

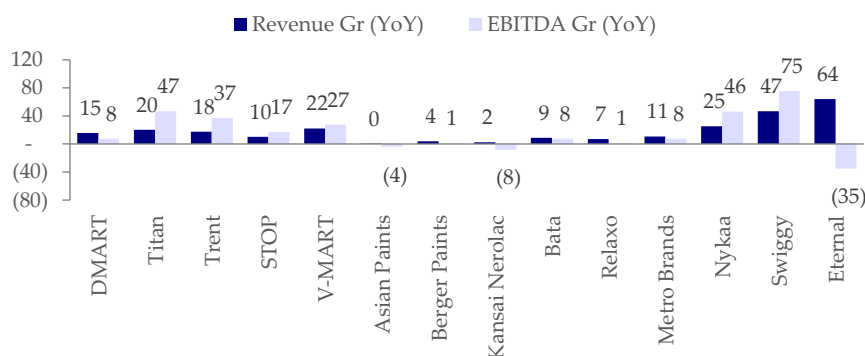
# Consumer Discretionary

## Q2FY26 – Early onset of festivities aids growth

We expect our consumer discretionary coverage universe to deliver ~19% YoY revenue growth. The growth was partly boosted by the shift of the Navratri season to Q2 this year (vs. Q3 last year). A recovery in SSSG, ergo a margin recoup (ex-convenience based platforms), was visible across the universe. We expect jewelry, F&G, paints, apparel, footwear, and new age to clock ~19%, 15%, 1%, 14%, 9% and 51% YoY revenue growth in Q2. While overall universe's margins (on a low base) are expected to contract ~50bps to 8.5%; ex-convenience-based platforms, we pencil in a ~160bps expansion in margins to ~7.1%.

- **Early festive season aided demand:** In Q2, demand trends varied across sectors: (1) In jewellery, despite the drop in sales volumes, revenue growth was supported by higher average ticket sizes (gold-price-led) and early festive season; however, buyer growth declined; (2) Offline F&G growth moderated due to a slower-than-expected pace of store expansion during the quarter and GST-led supply side disruptions; (3) In apparel, value fashion players like V-Mart reported double-digit SSSG, supported by early festive season this year, although Trent's growth momentum continues to moderate (on a high base); (4) Footwear segment is estimated to report high-single-digit revenue growth (on a low base), with demand expected to improve post the GST rate reduction; (5) Paint companies continue to face subdued demand and fierce competition, although Berger Paints is anticipated to outperform its rivals; (6) New age businesses like Nykaa, Swiggy, and Zomato are expected to sustain strong YoY growth as they continue to prioritize customer acquisition (25-65% revenue growth).
- **Barring Quick commerce; most categories are likely to witness a margin recoup:** While margins for our discretionary universe are expected to contract by ~50bps to 8.5%, its largely led by elevated QC losses. Most other discretionary categories are likely to witness a margin recoup (on a low base). Ex-QC losses, we pencil in ~160bps margin expansion (for our discretionary universe). We pencil in 155bps margin expansion in jewellery (on a low base; Note: Q2FY25 margins were impacted by custom duty cuts). In paints, while favorable raw material prices are likely to drive gross margin expansion, intense competition will likely offset these gains due to elevated operating costs (built in ~30bps EBITDAM expansion YoY). Low base effect is likely to aid Footwear companies too (~120bps YoY expansion built in). A slight improvement in margins is expected in apparel (~20bps YoY). F&G margins are likely to contract by ~30bps as intense competition continues to elevate operational costs. In food delivery, a step up in aggressive subscription programs was witnessed in Q2. The QC burn across the two listed platforms is expected to remain largely flat sequentially at ~INR 10bn. Overall, we build in an EBITDA growth of ~12% YoY for our universe.
- **Margin of safety missing:** A low base and the early onset of festivities aided demand in Q2FY26; sustenance will be key. Valuations continue to remain punchy (most trade between 40-150x Sep-27 P/E). **Change in recommendation (1) TRENT: Upgrading to REDUCE (from SELL).**

### Revenue growth trajectory (%)



Company	RECO	TP (Rs)	Prev. TP (Rs)
Avenue Supermarts	ADD	4,000	4,000
Titan	REDUCE	3,350	3,200
Trent	REDUCE	4,300	4,300
ABLBL	BUY	180	180
STOP	REDUCE	500	500
V-MART	BUY	860	840
Asian Paints	ADD	2,500	2500
Berger Paints	ADD	585	585
Kansai Nerolac	REDUCE	255	255
Bata	REDUCE	1,085	1,085
Relaxo	ADD	490	490
FSN E-Comm (Nykaa)	REDUCE	200	180
Metro Brands	SELL	1050	1050
Swiggy	ADD	450	400
Eternal	REDUCE	305	285

