

Q3FY2026 Results Preview

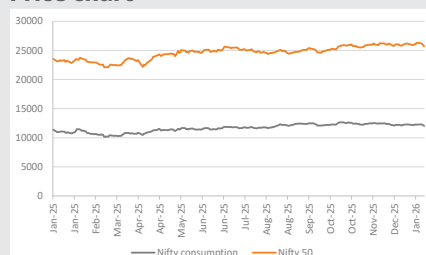
Sector:	Consumer Discretionary
Sector View:	Positive

Coverage universe

Company	CMP (Rs)	Reco	PT (Rs)
Aditya Birla Fashion & Retail	75	Buy	90
Trent	3,973	Buy	5,480
Iris Clothings	34	Positive	42
V2 Retail	2,200	Positive	2,810
Titan Company	4,202	Buy	4,400
Bata India	926	Hold	1,140
Relaxo Footwears	400	Hold	455
Jubilant Foodworks	522	Buy	750
Devyani International	133	Hold	180
Restaurant Brands Asia	66	Buy	99
Indian Hotels Company	693	Buy	891
Lemon Tree Hotels	150	Positive	208
Chalet Hotels	871	Positive	1,172
Samhi Hotels	195	Positive	247
Wonderla Holidays	523	Buy	730
Gokaldas Exports	653	Buy	1,140
KPR Mill	829	Buy	1,287
SP Apparels	682	Positive	1,054
Himatsingka Seide	106	Positive	210
Welspun Living	124	Buy	189
PVR-Inox	1,004	Hold	1,150
Saregama India	367	Buy	600
Zee Entertainment	91	Buy	160

Source: Company, Mirae Asset Sharekhan Research estimates
UR – Under Review

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Consumer Discretionary

Some hits; some misses

Summary

- Hotels to report a comeback after a muted Q2 led by multiple drivers such as a strong wedding season and good traction to leisure and corporate travel. Jewellery companies would post strong growth led by robust wedding and festive demand.
- Apparel retailers to see growth slow due to a shift in festive dates partly to Q2 (versus Q3 last year) and weak demand. QSR demand stays muted owing to heightened competitive intensity and discretionary slowdown.
- Demand would improve across categories on GST rate cuts, wedding and festive season and expectations of interest rate cut.
- Preferred picks**
 - Lifestyle fashion:** Titan, V2 Retail
 - Out-of-home discretionary:** Indian Hotels Company, Lemon Tree Hotels, Samhi Hotels, and Jubilant FoodWorks
 - Textiles:** Welspun Living and Gokaldas Exports

We expect our universe of lifestyle fashion companies to register a 31% y-o-y revenue growth driven by jewellery and premium fashion, while footwear segment continues to lag. Our universe of quick-service restaurants (QSRs) is expected to clock a 14% y-o-y revenue growth, which will be largely driven by store additions, while like-for-like (LFL) growth is expected to be muted for another quarter amid weak demand and higher competitive intensity. We expect our universe of hotels to post a 13% y-o-y revenue growth supported by healthy RevPar expansion, room additions and new business revenue. Our universe of textile companies is likely to post a ~1% y-o-y fall in revenues amid an uncertain business environment.

- Hotels and jewellery players to post strong show:** Strong ARR growth and stable occupancies will support healthy RevPar expansion for hotel companies in Q3. Further, revenue growth will also be driven by room additions and new business revenue. ARR growth was muted in Q2, impacted by unusually heavy rainfall, a high base of Q2FY25 driven by large weddings, and geopolitical tensions that reduced foreign tourist arrivals. However, strong wedding season and good traction to leisure and corporate travel will drive performance of hotel companies in Q3. Strong festive season, sustained momentum during the wedding period, higher old-gold exchange-led purchases and attractive promotional offers will aid jewellery players to post strong performance despite steep gold inflation (gold prices up 60-65% y-o-y).
- Soft quarter for QSRs; festive shift hits apparel demand; muted quarter for textiles:** High competitive intensity and persistent demand headwinds will continue to impact performance of QSRs, with LFL growth momentum likely to remain muted across most players and revenue growth to be supported by store additions. Gross margins for most players are expected to see an improvement post-GST benefits. In the lifestyle fashion space, uneven demand and shift in festive timing will lead to mixed results for apparel and retail companies. Footwear companies are expected to post slight pick-up in Q3, however, the sector continues to face weak consumer demand and muted volume growth. Higher tariffs will continue to hit performance of textile players in Q3 hitting volume growth and margins.
- Outlook – Outlook improving:** Hotels would maintain robust performance in the near term fuelled by strong domestic leisure travel, recovering FTAs, increasing corporate travel, that would all contribute to sustained high room demand and higher average room rates. Limited new room supply anticipated over the next 2-3 years further supports a positive outlook for hotel companies with updated business models. GST rationalisation is likely to benefit QSR players with key raw materials (cheese and dairy products) now at lower slabs. Innovative launches and marketing initiatives will aid in improving footfalls/orders going ahead. Apparel retailers are expected to see modest revival driven by recent policy measures such as GST and income tax rationalisation. In the near term, textile companies are expected to face headwinds due to ongoing uncertainty around US tariff actions. However, the recently concluded UK-India agreement is positive and is likely to help textile companies to diversify revenues and reduce dependence on the US. The sector's medium-to-long-term growth prospects are promising driven by factors such as the China + 1 strategy, government trade agreements, increasing benefits from the PLI scheme, and opportunities for market share gains in export markets.

