



Britannia Consolidated Q1FY26 results were in line with expectations, on topline with almost a double growth (9.8%), however input cost inflation impacted gross margins and employee cost had ~Rs 520mn towards provisioning of stock appreciation rights leading to a flat EBIDTA and adjusted PAT growth.

Going forward, management remains confident in achieving sustained revenue growth, driven by continued investments in innovation and brand rejuvenation, as well as the expansion of the premium and adjacency-led portfolio. The company's key strategies are focused on enhancing distribution efficiency (in focus states as well as high potential outlets), accelerating premiumization, and capitalizing on digital channels (4% of Revenue). Furthermore, the recent price increases are expected to support improved gross margins and facilitate profit recovery in subsequent quarters, as commodity prices stabilize

Rating	TP (Rs)	Up/Dn (%)
<b>HOLD</b>	<b>5,750</b>	<b>7</b>

**Market data**

<b>Current price</b>	<b>Rs</b>	<b>5,392</b>
Market Cap (Rs.Bn)	(Rs Bn)	1,299
Market Cap (US\$ Mn)	(US\$ Mn)	14,790
Face Value	Rs	1
52 Weeks High/Low	Rs	6473.1 / 4506
Average Daily Volume	('000)	388
BSE Code		500825
Bloomberg		BRIT.IN

Source: Bloomberg

**One Year Performance**



Source: Bloomberg

% Shareholding	Jun-25	Mar-25
Promoters	50.55	50.55
Public	49.45	49.45
Others		
<b>Total</b>	<b>100</b>	<b>100</b>

Source: BSE

**Financial Summary**

Y/E Mar (Rs mn)	FY 23	FY 24	FY 25	FY 26E	FY 27E
Net sales	163,005	167,693	179,427	196,234	213,691
EBIDTA	28,309	31,698	31,872	35,551	39,104
Margins	17.4	18.9	17.8	18.1	18.3
PAT (adj)	19,628	21,419	21,972	24,965	27,695
growth (%)	28.7	9.1	2.6	13.6	10.9
EPS	81	89	91	104	115
P/E (x)	68.9	63.1	61.5	54.2	48.8
P/B (x)	38.3	34.3	31.0	26.8	22.5
EV/EBITDA (x)	47.6	42.4	41.9	37.5	33.9
RoE (%)	55.5	54.3	50.4	49.5	46.1
ROCE (%)	39.8	47.8	51.3	54.5	54.8

Source: Dalal and Broacha

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## Conference Call & other KTA's

- Positive Margin Outlook Supported by Price Increases and Commodity Cost Relief:** Looking ahead, margins are expected to strengthen as the company has already implemented necessary price increases to offset inflationary pressures. With the commodity cycle showing signs of stabilization and recent pricing adjustments being absorbed by the market, further margin improvement is anticipated. Additionally, the full benefit of commodity cost relief measures—such as the palm oil duty cut—is projected to be realized from the second quarter onwards, providing further support to the company's profitability.
- Transactions growth key matrix v/s just volume in isolation:** Britannia's despite a volume growth of ~2% in Q1FY26 generate transaction growth of 12%. 60% of its sales are in the range of 5/- Rs to 10/- Rs price point hence transaction becomes more relevant. Going forward as well the delta of value to volume would be ~6-7%.
- Sustained Margins and Strategic Investments to Drive Profitability Growth:** Britannia has effectively sustained margins while competing strongly against regional players. The company continues to invest in key brands and scale innovation, with several new product launches planned this year. Driving consumption in core categories remains a key focus.
- Product Innovations and Premiumization Drive:** Britannia continues to strengthen its portfolio with several exciting innovations, including Pure Magic Stars, the Harry Potter-themed Pure Magic Choco Frames, Butter Jeera Good Day, and Fruit & Nut variants, all performing well in the market. The company is currently launching Pure Magic Choco Tarts in chocolate and hazelnut flavors, expected to become key growth drivers. Additionally, NutriChoice 100% Millets, free from added sugar and palm oil, and Milk Bikis Smart, enriched with DHA and featuring chess-themed branding, target health-conscious and child nutrition segments. These innovations have contributed to a 310 basis points increase in the share of premium products since 2021-22, reflecting Britannia's successful premiumization strategy.
- E-commerce & Quick Commerce: Strategic Growth and Premiumization:** E-commerce represents 4% of Britannia's sales, with quick commerce driving 75% of this digital channel. The company leverages Q-comm to accelerate the launch and sales of premium and health-focused innovations, such as NutriChoice 100% Millets and Milk Bikis Smart, catering to

evolving consumer trends. Britannia's robust e-commerce market share—500 basis points above its offline share—and ongoing investments in digital capabilities ensure strong growth potential, healthy margins, and effective omni-channel integration without disrupting traditional distribution.