### Change in recommendation

Company	New RECO	Earlier RECO
TRENT	REDUCE	SELL

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## Retail

COMPANY	Q2FY26 OUTLOOK	WHAT'S LIKELY	KEY MONITORABLES
Avenue Supermarts	AVG	<ul style="list-style-type: none"> <li>As per DMART's revenue update, reported revenue grew 15.4% YoY to INR162.2bn.</li> <li>We expect sales per sq. ft to grow 1.5% YoY to INR37.7k.</li> <li>The grocer added eight stores (net) in Q2 (store count – 432).</li> <li>Building in ~30bps EBITDAM contraction YoY to 7.6% as intense competition continues to elevate employee and other operational costs.</li> </ul>	<ul style="list-style-type: none"> <li>GM and Apparel recovery</li> <li>Commentary on store expansion</li> <li>Commentary on competitive landscape</li> <li>Expansion of DMart Ready business</li> </ul>
Titan	GOOD	<ul style="list-style-type: none"> <li>As per Titan's quarterly update, it reported ~20% YoY growth in revenue.</li> <li>Domestic Jewellery sales (ex-bullion) grew by 18% YoY, primarily driven by ticket size growth. Buyer growth declined YoY due to elevated gold prices.</li> <li>Watches/eyewear/others grew 12/9/37% YoY.</li> <li>Building in 8.7% EBIT margin at company level. Expect 9.6/15.5/11.5% EBIT margins for jewelry/watches/eyewear respectively.</li> </ul>	<ul style="list-style-type: none"> <li>Commentary on gains in South market and on sustainable volume growth</li> <li>Inventory levels and capital base movement</li> <li>Commentary on gold lease interest rate</li> </ul>
Trent	AVG	<ul style="list-style-type: none"> <li>As per Trent's revenue update, reported revenue grew 17.4% YoY to INR50.02bn (incl. GST).</li> <li>We estimate 15.5/18.7% YoY growth for Westside and Zudio respectively.</li> <li>Building in 30bps expansion in GM YoY for Q2FY26 at 44.5%.</li> <li>Building in 16% EBITDAM (up ~10bps YoY)</li> </ul>	<ul style="list-style-type: none"> <li>Commentary on demand trends</li> <li>Expansion strategy</li> </ul>
V-MART Retail	GOOD	<ul style="list-style-type: none"> <li>As per V-Mart's revenue update, reported revenue grew ~22% YoY to INR8.1bn.</li> <li>SSSG stood at 11% for Q2FY26, with both core V-Mart and Unlimited contributing 11% SSSG equally.</li> <li>Building in 33% GM for Q2FY26 (vs 33.6% in Q2FY25) as they intend to pass on more value to consumers to gain market share.</li> <li>Building in ~160bps improvement in EBITDAM to 7.4% (vs. 5.8% in Q2FY25), driven by better operating leverage and cost optimization.</li> <li>V-Mart added 25 new stores and closed two stores in Q2 (store count - 533).</li> </ul>	<ul style="list-style-type: none"> <li>Commentary on rural recovery</li> <li>Cost normalization pace</li> <li>Expansion strategy</li> <li>Unlimited's profitability</li> </ul>

COMPANY	Q2FY26E OUTLOOK	WHAT'S LIKELY	KEY MONITORABLES
ABLBL	AVG	<ul style="list-style-type: none"> <li>We expect lifestyle brands to grow ~8% YoY to INR 17.6bn. We expect youth brands and innerwear business to decline by 1.5% YoY to INR 3.3bn.</li> <li>GM built: 58.3%</li> <li>Building in EBITDAM of 18/1% for lifestyle brands/youth brands and inner wear, respectively.</li> </ul>	<ul style="list-style-type: none"> <li>Commentary on demand trends</li> <li>Expansion strategy</li> <li>Commentary on recovery of innerwear business</li> </ul>
Shoppers Stop	AVG	<ul style="list-style-type: none"> <li>We expect revenue to grow 10% YoY to INR 11.7bn.</li> <li>GM built: 40% (up ~10bps YoY).</li> <li>Building in Pre-IND-AS EBITDAM of 2.2% (up ~40bps YoY).</li> </ul>	<ul style="list-style-type: none"> <li>Commentary on demand trends</li> <li>Expansion strategy</li> </ul>
Bata	WEAK	<ul style="list-style-type: none"> <li>Building in 9% YoY revenue growth in Q2 to INR 9.1bn.</li> <li>Building in 56.5% GM for Q2 (down ~10bps YoY).</li> <li>Building in 21% EBITDAM (up ~10bps YoY)</li> <li>Store additions to remain steady.</li> </ul>	<ul style="list-style-type: none"> <li>Commentary on demand trends</li> <li>Expansion strategy</li> <li>Wholesale strategy</li> </ul>
Relaxo Footwears	WEAK	<ul style="list-style-type: none"> <li>Building in 6.8% YoY revenue growth in Q2 to INR 7.3bn.</li> <li>Expected volume/realization growth of 5.5/1.3% YoY in Q2.</li> <li>Building in 15.9% EBITDAM for Q2FY26 (vs 12.9% in Q2FY25).</li> </ul>	<ul style="list-style-type: none"> <li>Commentary on demand trends</li> <li>Commentary on margins</li> <li>Expansion strategy</li> <li>Commentary on distribution channel</li> </ul>
Metro Brands	GOOD	<ul style="list-style-type: none"> <li>Building in 10.5% YoY revenue growth to INR 6.5bn.</li> <li>Building in 55.5% GM for Q2FY26 (vs 55% in Q2FY25).</li> <li>Building in 26.9% EBITDAM for Q2FY26 (vs 26.4% in Q2FY25).</li> <li>Store addition to remain healthy.</li> </ul>	<ul style="list-style-type: none"> <li>Commentary on demand trends</li> <li>Commentary on margins</li> <li>Expansion strategy</li> </ul>
Fsn E-Commerce Ventures (Nykaa)	GOOD	<ul style="list-style-type: none"> <li>As per Nykaa's revenue update, revenue grew 24-26% YoY (factored 25.2% YoY growth to INR 23.5bn).</li> <li>BPC/Fashion to clock ~27/30% YoY growth resp. in GMV.</li> <li>AoVs are likely to be healthy for both BPC and Fashion. Building in 25.5/24.7% YoY growth in BPC/Fashion AUTC and ~30% YoY growth in BPC/Fashion orders each.</li> <li>Building in a 7.1% EBITDA margin in Q2FY26 (vs 5.5% in Q2FY25).</li> </ul>	<ul style="list-style-type: none"> <li>Commentary on fashion segment</li> <li>Commentary on unwinding on working capital</li> <li>Commentary on profitability of eB2B segment</li> <li>Competitive landscape shift</li> </ul>

