



Britannia Consolidated Q3FY25 results were in line with expectations, input cost inflation impacted gross margins leading to a single digit PAT growth.

- Revenue increased by 8% YoY to Rs 45926mn with ~6% volume growth.
- EBIDTA margins stood at 18.4%** as against 19.3% on a YoY basis, however on a QoQ basis EBIDTA margins were up by 160bps.
- EBIDTA on absolute basis grew by 3% YoY to Rs 8449mn, aided by lower other expenses and employee costs.
- Drop in **gross margins** by 510bps YoY was on account of inflation across input. The inflation rate for Q3 FY25 was 11%; without the use of forward covers, it would have been 2-3% higher.
- Employee Cost neutralized on a QoQ basis:** Q3FY25 had impact of the provisioning of stock appreciation rights based on share price movement. Q2FY25 stock price was Rs 6338 now Rs 4762 hence had an impact of Rs 750mn in Q3FY25. (Previous quarters it was ~ Rs500mn in Q2FY25 and ~Rs 250mn in Q1FY25). Employee cost stood at Rs 1059mn down 47% YoY and 54% QoQ.
- PAT (adjusted-owners share) de-grew by 4% YoY to Rs 5817mn.

Outlook:

- Margins would be maintained in the same quartile with appropriate price increases and cost efficiency.
- Due to rising inflation across various commodities, an additional price increase of approximately 2% in Q4FY25 and 1.5% in Q1FY26 has been necessitated.

Financial Summary

Y/E Mar (Rs mn)	FY 23	FY 24	FY 25E	FY 26E	FY 27E
Net sales	163,005	167,693	179,702	196,540	212,711
EBIDTA	28,309	31,698	31,434	35,901	38,697
Margins	17.4	18.9	17.5	18.3	18.2
PAT (adj)	19,628	21,419	21,527	24,847	27,124
growth (%)	28.7	9.1	0.5	15.4	9.2
EPS	81	89	89	103	113
P/E (x)	60.2	55.2	54.9	47.6	43.6
P/B (x)	33.4	30.0	27.5	23.6	19.8
EV/EBITDA (x)	41.6	37.1	37.6	32.9	30.4
RoE (%)	55.5	54.3	50.0	49.5	45.5
ROCE (%)	39.8	47.8	41.2	45.3	45.4

Source: Dalal and Broacha

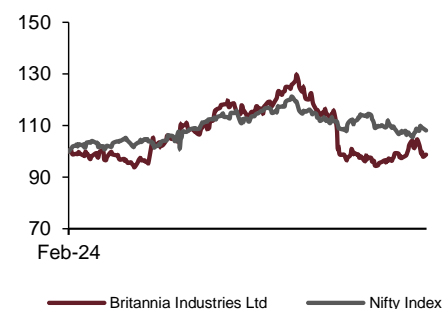
Rating	TP (Rs)	Up/Dn (%)
BUY ON DIPS	5,634	15

Market data

Current price	Rs	4,910
Market Cap (Rs.Bn)	(Rs Bn)	1,183
Market Cap (US\$ Mn)	(US\$ Mn)	13,526
Face Value	Rs	1
52 Weeks High/Low	Rs	6473.1 / 4641
Average Daily Volume	('000)	747
BSE Code		511196
Bloomberg		BRIT.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Dec-24	Jan-25
Promoters	50.55	50.55
Public	49.45	49.45
Others		
Total	100	100

Source: BSE

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Conference Call KTA's continue

Britannia Q3FY25 Concal KTA's	
VOLUME Growth:	6% (pure biscuits would be ~5.5%)
Rural Growth	High single-digit Growth 2x of urban
	Slowdown maximum in metro cities that contributes ~30% to FMCG business but impact is 2.4x Housing contributes ~22% of total urban consumer expenditure, real estate prices, rentals going up creating stress in metro cities
MARKET SHARE:	Remained flattish; in Q3FY25 trends will improve
Demand:	
Pricing Action	Now warranted due to inflation
INFLATION	
Wheat	Flour -2% QoQ +4% YoY
Palm Oil	+36% QoQ +43% YoY
Cocoa	+19% QoQ +103% YoY
Inflation Sugar:	-2% QoQ +0% YoY
Laminates:	+3% QoQ +3% YoY
Corrugated Boxes	-1% QoQ +15% YoY
OVERALL for Britannia	11% YoY (would have been 2/3% higher without forward covers
OTHER COSTS	
1. Employee cost:	
2. Cost Efficiency Savings	Cost Efficiency target 8x of FY14 Improving well across verticals. Probably will overachieve cost efficiency vs planned
DISTRIBUTION:	
1. Direct Reach in lakhs	28.8 v/s 27.9 March-24
	Rural Distribution @ 31K Dec-24 v/s 30K March-24 Focus states performing better 2.6x growth v/s 1x in Rest of India however the MS are less than half vs Rest of the country
	Urban retail channel = 1.3x the profit of the company the most profitable channel
PRODUCTS:	
	Launches: 1. Dual Flavored Layer Cake 2. Rusk – Rs 5 Pack
	Continued good growth 1. Tiger Coconut 2. Golmaal Butter Garlic 3. Good Day Chunkies 4. Good Day Fruit & Nut
RTM 2.0:	Leveraging Data Analytics & AI Leverage high potential outlets with right sizing the service frequency upgrade TECH to improve productivity Rural Try to improve service

