

# Britannia Industries (BRIT)

FMCG | 2QFY26 Result Update

**HOLD**

**CMP: Rs6,158 | Target Price (TP): Rs6,165 | Upside: 0.1%**

**November 8, 2025**

## In-line sales; GST reduction to spur competitive strength

### Key Points

- BRIT's 2QFY26 results were largely in line with expectations on sales and gross profit, but EBITDA margins were better than expected (highest in 8 quarters), led by lower-than-expected staff costs (SAR costs-ESOP related) and other expenses.
- Demand recovery expected from Q3FY26, led by normalization in trade, improved consumer sentiment, and compliance-led market share gains.
- While we like the structural investment case in the packaged foods category and BRIT, valuations are not cheap at ~53x FY27E EPS. We maintain HOLD as we await a better entry point.

**2QFY26 performance update:** BRIT's revenue (incl. OOI) grew 3.7% YoY to Rs48.4bn and was largely in line with NBIE estimate of Rs48.3bn. We expect volume growth to have been flat YoY. Consolidated gross margin improved by ~20bps YoY at 41.7% (up by 140bps QoQ vs est. 40.5%). Lower employee expenses (down by 120bps YoY; down ~22% YoY in absolute terms) along with lower other expenses (down by 150bps YoY) meant that consolidated EBITDA margin increased by ~290bps YoY to 19.7% (vs est. 17.3%). Consolidated EBITDA increased significantly by ~22% YoY at Rs9.5bn (vs est. Rs8.4bn). Adjusted PAT (APAT) increased ~23% YoY at Rs6.5bn (vs est. Rs5.9bn).

**Earnings call highlights:** (1) Management expects market share expansion in the coming quarters as smaller players lose tax advantage following the GST cut. 2) Rural growth outpaced urban, aided by affordability improvement from grammage-led pricing. 3) Management remains open to short-term margin trade-offs to build market share and long-term competitiveness. 4) Pricing growth of 7–8% in Q2FY26 is likely to moderate as grammage benefits flow through. 5) Demand recovery expected from Q3FY26, led by normalization in trade, improved consumer sentiment, and compliance-led market share gains.

**View and valuation:** There is no material change to our EPS forecasts for FY26E and FY27E. As highlighted in our [detailed note on BRIT in Aug-23](#), we are extremely bullish on growth in the packaged foods space in India, especially given the huge addressable market and significant investments being made by key players. Valuations of 52.7x FY27E EPS, however, do not leave much room for significant upside. We continue to value BRIT at 50x Sep-27E EPS (in line with the 5-year average P/E multiples) arriving at a TP of Rs6,165 (Rs6,235 earlier). We maintain our HOLD rating on the stock

Est Change	No change
TP Change	No change
Rating Change	No change

### Company Data and Valuation Summary

Reuters:	BRIT.BO
Bloomberg:	BRIT IN Equity
Mkt Cap (Rsbn/US\$bn):	1,357.4 / 16.7
52 Wk H / L (Rs):	6,470 / 4,506
ADTV-3M (mn) (Rs/US\$):	1,522.2 / 24.9
Stock performance (%) 1M/6M/1yr:	4.6 / 15.1 / 8.2
Nifty 50 performance (%) 1M/6M/1yr:	(3.0) / (1.1) / 2.7

Shareholding	4QFY25	1QFY26	2QFY26
Promoters	50.6	50.6	50.6
DII's	18.3	18.7	19.4
FII's	15.7	15.6	15.0
Others	15.5	15.2	15.0
Pro pledge	0.0	0.0	0.0

### Financial and Valuation Summary

Particulars (Rsmn)	FY24	FY25	FY26E	FY27E
Net Sales	1,67,693	1,79,427	1,94,305	2,17,941
Growth YoY %	2.9	7.0	8.3	12.2
Gross margin (%)	43.4	40.9	41.1	42.2
EBITDA	31,698	31,872	34,179	39,545
EBITDA margin (%)	18.9	17.8	17.6	18.1
Adj PAT	21,419	21,972	23,852	28,149
Growth YoY %	5.0	3.2	8.1	18.0
Adj EPS (Rs)	88.9	91.2	99.0	116.8
RoCE	33.4	36.7	39.4	42.4
RoE	57.2	53.2	52.0	55.4
RoIC	51.5	54.8	58.3	73.1
P/E	69.3	67.5	62.2	52.7
EV/EBITDA	46.8	46.5	43.1	37.1
P/BV	37.6	34.1	30.8	27.7

Source: Company, Bloomberg, Nirmal Bang Institutional Equities Research

**Key Links- [2QFY26 Investor Presentation](#)**

[FY25 Annual Report](#)

