

Britannia Industries

Estimate change	↑
TP change	↑
Rating change	↑

Bloomberg	BRIT IN
Equity Shares (m)	241
M.Cap.(INRb)/(USDb)	1483.1 / 16.7
52-Week Range (INR)	6337 / 4506
1, 6, 12 Rel. Per (%)	3/11/3
12M Avg Val (INR M)	2070

Financials & Valuations (INR b)

Y/E March	2026E	2027E	2028E
Sales	197.7	223.6	246.8
Sales Gr. (%)	10.2	13.1	10.4
EBITDA	37.3	42.7	47.7
EBITDA mrg. (%)	18.9	19.1	19.4
Adj. PAT	26.1	30.5	34.6
Adj. EPS (INR)	108.4	126.4	143.5
EPS Gr. (%)	18.0	16.6	13.5
BV/Sh.(INR)	211.8	258.7	320.8

Ratios

RoE (%)	55.2	53.7	49.5
RoCE (%)	42.9	43.8	41.9
Payout (%)	71.0	62.5	56.4

Valuation

P/E (x)	56.6	48.5	42.7
P/BV (x)	29.0	23.7	19.1
EV/EBITDA (x)	39.0	33.7	29.8
Div. Yield (%)	1.3	1.3	1.3

Shareholding Pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	50.6	50.6	50.6
DII	19.4	18.7	16.4
FII	15.0	15.6	17.9
Others	15.0	15.2	15.2

FII includes depository receipts

CMP: INR6,158 TP: INR7,150 (+16%) Upgrade to Buy

Growth visibility improving; swift margin recovery

- Britannia Industries (BRIT) posted consolidated revenue growth of 4% YoY in 2QFY26 (below). Adjusted for the GST transition impact, sales growth would have been ~6-6.5% YoY, as the business faced short-term headwinds in September due to de-stocking. BRIT expects the transitional impact to normalize progressively in 3QFY26. By the end of October, the company had revised ~65% of its SKUs with updated grammages and prices, with full completion expected by mid-November. Rural markets continued to outpace urban markets. The company remains focused on driving healthy, volume-led growth through region- and consumer-centric products, enhanced distribution, and strong price competitiveness.
- GM expanded 20bp YoY and 140bp QoQ to 41.7% (above), driven by relatively stable commodity prices. Employee expenses declined 22% YoY on account of SAR devaluation, while other expenses declined ~7% YoY, leading to a beat on EBITDA margin, which expanded 290bp YoY to 19.7% (above). BRIT has normalized its A&P spends, with annual A&P spends as a % of sales for FY26 expected to revert to historical levels. We model an EBITDA margin of ~19% for FY26-28.
- While we have been constructive on the packaged food industry following the GST rate revision (majorly from 18% to 5%), given that these are pure-play businesses expected to witness limited transitional impact, BRIT stands out as a key beneficiary. With 60-65% of its portfolio comprising LUPs/price pack (INR5/10 price packs), the company is well positioned to capitalize on the GST rate revision. We expect the earnings growth trend to improve from 2HFY26 onwards, given: 1) improving macro drivers for consumption, 2) market share gains as the rate reduction narrows the pricing gap between organized and unorganized players, 3) continued focus on distribution expansion, 4) product innovation serving as a key impetus, and 5) softening of key raw material costs (peak cost cycle is behind). We model an 11% and 16% revenue and PAT CAGR for FY25-28E. **With positive green shoots in growth, we upgrade BRIT to a BUY rating with a TP of INR7,150 (premised on 50x Sep'27E EPS).**

Miss on revenue but beat on EBITDA

- **Revenue growth at ~4%:** BRIT's consolidated total revenue rose 3.7% YoY to INR48.4b (est. INR50.2b). Adjusted for the GST transition impact, sales would have grown ~6-6.5% YoY. Consolidated net sales (excluding other operating income) rose 4% YoY to INR47.5b (est. INR49.3b) in 2Q. Other operating income declined 13% YoY to INR0.9b (on a high base). On account of the GST transition, we believe volume decline would have been in low single digits.
- **Lower operating expenses boost margin:** Consolidated gross margin expanded 20bp YoY and 140bp QoQ to 41.7% (est. 40.8%), driven by relatively stable commodity prices. Employee expenses declined 22% YoY, while other expenses declined ~7% YoY, leading to a beat on EBITDA margin, which expanded 290bp YoY and 330bp QoQ to 19.7% (est. of 17.4%).

