

Britannia Industries

Estimate change	↓
TP change	↓
Rating change	↔

CMP: INR5,520 TP: INR6,750 (+22%) Buy

Uninspiring show; normalcy to return gradually

Bloomberg	BRIT IN
Equity Shares (m)	241
M.Cap.(INRb)/(USDb)	1329.6 / 14.1
52-Week Range (INR)	6337 / 5298
1, 6, 12 Rel. Per (%)	-2/-5/3
12M Avg Val (INR M)	2048

Financials & Valuations (INR b)

Y/E March	2026	2027E	2028E
Sales	191.5	211.8	232.2
Sales Gr. (%)	6.7	10.6	9.7
EBITDA	35.9	40.4	45.0
EBITDA mrg. (%)	18.8	19.1	19.4
Adj. PAT	25.2	28.6	32.4
Adj. EPS (INR)	104.6	118.9	134.6
EPS Gr. (%)	13.9	13.7	13.2
BV/Sh.(INR)	212.0	237.1	276.0

Ratios

RoE (%)	53.3	53.0	52.5
RoCE (%)	40.3	41.0	41.9
Payout (%)	86.5	77.8	70.2

Valuation

P/E (x)	52.8	46.4	41.0
P/BV (x)	26.0	23.3	20.0
EV/EBITDA (x)	36.3	32.2	28.7
Div. Yield (%)	1.6	1.7	1.7

Shareholding Pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	50.6	50.6	50.6
DII	18.9	19.6	18.3
FII	15.6	14.9	15.7
Others	15.0	15.0	15.5

FII includes depository receipts

■ Britannia Industries (BRIT) reported consolidated revenue growth of 7.1% YoY in 4QFY26 (vs. est. 11%; 3QFY26: 9.5%), with volume growth at 5.5% (vs. est. 9%). 4QFY26 performance was impacted by disruption arising from the West Asia conflict and the continued prevalence of dual price architecture (INR4.5/INR5 and INR9/INR10 packs) in the trade channel for LUP among players. The company's B2B sales were materially affected (wholesale channel in rural). With RM inflation, BRIT is confident that the dual price will not continue beyond 1QFY27. B2C business (~75% of sales mix) continued to deliver double-digit growth, with large packs sustaining healthy double-digit momentum. With a higher share of LUPs (~65% of revenue salience), BRIT saw meaningful impact in this price transition.

■ GM expanded 200bp YoY to 42.1% (miss), driven by relatively stable commodity prices. BRIT is witnessing RM cost inflation as wheat prices have surged in April due to unseasonal rains, with laminates and other crude-linked derivatives also seeing inflation. Palm oil prices are surging, but BRIT remains covered for the next five months. That said, the company expects to take a calibrated price hike in 1QFY27 to offset RM inflation. EBITDA margin remained flat YoY at 18.1% (est. of 19.5%, 20.7% in 3Q).

■ BRIT expects sequential improvement in the biscuit category from Jun'26 onwards, aided by the onset of monsoon, school reopening season, and gradual normalization of dual pricing in LUPs. While near-term performance may remain impacted by elevated competitive intensity and geopolitical uncertainties, BRIT continues to strengthen GT distribution, scale alternate channels, and invest in brands and innovation. We believe earnings growth is likely to improve gradually, driven by a normalization in LUP pricing dynamics, implementation of the Winning in Many Indias strategy, and rising contribution from e-commerce/quick-commerce channels supporting premiumization. **We model revenue and PAT CAGR of 10% and 13%, respectively, over FY26-28E and reiterate our BUY rating with a TP of INR6,750, based on 50x Mar'28E EPS.**

Weaker-than-expected performance; volume growth of 5.5% in 4Q

■ **Revenue growth at 7%:** BRIT's consolidated net revenue registered 7% YoY growth to INR46.9b (est. INR48.5b; 4QFY25: 9%). The business witnessed a steady start to the quarter, with growth of ~9% in the first two months, while March had an additional impact of West Asia conflict (over and above the dual pricing impact). Excluding the geopolitical impact, the normalized growth would be 9-9.5% for 4QFY26 for the domestic business. Total revenue rose 6.5% YoY to INR47.2b as other operating income continued to decline.