Please refer to the disclaimer towards the end of the document

## Exhibit 1: 2QFY26 consolidated performance

Particulars (Rsmn)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26E	4Q26E	FY25	FY26E	2Q26E	Var.
<b>Base business vol. growth (%)</b>	<b>8.0</b>	<b>8.0</b>	<b>6.0</b>	<b>3.0</b>	<b>2.0</b>	<b>0.0</b>	<b>4.0</b>	<b>9.0</b>	<b>6.3</b>	<b>3.8</b>	<b>0.0</b>	-
<b>Net sales</b>	<b>42,503</b>	<b>46,676</b>	<b>45,926</b>	<b>44,322</b>	<b>46,222</b>	<b>48,406</b>	<b>49,600</b>	<b>50,076</b>	<b>1,79,427</b>	<b>1,94,305</b>	<b>48,309</b>	0.2
YoY change (%)	6.0	5.3	7.9	8.9	8.8	3.7	8.0	13.0	7.0	8.3	3.5	-
<b>Gross Profit</b>	<b>18,449</b>	<b>19,381</b>	<b>17,784</b>	<b>17,773</b>	<b>18,631</b>	<b>20,177</b>	<b>20,336</b>	<b>20,779</b>	<b>73,386</b>	<b>79,923</b>	<b>19,565</b>	3.1
Margins (%)	43.4	41.5	38.7	40.1	40.3	41.7	41.0	41.5	40.9	41.1	40.5	-
<b>EBITDA</b>	<b>7,537</b>	<b>7,834</b>	<b>8,449</b>	<b>8,052</b>	<b>7,571</b>	<b>9,545</b>	<b>8,680</b>	<b>8,384</b>	<b>31,872</b>	<b>34,179</b>	<b>8,358</b>	14.2
Margins (%)	17.7	16.8	18.4	18.2	16.4	19.7	17.5	16.7	17.8	17.6	17.3	2.4
YoY growth (%)	9.4	-10.2	2.9	2.3	0.4	21.8	2.7	4.1	0.5	7.2	6.7	-
Depreciation	739	761	824	810	820	851	857	820	3,133	3,347	841	-
Interest	290	346	446	307	262	347	325	361	1,388	1,295	294	-
Other Income	556	460	625	630	570	521	606	641	2,271	2,338	598	-
<b>PBT</b>	<b>7,064</b>	<b>7,187</b>	<b>7,804</b>	<b>7,566</b>	<b>7,059</b>	<b>8,869</b>	<b>8,104</b>	<b>7,844</b>	<b>29,621</b>	<b>31,875</b>	<b>7,821</b>	-
Tax	1,824	1,836	1,961	1,928	1,809	2,286	2,042	1,886	7,550	8,023	1,971	-
Rate (%)	25.8	25.6	25.1	25.5	25.6	25.8	25.2	24.0	25.5	25.2	25.2	-
<b>Adjusted PAT</b>	<b>5,241</b>	<b>5,316</b>	<b>5,817</b>	<b>5,599</b>	<b>5,207</b>	<b>6,545</b>	<b>6,063</b>	<b>6,038</b>	<b>21,972</b>	<b>23,852</b>	<b>5,851</b>	11.9
YoY change (%)	14.6	-9.5	4.2	4.0	-0.7	23.1	4.2	7.8	2.6	8.6	10.1	-
<b>Adj. EPS (Rs)</b>	<b>21.8</b>	<b>22.1</b>	<b>24.1</b>	<b>23.2</b>	<b>21.6</b>	<b>27.2</b>	<b>25.2</b>	<b>25.1</b>	<b>91.2</b>	<b>99.0</b>	<b>24.3</b>	-

Source: Company, Nirmal Bang Institutional Equities Research

## Exhibit 2: Common-size P&L over the quarters

Particulars (%)	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Gross margin	42.9	43.9	44.9	43.4	41.5	38.7	40.1	40.3	41.7
Staff cost	3.6	4.7	4.0	4.8	5.0	2.3	3.7	5.2	3.7
Other expenses	19.6	19.9	21.6	20.9	19.8	18.0	18.2	18.7	18.2
EBITDA	19.7	19.3	19.4	17.7	16.8	18.4	18.2	16.4	19.7
EBIT	18.1	17.5	17.4	16.0	15.2	16.6	16.3	14.6	18.0
PBT	18.0	17.9	18.1	16.6	15.4	17.0	17.1	15.3	18.3
Adjusted PAT	13.3	13.1	13.2	12.3	11.4	12.7	12.6	11.3	13.5

Source: Company, Nirmal Bang Institutional Equities Research

## Exhibit 3: Our estimates vs BBG consensus vs actual

Particulars (Rsmn)	2QFY25	1QFY26	2QFY26	YoY (%)	QoQ (%)	NBIE Estimates	Variation (%)	BBG Consensus	Variation (%)
Net Sales	46,676	46,222	48,406	3.7	4.7	48,309	0.2	49,507	-2.2
EBITDA	7,834	7,571	9,545	21.8	26.1	8,358	14.2	8,554	11.6
EBITDA margin (%)	16.8	16.4	19.7	2.9	3.3	17.3	2.4	17.3	2.4
PAT	5,316	5,207	6,545	23.1	25.7	5,851	11.9	5,921	10.5