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

- **Double-digit PAT growth:** EBITDA rose 22% YoY to INR9.5b (est. INR8.7b). APAT rose 23% YoY to INR6.6b (est. INR6.1b).
- In 1HFY26, net sales/EBITDA/APAT grew 6%/11%/11% YoY, respectively.

Highlights from the management commentary

- Around 60%-65% of BRIT's portfolio comprises LUPs/price packs (INR5/10).
- The company expects the transitional impact to normalize progressively in 3QFY26. As of end-October, the company had revised ~65% of its SKUs, and by mid-November, all SKUs are expected to reflect revised grammages and prices.
- Adjusted for the GST transition, BRIT sales growth in 2QFY26 could have been higher by 2-2.5%, as September sales were impacted by 6-7%.
- The top three national-level players command ~70% of the market share, while significant regional players account for ~10-12%. The remaining 15% is held by value players.
- Dairy is trending below BRIT's expectations. The cheese market, which had witnessed high growth until last year, has now moderated. BRIT expects cheese growth to rebound in the near term.

Valuation and view

- We raise our EPS estimates by 3-5% for FY26-28.
- We remain constructive on the packaged food industry, as the GST rate cut from 18% to 5% is expected to boost volume growth. With 60-65% of BRIT's portfolio comprising INR5/10 price packs, the company stands out as one of the key beneficiaries of this rate revision.
- We expect earnings growth trend to improve from 2HFY26 onwards, given: 1) improving macro drivers for consumption, 2) market share gains as the rate reduction narrows the pricing gap between organized and unorganized players, 3) continued focus on distribution expansion, 4) product innovation serving as a key impetus, and 5) softening of key raw material prices (the peak cost cycle is behind). We model 11% and 16% revenue and PAT CAGR for FY25-28E. **With positive green shoots in growth, we upgrade BRIT to a BUY rating with a TP of INR7,150 (premised on 50x Sep'27E EPS).**

