



Britannia Consolidated Q4FY24 results were slightly below expectations.

- Revenue increased by 1.1% YoY to Rs 40694mn with ~6% volume growth. Price corrective actions were taken to fight local regional competition and maintain market shares
- EBIDTA margins stood at 19.4%** as against 19.9% on a YoY basis, even on a QoQ basis EBIDTA margins were stable above 19% mark.
- EBIDTA on absolute basis de-grew by 1.7% YoY to Rs 7874.5mn
- Reported PAT de-grew by 3.8% YoY to Rs 5366mn
- PAT (adjusted-owners share) de-grew by 3.6% YoY to Rs 5366mn.

Outlook:

- Topline is expected to witness double digit volume growth with 3% inflation in FY25.
- Inflation is manageable in FY25.
- Margins expected to remain stable at current levels
- Adjacencies expected to grow at 1.5x of Biscuits.

Financial Summary

Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Net sales	141,363	163,005	167,693	184,621	203,448
EBIDTA	22,015	28,309	31,698	34,157	36,828
Margins	15.6	17.4	18.9	18.5	18.1
PAT (adj)	15,255	19,628	21,419	23,631	25,666
growth (%)	(18.2)	28.7	9.1	10.3	8.6
EPS	63	81	89	98	107
P/E (x)	81.6	63.4	58.1	52.7	48.5
P/B (x)	48.7	35.2	31.6	27.5	23.4
EV/EBITDA (x)	56.9	43.9	39.0	36.1	33.4
RoE (%)	59.6	55.5	54.3	52.1	48.2
ROCE (%)	39.6	39.8	47.8	49.7	50.3

Source: Dalal and Broacha

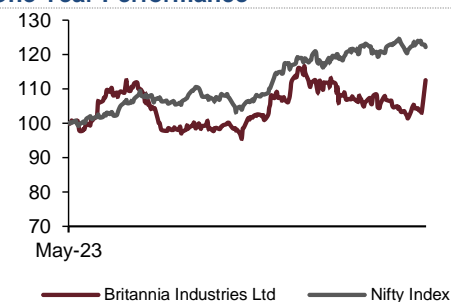
Rating	TP (Rs)	Up/Dn (%)
BUY ON DIPS	5,350	4

Market data

Current price	Rs	5,169
Market Cap (Rs.Bn)	(Rs Bn)	1,247
Market Cap (US\$ Mn)	(US\$ Mn)	14,928
Face Value	Rs	1
52 Weeks High/Low	Rs	386.25 / 4347.7
Average Daily Volume	('000)	2,945
BSE Code		500825
Bloomberg		BRIT.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Apr-24	Dec-23
Promoters	50.55	50.55
Public	49.55	49.55
Total	100	100

Source: BSE

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Conference Call KTA's continue

VOLUME Growth:	Q4FY24: 2x of Revenue growth, full year FY24 was same as Revenue growth
Rural Growth	NA
MARKET SHARE:	2nd largest player 0.77x of Britannia and 3rd largest player @ .28x
Demand:	Double digit volume growth should come back in next few quarters
	Focus Stats grew 2.4x Rest of India
	Management confident on private consumption growing
Pricing Action	Market share improved as appropriate price actions taken post inflation coming down.
Competitive Edge	Nutri-choice 100% aata digestive

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OTHER COSTS	
1. Ad-Spends & Sales Promotion:	will invest in innovation and new products
2. Cost Efficiency Savings	Cost Efficiency target 7x of FY14 One of the best in class with contribution from Procurement+R&D+Sales & Marketing teams
DISTRIBUTION:	
1. Direct Reach in lakhs	27.9 in Mar-24 v/s 26.8 Mar-23
	Rural Distribution @ 30K v/s 28K YoY
	Modern Trade and E-com contribute 12% and 3.5% respectively
PRODUCTS:	~25% Revenues from Adjacencies, target is grow this @ 1.5x biscuits
	Launches: Good Day Fruit and Nut Cookies, Cake Rusk, Bourbon Milkshake (all these products contributed 275crs on an annualised basis)

