

Optimistic Future

- Britannia reported revenue of ₹49,698 mn** in Q3FY26, up 8% YoY, reflecting improving demand momentum post GST reset. Nov-Dec growth of ~12% was evenly split between volume and price, supported by early migration to ₹5 and ₹10 price points with ~12% extra grammage. While temporary channel volatility emerged due to competitors retaining legacy price points, management expects normalization as industry alignment improves.
- EBITDA grew 16% YoY to ₹9,799 mn**, with margins expanding to 19.7% (vs 18.4% YoY), ahead of expectations. The margin improvement was driven by ~450 bps expansion in gross margins supported by benign commodity prices, including softer edible oil trends and stable input costs. With no major one-offs in other expenses, the improvement reflects operating leverage and disciplined cost management, with reinvestment calibrated against commodity trends.
- PAT increased 17% YoY to ₹6,799.6 mn**, driven by strong operating performance and margin expansion. Profit growth outpaced revenue, indicating healthy operating leverage and improved earnings quality. Overall, Q3FY26 reflects a combination of steady demand recovery and structurally stronger profitability under the evolving strategic framework

Financial Summary

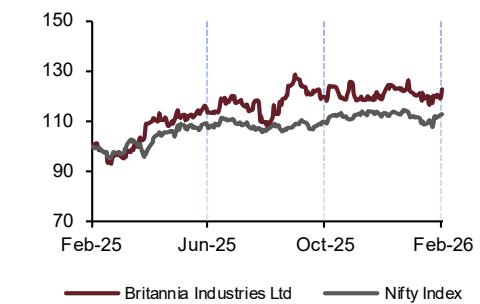
Y/E Mar (Rs mn)	FY 23	FY 24	FY 25	FY 26E	FY 27E
Net sales	1,63,005	1,67,693	1,79,427	1,93,048	2,10,289
EBIDTA	28,309	31,698	31,872	35,784	38,669
Margins	17.4	18.9	17.8	18.5	18.4
PAT (adj)	19,628	21,419	21,972	24,770	26,878
growth (%)	28.7	9.1	2.6	12.7	8.5
EPS	81	89	91	103	112
P/E (x)	73.8	67.7	66.0	58.5	53.9
P/B (x)	41.0	36.8	33.3	28.8	24.5
EV/EBITDA (x)	51.1	45.5	44.9	40.5	37.3
RoE (%)	55.5	54.3	50.4	49.3	45.5
ROCE (%)	39.8	47.8	51.3	44.8	45.5

Source: Dalal and Broacha

Rating	TP (Rs)	Up/Dn (%)
BUY ON DIPS	6,720	12
Market data		
Current price	Rs	6,019
Market Cap (Rs.Bn)	(Rs Bn)	1,450
Market Cap (US\$ Mn)	(US\$ Mn)	16,006
Face Value	Rs	1
52 Weeks High/Low	Rs	6336.95 / 4506
Average Daily Volume	('000)	280
BSE Code		500825
Bloomberg		BRIT.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Dec-25	Sep-25
Promoters	50.55	50.55
Public	49.45	49.45
Others		
Total	100.00	100.00

Source: BSE

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Conference Call & other KTA's

Demand Recovery, GST Reset & Margin Expansion

Demand & Sales Momentum

- Nov-Dec growth ~12%, split ~50% volume / ~50% price post GST reset
- Growth driven by volume recovery + realization adjustments after rate cut
- Takeaway: Demand momentum intact with visible volume normalization.

GST Transition – Early Mover Advantage

- Migrated to ₹5 & ₹10 packs with ~12% extra grammage
- Some peers stayed at ₹4.5/₹9 → temporary retailer arbitrage & uneven channel flows
- Normalization expected as industry aligns to new price points
- Takeaway: Channel volatility transitional; growth mix should stabilize.

Competition & Market Share Strategy

- Facing regional/local players (notably in pockets of East and other markets)
- Management adopting a “startup mentality” to respond locally
- Deployment of targeted resources & localized marketing mix to regain share
- Focus on strengthening distribution throughput & execution intensity
- Takeaway: Sharper, decentralized competitive playbook aimed at defending and regaining market share

E-commerce & Quick Commerce Scaling

- High-single-digit salience; target early teens by FY27
- Cake, Rusk & Wafers growing ~3x biscuits online
- Profitability ~at par with General Trade; digital-first brands margin accretive
- Takeaway: Digital becoming a structural growth lever with improving mix.