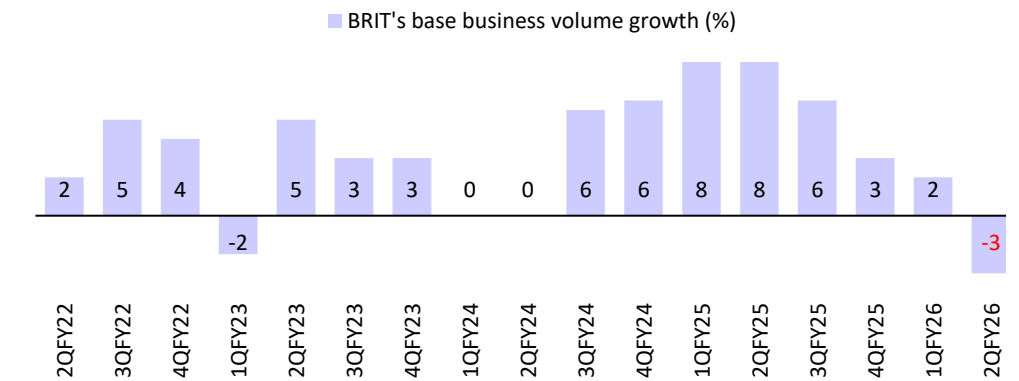
Consol. Quarterly Performance

Y/E March	FY25				FY26E				FY25	FY26E	FY26	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)
Base business volume growth (%)	8.0	8.0	6.0	3.0	2.0	-3.0	10.0	11.0	6.3	5.0	4.0	
Net Revenue	41,299	45,662	44,633	43,756	45,349	47,522	50,882	50,204	1,75,350	1,93,956	49,315	(3.6)
YoY change (%)	4.0	4.5	6.5	9.0	9.8	4.1	14.0	14.7	6.0	10.6	8.0	
Other operating income	1,204	1,013	1,293	566	874	885	925	1,036	4,077	3,719	950	(6.9)
YoY change (%)	194.6	62.4	100.5	2.4	-27.4	-12.7	-28.5	83.0	82.8	-8.8	-6.3	
Total Revenue	42,503	46,676	45,926	44,322	46,222	48,406	51,807	51,240	1,79,427	1,97,675	50,265	(3.7)
YoY change (%)	6.0	5.3	7.9	8.9	8.8	3.7	12.8	15.6	7.0	10.2	7.7	
Gross Profit	18,449	19,381	17,784	17,773	18,631	20,177	21,603	21,623	73,386	82,035	20,508	(1.6)
Margins (%)	43.4	41.5	38.7	40.1	40.3	41.7	41.7	42.2	40.9	41.5	40.8	
EBITDA	7,537	7,834	8,449	8,052	7,571	9,545	10,170	9,976	31,872	37,262	8,738	9.2
Margins (%)	17.7	16.8	18.4	18.2	16.4	19.7	19.6	19.5	17.8	18.9	17.4	
YoY growth (%)	9.4	-10.2	2.9	2.3	0.4	21.8	20.4	23.9	0.5	16.9	11.5	
Depreciation	739	761	824	810	820	851	860	870	3,133	3,401	837	
Interest	290	346	446	307	262	347	375	390	1,388	1,373	300	
Other Income	556	460	625	630	570	521	620	694	2,271	2,405	600	
PBT	7,064	7,187	7,804	7,566	7,059	8,869	9,555	9,410	29,621	34,893	8,201	8.1
Tax	1,762	1,836	1,961	1,928	1,809	2,286	2,408	2,280	7,487	8,782	2,067	
Rate (%)	24.9	25.5	25.1	25.5	25.6	25.8	25.2	24.2	25.3	25.2	25.2	
Adjusted PAT	5,295	5,317	5,823	5,591	5,201	6,551	7,118	7,133	22,027	26,003	6,107	7.3
YoY change (%)	16.3	-9.3	4.3	4.2	-1.8	23.2	22.2	27.6	3.1	18.1	14.9	