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New Product Contribution:	~ 3.5% of Revenue

ADJACENT BUSINESS	
1. Bakery	<p>Cakes: Base formats did well in traditional trade; Speciality products leverage E-com with healthy sequential growths </p> <p>Rusks: double-digit volume growth, maintaining price competitiveness Bread : improved profitability on a YoY basis</p>
2. Dairy	<p>Cheese: - Double digit growth in India business Differentiated cheese continues to gain traction </p> <p>Drinks leveraging Summer Season lassi - improved product and value proposition, Selling at Rs 20/= got a contract packer in the east</p>
3. International	remained robust this quarter, led by GCC & America stays on consistent growth path, both in revenues & profitability.

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Other KTA's	Route to Market 2.0: Leverage data and use AI to enhance growth potential.
	Organized channel: using to promote innovations and premium products
	Supply chain: ensure real-time replenishment, improved availability and are “one of the best in class”
	Cheese: commercialized cheese factory in Ranjangaon
Outlook:	FY25 is the year of topline growth, with expected double digit volume growth and 3% inflation
	Monitoring commodity situation & assessing its impact. Wheat is expected to see government buying post elections hence will be slightly inflationary. Overall inflation will be manageable
	Margins expected to remain stable at current levels
	strategy will remain focused on driving market share while sustaining profitability

Quarterly Financials

Particulars (Rs Mns)	Q4FY24	Q4FY23	Growth	Q3FY24	Growth
Consolidated					
Net Sales	40,140.7	38,920.2	3.1%	41,918.3	-4.2%
Other Op Income	552.9	1,311.6	-57.8%	645.0	-14.3%
Total OP Income	40,693.6	40,231.8	1.1%	42,563.3	-4.4%
Add: O. Income	573.4	563.7	1.7%	505.6	13.4%
Total Income	41,267.0	40,795.5	1.2%	43,068.9	-4.2%
RAW MATERIALS	(22,425.1)	(22,159.2)	1.2%	(23,890.8)	-6.1%
Employee Cost	(1,620.3)	(1,705.8)	-5.0%	(1,984.6)	-18.4%
O. Exps	(8,773.7)	(8,357.9)	5.0%	(8,477.0)	3.5%
EBIDTA	8,447.9	8,572.6	-1.5%	8,716.5	-3.1%
EBIDTA Less O. Inc	7,874.5	8,008.9	-1.7%	8,210.9	-4.1%
Less Int	(264.4)	(348.6)	-24.2%	(310.9)	-15.0%
Less Depn	(799.3)	(653.3)	22.3%	(780.9)	2.4%
<i>Less Exceptional</i>	-	-		(29.0)	
PBT Before Exceptional	7,384.2	7,570.7	-2.5%	7,624.7	-3.2%
PBT	7,384.2	7,570.7	-2.5%	7,595.7	-2.8%
<i>Extraordinary Net</i>					
Share of Profit/Loss from Associate	(38.0)	40.3	-194.3%	(13.4)	183.6%
Minority Interest	-	-		-	
PAT Reportd	5,366.1	5,576.0	-3.8%	5,556.6	-3.4%
PAT Adjusted Owner Share	5,382.8	5,586.6	-3.6%	5,585.2	-3.6%
Equity	240.9	240.9		240.9	
EPS (Adjusted PAT)	22.3	23.2		23.2	
OPM	19.4%	19.9%	-0.6%	19.3%	
NPM	13.0%	13.7%		13.0%	
Tax Rate	-26.8%	-26.9%		-26.6%	
% to Operating Income					
RAW MATERIALS	-55.1%	-55.1%	0.0%	-56.1%	
Employee Cost	-4.0%	-4.2%	0.3%	-4.7%	
O. Exps	-21.6%	-20.8%	-0.8%	-19.9%	
Total	-80.6%	-80.1%	-0.6%	-80.7%	

Source: Dalal & Broacha Research, Company

Valuation

F&B Consumption Occasions per day has risen from 3.9 times in 2021 to 5.1 times in 2023. Within this biscuits consumption occasions have also risen from 303 times in a year in 2018 to 370 times in 2023 (*Biscuits forms ~70% of Britannia's Revenue*), going forward taking in to account the rise women workforce, demand for packaged food is bound to increase.