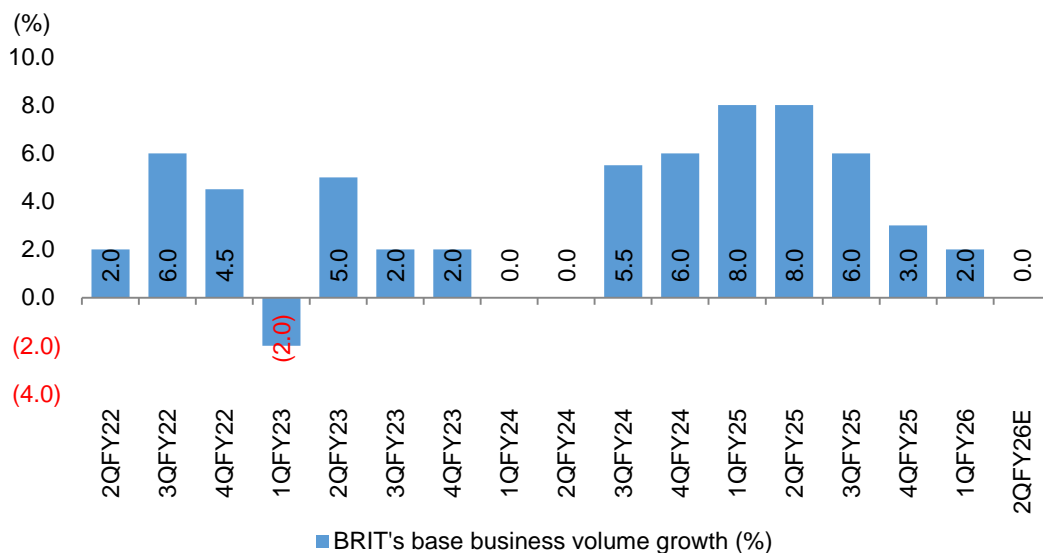
Source: Company, Nirmal Bang Institutional Equities Research

## Exhibit 4: Change in our estimates

Y/E March	Earlier Estimates		New Estimates		Change (%)	
(Rsmn)	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Net Sales	1,97,676	2,21,634	1,94,305	2,17,941	-1.7	-1.7
EBITDA	34,554	39,964	34,179	39,545	-1.1	-1.0
EBITDA margin (%)	17.5	18.0	17.6	18.1	0.1	0.1
Adj PAT	24,245	28,468	23,852	28,149	-1.6	-1.1

Source: Company, Nirmal Bang Institutional Equities Research

**Exhibit 5: We estimate volume to remain flat YoY in 2QFY26**



Source: Company, Nirmal Bang Institutional Equities Research; Note: Volume growth numbers are estimated

**Exhibit 6: Standalone quarterly performance**

Y/E March (Rsmn)	2QFY25	1QFY26	2QFY26	YoY (%)	QoQ (%)	FY25	FY26	YoY (%)
<b>Revenues</b>	<b>45,008</b>	<b>44,527</b>	<b>46,645</b>	<b>3.6</b>	<b>4.8</b>	<b>85,953</b>	<b>91,173</b>	<b>6.1</b>
COGS	27,153	27,367	28,019	3.2	2.4	51,024	55,386	8.5
<b>Gross margin %</b>	<b>39.7</b>	<b>38.5</b>	<b>39.9</b>	<b>0.3</b>	<b>1.4</b>	<b>40.6</b>	<b>39.3</b>	<b>-1.4</b>
Employee costs	1,947	2,037	1,433	-26.4	-29.7	3,594	3,470	-3.5
% of sales	4.3	4.6	3.1	-1.3	-1.5	4.2	3.8	-0.4
Other expenses	8,446	7,917	8,051	-4.7	1.7	16,590	15,967	-3.8
% of sales	18.8	17.8	17.3	-1.5	-0.5	19.3	17.5	-1.8
<b>EBITDA</b>	<b>7,462</b>	<b>7,207</b>	<b>9,143</b>	<b>22.5</b>	<b>26.9</b>	<b>14,745</b>	<b>16,350</b>	<b>10.9</b>
<b>EBITDA margin %</b>	<b>16.6</b>	<b>16.2</b>	<b>19.6</b>	<b>3.0</b>	<b>3.4</b>	<b>17.2</b>	<b>17.9</b>	<b>0.8</b>
Depreciation	689	749	775	12.5	3.5	1,356	1,524	12.4
EBIT	6,773	6,458	8,368	23.5	29.6	13,389	14,826	10.7
<b>EBIT margin %</b>	<b>15.0</b>	<b>14.5</b>	<b>17.9</b>	<b>2.9</b>	<b>3.4</b>	<b>15.6</b>	<b>16.3</b>	<b>0.7</b>
Interest expense	343	257	342	-0.4	33.0	629	598	-4.8
Other income	520	541	1,101	111.9	103.5	1,193	1,642	37.7
Exceptional items	1	0	0	-	-	186	0	-
PBT	6,951	6,742	9,128	31.3	35.4	14,139	15,870	12.2
Tax	1,805	1,759	2,228	23.4	26.6	3,602	3,987	10.7
<b>Effective tax rate %</b>	<b>26.0</b>	<b>26.1</b>	<b>24.4</b>	<b>-1.6</b>	<b>-1.7</b>	<b>25.5</b>	<b>25.1</b>	<b>-0.3</b>
<b>Adj. PAT</b>	<b>5,145</b>	<b>4,983</b>	<b>6,900</b>	<b>34.1</b>	<b>38.5</b>	<b>10,351</b>	<b>11,882</b>	<b>14.8</b>
<b>Adj. PAT margin %</b>	<b>11.4</b>	<b>11.2</b>	<b>14.8</b>	<b>3.4</b>	<b>3.6</b>	<b>12.0</b>	<b>13.0</b>	<b>1.0</b>
<b>EPS (Rs)</b>	<b>21.4</b>	<b>20.7</b>	<b>28.6</b>	<b>34.1</b>	<b>38.5</b>	<b>43.0</b>	<b>49.3</b>	<b>14.8</b>

