

Pricing Led Top Line Growth; Maintain HOLD

Est. Vs. Actual for Q1FY26: Revenue – **BEAT**; EBITDA – **MISS**; PAT – **MISS**

Changes in Estimates post Q1FY26

FY26E/FY27E: Revenue: -1%/-1%; EBITDA: -1%/-5%; PAT: -1%/-5%

Recommendation Rationale

- **Britannia's Q1FY26 results:** Britannia reported ~10% YoY revenue growth (2% volume growth), driven primarily by calibrated price hikes and market share gains in key regions. Urban and rural markets continued their growth momentum, supported by distribution expansion. However, the East region was impacted due to distribution restructuring, as Britannia is in the process of appointing a mega distributor to gain better control of the region. The delta between volume and value growth is expected to remain in the range of 6-7% over the next two quarters, owing to a higher salience (at 60%) of lower price point packs.
- **Margin guidance amid commodity inflation:** Gross margins declined by 260 bps YoY to 39.2%, impacted by sharp cost inflation in key raw materials. However, on a sequential basis, commodity inflation has seen some easing and is likely to remain stable at current levels. Management reiterated that the price hikes taken so far have mostly offset the earlier raw material inflation, and if raw material prices remain stable, margins are likely to improve going forward. EBITDA margins declined by 135 bps to 16.4%, 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.**

Sector Outlook: Cautiously optimistic

Company Outlook & Guidance: As the near-term demand recovery would be gradual, we maintain our **HOLD** stance in the stock.

Current Valuation: 47xMar-27 EPS (Earlier Valuation: 48xMar-27 EPS).

Current TP: Rs 5,800/share (Earlier TP: Rs 5,910/share).

Recommendation: With an upside of 8% from the CMP, we **maintain our HOLD** stance

Financial Performance

Revenue grew ~10% YoY to Rs 4,535 Cr, driven by calibrated price hikes and market share gains in key regions. Gross margins contracted by 260 bps YoY to 39.2%, impacted by steep inflation in key commodity inputs. EBITDA margin declined 135 bps YoY to 16.4%, partly cushioned by higher operating leverage and cost efficiency measures. PAT stood at Rs 521 Cr, up 3% YoY.

Outlook: Most FMCG companies, including Britannia, have reiterated signs of recovery across both urban and rural markets. With raw material prices stabilising, margins are expected to improve in the coming quarters. However, the recovery is likely to be gradual, with meaningful traction expected in H2FY26, supported by the festive season, stable monsoons, and a benign inflationary backdrop. That said, increased competitive intensity and the fact that key positives appear largely priced in, lead us to believe the stock will remain range-bound. **We maintain our HOLD rating.**

Key Financials (Consolidated)

(Rs Cr)	Q1FY26	QoQ (%)	YoY (%)	Axis Est.	Variance (%)
Net Sales	4,535	3.6	9.8	4,445	2.0
EBITDA	757	(6.0)	0.4	817	(7.4)
EBITDA Margin (%)	16.4	-179 bps	-135 bps	17.6	-125 bps
Net Profit	521	(7.0)	3.0	557	(6.5)
EPS (Rs)	21.6	(7.0)	3.0	23.1	(6.5)

Source: Company, Axis Research

(CMP as of 6th August 2025)

CMP (Rs)	5,395
Upside /Downside (%)	8%
High/Low (Rs)	6473/4506
Market cap (Cr)	1,29,958
Avg. daily vol.(6m)Shrs '000.	368
No. of shares (Cr)	24

Shareholding (%)

	Dec-24	Mar-25	Jun-25
Promoter	50.6	50.6	50.6
FII	16.5	15.7	15.6
MFs / UTI	8.2	8.2	8.6
FIs/ Banks	0.1	0.1	0.1
Others	24.7	25.4	25.2

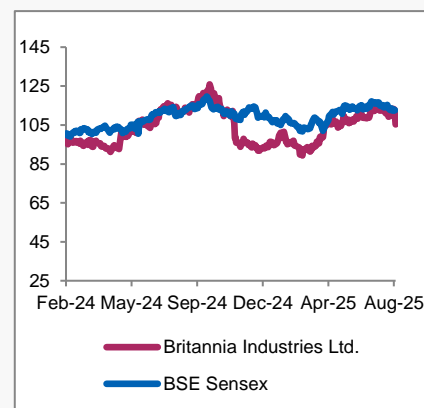
Financial & Valuations

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E
Net Sales	17,535	19,371	21,461
EBITDA	3,187	3,652	4,085
Net Profit	2,204	2,605	2,968
EPS (Rs.)	91.7	108.4	123.5
PER (x)	58.8	49.8	43.7
EV/EBITDA (x)	40.6	35.1	31.0
P/BV (x)	29.8	24.0	19.1
ROE (%)	50.6	48.3	43.6

Change in Estimates (%)

Y/E Mar	FY26E	FY27E
Sales	(1)	(1)
EBITDA	(1)	(5)
PAT	(1)	(5)

Relative Performance



Source: Ace Equity, Axis Securities

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Valuation & Recommendation

Based on the above thesis, we estimate Revenue/EBITDA/PAT CAGR of 9%/9%/11% over FY24-27E. With an upside of 8% from the CMP, we **maintain our stance to HOLD** the stock with a revised TP of Rs 5,800/share.

