BUY
TP: Rs 5,579 | ▲ 17%

BRITANNIA INDUSTRIES | Consumer Staples | 07 November 2026

Robust Topline, Softer margins

- **13% volume growth, supported by improved shelf-space execution and migration to Rs 5/Rs 10 price points.**
- **Elevated input costs continue to pressure margins, with pricing actions expected to provide only partial relief.**
- **E-commerce contribution increased to ~7% of sales, with premium brands driving growth.**

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Result highlights: Britannia reported strong revenue growth of 16.6% YoY to Rs 55.4bn, driven by 13% volume growth and a broad-based recovery in General Trade, while PAT grew 10.2% YoY. EBITDA increased 7.0% to Rs 10.2bn; however, EBITDA margin contracted 147bps YoY to 18.3%, primarily due to elevated input costs, with gross margin declining 203bps to 39.7%. E-commerce contributed close to 7% of sales and adjacency categories grew over 20%, led by Croissant and Cake. The company implemented 3.5% price hikes during the quarter, with further increases planned to partly offset commodity inflation. Despite some grammage reduction due to pricing actions, management remains confident about the volume growth trajectory, with healthy consumer transactions.

Key Concall Summary: Britannia witnessed a broad-based recovery in General Trade, with strong rural and semi-urban demand and improved shelf-space execution supporting growth across markets. The shift towards Rs 5 and Rs 10 price points has helped improve portfolio competitiveness, while e-commerce continued to gain traction, contributing close to 7% of sales, with premium and higher-margin brands driving growth. Adjacency categories grew over 20%, led by Croissant and Cake, while the dairy portfolio also reported improving traction. The company implemented 3.5% price increases during the quarter, with further hikes in the pipeline; however, these are expected to only partially offset elevated input-cost inflation. Going ahead, Britannia remains focused on core biscuit innovation, faster-growing adjacencies, health-led offerings, premiumisation and strengthening its e-commerce presence. Further price hikes are planned to bridge the gap with commodity inflation, while the company is prioritising higher-margin adjacencies and premium brands to improve the portfolio mix.

Our view: We expect sustained volume growth and calibrated pricing actions to support performance. However, elevated input-cost inflation is likely to keep margins under pressure; accordingly, we trim our earnings estimates and lower our valuation multiple from 50x to 45x. We now model Revenue/EPS CAGR of 10/8% over FY26–29E. We upgrade to BUY from HOLD with a revised target price of Rs 5,579, based on 45x Sept'28E EPS implying upside of 17%

Key changes

Target	Rating
▼	▲

Ticker/Price	BRIT IN/Rs 4,785
Market cap	US$ 12.1bn
Free float	49%
3M ADV	US$ 15.2mn
52wk high/low	Rs 6,271/Rs 4,500
Promoter/FPI/DII	51%/13%/21%

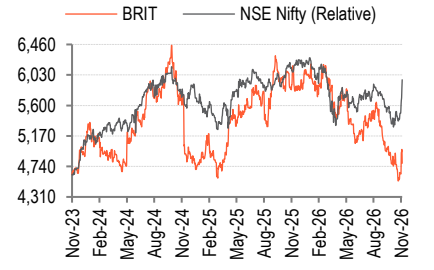
Source: NSE | Price as of 6 Nov 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	1,91,516	2,09,652	2,28,192
EBITDA (Rs mn)	35,444	36,528	40,005
Adj. net profit (Rs mn)	25,370	25,671	28,106
Adj. EPS (Rs)	105.3	106.6	116.7
Consensus EPS (Rs)	105.3	113.1	128.9
Adj. ROAE (%)	49.7	45.7	45.5
Adj. P/E (x)	45.4	44.9	41.0
EV/EBITDA (x)	32.5	31.6	28.8
Adj. EPS growth (%)	14.6	1.2	9.5

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Earnings KTA's

Strong revenue growth, while input cost inflation weighs on margins: Britannia reported consolidated revenue growth of 15.6% YoY to Rs 55.98bn in Q2FY27 (+12.0% QoQ), while EBITDA grew at a relatively slower pace of 7.0% YoY to Rs 10.2bn, with EBITDA margin contracting 147bps YoY to 18.2%. Gross margin declined 203bps YoY to 39.6%, reflecting elevated input costs, particularly palm oil, flour, milk and packaging. Employee costs grew 11.0% YoY, while other expenses increased 13.0%, partly offsetting the impact of gross margin pressure. Reported PAT increased 10.8% YoY to Rs 7.26bn. Management highlighted that revenue growth remained broad-based, with the company delivering 16.6% YoY growth in revenue from operations during the quarter. On a two-year basis, revenue grew 21%, reflecting an improvement in the growth trajectory. For H1FY27, revenue from operations crossed Rs 105bn for the first time, registering 13.1% YoY growth, while PAT grew 11.7% YoY.