Source: Company, Nirmal Bang Institutional Equities Research

**Exhibit 7: Imputed subsidiary performance**

Y/E March (Rsmn)	2QFY25	1QFY26	2QFY26	YoY (%)	QoQ (%)	FY25	FY26	YoY (%)
Revenues	1,667	1,695	1,761	5.6	3.9	3,226	3,456	7.1
COGS	141	224	211	49.0	-6.0	325	434	33.7
<b>Gross margin %</b>	<b>91.5</b>	<b>86.8</b>	<b>88.0</b>	<b>-3.5</b>	<b>1.3</b>	<b>89.9</b>	<b>87.4</b>	<b>-2.5</b>
EBITDA	372	364	402	8.1	10.5	626	766	22.5
<b>EBITDA margin %</b>	<b>22.3</b>	<b>21.5</b>	<b>22.8</b>	<b>0.5</b>	<b>1.4</b>	<b>19.4</b>	<b>22.2</b>	<b>2.8</b>
Adj. PAT	170	224	-355	-308.2	-258.0	206	-130	-163.3
<b>Adj. PAT margin %</b>	<b>10.2</b>	<b>13.2</b>	<b>-20.1</b>	<b>-30.4</b>	<b>-33.4</b>	<b>6.4</b>	<b>-3.8</b>	<b>-10.1</b>

Source: Company, Nirmal Bang Institutional Equities Research

## Britannia 2QFY26 earnings call and presentation highlights

### Operational Highlights (Company Reported Numbers)

- Reported consolidated revenue from operations (excl. OOI) at Rs47.52bn, up 4.1% YoY, driven by steady core biscuit demand and growth in adjacencies. (Consol. revenue incl. OOI grew 3.7% YoY to Rs48.4bn).
- Operating profit up 22.9% YoY to Rs8.69bn, PBT up 23.6% YoY to Rs8.84bn, and PAT up 23.1% YoY to Rs6.54bn.
- Operating margin improved to 18.3% (vs 14.9% in Q1FY26) and PAT margin expanded to 13.8% (vs 11.5% in Q1FY26), led by cost savings, procurement efficiencies, and product mix improvement.
- Growth temporarily impacted by GST rate rationalization on ~85% of portfolio (effective 22-Sep-25), leading to 2–2.5% topline loss due to distributor destocking in September.
- Management confirmed GST impact will normalize by mid-November with no residual drag expected in Q3FY26.
- ~65% of the portfolio comprises Rs5 and Rs10 packs; temporarily priced at Rs4.5 and Rs9 to pass on GST benefits. Grammage increase implemented for 65% of SKUs by end-October with the balance to be done by mid-November.
- Management termed Q2 as a 'lull before the storm', anticipating strong rebound in Q3 and Q4 as trade stabilizes.
- Employee costs reduced YoY due to lower one-off variable payout (Rs500mn last year vs Rs50mn in Q2FY26). Phantom share impact was negligible.

### Market & Competitive Landscape

- Britannia retained market leadership in biscuits, maintaining a healthy gap versus organized peers.
- Minor share loss to local/regional players post-GST transition is expected to reverse as compliance-led gains accrue to organized players.
- Management expects market share expansion in the coming quarters as smaller players lose tax advantage post-GST cut.
- Rural growth outpaced urban, aided by affordability improvement from grammage-led pricing.
- East region recovered ~90% (penetration is now in 90% of the stores); competitive environment now more favorable post-GST rationalization.
- Management highlighted that rains did not hurt consumption; in some markets, weather aided demand.
- General trade remains the most profitable channel and continues to drive volumes; modern trade discounting by peers termed a short-term flanking tactic.
- The company continues to deepen direct distribution in rural and semi-urban areas to expand numeric reach.

### Commodity & Cost Trends

- Input cost environment remained stable QoQ with moderate YoY inflation.
- Flour +2% QoQ/+6% YoY.
- Milk +2% QoQ/+1% YoY.
- Cocoa +5% QoQ/+9% YoY.
- Palm oil –9% QoQ/+29% YoY.
- Sugar +1% QoQ/+3% YoY.

- Raw material basket remains under control with limited sequential inflation in milk and laminates.
- Management indicated that the full benefit of softer commodity prices will reflect in subsequent quarters.
- Strategic coverage and sourcing efficiencies kept input costs below market levels.
- Sequential margin gains supported by improved factory productivity and lower wastage.
- State-level incentive impact post-GST rationalization being evaluated; not expected to materially affect profitability.