The management's strategy is crystal clear: expand into adjacent categories where Britannia has the "Right to Succeed." With 11 new plants added in the last decade and an impressive 65% of production conducted in-house, Britannia has laid down the essential building blocks for growth.

Going forward the management too is confident of achieving double digit growth with 3% inflation and similar margins.

**At CMP of Rs 5,169 Britannia trades at 53x FY25e EPS of Rs 98 and 49x FY26e EPS of Rs 107
We maintain BUY ON DIPS with a target price of Rs 5,350 (i.e.50x FY26 earnings).**

Financials

P&L (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Net Operating Income	141,362.6	163,005.5	167,692.7	184,620.8	203,448.4
Raw materials	(87,603.0)	(95,913.0)	(94,920.3)	(105,233.8)	(116,779.4)
Employee costs	(5,422.6)	(6,583.8)	(7,087.0)	(7,937.4)	(8,889.9)
Other Expenses	(26,321.9)	(32,199.6)	(33,987.0)	(37,292.6)	(40,951.5)
Cost of sales	(119,347.5)	(134,696.4)	(135,994.3)	(150,463.9)	(166,620.8)
Operating Profit	22,015.1	28,309.1	31,698.4	34,156.9	36,827.6
Depreciation	(2,005.4)	(2,259.1)	(3,004.6)	(3,291.1)	(3,577.6)
PBIT	20,009.7	26,050.0	28,693.8	30,865.8	33,250.0
Other income	2,228.3	2,158.6	2,141.8	1,872.8	1,879.5
Interest	(1,442.9)	(1,691.0)	(1,640.0)	(1,313.0)	(993.0)
Profit before tax	20,795.1	26,517.6	29,195.6	31,425.6	34,136.6
Extraordinary Items / Exceptional	-	3,756.0	-	-	-
Profit before tax (post Excep)	20,795.1	30,273.6	29,195.6	31,425.6	34,136.6
Provision for tax	(5,623.5)	(7,164.5)	(7,792.5)	(7,909.8)	(8,592.2)
Reported PAT	15,171.6	23,109.1	21,403.1	23,515.8	25,544.4
Share of Pft and Loss of Associates and Minority Int	86.4	108.6	24.0	115.4	121.4
Adjusted PAT	15,255.3	19,627.7	21,419.4	23,631.2	25,665.7

Balance Sheet	FY22	FY23	FY24	FY25E	FY26E
Equity capital	240.9	240.9	240.9	240.9	240.9
Reserves	25,340.1	35,101.8	39,174.3	45,099.3	53,058.9
Net worth	25,581.0	35,342.7	39,415.2	45,340.2	53,299.8
Def. Tax Liab.+Minority	275.0	302.3	245.0	300.9	356.8
Secured loans	7,069.9	15,518.0	9,047.2	7,047.2	5,047.2
Unsecured loans	17,585.5	14,287.1	11,364.9	9,364.9	7,364.9
Total debt	24,655.4	29,805.1	20,412.1	16,412.1	12,412.1
CAPITAL EMPLOYED	50,511.4	65,450.1	60,072.3	62,053.2	66,068.7
Gross block	26,682.7	38,076.4	41,948.8	45,948.8	49,948.8
Accumulated depreciati	(10,546.7)	(12,805.8)	(15,810.4)	(19,101.5)	(22,679.1)
Net block	16,136.0	25,270.6	26,138.4	26,847.3	27,269.7
Capital WIP	5,356.8	1,050.0	1,875.4	1,875.4	1,875.4
Total fixed assets	21,492.8	26,320.6	28,013.8	28,722.7	29,145.1
Goodwill	1,396.1	1,281.6	1,298.2	1,298.2	1,298.2
Investments	17,623.7	33,242.4	27,942.0	27,942.0	27,942.0
Inventories	13,674.9	11,932.6	11,812.2	13,151.1	14,492.2
Sundry debtors	3,319.3	3,289.4	3,933.3	4,330.4	4,772.0
Cash & bank	1,849.0	1,979.8	4,463.5	4,597.6	8,118.3
Loans & advances	7,980.0	7,100.0	4,600.0	4,600.0	4,600.0
Other current assets	7,302.8	7,808.3	8,233.8	8,810.2	9,426.9
Sundry creditors	(12,852.2)	(14,488.1)	(16,274.8)	(17,010.4)	(18,876.7)
O. Current Liabilities	(6,932.5)	(8,180.0)	(8,775.9)	(9,214.7)	(9,675.4)
Provisions	(4,851.1)	(5,390.3)	(5,592.0)	(5,592.0)	(5,592.0)
Working capital	9,490.2	4,051.7	2,400.1	3,672.1	7,265.2
Deferred Tax Assets	508.6	553.8	418.2	418.2	418.2
Miscellaneous exp.	-	-	-	-	-
CAPITAL DEPLOYED	50,511.4	65,450.1	60,072.3	62,053.2	66,068.7