■ **EBITDA margin flat YoY, GM up 200bp:** Consolidated gross margin expanded 200bp YoY, while it contracted 110bp QoQ to 42.1% (est. 43%, 3QFY26: 43.3%), driven by relatively stable commodity prices. On the cost front, employee expenses rose 13% YoY, while other expenses rose ~21% YoY, as the company continued to invest in its brands. EBITDA margin contracted marginally by 10bp YoY and 260bp QoQ to 18.1% (est. of 19.5%, 20.7% in 3Q).

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

- **APAT growth moderates to 8%, FY26 at 14%:** EBITDA rose 6% YoY to INR8.5b (est. INR9.6b). PBT was up 6% to INR8b (est. INR8.9b). Current tax for 4QFY26 includes the reversal of provision (net) of INR953.9m, pursuant to the receipt of certain favorable orders relating to income tax litigations of the past years. Adjusting for the same, APAT rose 8% YoY to INR6.1b (est. INR6.7b), moderating to high single digit after growing in twenties for the past two quarters.
- In FY26, net sales/EBITDA/APAT grew 7%/13%/14% YoY, respectively.

Highlights from the management commentary

- The B2C business (urban, E-com, MT out of home) contributes 75%, while the rest comes from B2B wholesale. BRIT's growth in B2B was impacted by the GST transition, alongside dual pricing.
- Management indicated that the competition has ~40% salience from the B2C channel vs BRIT's 25% share, which is enabling competition for higher volume growth. In non-INR5/10 pack points, BRIT is growing in double digits.
- BRIT indicated that the biscuit segment is expected to start experiencing sequential growth from June onwards, when monsoon begins and schools reopen. This, coupled with the fading away of the dual pricing situation, will aid BRIT's performance going ahead.
- The company expects to take a calibrated price hike in 1QFY27 to offset RM inflation.
- E-com contributes ~6% to BRIT's domestic business now vs 4% in FY25 (2% in FY22). 50-60% of biscuits sell at the INR5 and INR10 price point, which do not have any major salience in e-commerce. Thus, while the biscuit segment continues to perform well, newer adjacency categories are growing in e-commerce at 2.7x the growth of biscuits.

Valuation and view

- We cut our EPS estimates by 3% for FY27-28.
- We expect some near-term pressure on BRIT, given elevated competition and geopolitical uncertainties. We believe the earnings growth trend will improve going forward, given: 1) normalcy returning in LUPs, 2) the Winning in Many Indias strategy, 3) increasing salience of E-com/QC channels boosting premiumization, 4) product innovation, and 5) continued investment in the brands.
- We model a 10% and 13% revenue and PAT CAGR for FY26-28E. **We reiterate our BUY rating on BRIT with a TP of INR6,750 (premised on 50x Mar'28E EPS).**

Consol. Quarterly Performance

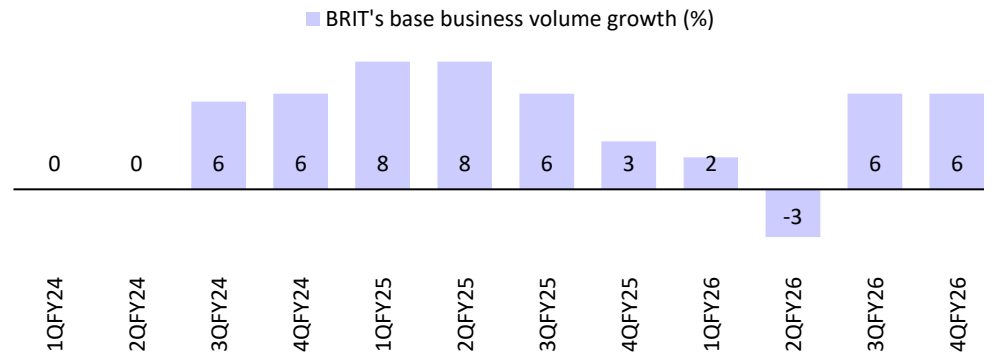
(INR m)