COMPANY	Q2FY26E OUTLOOK	WHAT'S LIKELY	KEY MONITORABLES
Asian Paints	WEAK	<ul style="list-style-type: none"> <li>We expect revenue growth to be largely flat YoY for the consolidated business in Q2 (0.4% growth in standalone business). +4.5/-4% volume/price growth built-in for Q2.</li> <li>We expect ~65bps YoY expansion in gross margin to 41.4% due to favourable raw material prices but partly offset by unfavourable mix (consolidated).</li> <li>We expect ~45bps YoY expansion in EBITDA margin to 15.9% as elevated operating costs persist amid intense competition.</li> </ul>	<ul style="list-style-type: none"> <li>Commentary on demand trends</li> <li>Commentary on input cost trends</li> <li>Rebating and discounting trends</li> <li>Dealer addition trajectory</li> </ul>
Berger Paints	AVG	<ul style="list-style-type: none"> <li>We expect revenue growth of 3.7% YoY for the consolidated business in Q2 (2.2% growth in standalone business). 5/-2.7% volume/price growth built-in.</li> <li>We expect 41.5% gross margin (down ~20 bps YoY) in Q2FY26 (consolidated) due to unfavourable mix.</li> <li>We expect EBITDA margins to contract by ~10bps YoY to 15.5%, primarily due to GM contraction and elevated operating costs.</li> </ul>	<ul style="list-style-type: none"> <li>Commentary on demand trends</li> <li>Commentary on input cost trends</li> <li>Dealer addition trajectory</li> <li>Rebating and discounting trends</li> </ul>
Kansai Nerolac	WEAK	<ul style="list-style-type: none"> <li>We expect revenue growth of 2.2% YoY for the consolidated business in Q2 (1.9% growth in standalone business). +0.3/-2.5% volume/price growth built-in for deco segment.</li> <li>We expect 35% gross margin (up ~100bps YoY) in Q2FY26 due to favourable raw material prices (consolidated).</li> <li>We expect EBITDA margins to improve ~10bps YoY to 11%, primarily due to GM expansion but partly offset by elevated operating costs.</li> </ul>	<ul style="list-style-type: none"> <li>Commentary on demand trends</li> <li>Commentary on input cost trends</li> <li>Dealer addition trajectory</li> <li>Rebating and discounting trends</li> </ul>
Swiggy	AVG	<ul style="list-style-type: none"> <li>We expect adj. revenue growth of 46.4% YoY to INR 56.7bn.</li> <li>Food Delivery/QC to clock ~18/106% YoY growth respectively in GoV. QC to clock ~75% YoY growth in NoV.</li> <li>Food Delivery/QC AoV likely to be at ~INR468/630 resp. Building in ~15/93% YoY growth in Food Delivery/QC Avg. MTUs and ~14/63% YoY growth in Food Delivery/QC orders.</li> <li>Building in -12.7% adj. EBITDA margin in Q2FY26.</li> </ul>	<ul style="list-style-type: none"> <li>MTU growth in Food Delivery</li> <li>Trajectory of platform funded discounts and discounts in quick commerce</li> </ul>
Eternal	GOOD	<ul style="list-style-type: none"> <li>We expect adj. revenue growth of ~61% YoY to INR 82.6bn.</li> <li>Food Delivery/QC to clock ~14/119% YoY growth respectively in NoV.</li> <li>Food Delivery/QC AoV likely to be at ~INR458/676 resp. Building in ~13/118% YoY growth in Food Delivery/QC Avg. MTUs and 12/118% YoY growth in Food Delivery/QC orders.</li> <li>Building in 3.1% adj. EBITDA margin in Q2FY26.</li> </ul>	<ul style="list-style-type: none"> <li>MTU growth in Food Delivery</li> <li>Trajectory of platform funded discounts &amp; discounts in quick commerce</li> </ul>

