

September 2025

Consumer Sector

GST transition pains

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Q2FY26 preview summary and Top picks

- **Top picks: Staples: Bikaji Foods, Britannia, Nestle, HUL and Tata Consumer; in Discretionary, we also like United Spirits and Asian Paints.**
- **Due to GST transition issues; adverse impact on volumes/sales is likely to be 2–3%, primarily due to delayed consumer purchases and trade reluctance to stock higher-priced inventory.**
- **Most companies have fully passed on initially GST benefit to consumers. Q2FY26 will see adverse transition impact on volumes, margins, working capital days. To reverse November onwards**
- **Inverted duty structures is a challenge. Offset allowed on packaging, any other RM and Services (at 18% GST rate). However, refund is not allowed in case of services (A&P, lease, logistics, outsourced vendor related services) and hence input tax credit may remain unutilised in many companies. Companies eventually are likely to factor this in pricing.**
- **SGST offset mechanism on ultra mega factories/tax holidays, would need modifications, as sales from that factory now generate lower refunds compared with earlier. We forecast companies shall engage with state governments to suitably modify timelines/others.**
- **Heavy rains in Q2FY26 have adversely impacted categories such as carbonated drinks, beverages, beer, ice creams and HI. Varun Beverages, Emami, United Breweries, Dabur, Godrej Consumer shall face impact. Paints demand also impacted, but likely to be recouped in coming quarters (deferred rather than lost).**
- **Harsh winter likely in India (Dec'25–Feb'26) due to likely La Niña (> 50% probability). In our view, skin care and immunity products (HUL, Dabur and Emami) likely to see benefit while carbonated drinks and juices (VBL, Dabur) may see demand challenges. Q3FY26 growth for winter portfolios could benefit from last year's mild winter base.**
- **Maharashtra is likely to report double-digit decline in spirits, largely offset by strong growth in Andhra Pradesh and Karnataka.**
- **We estimate ITC's cigarette volumes to grow 5–6% YoY while Godfrey is likely to grow much faster—likely 20–25% in our view.**
- **GST 2.0 reforms will eventually aid consumption, led by price cuts in larger packs and grammage addition in smaller packs. Rural demand remains resilient, supported by ongoing government schemes and good rains in most parts (except Bihar). In our view, H2FY26 (starting November) is likely to post volume boost for most consumer staples categories.**
- **Government has been supportive: MRP re-stickering voluntary, allowed use of old packaging until March 31, 2026, no longer required to advertise MRP changes. In our view there is flexibility on either grammage increase or price cuts. We do believe odd pricing such as INR4.7 to go away and GST shall extend life of INR2, INR5, INR10 by 4–5 years.**
- **Nepal unrest is a slight negative (low single-digit exposure) for companies (operational disruptions, stepping up of plant security, delay in JV projects), normalising now.**
- **Tea prices (-15% YoY, +2% QoQ) are likely to remain benign, supporting Tata Consumer and HUL's margins H2FY26 onwards. Coffee (+45% YoY) remains elevated—beneficial for Tata Consumer's plantations, but margin-accretive for HUL and Nestle. Copra prices remain elevated. Palm oil prices are up 7% YoY/5% QoQ likely to pressure margins of Bikaji, Britannia, Nestle and Gopal snacks in Q3FY26 if such prices sustain.**
- **We reckon our coverage shall clock revenue/volume growth of 5%/2% YoY in Q2FY26 while EBITDA shall remain flat YoY (versus revenue/EBITDA/volume growth of 6%/3%/3% YoY in Q1FY26 and 5%/2%/4% YoY in Q2FY25).**

Q2FY26E performance: Top-tier, mid-tier and laggards

Top-tier : Bikaji Foods, Marico, Tata Consumer, Britannia, Pidilite, United Spirits and CCL Products.

Mid-tier: Nestle, Hindustan Unilever, ITC , Dabur, Asian Paints, Berger Paints, Bajaj Consumer and AWL Agri Business.

Laggards: Emami, Colgate, United Breweries, Varun Beverages, Godrej Consumer and Indigo Paints.

Strong revenue growth: Marico, Bikaji Foods (ex-PLI), Tata Consumer, Britannia and CCL Products to be leaders while Emami, Varun Beverages, United Breweries and Colgate to be laggards.

Strong volume growth: Bikaji Foods, Marico, Pidilite and United Spirits to be leaders while Emami, Varun Beverages, United Breweries and Colgate to be laggards.

EBITDA growth: Bikaji Foods (ex-PLI), CCL Products, Asian Paints and Pidilite to be leaders while Emami, AWL Agri Business, United Breweries, Colgate to be laggards.

Decent price hikes: Marico, Bikaji Foods, Nestle (coffee) and Britannia.

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What did HUL say on the quarter?

- The company expects revenue growth to remain flat to low single-digit in Q2FY26. Even October shall see transitory adverse impact
- It is one-off transitory impact and anticipate recovery starting November as price stabilises.
- This is the first time HUL has released business update. **Important to note that Q2 is first quarter under the new MD, Priya Nair.**

GST rate cut

- A ~40% of portfolio including Toilet Soap, Toothpaste, Shampoo, Hair Oil, Talcum Powder, Lifestyle Nutrition and other foods GST rate has seen reduced GST rate from 12%/18% to 5%.
- The company has fully passed on GST benefits to consumers through price cuts and value packs Sept-22 onwards.
- These reforms are likely to increase disposable income and drive long-term demand across key categories.

Short-term disruption

- Transitory impact rose at distributors and retailers across channels to clear existing inventories with old prices.
- This has resulted in order postponement in anticipation of new stocks with revised prices.
- Furthermore, lower orders across the overall portfolio as consumers delayed their pantry buying.
- This has led to a short-term impact on sales in September and the company expects this to continue in October, given existing pipeline inventory in channels.

Palm oil up 16% in past few months | Could be slight worry for food companies in Q3FY26

- Although palm oil prices are only up ~7% YoY/5% QoQ, they are ~16% up from recent lows made in May'25.
- If current prices sustain, key affected companies in Q3FY26 can be Bikaji, Britannia, Nestle and Gopal Snacks.
- We do expect companies to eventually look at passing on some part of this inflation especially as consumer-end prices have come off due to GST rate cuts.
- Even ITC Foods may see impact.
- For snacks players such as Bikaji, palm oil is almost 25–30% of RM costs.
- Even for Britannia, Nestle, ITC-Foods, Palm oil is a key RM.
- Eventually HUL and GCPL may see adverse impact if palm derivatives such as PFAD also go up.



Nepal political uncertainty—slight negative for most Indian consumer names

- We see the Nepal issue to be a slight negative for most consumer names. However, the fact that normalcy is returning is good.
- *Slightly similar situation had been observed in Bangladesh, but we did not see any major long term impact on Marico. Emami did see some adverse impact.*
- *Most of the listed Indian Consumer Staples companies operate in Nepal via the Indian listed entity, so there can be slight overhang for most names.*
- Varun Beverages' Nepal business is 3% of its consolidated revenue. Recently, Campa had also entered the Nepal market.
- Dabur's factory in Birgunj reported its regular shift operations being disrupted.
- Unilever Nepal has temporarily halted operations at its plant in Hetauda. Employees were asked to work from home in Kathmandu; sales teams and local distributors are being advised to follow curfews / safety instructions.
- Companies such as Marico, Reliance Consumer Products (RCPL), and Varun Beverages (PepsiCo's bottler) are stepping up security measures around their plants (e.g. near Biratnagar). Some upcoming projects (e.g. JV factories) are being delayed.

Companies	% salience
Varun Beverages	3
Dabur	3
ITC	3
Berger Paints	2
Britannia, Asian Paints, HUL, Godrej Consumer, Bikaji Foods	0.5-2

Source: Nuvama Research

Adverse impact on summer portfolio in Q2FY26

Summer Portfolio has seen two back-to-back tough quarters: Q1 and Q2FY26. Heavy rains have led to material impact in summer category demand.

Demand for decorative paints (especially exterior paints) may be muted due to heavy rains. It is largely a case of deferred demand. In contrast, companies such as Varun Beverages, Emami and United Breweries have perishable demand.

Which FMCG summer categories are hit and why?

- **Carbonated drinks/RTD juices:** Bottlers for Pepsi and Coca Cola called out early monsoon as a headwind on their volumes.
- **Beer :** Five corporation states (metropolises) reported 20% volume decline for the beer category in July and August.
- **Summer care products:** High rains compared with last year shall drag down sales for sunscreens, cooling hair oils, talc, etc.
- **Ice creams/frozen desserts:** Lower impulse footfalls led to stocking down by Kirana and QSR.
- **HI:** Heavy rains washes away breeding ground for mosquitos; thus affecting demand for HI.
- **Paints:** Purchasing and painting activities gets postponed due to heavy rains; more of a pent up demand post monsoons/festive seasons. Hence demand is delayed rather than permanently lost. We reckon it shall rebound in H2FY26.

Adverse impact on summer portfolio in Q2FY26 (contd.)

Companies	Likely impact in our view
Varun Beverages	✓ July and August were weak due to heavy rains compared with last year, but September reported some pickup due to monsoons withdrawal in North. We forecast India volumes to decline 2% YoY, on a base of 5.7% growth, while revenues to decline 4% YoY.
Emami	✓ Emami's summer portfolio is likely to decline in double digit in Q2FY26, affected by a weak summer following extended monsoons and high base (Summer overall portfolio was down 5% in Q1FY26; up 10% in Q2FY25).
United Breweries	✓ High rains compared with last year is likely to negatively impact the brewing industry (transportation issues), potentially leading to eroding sales. Although volume grew 5% YoY in Q2FY25, we expect UBBL's volumes to decline 3% YoY, while revenue to remain flat YoY.
Godrej Consumer	✓ Heavy rains washes away breeding grounds for mosquitos. Hence, we expect HI volumes to be weak and likely to decline mid to high single digit.

Source: Nuvama Research

Winter likely to be harsh this year | Impact on sector

Given the early forecast of harsh winters we forecast strong demand for immunity and skin care products and weak demand for CSD and Juices.

- IMD and Skymet have forecasted 50%-plus probability of La Niña emerging in Oct–Dec'25 implying harsh winter season.
- Current forecasts suggest India may experience a colder-than-normal winter (December 2025–February 2026), primarily due to the likely re-emergence of La Niña conditions in the Pacific Ocean.
- **La Niña impact:** The expected La Niña phenomenon, characterised by cooler-than-normal ocean temperatures in the Pacific, is strongly associated with colder winters in India by funneling cold air from higher latitudes.

Sector/companies impact

Positive

HUL: Stronger demand for Ponds, Vaseline, Dove, Lakmé skin care.

Dabur: Higher uptake in Chyawanprash, Honey, Immunity products.

Emami: Key winter portfolio (Boroplus, Navratna oil, Fair & Handsome) and Immunity Products. We expect Q3FY26 could see double-digit growth tailwind if winter is harsh vs mild base last year (Q3FY25: Sales/volume growth of 5%/6% YoY).

