



Britannia Consolidated Q1FY25 results were in-line on Sales however slightly below on margins.

- Revenue increased by 6% YoY to Rs 42503mn with ~8% volume growth. Other operating income increased by 195% to Rs 1204mn as Ranjangaon's ultra mega plant cross the investment threshold and received incentive.
- EBIDTA margins stood at 17.7%** as against 17.2% on a YoY basis, however on a QoQ basis EBIDTA margins were down by 160bps.
- EBIDTA on absolute basis grew by 9% YoY to Rs 7537mn
- PAT (adjusted-owners share) grew by 15% YoY to Rs 5248mn on account of 9% EBIDTA growth and drop in tax rate from 24.9% to 26.9%.

Outlook:

- Topline is expected to witness double digit volume growth with 4-5% inflation in FY25.
- Inflation is manageable in FY25.
- Pricing premium has been reduced and achieving growth would be priority
- Cheese should gain market share going forward with more innovative products

Financial Summary

Y/E Mar (Rs mn)	FY 22	FY 23	FY 24	FY 25E	FY 26E
Net sales	141,363	163,005	167,693	181,793	200,426
EBIDTA	22,015	28,309	31,698	33,381	36,010
Margins	15.6	17.4	18.9	18.4	18.0
PAT (adj)	15,255	19,628	21,419	22,897	24,919
growth (%)	(18.2)	28.7	9.1	6.9	8.8
EPS	63	81	89	95	103
P/E (x)	89.5	69.6	63.8	59.7	54.8
P/B (x)	53.4	38.6	34.7	30.7	26.5
EV/EBITDA (x)	62.4	48.1	42.9	40.6	37.5
RoE (%)	59.6	55.5	54.3	51.5	48.3
ROCE (%)	39.6	39.8	47.8	49.2	50.4

Source: Dalal and Broacha

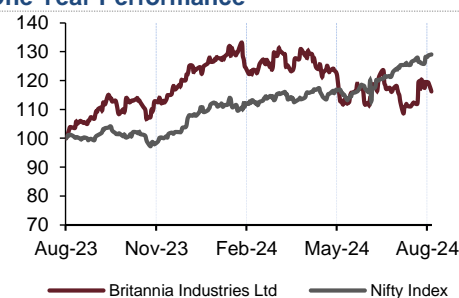
Rating	TP (Rs)	Up/Dn (%)
BUY ON DIPS	5,830	2

Market data

Current price	Rs	5,698
Market Cap (Rs.Bn)	(Rs Bn)	1,372
Market Cap (US\$ Mn)	(US\$ Mn)	16,388
Face Value	Rs	1
52 Weeks High/Low	Rs	6,008 / 4,348
Average Daily Volume	('000)	417
BSE Code		511196
Bloomberg		BRIT.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Jun-24	Mar-24
Promoters	50.55	50.55
Public	49.45	49.45
Total	100.00	100.00

Source: BSE

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Conference Call KTA's continue

Britannia Q1FY25 Concal KTA's	
VOLUME Growth:	8%
Rural Growth	Improving trend
	Growth 1.25x urban
	Hindi Belt contribute 15% of Sales v/s ~35% for the market leader
MARKET SHARE:	Britannia continues to gain
	Urban share higher v/s Rural
Demand:	Double digit volume growth should come back in next few quarters
	Better Monsoon
	Reducing un employment
Pricing Action	Will take when appropriate
	Expect 4 to 5% inflation
INFLATION	
1.Food Commodity inflation:	
Inflation: Wheat	Flour 0% QoQ +7% YoY
Inflation: Palm Oil	3% QoQ -7% YoY
Cocoa	+23% QoQ +34% YoY
Inflation Sugar:	+1% QoQ +8% YoY
Laminates:	-1% QoQ -4% YoY
Corrugated Boxes	+8% QoQ +1% YoY

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OTHER COSTS	
1. Ad-Spends & Sales Promotion:	was higher in Q1FY25 will balance out, but additional spends did give benefits
2. Cost Efficiency Savings	Cost Efficiency target 8x of FY14 Want to improve by 2% very year
3.Tech Enabled Sales Transformation:	<p>Avaliability of Real Time Data Lead to +42% increase in face-time of Sales Man</p> <p>All outlets handeled by distributor are geo-tagged</p> <p>Bain & Co appointed to increase sales at high potential outlets + making key categories available there</p> <p>Upscalling Tech for better productivity as well as Sales man capability 60% orders captured directly via APP</p>
DISTRIBUTION:	
1.Direct Reach in lakhs	28.2 in Jun-24 v/s 27.9 Mar-24
	Rural Distribution @ 30K v/s 30K March-24
	Urban Weighted distribution @ 95% and company level @ 90%
PRODUCTS:	~25% Revenues from Adjacencies, target is grow this @ 1.5x biscuits
	Launches: Pure Magic Stars,5050 Golmaal Butter Garlic