Valuation and preferred picks

We prefer companies with a scalable business model, strong earnings visibility, and lean balance sheets. A strong growth outlook, focus on sustained market share gains and a strong balance sheet make Titan the best play in the discretionary space. V2 Retail is our preferred pick in the value fashion space due to its consistent strong performance for the past few quarters and good outlook supported by strong growth expected in the value fashion category. In the hospitality space, we prefer Indian Hotels on account of strong industry tailwinds and aggressive room expansion strategy in key markets and Lemon Tree Hotels because of its robust development pipeline. Discounted valuations and a consistent growth outlook make Samhi Hotels an interesting play in the hospitality space. We prefer Jubilant FoodWorks due to its strategy of asset-light expansion and expected scale-up of emerging businesses. In the textile space, we prefer Welspun Living and Gokaldas Exports, which are likely to post better performance in the coming years due to focus on scaling up in new geographies supported by industry tailwinds.

Q3FY2026 Leaders: V2 Retail, Jubilant Foodworks, Titan and Chalet Hotels

Q3FY2026 Laggards: Bata India, Relaxo Footwear, Himatsingka Seide and Welspun Living

Preferred Picks:

- Lifestyle fashion:** Titan, V2 Retail
- Out-of-home discretionary:** Indian Hotels Company, Lemon Tree Hotels, Samhi Hotels and Jubilant FoodWorks
- Textile:** Welspun Living and Gokaldas Exports

Q3FY26 Result estimates

Particulars	Net sales (Rs. crore)			EBITDA Margin (%)			Adjusted PAT (Rs. crore)		
	Q3 FY26E	Q3 FY25	Y-o-Y (%)	Q3 FY26E	Q3 FY25	Y-o-Y (%)	Q3 FY26E	Q3 FY25	Y-o-Y (%)
Lifestyle fashion									
Aditya Birla Fashion and Retail	2,326	2,201	5.7	11.1	13.7	-257	-121	-97	-
Trent	5,220	4,535	15.1	19.4	18.6	85	537	469	14.4
Iris Clothings	39	33	18.0	17.4	18.1	-74	3	2	30.3
V2 Retail	927	591	56.9	19.0	18.9	16	80	51	57.0
Titan Company	24,293	17,740	36.9	10.2	10.9	-66	1,578	1,234	27.9
Bata India	937	918	2.0	20.7	21.7	-101	54	66	-19.1
Relaxo Footwears	660	667	-1.0	13.2	12.5	71	40	33	21.9
Total	32,076	24,484	31.0	12.3	12.9	-61	2,292	1,856	23.5
QSR									
Jubilant Foodworks	2,439	2,151	13.4	20.5	18.7	182	116	51	-
Devyani International	1,486	1,294	14.8	14.9	16.9	-200	-10	-8	-
Restaurant Brands Asia	724	639	13.3	11.1	10.9	18	-52	-55	-
Total	4,649	4,084	13.8	17.3	16.9	34	54	-11	-
Hospitality									
Indian Hotels Company	2,846	2,533	12.4	38.4	38.0	44	676	614	10.1
Lemon Tree Hotels	403	355	13.5	49.6	51.9	-229	86	80	7.3
Chalet Hotels	540	458	17.9	47.6	44.7	290	120	97	24.0
Samhi Hotels	331	296	12.0	38.4	37.3	115	61	29	-
Wonderla Holidays	134	122	10.6	32.2	32.2	-4	26	22	17.3
Total	4,254	3,763	13.0	40.4	39.9	58	968	841	15.0
Textile									
Gokaldas Exports	1,087	988	10.0	8.9	9.9	-107	40	50	-20.8
KPR Mill	1,648	1,529	7.8	18.9	19.8	-82	210	202	3.8
SP Apparels	402	359	11.8	14.7	14.2	50	32	25	29.7
Himatsingka Seide	643	691	-7.0	16.3	16.1	21	13	22	-41.7
Welspun Living	2,194	2,490	-11.9	6.1	11.3	-517	3	122	-97.7
Total	5,973	6,057	-1.4	11.8	13.9	-210	298	422	-29.5
Media & Entertainment									
PVR-Inox	19,719	17,173	14.8	16.5	17.9	-142	1,319	682	93.4
Saregama India	3,185	2,418	31.7	30.0	25.2	484	620	450	37.8
Zee	2,157	1,979	9.0	12.0	16.1	-409	161	242	-33.5
Total	25,061	21,570	16.2	17.8	18.5	-73	2,099	1,374	52.8
Grand total	72,013	59,959	20.1	16.2	17.0	-84	5,711	4,482	27.4

