

Pricing Led Top Line Growth; Maintain HOLD
Est. Vs. Actual for Q4FY25: Revenue – **BEAT**; EBITDA – **BEAT**; PAT – **BEAT**
Changes in Estimates post Q4FY25
FY26E/FY27E: Revenue: 0%/1%; EBITDA: 5%/8%; PAT: 6%/10%

Recommendation Rationale

- **Britannia's Q4FY25 results:** Britannia delivered a solid Q4FY25 performance, surpassing expectations with 9% YoY revenue growth (vs. est. 7.6%) despite a soft consumption environment. Growth was supported by calibrated price hikes and resilient volume traction. Management reiterated that price hikes were implemented in Q4 to offset inflation and support margins. While some increases may carry into early Q1FY26, further hikes are unlikely unless input costs rise again. Additionally, price cuts are not being considered due to sector-wide inflation. Distribution continues to be a key strength, with the company reaching 29 Lc outlets pan-India and expanding rural coverage by 31,000 outlets in FY25.
- **Margin guidance amid commodity inflation:** Gross margins declined by 481 bps YoY to 39.3%, impacted by sharp cost inflation in milk, palm oil, cocoa, and wheat. Consequently, EBITDA margins declined by 118 bps to 18.2%, though partially offset by stringent cost efficiency measures, including an 8% YoY reduction in other expenses. **Management reaffirmed its focus on maintaining EBITDA margins at current levels while remaining competitive.**
- **Demand Outlook:** The company remains vigilant on commodity cost movements and aggressive regional pricing. It aims to sustain profitable growth through focused investments in innovation, adjacencies, and brand strength, while preserving market leadership.

Sector Outlook: Cautious
Company Outlook & Guidance: As the near-term demand recovery would be gradual, we maintain our HOLD stance in the stock. However, we have increased our FY26/FY27 estimates.

Current Valuation: 48xMar-27 EPS (Earlier Valuation: 45xDec-26 EPS).

Current TP: Rs 5,960/share (Earlier TP: Rs 5,130/share).

Recommendation: With an upside of 6% from the CMP, we maintain our HOLD stance

Financial Performance

Revenue grew by 9% YoY, reaching Rs 4,376 Cr, driven by price hikes and volume. Gross margins declined by 481 bps to 39.3% due to a steep rise in key commodity prices (milk, palm oil, cocoa). EBITDA margins stood at 18.2%, down by 118 bps, partly offset by higher operating leverage. Adjusted PAT was Rs 560 Cr, up 4% YoY.

Outlook: Near-term challenges persist due to several factors: (1) A subdued demand environment, (2) Underperformance in urban markets, particularly in metros and large cities, (3) Steep commodity inflation, especially in palm oil and other key raw materials, and (4) Rising competition. These headwinds are likely to weigh on Britannia's topline growth and margins.

Consequently, we expect the stock to remain range-bound and maintain our rating to HOLD.

Valuation & Recommendation: Based on the above thesis, we estimate Revenue/EBITDA/PAT CAGR of 9.5%/10.5%/13.1% over FY24-27E. With an upside of 6% from the CMP, we maintain our stance to HOLD the stock with a revised TP of Rs 5,960/share.

Key Financials (Consolidated)

(Rs Cr)	Q4FY25	QoQ (%)	YoY (%)	Axis Est.	Variance (%)
Net Sales	4,376	(2.0)	9.0	4,320	1.3
EBITDA	805	(4.7)	2.3	743	8.4
EBITDA Margin (%)	18.2	-23 bps	-118 bps	16.9	131 bps
Net Profit	560	(3.7)	4.0	494	13.3
EPS (Rs)	23.2	(3.7)	4.0	20.5	13.3

Source: Company, Axis Research

(CMP as of 12th May 2025)

CMP (Rs)	5,609
Upside /Downside (%)	6%
High/Low (Rs)	6473/4506
Market cap (Cr)	1,35,095
Avg. daily vol.(6m)Shrs '000.	437
No. of shares (Cr)	24

Shareholding (%)

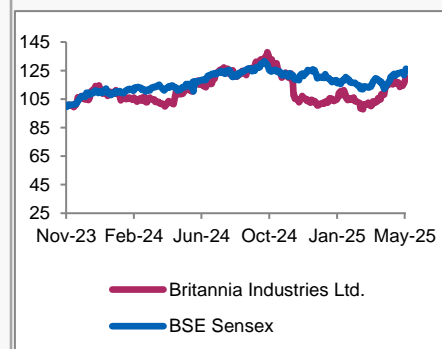
	Sep-24	Dec-24	Mar-25
Promoter	50.6	50.6	50.6
FIIIs	17.9	16.5	15.7
MFs / UTI	7.2	8.2	8.2
FIs/ Banks	0.1	0.1	0.1
Others	24.2	24.7	25.4