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ADJACENT BUSINESS	
<p>1. Bakery</p>	<p>Cakes: Sequential volume growths during the quarter in a challenging consumption scenario </p> <p>Rusks: Volume continues to grow at healthy double-digit despite harsh summer Bread : – E-com drives growth in health & variety segment, focus on maintaining profitable growth</p>
<p>2. Dairy</p>	<p>Cheese: -- Focus on building a competitive consumer offering ; Leveraging E-com to drive profitable growth M.Share in double digit but MS AMUL = 6x of Britannia </p> <p>Drinks Double-digit growth during summer, enabled by enhanced quality distribution & marketing activities Milk Collection @ 90k L/day via partner farmers, from 105 villages. Farmer retention @95% and yield +13% in 2 years</p>
<p>3. International</p>	<p>witness solid profitable growths, aided by robust Distribution and Innovation Nepal stays on consistent growth path, both in revenues & profitability</p>

Conference Call KTA’s continue

Other KTA's	E-Commerce 4% of Sales purely focused on B2C
	Total Factories 54: 16 Own contributing 65% of requirement + 38 3rd party
	<i>Adjacent Business Margins:</i> Rusk EBIDTA accertive, Bread touching double digits EBIDTA, Crossiant : Gm margins are good but category still under invesment phase, Dairy in investment phase
	Other Op Income up since Ranjangaon Factory got some benefits from government for settting up Ultra Mega plant, some benefits to continue
	Drinks run-rate @ Rs 220crs anf Cheese @ Rs 250 crs (total Dairy @ Rs 700 crs)
Outlook:	FY25 is the year of topline growth, with expected double digit volume growth
	overall Infaltion of 4-5% expected
	Cheese should gain market share going forward with more innovative products
	Margins expected to remain stable at current levels
	strategy is to increase depth of distribution in Urban and width in Rural

Quarterly Financials

Particulars (Rs Mns)					
Consolidated	Q1FY25	Q1FY24	Growth	Q4FY24	Growth
Net Sales	41299.2	39698.4	4%	40140.7	3%
Other Op Income	1203.7	408.6	195%	552.9	118%
Total Op Income	42502.9	40107	6%	40693.6	4%
Add: O. Income	556.1	539.3	3%	573.4	-3%
TOTAL INCOME	43059	40646.3	6%	41267	4%
RAW MATERIAL	-24054.1	-23286.8	3%	-22425.1	7%
Employee Cost	-2019.5	-1883.4	7%	-1620.3	25%
O. Exps	-8892.7	-8048	10%	-8773.7	1%
EBIDTA	7536.6	6888.8	9%	7874.5	-4%
				0	
Less Int	-289.5	-530.5	-45%	-264.4	9%
Less Depn	-739.3	-707.6	4%	-799.3	-8%
Less Exceptional	-246.4				
PBT Before					
Exceptional	7063.9	6190.0	14%	7384.2	-4%
Share pft or Loss from Associates	-6.5	29.9	-122%	-38	-83%
				0	
Less Tax	-1762.2	-1665.4	6%	-1980.1	-11%
PAT	5048.8	4554.5	11%	5366.1	-6%
Owners Pat	5056.4	4575.5	11%	5382.8	-6%
Non Controlling	-7.6	-21	-64%	-16.7	-54%
Adjusted Owners					
PAT	5247.9	4575.5	15%	5382.8	-3%
<i>Tax Rate</i>	<i>-24.9%</i>	<i>-26.9%</i>		<i>-27%</i>	
Raw Mat to OP Inc	-56.6%	-58.1%		-55%	
Emp Cost to Op Inc	-4.8%	-4.7%		-4%	
O.Exps to Op Inc	-20.9%	-20.1%		-22%	
OPM	17.7%	17.2%		19%	
NPM	12.2%	11.3%		13%	

Source: Dalal & Broacha Research, Company

Valuation

Britannia Industries has demonstrated a decent performance in Q1 FY25, with an 8% volume growth and a notable improvement in rural market dynamics, where growth is 1.25 times that of urban areas.