Y/E March	FY25				FY26				FY25	FY26	FY26	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	4QE			
Base business volume growth (%)	8.0	8.0	6.0	3.0	2.0	-3.0	6.0	5.5	6.3	2.6	9.0	
Net Revenue	41,299	45,662	44,633	43,756	45,349	47,522	48,852	46,860	1,75,350	1,88,582	48,472	(3.3)
YoY change (%)	4.0	4.5	6.5	9.0	9.8	4.1	9.5	7.1	6.0	7.5	10.8	
Other operating income	1,204	1,013	1,293	566	874	885	846	330	4,077	2,934	748	
YoY change (%)	194.6	62.4	100.5	2.4	-27.4	-12.7	-34.6	-41.8	82.8	-28.0	32.1	
Total Revenue	42,503	46,676	45,926	44,322	46,222	48,406	49,698	47,189	1,79,427	1,91,516	49,220	(4.1)
YoY change (%)	6.0	5.3	7.9	8.9	8.8	3.7	8.2	6.5	7.0	6.7	11.1	
Gross Profit	18,449	19,381	17,784	17,773	18,631	20,177	21,500	19,879	73,386	80,187	21,175	(6.1)
Margins (%)	43.4	41.5	38.7	40.1	40.3	41.7	43.3	42.1	40.9	41.9	43.0	
EBITDA	7,537	7,834	8,449	8,052	7,571	9,545	10,286	8,529	31,872	35,930	9,605	(11.2)
Margins (%)	17.7	16.8	18.4	18.2	16.4	19.7	20.7	18.1	17.8	18.8	19.5	
YoY growth (%)	9.4	-10.2	2.9	2.3	0.4	21.8	21.7	5.9	0.5	12.7	19.3	
Depreciation	739	761	824	810	820	851	845	852	3,133	3,368	885	
Interest	290	346	446	307	262	347	333	187	1,388	1,128	380	
Other Income	556	460	625	630	570	521	595	555	2,271	2,240	589	
PBT	7,064	7,187	7,804	7,566	7,059	8,869	9,703	8,044	29,621	33,675	8,929	(9.9)
Tax	1,762	1,836	1,961	1,928	1,809	2,286	2,369	2,008	7,487	8,472	2,235	
Rate (%)	24.9	25.5	25.1	25.5	25.6	25.8	24.4	25.0	25.3	25.2	25.0	
Adjusted PAT	5,232	5,317	5,823	5,591	5,201	6,551	7,182	6,056	21,962	24,990	6,694	(9.5)
YoY change (%)	14.9	-9.4	4.4	4.2	-0.6	23.2	23.3	8.3	2.8	13.8	19.7	

