

HOLD**TP: Rs 6,348 | ▲ 5%****BRITANNIA INDUSTRIES**

Consumer Staples

12 February 2026

Strong Earnings Momentum

- Commodity environment remains supportive with QoQ softening in flour, palm oil and cocoa, aiding margin resilience
- Adjacency categories (Cake, Rusk, Croissant, Wafers) delivered double-digit growth, with e-commerce contribution ~3x vs biscuits
- Britannia was the first to fully pass on GST benefits via higher grammage packs. HOLD with TP of 6,348 (50x Dec27E EPS)

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Result highlights: Revenue came in at Rs 49.6 bn, up 8.2% YoY, reflecting stabilisation post GST transition. Gross margin expanded by 453 bps YoY to 43.3% due to stable input inflation from flour, palm oil, and cocoa. EBITDA at Rs 9.8 bn, up 21.8% YoY and EBITDA margin at 19.7%, increased by 132 bps YoY. PAT came in at Rs 6.8 bn, up 17.1% YoY. Adjacency categories (Cake, Rusk, Croissant, Wafers) delivered double-digit growth during the quarter. Importantly, e-commerce and quick commerce are driving disproportionate growth, particularly in indulgence and impulse segments.

Stabilising post GST transition: Q3 reflected stabilisation, following GST 2.0 implementation. Britannia was the first to fully transition back to Rs 5 and Rs 10 price points with higher grammage, passing on the benefits to consumers. Management indicated that Q3 growth was ~50% volume-led and ~50% driven by GST-related realisation impact, with no channel refilling effect. October remained a transitional month, while November–December saw healthy momentum (~12% growth), suggesting demand normalisation. The company highlighted that impulse-led categories outperform staples (e.g., Marie), reflecting instant demand in digital channels. E-com profitability remains broadly similar to GT, with plans to incubate digital-first innovations. Dairy remains a strategic focus while cheese growth was marginal. Britannia retains the #2 position in slices and is resetting strategy via innovation, pricing and a stronger JV collaboration.

Our View: We remain constructive on Britannia's medium-term trajectory, given improving volume momentum post GST stabilisation, strong adjacency growth, benign commodity trends and disciplined execution. We estimate Revenue/EBITDA/adj. PAT CAGR of 14.9%/16.5%/18.6% over FY25-28. We recommend HOLD rating with TP of Rs 6348, based on PE multiple of 50x on Dec27E EPS; implying an upside of 5%.

Key changes

	Target	Rating
	▲	◀ ▶

Ticker/Price	BRIT IN/Rs 6,019
Market cap	US\$ 16.0bn
Free float	49%
3M ADV	US\$ 20.6mn
52wk high/low	Rs 6,336/Rs 4,506
Promoter/FPI/DII	51%/15%/20%

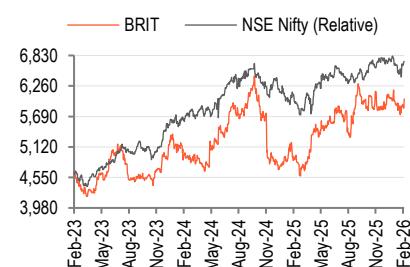
Source: NSE | Price as of 11 Feb 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	179,427	195,909	215,385
EBITDA (Rs mn)	31,872	34,391	38,740
Adj. net profit (Rs mn)	21,779	23,944	27,081
Adj. EPS (Rs)	91.9	99.7	112.6
Consensus EPS (Rs)	91.9	104.2	119.4
Adj. ROAE (%)	50.0	49.5	50.4
Adj. P/E (x)	65.5	60.4	53.5
EV/EBITDA (x)	45.5	42.2	37.4
Adj. EPS growth (%)	3.4	8.5	13.0

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Earnings Call KTA

Strong Q3 revenue growth with sequential improvement: Revenue grew 8.2% YoY to 48.6 bn, led by stabilisation following the post-GST transition. Sequentially, revenue improved over Q1 and Q2, reflecting stabilisation post GST transition impact seen in October while Nov–Dec delivered ~12% growth, indicating underlying demand recovery and normalization in trade. On a 2Y basis, PAT growth remains strong at 22.2%, reflecting operating leverage and improved cost dynamics.