General Trade recovery and rural consumption drive growth momentum: Britannia witnessed a strong recovery in General Trade (GT), with Q2FY27 growth reaching 2.6x the level recorded in FY25-26. Management attributed the improvement to a combination of a relatively favourable base, resilient consumer demand and improved execution under its 'Winning in Many Indias' strategy. The GST transition impact in the previous year contributed only around 1.5-2.0% to the current quarter's growth, indicating that the recovery was largely driven by underlying consumption improvement. Rural and semi-urban markets witnessed particularly strong demand, with premiumisation also gaining traction across these markets. Management highlighted that growth remained fairly uniform across mature and opportunity states, with healthy volume, value and transaction growth. The earlier fractional pricing disruption (Rs 4.5 price point) has now largely disappeared, with the industry migrating back to Rs 5 and Rs 10 price points since May-June 2026. Britannia has also regained its shelf space and improved its shelf presence following the disruption. Management expects the GT recovery to remain sustainable, supported by improving rural consumption, higher aspirations and continued execution.

Elevated commodity inflation; calibrated price hikes to partially offset cost pressures: Input cost inflation remained a key challenge during the quarter, with several commodities witnessing significant sequential and YoY increases. Refined palm oil prices increased 11% QoQ and 17% YoY, flour prices rose 9% QoQ, sugar increased 4% QoQ and 6% YoY, while milk prices were up 2% QoQ and 16% YoY. Laminate prices, another key packaging input, increased 7% QoQ and 18% YoY. Fuel costs, comprising gas and LNG, moderated sequentially but remained 45% higher YoY. To mitigate the inflationary impact, Britannia implemented approximately 3.5% price increases during the quarter and indicated that further price increases are in the pipeline. Management highlighted that a significant portion of its portfolio operates at Rs 5 and Rs 10 price points, requiring shrinkflation-led pricing actions, which typically take 1.5-2 months to flow through the market. The current price increases cover only part of the overall cost inflation, with subsequent actions aimed at narrowing the gap. Management refrained from providing any specific outlook on gross margins or confirming whether margins have bottomed out, given the uncertain commodity environment. The company will continue to rely on its cost optimisation programme (CEP), procurement efficiencies and calibrated pricing to manage inflation while minimising the impact on consumers.

Adjacency categories outperform core portfolio; Croissant and Cake lead growth: The adjacency bakery portfolio delivered growth of over 20% YoY, significantly outperforming the broader business. Croissants and Cakes were the key growth drivers, with both categories witnessing strong traction after a relatively subdued period for Cakes. Rusk, however, continued to grow at a relatively slower pace, although management indicated that initiatives are being undertaken to revive the category. Within dairy, the cheese business performed well, supported by new product launches, including flavoured cheese slices such as Korean Chilli and Herbs. The non-cheese dairy portfolio also witnessed healthy traction, particularly in the drinking milk and Sattvam Ghee segments. Management highlighted plans to expand the dairy business through a broader value-added product portfolio, with further cheese variants and new consumption formats in the pipeline. The company intends to scale higher-margin and more agile adjacency categories, which management expects to grow faster than the overall business over the medium term.

E-commerce emerging as a key strategic growth and premiumisation channel: E-commerce contribution increased to approximately 7% of overall sales, compared with around 6% in FY26, and is expected to increase further during the upcoming festive season. Management highlighted that the channel provides an important opportunity to acquire new consumers, develop new consumption occasions and drive premiumisation through higher-priced and healthier products. Britannia is increasingly treating e-commerce as an independent business unit, with dedicated investments in capabilities, resources and channel-specific product development. The contribution of Rs 5 and Rs 10 products in this channel remains limited, implying that the effective e-commerce contribution for the addressable portfolio is already in double digits. Management indicated that urban e-commerce growth is also in double digits, with the company witnessing healthy market share. The company plans to launch products specifically designed for e-commerce, while leveraging the channel to increase the contribution of premium and higher-margin brands.