E: MOFSL Estimates

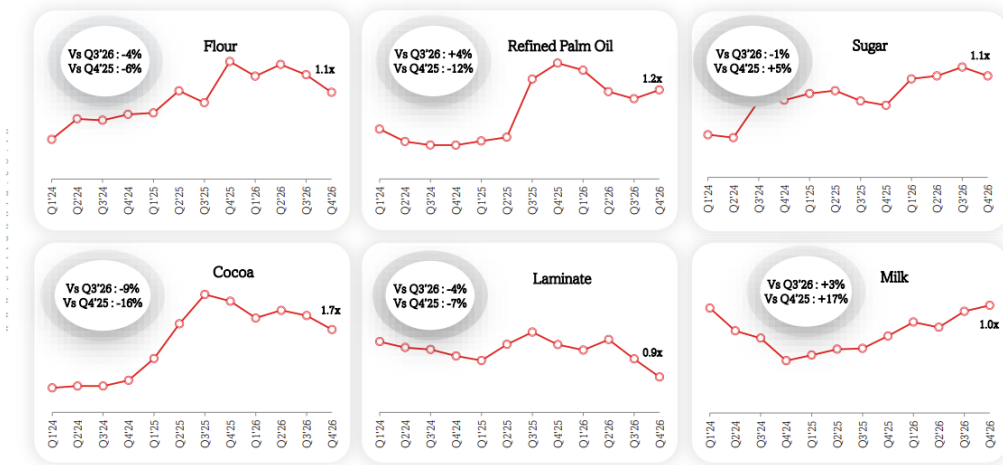
Key exhibits

Exhibit 1: We expect volumes to have grown ~5.5% YoY in 4QFY26



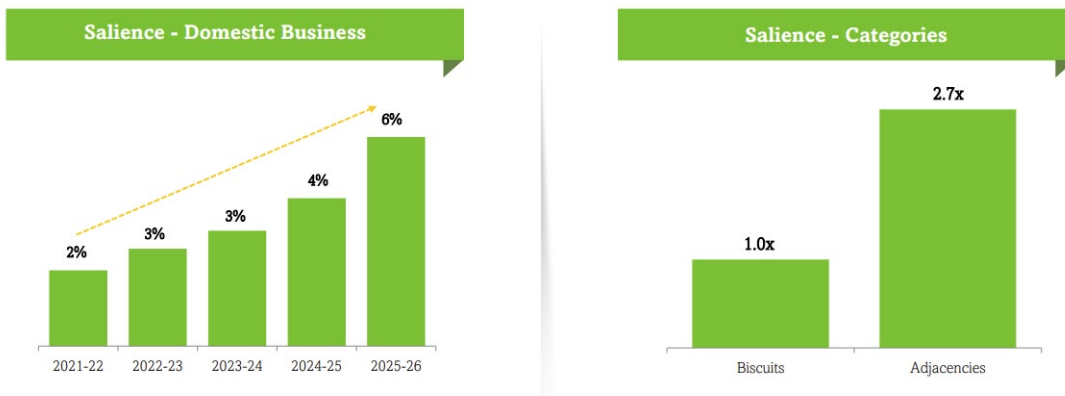
Source: Company, MOFSL

Exhibit 2: Overall key commodity prices remained deflationary YoY in 4QFY26



Source: Company presentation

Exhibit 3: BRIT is witnessing strong growth in the e-commerce channel, which now contributes 6% of the domestic business



- Fueling the fastest growing channel through exclusive launches, Premium offerings
- Investments to grow further

Source: Company, MOFSL



Key takeaways from the management commentary

Business environment and performance

- The business witnessed a steady start to the quarter, with growth of ~9% in the first two months, while March had an additional impact of West Asia conflict (over and above the dual pricing impact). Excluding the geopolitical impact, the normalized growth would be 9-9.5% for 4QFY26 for the core Indian business.
- **The volume growth in 4QFY26 stood at 5.5%**
- Given ~65% salience of INR5/10 packs, the dual pricing (from competition) existing post GST transition impacted rural markets and wholesale channels (B2B channel) in 4QFY26.
- 75% of business is B2C (urban, E-com, MT out of home), while the rest is B2B wholesale. GST transition impacted BRIT's growth in B2B. Moreover, dual pricing further impacted the channel.
- BRIT indicated that the competition has ~40% salience from B2C channel vs BRIT's 25% share, which is enabling competition for higher volume growth.
- **Management alluded that in Jan-Feb, it continued to grow in healthy double digits in the domestic markets for B2C, while B2B remained slightly impacted. The company expects B2B channel to normalize in 1QFY27.**
- **In non-INR5/10 pack points, BRIT is growing in double digits.**
- BRIT indicated that the biscuit industry will start experiencing sequential growth from June onwards, when monsoon begins and schools reopen. This, coupled with the dual pricing situation fading away, will aid BRIT's performance going ahead.
- There was no material disruption to production operations in BRIT's India manufacturing facilities on account of industrial fuel supply constraints in March. BRIT continues to work towards adopting alternate fuels.
- **BRIT will take a calibrated price hike in 1QFY27 to offset RM inflation.**
- International Business revenues and profitability were impacted in 4QFY26 owing to vessel unavailability and slowdown in demand. The company is optimizing sourcing between India and international manufacturing facilities for key geographies to mitigate supply-related challenges; it is expected to be fully operational by mid-May.
- Management will prioritize localization to meet the needs of 'Many Indias' through region-specific business strategies, which will be more agile in taking decisions. BRIT has made regional teams supported by marketing, innovation, research, and development to tackle these markets at a much more local level.
- Signature brands such as Little Hearts and Jim Jam grew 3x higher than other products in FY26.
- E-com contributes ~6% to BRIT's domestic business now vs 4% in FY25 (2% in FY22). 50-60% of biscuits sell at the INR5 and INR10 price point, which do not have any major salience in e-commerce. Thus, while the biscuit segment continues to do well, newer adjacency categories are growing in e-commerce at 2.7x the growth of biscuits.
- Within e-com sales, ~70% of BRIT's business is currently from QC, and management expects this to further increase to 85% going ahead. BRIT will continue to invest in this channel as QC enables the company to premiumize its assortment while offering more indulgent categories.
- Innovations continue to gain traction. The company indicated that 50-50 Cheeze & Caramel Dipped has become the second biggest player within the Sandwich Cracker category in three months of launch.