E: MOFSL Estimates

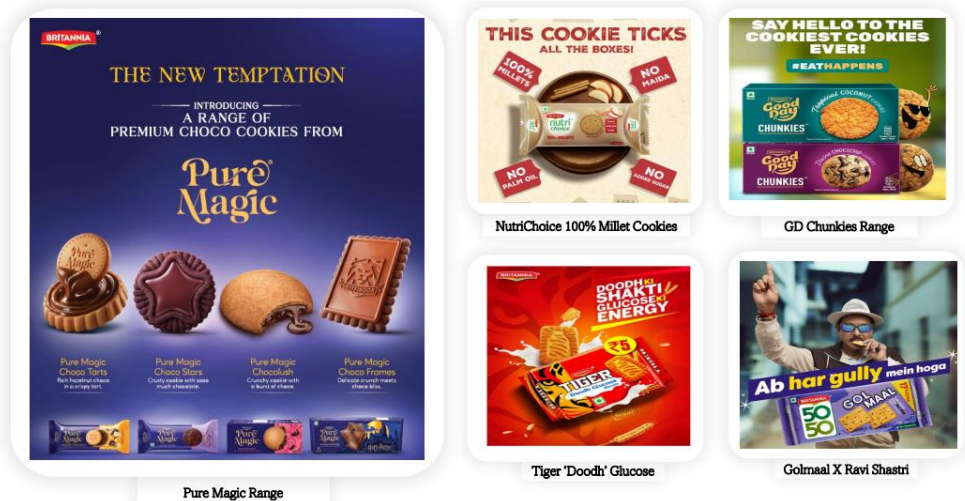
Key exhibits

Exhibit 1: We expect volume growth to have declined 3% YoY in 2QFY26



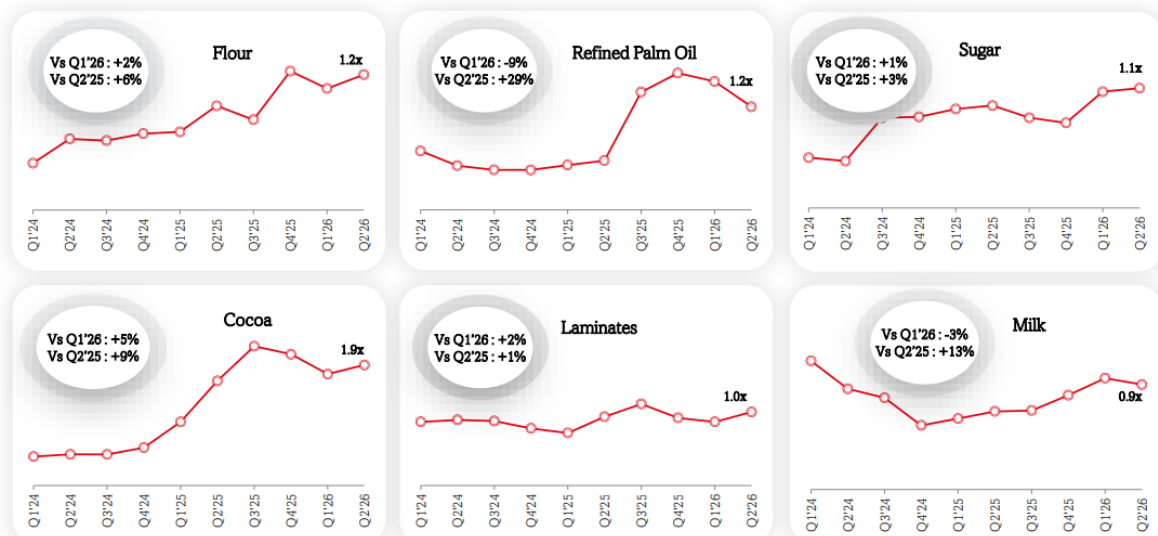
Source: Company, MOFSL

Exhibit 2: New innovation fueling premiumization



Source: Company presentation

Exhibit 3: Overall commodity prices remained stable in 2QFY26



Source: Company presentation



Key takeaways from the management commentary

Business environment and performance

- BRIT indicated that ~85% of its business underwent changes in GST rates wef 22nd September 2025. Business saw short-term headwinds in September due to de-stocking by distributors and channel partners, and delayed buying by consumers.
- BRIT has 60%-65% portfolio from LUPs/price packs (INR5/10).
- The company expects transitionary impact to normalize progressively in 3QFY26. By October end, BRIT revised ~65% of its SKUs and by mid-November, all its SKUs will have updated grammages and prices.
- The inverted duty structure has been adjusted for price cuts and grammages.
- Adjusted for the GST, BRIT sales could have growth 2-2.5% more in 2QFY26 as September sales were impacted by 6-7%.
- Rural market is growth ahead of urban growth. Rains have not impacted much.
- Going forward, both revenue and volume growth have to follow a positive trajectory. Pricing has been slightly impacted by GST 2.0.
- BRIT has maintained a healthy gap vs organized national players over the last three years. However, there has been a marginal share loss for large players to multiple local and regional competitors.
- Management alluded that some national competitors are increasing their focus on modern trade and discounting to offset regional sales losses. However, BRIT has not been impacted by this.
- The top three national level players command ~70% market share, ~10-12% is captured by significant regional players, and the remaining 15% is held by value players.
- In Glucose, BRIT currently holds a single-digit share and aspires to gradually grow its market share over time.
- Dairy is trending below BRIT's expectations. The cheese market saw high growth until last year, which has now moderated. The company expects cheese growth to rebound soon.
- BRIT is emphasizing RTD protein drinks over whey protein.
- Beverages saw some impact due to extended monsoons.
- The Eastern region is seeing normalization post the internal restructuring of the distribution network.
- In the international business, the African business continued growing well, with JV in Kenya taking healthy shape.
- BRIT is in discussion with various state governments that have made investments in those states to secure fiscal incentives.
- The company remains focused on aggressive revenue growth, even at the cost of slight margin contraction.
- The Hindi belt has been performing well albeit on a low base.

Adjacent categories

- The Croissant & Rusk segments delivered competitive double-digit growth during the quarter, driven by the strong momentum in E-commerce Channel.
- The wafer segment witnessed the 5th consecutive quarter of healthy double-digit growth. BRIT augmented additional capacity in North.

- Healthy growth for Cheese in E-com and General Trade (India), along with sequential market share gains.
- In Cakes, impulse products such as Brownie continued to gain traction in Urban markets.

Cost and margins

- 2QFY26 was a stable commodity quarter; flour costs increased 6%, palm oil deflated sequentially but rose 29% YoY, cocoa prices rose 9% YoY, and sugar inflation was 3% YoY, with slight seasonal inflation in milk (happens with the festival season).
- If commodity prices remain stable, margins are expected to improve.
- Annual A&P spends as a % of sales for FY26 are expected to be at historical levels.