Financial & Valuations

Y/E Mar (Rs Cr)	FY25A	FY26E	FY27E
Net Sales	17,535	19,507	21,754
EBITDA	3,187	3,678	4,289
Net Profit	2,204	2,619	3,110
EPS (Rs.)	91.7	109.0	129.4
PER (x)	61.2	51.5	43.3
EV/EBITDA (x)	42.2	36.3	30.7
P/BV (x)	30.9	24.9	19.4
ROE (%)	50.6	48.4	44.7

Change in Estimates (%)

Y/E Mar	FY26E	FY27E
Sales	0	1
EBITDA	5	8
PAT	6	10

Relative Performance


Source: Ace Equity, Axis Securities

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Other Key Takeaways

- **New Innovations:** Q4FY25 saw strategic new launches across categories, including the e-commerce-first debut of the premium Pure Magic Choco Frames and Winkin' Cow Grow, bolstering the growth of adjacent categories. Simultaneously, the company intensified brand investments with impactful promotional campaigns for core brands like Marie Gold and Good Day.
- **Adjacent Categories:** The company is expanding its adjacency portfolio with new launches across bakery, biscuits, cheese, and beverages. The company's Non-biscuit portfolio witnessed strong traction in FY25 — croissants and wafers outpaced biscuits by over 3x, driven by channel expansion. The cakes range was refreshed with improved product quality and revamped packaging. Rusk delivered high single-digit value growth on the back of robust volume. Beverages posted healthy double-digit growth across channels, while the newly introduced cheese offerings—developed with French expertise—are showing encouraging early signs of market acceptance.
- **International Business** continued on a profitable growth path across the Middle East, Africa & Rest of the International markets

Key Risks to Our Estimates and TP

- Increase in competitive intensity; Prolonged demand recovery; RM inflation

Change in Estimates

	Old		Revised		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	19,445	21,587	19,507	21,754	0	1
EBITDA	3,503	3,955	3,678	4,289	5	8
PAT	2,470	2,833	2,619	3,110	6	10
EPS	103	117.9	109	129	6	10

Source: Company, Axis Securities

Results Review

(Rs Cr)	Q4FY24	Q3FY25	Axis Sec Est.	Q4FY25	YoY growth %	QoQ growth (%)	Axis Sec Var (%)
Volume growth (% YoY)	5.5	6.0	5.0	6.0	9.1	-	
Price growth (%YoY)	(2.4)	2.0	2.5	2.5	(205.7)	25.0	
Net Sales	4,014	4,463	4,320	4,376	9.0	(2.0)	1.3
Gross Profits	55	129	88	57	2.4	(56.2)	(36.0)
Gross Margin (%)	1,772	1,649	1,719	1,721	(2.9)	4.3	0.1
Staff costs	44.1	36.9	39.8	39.3	-481 bps	238 bps	-46 bps
Other operating expenses	162	106	178	165	1.5	55.4	(7.7)
EBITDA	877	828	886	808	(8.0)	(2.4)	(8.9)
EBITDA margin (%)	787	845	743	805	2.3	(4.7)	8.4
Depreciation	19.4	18.4	16.9	18.2	-118 bps	-23 bps	131 bps
EBIT	-80	-82	-86	-81	1.3	(1.7)	(6.4)
Interest	708	763	656	724	2.4	(5.0)	10.3
Other Income	-26	-45	-49	-31	15.9	(31.2)	(37.5)
PBT	57	62	60	63	9.9	0.9	4.7
Tax rate (%)	738	780	668	757	2.5	(3.1)	13.3
Adj. PAT	26.8	25.1	26.0	25.5	-133 bps	36 bps	-52 bps
EPS	538	582	494	560	4.0	(3.7)	13.3