Innovation, health-focused portfolio and premiumisation remain key strategic priorities: Britannia continues to focus on strengthening its core biscuit portfolio while expanding into healthier snacking, protein-based products and new consumption platforms. NutriChoice Zero, its no-added-sugar offering, is witnessing strong double-digit growth, with management indicating that additional variants are in development to address the growing opportunity in health-focused biscuits. Future launches will also target younger consumers, including Gen Z. The company has continued to invest in its existing brands through campaigns and product innovations, including the expansion of the NutriChoice portfolio, Little Hearts marketing initiatives and new cheese variants. Management highlighted that innovation in the core portfolio will remain a priority, alongside the development of higher-margin adjacencies and premium offerings. The biscuit portfolio currently contributes approximately 78-80% of overall revenue, and management expects the core business to continue delivering healthy growth while newer categories progressively increase their contribution.

International business recovers; elevated freight costs continue to weigh: International business recovered during the quarter following supply disruptions witnessed in the previous quarter due to the West Asia conflict. Both the Middle East and Africa business and the rest of the international portfolio registered healthy double-digit growth. However, the cost of operations in the Middle East remained elevated,

primarily due to higher freight and transportation costs, with the company continuing to pay a significant premium for moving goods within and outside the region. Management indicated that the business has recovered from the earlier disruption, although elevated logistics costs remain a near-term profitability challenge.

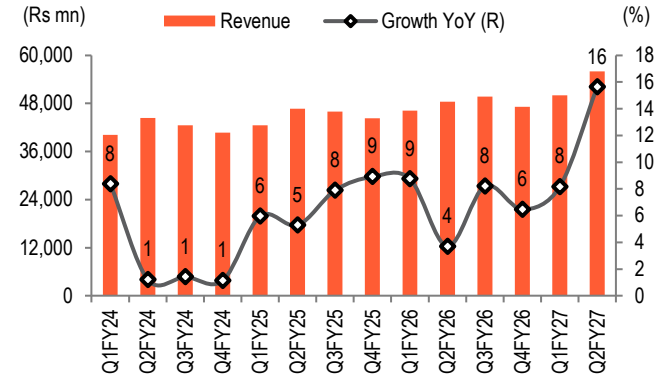
Management outlook: Focus on sustainable growth, premiumisation and cost efficiencies: Management remains confident about the underlying consumption trajectory, particularly in General Trade, rural and semi-urban markets, and expects the current growth momentum to sustain. Going forward, growth will be driven by a combination of continued execution in the core biscuit portfolio, faster growth in adjacency categories, expansion of health-focused and protein-based offerings, and deeper penetration of e-commerce. The company intends to strengthen its premium portfolio through innovation and channel-specific products while expanding its value-added dairy offerings. On margins, management acknowledged that commodity inflation remains elevated and that the 3.5% price increases implemented during the quarter are insufficient to fully offset the cost pressures. Further calibrated price increases are being activated, alongside continued cost optimisation and procurement efficiencies. Management refrained from providing a specific margin outlook, indicating that the impact of pricing actions and commodity movements will need to be monitored over the coming quarters.

Fig 1 – Quarterly Table

Consolidated (mn)	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)
Total Revenues	**55,978**	**48,406**	**15.64%**	**50,000**	**12.0%**
COGS	33,783	28,229	19.68%	29,250	15.5%
as % of sales	60%	58%	203 bps	58%	185 bps
Gross Profit	**22,195**	**20,177**	**10.00%**	**20,750**	**7.0%**
Gross margin (%)	40%	42%	-4.88%	42%	(185 bps)
Employee costs	2,010	1,811	10.98%	2,096	-4.1%
as % of sales	3.6%	3.7%	(15 bps)	4.2%	(60.2 bps)
Other expenses	9,968	8,821	13.00%	10,253	-2.8%
as % of sales	18%	18%	(42 bps)	21%	(269bps)
EBITDA	**10,217**	**9,545**	**7.03%**	**8,401**	**21.6%**
EBITDA margin (%)	18%	20%	(147 bps)	17%	144.9 bps
D&A	786	851	-7.62%	795	-1.2%
Interest cost	358	347	3.11%	228.7	56.4%
Other income	735	521	41.07%	614	19.7%
PBT	**9,808**	**8,869**	**10.59%**	**7,991**	**22.7%**
Tax	2,514	2,286	9.98%	2,040	23.2%
Reported PAP	**7,260**	**6,551**	**10.83%**	**5,934**	**22.3%**
PAP margin	13%	14%	(56 bps)	12%	110 bps