Conference Call KTA's continue

ADJACENT BUSINESS	
1. Bakery	Croissant : Double digit growth trajectory Rusks: Healthy volume and value growth Wafers: Consistent growth on the back of strong distribution
2. Dairy	Cheese: -Leveraging in-house capabilities to stay competitive and augment growth Drinks On a strong footing with healthy double-digit growth
3. International	continues to perform well on the back of healthy growths in NON Middle East markets , margins healthy
Other KTA's	<p><i>Ad-Spends:</i> mainly focused on critical growth brands, with tactical consumer promotion</p> <p>Investment on innovations and adjacencies to continue with good traction witnessed</p> <p>Price Increases taken is ~Rs1 bn in Q3, ~2%</p> <p>Price increase by Q4FY25 would be ~4%and another 1.5% in Q1FY26. Cumulative would be ~ 6%</p> <p>E-comm has been helping the new products, contribution for biscuits ~4%, croissants 17%, cake is 9%, Dairy 11%</p> <p>Competition from Reliance and Amul, still no signs of worry witnessed</p>
Outlook:	<p>Overall GDP expected to improve in H2 2025 to 10.5%</p> <p>Selective Price increase warranted to counter inflation</p> <p>Focused investment on innovations and adjacencies</p> <p>Will continue to make appropriate investments to support brands and to drive market share</p>

Source: Dalal & Broacha Research, Company

Quarterly Financials

Particulars (Rs Mns)					
Consolidated	Q3FY25	Q3FY24	Growth	Q2FY25	Growth
Net Sales	44633	41918.3	6%	45662.3	-2%
Other Op Income	1293.2	645	100%	1013.4	28%
Total Op Income	45926.2	42563.3	8%	46675.7	-2%
Add: O. Income	624.6	505.6	24%	460	36%
TOTAL INCOME	46550.8	43068.9	8%	47135.7	-1%
RAW MATERIAL	-28142.6	-23890.8	18%	-27294.4	3%
Employee Cost	-1058.5	-1984.6	-47%	-2322.8	-54%
O. Exps	-8276	-8477	-2%	-9224.4	-10%
EBIDTA	8449.1	8210.9	3%	7834.1	8%
				0	
Less Int	-445.6	-310.9	43%	-346.4	29%
Less Depn	-823.8	-780.9	5%	-760.7	8%
Less Exceptional	0	-29		-1.5	
PBT Before					
Exceptional	7804.3	7624.7	2%	7187	9%
Share pft or Loss from Associates	-20.4	-13.4	52%	-34	-40%
				0	
Less Tax	-1960.9	-2025.7	-3%	-1836	7%
PAT	5823	5556.6	5%	5315.5	10%
Owners Pat	5816.9	5563.9	5%	5314.5	9%
Non Controlling	6.1	-7.3	-184%	1	510%
Adjusted Owners					
PAT	5816.9	5592.9	4%	5316	9%
<i>Tax Rate</i>	-25.1%	-26.6%		-25.5%	
Raw Mat to Op Inc	-61.3%	-56.1%	-5.1%	-58.5%	-2.8%
Emp Cost to Op Inc	-2.3%	-4.7%		-5.0%	
O.Exps to Op Inc	-18.0%	-19.9%		-19.8%	
OPM	18.4%	19.3%		16.8%	
NPM	12.5%	13.0%		11.3%	

Source: Dalal & Broacha Research, Company

Valuation

Britannia Industries exhibited resilience in Q3FY25, navigating a challenging macroeconomic climate marked by elevated inflation, with food inflation at 8.4%, and declining urban demand. Despite these headwinds, the company achieved a commendable 6% volume growth and an 8% year-over-year revenue increase, culminating in ₹45.93 billion. However, persistent input cost inflation has placed pressure on margins, necessitating strategic price adjustments.