Source: Company, Axis Securities

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E Mar, Rs Cr	FY24	FY25A	FY26E	FY27E
Net sales	16,546	17,535	19,507	21,754
Growth, %	4	6	11	12
Other operating income	223	408	440	475
Total income	16,769	17,943	19,948	22,230
Raw material expenses	(9,492)	(10,604)	(11,717)	(12,948)
Employee expenses	(709)	(705)	(761)	(822)
Other Operating Expenses	(3,399)	(3,447)	(3,792)	(4,171)
EBITDA (Core)	3,170	3,187	3,678	4,289
Growth, %	12	1	15	17
Margin, %	19	18	19	20
Depreciation	(300)	(313)	(325)	(344)
EBIT	2,869	2,874	3,353	3,945
Growth, %	10	0	17	18
Margin, %	17	16	17	18
Interest paid	(164)	(139)	(111)	(89)
Other Income	214	227	263	306
Pre-tax profit	2,913	2,927	3,506	4,162
Tax provided	(779)	(749)	(886)	(1,052)
Profit after tax	2,134	2,178	2,619	3,110
Others (Minorities, Associates)	6	1	-	-
Net Profit	2,140	2,179	2,619	3,110
Growth, %	10	3	19	19
Net Profit (adjusted)	2,143	2,204	2,619	3,110
Unadj. shares (Cr)	24	24	24	24
Wtdavg shares (Cr)	24	24	24	24

Source: Company, Axis Securities

Balance Sheet

(Rs Cr)

Mar, Rs Cr	FY24	FY25A	FY26E	FY27E
Cash & bank	446	312	1,402	3,002
Marketable securities at cost	1,697	1,112	1,112	1,112
Debtors	393	449	499	557
Inventory	1,181	1,237	1,376	1,534
Loans & advances	460	50	50	50
Other current assets	671	754	754	754
Total current assets	4,849	3,914	5,193	7,009
Investments	1,070	1,754	1,754	1,754
Gross fixed assets	4,558	5,004	5,304	5,604
Less: Depreciation	(1,787)	(2,100)	(2,425)	(2,769)
Add: Capital WIP	188	89	89	89
Net fixed assets	2,959	2,993	2,968	2,924
Non-current assets	152	141	141	141
Total assets	9,074	8,839	10,093	11,866
Current liabilities	4,084	3,618	3,815	4,040
Provisions	31	33	33	33
Total current liabilities	4,115	3,651	3,848	4,072
Non-current liabilities	993	806	806	806
Total liabilities	5,108	4,457	4,654	4,879
Paid-up capital	24	24	24	24
Reserves & surplus	3,917	4,332	5,389	6,937
Shareholders' equity	3,966	4,381	5,439	6,987
Total equity & liabilities	9,074	8,839	10,093	11,866

Source: Company, Axis Securities

Cash Flow

(Rs Cr)

Y/E Mar, Rs Cr	FY24	FY25A	FY26E	FY27E
Pre-tax profit	2,913	2,927	3,506	4,162
Depreciation	300	313	325	344
Change in working capital	122	(232)	8	9
Total tax paid	(766)	(741)	(886)	(1,052)
Other operating activities	-	-	-	-
Cash flow from operating activities	2,570	2,267	2,952	3,463
Capital expenditure	(499)	(348)	(300)	(300)
Chg in investments	453	(684)	-	-
Change in marketable securities	104	585	-	-
Other investing activities	-	-	-	-
Cash flow from investing activities	55	(457)	(300)	(300)
Free cash flow	2,625	1,810	2,652	3,163
Equity raised/(repaid)	3	414	(0)	0
Debt raised/(repaid)	(647)	(192)	-	-
Dividend (incl. tax)	(1,770)	(1,770)	(1,562)	(1,562)
Other financing activities	-	-	-	-
Cash flow from financing activities	(2,414)	(1,546)	(1,562)	(1,562)
Net change in cash	211	264	1,089	1,601
Opening cash balance	198	446	312	1,402
Closing cash balance	446	312	1,402	3,002