Source: Company; Mirae Asset Sharekhan estimates

Valuations

Company	CMP (Rs.)	Reco.	Price Target (Rs.)	EV/EBITDA (x)				P/E (x)			
				FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
Lifestyle fashion											
Aditya Birla Fashion & Retail	75	Buy	90	19.8	19.7	14.8	11.4	-	-	-	-
Trent	3,973	Buy	5,480	46.4	35.8	29.1	24.6	89.1	75.2	62.0	53.3
V2 Retail	2,200	Positive	2,810	32.9	20.3	14.2	10.5	-	41.3	25.0	17.1
Titan Company	4,202	Buy	4,400	62.0	48.2	40.4	33.9	-	75.7	63.2	52.4
Bata India	926	Hold	1,140	16.6	15.9	14.1	12.3	49.5	52.5	46.7	38.6
Relaxo Footwears	400	Hold	455	25.9	25.5	22.2	19.7	58.3	54.1	44.9	39.5
QSR											
Jubilant Foodworks	522	Buy	750	24.8	20.4	17.2	14.5	-	96.9	61.9	46.2
Devyani International	133	Hold	180	17.1	16.1	12.1	9.7	-	-	-	-
Restaurant Brands Asia	66	Buy	99	13.5	11.3	8.3	6.0	-	-	-	-
Hospitality											
Indian Hotels Company	693	Buy	891	30.2	25.3	21.7	18.9	57.4	48.5	40.0	34.2
Lemon Tree Hotels	150	Positive	208	18.8	15.7	13.2	11.7	48.7	36.1	26.8	22.7
Chalet Hotels	871	Positive	1,172	24.3	14.6	13.4	11.5	52.8	31.5	28.9	24.1
Samhi Hotels	195	Positive	247	10.4	9.0	7.4	6.6	37.9	21.8	13.7	10.9
Wonderla Holidays	523	Buy	730	15.3	13.6	9.6	7.7	35.5	34.5	23.8	19.6
Textile											
Gokaldas Exports	653	Buy	1,140	13.5	13.5	9.4	7.0	27.6	29.8	17.5	12.8
KPR Mill	829	Buy	1,287	22.6	17.2	14.3	12.3	34.7	26.2	21.8	19.1
SP Apparels	682	Positive	1,054	10.9	10.7	9.0	8.1	18.0	18.5	14.7	12.9
Himatsingka Seide	106	Positive	210	7.3	5.6	4.6	3.9	8.8	5.8	4.3	3.7
Welspun Living	124	Buy	189	10.6	12.6	9.2	7.6	18.4	24.9	16.1	13.0
Media & Entertainment											
PVR-Inox	1,004	HOLD	1,150	27.8	11.2	9.3	8.2	-	32.1	24.3	18.4
Saregama India	367	BUY	600	23.2	21.5	16.9	13.5	34.6	36.3	28.8	24.0
Zee Entertainment	91	BUY	160	10.4	10.5	6.5	8.6	11.4	15.8	9.4	8.8

Source: Company; Mirae Asset Sharekhan estimates; UR – Under Review.

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