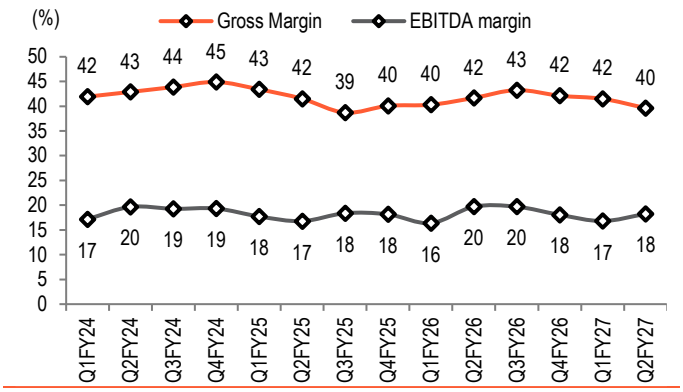
Source: Company, BOBCAPS Research

Fig 2 – Revenue & its growth



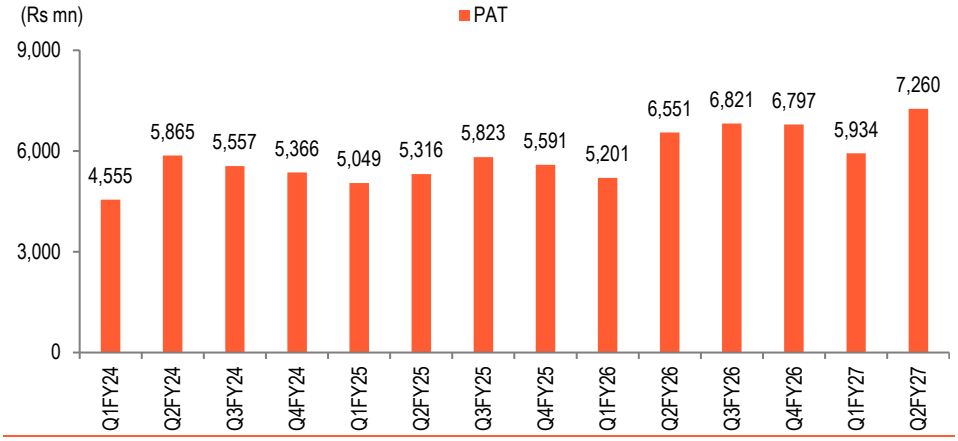
Source: Company, BOBCAPS Research

Fig 3 – Gross & EBITDA Margins Trend



Source: Company, BOBCAPS Research

Fig 4 – PAT Trend



Source: Company, BOBCAPS Research

Valuation methodology

We expect sustained volume growth and calibrated pricing actions to support performance. However, elevated input-cost inflation is likely to keep margins under pressure; accordingly, we trim our earnings estimates and lower our valuation multiple from 50x to 45x. We now model Revenue/EPS CAGR of 10/8% over FY26–29E. We upgrade to BUY from HOLD with a revised target price of Rs 5,579, based on 45x Sept'28E EPS implying upside of 17%.

Fig 5 – Actual vs Estimates

Rs mn	Q2FY27A	Q2FY27E	Deviation (%)
Revenue	55,978	53,828	3.99%
EBITDA	10,217	10,173	0.43%
EBITDA Margin (%)	18.25	18.90	-65 bps
PAT	7,260	7,197	0.87%

Source: Company, BOBCAPS Research

Fig 6 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Sales	2,09,652	2,28,192	2,51,907	2,12,667	2,34,769	2,56,167	(1.42)	(2.80)	(1.66)
EBITDA	36,528	40,005	44,992	39,416	44,625	47,688	(7.33)	(10.35)	(5.65)
EBITDA Margin	17.4	17.5	17.9	18.5	19.0	18.6	(111 bps)	(148 bps)	(76 bps)
Adj PAT	25,671	28,106	31,622	28,509	32,711	34,774	(9.96)	(14.08)	(9.07)
EPS	107	117	131	118	136	144	(9.69)	(14.21)	(8.84)

