Consumer Goods

On a recovery path

SECTOR UPDATE

Q3FY2026 Results Review

SECTOR

Consumer Goods

SECTOR VIEW

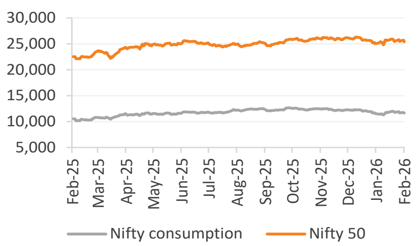
Positive

Coverage universe

Company	CMP (Rs)	Reco.	PT (Rs)
Allied Blenders & Distillers	495	Positive	715
Asian Paints	2,414	Buy	3,105
Britannia Industries	6,170	Buy	7,090
Colgate-Palmolive (India)	2,240	Buy	2,460
Dabur India	517	Buy	560
Emami	475	Buy	645
Godrej Consumer Products	1,236	Buy	1,460
Hindustan Unilever	2,365	Buy	2,750
Indigo Paints	949	Buy	1,350
ITC	324	Buy	400
Jyothy Labs	257	Buy	315
Marico	809	Buy	890
Mrs. Bectors Food Specialities	217	Positive	275
Nestle India	1,318	Buy	1,500
Radico Khaitan	2,710	Buy	3,840
Tata Consumer Products	1,176	Buy	1,425
Varun Beverages	462	Positive	580
Zydus Wellness	399	Buy	552

Source: Company; Mirae Asset Sharekhan Research

PRICE CHART



Source: NSE, BSE, Mirae Asset Sharekhan Research

Quick Snapshot

- Consumer staples companies saw demand gradually pick up after GST-led disruptions aided by favourable macros and government initiatives. Rural continued to outperform, while urban showed signs of a recovery.
- Paints companies delivered soft performance owing to extended monsoons and a short festive season, while alco-bev companies kept up the growth momentum partly hit by state-specific issues. Margins improved y-o-y aided by stable raw material prices and operating leverage.
- Going ahead, supportive macro-economic factors would drive staples consumption, paints are likely to see a gradual recovery, while premiumization will continue to drive strong growth for alco-bev companies.
- **Preferred picks:** Allied Blenders & Distillers, Britannia Industries, Marico, Nestle India and Radico Khaitan.

- **Staples – Gradual demand recovery:** Most companies witnessed GST-led disruptions across channels until mid-November, with inventory levels stabilising thereafter. Favourable macros (moderating inflation, favourable monsoon, healthy crop outlook) and government initiatives (GST rationalization, income tax cut) led to an early pick-up in demand. Our staples universe posted 9.8% y-o-y revenue growth, with volume growth supported by better affordability post GST rate cuts and distribution expansion. Rural continued to outperform, while urban showed signs of recovery. Emerging channels such as e-commerce and quick-commerce continue to scale up. Among categories, foods companies performed better than personal care driven by GST-led tailwinds. Our universe' OPM slightly fell 21 bps y-o-y to 24%, while adjusted PAT grew 7.5% y-o-y.
- **Alco-bev – Growth momentum continues:** Alco-bev companies continued strong momentum partly impacted by trade disruptions due to Maharashtra liquor policy and license renewal in Telangana. Premiumisation continued to be strong growth driver with ABDL and RKL delivering P&A volume growth of 17% and 26% y-o-y, respectively. Our universe revenue grew by 12.4% y-o-y. Premiumisation, stable raw material prices and operating leverage aided 254 bps y-o-y OPM expansion to 15.8%. Double-digit revenue growth and a surge in margins led to a strong 48.8% y-o-y growth in the adjusted PAT.
- **Paints - Another soft quarter:** Despite a favourable base and multiple initiatives, paint companies reported muted performance owing to multiple headwinds, with our universe revenue growing by 3.8% y-o-y. Extended monsoon and short festive period impacted performance in October-25, while a slight recovery was seen in November-December. Further, high competitive intensity continued to hit performance. Asian Paints and Indigo Paints delivered 4-5% y-o-y revenue growth. OPM rose y-o-y across the sector, aided by benign raw material prices and efficiency measures. Our coverage universe's OPM rose 100 bps y-o-y, while adjusted PAT grew by 5.5% y-o-y.

Outlook and Valuation

Gradual recovery in volumes and margins: Favourable macros and government initiatives will continue to boost consumption in the near term. A favourable winter would aid growth for winter portfolio. Further, with the industry expecting a strong summer season, summer products' offtake from March-25 will support growth. Paints companies are expected to see a gradual recovery on a soft base. In alco-bev companies, premiumization will continue to support healthy double-digit growth. Market share gains, distribution expansion, and product launches should help volume growth to improve in the medium to long run. With raw material prices remaining stable, OPM is likely to improve in the near term. Focus on improving product mix, operating efficiencies and cost saving initiatives will help to improve OPM in the medium to long term.