Valuation and view

- We raise our EPS estimates by 3-5% for FY26-28.
 - We are constructive on the packaged food industry following the GST rate cut from 18% to 5%, with a boost in volume growth. With 60-65% of its portfolio comprising INR5/10 price packs, BRIT stands out as a key beneficiary of the GST rate revision.
 - We expect the earnings growth trend to improve from 2HFY26 onwards, given: 1) improving macro drivers for consumption, 2) market share gains as rate reduction narrows pricing gap between organized and unorganized players, 3) continued focus on distribution expansion, 4) product innovation serving as a key impetus, and 5) the softening of key raw material prices (the peak cost cycle is behind). We model an 11% and 16% revenue and PAT CAGR for FY25-28E.
- With positive green shoots in growth, we upgrade BRIT to BUY rating with a TP of INR7,150 (premised on 50x Sep'27E EPS).**

Exhibit 4: We raise our EPS estimates by 3-5% for FY26-28

(INR b)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Net Sales	197.7	223.6	246.8	199.3	225.4	248.7	-0.8	-0.8	-0.8
EBITDA	37.3	42.7	47.7	35.5	41.0	46.3	5.0	4.1	3.2
Adjusted PAT	26.1	30.5	34.6	25.0	29.3	33.3	4.6	4.0	3.8

Source: Company, MOFSL

Exhibit 5: BRIT's P/E (x)

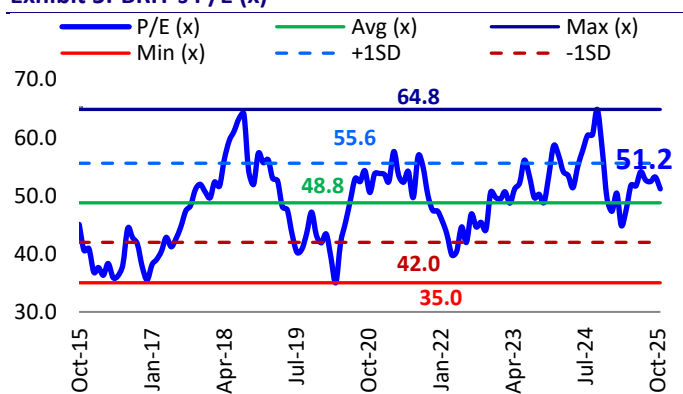
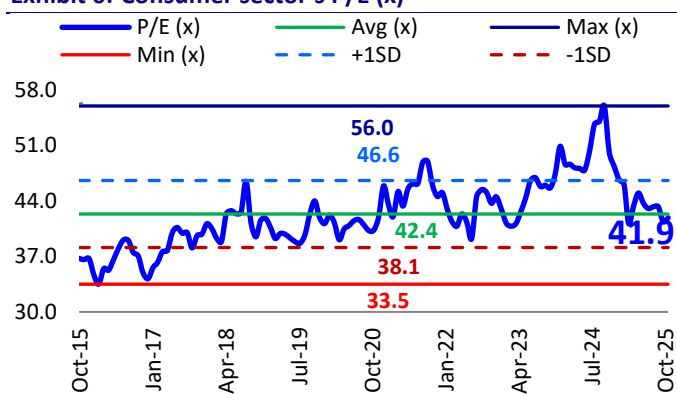


Exhibit 6: Consumer sector's P/E (x)