Negative : There could be weak beverage (CSD, Juices) consumption impacting Varun Beverages and Dabur's juice business. Q3 is seasonally weak anyway, but YoY growth could suffer as last year winter was mild.

Government has been supportive on GST issues of FMCG

1. **Re-stickering of unsold stock is voluntary and not mandatory:** Government has clarified that companies are not required to display revised MRPs on unsold products or unused packaging materials that already has a pre-printed MRP.
2. **Advertisements is voluntary and not mandatory :** Companies are no longer required to publish two newspaper advertisements announcing changes in MRP due to GST revisions. Instead, they must issue circulars on revised prices to trade partners, with copies sent to the Director of Legal Metrology (Central) and Controllers in all States and Union Territories.
3. **Old packaging can be used until March 31, 2026 (earlier deadline was Dec end, 2025):** Companies may continue using packaging materials printed before the GST revision), or until existing stocks are exhausted—whichever comes first.
4. In our view, there is flexibility on either grammage Increase/price cuts. Some FMCG companies are adopting “odd pricing” (which in our view is Temporary) on small packs of popular products such as ice creams, shampoos. For instance, Mother Dairy have reduced prices of popular impulse items—such as INR10 ice creams (ice-candies, vanilla cups, chocobars) to INR9. P&G has similarly cut prices of INR2 and INR3 shampoo sachets to INR1.77 and INR2.66, respectively.
5. In the case of larger packs, GST benefits will be passed on through price reductions or increasing the grammage of the product.

Management comments

- B Sumant, executive director at ITC said, "We have initiated an extensive exercise of informing all trade partners about the price revisions of our products across categories so that the benefits arising out of revised GST rates are passed on to the end consumer. Necessary steps are also being taken to notify consumers about the ensuing benefits".
- Mayank Shah, VP at Parle Products said, "For stock that is already out in the market and are at various levels-with distributors and retailers, re-stickering would have been very challenging. Biscuits as a category, for instance, are sold through about 10 million retailers. This move by the government will substantially ease transition to the new GST regime".
- He said, "Small packs are significant for biscuit and snack companies. Large packs are about a third of our sales. We understand that the GST benefits have to be passed to consumers. So for now, we are taking direct price cuts across pack sizes. But we will increase grammage on small packs once new inventory comes into the market in the next one month".

GST cut on single category companies positive, but there is a catch...

Issue

GST on packaged foods reduced from 18% to 5% (2.5% SGST each). BRIT's incentives from states are largely SGST refunds/reimbursements. Lower SGST means slower incentive accrual, challenging utilization within the agreed time frame. BRIT has raised this issue with states to seek longer timelines.

Mechanics of state incentives

- **Eligible Investment:** Entire INR18bn at Ranjangaon Ultra-Mega plant (Maharashtra).
- **Benefit Structure:** Refund of SGST paid on sales from that plant.
- **Quantum:** Up to 100% of eligible investment (INR18bn in Maharashtra, plus other states: TN INR3bn, UP INR2.9bn, etc.).
- **Duration:** Spread over ~12–15 years; Ranjangaon eligible till FY38E.
- **FY25 realisation:** INR3.5bn incentives, bulk from Maharashtra.

Impact of GST cut

- **Earlier:** 9% SGST available for refund means faster recovery.
- **Now:** 2.5% SGST refund means slower recovery, cash-flow drag.
- **Earnings:** BRIT has highlighted in Q1FY26 conference call that 'Other operating income' to remain linear (INR874mn/quarter).

Our view

- Structural benefit from incentives still intact (INR18bn recoverable in MH + other states).
- **Near-term:** slower accrual pace due to lower GST rate.
- **We expect food companies to engage with State governments to suitably modify timelines/others. We do expect more clarity on this by government.**
- **Long-term:** BRIT remains a key beneficiary of fiscal incentives, supporting margins & cash flows.

Inverted duty structure big challenge for few companies

Food FMCG (biscuits, dairy, packaged foods)

- Most of key raw materials are at 5% or 0% (flour, milk, sugar, edible oils, spices)
- Packaging materials are either at 5% (cartons) and 18% (laminates, plastic packaging, PET bottles).
- ITC (Input tax credit) can be set off and for both services and Goods but refund is for ITC comes from goods.
- While, for services (like A&P, consulting, outsourcing) there is no refund (Britannia: 4%; Nestle: 5.5%; Bikaji: 2.3% of sales).

Oral care/personal/household care (toothpaste, shampoos, skin care, oral hygiene products, detergents, surface cleaners, Hair dye, HI)

- Many of the raw materials are at 18% (sorbitol, lamitubes, caps, surfactants, aerosol cans, fragrance oils, etc.).
- Inputs split between chemicals, packaging (goods) and heavy marketing, advertising, distribution services.
- A&P spends alone can be 12–15% of sales, much higher than in food FMCG (Colgate 14%; Emami 13%). Although these can be offset with Output tax, any refunds for service is currently not allowed. These fall under services at 18%, which are not eligible for refund.

Implication

- Assuming the unutilised ITC split is 70% goods (refundable) while 30% services (blocked). So, for every INR100 of GST liability, about INR7 is refundable and INR3 is stuck. While in our view, for single category companies input mix tilts more towards services (around 40%). This means for every INR100 GST liability, only INR6 is refundable while INR4 remains blocked.
- Oral care/personal care/Household categories will see more impact than food companies under the inverted duty structure, because a larger share of their unutilised ITC comes from services (non-refundable).
- Single category companies are at a disadvantage versus the diversified ones. For example, for HUL 40% of its portfolio is coming down from 18% to 5%. This means high GST categories (detergents, skin care, surface cleaners) absorb extra ITC, leading to improving credit utilisation. While for single category companies like Colgate, this adds margin pressure in already competitive category with high brand-building intensity.

While all FMCG categories face inverted duty structure challenges post-GST cuts, oral care and personal care are disproportionately worse off than food FMCG, because their input structure leans heavily on services (non refundable), whereas food FMCG is more goods-driven (refundable)

GST price cut tracker

- **Most companies in our analysis have largely passed on GST Rate cuts to end consumers.**
- Some companies seem to have taken a portfolio approach to GST with smaller cuts in few segments and sharper cuts in others.
- Single category companies, which have seen more cuts in portfolio will see inverted GST duty structure as a challenge.
- *Nestle has cut pricing by 3–23%; almost entire India business has seen benefits of GST rate cut except Pet Food, Nespresso machines etc.*
- *Colgate has cut pricing by 7–14%; almost entire India Business has seen benefits of GST rate cut.*
- *Dabur has cut pricing by 6–20% almost 60% of India Business has seen benefits of GST rate cut.*
- *Emami has cut pricing by 6-11%; almost 80% of India business has seen benefits of GST rate cut.*
- *Varun Beverages has cut pricing by 5–10%; almost 20% of India Business has seen benefits of GST rate cut.*
- *HUL has cut pricing by 7–15%; 40% of HUL's portfolio has seen benefits of GST rate cut.*
- *Loreal (cut by 11-13%), Mother Dairy (cut by 3-25%) etc*
- We see HUL under new MD showing clear aggression and speed – HUL has been one of the first companies to come out with ads with new pricing
- **We estimate grammage addition at LUPs at INR2, INR5, INR10 and INR20, which will boost volume growth. In bigger packs, we expect price cuts/promotions, which will again aid consumption.**

Delhi government likely to reform liquor sector—potentially positive for Alco Bev sector

Proposed reforms

1. **Delhi government has weighed on lowering beer drinking age from 25 to 21.**
2. **Considering return of private liquor shops to curb black market sales**

Our views

- This is potential positive for Alco Bev players. Although this has been delayed in our view but better late than never.
- Delhi's population is 2.5% of India's population and is a premium and higher per capita consumption market hence if private liquor shops return could premiumise and expand the market
- Expands the potential addressable consumer base (more legal beer drinkers) in Delhi. This could boost volumes for beer, if distribution improves. More legal consumption (if younger age allowed) could increase demand for beer, wine etc. if distribution improves. Having said that, how seriously age verification is enforced
- This again shows some states are open to softer regulations on beer versus spirits.
- If private liquor shops return, this can help more consumption due to more and better distribution and also reduce cross-border leakage (people going to nearby areas to consume or procure beer) and black market/illicit liquor purchases this benefits to formal market share. Opening up private shops could expand retail channels and brand presence.
- On the flip side, regulatory changes bring uncertainty; past policy was overturned in 2022 due to integrity/lobbying concerns, so businesses may be cautious. Furthermore, excise duty, licensing norms, profit margins/distributor margins etc will matter a lot depending on how the policy is structured.

Welcome aspects of policy

- **Targeted reforms:** beer age lowering first, not wholesale shift.
- Private vends to modernise retail, expand availability, and raise excise revenue (INR 45–50bn leakage currently)
- **Goal:** formalise consumption, improve consumer experience, rationalize outlet distribution

Past context

- 2021 policy lowered drinking age (from 25 to 21 for all liquor) and private retail push but was rolled back in 2022 due to controversies
- Current proposal narrower, phased and focused on beer and distribution efficiency.

Raw material — largely benign

- Tea prices are down 15% YoY and up 2% QoQ. Tea is a multi-month crop but first two months crop has been good and we expect next one year tea costs to remain benign. **We expect gradual recovery to start from Q3FY26 onwards for Tata Consumer and HUL's Tea business.**
- Coffee prices remain ~45% elevated on a YoY basis. Coffee prices have fallen ~20% in the past few days but still remains 15% higher than July and August levels. **This correction is positive for HUL and Nestle from a RM cost basis. If coffee prices are high, then it is good for Tata Consumers plantation business, hence recent drop is a negative.**
- Palm oil is up 7% YoY/5% QoQ. **If current prices sustain, key affected companies in Q3FY26 can be Bikaji, Britannia, Nestle, ITC Foods, Gopal snacks.**
- PFAD is up 14% YoY/5% QoQ. **Companies such as HUL, Godrej Consumer may see some adverse impact in Soaps business.**
- Copra prices remained at elevated levels. **We expect another round of price hikes for Marico's Parachute business.**
- VAM prices are down 3% YoY/5% QoQ. **Given marginal correction, we expect gross margins for Pidilite to largely remain benign.**

Name of the Commodity	YoY (%)	QoQ (%)
Tea	(15)	2
Palm Oil	7	5
PFAD	14	5
Brent	(13)	2
Mentha	5	5
Vinyl Acetate	(3)	(5)

Source: Nuvama Research

Volume comparison YoY

- In staples, we anticipate Bikaji Foods, CCL Products, Tata Consumer – RTD and Marico to lead volume growth. In discretionary, we forecast Pidilite and United Spirits shall lead the charge.
- All summer categories shall report muted volume growth; for instance, Varun Beverages's India business volumes to decline 2% YoY, United Breweries overall volumes to decline 3% while Emami's Domestic business volumes shall remain decline 15% YoY.**

Particulars	Volume growth (%)
Tata consumer- RTD	19
United Breweries - Premium	17
CCL Products	15
Bikaji Foods - Overall	9
Pidilite- Overall	9
Pidilite - C&B Business	8
Marico	7
United Spirits -P&A	7
United Spirits - Popular	6
Tata consumer - India Branded	6
United Spirits - Overall	6
ITC - Cigarette	6
Tata consumer- Salt	5
Dabur - Domestic	4
Berger Paints- Decorative	4
Tata consumer- Tea	4
Asian Paints- Decorative Business	3
Bajaj Consumer Care	1
Britannia	1
Nestle	1
GCPL - Domestic	1
HUL	Flat
Varun Beverages - Domestic	-2
United Breweries - Overall	-3
Colgate - Toothpaste	-3
AWL Agri business -Edible Oils	-6
Emami - Domestic	-15

Source: Nuvama Research

Revenue comparison

- Marico, CCL Products, Tata Consumer, Bikaji Foods (ex PLI) and Pidilite are likely to lead top-line growth in Q2FY26.
- Emami, Colgate, United Breweries and Asian Paints are likely to be laggards.

