BRITANNIA INDUSTRIES

RESULT FLASH

KEY DATA

Rating	BUY
Sector relative	Neutral
Price (INR)	5,893
12 month price target (INR)	6,970
52 Week High/Low	6,337/4,506
Market cap (INR bn/USD bn)	1,419/16.0
Free float (%)	49.4
Avg. daily value traded (INR mn)	2,172.0

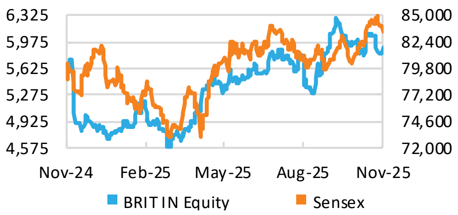
SHAREHOLDING PATTERN

	Sep-25	Jun-25	Mar-25
Promoter	50.55%	50.55%	50.55%
FII	15.02%	15.58%	15.72%
DII	19.39%	18.65%	18.26%
Pledge	0%	0%	0%

FINANCIALS (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue	179,427	196,854	219,125	244,371
EBITDA	31,872	36,014	40,737	46,710
Adjusted profit	22,035	25,877	30,532	35,447
Diluted EPS (INR)	91.5	107.4	126.7	147.1
EPS growth (%)	2.8	17.4	18.0	16.1
RoAE (%)	53.1	55.0	55.4	54.5
P/E (x)	60.1	51.2	43.4	37.4
EV/EBITDA (x)	33.2	29.1	25.4	21.9
Dividend yield (%)	1.4	1.4	1.6	1.9

PRICE PERFORMANCE



Strong cost optimisation in Q2

Britannia's Q2FY26 revenue (up 3.7% YoY) was in-line with our estimate, while EBITDA (up 21.8% YoY) was 13%/12% ahead of our/consensus. This beat on EBITDA is partly due to Stock Appreciation Rights (SAR) impact (staff cost down 22%YoY/25% QoQ), as the stock price was marginally up ~4% during the quarter. Gross margins of 40.6% (at five quarter high) expanded 37bp YoY/144bp QoQ. EBITDA margins of 19.7% expanded 293bp YoY/334bp QoQ. BRIT appoints Mr Rakshit Hargave (ex Birla Opus, HUL, Beiersdorf, Jubilant Foodworks, Nestle) as CEO & Additional WTD wef 15-Dec'25.

We will revisit our estimates and target price post the earnings conference call. Maintain 'BUY'.

Decent set of results

Steady topline, strong profitability: Revenue/EBITDA grew 4%/22% YoY, while driven by stable input costs and cost optimisation across the value chain. A beat on EBITDA was due to lower employee cost (down 22% YoY/25% QoQ) due to SAR effect – stood at 3.7% of sales (Q1FY26: 5.2% ; Q2FY25: 5%). This is broadly in line with our estimate of 3.8% of sales. Gross margins of 40.6% expanded 37bp YoY/144bp QoQ. EBITDA margins of 19.7% expanded 293bp YoY/334bp QoQ.

Leadership change: Mr. Hargave brings extensive leadership experience across sector and previously served as CEO of Birla Opus (4 years). His prior roles include leadership positions at Beiersdorf (NIVEA) (~11 years last role as SVP ASEAN ANZ), HUL (~6 years out of which 4 years as COO of Lakhme and 2 years as Sales & marketing director at HUL), and Jubilant Foodworks (~4 years as Chief of Marketing). Apart from these organisations, he also worked at Nestle (6 years as Brand manager) & Tata Motors.

GST rate rationalisation positive: BRIT views the government's move as demand supportive, though transitional supply chain and trade disruptions had a short-term impact, which is expected to normalise in Q3FY26.

Adjacent bakery momentum continues: Rusk, Wafers and Croissants delivered double-digit growth for consecutive quarters, aided by e-commerce traction and rising in-home indulgence consumption.

Focus on volume-led growth: BRIT plans to deepen regional penetration, enhance consumer-centric offerings, and maintain price competitiveness to defend leadership amid increasing local competition.

Quick Take:

INR mn	Q2FY26	Q2FY25	YoY	Q1FY26	QoQ	Q2FY26E	Deviation
Net Sales	48,406	46,676	3.7%	46,222	4.7%	48,974	-1.2%
EBITDA	9,545	7,834	21.8%	7,571	26.1%	8,460	12.8%
PAT	6,545	5,317	23.1%	5,207	25.7%	5,876	11.4%

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More details are awaited on the earnings call, which is hosted on 7th Nov at 9:30 am IST @ 02262801313. Diamond Pass Registration

What to ask?

- What is the quantum of SAR impact on the sharp decline in employee costs? Ex-SAR, what would have been the EBITDA growth?
- What are the product categories that are facing the maximum competition? What is the company doing to address this landscape?
- How was the growth in non-focus states?
- Outlook on wheat and palm oil prices, with easing inflation does the company plan to take any pricing actions in balance FY26? How does Britannia's pricing strategy compare to that of some of its key competitors in the market?

Exhibit 1: Consolidated financial snapshot

Year to march	Q2FY26	Q2FY25	% change	Q1FY26	% change
Net sales	47,522	45,662	4.1	45,349	4.8
Other operating Income	885	1,013	(12.7)	874	1.3
Total Income	48,406	46,676	3.7	46,222	4.7
Cost of materials	28,229	27,294	3.4	27,591	2.3
Employee cost	1,811	2,323	(22.0)	2,419	(25.1)
Other Expenditure	8,821	9,224	(4.4)	8,642	2.1
EBITDA	9,545	7,834	21.8	7,571	26.1
Depreciation	851	761	11.8	820	3.7
EBIT	8,695	7,073	22.9	6,750	28.8
Other inc	521	460	13.3	570	(8.6)
Interest net	347	346	0.1	262	32.6
Profit Before Tax	8,869	7,186	23.4	7,059	25.6
Provision for Tax	2,286	1,836	24.5	1,809	26.4
Minority Interest	6	(1)	NM	(6)	NM
Add: Share of profit from associates	(33)	(34)	NM	(49)	NM
Exceptional Items (Net of Tax)	-	(2)	NM	-	NM
Reported Profit	6,545	5,317	23.1	5,207	25.7
Adjusted Profit	6,545	5,318	23.1	5,207	25.7
No. of Shares outstanding (mn)	241	241	(0.0)	241	-
Adjusted Diluted EPS	27.2	22.1	23.1	21.6	25.7
As % of net revenues					
Cost of materials	59.4	59.8	(37)	60.8	(144)
Employee cost	3.7	5.0	(124)	5.2	(149)
Other Expenditure	18.2	19.8	(154)	18.7	(47)
EBITDA	19.7	16.8	293	16.4	334
Net profit	13.5	11.4	213	11.3	225
Tax Rate	25.8	25.6	22	25.6	14

Source: Company, Nuvama Research

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