Adjacencies & Dairy

- Rusk, Cake & Wafers delivering double-digit growth
- Cheese a “slow starter”; new Dairy head appointed
- Working with Bel (JV) on pricing & proposition redesign
- 50/50 Cheese Dips launched nationally; “Doodh Marie” in select markets
- Focus on “resident jewels” (e.g., Little Hearts) for instant-gratification missions
- Takeaway: Adjacencies strong; Dairy under strategic reset.

Strategic Priorities – New CEO Framework

- Sales & supply chain efficiency
- Brand elevation; new CMO (ex-Dairy/Intl)
- Dedicated functional foods platform
- Localized response to regional competition (“startup mentality”)
- ESG push – 5.7% water reduction; higher women workforce participation

Margins & Commodities

- Gross margin +450 bps YoY (easing commodities + lagged pricing)
- Wheat stable (monitoring crop season)
- RPO downtrend but volatile (import duties)
- Sugar & cocoa stable/softening; milk slightly stable
- No forward margin guidance; focus on reinvestment
- Takeaway: Commodity tailwinds aided profitability; reinvestment likely to balance margins.

One-offs

- ₹65 cr Bihar fiscal incentive reduced impacting other operating income -ve impact
- ₹45.7 cr receipt of approval from one of the State Governments, relating to the period April 2024 to September 2025 +ve impact
- ₹48 cr Labor Code provision

Capital Allocation

- Open to acquisitions (buy vs build) to create a more composite portfolio
- **Overall:** Q3 reflects GST-led demand normalization, digital acceleration, adjacency strength & margin expansion under new leadership. Strategic focus remains on brand reinvestment, functional foods & portfolio diversification for sustained medium-term growth.

Quarterly Financials

Particulars (Rs Mns)						
Consolidated	Q3FY26	Q3FY25	Growth	Q2FY26	Growth	
Net Sales	48852.3	44633	9%	47521.7	3%	
Other Op Income	845.9	1293.2	-35%	884.6	-4%	
Total Op Income	49698.2	45926.2	8%	48406.3	3%	
Add: O. Income	594.6	624.6	-5%	521.1	14%	
TOTAL INCOME	50292.8	46550.8	8%	48927.4	3%	
RAW MATERIAL	-28198.2	-28142.6	0%	-28229	0%	
Employee Cost	-1697.3	-1058.5	60%	-1810.8	-6%	
O. Exps	-9552.8	-8276	15%	-8821.3	8%	
EBIDTA	9799.9	8449.1	16%	9545.2	3%	
Less Int	-332.5	-445.6	-25%	-346.8	-4%	
Less Depn	-845.1	-823.8	3%	-850.5	-1%	
Less Exceptional	0	0		0		
PBT Before Exceptional	9216.9	7804.3	18%	8869	4%	
Share pft or Loss from Associates	-26.6	-20.4	30%	-32.8	-19%	
				0		
Less Tax	-2368.9	-1960.9	21%	-2285.6	4%	
PAT	6821.4	5823	17%	6550.6	4%	
Owners Pat	6799.6	5816.9	17%	6544.7	4%	
Non Controlling	21.8	6.1	257%	5.9	269%	
Adjusted Owners PAT	6799.6	5816.9	17%	6544.7	4%	
Tax Rate	-25.7%	-25.1%		-25.8%		
Raw Mat to OP Inc	-56.7%	-61.3%	4.5%	-58.3%	1.6%	
Emp Cost to Op Inc	-4.3%	-2.3%		-3.7%		
O.Exps to Op Inc	-19.2%	-18.0%		-18.2%		
OPM	19.7%	18.4%		19.7%		
NPM	13.5%	12.5%		13.4%		

Source: Dalal & Broacha Research, Company

Valuation

Britannia's near-term outlook remains stable, supported by GST-led demand normalization, improving volume traction and structurally stronger gross margins. Management's sharper localized competitive response, focus on distribution efficiency and brand reinvestment should aid market share stability amid regional intensity. Digital channels and high-growth adjacencies (Rusk, Cake, Wafers) provide incremental growth levers, while functional foods offer medium-term premiumization potential. Margin reinvestment may moderate peak profitability, but earnings trajectory remains healthy.