## Estimate changes

### Retail

#### Avenue Supermarts

(INR mn)	FY26E			FY27E			FY28E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	6,73,327	6,79,219	(0.9)	7,97,426	8,06,107	(1.1)	9,46,330	9,59,758	(1.4)
Gross Profit	94,798	96,661	(1.9)	1,14,556	1,17,028	(2.1)	1,36,750	1,40,146	(2.4)
Gross Profit Margin (%)	14.1	14.2	<b>-15 bps</b>	14.37	14.52	<b>-15 bps</b>	14.45	14.60	<b>-15 bps</b>
EBITDA	49,637	51,411	(3.5)	60,921	62,917	(3.2)	74,027	76,838	(3.7)
EBITDA margin (%)	7.4	7.6	<b>-20 bps</b>	7.6	7.8	<b>-17 bps</b>	7.8	7.8	<b>0 bps</b>
APAT	31,580	32,480	(2.8)	38,711	39,643	(2.4)	47,351	48,739	(2.8)
APAT margin (%)	4.7	4.8	<b>-9 bps</b>	4.9	4.9	<b>-6 bps</b>	5.0	5.1	<b>-7 bps</b>
EPS (Rs)	48.5	49.9	(2.8)	59.5	60.9	(2.4)	72.8	74.9	(2.8)

Source: HSIE Research

#### Titan Company

(INR mn)	FY26E			FY27E			FY28E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	7,11,294	7,03,289	1.1	8,32,151	8,29,930	0.3	9,40,644	9,38,262	0.3
Gross Profit	1,59,276	1,57,484	1.1	1,88,836	1,88,332	0.3	2,15,337	2,14,792	0.3
Gross Profit Margin (%)	22.4	22.4	<b>0 bps</b>	22.7	22.7	<b>0 bps</b>	22.7	22.7	-
EBITDA	66,942	66,152	1.2	77,559	77,306	0.3	89,989	89,819	0.2
EBITDA margin (%)	9.4	9.4	<b>1 bps</b>	9.3	9.3	<b>1 bps</b>	9.3	9.3	-
APAT	46,304	45,660	1.4	55,111	54,954	0.3	64,622	64,433	0.3
APAT margin (%)	6.5	6.5	<b>2 bps</b>	6.6	6.6	<b>0 bps</b>	6.6	6.6	-
EPS	52.0	51.3	1.4	61.9	61.7	0.3	72.6	72.4	0.3

Source: HSIE Research

#### Trent

(INR mn)	FY26E			FY27E			FY28E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	2,01,837	2,12,047	(4.8)	2,42,290	2,47,718	(2.2)	2,83,029	2,84,561	(0.5)
Gross Profit	90,420	94,931	(4.8)	1,08,244	1,10,604	(2.1)	1,25,893	1,26,621	(0.6)
Gross Profit Margin (%)	44.8	44.8	<b>3 bps</b>	44.7	44.6	<b>3 bps</b>	44.5	44.5	<b>(2 bps)</b>
EBITDA (Pre-IND-AS 116)*	25,836	27,894	(7.4)	31,456	32,431	(3.0)	37,033	37,305	(0.7)
EBITDA margin (%)*	12.8	13.2	<b>(35 bps)</b>	13.0	13.1	<b>(11 bps)</b>	13.1	13.1	<b>(3 bps)</b>
APAT	17,096	19,233	(11.1)	21,726	22,440	(3.2)	25,321	25,500	(0.7)
APATM (%)	8.5	9.1	<b>(60 bps)</b>	9.0	9.1	<b>(9 bps)</b>	8.9	9.0	<b>(1 bps)</b>

Source: HSIE Research

#### Fsn E-Commerce Ventures (Nykaa)

(INR mn)	FY26E			FY27E			FY28E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	1,00,107	99,901	0.2	1,23,879	1,23,679	0.2	1,49,925	1,49,483	0.3
Gross Profit	44,360	43,493	2.0	54,607	53,270	2.5	65,724	64,060	2.6
Gross Profit Margin (%)	44.3	43.5	<b>78 bps</b>	44.1	43.1	<b>101 bps</b>	43.8	42.9	<b>98 bps</b>
Reported EBITDA	7,635	8,412	(9.2)	11,088	11,224	(1.2)	14,681	14,645	0.2
Reported EBITDA margin (%)	7.6	8.4	<b>(79 bps)</b>	9.0	9.1	<b>(12 bps)</b>	9.8	9.8	<b>(0 bps)</b>
Pre-IND AS EBITDA*	4,837	5,619	(13.9)	7,625	7,767	(1.8)	10,505	10,481	0.2
EBITDA margin (%)*	4.8	5.6	<b>(79 bps)</b>	6.2	6.3	<b>(12 bps)</b>	7.0	7.0	<b>(0 bps)</b>

Source: HSIE Research

**ABLBL**

(INR mn)	FY26E			FY27E			FY28E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	83,838	83,838	-	94,252	94,252	-	1,05,137	1,05,137	-
Gross Profit	49,558	49,558	-	55,997	55,997	-	62,779	62,779	-
Gross Profit Margin (%)	59.1	59.1	0 bps	59.4	59.4	0 bps	59.7	59.7	0 bps
EBITDA	6,243	6,243	-	7,919	7,919	-	9,305	9,305	-
EBITDA margin (%)	7.4	7.4	0 bps	8.4	8.4	0 bps	8.9	8.9	0 bps