Particulars	YoY
CCL Products	27
Marico	19
Tata consumer products	15
Bikaji Foods (ex PLI)	13
AWL Agri Business	13
Pidilite	8
United Spirits	7
Godrej Consumer	6
Dabur	5
Britannia	5
Bajaj Consumer Care	3
Nestle	3
Berger Paints	2
ITC	2
Varun Beverages	1
Hindustan Unilever	1
United Breweries	0
Indigo Paints	(0)
Asian Paints	(1)
Colgate	(5)
Emami	(13)

Source: Nuvama Research

EBITDA comparison

- In terms of absolute EBITDA growth YoY— Bikaji Foods (ex-PLI), CCL Products, Asian Paints, Bajaj Consumer, Britannia, Pidilite and United Spirits are likely to lead the pack, whereas Colgate, United Breweries, Emami and AWL Agri are anticipated to lag.

Particulars	YoY
Bikaji Foods (ex PLI)	22
CCL Products	22
Asian Paints	12
Pidilite	10
Bajaj Consumer Care	10
United Spirits	8
Britannia	8
Dabur	7
Varun Beverages	6
Berger Paints	5
Marico	4
Indigo Paints	1
ITC	1
Nestle	(0)
Tata consumer products	(1)
Godrej Consumer	(3)
Hindustan Unilever	(5)
Colgate	(10)
United Breweries	(12)
AWL Agri Business	(25)
Emami	(30)

Source: Nuvama Research

Gross and EBITDA margin comparison

- GST transition caused short term contraction in gross margins (due to inverted duty structure and pricing resets) and EBITDA margins (due to high promotional spends, service related costs and weak operating leverage). However, we do believe the impact to be temporary and should largely stabilizing from November onwards.

Gross margins (%)	Q2FY26E	Q2FY25	YoY
Bajaj Consumer Care	57.8	53.3	446
Bikaji Foods (ex PLI)	34.3	31.7	256
Indigo Paints	45.5	43.7	180
Asian Paints	42.5	40.8	173
United Breweries	44.3	44.0	30
Pidilite	54.1	54.4	-25
United Spirits	44.8	45.2	-40
Varun Beverages	55.0	55.5	-54
Berger Paints	41.1	41.7	-60
Britannia	39.1	40.2	-113
Colgate	67.4	68.5	-114
Nestle	55.3	56.6	-132
Emami	69.2	70.7	-149
Hindustan Unilever	50.0	51.6	-159
ITC	49.8	51.6	-179
CCL Products	37.9	39.8	-191
AWL Agri business	10.0	12.3	-225
Dabur	46.7	49.3	-263
Tata consumer products	40.8	43.6	-280
Godrej Consumer	52.1	55.6	-349
Marico	45.0	50.8	-579

Source: Nuvama Research

EBITDA Margins (%)	Q2FY26E	Q2FY25	YoY
Asian Paints	17.4	15.4	196
Bikaji Foods (ex PLI)	13.8	12.7	106
Varun Beverages	25.0	24.0	104
Bajaj Consumer Care	14.9	14.0	94
Pidilite	24.3	23.8	53
Britannia	17.3	16.8	49
Berger Paints	16.1	15.6	45
Dabur	18.5	18.2	27
United Spirits	18.0	17.8	17
Indigo Paints	14.0	13.9	14
ITC	32.5	32.8	(33)
Nestle	22.2	22.9	(68)
CCL Products	17.9	18.6	(70)
AWL Agri Business	2.6	3.9	(132)
United Breweries	9.4	10.7	(133)
Hindustan Unilever	22.4	23.8	(142)
Colgate	29.0	30.7	(172)
Godrej Consumer	19.0	20.8	(177)
Tata consumer	12.9	14.9	(196)
Marico	17.1	19.6	(249)
Emami	22.5	28.1	(562)

Source: Nuvama Research

Nuvama Consumer Sector – Q2FY26 (INR mn)

Company Name		Q2FY26E	Q2FY25	YoY growth (%)	Q1FY26	QoQ growth (%)
AWL Agri Business	Revenues	163,114	144,605	12.8	170,587	(4.4)
	EBITDA	4,241	5,662	(25.1)	3,659	15.9
	PAT	1,808	3,110	(41.9)	2,379	(24.0)
	Other income	630	1,049		2,061	
	Tax	543	1,200		788	
	EBITDA margin	2.6	3.9		2.1	
Asian Paints	Revenues	79,453	80,275	(1.0)	89,386	(11.1)
	EBITDA	13,825	12,395	11.5	16,250	(14.9)
	PAT	8,891	6,946	28.0	10,998	(19.2)
	Other income	1,500	1,736		1,928	
	Tax	3,134	2,654		3,917	
	EBITDA margin	17.4	15.4		18.2	
Bajaj Consumer Care	Revenues	2,411	2,340	3.1	2,667	(9.6)
	EBITDA	359	327	10.0	405	(11.3)
	PAT	338	319	6.1	379	(10.9)
	Other income	82	89		78	
	Tax	74	70		79	
	EBITDA margin	14.9	14.0		15.2	
Berger Paints	Revenues	28,440	27,746	2.5	32,008	(11.1)
	EBITDA	4,579	4,342	5.5	5,284	(13.3)
	PAT	2,833	2,699	5.0	3,150	(10.1)
	Other income	180	211		285	
	Tax	936	883		1,077	
	EBITDA margin	16.1	15.6		16.5	

Source: Nuvama Research

Nuvama Consumer Sector – Q2FY26 (INR mn) (continued)

Company Name		Q2FY26E	Q2FY25	YoY growth (%)	Q1FY26	QoQ growth (%)
Britannia	Revenues	48,974	46,676	4.9	46,222	6.0
	EBITDA	8,460	7,834	8.0	7,571	11.7
	PAT	5,876	5,317	10.5	5,207	12.8
	Other income	600	460		570	
	Tax	2,023	1,836		1,809	
	EBITDA margin	17.3	16.8		16.4	
Colgate	Revenues	15,387	16,191	(5.0)	14,341	7.3
	EBITDA	4,462	4,974	(10.3)	4,526	(1.4)
	PAT	3,173	3,951	(19.7)	3,206	(1.0)
	Other income	220	760		179	
	Tax	1,092	1,354		1,113	
	EBITDA margin	29.0	30.7		31.6	
Dabur	Revenues	31,907	30,280	5.4	34,046	(6.3)
	EBITDA	5,903	5,520	6.9	6,678	(11.6)
	PAT	4,487	4,244	5.7	5,139	(12.7)
	Other income	1,450	1,515		1,440	
	Tax	1,471	1,284		1,543	
	EBITDA margin	18.5	18.2		19.6	
Emami	Revenues	7,771	8,906	(12.7)	9,041	(14.0)
	EBITDA	1,748	2,505	(30.2)	2,142	(18.4)
	PAT	1,206	2,127	(43.3)	1,643	(26.6)
	Other income	150	216		216	
	Tax	213	94		225	
	EBITDA margin	22.5	28.1		23.7	

Source: Nuvama Research

Nuvama Consumer Sector – Q2FY26 (INR mn) (continued)

Company Name		Q2FY26E	Q2FY25	YoY growth (%)	Q1FY26	QoQ growth (%)
Godrej Consumer	Revenues	38,936	36,663	6.2	36,619	6.3
	EBITDA	7,398	7,617	(2.9)	6,946	6.5
	PAT	4,761	4,913	(3.1)	4,525	5.2
	Other income	700	860		845	
	Tax	1,781	2,154		1,613	
	EBITDA margin	19.0	20.8		19.0	
Hindustan Unilever	Revenues	160,863	159,260	1.0	165,140	(2.6)
	EBITDA	36,033	37,930	(5.0)	37,180	(3.1)
	PAT	24,934	25,950	(3.9)	27,680	(9.9)
	Other income	2,500	2,190		2,010	
	Tax	8,739	9,470		5,350	
	EBITDA margin	22.4	23.8		22.5	
Indigo Paints	Revenues	2,992	2,995	(0.1)	3,089	(3.1)
	EBITDA	419	415	0.9	443	(5.5)
	PAT	233	223	4.7	261	(10.6)
	Other income	60	51		60	
	Tax	79	83		87	
	EBITDA margin	14.0	13.9		14.3	
ITC	Revenues	189,579	186,491	1.7	197,499	(4.0)
	EBITDA	61,613	61,233	0.6	62,613	(1.6)
	PAT	48,610	49,759	(2.3)	49,124	(1.0)
	Other income	7,000	8,737		6,621	
	Tax	16,203	16,409		16,328	
	EBITDA margin	32.5	32.8		31.7	

Source: Nuvama Research

Nuvama Consumer Sector – Q2FY26 (INR mn) (continued)

Company Name		Q2FY26E	Q2FY25	YoY growth (%)	Q1FY26	QoQ growth (%)
Marico	Revenues	31,723	26,640	19.1	32,590	(2.7)
	EBITDA	5,425	5,220	3.9	6,550	(17.2)
	PAT	4,016	4,230	(5.1)	5,040	(20.3)
	Other income	490	820		560	
	Tax	1,134	1,190		1,430	
	EBITDA margin	17.1	19.6		20.1	
Nestle India	Revenues	52,570	51,040	3.0	50,962	3.2
	EBITDA	11,671	11,677	(0.1)	11,003	6.1
	PAT	7,137	8,995	(20.7)	6,592	8.3
	Other income	70	69		40	
	Tax	2,573	3,010		2,412	
	EBITDA margin	22.2	22.9		21.6	
Pidilite	Revenues	34,937	32,349	8.0	37,531	(6.9)
	EBITDA	8,490	7,688	10.4	9,410	(9.8)
	PAT	6,035	5,346	12.9	6,724	(10.3)
	Other income	550	571		857	
	Tax	1,995	1,848		2,383	
	EBITDA margin	24.3	23.8		25.1	
Tata consumer	Revenues	48,603	42,145	15.3	47,789	1.7
	EBITDA	6,221	6,263	(0.7)	6,069	2.5
	PAT	3,337	3,916	(14.8)	3,342	(0.1)
	Other income	450	460		412	
	Tax	1,234	377		1,190	
	EBITDA margin	12.8	14.9		12.7	