Gross margin expansion on soft commodities: Q3 gross margin saw strong expansion (~530 bps YoY), aided by easing input costs and prior pricing actions. Key commodities showed stability/decline QoQ: Flour/Refined Palm Oil/Cocoa/ Laminate including -2/-3/-3/-4% QoQ resp. Milk (+9% QoQ) and Sugar (+1% QoQ) saw slight upticks. Moreover, strategic sourcing enabled input costs below spot market levels.

GST 2.0 transition: Britannia fully transitioned to Rs 5 and Rs 10 price points with higher grammage, passing on GST benefits first in the industry. However, competitors staggered implementation, creating dual MRP pricing (Rs 4.5/Rs 9 packs still in market), leading to trade arbitrage benefits. Management highlighted that ~50% of Q3 growth was volume-led, and ~50% came from GST-led higher realisation effect.

Adjacent categories outperform core biscuits: Cake, Rusk, Croissant and Wafers — all grew in double-digits in Q3. Moreover, e-commerce contribution in these categories is ~3x that of biscuits, driven by impulse consumption. Management plans higher brand investments and omnichannel focus to further accelerate the adjacency growth. Britannia key brands that are receiving media support include Good Day Crafted, NutriChoice (Aamir Khan campaign), Little Hearts, Britannia Cake, Toastea Rusk and Cheese Triangles. Innovation pipeline includes 50-50 Dipped range, Doodh Marie, vegetarian brownie & layer cakes. Management indicated increased A&P investments ahead.

E-Commerce strategy strengthening: E-commerce profitability is currently broadly similar to GT. Britannia holds leadership in digital channels and plans to incubate digital-first brands. Impulse and indulgence categories (Good Day premium, Croissants, Wafers, Cakes) witnessing traction vs staple biscuits like Marie.

Regional competition: Management acknowledged increasing regional competition beyond East India into other clusters that identified as follows: (1) unlisted local players offering aggressive trade schemes during benign commodity cycles (2) regional flavour-led strong-format players. Britannia plans a “startup mentality”-focused intervention, led by sharper pricing, localised formats, faster innovation and brand investment.

Dairy Business: During the quarter, cheese grew marginally while other dairy segments such as Ghee, Milk Drinks, and Dairy Whitener grew faster. Britannia remains #2 in cheese slices. Management announced a renewed focus, with new leadership at the Dairy division and the JV (Britannia Bel Foods). The company expects innovation, pricing recalibration and stronger modern trade partnerships to revive the cheese momentum.

Strategic priorities under new CEO: CEO Rakshit Hargave highlighted five priorities:

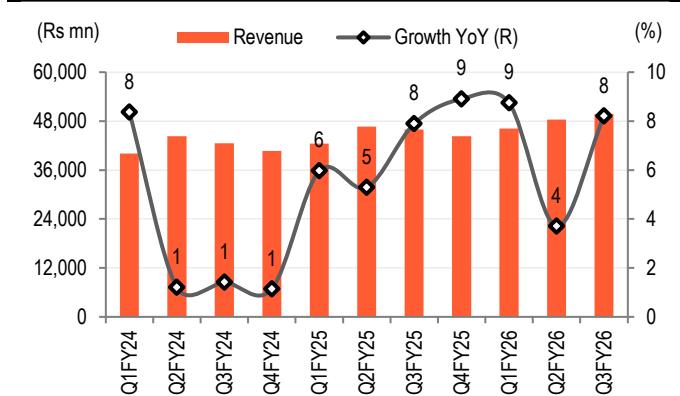
- 1) Sales & supply chain efficiencies
- 2) Elevated brand investments (new CMO appointed)
- 3) Innovation & future platforms (focus on functional foods under NutriChoice)
- 4) Regional competition counter-strategy
- 5) Sustainability integration, functional foods expansion and brand modernisation were specifically emphasised as medium-term growth drivers.