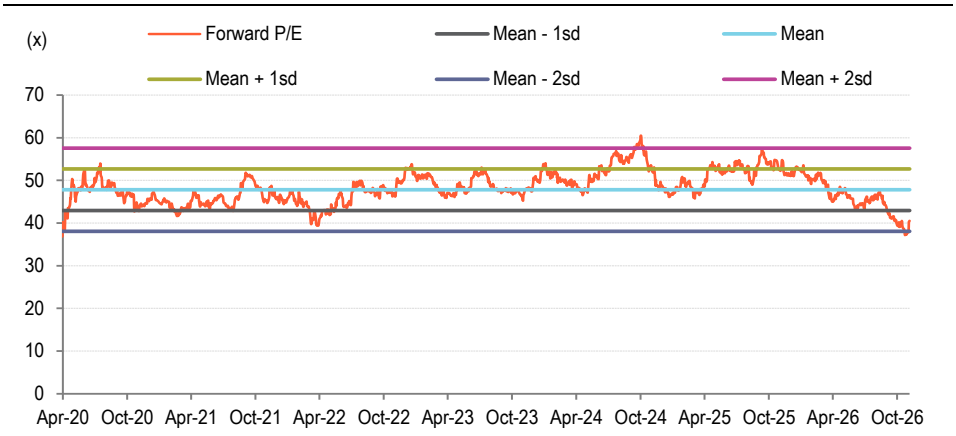
Source: BOBCAPS Research

Key risks

Key downside risks to our estimates:

- Higher-than-expected RM inflation
- Competitive pressure from big players
- Any sustained slowdown in key categories

Fig 7 – Britannia 1Yr Fwd PE Band chart



Source: Company, BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**1,79,427**	**1,91,516**	**2,09,652**	**2,28,192**	**2,51,907**
EBITDA	31,872	35,444	36,528	40,005	44,992
Depreciation	3,133	3,368	3,529	3,937	4,230
EBIT	28,738	32,076	32,999	36,068	40,762
Net interest inc./(exp.)	1,388	1,128	1,288	1,332	1,370
Other inc./(exp.)	2,271	2,240	2,516	2,738	2,771
Exceptional items	248	0	0	0	0
EBT	29,621	33,189	34,227	37,475	42,162
Income taxes	7,487	7,518	8,557	9,369	10,541
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	(107)	(301)	0	0	0
Reported net profit	**21,779**	**25,370**	**25,671**	**28,106**	**31,622**
Adjustments	248	0	0	0	0
Adjusted net profit	**21,779**	**25,370**	**25,671**	**28,106**	**31,622**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	17,522	18,964	21,827	23,757	26,226
Other current liabilities	1,947	887	1,551	1,688	1,864
Provisions	361	361	361	361	361
Debt funds	12,248	13,578	11,705	10,243	9,223
Other liabilities	10,363	10,405	10,405	10,405	10,405
Equity capital	241	241	241	241	241
Reserves & surplus	43,572	51,118	56,252	61,873	68,198
Shareholders' fund	43,813	51,359	56,493	62,114	68,438
Total liab. and equities	**88,421**	**97,319**	**1,04,407**	**1,10,733**	**1,18,810**
Cash and cash eq.	1,328	2,200	1,880	3,361	5,309
Accounts receivables	4,521	4,692	3,446	3,751	4,141
Inventories	12,365	13,459	18,955	20,631	22,775
Other current assets	1,240	1,420	1,456	1,585	1,749
Investments	28,943	36,377	36,342	37,654	39,333
Net fixed assets	27,346	26,730	26,843	27,351	27,933
CWIP	892	390	390	390	390
Intangible assets	1,403	1,490	1,490	1,490	1,490
Deferred tax assets, net	366	430	430	430	430
Other assets	1,660	1,678	1,714	1,842	2,007
Total assets	**88,421**	**97,319**	**1,04,407**	**1,10,733**	**1,18,810**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**24,807**	**26,116**	**27,321**	**31,205**	**34,447**
Capital expenditures	(3,749)	(2,056)	(3,944)	(4,445)	(4,812)
Change in investments	(256)	(7,212)	0	0	0
Other investing cash flows	3,109	242	0	0	0
Cash flow from investing	**664**	**(7,573)**	**(3,944)**	**(4,445)**	**(4,812)**
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(8,208)	1,320	(1,873)	(1,462)	(1,019)
Interest expenses	(1,706)	(1,072)	(1,288)	(1,332)	(1,370)
Dividends paid	(17,675)	(18,040)	(20,536)	(22,485)	(25,297)
Other financing cash flows	(29)	(35)	0	0	0
Cash flow from financing	**(27,619)**	**(17,826)**	**(23,697)**	**(25,279)**	**(27,687)**
Chg in cash & cash eq.	**(2,148)**	**717**	**(320)**	**1,481**	**1,948**
Closing cash & cash eq.	**1,073**	**2,200**	**1,880**	**3,361**	**5,309**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	90.4	105.3	106.6	116.7	131.3
Adjusted EPS	91.9	105.3	106.6	116.7	131.3
Dividend per share	75.0	90.5	85.2	93.3	105.0
Book value per share	1.0	1.0	1.0	1.0	1.0