Source: Nuvama Research

Nuvama Consumer Sector – Q2FY26 (INR mn) (continued)

Company Name		Q2FY26E	Q2FY25	YoY growth (%)	Q1FY26	QoQ growth (%)
United Spirits	Revenues	30,419	28,430	7.0	25,490	19.3
	EBITDA	5,475	5,070	8.0	4,150	31.9
	PAT	3,729	3,350	11.3	2,690	38.6
	Other income	600	340		610	
	Tax	1,256	1,120		900	
	EBITDA margin	18.0	17.8		16.3	
United Breweries	Revenues	21,188	21,167	0.1	28,643	(26.0)
	EBITDA	1,992	2,272	(12.3)	3,109	(35.9)
	PAT	1,041	1,323	(21.3)	1,840	(43.4)
	Other income	100	104	(3.8)	111	(9.7)
	Tax	366	460		639	
	EBITDA margin	9.4	10.7		10.9	
Varun Beverages*	Revenues	48,623	48,047	1.2	70,174	(30.7)
	EBITDA	12,156	11,511	5.6	19,988	(39.2)
	PAT	6,951	6,288	10.5	13,170	(47.2)
	Other income	500	243		772	
	Tax	2,345	1,713		4,066	
	EBITDA margin	25.0	24.0		28.5	
Bikaji Foods	Revenues	8,080	7,212	12.0	6,527	23.8
	EBITDA	1,221	1,067	14.4	963	26.9
	PAT	771	692	11.4	599	28.7
	Other income	100	79	25.9	100	0.0
	Tax	271	245		200	
	EBITDA margin	15.1	14.8		14.8	
CCL Products	Revenues	9,375	7,382	27.0	10,556	(11.2)
	EBITDA	1,675	1,371	22.2	1,590	5.3
	PAT	863	740	16.6	724	19.1
	Other income	25	5		24	
	Tax	188	134		217	
	EBITDA margin	17.9	18.6		15.1	

Source: Nuvama Research * For Varun Beverages Q2FY26/Q2FY25/Q1FY26 represent Q3CY25/Q3CY24/Q2CY25.

Hindustan Unilever

- For Q2FY26E, we expect consolidated revenue to inch up 1% YoY (up 5.2% YoY in Q1FY26; 2.4% YoY in Q2FY25).
- Underlying consolidated volumes are likely to remain flat YoY (up 4% YoY in Q1FY26; standalone volumes up 3% YoY in Q2FY25).
- Consolidated EBITDA is likely to decrease 5% YoY in Q2FY26 (down 1.4% in Q1FY26; flat in Q2FY25) as per the guidance already given.
- Gross margin would decline 159bp YoY/10bp QoQ to 50% as the company passed on GST benefits while EBITDA margin shall fall 142bp YoY/11bp QoQ to 22.4%. HUL's EBITDA margin guidance of 22–23% continues to hold true this quarter.
- **RM cost:** Palm oil prices continue to remain volatile while tea prices have currently moderated a bit as the early part of the season is showing deflationary trends. More clarity will come towards Oct-end. Coffee prices are near 52 week high.
- **Demand trends:** To remain weaker than Q1FY26 due to GST transitory impact. Summer related skin creams, sunscreens have seen some impact by the extended monsoon. However, September and October may see some disruption from GST-related changes, as ~40% of HUL's portfolio has shifted from the 18% slab to 5%.
- **GST impact:** The transition could temporarily constrain new inventory availability and impact working capital. Awaiting clarity on refunds related to the inverted duty structure in GST. Products such as Dove shampoo, Horlicks, Kissan Jam, Lifebuoy soap, Lux soap, Bru Coffee, etc are getting cheaper due to the GST change.
- **Pricing:** We expect low single-digit underlying pricing growth (~1%). In Tea and Home care HUL has taken price cuts due to lower commodity prices and competitive pressure but raised prices in the skincare segment on account of rising palm derivatives.

	Q2FY26E	Q2FY25	YoY growth	Q1FY26	QoQ growth
Revenues	1,60,863	1,59,260	1.0%	1,65,140	-2.6%
EBITDA	36,033	37,930	-5.0%	37,180	-3.1%
PAT	24,934	25,950	-3.9%	27,680	-9.9%
Other income	2,500	2,190		2,010	
Tax	8,739	9,470		5,350	
Tax rate (%)	25.8	26.6		15.6	
EBITDA margin	22.4	23.8		22.5	

Source: Nuvama Research

- Cigarette volumes shall increase 5–6% YoY on a base of 3.3% growth in Q2FY26 (6.5% YoY in Q1FY26). We anticipate cigarette net revenue/EBIT to grow 7.1%/3% YoY (7.7%/3.7% YoY in Q1FY26; 6.8%/5.1% YoY in Q2FY25).
- We forecast overall revenue shall grow 1.7% YoY (20.6% YoY in Q1FY26 and 16.8% YoY in Q2FY25).
- FMCG: We reckon margins shall improve QoQ in Q2FY26E, however Q3FY26E FMCG margins can be weak due to palm oil remain inflationary (up 10% from bottom). We forecast sales shall grow 6% YoY (5.2% YoY in Q1FY26; 5.4% YoY in Q2FY25), but EBIT to decline 4% YoY (down 16.5% in Q1FY26; up 0.7% in Q2FY25). For the time being, in notebooks (earlier 12% GST now 0%), we expect consumers to see only partial reduction in MRP, since ITC will load the uncovered input GST into the MRP.
- Agri sales are likely to decline 8% YoY (38.9% YoY in Q1FY26; 47.1% YoY in Q2FY25) due to high base (coffee and spices portfolios doing well) portfolio. Agri profit shall decline 47% YoY (up 21.9% in Q1FY26; up 27.5% in Q2FY25).
- Paper business: We estimate sales growth would be 7% YoY (up 7% YoY in Q1FY26; up 2.1% YoY in Q2FY25), but a 27% YoY dip in profits due to high competition from imports and lack of operating leverage (down 37.8% in Q1FY26; down 23.2% in Q2FY25).
- EBITDA is likely to decline ~0.6% YoY (up 2.9% YoY in Q1FY26; up 4.9% YoY in Q2FY25).
- Overall gross margin shall contract 179bp YoY to 49.8% while EBITDA margin shall decrease 33bp YoY to 32.5%.
- We reckon adjusted PAT shall decline ~2% YoY in Q2FY26E.
- GST: We expect channel partners would destock aggressively before September 22 to avoid losses from carrying inventory purchased at a higher GST rate. So we expect some pull down ins secondary sales in September (destocking impact) for ITC.

	Q2FY26E	Q2FY25	YoY growth	Q1FY26	QoQ growth
Revenues	1,89,579	1,86,491	1.7%	1,97,499	-4.0%
EBITDA	61,613	61,233	0.6%	62,613	-1.6%
PAT	48,610	49,759	-2.3%	49,124	-1.0%
Other income	7,000	8,737		6,621	
Tax	16,203	16,409		16,328	
Tax rate (%)	25.0	24.8		24.9	
EBITDA margin	32.5	32.8		31.7	

Source: Nuvama Research

Varun Beverages

- **Domestic:** We estimate India volume shall decline 2% YoY (down 7.1% YoY in Q2CY25; up 5.7% YoY in Q3CY24) while revenue shall decline 4% YoY. July and August were weak due to heavy rains compared with last year, but September reported some pickup due to monsoons withdrawal in North.
- We forecast EBITDA margins for the India business shall expand 110bp YoY to 27%.
- We reckon consolidated revenue shall grow 1.2% YoY (down 2.5% in Q2CY25; up 24.1% in Q3CY24).
- We estimate consolidated volume shall grow 1% YoY (down 3% YoY in Q2CY25; up 21.9% YoY in Q2CY24). We estimate International volumes shall grow 8% YoY (up 15% in Q2CY25; up 77% YoY in Q3CY24). In the base quarter, BevCo was there for full quarter, while DRC came in from 22nd July, 2024.
- We forecast consolidated EBITDA shall grow 5.6% YoY (up 0.4% YoY in Q2CY25; up 30.5% YoY in Q3CY24).
- **Margins:** We estimate consolidated gross margin shall decline 54bp YoY to 55% while EBITDA margins shall expand 104bp YoY to 25% due to operating efficiencies.
- **GST:** Varun Beverages has cut pricing by 5–10% (on milkshake and water); almost 20% of India Business in value terms (30% in volumes) has seen benefits of GST rate cut.

	Q3CY25E	Q3CY24	YoY growth	Q2CY25	QoQ growth
Revenues	48,623	48,047	1.2%	70,174	-30.7%
EBITDA	12,156	11,511	5.6%	19,988	-39.2%
PAT	6,951	6,288	10.5%	13,170	-47.2%
Other income	500	243		772	
Tax	2,345	1,713		4,066	
Tax rate (%)	25.2	21.4		23.5	
EBITDA margin	25.0	24.0		28.5	

Source: Nuvama Research

Colgate-Palmolive

- We expect consolidated revenue to decline 5% YoY in Q2FY26E (down 4.4% in Q1FY26; up 10% in Q2FY25).
- We estimate EBITDA shall decline 10% YoY (down 11% in Q1FY26; 3.2% in Q2FY25).
- We forecast volumes shall decline 3% YoY in Q2FY26 (up 8–9% in Q2FY25).
- **Margins:** Gross margins shall decrease 114bp YoY to 67.4%. EBITDA margin shall inch down 172bp YoY to 29% affected by discounts to push GST-led price changes.
- **GST impact:** For Colgate, 95% of the portfolio (toothpastes and toothbrush) was at 18%, but shall now attract 5%. However, company faces disadvantage under inverted duty structure as advertising, plastic packaging and vendor-related services attract 18% GST, resulting in a larger portion of unutilised input tax credit (non-refundable). September may see temporary impact due to GST transition. Q3FY26 is likely to remain challenging due to inverted duty structure.
- Within Oral Care, we believe Colgate is structurally disadvantaged under the new GST framework because of its single category concentration. Due to this diversified FMCG companies such as HUL and Dabur have a natural hedge via cross subsidising across categories. All in all, we expect both Dabur and HUL to grow faster than Colgate in Q2FY26 as well.

	Q2FY26E	Q2FY25	YoY growth	Q1FY26	QoQ growth
Revenues	15,387	16,191	-5.0%	14,341	7.3%
EBITDA	4,462	4,974	-10.3%	4,526	-1.4%
PAT	3,173	3,951	-19.7%	3,206	-1.0%
Other income	220	760		179	
Tax	1,092	1,354		1,113	
Tax rate (%)	25.6	25.5		25.8	
EBITDA margin	29.0	30.7		31.6	

Source: Nuvama Research

Dabur

- Consolidated revenue shall grow 5.4% YoY in Q2FY26 (up 1.7% YoY in Q1FY26 and down 5.5% YoY in Q2FY25).
- We anticipate Dabur's domestic volumes to grow 4% YoY in Q2FY26 (decline 1% YoY in Q1FY26 and 7.5% YoY in Q2FY25) while pricing growth is likely be 0.5%.
- Consolidated EBITDA to grow 7% YoY (up 2% YoY in Q1FY26 and down 16.5% YoY in Q2FY25).
- The international business is likely to turn in 8% YoY sales growth in CC (13.7% in Q1FY26; 13% in Q2FY25).
- Gross margin shall decline 262bp YoY at 46.7%, whereas EBITDA margin is likely to increase 27bp YoY to 18.5%.
- We reckon A&P as a percentage of sales shall be 6.1%.
- Dabur's ~60% of the India business (Oral Care, Hajmola, Hair Oil, Pudina Hara, Ethicals, Juice business, etc.) benefits from the lower 5%, with benefits expected from H2FY26 onwards.
- Winter is likely to be harsh this year due to extended monsoons and the La Niña effect, positively impacting its health and immunity portfolio (Chyawanprash, Honitus, Honey) and winter skincare products (Gulabari, cold creams).