Valuation:

At ₹6,016, the stock trades at ~59x FY26E EPS (₹103) and ~54x FY27E EPS (₹112), reflecting premium valuations supported by strong brand equity and earnings visibility. **Given steady growth, margin resilience and digital acceleration, we maintain a positive bias. BUY ON DIPS with a target price of ₹6,720 (60x FY27E).**

P&L (Rs mn)	Financials				
	FY23	FY24	FY25	FY26E	FY27E
Net Operating Income	1,63,005.5	1,67,692.7	1,79,426.7	1,93,048.0	2,10,288.7
Raw materials	(95,913.0)	(94,920.3)	(1,06,040.5)	(1,12,160.9)	(1,23,018.9)
Employee costs	(6,583.8)	(7,087.0)	(7,045.9)	(8,566.0)	(9,251.3)
Other Expenses	(32,199.6)	(33,987.0)	(34,468.8)	(36,536.7)	(39,349.3)
Cost of sales	(1,34,696.4)	(1,35,994.3)	(1,47,555.2)	(1,57,263.6)	(1,71,619.5)
Operating Profit	28,309.1	31,698.4	31,871.5	35,784.4	38,669.2
Depreciation	(2,259.1)	(3,004.6)	(3,133.4)	(3,403.7)	(3,674.0)
PBIT	26,050.0	28,693.8	28,738.1	32,380.7	34,995.2
Other income	2,158.6	2,141.8	2,270.9	2,248.9	2,769.0
Interest	(1,691.0)	(1,640.0)	(1,388.0)	(1,275.7)	(1,597.4)
Profit before tax	26,517.6	29,195.6	29,621.0	33,353.9	36,166.8
Extraordinary Items / Exceptional	3,756.0	(29.0)	(248.0)	-	-
Profit before tax (post Excep)	30,273.6	29,166.6	29,373.0	33,353.9	36,166.8
Provision for tax	(7,164.5)	(7,792.5)	(7,487.1)	(8,405.2)	(9,103.2)
Reported PAT	23,109.1	21,374.1	21,885.9	24,948.7	27,063.6
Share of Pft and Loss of Associates and Minority Int	108.6	24.0	(98.7)	(178.6)	(185.4)
Adjusted PAT	19,627.7	21,419.4	21,971.9	24,770.1	26,878.3

Balance Sheet	FY23	FY24	FY25	FY26E	FY27E
Equity capital	240.9	240.9	240.9	240.9	240.9
Reserves	35,101.8	39,174.3	43,316.3	50,018.9	58,829.7
Net worth	35,342.7	39,415.2	43,557.2	50,259.8	59,070.6
Def. Tax Liab.+Minority Ir	302.3	245.0	256.0	212.4	168.8
Secured loans	15,518.0	9,047.2	7,129.4	6,169.8	4,169.8
Unsecured loans	14,287.1	11,364.9	5,118.3	15,579.1	13,579.1
Total debt	29,805.1	20,412.1	12,247.7	21,748.9	17,748.9
CAPITAL EMPLOYED	65,450.1	60,072.3	56,060.9	72,221.1	76,988.3
Gross block	38,076.4	41,948.8	46,365.0	50,365.0	54,365.0
Accumulated depreciation	(12,805.8)	(15,810.4)	(18,943.8)	(22,347.5)	(26,021.6)
Net block	25,270.6	26,138.4	27,421.2	28,017.5	28,343.4
Capital WIP	1,050.0	1,875.4	892.0	892.0	892.0
Total fixed assets	26,320.6	28,013.8	28,313.2	28,909.5	29,235.4
Goodwill	1,281.6	1,298.2	1,327.8	1,374.3	1,374.3
Investments	33,242.4	27,942.0	28,943.3	23,218.2	23,218.2
Inventories	11,932.6	11,812.2	12,365.1	18,511.5	20,164.7
Sundry debtors	3,289.4	3,933.3	4,486.1	5,289.0	5,761.3
Cash & bank	1,979.8	4,463.5	3,124.8	16,440.3	19,824.9
Loans & advances	7,100.0	4,600.0	750.0	750.0	750.0
Other current assets	7,808.3	8,233.8	8,709.3	10,503.2	11,553.5
Sundry creditors	(14,488.1)	(16,274.8)	(17,522.3)	(16,901.0)	(18,537.1)
O. Current Liabilities	(8,180.0)	(8,470.3)	(8,412.0)	(9,662.9)	(10,146.0)
Provisions	(5,390.3)	(5,897.6)	(6,372.3)	(6,671.5)	(6,671.5)
Working capital	4,051.7	2,400.1	(2,871.3)	18,258.6	22,699.8
Deferred Tax Assets	553.8	418.2	347.9	460.5	460.5
Miscellaneous exp.	-	-	-	-	-
CAPITAL DEPLOYED	65,450.1	60,072.3	56,060.9	72,221.1	76,988.3
Current Assets	30,130.3	28,579.3	26,310.5	35,053.6	38,229.5
Current Liabilities	28058.4	30642.7	32306.6	33235.4	35354.6