To address these challenges, Britannia is prioritizing enhanced cost efficiencies and value engineering initiatives, alongside strategic investments in brand support. In the coming two quarters, the company plans to implement a 4–5% price increase on select products, aimed at bolstering margins and driving mid-single-digit growth.

From a long-term perspective, Britannia is strategically leveraging adjacent business opportunities. Its Dairy milkshake portfolio has already surpassed ₹2 billion in revenue, and the Croissant business is on track to achieve similar scale, poised to become a ₹2 billion business, both serving as key growth catalysts.

Furthermore, the company is focused on expanding its footprint in key focus states, which currently contribute 15% of revenue and are growing at 1.3 to 1.4 times the rate of the overall business. These states present significant growth opportunities due to their substantial biscuit-consuming populations and Britannia's currently under-leveraged market share.

At CMP of Rs 4907 Britannia trades at 47.6x FY26e EPS of Rs 103 and 43.6x FY27e EPS of Rs 113. We maintain **BUY ON DIPS with a target price of Rs 5,634** (i.e. 50x FY27E eps of Rs 113).

Financials

P&L (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Net Operating Income	163,005.5	167,692.7	179,701.9	196,539.5	212,711.4
Raw materials	(95,913.0)	(94,920.3)	(106,293.7)	(114,386.0)	(123,372.6)
Employee costs	(6,583.8)	(7,087.0)	(7,552.0)	(8,307.2)	(9,137.9)
Other Expenses	(32,199.6)	(33,987.0)	(34,422.3)	(37,945.2)	(41,503.6)
Cost of sales	(134,696.4)	(135,994.3)	(148,268.0)	(160,638.4)	(174,014.1)
Operating Profit	28,309.1	31,698.4	31,434.0	35,901.1	38,697.3
Depreciation	(2,259.1)	(3,004.6)	(3,150.0)	(3,412.3)	(3,674.6)
PBIT	26,050.0	28,693.8	28,284.0	32,488.9	35,022.8
Other income	2,158.6	2,141.8	2,187.8	2,307.8	2,542.3
Interest	(1,691.0)	(1,640.0)	(1,524.9)	(1,491.9)	(1,211.9)
Profit before tax	26,517.6	29,195.6	28,946.9	33,304.8	36,353.1
Extraordinary Items / Exceptional	3,756.0	(29.0)	(248.0)	-	-
Profit before tax (post Excep)	30,273.6	29,166.6	28,698.9	33,304.8	36,353.1
Provision for tax	(7,164.5)	(7,792.5)	(7,285.9)	(8,382.8)	(9,150.1)
Reported PAT	23,109.1	21,374.1	21,412.9	24,922.0	27,203.1
Share of Pft and Loss of Associates and Minority Int	108.6	24.0	(71.0)	(75.1)	(79.3)
Adjusted PAT	19,627.7	21,419.4	21,527.0	24,846.9	27,123.7