- **Route-to-Market (RTM) Project: Scaling Bespoke Service for Urban Retail:** The RTM project aims to provide a tailored service level to ultra-high potential urban outlets, enhancing both product availability and range. Having been underway for four months, the initiative is now scaling rapidly, with one-third of the planned rollout completed. The goal is to cover 70% of urban retail outlets within the next four to five months, with full project scope targeted by the end of this period. Early results indicate strong incremental growth in biscuits and even greater gains in cakes, rusk, and croissants. Emphasis on change management and stakeholder engagement, including channel partners and distributors, is critical for ensuring long-term stability and success as the program expands.
- **East Region Distribution Restructuring: Temporary Setback with Strong Recovery Prospects:** Britannia faced temporary market share loss in the East region due to internal distribution restructuring and the implementation of a mega distributor model, resulting in short-term execution challenges leveraged by local players. Management remains confident that these strategic initiatives are critical to building a robust future infrastructure and anticipates a strong recovery, viewing the current phase as a brief setback before regaining growth and market share momentum in the region.
- **Adjacency Category Performance Highlights**
  - a. Rusk:
    - i. High double-digit growth trajectory
    - ii. Significant improvement in profitability
  - b. Croissant:
    - i. Mid-20% range growth
    - ii. Achieved break-even profitability despite A&P spends
    - iii. Strong gross margins
    - iv. Positive market traction
  - c. Wafers:
    - i. Nearly 30% growth
    - ii. Rapid market share gains despite late entry
    - iii. Category strengthening quickly
  - d. Dairy:
    - i. Exceptional performance with 40% growth in General Trade
    - ii. Strong growth also visible in E-commerce

- iii. Ongoing efforts to improve presence and competitiveness in Modern Trade against aggressive price players
- e. Drinks (Milkshakes):
  - i. Double-digit growth sustained despite challenging early monsoon conditions
  - ii. Outperforming category peers reporting declines

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Source: Dalal & Broacha Research, Company

## Quarterly Financials

Particulars (Rs Mns)					
Consolidated	Q1FY26	Q1FY25	Growth	Q4FY25	Growth
Net Sales	45348.6	41299.2	10%	43755.7	4%
Other Op Income	873.6	1203.7	-27%	566.2	54%
<b>Total Op Income</b>	<b>46222.2</b>	<b>42502.9</b>	<b>9%</b>	<b>44321.9</b>	<b>4%</b>
Add: O. Income	570.1	556.1	3%	630.2	-10%
<b>TOTAL INCOME</b>	<b>46792.3</b>	<b>43059</b>	<b>9%</b>	<b>44952.1</b>	<b>4%</b>
<b>RAW MATERIAL</b>	<b>-27591</b>	<b>-24054.1</b>	<b>15%</b>	<b>-26549.4</b>	<b>4%</b>
Employee Cost	-2418.6	-2019.5	20%	-1645.1	47%
O. Exps	-8642.1	-8892.7	-3%	-8075.7	7%
<b>EBIDTA</b>	<b>7570.5</b>	<b>7536.6</b>	<b>0%</b>	<b>8051.7</b>	<b>-6%</b>
				0	
Less Int	-261.5	-289.5	-10%	-306.5	-15%
Less Depn	-820.4	-739.3	11%	-809.6	1%
Less Exceptional	0	-246.4		0	
<b>PBT Before</b>					
<b>Exceptional</b>	<b>7058.7</b>	<b>7063.9</b>	<b>0%</b>	<b>7565.8</b>	<b>-7%</b>
Share pft or Loss from Associates	-48.5	-6.5	646%	-46.5	4%
				0	
<b>Less Tax</b>	<b>-1808.9</b>	<b>-1762.2</b>	<b>3%</b>	<b>-1928</b>	<b>-6%</b>
PAT	5201.3	5048.8	3%	5591.3	-7%
Owners Pat	5207.2	5056.4	3%	5599.5	-7%
Non Controlling	-5.9	-7.6	-22%	-8.2	-28%
<b>Adjusted Owners</b>					
<b>PAT</b>	<b>5207.2</b>	<b>5240.0</b>	<b>-1%</b>	<b>5599.5</b>	<b>-7%</b>
<b>Tax Rate</b>	<b>-25.6%</b>	<b>-24.9%</b>		<b>-25.5%</b>	
Raw Mat to OP Inc	-59.7%	-56.6%	-3.1%	-59.9%	0.2%
Emp Cost to Op Inc	-5.2%	-4.8%		-3.7%	
O.Exps to Op Inc	-18.7%	-20.9%		-18.2%	
<b>OPM</b>	<b>16.4%</b>	<b>17.7%</b>		<b>18.2%</b>	
<b>NPM</b>	<b>11.1%</b>	<b>12.2%</b>		<b>12.5%</b>	