- BRIT continues to focus on cost optimization and efficiency initiatives across the business.

Adjacent categories

- Wafers continued to grow in healthy double digits; similarly, the dairy business saw double-digit growth, led by the Ghee portfolio.
- Cake & Rusk growth was led by the e-commerce channel, rising ~1.4x of biscuits. BRIT indicated that Brownie scaled up successfully and has been well accepted by consumers.

Cost and margins

- Wheat output has been decent; flour costs dipped 6%, palm oil deflated 12% YoY (the company is covered for next 5 months), cocoa prices declined 16% YoY, while sugar and milk remained inflationary at +5%/+17% YoY, respectively.
- Wheat prices saw a minor surge in prices in April due to unseasonal rains.
- Laminates were down 7% YoY in 4Q; however, the company has seen inflation in 1QFY27 so far.

Valuation and view

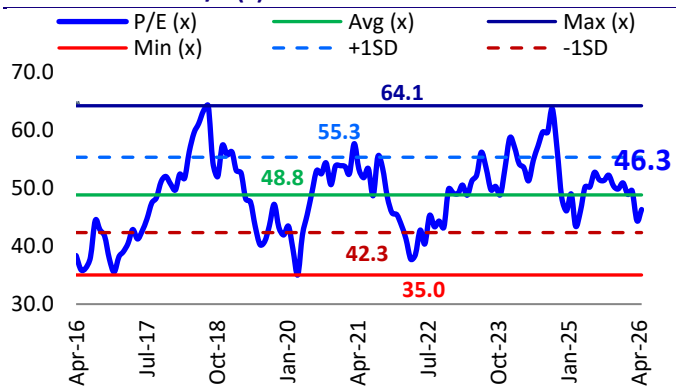
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- We model a 10% and 13% revenue and PAT CAGR for FY26-28E. **We reiterate our BUY rating on BRIT with a TP of INR6,750 (premised on 50x Mar'28E EPS).**

Exhibit 4: We cut our EPS estimates by 3% for FY27-28

(INR b)	New		Old		Change (%)	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Net Sales	211.8	232.2	214.1	235.4	-1.1	-1.3
EBITDA	40.4	45.0	41.3	46.1	-2.3	-2.5
Adjusted PAT	28.6	32.4	29.5	33.5	-2.8	-3.1