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	19,507	21,754	19,371	21,461	(1)	(1)
EBITDA	3,678	4,289	3,652	4,085	(1)	(5)
PAT	2,619	3,110	2,605	2,968	(1)	(5)
EPS	109	129.4	108	124	(1)	(5)

Source: Company, Axis Securities

Results Review

(Rs Cr)	Q1FY25	Q4FY25	Axis Sec Est.	Q1FY26	YoY growth %	QoQ growth (%)	Axis Sec Var (%)
Volume growth (% YoY)	7.0	6.0	4.0	2.0	(71.4)	(66.7)	
Price growth (% YoY)	(3.0)	2.5	3.5	2.5	(184.2)	-	
Net Sales	4,130	4,376	4,445	4,535	9.8	3.6	2.0
Other operating income	120	57	193	87	(27.4)	54.3	(54.6)
Gross Profits	1,725	1,721	1,727	1,776	3.0	3.2	2.8
Gross Margin (%)	41.8	39.3	38.9	39.2	-260 bps	-17 bps	30 bps
Staff costs	202	165	222	242	19.8	47.0	8.9
Other operating expenses	889	808	880	864	(2.8)	7.0	(1.8)
EBITDA	754	805	817	757	0.4	(6.0)	(7.4)
EBITDA margin (%)	17.7	18.2	17.6	16.4	-135 bps	-179 bps	-125 bps
Depreciation	-74	-81	-87	-82	11.0	1.3	(6.2)
EBIT	680	724	730	675	(0.7)	(6.8)	(7.5)
Interest	-29	-31	-34	-26	(9.7)	(14.7)	(22.4)
Other Income	56	63	56	57	2.5	(9.5)	1.5
PBT	706	757	752	706	(0.1)	(6.7)	(6.2)
Tax rate (%)	24.9	25.5	26.0	25.6	68 bps	14 bps	-37 bps
Rep PAT	506	560	557	521	3.0	(7.0)	(6.5)
EPS	21.0	23.2	23.1	21.6	3.0	(7.0)	(6.5)

Source: Company, Axis Securities

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E Mar, Rs Cr	FY24	FY25	FY26E	FY27E
Net sales	16,546	17,535	19,371	21,461
Growth, %	4	6	10	11
Other operating income	223	408	367	371
Total income	16,769	17,943	19,738	21,832
Raw material expenses	(9,492)	(10,604)	(11,505)	(12,679)
Employee expenses	(709)	(705)	(761)	(822)
Other Operating Expenses	(3,399)	(3,447)	(3,820)	(4,246)
EBITDA (Core)	3,170	3,187	3,652	4,085
Growth, %	12	1	15	12
Margin, %	19	18	19	19
Depreciation	(300)	(313)	(316)	(324)
EBIT	2,869	2,874	3,336	3,761
Growth, %	10	0	16	13
Margin, %	17	16	17	18
Interest paid	(164)	(139)	(111)	(89)
Other Income	214	227	261	300
Pre-tax profit	2,913	2,927	3,486	3,972
Tax provided	(779)	(749)	(881)	(1,004)
Profit after tax	2,134	2,178	2,605	2,968
Others (Minorities, Associates)	6	1	-	-
Net Profit	2,140	2,179	2,605	2,968
Growth, %	10	3	18	14
Net Profit (adjusted)	2,143	2,204	2,605	2,968
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	FY25	FY26E	FY27E
Cash & bank	446	312	1,578	3,166
Marketable securities at cost	1,697	1,112	1,112	1,112
Debtors	393	449	496	549
Inventory	1,181	1,237	1,366	1,513
Loans & advances	460	50	50	50
Other current assets	671	754	754	754
Total current assets	4,849	3,914	5,356	7,145
Investments	1,070	1,754	1,754	1,754
Gross fixed assets	4,558	4,971	5,071	5,221
Less: Depreciation	(1,787)	(2,067)	(2,383)	(2,707)
Add: Capital WIP	188	89	89	89
Net fixed assets	2,959	2,993	2,777	2,603
Non-current assets	152	141	141	141
Total assets	9,074	8,839	10,065	11,680
Current liabilities	4,084	3,618	3,802	4,011
Provisions	31	33	33	33
Total current liabilities	4,115	3,651	3,834	4,043
Non-current liabilities	993	806	806	806
Total liabilities	5,108	4,457	4,641	4,850
Paid-up capital	24	24	24	24
Reserves & surplus	3,917	4,332	5,375	6,781
Shareholders' equity	3,966	4,381	5,424	6,830
Total equity & liabilities	9,074	8,839	10,065	11,680

Source: Company, Axis Securities

Cash Flow

(Rs Cr)