Fig 1 – Quarterly Table

Consolidated (mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)
Total Revenues	49,698	45,926	8.21	48,406	2.7	144,327	135,105	6.83
COGS	26,630	26,299	1.26	26,472	0.6	78,610.10	74,198.20	5.95
as % of sales	54	57	(4bps)	55	(1.1bps)	54.47	54.92	0bps
Gross Profit	21,500	17,784	20.90	20,177	6.6	60,309	55,614	8.44
Gross margin (%)	43	39	11.72	42	1.6bps	42	41	1.51
Employee costs	2,147	1,059	102.86	1,811	18.6	6,377	5,401	18.07
as % of sales	4.3	2.3	2bps	3.7	0.6bps	4	4	0bps
Other expenses	9,553	8,276	15.43	8,821	8.3	27,016	26,393	2.36
as % of sales	19	18	1bps	18	1.0bps	19	20	(1bps)
EBITDA	9,800	8,449	15.99	9,545	2.7	26,916	23,820	13.00
EBITDA margin (%)	20	18	1bps	20	0.0bps	19	18	1bps
D&A	845	824	2.59	851	(0.6)	1,685	1,580	6.67
Interest cost	332.5	446	(25.38)	347	(4.1)	941	1,082	(13.01)
Other income	595	625	(4.80)	521	14.1	1,686	1,641	2.75
PBT	9,217	7,804	18.10	8,869	3.9	25,145	22,055	14.01
Tax	2,369	1,961	20.81	2,286	3.6	6,463	5,559	16.27
Reported PAT	6,040	5,991	0.82	6,551	(7.8)	18,681	16,496	13.25
PAT margin	12	13	(1bps)	14	(1.4bps)	13	12	1bps