## Strategic & Business Priorities

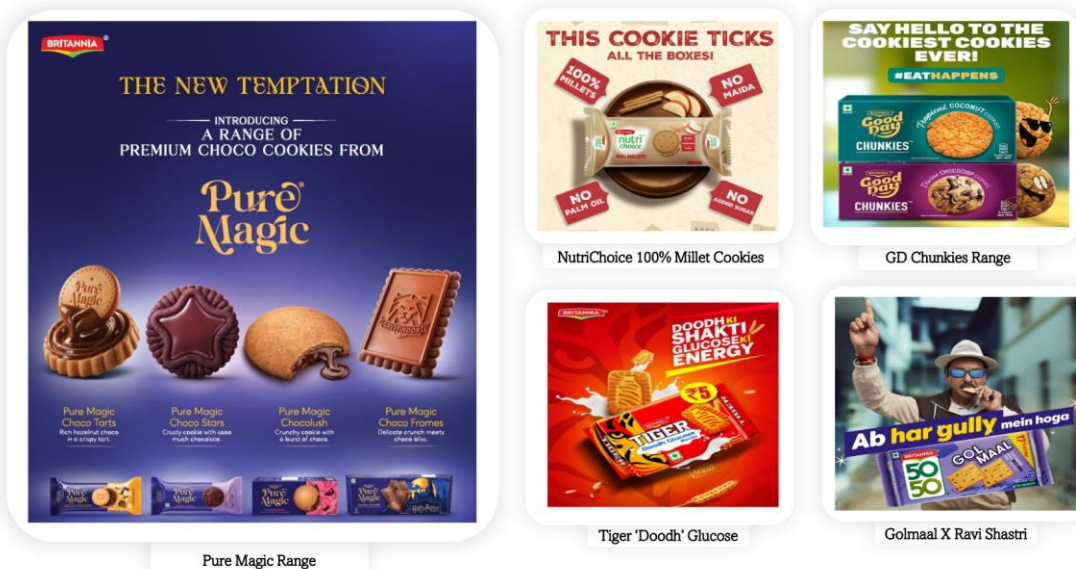
- Volume-led growth remains the key focus, supported by region- and consumer-centric innovation.
- Regionalization strategy in execution—differentiated recipes and product formats being tailored for local tastes (e.g., state-specific Marie and Jeera variants).
- Continued investment in brand restages, advertising, and consumer engagement to reinforce leadership.
- E-commerce and modern trade positioned as platforms for premium and digital-first launches.
- Cost efficiency initiatives across the value chain, including factory automation, logistics optimization, and digital tools.
- Management reiterated that short term margin volatility is acceptable in pursuit of sustainable market share-led growth.

## Brand & Product Highlights

- Revamped Pure Magic portfolio with *Choco Tarts*, *Choco Stars*, *Choco Lush*, and *Choco Frames (Harry Potter Edition)*.
- NutriChoice 100% Millet Cookies gained strong traction, leveraging the millet and health trend.
- Tiger Glucose successfully restaged as *Tiger Doodh Glucose*; performing well in rural markets with strong consumer connect.
- Good Day Chunkies supported by *Golmaal x Ravi Shastri* campaign; building presence in premium biscuits.
- Wafers business recorded its fifth consecutive quarter of double-digit growth, aided by additional capacity in North India.
- Croissant and Rusk delivered high double-digit growth, driven by e-commerce and urban channels.
- Cheese witnessed healthy sequential growth, gaining share in general trade and institutional channels (pizza segment).
- Cakes (especially Brownie) showing improving momentum though below internal targets.
- Dairy operations at Ranjangaon stabilizing, though overall segment performance remains below expectations.
- Company exploring ready-to-drink protein beverages but not entering the whey powder space.
- International business, particularly Africa and the Kenya JV, continued to grow well with profitability intact.



