

Q3FY2026 Results Preview

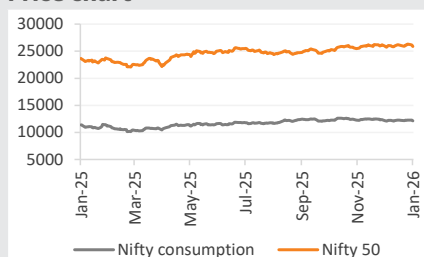
Sector:	Consumer Goods
Sector View:	Positive

Coverage universe

Company	CMP (Rs)	Reco	PT (Rs)
Allied Blenders & Distillers	515	Positive	750
Asian Paints	2,787	Buy	3,360
Britannia Industries	6,034	Buy	6,862
Colgate-Palmolive (India)	2,047	Buy	2,687
Dabur India	519	Buy	560
Emami	516	Buy	645
Godrej Consumer Products	1,243	Buy	1,375
Hindustan Unilever	2,387	Buy	2,997
Indigo Paints	1,221	Buy	1,430
ITC	341	Buy	420
Jyothy Labs	266	Buy	360
Marico	759	Buy	825
Mrs Bectors Food Specialities	234	Positive	340
Nestle India	1,307	Buy	1,450
Radico Khaitan	3,079	Buy	3,840
Tata Consumer Products	1,197	Buy	1,425
Varun Beverages	501	Positive	580
Zydus Wellness	455	Buy	552

Source: Company, Mirae Asset Sharekhan Research estimates

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Consumer Goods

Improving volumes as tax disruptions fade; margins recovering

Summary

- ♦ Volumes to see uptick in Q3FY26 across companies as GST-led disruptions eased in later half of Q3. Further, a favorable winter drove sales of winter-centric categories. Rural markets stood resilient, while urban markets continued to see signs of a recovery.
- ♦ Revenue/PAT for our universe is expected to grow ~8%/~7% y-o-y. Paint players likely to see a gradual recovery, while alco-beverage companies will sustain a strong show.
- ♦ Stable input costs to aid gross margin expansion, while OPM should see y-o-y improvement across the sector, fuelled by enhanced operating leverage.
- ♦ Stabilisation post GST-led transition, sustained rural recovery and improving urban sentiment would support demand in the near term. **Preferred Picks:** Asian Paints, Marico, Godrej Consumer, Radico Khaitan and Allied Blenders & Distillers.

In Q3FY26, consumer staples companies are expected to see sequential recovery in volumes as trade disruptions eased in November-December, post a challenging October. Paints companies are expected to report gradual recovery aided by pickup in volume growth. Alco-beverage companies are expected to continue strong growth momentum driven by double-digit volume growth in the Prestige & Above (P&A) segment. Overall, we expect our consumer goods universe to report ~8% y-o-y revenue growth. Rural markets stay resilient supported by ongoing government schemes and inflation easing off, while urban markets are witnessing early signs of recovery after a prolonged period of slowdown. Gross margins are expected to improve, supported by stable raw material prices, while better operating leverage will support OPM expansion. We expect our universe's OPM to remain stable y-o-y. PAT is likely to grow by ~7% y-o-y, in line with ~8% y-o-y growth in the operating profit.

- ♦ **Volumes to see sequential uptick:** GST-led disruptions continued in October and partially in November (affecting nearly 40-45 days). Thereafter, partial restocking supported the primary growth in December. Volumes are expected to be a sequentially better in Q3 aided by improving offtake post the GST-led disruption and a favourable winter season, which aided better off-takes in categories such as health supplements, hot beverages, personal care and winter-centric products. With the inflation headwind fading and policy support intact, rural markets are holding firm, while urban markets are on a recovery path following a sustained downturn.
- ♦ **Margins on recovery path:** Raw material prices have declined materially q-o-q in agri-commodities such as tea, coffee, sugar and maize, been moderate in copra, wheat and palm oil and remained benign in crude-linked inputs. Stable raw material prices would drive a recovery in gross margin, while OPM is also likely to improve led by better operating leverage. Alco-beverage companies are likely to post expansion in margins aided by improved mix (premiumisation) and moderation in inflation.
- ♦ **Sector outlook - Multiple factors to aid pick up in volumes and margins:** Consumer demand is expected to see gradual pick-up with reduction in tax on consumer goods, further supported by steady rural recovery and improving urban sentiment. Market share gains, distribution expansion, and new product launches should help volume growth to improve in the medium to long run. We expect margins to have bottomed out in Q1 and see margins rise from H2FY26 aided by easing raw material price inflation, new inventory coming in and better operating leverage through higher volumes. Focus on improving product mix, operating efficiencies and cost saving initiatives will help to improve OPM in the medium to long term.

Valuation and preferred picks: With the GST-led disruptions fading, most consumer goods companies are likely to benefit in the coming months as reduction in prices will aid demand recovery and support volume growth. Within staples, we like Marico and GCPL due to their pricing power in key categories, potential to gain market share from small/local players, and relatively better growth tailwinds in operating segments. In the paints category, we prefer Asian Paints which is likely to be the key beneficiary of recovery in demand for paints. In the alco-bev space, we prefer Radico Khaitan and Allied Blenders & Distillers due to their focus on increasing share of Prestige & Above (P&A) brands.