Y/E Mar, Rs Cr	FY24	FY25	FY26E	FY27E
Pre-tax profit	2,913	2,927	3,486	3,972
Depreciation	300	313	316	324
Change in working capital	122	(232)	7	8
Total tax paid	(766)	(741)	(881)	(1,004)
Other operating activities	-	-	-	-
Cash flow from operating activities	2,570	2,267	2,928	3,300
Capital expenditure	(499)	(348)	(100)	(150)
Chg in investments	453	(684)	-	-
Change in marketable securities	104	585	-	-
Other investing activities	-	-	-	-
Cash flow from investing activities	55	(457)	(100)	(150)
Free cash flow	2,625	1,810	2,828	3,150
Equity raised/(repaid)	3	7	-	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)	(1,953)	(1,562)	(1,562)
Net change in cash	211	(143)	1,266	1,588
Opening cash balance	198	446	312	1,578
Closing cash balance	446	312	1,578	3,166

Source: Company, Axis Securities

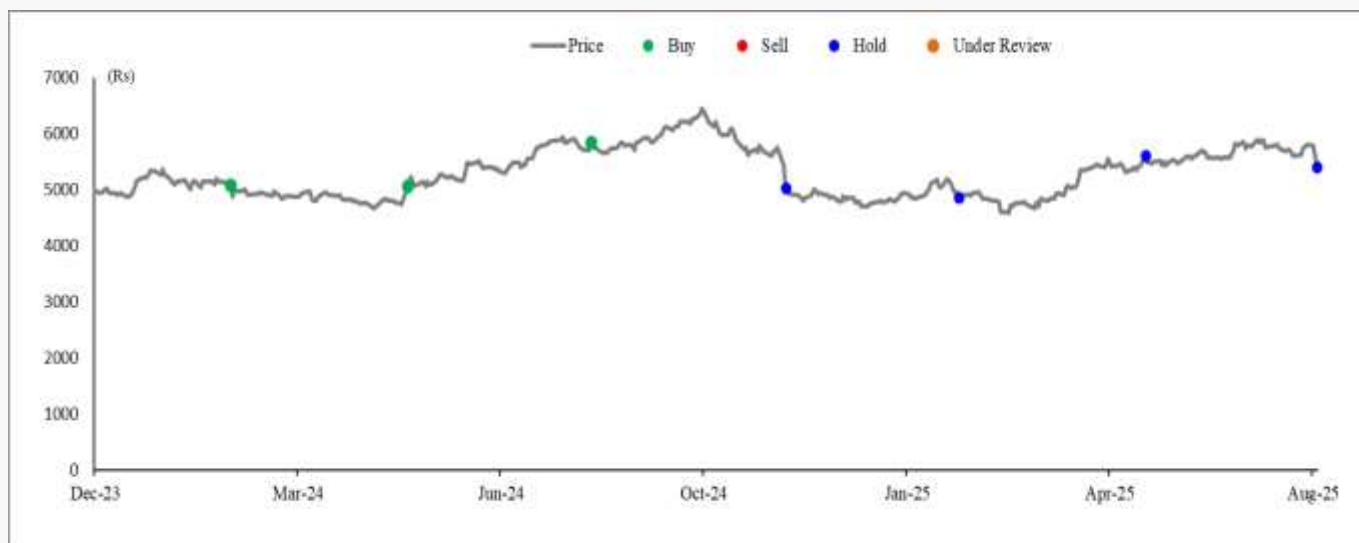
Ratio Analysis

(%)

Y/E March	FY24	FY25	FY26E	FY27E
Per Share data				
EPS (INR)	89.2	91.7	108.4	123.5
Growth, %	10.1	2.8	18.2	13.9
Book NAV/share (INR)	164.0	181.2	224.6	283.2
FDEPS (INR)	89.2	91.7	108.4	123.5
CEPS (INR)	101.8	105.8	121.5	137.0
CFPS (INR)	105.6	110.9	111.0	124.8
DPS (INR)	73.7	73.7	65.0	65.0
Return ratios				
Return on assets (%)	24.9	25.9	28.7	28.1
Return on equity (%)	54.4	50.6	48.3	43.6
Return on capital employed (%)	45.0	45.4	47.3	43.9
Turnover ratios				
Asset turnover (x)	6.2	7.1	8.9	10.9
Sales/Total assets (x)	1.8	2.0	2.0	2.0
Sales/Net FA (x)	5.8	5.9	6.7	8.0
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	43.9	44.1
Working capital days	(30.4)	(23.5)	(21.4)	(19.5)
Liquidity ratios				
Current ratio (x)	1.2	1.1	1.4	1.8
Quick ratio (x)	0.9	0.7	1.0	1.4
Interest cover (x)	17.5	20.7	30.0	42.3
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)	60.5	58.8	49.8	43.7
PEG (x) - y-o-y growth	6.0	20.7	2.7	3.1
Price/Book (x)	32.9	29.8	24.0	19.1
EV/Net sales (x)	7.8	7.4	6.6	5.9
EV/EBITDA (x)	40.9	40.6	35.1	31.0
EV/EBIT (x)	45.2	45.0	38.4	33.7

Source: Company, Axis Securities

Britannia Industries Price Chart and Recommendation History



Date	Reco	TP	Research
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
07-Aug-25	HOLD	5,800	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

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