## Exhibit 8: Innovations fueling premiumization



Source: Company, Nirmal Bang Institutional Equities Research

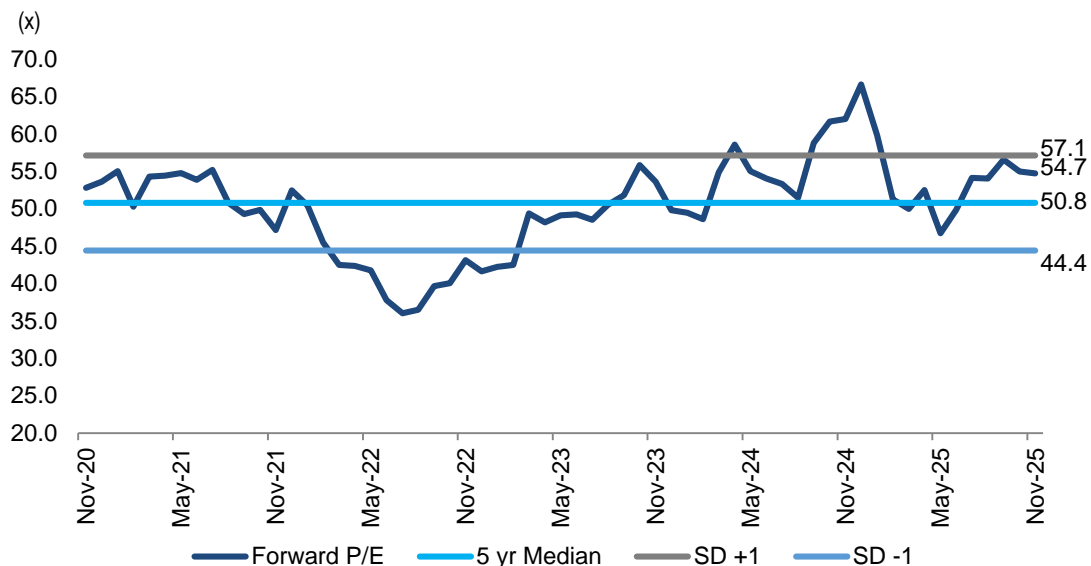
### ESG & Sustainability

- Renewable electricity share increased 13% QoQ, now at ~45% of total consumption.
- Specific water consumption reduced 3.4% QoQ through recycling and process improvements.
- BNF (Britannia Nutrition Foundation) beneficiaries rose 22% YoY to ~0.3mn individuals.
- Women factory workforce share increased by 1ppt YoY to 45%.
- Received Golden Peacock Award for the second consecutive year.
- S&P Global Corporate Sustainability Assessment (CSA) score improved to 60 from 52 in 2024.

### Management Commentary & Outlook

- Management characterized Q2 as a transition quarter with temporary GST disruption but a strong base for recovery.
- Pricing growth of 7–8% in Q2FY26 likely to moderate as grammage benefits flow through.
- Demand recovery expected from Q3FY26, led by normalization in trade, improved consumer sentiment, and compliance-led market share gains.
- Rural markets expected to drive growth, supported by lower price points and better value perception.
- Medium-term strategy focused on:
  - Living volume-led growth through regional products and distribution depth.
  - Sustaining margin discipline through cost control and productivity gains.
  - Reinforcing core brand equity through consistent reinvestment.
- Management remains open to short term margin trade-offs to build market share and long-term competitiveness.
- Margins expected to stay stable to slightly positive in H2FY26, assuming commodity costs remain range-bound.
- New CEO, Mr. Rakshit Hargave, will take charge in Dec-25 and handle the entire business; Mr. Varun Berry to remain actively involved in strategic and mentoring capacity.

**Exhibit 9: One-year forward P/E**



Source: Company, Nirmal Bang Institutional Equities Research

## Financials (Consolidated)

**Exhibit 10: Income statement**

Y/E March (Rsmn)	FY23	FY24	FY25	FY26E	FY27E
<b>Net Sales</b>	<b>1,63,006</b>	<b>1,67,693</b>	<b>1,79,427</b>	<b>1,94,305</b>	<b>2,17,941</b>
Growth YoY %	15.3	2.9	7.0	8.3	12.2
<b>Gross profit</b>	<b>67,093</b>	<b>72,772</b>	<b>73,386</b>	<b>79,923</b>	<b>92,040</b>
<b>Gross margin %</b>	<b>41.2</b>	<b>43.4</b>	<b>40.9</b>	<b>41.1</b>	<b>42.2</b>
Staff costs	6,584	7,087	7,046	8,124	9,119
% of sales	4.0	4.2	3.9	4.2	4.2
Other expenses	32,200	33,987	34,469	37,620	43,376
% of sales	19.8	20.3	19.2	19.4	19.9
<b>EBITDA</b>	<b>28,309</b>	<b>31,698</b>	<b>31,872</b>	<b>34,179</b>	<b>39,545</b>
Growth YoY %	28.6	12.0	0.5	7.2	15.7
<b>EBITDA margin (%)</b>	<b>17.4</b>	<b>18.9</b>	<b>17.8</b>	<b>17.6</b>	<b>18.1</b>
Depreciation	2,259	3,005	3,133	3,347	3,500
EBIT	26,050	28,694	28,738	30,832	36,045
Interest	1,691	1,640	1,388	1,295	1,073
Other income	2,159	2,142	2,271	2,338	2,645
PBT (bei)	26,517	29,196	29,621	31,875	37,617
PBT	29,259	29,174	29,436	31,875	37,617
ETR	23.2	26.7	25.5	25.2	25.2
PAT	23,218	21,398	21,787	23,852	28,149
<b>Adj PAT</b>	<b>20,476</b>	<b>21,419</b>	<b>21,972</b>	<b>23,852</b>	<b>28,149</b>
% Growth	34.2	5.0	3.2	8.1	18.0