Q3FY2026 Leaders: Allied Blenders & Distillers, Britannia, GCPL, Marico and Radico Khaitan

Q3FY2026 Laggards: Colgate-Palmolive and HUL

Preferred Picks: Asian Paints, Marico, GCPL, Radico Khaitan and Allied Blenders & Distillers

Q3FY26 Result estimates

Particulars	Net sales (Rs. crore)			OPM (%)			Adjusted PAT (Rs. crore)		
	Q3 FY26E	Q3 FY25	Y-o-Y (%)	Q3 FY26E	Q3 FY25	Y-o-Y (bps)	Q3 FY26E	Q3 FY25	Y-o-Y (%)
Allied Blenders and Distillers	1,106	974	13.6	12.5	12.0	49	73	57	26.4
Asian Paints	9,108	8,549	6.5	19.7	19.1	54	1,227	1,128	8.8
Britannia Industries	4,999	4,593	8.8	19.4	18.4	103	676	584	15.8
Colgate-Palmolive (India)	1,499	1,462	2.6	30.6	31.1	-47	326	323	0.9
Dabur India	3,532	3,355	5.3	20.5	20.3	18	550	515	6.7
Emami	1,156	1,049	10.2	32.6	32.3	38	333	301	10.7
Godrej Consumer Products	4,158	3,768	10.3	21.0	20.1	96	608	504	20.6
Hindustan Unilever	15,909	15,408	3.2	23.1	23.2	-6	2,565	2,543	0.9
Indigo Paints	367	343	7.0	17.7	16.7	98	40	36	12.9
ITC	18,201	17,053	6.7	33.3	34.2	-88	5,133	4,999	2.7
Jyothy Labs	733	704	4.1	16.3	16.4	-14	90	87	2.7
Marico	3,527	2,794	26.2	16.8	19.1	-233	461	406	13.5
Mrs Bectors Food Specialities	564	492	14.7	12.8	12.5	27	38	35	9.3
Nestle India	5,268	4,780	10.2	23.0	22.7	25	745	696	7.1
Radico Khaitan	1,541	1,294	19.0	16.1	14.2	187	147	96	52.7
Tata Consumer Products	4,996	4,444	12.4	14.1	12.7	142	404	327	23.4
Varun Beverages	3,955	3,689	7.2	16.2	15.7	46	262	196	33.3
Zydus Wellness	947	462	105.1	6.4	3.1	330	13	6	103.7
Grand Total	81,568	75,213	8.4	23.0	23.2	-13	13,689	12,841	6.6

Source: Company; Mirae Asset Sharekhan Research; *Varun Beverage is a calendar year-ending company

Valuations

Company	CMP (Rs.)	Reco.	Target Price (Rs.)	PE (x)			
				FY2025	FY2026E	FY2027E	FY2028E
Allied Blenders & Distillers	515	Positive	750	73.6	55.4	40.6	29.8
Asian Paints	2,787	Buy	3,360	67.0	57.6	49.6	43.2
Britannia Industries	6,034	Buy	6,862	65.7	57.2	49.2	42.7
Colgate-Palmolive (India)	2,047	Buy	2,687	39.9	39.4	35.6	32.6
Dabur India	519	Buy	560	53.0	48.5	42.9	38.8
Emami	516	Buy	645	25.8	25.8	23.6	21.4
Godrej Consumer Products	1,243	Buy	1,375	66.5	57.8	47.8	41.3
Hindustan Unilever	2,387	Buy	2,997	54.7	53.0	48.0	43.8
Indigo Paints	1,221	Buy	1,430	41.0	37.7	32.5	29.5
ITC	341	Buy	420	21.2	21.3	19.8	18.4
Jyothy Labs	266	Buy	360	26.1	25.9	23.6	21.0
Marico	759	Buy	825	65.4	59.3	57.1	47.1
Mrs Bectors Food Specialities	234	Positive	340	10.0	8.9	7.0	5.6
Nestle India	1,307	Buy	1,450	81.7	74.7	65.7	56.3
Radico Khaitan	3,079	Buy	3,840	-	70.6	54.9	45.4
Tata Consumer Products	1,197	Buy	1,425	86.1	70.9	60.2	52.7
Varun Beverages*	501	Positive	580	65.1	56.9	47.7	39.8
Zydus Wellness	455	Buy	552	42.1	45.5	31.8	28.6

Source: Company; Mirae Asset Sharekhan Research estimates; *Varun Beverages is a calendar year-ending company

Mirae Asset Sharekhan Limited, its analyst or dependant(s) of the analyst might be holding or having a position in the companies mentioned in the article.

DISCLAIMER

This information/document has been prepared by Sharekhan Ltd. and is intended for use only by the person or entity to which it is addressed to. This Document may contain confidential and/or privileged material and is not for any type of circulation, and any review, retransmission, or any other use is strictly prohibited. This information/ document is subject to change without prior notice.

