: Deepak Kedia, email id: deepakkedia@rathi.com, Contact no. +91 22 6281 7000. **Grievance officer:** Madhu Jain, email id: grievance@rathi.com, Contact no. +91 22 6281 7191

ARSSBL registered address: Express Zone, A Wing, 10th Floor, Western Express Highway, Diagonally Opposite Oberoi Mall, Malad (E), Mumbai – 400097.

Tel No: +91 22 6281 7000 | Fax No: +91 22 4001 3770 | CIN: U67120MH1991PLC064106.