Source: Company, Axis Securities

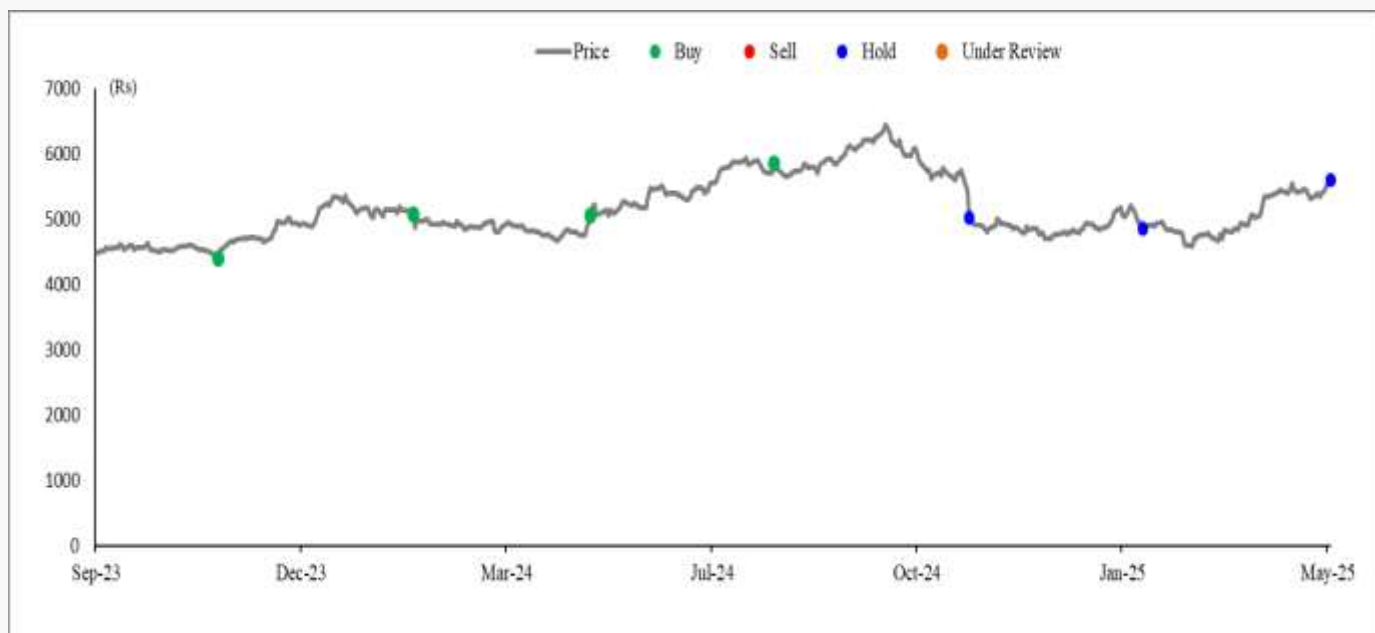
Ratio Analysis

(%)

Y/E March	FY24	FY25A	FY26E	FY27E
Per Share data				
EPS (INR)	89.2	91.7	109.0	129.4
Growth, %	10.1	2.8	18.9	18.7
Book NAV/share (INR)	164.0	181.2	225.2	289.7
FDEPS (INR)	89.2	91.7	109.0	129.4
CEPS (INR)	101.8	105.8	122.5	143.7
CFPS (INR)	105.6	110.9	111.9	131.4
DPS (INR)	73.7	73.7	65.0	65.0
Return ratios				
Return on assets (%)	24.9	25.9	28.8	29.1
Return on equity (%)	54.4	50.6	48.4	44.7
Return on capital employed (%)	45.0	45.4	47.5	45.4
Turnover ratios				
Asset turnover (x)	6.2	7.1	8.6	9.8
Sales/Total assets (x)	1.8	2.0	2.1	2.0
Sales/Net FA (x)	5.8	5.9	6.5	7.4
Receivable days	8.7	9.3	9.3	9.3
Inventory days	26.1	25.7	25.7	25.7
Payable days	43.7	43.3	43.7	44.2
Working capital days	(30.4)	(23.5)	(21.3)	(19.2)
Liquidity ratios				
Current ratio (x)	1.2	1.1	1.4	1.7
Quick ratio (x)	0.9	0.7	1.0	1.4
Interest cover (x)	17.5	20.7	30.2	44.4
Total debt/Equity (%)	0.5	0.3	0.2	0.2
Net debt/Equity (%)	(0.2)	(0.3)	(0.5)	(0.6)
Valuation				
PER (x)	62.9	61.2	51.5	43.3
PEG (x) - y-o-y growth	6.2	21.5	2.7	2.3
Price/Book (x)	34.2	30.9	24.9	19.4
EV/Net sales (x)	8.1	7.7	6.8	6.1
EV/EBITDA (x)	42.5	42.2	36.3	30.7
EV/EBIT (x)	46.9	46.8	39.8	33.4

Source: Company, Axis Securities

Britannia Industries Price Chart and Recommendation History



Date	Reco	TP	Research
02-Nov-23	BUY	5,150	Result Update
08-Feb-24	BUY	5,800	Result Update
07-May-24	BUY	5,800	Result Update
06-Aug-24	BUY	6,350	Result Update
13-Nov-24	HOLD	5,000	Result Update
10-Feb-25	HOLD	5,130	Result Update
13-May-25	HOLD	5,960	Result Update

Source: Axis Securities

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NO STANCE	We do not have any forward-looking estimates, valuation or recommendation for the stock

Note: Returns stated in the rating scale are our internal benchmark.