Source: Dalal &amp; Broacha Research, Company

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## Valuation

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Britannia Industries delivered strong revenue growth while maintaining margins in a challenging market. Strategic investments in innovation, premiumization, digital channels, and distribution improvements position the company for sustained growth. With stabilizing commodity costs and effective pricing, Britannia expects margin improvement and profit recovery, supported by a robust portfolio and competitive go-to-market strategies.

At CMP of Rs 5408 Britannia trades at 53x FY26e EPS of Rs 102 and 47x FY27e EPS of Rs 115. We **maintain Hold with a target price of Rs 5,750** (i.e. 50x FY27E eps of Rs 115).

Financials					
P&L (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Net Operating Incom	163,005.5	167,692.7	179,426.7	196,234.4	213,690.6
Raw materials	(95,913.0)	(94,920.3)	(106,040.5)	(115,778.3)	(125,436.4)
Employee costs	(6,583.8)	(7,087.0)	(7,045.9)	(7,891.4)	(8,680.5)
Other Expenses	(32,199.6)	(33,987.0)	(34,468.8)	(37,336.1)	(40,180.8)
Cost of sales	(134,696.4)	(135,994.3)	(147,555.2)	(161,005.8)	(174,297.7)
<b>Operating Profit</b>	<b>28,309.1</b>	<b>31,698.4</b>	<b>31,871.5</b>	<b>35,228.6</b>	<b>39,392.9</b>
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	31,824.8	35,718.8
Other income	2,158.6	2,141.8	2,270.9	2,013.9	2,049.0
Interest	(1,691.0)	(1,640.0)	(1,388.0)	(859.8)	(339.8)
Profit before tax	26,517.6	29,195.6	29,621.0	32,978.9	37,428.0
Extraordinary Items					
/ Exceptional	3,756.0	(29.0)	(248.0)	-	-
Profit before tax					
(post Excep)	30,273.6	29,166.6	29,373.0	32,978.9	37,428.0
Provision for tax	(7,164.5)	(7,792.5)	(7,487.1)	(8,300.8)	(9,420.6)
<b>Reported PAT</b>	<b>23,109.1</b>	<b>21,374.1</b>	<b>21,885.9</b>	<b>24,678.1</b>	<b>28,007.4</b>
Share of Pft and					
Loss of Associates					
and Minority Int	108.6	24.0	(98.7)	(104.1)	(109.7)
<b>Adjusted PAT</b>	<b>19,627.7</b>	<b>21,419.4</b>	<b>21,971.9</b>	<b>24,574.1</b>	<b>27,897.6</b>

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	49,822.9	59,653.0
<b>Net worth</b>	<b>35,342.7</b>	<b>39,415.2</b>	<b>43,557.2</b>	<b>50,063.8</b>	<b>59,893.9</b>
Def. Tax Liab.+Minori	302.3	245.0	256.0	264.7	273.4
Secured loans	15,518.0	9,047.2	7,129.4	5,129.4	3,129.4
Unsecured loans	14,287.1	11,364.9	5,118.3	3,118.3	1,118.3
Total debt	29,805.1	20,412.1	12,247.7	8,247.7	4,247.7
<b>CAPITAL EMPLOYED</b>	<b>65,450.1</b>	<b>60,072.3</b>	<b>56,060.9</b>	<b>58,576.2</b>	<b>64,415.0</b>
Gross block	38,076.4	41,948.8	46,365.0	50,365.0	54,365.0
Accumulated depreci	(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
<b>Total fixed assets</b>	<b>26,320.6</b>	<b>28,013.8</b>	<b>28,313.2</b>	<b>28,909.5</b>	<b>29,235.4</b>
Goodwill	1,281.6	1,298.2	1,327.8	1,327.8	1,327.8
Investments	33,242.4	27,942.0	28,943.3	28,943.3	28,943.3
Inventories	11,932.6	11,812.2	12,365.1	13,978.3	15,221.8
Sundry debtors	3,289.4	3,933.3	4,486.1	4,906.3	5,342.8
Cash & bank	1,979.8	4,463.5	3,124.8	3,696.6	8,574.0
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	9,319.0	10,250.8
Sundry creditors	(14,488.1)	(16,274.8)	(17,522.3)	(18,397.6)	(19,932.4)
O. Current Liabilities	(8,180.0)	(8,470.3)	(8,412.0)	(8,832.6)	(9,274.2)
Provisions	(5,390.3)	(5,897.6)	(6,372.3)	(6,372.3)	(6,372.3)
<b>Working capital</b>	<b>4,051.7</b>	<b>2,400.1</b>	<b>(2,871.3)</b>	<b>(952.3)</b>	<b>4,560.6</b>
Deferred Tax Assets	553.8	418.2	347.9	347.9	347.9
Miscellaneous exp.	-	-	-	-	-
<b>CAPITAL DEPLOYED</b>	<b>65,450.1</b>	<b>60,072.3</b>	<b>56,060.9</b>	<b>58,576.2</b>	<b>64,415.0</b>