Source: HSIE Research

**Shoppers STOP**

(INR mn)	FY26E			FY27E			FY28E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	48,739	48,792	(0.1)	52,237	52,449	(0.4)	56,988	57,200	(0.4)
Gross Profit	20,228	20,298	(0.3)	21,732	21,872	(0.6)	23,708	23,853	(0.6)
Gross Profit Margin (%)	41.5	41.6	-10 bps	41.6	41.7	-10 bps	41.6	41.7	-10 bps
EBITDA	2,630	2,680	(1.9)	2,953	3,013	(2.0)	3,387	3,452	(1.9)
EBITDA margin (%)	5.4	5.5	-10 bps	5.7	5.7	-9 bps	5.9	6.0	-9 bps

Source: HSIE Research

**V-MART Retail**

(INR mn)	FY26E			FY27E			FY28E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	37,808	37,572	0.6	43,700	43,426	0.6	50,153	49,838	0.6
Gross Profit	12,760	12,680	0.6	14,748	14,655	0.6	16,876	16,770	0.6
Gross Profit Margin (%)	33.7	33.7	0 bps	33.7	33.7	0 bps	33.6	33.6	0 bps
EBITDA	2,046	2,092	(2.2)	2,578	2,631	(2.0)	3,168	3,203	(1.1)
EBITDA margin (%)	5.4	5.6	-16 bps	5.9	6.1	-16 bps	6.3	6.4	-11 bps

Source: HSIE Research

**Metro Brands**

(INR mn)	FY26E			FY27E			FY28E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	28,497	28,497	-	34,383	34,383	-	41,080	41,080	-
Gross Profit	16,383	16,383	-	19,767	19,767	-	23,576	23,576	-
Gross Profit Margin (%)	57.5	57.5	-	57.5	57.5	-	57.4	57.4	-
EBITDA	5,837	5,837	-	7,139	7,139	-	8,562	8,562	-
EBITDA margin (%)	20.5	20.5	-	20.8	20.8	-	20.8	20.8	-
APAT	4,060	3,976	2.1	5,281	5,271	0.2	6,829	6,812	0.3
APAT margin (%)	14.2	14.0	30 bps	15.4	15.3	3 bps	16.6	16.6	4 bps
EPS	14.9	14.6	2.1	19.4	19.4	0.2	25.1	25.0	0.3

Source: HSIE Research

**Bata India**

(INR mn)	FY26E			FY27E			FY28E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	37,797	37,797	-	41,039	41,039	-	45,270	45,270	-
Gross Profit	21,242	21,242	-	22,883	22,883	-	24,990	24,990	-
Gross Profit Margin (%)	56.2	56.2	-	55.8	55.8	-	55.2	55.2	-
EBITDA	4,779	4,798	(0.4)	5,544	5,558	(0.3)	6,508	6,469	0.6
EBITDA margin (%)	12.6	12.7	(5 bps)	13.5	13.5	(3 bps)	14.4	14.3	8 bps
APAT	2,620	2,959	(11.5)	3,607	3,712	(2.8)	4,651	4,726	(1.6)
APAT margin (%)	6.9	7.8	(90 bps)	8.8	9.0	(26 bps)	10.3	10.4	(17 bps)
Post IND-AS 116 EPS	20.4	23.0	(11.5)	28.1	28.9	(2.8)	36.2	36.8	(1.6)

Source: HSIE Research



### Relaxo Footwear

(INR mn)	FY26E			FY27E			FY28E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	28,750	28,876	(0.4)	32,988	33,132	(0.4)	36,511	36,669	(0.4)
Gross Profit	13,983	14,207	(1.6)	16,011	16,267	(1.6)	17,721	18,004	(1.6)
Gross Profit Margin (%)	48.6	49.2	(56 bps)	48.5	49.1	(56 bps)	48.5	49.1	(56 bps)
EBITDA	3,546	3,629	(2.3)	4,448	4,511	(1.4)	5,123	5,194	(1.4)
EBITDA margin (%)	12.3	12.6	(23 bps)	13.5	13.6	(13 bps)	14.0	14.2	(13 bps)
APAT	1,968	1,894	3.9	2,615	2,490	5.0	3,087	2,942	4.9
APAT margin (%)	6.8	6.6	29 bps	7.9	7.5	41 bps	8.5	8.0	43 bps
EPS (Rs)	7.9	7.6	3.9	10.5	10.0	5.0	12.4	11.8	4.9

Source: HSIE Research

### Asian Paints

(INR mn)	FY26E			FY27E			FY28E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	3,50,221	3,53,106	(0.8)	3,87,762	3,90,997	(0.8)	4,26,176	4,29,772	(0.8)
Gross Profit	1,49,567	1,50,337	(0.5)	1,64,146	1,65,018	(0.5)	1,80,464	1,81,441	(0.5)
Gross Profit Margin (%)	42.7	42.6	13 bps	42.3	42.2	13 bps	42.3	42.2	13 bps
EBITDA	62,917	64,385	(2.3)	68,789	70,429	(2.3)	76,576	78,396	(2.3)
EBITDA margin (%)	18.0	18.2	-27 bps	17.7	18.0	-27 bps	18.0	18.2	-27 bps
APAT	41,427	42,428	(2.4)	47,575	48,671	(2.3)	55,380	56,615	(2.2)
APAT margin (%)	11.8	12.0	-19 bps	12.3	12.4	-18 bps	13.0	13.2	-18 bps
EPS (Rs)	43.2	44.2	(2.4)	49.6	50.7	(2.3)	57.7	59.0	(2.2)