Financials and valuations

Income Statement										(INR b)
Y/E March	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Net Revenues	110.5	116.0	131.4	141.4	163.0	167.7	179.4	197.7	223.6	246.8
Change (%)	11.5	4.9	13.2	7.6	15.3	2.9	7.0	10.2	13.1	10.4
Gross Profit	44.9	46.7	55.1	53.8	67.1	72.8	73.4	82.0	93.0	102.9
Margin (%)	40.6	40.3	41.9	38.0	41.2	43.4	40.9	41.5	41.6	41.7
Other Expenditure	22.6	23.5	25.5	27.6	32.0	34.1	35.9	36.9	41.4	45.3
EBITDA	17.3	18.4	25.1	22.0	28.3	31.7	31.9	37.3	42.7	47.7
Change (%)	15.4	6.3	36.1	-12.3	28.6	12.0	0.5	16.9	14.6	11.8
Margin (%)	15.7	15.9	19.1	15.6	17.4	18.9	17.8	18.9	19.1	19.4
Depreciation	1.6	1.8	2.0	2.0	2.3	3.0	3.1	3.4	3.6	3.7
Int. and Fin. Charges	0.1	0.8	1.1	1.4	1.7	1.6	1.4	1.4	1.1	0.9
Financial Other Income	2.1	2.8	3.1	2.2	2.2	2.1	2.3	2.4	2.7	3.1
PBT	17.7	18.6	25.1	20.8	26.5	29.2	29.6	34.9	40.7	46.2
Tax	6.0	4.5	6.6	6.1	7.2	7.7	7.4	8.8	10.2	11.6
Deferred Tax	0.1	0.0	0.1	-0.5	0.0	0.1	0.1	0.0	0.0	0.0
Tax Rate (%)	34.6	24.2	26.4	27.0	27.0	26.7	25.3	25.2	25.2	25.2
PAT	11.6	14.1	18.5	15.2	19.4	21.4	22.1	26.1	30.5	34.6
Change (%)	15.2	21.9	31.2	-18.0	27.9	10.1	3.6	18.0	16.6	13.5
Margin (%)	10.5	12.2	14.1	10.7	11.9	12.7	12.3	13.2	13.6	14.0
Non-rec. (Exp.)/Income	0.0	-0.2	0.0	0.0	3.8	0.0	-0.2	0.0	0.0	0.0
Reported PAT	11.6	13.9	18.5	15.2	23.2	21.4	21.8	26.0	30.3	34.5

Balance Sheet										(INR b)
Y/E March	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Share Capital	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Reserves	42.3	43.8	35.2	25.3	35.1	39.2	43.3	50.8	62.1	77.0
Networth	42.5	44.0	35.5	25.6	35.3	39.4	43.6	51.0	62.3	77.3
Minority Interest	0.3	0.4	0.4	0.3	0.3	0.2	0.3	0.3	0.3	0.3
Loans	1.4	15.1	20.9	25.3	29.8	20.4	12.2	10.7	9.2	7.7
Capital Employed	44.2	59.5	56.7	51.2	65.5	60.1	56.1	62.0	71.8	85.3
Gross Block	20.6	24.8	26.2	28.1	39.5	44.3	48.4	50.9	53.4	55.9
Less: Accum. Depn.	-5.0	-7.4	-9.6	-12.0	-14.2	-17.9	-20.7	24.7	28.2	32.0
Net Fixed Assets	15.6	17.4	16.6	16.1	25.3	26.4	27.7	27.0	26.1	25.1
Goodwill on consolidation	1.3	1.4	1.4	1.4	1.3	1.3	1.3	1.3	1.3	1.3
Capital WIP	1.0	0.4	1.2	5.4	1.1	1.9	0.9	0.9	0.9	0.9
Investments	14.8	28.9	27.8	17.6	33.2	27.7	28.8	29.0	34.0	39.0
Current	7.5	10.1	13.9	8.3	18.0	17.0	11.1	16.1	21.1	26.1
Non-current	7.3	18.8	13.9	9.3	15.2	10.7	17.7	12.9	12.9	12.9
Deferred Liability	-0.1	-0.1	0.0	-0.5	-0.6	-0.4	-0.4	-0.4	-0.4	-0.4
Current Assets	29.6	30.1	33.1	34.1	32.1	33.0	29.2	37.0	47.1	60.8
Inventory	7.8	7.4	10.9	13.7	11.9	11.8	12.4	13.6	15.4	17.0
Account Receivables	3.9	3.2	2.6	3.3	3.3	3.9	4.5	4.9	5.6	6.2
Cash and Bank Balance	1.1	1.2	2.4	1.8	2.0	4.5	3.1	8.3	14.7	25.0
Others	16.8	18.3	17.2	15.3	14.9	12.8	9.2	10.1	11.4	12.6
Curr. Liab. & Prov.	18.1	18.8	23.3	24.0	28.1	30.6	32.3	33.7	38.0	42.2
Account Payables	11.4	11.2	13.1	12.9	14.5	16.3	17.5	17.2	19.5	21.5
Other Liabilities	3.9	5.1	5.5	6.2	8.2	8.5	8.4	9.3	10.3	11.4
Net Current Assets	11.5	11.3	9.8	10.2	4.1	2.4	-3.1	3.4	9.1	18.6
Net Assets	44.2	59.5	56.7	51.2	65.5	60.1	56.1	62.0	71.8	85.3