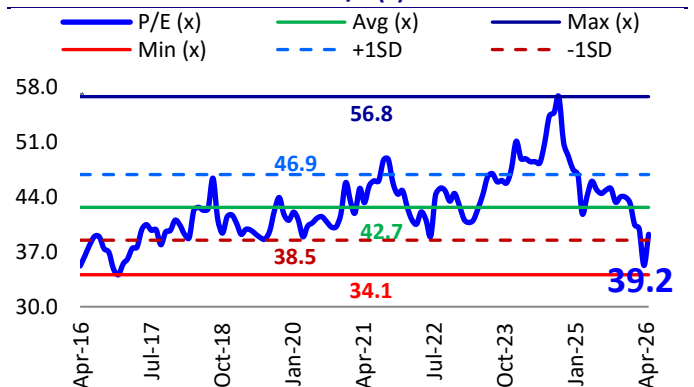
Source: Company, MOFSL

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



Source: MOFSL

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



Source: MOFSL

Financials and valuations

Income Statement									(INR b)
Y/E March	2020	2021	2022	2023	2024	2025	2026	2027E	2028E
Net Revenues	116.0	131.4	141.4	163.0	167.7	179.4	191.5	211.8	232.2
Change (%)	4.9	13.2	7.6	15.3	2.9	7.0	6.7	10.6	9.7
Gross Profit	46.7	55.1	53.8	67.1	72.8	73.4	80.2	88.1	97.2
Margin (%)	40.3	41.9	38.0	41.2	43.4	40.9	41.9	41.6	41.9
Other Expenditure	23.5	25.5	27.6	32.0	34.1	35.9	38.7	39.3	43.0
EBITDA	18.4	25.1	22.0	28.3	31.7	31.9	35.9	40.4	45.0
Change (%)	6.3	36.1	-12.3	28.6	12.0	0.5	12.7	12.4	11.4
Margin (%)	15.9	19.1	15.6	17.4	18.9	17.8	18.8	19.1	19.4
Depreciation	1.8	2.0	2.0	2.3	3.0	3.1	3.4	3.6	3.9
Int. and Fin. Charges	0.8	1.1	1.4	1.7	1.6	1.4	1.1	1.2	1.1
Financial Other Income	2.8	3.1	2.2	2.2	2.1	2.3	2.2	2.7	3.3
PBT	18.6	25.1	20.8	26.5	29.2	29.6	33.7	38.3	43.3
Tax	4.5	6.6	6.1	7.2	7.7	7.4	8.5	9.6	10.9
Deferred Tax	0.0	0.1	-0.5	0.0	0.1	0.1	-0.1	0.0	0.0
Tax Rate (%)	24.2	26.4	27.0	27.0	26.7	25.3	25.2	25.2	25.2
PAT	14.1	18.5	15.2	20.5	21.4	22.1	25.2	28.6	32.4
Change (%)	21.9	31.2	-18.0	34.9	4.4	3.6	13.9	13.7	13.2
Margin (%)	12.2	14.1	10.7	12.6	12.7	12.3	13.2	13.5	14.0
Non-rec. (Exp.)/Income	-0.2	0.0	0.0	3.8	0.0	-0.2	0.5	0.0	0.0
Reported PAT	13.9	18.5	15.2	24.3	21.4	21.8	25.4	28.3	32.1

Balance Sheet									(INR b)
Y/E March	2020	2021	2022	2023	2024	2025	2026	2027E	2028E
Share Capital	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Reserves	43.8	35.2	25.3	35.1	39.2	43.3	50.8	56.9	66.2
Networth	44.0	35.5	25.6	35.3	39.4	43.6	51.1	57.1	66.5
Minority Interest	0.4	0.4	0.3	0.3	0.2	0.3	0.3	0.3	0.3
Loans	15.1	20.9	25.3	29.8	20.4	12.2	13.6	12.1	10.6
Capital Employed	59.5	56.7	51.2	65.5	60.1	56.1	64.9	69.5	77.4
Gross Block	24.8	26.2	28.1	39.5	44.3	48.4	48.4	54.9	58.9
Less: Accum. Depn.	-7.4	-9.6	-12.0	-14.2	-17.9	-20.7	-20.7	28.2	32.1
Net Fixed Assets	17.4	16.6	16.1	25.3	26.4	27.7	27.1	27.7	28.0
Goodwill on consolidation	1.4	1.4	1.4	1.3	1.3	1.3	1.4	1.4	1.4
Capital WIP	0.4	1.2	5.4	1.1	1.9	0.9	0.4	0.4	0.4
Investments	28.9	27.8	17.6	33.2	27.7	28.8	36.3	36.8	41.8
Current	10.1	13.9	8.3	18.0	17.0	11.1	16.4	21.4	26.4
Non-current	18.8	13.9	9.3	15.2	10.7	17.7	20.0	15.4	15.4
Deferred Liability	-0.1	0.0	-0.5	-0.6	-0.4	-0.4	-0.4	-0.4	-0.4
Current Assets	30.1	33.1	34.1	32.1	33.0	29.2	31.7	36.2	42.2
Inventory	7.4	10.9	13.7	11.9	11.8	12.4	13.5	14.9	16.3
Account Receivables	3.2	2.6	3.3	3.3	3.9	4.5	4.7	5.2	5.7
Cash and Bank Balance	1.2	2.4	1.8	2.0	4.5	3.1	3.5	5.1	8.1
Others	18.3	17.2	15.3	14.9	12.8	9.2	10.0	11.0	12.1
Curr. Liab. & Prov.	18.8	23.3	24.0	28.1	30.6	32.3	32.4	33.4	36.9
Account Payables	11.2	13.1	12.9	14.5	16.3	17.5	19.0	18.4	20.2
Other Liabilities	5.1	5.5	6.2	8.2	8.5	8.4	7.1	7.8	8.6
Net Current Assets	11.3	9.8	10.2	4.1	2.4	-3.1	-0.7	2.8	5.3
Net Assets	59.5	56.7	51.2	65.5	60.1	56.1	64.9	69.5	77.4