	Q2FY26E	Q2FY25	YoY growth	Q1FY26	QoQ growth
Revenues	31,907	30,280	5.4%	34,046	-6.3%
EBITDA	5,903	5,520	6.9%	6,678	-11.6%
PAT	4,487	4,244	5.7%	5,139	-12.7%
Other income	1,450	1,515		1,440	
Tax	1,471	1,284		1,543	
Tax rate (%)	25.0	23.6		23.3	
EBITDA margin	18.5	18.2		19.6	

Source: Nuvama Research

Tata Consumer Products

- We expect overall revenue to rise 15% YoY in Q2FY26E (Q1FY26: up 9.8%; Q2FY25: up 12.9%) and India branded volumes by 6% YoY (6.8% in Q1FY26). We estimate overall EBITDA to decline ~1% YoY (down 9.1% YoY in Q1FY26; up 16.6% YoY in Q2FY25). A decline in PAT YoY is low due to lower tax rate in base (on account of restructuring).
- Capital Foods (CF), Organic India (OI): We reckon CF shall clock revenue of INR2,142mn (up 4% YoY/29% QoQ) while OI would post revenue of INR1,061mn (up 4% YoY/14% QoQ). These acquisitions shall together report a revenue of ~INR3.2bn (up 4% YoY/24% QoQ).
- India tea to report volume growth of 4% YoY (up 1% in Q1FY26; down 4% in Q2FY25) and value growth of 11% YoY (up 12% YoY in Q1FY26; 3% YoY dip in Q2FY25). Overall, India beverage sales shall increase 10% YoY (up 12% in Q1FY26; up 3% Q2FY25).
- RTD: We forecast volumes shall expand 19% (Q1FY26: up 3% YoY) ; while value growth shall be 16% YoY (down 13% YoY in Q1FY26; down 11% YoY in Q2FY25).
- In India Foods, we anticipate Salt revenue shall expand 13% YoY (up 13% YoY in Q1FY26; up 2% YoY in Q2FY25) due to price hikes (likely 7%) with volume growth of 5% YoY (up 5% in Q1FY26; FLAT in Q2FY25). Within Salt, value-added Salt shall post stronger growth.
- On the other hand, Sampann is likely to grow 25–30% while Soulfull shall continue to deliver strong growth too. Overall, India Foods business (LTL) revenue is likely to increase 7% YoY (up 14% YoY in Q1FY26; 1% YoY in Q2FY25).
- The International business shall grow 4% YoY (up 5% YoY in Q1FY26; 18% YoY in Q2FY25) in CC terms. Within International, US, South Africa and Canada continue to do well, while UK remains soft. However, International margins shall be impacted due to US coffee.
- Non-branded business is likely to grow 12% YoY (up 7% in Q1FY26; up 18% in Q2FY25) due to recent run up in Robusta coffee prices leading to higher realisations and M2M prices. Due to this, on the profitability front, we expect EBIT margins to expand 600bp QoQ to 18%.
- Consolidated gross margins to dip 280bp YoY to 40.8%, while EBITDA margins to decline 206bp YoY to 12.8%

	Q2FY26E	Q2FY25	YoY growth (%)	Q1FY26	QoQ growth (%)
Revenues	48,603	42,145	15.3	47,789	1.7
EBITDA	6,221	6,263	(0.7)	6,069	2.5
PAT	3,337	3,916	(14.8)	3,342	(0.1)
Other income	450	460		412	
Tax	1,234	377		1,190	
EBITDA margin	12.8	14.9		12.7	

Source: Nuvama Research

Godrej Consumer

- Consolidated performance: We expect consolidated revenue shall grow 6% YoY (10% in Q1FY26, 1.8% in Q2FY25). Consolidated volumes shall grow 4% YoY (8% in Q1FY26, 5% in Q2FY25).
- Consolidated EBITDA shall decline 3% YoY (5% decline in Q1FY26, 4.6% in Q2FY25).
- Consolidated gross margin shall contract 350bp YoY to 52.1%. Consolidated EBITDA margin shall contract ~180bp YoY to 19%.
- Indonesia business is likely to remain weak due to i) Price wars in HI and Air fresheners (7-8% price cuts taken during Q1). ii) High base (9% sales growth in base quarter). In Q1FY26, Indonesia revenue declined 4% YoY on a soft base of 3% growth.
- **Domestic business:** Volume growth of 1% YoY (5% in Q1FY26, 7% in Q2FY25). We expect a weak performance in HI due to heavy monsoons. Fabric care volumes (grew double-digit in Q1) shall continue its strong momentum. India Soap volumes will continue to be under pressure mainly due to grammage cuts flowing in Q2. Grammage cuts will anniversarise partly from Q3 and fully from Q4.

	Q2FY26E	Q2FY25	YoY growth	Q1FY26	QoQ growth
Revenues	38,936	36,663	6.2%	36,619	6.3%
EBITDA	7,398	7,617	-2.9%	6,946	6.5%
PAT	4,761	4,913	-3.1%	4,525	5.2%
Other income	700	860		845	
Tax	1,781	2,154		1,613	
Tax rate (%)	27.0	30.2		25.5	
EBITDA margin	19.0	20.8		19.0	

Source: Nuvama Research

Britannia

- We estimate overall revenue shall grow 5% YoY in Q2FY26 (up 8.8% YoY in Q1FY26; 5.3% YoY in Q2FY25).
- We expect other operating income to decline 21% YoY/8% QoQ of INR800mn in Q2FY26 (INR874mn in Q1FY26; INR1,013mn in Q3FY25) due to lower SGST refunds on sales from mega and ultra-mega factories .
- Volume is likely to increase 1% YoY (2% YoY in Q1FY26; 8% YoY in Q2FY25) due to grammage addition in INR5/10/20 SKUs (63% of BRIT's portfolio). In bigger packs, we expect Price cuts/Promotions which will again aid consumption.
- EBITDA, we reckon, shall jump 8% YoY (up 0.4% YoY in Q1FY26; down 10.2% YoY in Q2FY25).
- Pricing: We forecast pricing growth of 4% YoY.
- Gross margin shall dip 113bp YoY (palm oil prices up 10% YoY), but improve 34bp QoQ (due to full benefit of palm oil duty cut) to 39.1%; however wheat cost remains benign. EBITDA margin shall expand 45bp YoY/85bp QoQ to 17.3%.
- In Q2FY26E, we expect staff cost to be ~3.8% of sales (5.3% in Q1FY26; 5.1% in Q2FY25). We shall continue to monitor this cost.
- GST benefit: For Britannia, ~85% of portfolio (biscuits, cakes, bread) fell under 18% earlier, but now moves to the 5% GST rate.

	Q2FY26E	Q2FY25	YoY growth (%)	Q1FY26	QoQ growth (%)
Revenues	48,974	46,676	4.9	46,222	6.0
EBITDA	8,460	7,834	8.0	7,571	11.7
PAT	5,876	5,317	10.5	5,207	12.8
Other income	600	460		570	
Tax	2,023	1,836		1,809	
EBITDA margin	17.3	16.8		16.4	

Source: Nuvama Research

Nestle India

- We reckon consolidated revenue would grow 3% YoY in Q2FY26E (up 5.9% YoY in Q1FY26; 1.3% YoY in Q2FY25).
- Demand trends continue to improve gradually as urban slowdown is tapering down and we expect domestic sales are likely to grow 2.5% YoY (up 5.5% YoY in Q1FY26; 4.2% YoY in Q4FY25; 3.3% in Q3FY25; 1.2% in Q2FY25) while domestic volumes shall grow 1% YoY (up 3% YoY in Q1FY26; down 1% YoY in Q2FY25).
- GST rate cut impact: For Nestle, most of its portfolio (confectionery, instant coffee, Maggi portfolio, condensed milk, infant nutrition) has moved to the 5% rate, while products like UHT milk has moved to 0%. We expect channel partners to destock aggressively before September 22 to avoid losses from carrying inventory purchased at a higher GST rate. Hence, we expect some pull down in secondary sales in September (destocking impact) for Nestle. After September 22 we expect channels to restock, as consumer demand should benefit from lower prices and replenishment is needed. For Nestle, given the A&P and other services (at 18% GST and now becomes non refundable) is small we do not expect any material impact on margins/working capital
- Exports revenue is likely to grow 5–6% YoY (up 16% YoY in Q1FY26; up 3.1% YoY in Q2FY25).
- We expect price hikes of ~3% in Q2FY26E mainly led by coffee and premium chocolates.
- EBITDA, we reckon, shall remain flat YoY (flat YoY in Q1FY26; down 4.7% YoY in Q2FY25).
- Given coffee RM near all time high, we expect gross/EBITDA margin to decline 132bp/68bp YoY to 55.3%/22.2%.
- A decline in PAT YoY is due to an exception gain of INR1,797mn in the base quarter relating to slump sale of business.

	Q2FY26E	Q2FY25	YoY growth (%)	Q1FY26	QoQ growth (%)
Revenues	52,570	51,040	3.0	50,962	3.2
EBITDA	11,671	11,677	(0.1)	11,003	6.1
PAT	7,137	8,995	(20.7)	6,592	8.3
Other income	70	69		40	
Tax	2,573	3,010		2,412	
EBITDA margin	22.2	22.9		21.6	

Source: Nuvama Research

Bikaji Foods

- Consolidated volume growth of 9% YoY in Q2FY26E (7.5% YoY in Q1FY26; 15% YoY in Q2FY25).
- Ex-PLI, we estimate EBITDA shall grow 22% YoY (8.2% YoY in Q1FY26; 2.9% YoY in Q2FY25).
- We anticipate consolidated revenue (ex-PLI) to increase 13% YoY (14.9% YoY in Q1FY26; 15.8% YoY in Q2FY25).
- Including PLI, we estimate revenue shall grow 12% YoY (14.2% in Q1FY26; 18.5% in Q2FY25). We also anticipate a PLI benefit of ~INR125mn in Q2FY26E.
- We expect pricing growth of 4% YoY.
- Sweets shall see uptick in demand due to festive season towards the end of Q2.
- EBITDA (including PLI) to grow 14.4% YoY (5.1% YoY in Q1FY26; 21.7% YoY in Q2FY25).
- Margins: We reckon stable input prices shall drive up GM (ex-PLI) by 256bp YoY/92bp QoQ to 34.3%. EBITDA margin (ex-PLI) to expand 108bp YoY/104bp QoQ to 13.8%. Gross/EBITDA margin (with PLI): 35.3%/15.1%.
- Earlier, ~78% of Bikaji's portfolio was taxed at 12% GST, which has now been reduced to 5%. With sweets already at 5% and Papad at 0%, ~94% of the portfolio is now at 5% GST and the rest at nil rate.
- The company expects an additional 1.5–2% volume growth in H2FY26 from GST reduction.
- Impulse packs have grown slower than family packs due to price wars in the INR5 and INR10 categories. It expects a recovery Q2FY26E onwards.
- The Hazelnut Factory (THF) to add INR200–220mn to overall revenue in Q2FY26E due to festive season.