Source: HSIE Research

### Berger Paints

(INR mn)	FY26E			FY27E			FY28E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	1,22,608	1,24,090	(1.2)	1,37,515	1,39,183	(1.2)	1,53,055	1,54,916	(1.2)
Gross Profit	51,285	52,029	(1.4)	57,795	58,635	(1.4)	64,326	65,264	(1.4)
Gross Profit Margin (%)	41.8	41.9	-10 bps	42.0	42.1	-10 bps	42.0	42.1	-10 bps
EBITDA	19,896	20,261	(1.8)	22,865	23,282	(1.8)	25,709	26,177	(1.8)
EBITDA margin (%)	16.2	16.3	-10 bps	16.6	16.7	-10 bps	16.8	16.9	-10 bps
APAT	12,779	12,889	(0.9)	14,897	14,985	(0.6)	16,874	16,972	(0.6)
APAT margin (%)	10.4	10.4	4 bps	10.8	10.8	7 bps	11.0	11.0	7 bps
EPS (Rs)	10.6	10.7	(0.9)	12.8	12.9	(0.6)	14.5	14.6	(0.6)

Source: HSIE Research

### Kansai Nerolac

(INR mn)	FY26E			FY27E			FY28E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	81,681	83,395	(2.1)	89,993	92,097	(2.3)	99,514	1,01,844	(2.3)
Gross Profit	28,831	29,226	(1.4)	31,942	32,441	(1.5)	35,389	35,931	(1.5)
Gross Profit Margin (%)	35.3	35.0	25 bps	35.5	35.2	27 bps	35.6	35.3	28 bps
EBITDA	9,755	9,875	(1.2)	10,988	11,136	(1.3)	12,337	12,492	(1.2)
EBITDA margin (%)	11.9	11.8	10 bps	12.2	12.1	12 bps	12.4	12.3	13 bps
APAT	6,759	6,807	(0.7)	7,660	7,727	(0.9)	8,589	8,656	(0.8)
APAT margin (%)	8.3	8.2	11 bps	8.5	8.4	12 bps	8.6	8.5	13 bps
EPS (Rs)	8.4	8.4	(0.7)	9.5	9.6	(0.9)	10.6	10.7	(0.8)

Source: HSIE Research

## Swiggy

(INR mn)	FY26E			FY27E			FY28E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	2,01,663	2,00,010	0.8	2,50,525	2,45,936	1.9	3,05,633	2,97,147	2.9
Adj. EBITDA	(24,840)	(20,915)	NM	(13,387)	(12,254)	NM	(3,105)	(3,258)	NM
Adj. EBITDAM (%)	(12.3)	(10.5)	<b>-186 bps</b>	(5.3)	(5.0)	<b>-36 bps</b>	(1.0)	(1.1)	<b>8 bps</b>
Pre-IND AS EBITDA	(32,800)	(28,875)	NM	(18,787)	(17,654)	NM	(4,835)	(4,988)	NM
Pre-IND AS EBITDA margin (%)	(16.3)	(14.4)	<b>-183 bps</b>	(7.5)	(7.2)	<b>-32 bps</b>	(1.6)	(1.7)	<b>10 bps</b>
APAT	(32,752)	(29,069)	NM	(20,179)	(19,310)	NM	(6,668)	(5,242)	NM
APAT margin (%)	(16.2)	(14.5)	<b>-171 bps</b>	(8.1)	(7.9)	<b>-20 bps</b>	(2.2)	(1.8)	<b>-42 bps</b>
EPS (Rs)	(13.1)	(11.7)	NM	(8.1)	(7.7)	NM	(2.7)	(2.1)	NM

Source: HSIE Research

## Eternal

(INR mn)	FY26E			FY27E			FY28E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	3,05,805	2,99,372	2.1	3,93,558	3,85,492	2.1	4,87,043	4,75,135	2.5
Adj. EBITDA	12,230	14,078	(13.1)	21,630	24,380	(11.3)	34,501	38,020	(9.3)
Adj. EBITDAM (%)	4.0	4.7	<b>-70 bps</b>	5.5	6.3	<b>-83 bps</b>	7.1	8.0	<b>-92 bps</b>
Pre-IND AS EBITDA	3,630	5,478	(33.7)	13,030	15,780	(17.4)	25,501	29,020	(12.1)
Pre-IND AS EBITDA margin (%)	1.2	1.8	<b>-64 bps</b>	3.3	4.1	<b>-78 bps</b>	5.2	6.1	<b>-87 bps</b>
APAT	3,900	5,695	(31.5)	9,653	11,380	(15.2)	18,676	21,885	(14.7)
APAT margin (%)	1.3	1.9	<b>-63 bps</b>	2.5	3.0	<b>-50 bps</b>	3.8	4.6	<b>-77 bps</b>
EPS (Rs)	0.4	0.6	(31.5)	1.0	1.2	(15.2)	1.9	2.3	(14.7)