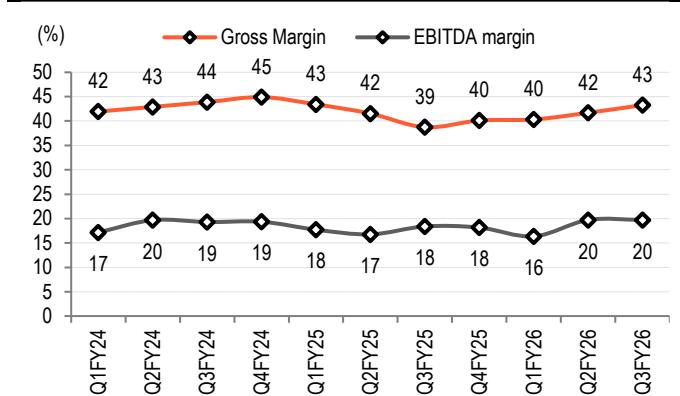
Source: Company, BOBCAPS Research

Fig 2 – Revenue and its growth



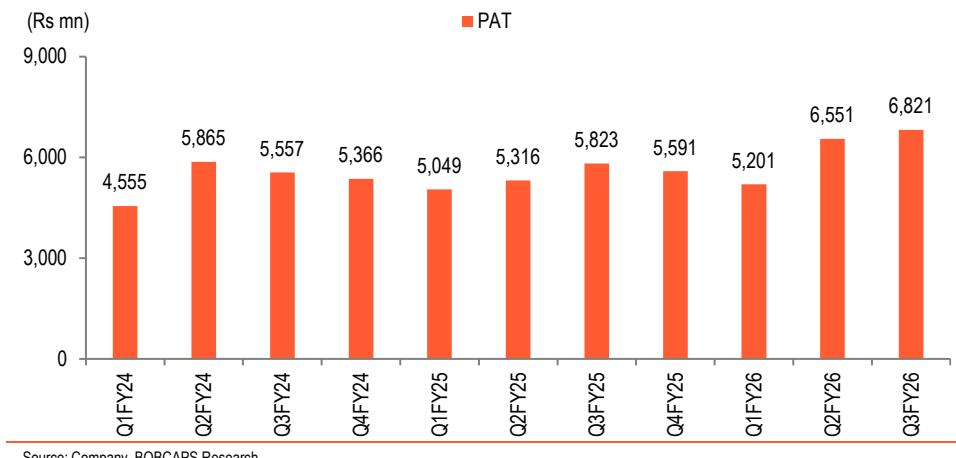
Source: Company

Fig 3 – Gross & EBITDA margins



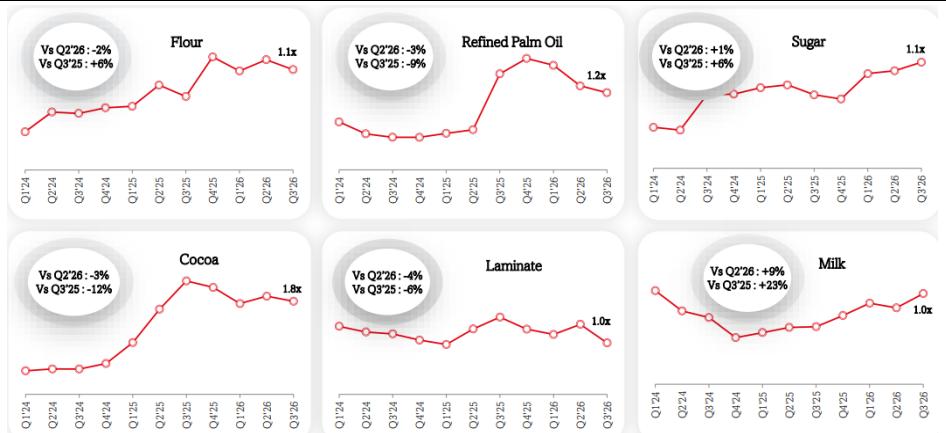
Source: Company

Fig 4 – PAT trend



Source: Company, BOBCAPS Research

Fig 5 – Overall commodity prices remained stable in 3QFY26



Source: Company, BOBCAPS Research

Fig 6 – New innovation fueling premiumization



Source: Company, BOBCAPS Research

Valuation Methodology

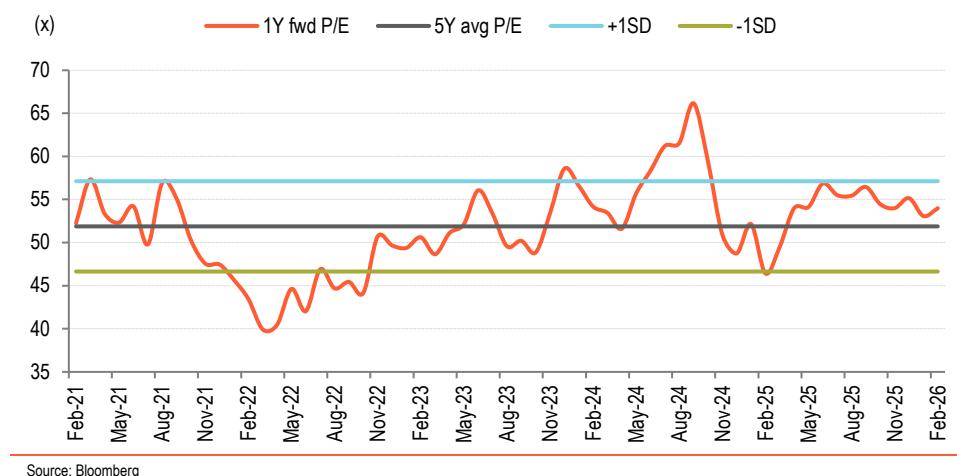
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Fig 7 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales	195,909	215,385	236,797	195,660	215,674	236,422	0.13	(0.13)	0.16
EBITDA	34,391	38,740	43,223	34,602	39,524	43,619	(0.61)	(1.98)	(0.91)
EBITDA Margin	17.6	18.0	18.3	17.7	18.3	18.4	(14.55bps)	(31.34bps)	(14.68bps)
Adj PAT	23,944	27,081	30,623	24,326	28,695	32,572	(1.57)	(5.62)	(5.98)
EPS	99	112	127	101	119.1	135.2	(1.58)	(5.60)	(5.96)