Q3FY26 Leaders: Britannia Industries, Nestle India and Radico Khaitan.

Q3FY26 Laggards: Colgate-Palmolive (India), Hindustan Unilever and Jyothy Labs.

Preferred Picks: Allied Blenders & Distillers, Britannia Industries, Marico, Nestle India and Radico Khaitan.

Q3FY26 result snapshot Rs cr

Particulars	Net sales			OPM (%)			Adjusted PAT		
	Q3 FY26	Q3 FY25	Y-o-Y (%)	Q3 FY26	Q3 FY25	Y-o-Y (bps)	Q3 FY26	Q3 FY25	Y-o-Y (%)
Britannia Industries	4,970	4,593	8.2	20.7	18.4	230	721	584	23.4
Colgate-Palmolive (India)	1,486	1,462	1.7	29.7	31.1	-134	314	323	-2.8
Dabur India	3,559	3,355	6.1	20.6	20.3	31	566	515	9.8
Emami	1,152	1,049	9.8	33.4	32.3	108	344	301	14.3
Godrej Consumer Products	4,099	3,768	8.8	21.5	20.1	142	566	504	12.3
Hindustan Unilever	16,441	15,556	5.7	23.0	23.7	-67	2,556	2,624	-2.6
ITC	18,017	17,053	5.7	34.8	34.2	63	5,294	4,999	5.9
Jyothy Labs	740	704	5.1	15.0	16.5	-149	81	87	-7.2
Marico	3,537	2,794	26.6	16.7	19.1	-234	460	406	13.3
Mrs. Bectors Food Specialities	533	492	8.4	12.8	12.5	35	38	35	10.1
Nestle India	5,667	4,780	18.6	21.2	22.7	-149	901	696	29.4
Tata Consumer Products	5,112	4,444	15.0	14.1	12.7	139	421	345	22.0
Varun Beverages*	4,204	3,689	14.0	15.2	15.7	-52	263	196	33.7
Zydus Wellness	965	462	-	6.2	3.1	311	-34	6	-
Consumer Staples	**70,482**	**64,200**	**9.8**	**24.0**	**24.2**	**-21**	**12,490**	**11,622**	**7.5**
Allied Blenders & Distillers	1,003	974	3.0	13.5	12.0	154	66	57	15.1
Radico Khaitan	1,547	1,294	19.5	17.3	14.2	306	162	96	69.0
Alco-bev	**2,550**	**2,268**	**12.4**	**15.8**	**13.3**	**254**	**228**	**153**	**48.8**
Asian Paints	8,867	8,549	3.7	20.1	19.1	94	1,134	1,079	5.2
Indigo Paints	359	343	4.7	19.0	16.7	236	42	36	16.4
Paints	**9,226**	**8,892**	**3.8**	**20.0**	**19.0**	**100**	**1,176**	**1,114**	**5.5**
Grand Total	**82,257**	**75,360**	**9.2**	**23.3**	**23.3**	**3**	**13,894**	**12,890**	**7.8**

*Source: Company; Mirae Asset Sharekhan Research; *Values are for Q4CY25 and Q4CY24*

Valuations

Particulars	CMP (Rs.)	P/E (X)				Reco.	Price Target (Rs.)
		FY25	FY26E	FY27E	FY28E		
Allied Blenders & Distillers	495	71.1	54.4	41.3	29.7	Positive	715
Asian Paints	2,414	58.1	51.7	45.8	40.1	Buy	3,105
Britannia Industries	6,170	67.2	56.9	48.7	42.2	Buy	7,090
Colgate-Palmolive (India)	2,240	43.7	44.6	40.7	37.6	Buy	2,460
Dabur India	517	52.7	48.2	42.8	38.5	Buy	560
Emami	475	23.7	23.7	21.4	19.6	Buy	645
Godrej Consumer Products	1,236	66.0	57.2	47.5	41.1	Buy	1,460
Hindustan Unilever	2,365	53.2	53.5	49.6	45.2	Buy	2,750
Indigo Paints	949	31.8	29.2	26.3	23.1	Buy	1,350
ITC	324	20.2	20.3	19.0	17.6	Buy	400
Jyothy Labs	257	25.2	27.1	24.1	21.2	Buy	315
Marico	809	63.0	58.7	48.4	43.1	Buy	890
Mrs. Bectors Food Specialities	217	46.5	46.5	35.6	28.2	Positive	275
Nestle India	1,318	82.5	77.6	64.6	55.7	Buy	1,500
Radico Khaitan	2,710	104.9	63.8	48.4	39.3	Buy	3,840
Tata Consumer Products	1,176	84.8	75.3	62.1	54.2	Buy	1,425
Varun Beverages*	462	60.2	51.5	44.7	36.9	Positive	580
Zydus Wellness	399	37.0	42.7	24.6	21.8	Buy	552

*Source: Company; Mirae Asset Sharekhan Research; *Values are for CY24, CY25, CY26E and CY27E*

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