	Q2FY26E	Q2FY25	YoY growth (%)	Q1FY26	QoQ growth (%)
Revenues	8,080	7,212	12.0	6,527	23.8
EBITDA	1,221	1,067	14.4	963	26.9
PAT	771	692	11.4	599	28.7
Other income	100	79		100	
Tax	271	245		200	
EBITDA margin	15.1	14.8		14.8	

Source: Nuvama Research

Marico

- For Q2FY26, we expect consolidated revenue to expand 19% YoY (23.3% YoY in Q1FY26; 7.6% YoY in Q2FY25).
- Domestic pricing growth is estimated at ~11% (14% in Q1FY26; 2.6% in Q2FY25) while volumes are likely to rise 7% YoY (9% in Q1FY26; 5% in Q2FY25), led by Foods and Digital, and VAHO. September may witness some disruption due to GST-related transition.
- Consolidated EBITDA to grow 4% YoY in Q2FY26 (4.6% YoY in Q1FY26, 5% YoY in Q2FY26).
- Parachute sales likely to grow 21% YoY (31%/10% YoY in Q1FY26/Q2FY25) with volumes up 1% YoY (-1% in Q1FY26; +4% in Q2FY25).
- VAHO to grow 10% YoY in Q2FY26 (up 13% YoY in Q1FY26; down 8% YoY in Q2FY25) while Saffola franchise sales are likely to surge 22% YoY.
- In H2FY26, VAHO is likely to benefit from the GST rate cut (18% to 5%), aiding volume growth.
- International business is likely to grow 16% YoY in CC terms (19% YoY in Q1FY26; 13% YoY in Q2FY25).
- We expect gross/EBITDA margin to fall 578bp/249bp YoY to 45%/17.1%.
- Copra remain at elevated level and correction yet to happen.
- A&P is estimated to be 9.3% of revenue (9.2% in Q1FY26; 10.9% in Q2FY25).
- For Marico, ~25% of India business (VAHO, True Elements, Plix and Saffola Soya Chunks) has shifted from 18%/12% GST slabs to 5%. India business accounts for 74% of Marico's overall business.
- Premium personal care categories such as shampoo, serums, gels continue to attract 18% GST, while coconut oil remains under the 5% slab.

	Q2FY26E	Q2FY25	YoY growth (%)	Q1FY26	QoQ growth (%)
Revenues	31,723	26,640	19.1	32,590	(2.7)
EBITDA	5,425	5,220	3.9	6,550	(17.2)
PAT	4,016	4,230	(5.1)	5,040	(20.3)
Other income	490	820		560	
Tax	1,134	1,190		1,430	
EBITDA margin	17.1	19.6		20.1	

Source: Nuvama Research

Emami

- Consolidated revenue shall decline 13% YoY (down 0.2% YoY in Q1FY26; up 3% YoY in Q2FY25).
- Domestic volumes shall decline 15% YoY (down 3% YoY in Q1FY26; up 1.7% YoY in Q2FY25).
- Emami's summer portfolio is likely to decline in double digit in Q2FY26, affected by a weak summer following extended monsoons and high base (Summer overall portfolio was down 5% in Q1FY26; up 10% in Q2FY25).
- In Q2FY26, we expect all of Emami's categories to decline, due to GST transition, leading to delay in loading inventory for winter season.
- Consolidated EBITDA shall decline 30% YoY (down 1.1% YoY in Q1FY26; up 7.2% YoY growth in Q2FY25).
- Pricing growth: We anticipate flat pricing growth in Q2FY26E.
- International business shall report 1% YoY growth in INR terms (up 2% YoY in Q1FY26; up 6% YoY in Q2FY25).
- Gross margins to edge down 149bp YoY to 69.2%; EBITDA margins to decline 562bp YoY to 22.5% due to operating deleverage.
- In Q2FY26, Kesh King is stated for its relaunch while Smart and Handsome shall have more product launches.
- Emami's ~65% of business (Talc, Boro plus, The Man Co (shaving cream), Hair Oil (Navratna, Kesh King) and Shampoo (Brillare) will move to 5% from 18%.

	Q2FY26E	Q2FY25	YoY growth (%)	Q1FY26	QoQ growth (%)
Revenues	7,771	8,906	(12.7)	9,041	(14.0)
EBITDA	1,748	2,505	(30.2)	2,142	(18.4)
PAT	1,206	2,127	(43.3)	1,643	(26.6)
Other income	150	216		216	
Tax	213	94		225	
EBITDA margin	22.5	28.1		23.7	

Source: Nuvama Research

Bajaj Consumer Care

- Consolidated revenue shall grow 3% YoY (up 8.4% YoY in Q1FY26; flat YoY in Q2FY25).
- Standalone volumes: We anticipate ~1% volume growth (Q1FY26: flat; up 1.1% YoY in Q2FY25).
- EBITDA shall increase 10% YoY (up 10.6% YoY in Q1FY26; down 11% YoY in Q2FY25).
- International business to grow ~7% YoY in INR terms.
- Gross/EBITDA margin to increase 446bp/94 YoY to 57.8%/14.9%.
- Entire portfolio (more than 90%+) except coconut oil reported a GST cut from 18% to 5%.
- Aims to increase the salience of small packs (INR10–20) due to GST impact

	Q2FY26E	Q2FY25	YoY growth (%)	Q1FY26	QoQ growth (%)
Revenues	2,411	2,340	3.1	2,667	(9.6)
EBITDA	359	327	10.0	405	(11.3)
PAT	338	319	6.1	379	(10.9)
Other income	82	89		78	
Tax	74	70		79	
EBITDA margin	14.9	14.0		15.2	

Source: Nuvama Research

United Spirits

- We estimate P&A net sales shall grow 7.5% YoY in Q2FY26E (up 9% in Q1FY26; up 0.3% in Q2FY25). We forecast P&A volumes shall grow 6.5% YoY (up 9% in Q1FY26, down 3.7% in Q2FY25).
- We reckon overall revenue shall grow 7% YoY (up 9.4% in Q1FY26; down 0.8% in Q2FY25) due to soft base (election related impact).
- We expect Maharashtra impact to be limited, given early days and MML is still not introduced yet. Although Maharashtra has declined in double digit for the industry, we expect UNSP's decline to be in high single digit as within lower prestige, UNSP enjoys a strong trademark with DSP black whiskey.
- We expect Andhra to continue perform well for United Spirits. In Karnataka, we expect UNSP to perform well as well due to revival on back of recent policy change.
- Overall EBITDA is likely to grow 8% YoY (Q1FY26: down 9.4%; Q1FY25: up 7.8%).
- We expect overall volumes to grow 6.5% YoY (Q1FY26: up 9.4%; Q2FY25: down 4.4%).
- We anticipate Popular net sales to grow 8% YoY (up 13.6% in Q1FY26; down 6.9% in Q2FY25). We expect Popular volumes to grow 6% YoY (up 11.6% in Q1FY26; 7.9% decline in Q2FY25).
- We estimate gross margin shall decline 40bp YoY to 44.8%, however EBITDA margins to expand 20bp YoY to 18%. We reckon A&P as a percentage of sales shall be 9.2% for Q2FY26.

	Q2FY26E	Q2FY25	YoY growth	Q1FY26	QoQ growth
Revenues	30,419	28,430	7.0%	25,490	19.3%
EBITDA	5,475	5,070	8.0%	4,150	31.9%
PAT	3,729	3,350	11.3%	2,690	38.6%
Other income	600	340		610	
Tax	1,256	1,120		900	
Tax rate (%)	25.2	25.1		25.1	
EBITDA margin	18.0	17.8		16.3	

Source: Nuvama Research

United Breweries

- **Net revenue:** We anticipate revenue to remain flat YoY (up 15.7% YoY in Q1FY26; up 12% YoY in Q2FY25).
- We expect overall volume to decline 3% YoY (up 11% YoY in Q1FY26; up 5% YoY in Q2FY25)—due to high rains compared with last year affecting summer salience products (and beer not being immune to it). We expect the premium segment to grow much faster and its volumes to jump 17% YoY (up 46% YoY in Q1FY26; up 27% YoY in Q2FY25).
- **Demand:** July and August reported heavy rainfall impacting beer volumes, but some pickup was seen post August. Price increases in some states have led to drag down in beer volumes. Q2FY26 weakness is seen as one-off (no election-related stock replenishment like last year). In corporation markets (50% for UBBL's volumes) the beer category is down 20%. However, this shall offset the green shoots in Assam, Maharashtra and Andhra Pradesh. This has led to UBBL gaining market share during the quarter despite category decline.
- **Performance by state:** Karnataka beer volumes are down 20%, which shall drag overall numbers. However, the economy segment is set to grow faster than Karnataka market, aided by recent excise changes. In Andhra Pradesh permit rooms introduced and market is stabilising post-reopening, UBBL seeing good traction and expected to sustain growth into Q3FY26 as well. In UP, opening of more outlets (composite stores) may increase distribution points for beer, simplifying logistics and reducing cost. In Jharkhand, the new policy will allow private players to operate retail liquor store. In Madhya Pradesh, the low alcoholic beverage bars under new excise policy is allowing UBBL to get more outlet opportunities and is reshaping the on premise landscape. Delhi remains a structural opportunity; pre-covid volumes were strong; post-reopening could be a big tailwind (MS currently ~20%). All these positive states mix (especially where more outlets opening) shall offset the winter seasonality on beer in Q3FY26.
- EBITDA is likely to decline 12.3% YoY (up 9% YoY in Q1FY26; up 23% YoY in Q2FY25).
- **Margin:** We forecast EBITDA margin to dip 213bp YoY to 9.4% on the back of higher staff cost, other expenditure and investments. We reckon GM shall improve marginally—by 30bp YoY to 44.3% due to better bottle collection this quarter (expanded 300bps in Q4FY25 and 70bps in Q1FY26).