Source: BOBCAPS Research

Fig 8 – Trading at 54x on 1YF P/E vs historical average of 51.9x since IPO



Key Risks

Key downside risks to our estimates:

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

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	167,693	179,427	195,909	215,385	236,797
EBITDA	31,698	31,872	34,391	38,740	43,223
Depreciation	3,005	3,133	3,246	3,625	3,924
EBIT	28,694	28,738	31,145	35,115	39,299
Net interest inc./exp.)	1,640	1,388	1,584	1,543	1,364
Other inc./exp.)	2,142	2,271	2,449	2,585	2,842
Exceptional items	29	248	0	0	0
EBT	29,196	29,621	32,010	36,157	40,776
Income taxes	7,793	7,487	8,003	9,039	10,194
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	(32)	(107)	(64)	(36)	41
Reported net profit	21,342	21,779	23,944	27,081	30,623
Adjustments	29	248	0	0	0
Adjusted net profit	21,342	21,779	23,944	27,081	30,623

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	16,275	17,522	20,396	22,424	24,653
Other current liabilities	1,673	1,947	1,976	2,173	2,389
Provisions	306	326	326	326	326
Debt funds	20,412	12,248	13,198	11,871	10,492
Other liabilities	10,602	10,363	10,363	10,363	10,363
Equity capital	241	241	241	241	241
Reserves & surplus	39,419	43,572	48,297	53,677	59,842
Shareholders' fund	39,660	43,813	48,538	53,918	60,083
Total liab. and equities	90,736	88,386	96,911	103,306	110,666
Cash and cash eq.	3,228	1,328	1,028	2,237	3,907
Accounts receivables	3,933	4,486	3,220	3,541	3,893
Inventories	11,812	12,365	17,712	19,473	21,409
Other current assets	1,337	1,240	1,407	1,547	1,700
Investments	27,943	28,943	30,110	31,489	33,005
Net fixed assets	26,029	27,346	27,900	28,526	29,203
CWIP	1,875	892	892	892	892
Intangible assets	1,407	1,403	1,403	1,403	1,403
Deferred tax assets, net	439	366	366	366	366
Other assets	1,924	1,660	1,827	1,967	2,121
Total assets	90,736	88,386	96,911	103,306	110,666

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	25,730	24,807	23,288	29,995	33,513
Capital expenditures	(5,615)	(3,749)	(3,800)	(4,250)	(4,601)
Change in investments	5,802	(256)	0	0	0
Other investing cash flows	2,221	3,289	0	0	0
Cash flow from investing	4,755	844	(3,800)	(4,250)	(4,601)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(9,402)	(8,208)	950	(1,327)	(1,379)
Interest expenses	(1,643)	(1,706)	(1,584)	(1,543)	(1,364)
Dividends paid	(17,325)	(17,675)	(19,155)	(21,665)	(24,499)
Other financing cash flows	65	(29)	0	0	0
Cash flow from financing	(28,305)	(27,619)	(19,788)	(24,535)	(27,242)
Chg in cash & cash eq.	2,180	(1,969)	(300)	1,209	1,670
Closing cash & cash eq.	3,194	1,252	1,028	2,237	3,907

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	88.8	90.4	99.4	112.4	127.1
Adjusted EPS	88.9	91.9	99.7	112.6	127.0
Dividend per share	73.5	75.0	79.5	89.9	101.7
Book value per share	1.0	1.0	1.0	1.0	1.0