Balance Sheet	FY23	FY24	FY25E	FY26E	FY27E
Equity capital	240.9	240.9	240.9	240.9	240.9
Reserves	35,101.8	39,174.3	42,810.1	49,950.9	59,368.5
Net worth	35,342.7	39,415.2	43,051.0	50,191.8	59,609.4
Def. Tax Liab.+Minori	302.3	245.0	255.0	265.0	275.0
Secured loans	15,518.0	9,047.2	8,088.9	6,088.9	4,088.9
Unsecured loans	14,287.1	11,364.9	17,223.9	15,223.9	13,223.9
Total debt	29,805.1	20,412.1	25,312.8	21,312.8	17,312.8
CAPITAL EMPLOYED	65,450.1	60,072.3	68,618.8	71,769.6	77,197.2
Gross block	38,076.4	41,948.8	48,040.4	52,040.4	56,040.4
Accumulated depreci	(12,805.8)	(15,810.4)	(18,960.4)	(22,372.7)	(26,047.2)
Net block	25,270.6	26,138.4	29,080.0	29,667.7	29,993.2
Capital WIP	1,050.0	1,875.4	1,900.0	1,900.0	1,900.0
Total fixed assets	26,320.6	28,013.8	30,980.0	31,567.7	31,893.2
Goodwill	1,281.6	1,298.2	1,304.2	1,304.2	1,304.2
Investments	33,242.4	27,942.0	23,953.9	23,953.9	23,953.9
Inventories	11,932.6	11,812.2	14,770.0	14,000.1	15,152.0
Sundry debtors	3,289.4	3,933.3	4,431.0	4,846.2	5,244.9
Cash & bank	1,979.8	4,463.5	12,482.9	16,448.3	21,164.0
Loans & advances	7,100.0	4,600.0	2,600.0	2,600.0	2,600.0
Other current assets	7,808.3	8,233.8	10,504.3	11,239.6	12,026.4
Sundry creditors	(14,488.1)	(16,274.8)	(17,181.7)	(18,489.8)	(19,942.4)
O. Current Liabilities	(8,180.0)	(8,470.3)	(9,495.2)	(9,969.9)	(10,468.4)
Provisions	(5,390.3)	(5,897.6)	(6,201.8)	(6,201.8)	(6,201.8)
Working capital	4,051.7	2,400.1	11,909.5	14,472.6	19,574.7
Deferred Tax Assets	553.8	418.2	471.2	471.2	471.2
Miscellaneous exp.	-	-	-	-	-
CAPITAL DEPLOYED	65,450.1	60,072.3	68,618.8	71,769.6	77,197.2

Cash Flow St. (Rs. mn)	FY23	FY24	FY25E	FY26E	FY27E
Net Profit	23,217.7	21,398.1	21,341.9	24,846.9	27,123.7
Add: Dep. & Amort.	2,259.1	3,004.6	3,150.0	3,412.3	3,674.6
Cash profits	25,476.8	24,402.7	24,491.9	28,259.2	30,798.3
(Inc)/Dec in					
-Sundry debtors	29.9	(643.9)	(497.7)	(415.2)	(398.8)
-Inventories	1,742.3	120.4	(2,957.8)	769.9	(1,152.0)
-Loans/advances	374.5	2,074.5	(270.5)	(735.3)	(786.8)
-Sundry creditors	1,635.9	1,786.7	906.9	1,308.1	1,452.6
-Others	1,786.7	797.6	1,329.1	474.8	498.5
Change in working capita	5,569.3	4,135.3	(1,490.0)	1,402.3	(386.4)
CF from Oper. activities	31,046.1	28,538.0	23,001.9	29,661.5	30,411.9
CF from Inv. activities	(22,591.1)	586.0	(2,134.1)	(4,000.0)	(4,000.0)
CF from Fin. activities	(8,324.2)	(26,640.3)	(12,848.5)	(21,696.2)	(21,696.2)
Cash generated/(utilised)	130.8	2,483.7	8,019.4	3,965.4	4,715.8
Cash at start of the year	1,849.0	1,979.8	4,463.5	12,482.9	16,448.3
Cash at end of the year	1,979.8	4,463.5	12,482.9	16,448.3	21,164.0

Ratios	FY23	FY24	FY25E	FY26E	FY27E
OPM	17.4	18.9	17.5	18.3	18.2
NPM	11.9	12.6	11.8	12.5	12.6
Tax rate	(23.7)	(26.7)	(25.2)	(25.2)	(25.2)
Growth Ratios (%)					
Net Sales	15.3	2.9	7.2	9.4	8.2
Operating Profit	28.6	12.0	(0.8)	14.2	7.8
PAT	28.7	9.1	0.5	15.4	9.2
Per Share (Rs.)					
Net Earnings (EPS)	81.5	88.9	89.4	103.1	112.6
Cash Earnings (CPS)	106	101	102	117	128
Dividend	56.5	72.0	73.5	73.5	73.5
Book Value	146.7	163.6	178.7	208.4	247.4
Free Cash Flow	35.10	120.90	86.62	106.52	109.64
Valuation Ratios					
P/E(x)	60.2	55.2	54.9	47.6	43.6
P/B(x)	33.4	30.0	27.5	23.6	19.8
EV/EBIDTA(x)	41.6	37.1	37.6	32.9	30.4
Div. Yield(%)	1.2	1.5	1.5	1.5	1.5
FCF Yield(%)	0.7	2.5	1.8	2.2	2.2
Return Ratios (%)					
ROE	55.5	54.3	50.0	49.5	45.5
ROCE	39.8	47.8	41.2	45.3	45.4

Source: Dalal & Broacha Research, Company

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