	Q2FY26E	Q2FY25	YoY growth	Q1FY26	QoQ growth
Revenues	21,188	21,167	0.1%	28,643	-26.0%
EBITDA	1,992	2,272	-12.3%	3,109	-35.9%
PAT	1,041	1,323	-21.3%	1,840	-43.4%
Other income	100	104		111	
Tax	366	460		639	
Tax rate (%)	26.0	25.8		25.8	
EBITDA margin	9.4	10.7		10.9	

Source: Nuvama Research

Pidilite

- We reckon revenue shall grow 8% YoY in Q2FY26E (10.5% YoY in Q1FY26; 5.2% YoY in Q2FY25).
- We expect overall volume growth to be 9% YoY (9.9% YoY in Q1FY26; 8% YoY in Q2FY25).
- India Consumer & Bazaar (C&B): We estimate India C&B volumes shall grow 7-8% YoY (9.3% YoY in Q1FY26; 6% YoY in Q2FY25).
- EBITDA shall grow 10.4% YoY (15.8% YoY in Q1FY26; 13.1% YoY in Q2FY25).
- B2B businesses: We forecast a 13–14% volume growth for Q1FY26 (12.6% YoY in Q1FY26; 21% YoY in Q2FY25).
- Gross margin shall remain decline 25bp YoY to 54.1%, whereas EBITDA margin shall increase ~53bp YoY to 24.3%.
- Company is making progress in EV and chip adhesives. Products are undergoing tests by large EMS providers, contract manufacturers and EV players.
- We expect a better demand scenario for Pidilite due to a second consecutive year of good monsoon.
- We estimate muted demand for paints business due to extended monsoons.
- The company continues on its growth trajectory for double digit volume growth in FY26.

	Q2FY26E	Q2FY25	YoY growth	Q1FY26	QoQ growth
Revenues	34,937	32,349	8.0%	37,531	-6.9%
EBITDA	8,490	7,688	10.4%	9,410	-9.8%
PAT	6,035	5,346	12.9%	6,724	-10.3%
Other income	550	571		857	
Tax	1,995	1,848		2,383	
Tax rate (%)	25.0	25.4		26.0	
EBITDA margin	24.3	23.8		25.1	

Source: Nuvama Research

Asian Paints

- We reckon consolidated revenue shall decline 1% YoY in Q2FY26E (Q1FY26: down 0.3% YoY; Q2FY25: down 5.3% YoY).
- We anticipate volumes to grow 3% YoY (Q1FY26: up 3.9% YoY; Q2FY25: down 0.5% YoY).
- Pricing continues to be negative due to an adverse mix, down-trading.
- We forecast EBITDA shall grow 11.5% YoY due to low base (Q1FY26: down 4.1% YoY; Q2FY25: down 27.8% YoY).
- Gross margin shall improve 173bp YoY to 42.5% while EBITDA margin to improve 196bp YoY to 17.4%.
- Demand for exterior paints (generally a high margin business) was muted due to high rains (more of a deferred demand which shall recover in H2). However, we expect B2B to grow in double digits due to promising capital outlay.
- A steep increase in PAT is due to an exceptional item (INR1.8bn) relating to impairment loss.

	Q2FY26E	Q2FY25	YoY growth	Q1FY26	QoQ growth
Revenues	79,453	80,275	-1.0%	89,386	-11.1%
EBITDA	13,825	12,395	11.5%	16,250	-14.9%
PAT	8,891	6,946	28.0%	10,998	-19.2%
Other income	1,500	1,736		1,928	
Tax	3,134	2,654		3,917	
Tax rate (%)	26.5	23.9		26.6	
EBITDA margin	17.4	15.4		18.2	

Source: Nuvama Research

Berger Paints

- We expect revenue to grow 2.5% YoY in Q2FY26E (3.6% YoY in Q1FY26; 0.3% YoY in Q2FY25).
- We anticipate volume to increase 4% YoY (5.6% YoY in Q1FY26; 3.6% YoY in Q2FY25).
- Demand for exterior paints (generally a high margin business) was muted due to high rains (more of a deferred demand which shall recover in H2). However, we expect B2B to grow in double digits due to promising capital outlay.
- EBITDA is likely to grow 5.5% YoY due to soft base (up 1.1% YoY in Q1FY26; 8.3% YoY decline in Q1FY25).
- Gross margin shall marginally decline 60bp YoY to 41.1% (due to weak demand of exterior paints which is a high margin business); however higher staff cost in base shall aid EBITDA margin to increase 45bp YoY to 16.1%.

	Q2FY26E	Q2FY25	YoY growth	Q1FY26	QoQ growth
Revenues	28,440	27,746	2.5%	32,008	-11.1%
EBITDA	4,579	4,342	5.5%	5,284	-13.3%
PAT	2,833	2,699	5.0%	3,150	-10.1%
Other income	180	211		285	
Tax	936	883		1,077	
Tax rate (%)	25.0	25.3		26.2	
EBITDA margin	16.1	15.6		16.5	

Source: Nuvama Research

Indigo Paints

- Revenue, we reckon, shall remain flat YoY (down 0.7% YoY in Q1FY26; up 7.4% YoY in Q4FY25).
- EBITDA shall increase 1% YoY (down 6.5% YoY in Q1FY26; down 1.5% in Q4FY25).
- Emulsions: We anticipate volumes to decline ~5% YoY (down 5.4% YoY in Q1FY26; up 7.2% YoY in Q2FY25).
- Gross margin shall increase 180bp YoY to 45.5% due to softening of raw material prices.
- EBITDA margin shall increase ~14bp YoY to 14%.

	Q2FY26E	Q2FY25	YoY growth	Q1FY26	QoQ growth
Revenues	2,992	2,995	-0.1%	3,089	-3.1%
EBITDA	419	415	0.9%	443	-5.5%
PAT	233	223	4.7%	261	-10.6%
Other income	60	51		60	
Tax	79	83		87	
Tax rate (%)	25.3	27.2		25.0	
EBITDA margin	14.0	13.9		14.3	

Source: Nuvama Research

AWL Agri business

- We reckon revenue shall grow 13% YoY in Q2FY26E (20.4% YoY in Q1FY26; 17.9% YoY in Q2FY25).
- We forecast overall volumes shall decline ~6% YoY (down 5% YoY in Q1FY26; 12% YoY in Q2FY25).
- For Edible Oils, we anticipate volume to decline 6% YoY and value growth of 17% YoY (down 4%/ up 26% YoY in Q1FY26; 17%/21% YoY in Q2FY25).
- For Foods and FMCG, we anticipate volume/value to decline 21%/6% YoY (down 20%/8% YoY in Q1FY26; 33%/34% YoY in Q2FY25).
- For Industry Essentials, we forecast volume/value shall grow 5%/10% YoY (6%/12% YoY in Q1FY26; down 15%/9% YoY in Q2FY25).
- EBITDA shall decline 25% YoY (40.9% YoY in Q1FY26; 294% YoY in Q2FY25).
- We expect gross/EBITDA margin to inch down 225bp/132bp YoY to 10%/2.6% in Q2FY26E.

	Q2FY26E	Q2FY25	YoY growth (%)	Q1FY26	QoQ growth (%)
Revenues	1,63,114	1,44,605	12.8	1,70,587	(4.4)
EBITDA	4,241	5,662	(25.1)	3,659	15.9
PAT	1,808	3,110	(41.9)	2,379	(24.0)
Other income	630	1,049		2,061	
Tax	543	1,200		788	
EBITDA margin	2.6	3.9		2.1	

Source: Nuvama Research

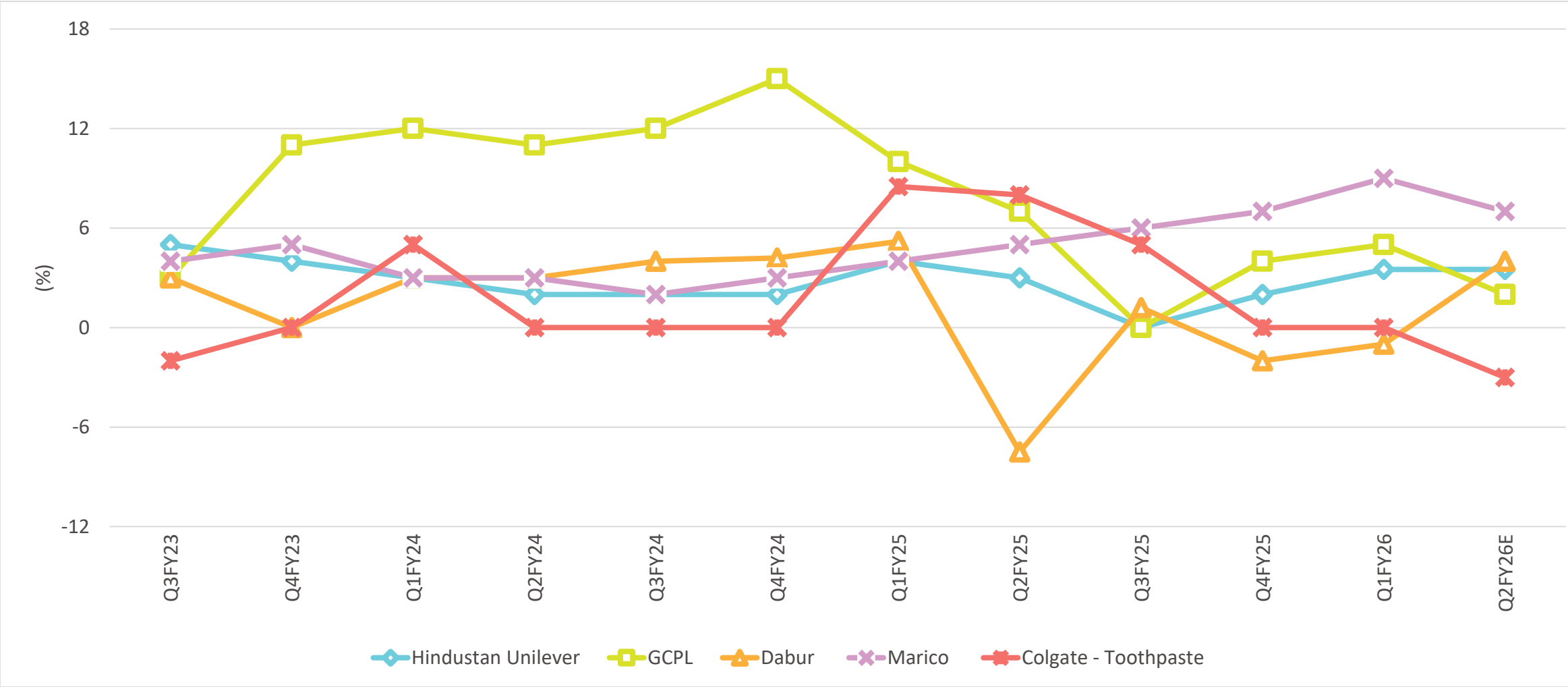
CCL Products

- We reckon revenue shall grow 27% YoY in Q2FY26E (36.5% YoY in Q1FY26; 21.5% YoY in Q2FY25).
- Overall volumes, we anticipate, shall expand ~15% YoY (double digit in Q1FY26; 10% YoY in Q2FY25).
- We expect EBITDA to grow 22.2% YoY (22.1% YoY in Q1FY26; 24.7% YoY in Q2FY25).
- Gross margin shall decrease 190bp YoY to 37.9% and EBITDA margins shall inch down 70bp YoY to 17.9%.
- We expect pricing growth to be 12%-plus YoY.