Source: Company, Nirmal Bang Institutional Equities Research

**Exhibit 11: Balance sheet**

Y/E March (Rsmn)	FY23	FY24	FY25	FY26E	FY27E
Share capital	241	241	241	241	241
Reserves	35,102	39,174	43,316	47,910	53,277
Net worth	35,343	39,415	43,557	48,151	53,517
Long term debt	15,662	9,249	7,324	7,324	7,324
Short term debt	14,312	11,401	5,141	5,141	5,141
<b>Total debt</b>	<b>29,974</b>	<b>20,650</b>	<b>12,465</b>	<b>12,465</b>	<b>12,465</b>
<b>Net debt</b>	<b>9,984</b>	<b>-779</b>	<b>-1,776</b>	<b>-9,549</b>	<b>-17,060</b>
Other non-current liabilities	-554	-418	-348	-348	-348
<b>Total Equity &amp; Liabilities</b>	<b>65,065</b>	<b>59,892</b>	<b>55,930</b>	<b>60,524</b>	<b>65,891</b>
Gross block	40,219	44,296	48,407	49,407	51,407
Accumulated depreciation	14,948	17,883	20,697	24,044	27,544
<b>Net Block</b>	<b>25,271</b>	<b>26,413</b>	<b>27,710</b>	<b>25,363</b>	<b>23,863</b>
CWIP	1,050	1,875	892	892	892
Intangible and others	1,282	1,298	1,328	1,328	1,328
Investments	33,242	27,667	28,654	36,606	44,562
Trade receivables	3,289	3,933	4,486	4,759	5,284
Inventories	11,933	11,812	12,365	14,239	15,981
Cash & Cash Equivalents	1,980	4,464	3,125	3,797	4,688
Loans & advances	12,777	11,433	8,219	7,658	7,005
Other current assets	2,131	1,401	1,241	1,241	1,241
<b>Total current assets</b>	<b>32,110</b>	<b>33,043</b>	<b>29,435</b>	<b>31,694</b>	<b>34,198</b>
Trade payables	14,488	16,275	17,522	19,464	21,597
Other current liabilities	13,402	14,130	14,567	15,895	17,355
<b>Total current liabilities</b>	<b>27,890</b>	<b>30,405</b>	<b>32,089</b>	<b>35,359</b>	<b>38,952</b>
<b>Total assets</b>	<b>65,065</b>	<b>59,892</b>	<b>55,931</b>	<b>60,524</b>	<b>65,891</b>

Source: Company, Nirmal Bang Institutional Equities Research

**Exhibit 12: Cash flow**

Y/E March (Rsmn)	FY23	FY24	FY25	FY26E	FY27E
<b>PBT</b>	<b>30,274</b>	<b>29,167</b>	<b>29,373</b>	<b>31,875</b>	<b>37,617</b>
Depreciation	2,259	3,004	3,133	3,347	3,500
Interest	60	-148	60	1,295	1,073
Other adjustments	-4,129	-256	-826	-2,338	-2,645
Change in Working capital	4,057	1,611	-42	684	980
Tax paid	-7,258	-7,649	-6,892	-8,023	-9,468
<b>Operating cash flow</b>	<b>25,262</b>	<b>25,729</b>	<b>24,807</b>	<b>26,840</b>	<b>31,057</b>
Capex	-7,087	-4,973	-3,447	-1,000	-2,000
<b>Free cash flow</b>	<b>18,175</b>	<b>20,757</b>	<b>21,360</b>	<b>25,840</b>	<b>29,057</b>
Change in investments	-7,631	5,802	-256	-6,952	-6,956
Other investing activities	-887	4,227	5,432	2,638	2,945
<b>Investing cash flow</b>	<b>-14,848</b>	<b>5,146</b>	<b>1,473</b>	<b>-5,314</b>	<b>-6,011</b>
Issuance of share capital	0	0	0	0	0
Movement of Debt	5,182	-9,402	-8,208	0	0
Dividend paid	-13,592	-17,325	-17,675	-19,559	-23,082
Other financing activities	-1,874	-1,664	-1,735	-1,295	-1,073
<b>Financing cash flow</b>	<b>-10,284</b>	<b>-28,391</b>	<b>-27,619</b>	<b>-20,854</b>	<b>-24,155</b>
<b>Net change in cash flow</b>	<b>131</b>	<b>2,484</b>	<b>-1,339</b>	<b>672</b>	<b>891</b>
Opening C&CE	1,849	1,980	4,464	3,125	3,797
Closing C&CE	1,980	4,463	3,125	3,797	4,688

Source: Company, Nirmal Bang Institutional Equities Research

**Exhibit 13: Key ratios**

Y/E March	FY23	FY24	FY25	FY26E	FY27E
<b>Per share (Rs)</b>					
Adj. EPS	85.0	88.9	91.2	99.0	116.8
Book value	146.7	163.6	180.8	199.9	222.2
DPS	72.0	73.5	75.0	81.2	95.8
<b>Valuation (x)</b>					
P/sales	9.1	8.8	8.3	7.6	6.8
EV/EBITDA	52.8	46.8	46.5	43.1	37.1
P/E	72.4	69.3	67.5	62.2	52.7
P/BV	42.0	37.6	34.1	30.8	27.7
<b>Return ratios (%)</b>					
RoCE	34.4	33.4	36.7	39.4	42.4
RoCE (pre-tax)	44.8	45.6	49.3	52.6	56.7
RoE	66.9	57.2	53.2	52.0	55.4
RoIC	50.2	51.5	54.8	58.3	73.1
<b>Profitability ratios (%)</b>					
Gross margin	41.2	43.4	40.9	41.1	42.2
EBITDA margin	17.4	18.9	17.8	17.6	18.1
PAT margin	12.6	12.8	12.2	12.3	12.9
<b>Liquidity ratios (x)</b>					
Current ratio	1.2	1.1	0.9	0.9	0.9
Quick ratio	0.7	0.7	0.5	0.5	0.5
<b>Solvency ratio (x)</b>					
Net Debt to Equity ratio	0.3	0.0	0.0	-0.2	-0.3
<b>Turnover ratios</b>					
Fixed asset turnover ratio (x)	6.2	5.9	6.3	7.4	8.8
Debtor days	7	8	9	9	8
Inventory days	29	26	25	25	25
Creditor days	31	33	34	35	34
Net Working capital days	5	0	-1	-1	-1

