

# Britannia Industries | BUY

## Resilient topline & tight cost control drive earnings beat

- **Resilient topline performance despite subdued demand:** Britannia's consolidated revenue grew 9% to INR 43.7bn (inline with our estimate), while standalone revenue grew 9.2% yoy – driven by necessary pricing interventions (Britannia had implemented 2% price hike in Q3 & further hikes were expected in 4Q).
- **Weaker gross margins entirely offset by lower than expected overheads driving strong earnings beat:** Britannia's consol. gross margin compressed 481bps yoy to 39.3% (inline with our estimate), due to inflationary trends in key commodities. Standalone GMs fell by 504bps yoy to 37.3%. Impact of steep GM compression was largely offset by lower staff costs (+1.5% yoy) and savings in other overheads (-8% yoy), resulting in lower consol. EBITDA margin compression of 122bps to 18.4% (136bps above our estimate of 17%). Consol. EBITDA/PAT grew c.2-4% to INR 8.1bn/5.6bn (9%/11.7% above our estimate).
- Britannia effectively navigated through the challenging operating environment and generated savings of c.3% of revenue - driven by strategic pricing actions, quick adaptation of emerging channels and robust cost efficiency initiatives.
- Company expanded its direct distribution footprint to 2.9mn outlets.
- **Going ahead, management will focus on healthy and profitable growth, while keeping a close eye on commodity prices.**
- Conference call is scheduled on Monday (12<sup>th</sup> May) at 9AM ([Diamond pass link](#)).



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## Exhibit 1.4QFY25 result snapshot – Revenue performance tad better; savings in overheads drive sharp earnings beat (INR mn)

	CONSOLIDATED FINANCIALS					PARENT COMPANY		
	4QFY25	4QFY24	YoY growth	4QFY25E	% var	4QFY25	4QFY24	YoY growth
<b>Net Sales</b>	<b>43,756</b>	<b>40,141</b>	<b>9.0%</b>	<b>43,378</b>	<b>0.9%</b>	<b>42,189</b>	<b>38,629</b>	<b>9.2%</b>
Other Operating Income	566	553	2.4%	1,190	-52.4%	636	613	3.8%
<b>Gross Profit</b>	<b>17,773</b>	<b>18,269</b>	<b>-2.7%</b>	<b>18,196</b>	<b>-2.3%</b>	<b>16,377</b>	<b>16,974</b>	<b>-3.5%</b>
Gross Profit Margin - % of Net Sales	39.3%	44.1%	-481 bps	39.2%	12 bps	37.3%	42.4%	-504 bps
Staff Cost	1,645	1,620	1.5%	1,800	-8.6%	1,275	1,249	2.1%
Other Expenses	8,076	8,774	-8.0%	9,002	-10.3%	7,314	8,021	-8.8%
<b>EBITDA</b>	<b>8,052</b>	<b>7,875</b>	<b>2.3%</b>	<b>7,394</b>	<b>8.9%</b>	<b>7,787</b>	<b>7,704</b>	<b>1.1%</b>
EBITDA margin - % of Net Sales	18.4%	19.6%	-122 bps	17.0%	136 bps	18.5%	19.9%	-149 bps
Depreciation	810	799	1.3%	837	-3.3%	738	727	1.6%
<b>EBIT</b>	<b>7,242</b>	<b>7,075</b>	<b>2.4%</b>	<b>6,556</b>	<b>10.5%</b>	<b>7,049</b>	<b>6,977</b>	<b>1.0%</b>
Interest Expense	307	264	15.9%	350	-12.4%	301	258	16.5%
Other Income	630	573	9.9%	629	0.2%	716	552	29.8%
<b>PBT</b>	<b>7,566</b>	<b>7,384</b>	<b>2.5%</b>	<b>6,835</b>	<b>10.7%</b>	<b>7,464</b>	<b>7,270</b>	<b>2.7%</b>
<b>Reported Net Profit</b>	<b>5,599</b>	<b>5,383</b>	<b>4.0%</b>	<b>5,015</b>	<b>11.7%</b>	<b>5,571</b>	<b>5,302</b>	<b>5.1%</b>

Source: Company, JM Financial

## APPENDIX I

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