Source: HSIE Research



## Financial Summary

Company	NET SALES (Rs bn)					EBITDA (Rs bn)					EBITDA Margin (%)					APAT (Rs. bn)				
	2Q FY25	1Q FY26	2Q FY26E	QoQ (%)	YoY (%)	2Q FY25	1Q FY26	2Q FY26E	QoQ (%)	YoY (%)	2Q FY25	1Q FY26	2Q FY26E	QoQ (bps)	YoY (bps)	2Q FY25	1Q FY26	2Q FY26E	QoQ (%)	YoY (%)
<b>Food &amp; Grocery</b>																				
Avenue Supermarts	140.5	159.3	162.2	1.8	15.4	11.1	13.1	12.3	(6.1)	11.5	7.9	8.2	7.6	(64)	(27)	7.1	8.3	7.5	(9.7)	5.5
<b>Jewellery</b>																				
Titan	145.3	165.2	175.0	5.9	20.4	12.4	18.3	17.0	(7.1)	37.6	8.5	11.1	9.7	(136)	121	7.0	10.9	10.1	(7.8)	42.9
-Jewellery	113.9	128.0	135.5	5.8	18.9	9.7	14.1	13.7	(2.9)	40.4	8.5	11.0	10.1	(90)	155					
<b>Apparel</b>																				
Trent	40.4	47.8	47.4	(0.8)	17.5	6.4	8.4	7.6	9.5	18.4	15.9	17.5	16.0	(153)	12	4.2	4.2	3.6	(14.6)	(14.7)
STOP	10.7	10.9	11.7	7.4	10.0	1.5	1.7	1.7	0.4	13.6	13.7	15.2	14.2	(99)	45	(0.2)	(0.2)	(0.2)	(7.0)	(24.4)
V-MART	6.6	8.9	8.1	(8.8)	22.1	0.4	1.3	0.6	(52.4)	55.5	5.8	14.3	7.4	(681)	160	(0.6)	0.3	(0.2)	(146.5)	(72.4)
ABLBL	19.5	18.4	20.4	11.0	5.0	2.8	2.6	2.9	10.7	3.1	14.5	14.3	14.3	(3)	(26)	0.2	0.4	49.1		
<b>Paints</b>																				
Asian Paints	80.3	89.4	80.5	(9.9)	0.3	12.4	16.2	12.8	(21.2)	3.3	15.4	18.2	15.9	(229)	45	8.7	11.0	8.2	(25.3)	(6.1)
Berger Paints	27.7	32.0	28.8	(10.1)	3.7	4.3	5.3	4.5	(15.5)	2.8	15.6	16.5	15.5	(99)	(13)	2.7	3.1	2.8	(10.8)	4.0
Kansai Nerolac	19.5	21.6	19.9	(7.8)	2.2	2.1	3.0	2.2	(27.7)	3.5	10.9	14.0	11.0	(303)	14	1.2	2.2	1.6	(26.8)	31.6
<b>Footwear</b>																				
Bata	8.4	9.4	9.1	(3.1)	9.0	1.7	2.0	1.9	(3.6)	9.8	20.9	21.1	21.0	(11)	14	0.5	0.5	0.5	(1.9)	(1.9)
Relaxo	6.8	6.5	7.3	10.9	6.8	0.9	1.0	1.2	15.9	31.5	12.9	15.2	15.9	68	298	0.4	0.5	0.6	19.5	59.1
Metro Brands	5.9	6.3	6.5	3.0	10.5	1.5	1.9	1.7	(10.2)	12.4	26.4	30.9	26.9	(396)	46	0.7	1.0	0.8	(18.0)	12.9
<b>New Age</b>																				
FSN E-Comm Ventures (Nykaa)	18.7	21.5	23.5	8.9	25.2	1.0	1.4	1.7	18.7	61.0	5.5	6.5	7.1	58	158	0.1	0.2	0.5	97.1	271.9
Swiggy	36.0	49.6	52.8	6.5	46.7	(5.5)	(9.5)	(7.9)	(17.1)	42.8	(15.4)	(19.2)	(15.0)	426	42	(6.3)	(12.0)	(10.3)	(13.7)	65.2
Eternal	48.0	71.7	78.7	9.8	64.0	2.3	1.2	2.3	103.0	3.3	4.7	1.6	3.0	136	(174)	1.8	0.3	1.5	507.4	(13.7)