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	6.4	6.0	5.5	5.1	4.6
EV/EBITDA	36.2	32.5	31.6	28.8	25.6
Adjusted P/E	52.1	45.4	44.9	41.0	36.5
P/BV	4,785.0	4,785.0	4,785.0	4,785.0	4,785.0

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	73.5	76.4	75.0	75.0	75.0
Interest burden (PBT/EBIT)	103.1	103.5	103.7	103.9	103.4
EBIT margin (EBIT/Revenue)	16.0	16.7	15.7	15.8	16.2
Asset turnover (Rev./Avg TA)	202.9	196.8	200.8	206.1	212.0
Leverage (Avg TA/Avg Equity)	2.0	1.9	1.8	1.8	1.7
Adjusted ROAE	49.7	49.4	45.4	45.2	46.2

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	7.0	6.7	9.5	8.8	10.4
EBITDA	0.5	11.2	3.1	9.5	12.5
Adjusted EPS	3.4	14.6	1.2	9.5	12.5
Profitability & Return ratios (%)					
EBITDA margin	17.8	18.5	17.4	17.5	17.9
EBIT margin	16.0	16.7	15.7	15.8	16.2
Adjusted profit margin	12.1	13.2	12.2	12.3	12.6
Adjusted ROAE	50.0	49.7	45.7	45.5	46.4
ROCE	49.5	63.8	57.6	59.7	62.8
Working capital days (days)					
Receivables	9	9	6	6	6
Inventory	43	44	33	33	33
Payables	58	60	38	38	38
Ratios (x)					
Gross asset turnover	4.8	5.1	5.7	6.0	6.5
Current ratio	1.1	1.1	1.3	1.3	1.4
Net interest coverage ratio	20.7	28.4	25.6	27.1	29.7
Adjusted debt/equity	0.3	0.3	0.2	0.2	0.1

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

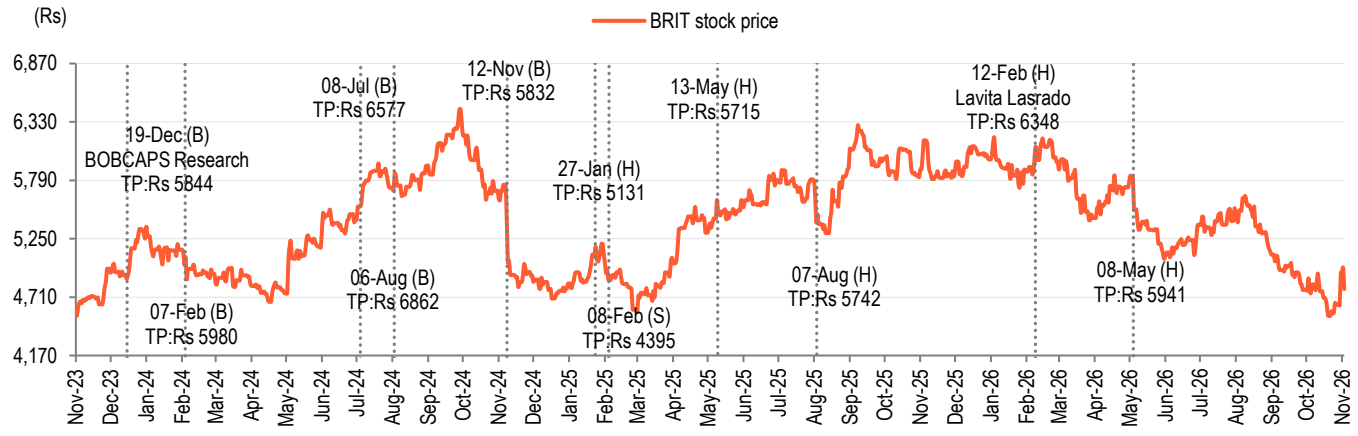
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): BRITANNIA INDUSTRIES (BRIT IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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