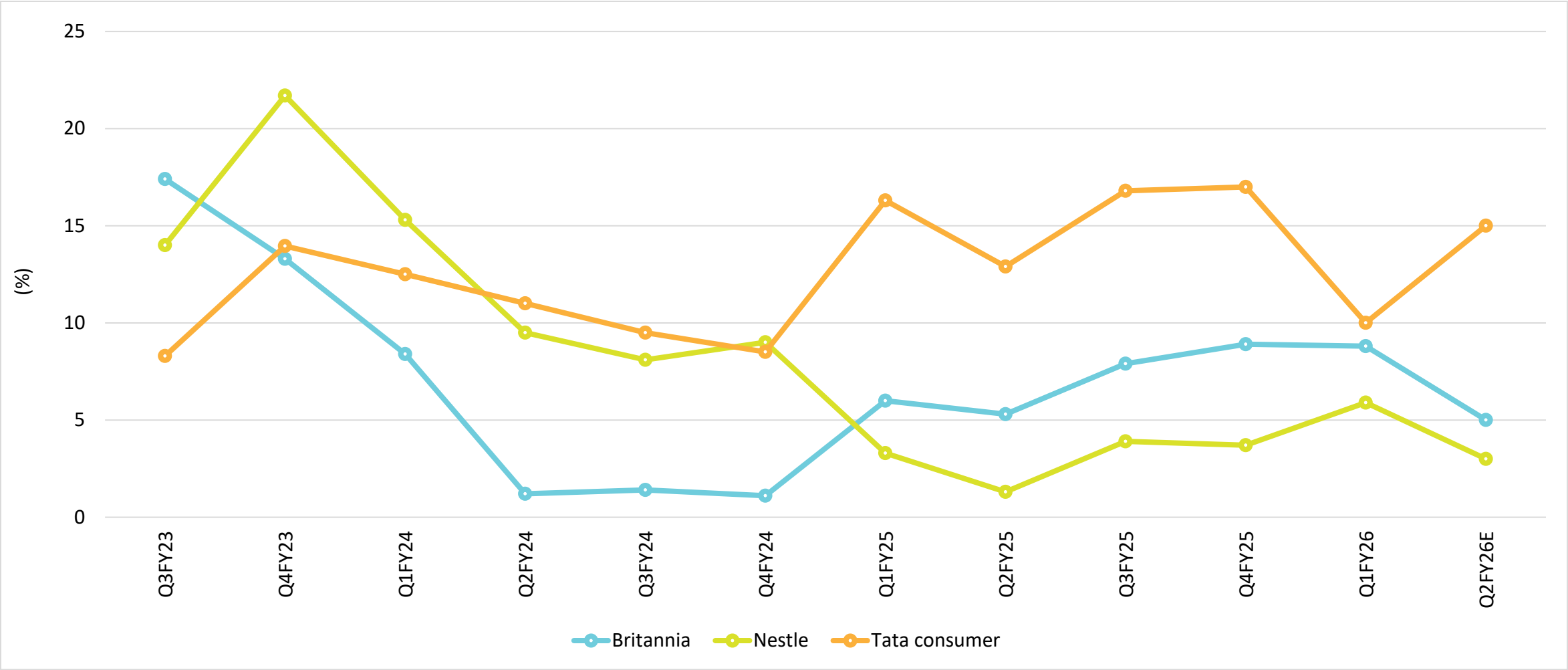
	Q2FY26E	Q2FY25	YoY growth	Q1FY26	QoQ growth
Revenues	9,375	7,382	27.0%	10,556	-11.2%
EBITDA	1,675	1,371	22.2%	1,590	5.3%
PAT	863	740	16.6%	724	19.1%
Other income	25	5		24	
Tax	188	134		217	
Tax rate (%)	17.9	11.0		18.1	
EBITDA margin	17.9	18.6		15.1	

Source: Nuvama Research

Consumer staples: Volume trajectory (YoY)

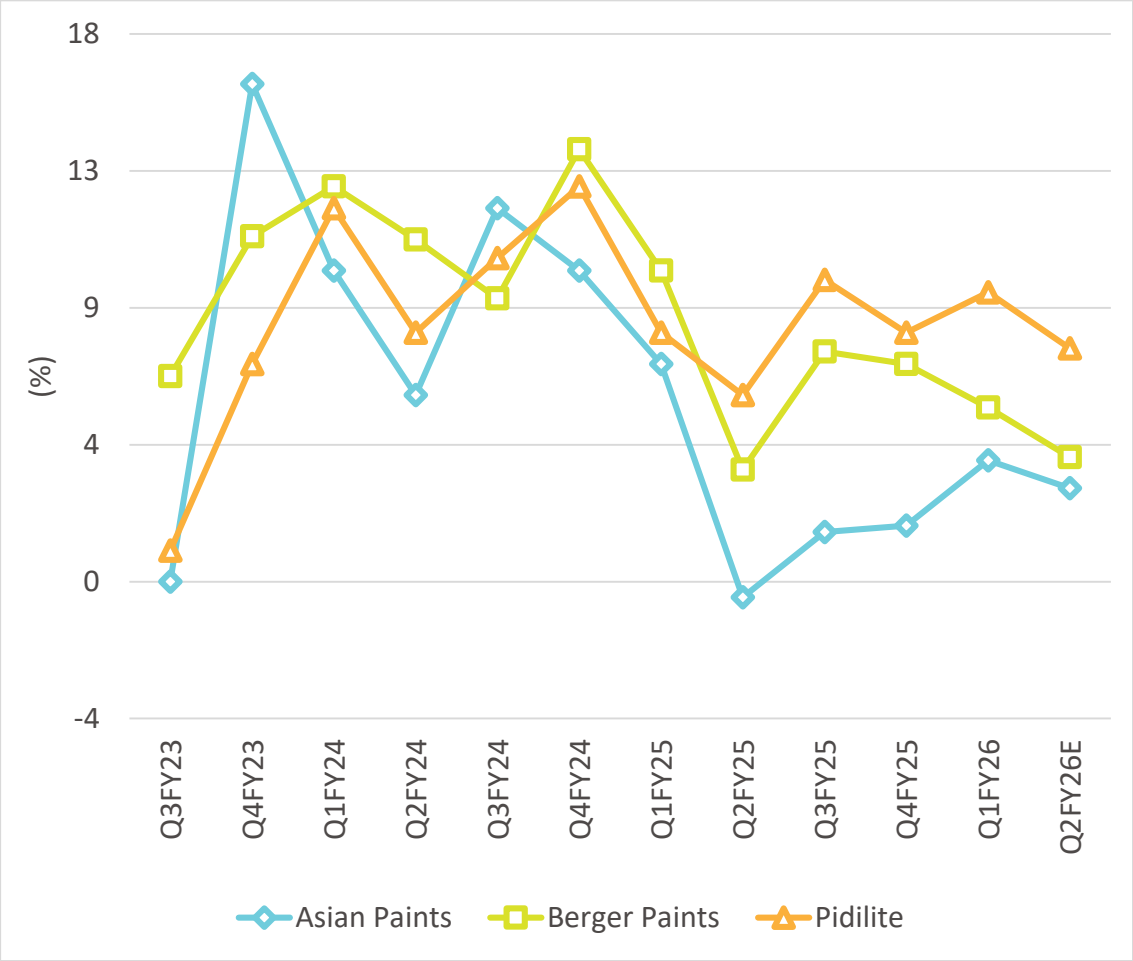


Food companies: Revenue trajectory (YoY)

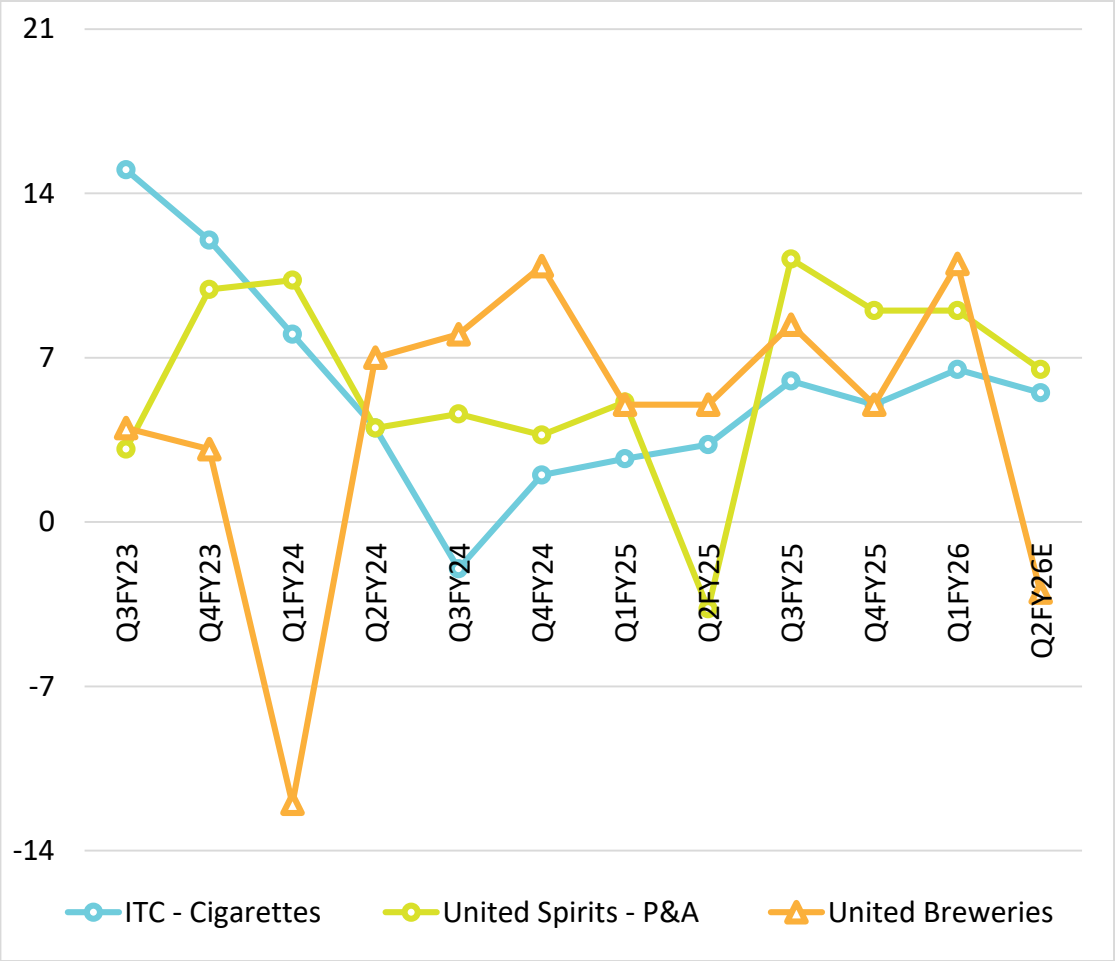


Consumer Discretionary: Volume trajectory (YoY)

Paints and Adhesives (YoY)



Discretionary companies (YoY)



Disclaimer

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