<b>Cash Flow St. (Rs. mn)</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26E</b>	<b>FY27E</b>
Net Profit	23,217.7	21,398.1	21,787.2	24,574.1	27,897.6
Add: Dep. & Amort.	2,259.1	3,004.6	3,133.4	3,403.7	3,674.0
<b>Cash profits</b>	<b>25,476.8</b>	<b>24,402.7</b>	<b>24,920.6</b>	<b>27,977.8</b>	<b>31,571.7</b>
(Inc)/Dec in					
-Sundry debtors	29.9	(643.9)	(552.8)	(420.2)	(436.4)
-Inventories	1,742.3	120.4	(552.9)	(1,613.2)	(1,243.5)
-Loans/advances	374.5	2,074.5	3,374.5	(609.7)	(931.9)
-Sundry creditors	1,635.9	1,786.7	1,247.5	875.3	1,534.7
-Others	1,786.7	797.6	416.4	420.6	441.6
Change in working capita	5,569.3	4,135.3	3,932.7	(1,347.2)	(635.5)
<b>CF from Oper. activities</b>	<b>31,046.1</b>	<b>28,538.0</b>	<b>28,853.3</b>	<b>26,630.6</b>	<b>30,936.2</b>
<b>CF from Inv. activities</b>	<b>(22,591.1)</b>	<b>586.0</b>	<b>(4,463.7)</b>	<b>(4,000.0)</b>	<b>(4,000.0)</b>
<b>CF from Fin. activities</b>	<b>(8,324.2)</b>	<b>(26,640.3)</b>	<b>(25,728.3)</b>	<b>(22,058.8)</b>	<b>(22,058.8)</b>
<b>Cash generated/(utilise)</b>	<b>130.8</b>	<b>2,483.7</b>	<b>(1,338.7)</b>	<b>571.8</b>	<b>4,877.4</b>
Cash at start of the year	1,849.0	1,979.8	4,463.5	3,124.8	3,696.6
Cash at end of the year	1,979.8	4,463.5	3,124.8	3,696.6	8,574.0

Ratios	FY23	FY24	FY25	FY26E	FY27E
OPM	17.4	18.9	17.8	18.0	18.4
NPM	11.9	12.6	12.1	12.4	12.9
Tax rate	(23.7)	(26.7)	(25.5)	(25.2)	(25.2)
<b>Growth Ratios (%)</b>					
Net Sales	15.3	2.9	7.0	9.4	8.9
Operating Profit	28.6	12.0	0.5	10.5	11.8
PAT	28.7	9.1	2.6	11.8	13.5
<b>Per Share (Rs.)</b>					
Net Earnings (EPS)	81.5	88.9	91.2	102.0	115.8
Cash Earnings (CPS)	106	101	103	116	131
Dividend	56.5	72.0	73.5	75.0	75.0
Book Value	146.7	163.6	180.8	207.8	248.6
Free Cash Flow	35.10	120.90	101.24	93.94	111.82
<b>Valuation Ratios</b>					
P/E(x)	66.4	60.8	59.3	53.0	46.7
P/B(x)	36.9	33.1	29.9	26.0	21.8
EV/EBIDTA(x)	45.9	40.9	40.4	36.4	32.4
Div. Yield(%)	1.0	1.3	1.4	1.4	1.4
FCF Yield(%)	0.6	2.2	1.9	1.7	2.1
<b>Return Ratios (%)</b>					
ROE	55.5	54.3	50.4	49.1	46.6
ROCE	39.8	47.8	51.3	54.3	55.5

Source: Dalal & Broacha Research, Company

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