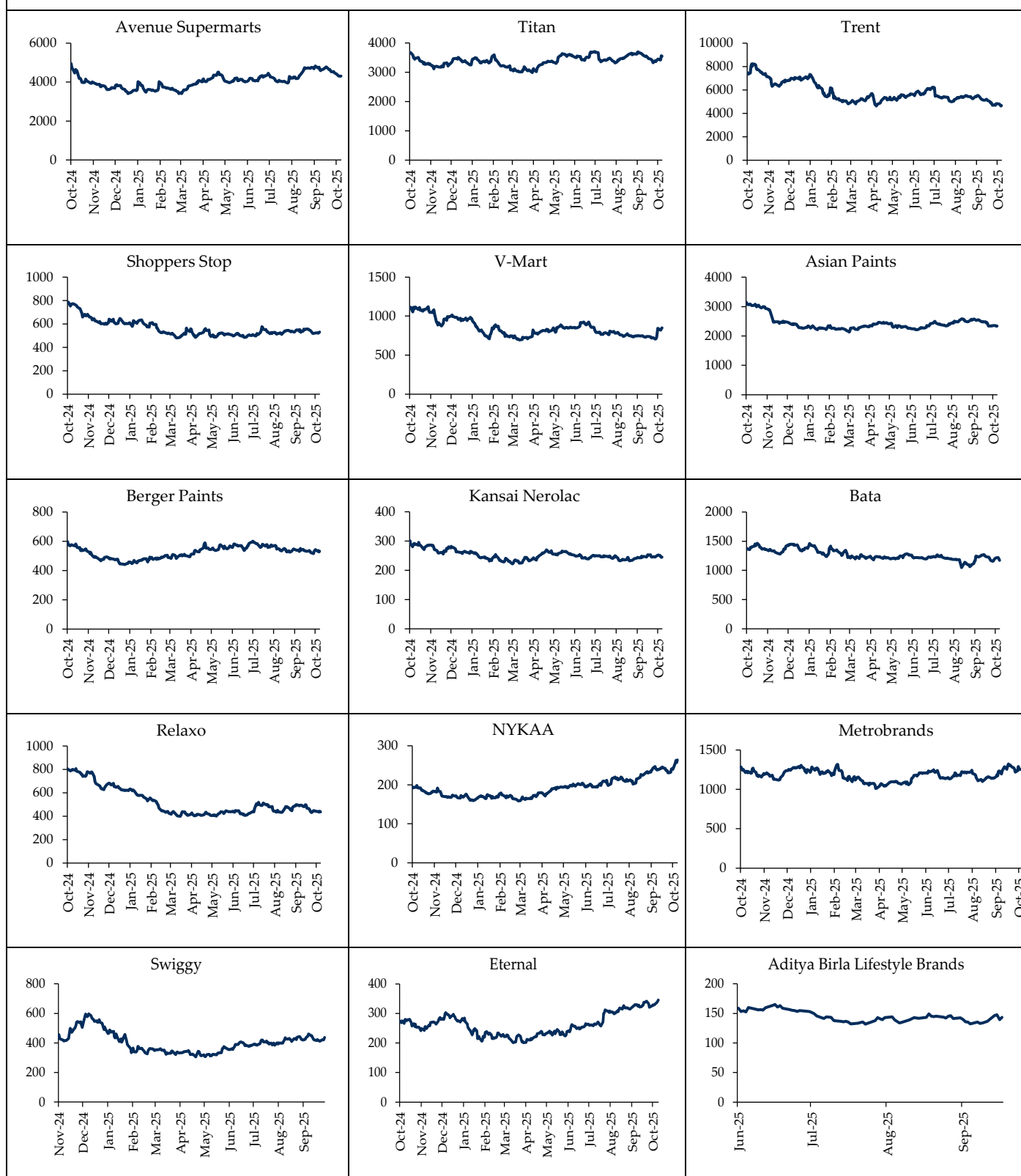
Source: HSIE Research

## Valuation Summary

Company	Mcap (Rs bn)	CMP (Rs)	Reco.	TP (Rs)	EPS (Rs)			P/E (x)			EV/EBITDA (x)			ROCE (%)		
					FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
ABLBL	174	143	Buy	180	2.3	3.6	4.7	63	39	30	28	21	17	10.6	12.4	13.0
Avenue Supermarts	2,801	4,305	Add	4,000	48.5	59.5	72.8	89	72	59	56	46	38	13.7	14.4	15.2
Titan Company	3,160	3,550	Reduce	3,350	52.0	61.9	72.6	68	57	49	50	43	37	15.3	15.5	15.4
Trent	1,657	4,660	Reduce	4,300	48.1	61.1	71.2	97	76	65	64	52	43	22.8	22.2	20.5
Shoppers Stop	58	528	Reduce	500	4.1	6.2	9.6	129	86	55	23	20	17	4.5	18.2	17.9
V-MART	67	851	Buy	860	11.7	18.9	25.9	73	45	33	33	25	20	9.4	12.3	13.6
Bata India	151	1,172	Reduce	1,085	20.4	28.1	36.2	58	42	32	30	25	21	12.0	14.7	15.9
Relaxo Footwears	109	437	Add	490	7.9	10.5	12.4	55	42	35	29	23	20	9.7	12.1	13.0
Metro Brands	331	1,217	Sell	1,050	14.9	19.4	25.1	82	63	49	55	45	36	20.6	22.5	22.2
Asian Paints	2,241	2,336	Add	2,500	43.2	49.6	57.7	54	47	40	35	32	28	17.9	19.1	20.6
Berger Paints	621	533	Add	585	11.3	12.8	14.5	47	42	37	31	26	23	17.5	18.7	18.6
Kansai Nerolac	198	245	Reduce	250	8.4	9.5	10.6	29	26	23	20	17	15	10.4	11.0	11.4
FSN E-Commerce (Nykaa)	755	264	Reduce	200	0.9	1.5	2.3	293	171	114	157	99	72	12.3	16.9	19.8
Swiggy	1,087	436	Add	450	-13.1	-8.1	-2.7	NM	NM	NM	NM	NM	NM	-28.9	-17.5	-4.7
Eternal	3,329	345	Reduce	305	0.4	1.0	1.9	854	345	178	871	243	123	1.7	3.4	5.9

Source: HSIE Research

## Price history



## Rating Criteria

**BUY:** >+15% return potential  
**ADD:** +5% to +15% return potential  
**REDUCE:** -10% to +5% return potential  
**SELL:** > 10% Downside return potential

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