Cash Flow St. (Rs. mn)	FY23	FY24	FY25	FY26E	FY27E
Net Profit	23,217.7	21,398.1	21,787.2	24,770.1	26,878.3
Add: Dep. & Amort.	2,259.1	3,004.6	3,133.4	3,403.7	3,674.0
Cash profits	25,476.8	24,402.7	24,920.6	28,173.8	30,552.3
(Inc)/Dec in					
-Sundry debtors	29.9	(643.9)	(552.8)	(802.9)	(472.3)
-Inventories	1,742.3	120.4	(552.9)	(6,146.4)	(1,653.2)
-Loans/advances	374.5	2,074.5	3,374.5	(1,793.9)	(1,050.3)
-Sundry creditors	1,635.9	1,786.7	1,247.5	(621.3)	1,636.1
-Others	1,786.7	797.6	416.4	1,550.1	483.1
Change in working capital	5,569.3	4,135.3	3,932.7	(7,814.4)	(1,056.6)
CF from Oper. activities	31,046.1	28,538.0	28,853.3	20,359.4	29,495.7
CF from Inv. activities	(22,591.1)	586.0	(4,463.7)	1,678.6	(4,000.0)
CF from Fin. activities	(8,324.2)	(26,640.3)	(25,728.3)	(8,722.5)	(22,111.1)
Cash generated/(utilised)	130.8	2,483.7	(1,338.7)	13,315.5	3,384.6
Cash at start of the year	1,849.0	1,979.8	4,463.5	3,124.8	16,440.3
Cash at end of the year	1,979.8	4,463.5	3,124.8	16,440.3	19,824.9

Source: Dalal & Broacha Research, Company

Ratios	FY23	FY24	FY25	FY26E	FY27E
OPM	17.4	18.9	17.8	18.5	18.4
NPM	11.9	12.6	12.1	12.7	12.6
Tax rate	(23.7)	(26.7)	(25.5)	(25.2)	(25.2)
Growth Ratios (%)					
Net Sales	15.3	2.9	7.0	7.6	8.9
Operating Profit	28.6	12.0	0.5	12.3	8.1
PAT	28.7	9.1	2.6	12.7	8.5
Per Share (Rs.)					
Net Earnings (EPS)	81.5	88.9	91.2	102.8	111.6
Cash Earnings (CPS)	106	101	103	117	127
Dividend	56.5	72.0	73.5	75.0	75.0
Book Value	146.7	163.6	180.8	208.6	245.2
Free Cash Flow	35.10	120.90	101.24	91.48	105.84
Valuation Ratios					
P/E(x)	73.8	67.7	66.0	58.5	53.9
P/B(x)	41.0	36.8	33.3	28.8	24.5
EV/EBIDTA(x)	51.1	45.5	44.9	40.5	37.3
Div. Yield(%)	0.9	1.2	1.2	1.2	1.2
FCF Yield(%)	0.6	2.0	1.7	1.5	1.8
Return Ratios (%)					
ROE	55.5	54.3	50.4	49.3	45.5
ROCE	39.8	47.8	51.3	44.8	45.5

Source: Dalal & Broacha Research, Company

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