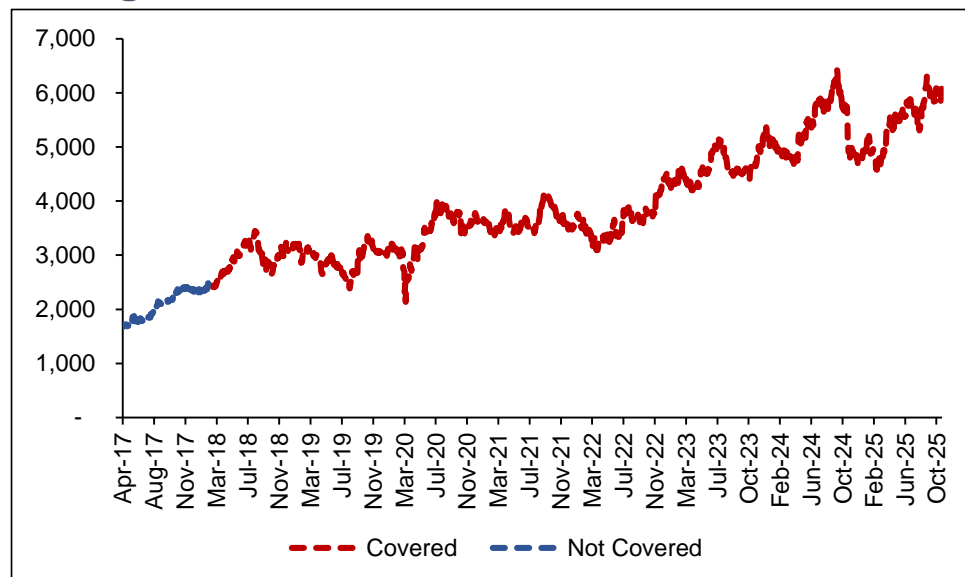
Source: Company, Nirmal Bang Institutional Equities Research



## Rating track

Date	Rating	Market price (Rs)	Target price (Rs)
13 March 2018	Buy	4,867	5,850
18 May 2018	Buy	5,477	6,350
8 August 2018	Buy	6,200	7,120
14 November 2018	Buy	5,812	6,700
12 February 2019	Buy	3,108	3,600
2 May 2019	Buy	2,786	3,500
13 Aug 2019	Buy	2,587	3,380
3 September 2019*	Buy	2,705	3,220
23 September 2019	Buy	2,867	3,645
18 November 2019	Buy	3,196	3,680
11 February 2020	Buy	3,155	3,655
30 March 2020	Buy	2,594	3,500
04 June 2020	Hold	3,511	3,780
16 June 2020	Hold	3,364	3,765
20 July 2020	Hold	3,783	4,045
23 September 2020	Hold	3,588	4,045
21 October 2020	Hold	3,553	3,820
8 January 2021	Hold	3,558	3,915
8 February 2021	Hold	3,474	3,905
9 April 2021	Hold	3,817	3,905
28 April 2021	Hold	3,541	3,835
2 August 2021	Buy	3,505	4,025
23 September 2021	Buy	3,059	4,695
9 November 2021	Buy	3,622	4,340
31 January 2022	Buy	3,535	4,060
21 February 2022	Buy	3,482	4,250
4 May 2022	Buy	3,385	3,965
5 August 2022	Buy	3,775	4,345
14 September 2022	Buy	3,747	4,600
08 November 2022	Buy	4,139	4,770
03 February 2023	Buy	4,573	5,315
22 March 2023	Buy	4,332	5,620
6 May 2023	Buy	4,626	5,565
7 August 2023	Buy	4,660	5,455
17 August 2023	Buy	4,499	5,455
2 November 2023	Buy	4,397	5,515
7 February 2024	Buy	5,007	5,910
6 May 2024	Buy	4,745	5,850
10 July 2024	Hold	5,669	5,835
5 August 2024	Hold	5,720	6,075
9 October 2024	Hold	6,097	6,290
12 November 2024	Hold	5,028	5,570
9 January 2025	Hold	4,860	5,395
7 February 2025	Hold	4,956	5,465
11 April 2025	Hold	5,355	5,705
12 May 2025	Hold	5,436	5,885
09 July 2025	Hold	5,839	6,050
06 August 2025	Hold	5,636	6,060
08 October 2025	Hold	5,836	6,235
8 November 2025	Hold	6,158	6,165

## Rating chart



## DISCLOSURES

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BUY > 15%

HOLD -5% to 14%

SELL < -5%

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