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	8.6	8.1	7.4	6.7	6.1
EV/EBITDA	45.7	45.5	42.2	37.4	33.5
Adjusted P/E	67.7	65.5	60.4	53.5	47.4
P/BV	6,018.2	6,019.0	6,018.2	6,018.2	6,018.2

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	73.1	73.5	74.8	74.9	75.1
Interest burden (PBT/EBIT)	101.7	103.1	102.8	103.0	103.8
EBIT margin (EBIT/Revenue)	17.1	16.0	15.9	16.3	16.6
Asset turnover (Rev./Avg TA)	184.8	203.0	202.2	208.5	214.0
Leverage (Avg TA/Avg Equity)	2.3	2.0	2.0	1.9	1.8
Adjusted ROAE	53.8	49.7	49.3	50.2	51.0

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	2.9	7.0	9.2	9.9	9.9
EBITDA	12.0	0.5	7.9	12.6	11.6
Adjusted EPS	10.6	3.4	8.5	13.0	12.8
Profitability & Return ratios (%)					
EBITDA margin	18.9	17.8	17.6	18.0	18.3
EBIT margin	17.1	16.0	15.9	16.3	16.6
Adjusted profit margin	12.7	12.1	12.2	12.6	12.9
Adjusted ROAE	54.1	50.0	49.5	50.4	51.1
ROCE	45.7	49.5	60.4	63.7	66.5
Working capital days (days)					
Receivables	8	9	6	6	6
Inventory	45	43	33	33	33
Payables	59	58	38	38	38
Ratios (x)					
Gross asset turnover	4.6	4.8	5.1	5.5	5.9
Current ratio	1.2	1.1	1.1	1.2	1.2
Net interest coverage ratio	17.5	20.7	19.7	22.8	28.8
Adjusted debt/equity	0.5	0.3	0.3	0.2	0.2

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

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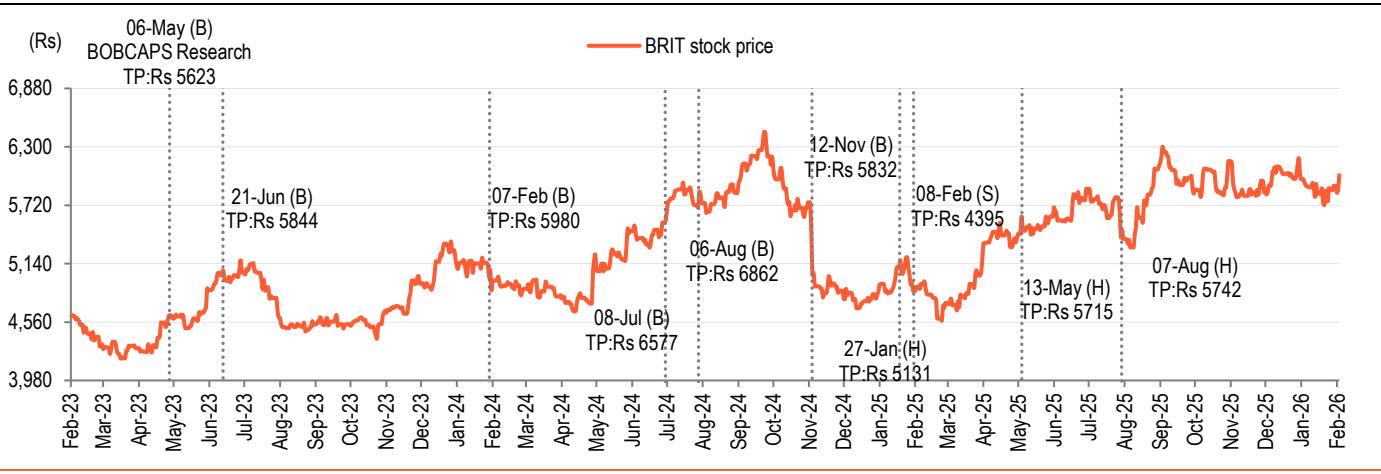
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

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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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