Recommendation in reports based on technical and derivatives analysis is based on studying charts of a stock's price movement, trading volume, and outstanding positions, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals. However, this would only apply to information/documents focused on technical and derivatives research and shall not apply to reports/documents/information focused on fundamental research.

This information/document does not constitute an offer to sell or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Though disseminated to all customers who are due to receive the same, not all customers may receive this report at the same time. Mirae Asset Sharekhan will not treat recipients as customers by virtue of their receiving this information/report.

The information contained herein is obtained from publicly available data or other sources believed to be reliable, and Mirae Asset Sharekhan has not independently verified the accuracy and completeness of the said data and hence it should not be relied upon as such. While we would endeavour to update the information herein on a reasonable basis, Mirae Asset Sharekhan, its subsidiaries and associated companies, their directors, and employees ("Mirae Asset Sharekhan and affiliates") are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that may prevent Mirae Asset Sharekhan and its affiliates from doing so. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Recipients of this report should also be aware that past performance is not necessarily a guide to future performance, and the value of investments can go down as well. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved) and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. We do not undertake to advise you as to any change of our views. Affiliates of Mirae Asset Sharekhan may have issued other recommendations/ reports that are inconsistent with and reach different conclusions from the information presented in this recommendations/report.

This information/recommendation/report is not directed 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, regulation or which would subject Mirae Asset Sharekhan and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restrictions.

The analyst certifies that the analyst might have dealt or traded directly or indirectly in the securities of the company and that all the views expressed in this document accurately reflect his or her personal views about the subject company or companies and its or their securities and do not necessarily reflect those of Mirae Asset Sharekhan. The analyst and Mirae Asset Sharekhan further certifies that either he or his relatives or Mirae Asset Sharekhan associates might have direct or indirect financial interest or might have actual or beneficial ownership of 1% or more in the securities of the company at the end of the month immediately preceding the date of publication of the research report. The analyst and Mirae Asset Sharekhan encourage independence in research report/ material preparation and strive to minimize conflict in the preparation of the research report. The analyst and Mirae Asset Sharekhan do not have any material conflict of interest or have not served as officers, directors or employees or engaged in market-making activity of the company. The analyst and Mirae Asset Sharekhan have not been a part of the team which has managed or co-managed the public offerings of the company, and no part of the analyst's compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this document. Sharekhan Ltd, or its associates, or analysts.

have not received any compensation for investment banking, merchant banking, brokerage services or any compensation or other benefits from the subject company or from a third party in the past twelve months in connection with the research report.

Either Mirae Asset Sharekhan or its affiliates or its directors or employees/representatives/clients or their relatives may have position(s), make market, act as principal or engage in transactions of purchase or sell of securities, from time to time or may be materially interested in any of the securities or related securities referred to in this report and they may have used the information set forth herein before publication. Mirae Asset Sharekhan may from time to time solicit from, or perform investment banking or other services for, any company mentioned herein. Without limiting any of the foregoing, in no event shall Mirae Asset Sharekhan, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind.

Forward-looking statements (if any) are provided to allow potential investors the opportunity to understand management's beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in evaluating an investment. These statements are not a guarantee of future performance, and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Sharekhan Ltd and its affiliates undertake no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change, except as required by applicable securities laws. The reader/investors are cautioned not to place undue reliance on forward-looking statements and use their independent judgment before taking any investment decision.

Investment in securities market are subject to market risks, read all the related documents carefully before investing. The securities quoted are for illustration only and are not recommendatory. Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Mirae Asset Sharekhan has been ranked as India's No.1 Retail Broker by Asiamoney Brokers Poll 2023. For more details, visit bit.ly/AsiamoneyPoll

Client should read the Risk Disclosure Document issued by SEBI & relevant exchanges and the T&C on www.sharekhan.com

Registered Office: 1st Floor, Tower No. 3, Equinox Business Park, LBS Marg, Off BKC, Kurla (West), Mumbai 400 070, Maharashtra, India. Tel: 022-67502000.

Correspondence/Administrative Office Address - Gigaplex IT Park, Unit No 1001, 10th floor, Building No.9, TTC Industrial Area, Digha, Airoli-West, Navi Mumbai - 400708. Tel: 022 61169000 / 61150000, Fax No. 61169699.

Registration and Contact Details: Name of Research Analyst - Sharekhan Limited - (AMFI-registered Mutual Fund Distributor), Research Analyst Regn No.: INH000006183. CIN: U99999MH1995PLC087498.

SEBI Regn. Nos.: BSE / NSE (CASH / F&O / CD) / MCX - Commodity: INZ000171337; BSE - 748, NSE - 10733, MCX - 56125, DP: NSDL/CDSL-IN-DP-365-2018; PMS: INP000005786; Mutual Fund: ARN 20669 (date of initial registration: 03/07/2004, and valid till 02/07/2026); IRDAI Registered Corporate Agent (Composite) License No. CA0950, valid till June 13, 2027.

Compliance Officer: Mr. Joby John Meledan; Tel: 022-4657 3809; email id: complianceofficer@sharekhan.com

For any complaints/ grievances, email us at igc@sharekhan.com, or you may even call the Customer Service desk on 022-41523200/ 022-61151111.