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Basic (INR)										
EPS	48.1	58.6	76.8	63.0	80.6	88.7	91.9	108.4	126.4	143.5
BV/Share	177.0	183.1	147.3	106.2	146.7	163.6	180.8	211.8	258.7	320.8
DPS	15.0	35.0	62.0	56.5	72.0	73.5	75.0	77.0	79.0	81.0
Payout (%)	31.2	59.7	80.7	89.7	89.4	82.9	81.6	71.0	62.5	56.4
Valuation (x)										
P/E	127.5	104.6	79.9	97.4	76.2	69.2	66.8	56.6	48.5	42.7
EV/Sales	13.2	12.6	11.2	10.5	9.0	8.7	8.1	7.3	6.4	5.8
EV/EBITDA	84.2	79.2	58.5	67.4	52.0	46.3	45.8	39.0	33.7	29.8
P/BV	34.7	33.5	41.7	57.8	41.8	37.5	33.9	29.0	23.7	19.1
Dividend Yield	0.2	0.6	1.0	0.9	1.2	1.2	1.2	1.3	1.3	1.3
Return Ratios (%)										
RoE	30.2	32.6	46.5	49.7	63.7	57.2	53.4	55.2	53.7	49.5
RoCE	25.6	24.2	29.3	27.1	32.6	33.5	37.0	42.9	43.8	41.9
RoIC	42.2	44.6	62.6	56.4	68.5	76.2	87.2	107.8	127.2	154.3
Working Capital Ratios										
Debtor (Days)	13	10	7	9	7	9	9	9	9	9
Asset Turnover (x)	2.5	1.9	2.3	2.8	2.5	2.8	3.2	3.2	3.1	2.9
Leverage Ratio										
Debt/Equity (x)	0.0	0.3	0.6	1.0	0.8	0.5	0.3	0.2	0.1	0.1

Cash Flow Statement

Y/E March	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
OP Profit	17.7	18.4	25.1	20.8	30.3	29.2	29.4	34.9	40.7	46.2
Dep	1.6	1.8	2.0	2.0	2.3	3.0	3.1	3.4	3.6	3.7
Financial Other Income	-0.5	-0.7	-0.5	-0.3	-4.1	-0.3	-0.8	0.0	0.0	0.0
Net Interest Paid	1.3	1.0	1.2	0.4	-0.1	0.1	-0.1	-1.4	-1.1	-0.9
Direct Taxes Paid	6.0	5.0	6.3	5.9	7.3	7.6	6.9	8.8	10.2	11.6
Inc in WC	0.0	-1.3	0.6	3.3	-4.1	-1.6	0.0	1.3	-0.6	-0.8
CF from Operations	11.6	14.8	18.5	13.0	25.3	25.7	24.8	29.6	35.7	40.1
(Inc)/Dec in FA	-4.0	-2.4	-2.4	-5.5	-6.3	-5.0	-3.7	-2.5	-2.5	-2.5
Free Cash Flow	7.6	12.4	16.1	7.5	18.9	20.8	21.1	27.1	33.2	37.6
(Pur.)/Sale of Investments	-3.3	-13.3	1.8	10.5	-11.2	5.8	-0.3	-0.2	-5.0	-5.0
Other Non Rec Exp	-1.5	0.4	5.7	3.9	2.7	4.2	5.4	-0.3	-0.3	-0.3
CF from Investments	-8.8	-15.3	5.1	8.9	-14.8	5.1	1.5	-3.0	-7.8	-7.8
Issue of Shares	0.5	0.4	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Inc in Debt	-0.4	4.9	5.6	3.2	5.3	-9.3	-1.3	-1.5	-1.5	-1.5
Dividend Paid	3.5	4.3	28.2	24.8	13.6	17.3	17.7	18.5	19.0	19.5
Other Item	0.1	0.4	1.0	0.8	2.0	1.6	8.7	1.4	1.1	0.9
CF from Fin. Activity	-3.5	0.6	-22.4	-22.5	-10.3	-28.3	-27.6	-21.4	-21.6	-22.0
Inc/Dec of Cash	-0.8	0.1	1.1	-0.5	0.1	2.5	-1.3	5.2	6.3	10.3
Add: Beginning Balance	1.9	1.1	1.2	2.4	1.8	2.0	4.5	3.1	8.3	14.7
Closing Balance	1.1	1.2	2.4	1.8	2.0	4.5	3.1	8.3	14.7	25.0

E: MOFSL Estimates

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NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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