Cash Flow St. (Rs. mn)	FY22	FY23	FY24	FY25E	FY26E
Net Profit	15,248.2	23,217.7	21,398.1	23,631.2	25,665.7
Add: Dep. & Amort.	2,005.4	2,259.1	3,004.6	3,291.1	3,577.6
Cash profits	17,253.6	25,476.8	24,402.7	26,922.3	29,243.3
(Inc)/Dec in					
-Sundry debtors	(746.6)	29.9	(643.9)	(397.1)	(441.6)
-Inventories	(2,760.0)	1,742.3	120.4	(1,338.9)	(1,341.1)
-Loans/advances	2,205.8	374.5	2,074.5	(576.4)	(616.7)
-Sundry creditors	(295.3)	1,635.9	1,786.7	735.6	1,866.3
-Others	1,813.2	1,786.7	797.6	438.8	460.7
Change in working capita	217.1	5,569.3	4,135.3	(1,137.9)	(72.5)
CF from Oper. activitie	17,470.7	31,046.1	28,538.0	25,784.4	29,170.9
CF from Inv. activities	4,383.6	(22,591.1)	586.0	(4,000.0)	(4,000.0)
CF from Fin. activities	(22,118.7)	(8,324.2)	(26,640.3)	(21,650.3)	(21,650.3)
Cash generated/utilise	(264.4)	130.8	2,483.7	134.1	3,520.6
Cash at start of the year	2,113.4	1,849.0	1,979.8	4,463.5	4,597.6
Cash at end of the year	1,849.0	1,979.8	4,463.5	4,597.6	8,118.3

Ratios	FY22	FY23	FY24	FY25E	FY26E
OPM	15.6	17.4	18.9	18.5	18.1
NPM	10.6	11.9	12.6	12.7	12.5
Tax rate	(27.0)	(23.7)	(26.7)	(25.2)	(25.2)
Growth Ratios (%)					
Net Sales	7.6	15.3	2.9	10.1	10.2
Operating Profit	(12.3)	28.6	12.0	7.8	7.8
PAT	(18.2)	28.7	9.1	10.3	8.6
Per Share (Rs.)					
Net Earnings (EPS)	63.3	81.5	88.9	98.1	106.5
Cash Earnings (CPS)	72	106	101	112	121
Dividend	74.5	56.5	73.5	73.5	73.5
Book Value	106.2	146.7	163.6	188.2	221.3
Free Cash Flow	90.72	35.10	120.90	90.43	104.49
Valuation Ratios					
P/E(x)	81.6	63.4	58.1	52.7	48.5
P/B(x)	48.7	35.2	31.6	27.5	23.4
EV/EBITDA(x)	56.9	43.9	39.0	36.1	33.4
Div. Yield(%)	1.4	1.1	1.4	1.4	1.4
FCF Yield(%)	1.8	0.7	2.3	1.7	2.0
Return Ratios (%)					
ROE	59.6	55.5	54.3	52.1	48.2
ROCE	39.6	39.8	47.8	49.7	50.3

Source: Dalal & Broacha Research, Company

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