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	2020	2021	2022	2023	2024	2025	2026	2027E	2028E
Basic (INR)									
EPS	58.6	76.8	63.0	84.9	88.7	91.9	104.6	118.9	134.6
BV/Share	183.1	147.3	106.2	146.7	163.6	180.8	212.0	237.1	276.0
DPS	35.0	62.0	56.5	72.0	73.5	75.0	90.5	92.5	94.5
Payout (%)	59.7	80.7	89.7	84.8	82.9	81.6	86.5	77.8	70.2
Valuation (x)									
P/E	94.1	71.9	87.6	65.0	62.2	60.1	52.8	46.4	41.0
EV/Sales	11.3	10.1	9.4	8.1	7.9	7.3	6.8	6.1	5.6
EV/EBITDA	71.2	52.6	60.7	46.8	41.6	41.1	36.3	32.2	28.7
P/BV	30.2	37.5	52.0	37.6	33.7	30.5	26.0	23.3	20.0
Dividend Yield	0.6	1.1	1.0	1.3	1.3	1.4	1.6	1.7	1.7
Return Ratios (%)									
RoE	32.6	46.5	49.7	67.2	57.2	53.4	53.3	53.0	52.5
RoCE	24.2	29.3	27.1	32.6	33.5	37.0	40.3	41.0	41.9
RoIC	44.6	62.6	56.4	68.5	76.2	87.2	101.8	106.2	113.6
Working Capital Ratios									
Debtor (Days)	10	7	9	7	9	9	9	9	9
Asset Turnover (x)	1.9	2.3	2.8	2.5	2.8	3.2	2.9	3.0	3.0
Leverage Ratio									
Debt/Equity (x)	0.3	0.6	1.0	0.8	0.5	0.3	0.3	0.2	0.2

Cash Flow Statement

Y/E March	2020	2021	2022	2023	2024	2025	2026	2027E	2028E
(INR b)									
OP Profit	18.4	25.1	20.8	30.3	29.2	29.4	33.2	38.3	43.3
Dep	1.8	2.0	2.0	2.3	3.0	3.1	3.4	3.6	3.9
Financial Other Income	-0.7	-0.5	-0.3	-4.1	-0.3	-0.8	-0.5	0.0	0.0
Net Interest Paid	1.0	1.2	0.4	-0.1	0.1	-0.1	0.5	-1.2	-1.1
Direct Taxes Paid	5.0	6.3	5.9	7.3	7.6	6.9	8.2	9.6	10.9
Inc in WC	-1.3	0.6	3.3	-4.1	-1.6	0.0	1.2	1.9	-0.5
CF from Operations	14.8	18.5	13.0	25.3	25.7	24.8	26.1	31.5	37.9
(Inc)/Dec in FA	-2.4	-2.4	-5.5	-6.3	-5.0	-3.7	-2.0	-6.5	-4.0
Free Cash Flow	12.4	16.1	7.5	18.9	20.8	21.1	24.1	24.9	33.9
(Pur.)/Sale of Investments	-13.3	1.8	10.5	-11.2	5.8	-0.3	-7.2	-0.5	-5.0
Other Non Rec Exp	0.4	5.7	3.9	2.7	4.2	5.4	1.4	2.1	-0.5
CF from Investments	-15.3	5.1	8.9	-14.8	5.1	1.5	-7.9	-4.9	-9.5
Issue of Shares	0.4	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Inc in Debt	4.9	5.6	3.2	5.3	-9.3	-1.3	1.3	-1.5	-1.5
Dividend Paid	4.3	28.2	24.8	13.6	17.3	17.7	18.0	22.3	22.8
Other Item	0.4	1.0	0.8	2.0	1.6	8.7	1.1	1.2	1.1
CF from Fin. Activity	0.6	-22.4	-22.5	-10.3	-28.3	-27.6	-17.8	-25.0	-25.4
Inc/Dec of Cash	0.1	1.1	-0.5	0.1	2.5	-1.3	0.4	1.6	3.0
Add: Beginning Balance	1.1	1.2	2.4	1.8	2.0	4.5	3.1	3.5	5.1
Closing Balance	1.2	2.4	1.8	2.0	4.5	3.1	3.5	5.1	8.1

E: MOFSL Estimates

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