The company's market share continues to rise, particularly in urban regions, and it anticipates a return to double-digit volume growth in the coming quarters, supported by favorable conditions such as better monsoon and decreasing unemployment.

The company is navigating food commodity inflation, with a projected overall inflation of 4–5% and plans for pricing adjustments as necessary.

Britannia's strategic focus includes enhancing cost efficiency, leveraging technology for sales transformation, and expanding its distribution network, particularly in rural areas.

The outlook for FY25 remains optimistic, with expectations of stable margins (with higher priority to growth) and increased market share in cheese and adjacent businesses, driven by innovation and improved distribution strategies especially in Rural where it has a 2x potential in comparison to the leader.

**At CMP of Rs 5,698 Britannia trades at 55x FY26e EPS of Rs 103 and 49x FY27e EPS of Rs 115
We maintain BUY ON DIPS with a target price of Rs 5,830 (i.e. 55x June 2026 E eps of Rs 106).**

Financials

P&L (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Net Operating Income	141,362.6	163,005.5	167,692.7	181,793.0	200,425.7
Raw materials	(87,603.0)	(95,913.0)	(94,920.3)	(103,622.0)	(115,044.4)
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)	(36,852.7)	(40,481.3)
Cost of sales	(119,347.5)	(134,696.4)	(135,994.3)	(148,412.1)	(164,415.6)
Operating Profit	22,015.1	28,309.1	31,698.4	33,380.9	36,010.2
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	30,089.8	32,432.6
Other income	2,228.3	2,158.6	2,141.8	1,872.8	1,833.5
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	30,649.6	33,273.0
Extraordinary Items / Exceptional	-	3,756.0	-	-	-
Profit before tax (post Excep)	20,795.1	30,273.6	29,195.6	30,649.6	33,273.0
Provision for tax	(5,623.5)	(7,164.5)	(7,792.5)	(7,714.5)	(8,374.8)
Reported PAT	15,171.6	23,109.1	21,403.1	22,935.1	24,898.2
Share of Pft and Loss of Associates and Minority Int	86.4	108.6	24.0	24.0	20.8
Adjusted PAT	15,255.3	19,627.7	21,419.4	22,896.7	24,919.0

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	44,181.2	51,394.1
Net worth	25,581.0	35,342.7	39,415.2	44,422.1	51,635.0
Def. Tax Liab.+Minori	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	61,135.1	64,403.9
Gross block	26,682.7	38,076.4	41,948.8	45,948.8	49,948.8
Accumulated depreci	(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	12,949.6	14,276.9
Sundry debtors	3,319.3	3,289.4	3,933.3	4,264.0	4,701.1
Cash & bank	1,849.0	1,979.8	4,463.5	3,686.7	6,459.2
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)	(16,749.9)	(18,596.2)
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	2,754.0	5,600.4
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	61,135.1	64,403.9

Cash Flow St. (Rs. mn)	FY22	FY23	FY24	FY25E	FY26E
Net Profit	15,248.2	23,217.7	21,398.1	22,713.1	24,919.0
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	26,004.2	28,496.6
(Inc)/Dec in					
-Sundry debtors	(746.6)	29.9	(643.9)	(330.7)	(437.0)
-Inventories	(2,760.0)	1,742.3	120.4	(1,137.4)	(1,327.3)
-Loans/advances	2,205.8	374.5	2,074.5	(576.4)	(616.7)
-Sundry creditors	(295.3)	1,635.9	1,786.7	475.1	1,846.4
-Others	1,813.2	1,786.7	797.6	438.8	460.7
Change in working cap	217.1	5,569.3	4,135.3	(1,130.7)	(73.9)
CF from Oper. activit	17,470.7	31,046.1	28,538.0	24,873.5	28,422.7
CF from Inv. activitie	4,383.6	(22,591.1)	586.0	(4,000.0)	(4,000.0)
CF from Fin. activitie	(22,118.7)	(8,324.2)	(26,640.3)	(21,650.3)	(21,650.3)
Cash generated/(util	(264.4)	130.8	2,483.7	(776.8)	2,772.5
Cash at start of the year	2,113.4	1,849.0	1,979.8	4,463.5	3,686.7
Cash at end of the year	1,849.0	1,979.8	4,463.5	3,686.7	6,459.2

Ratios	FY22	FY23	FY24	FY25E	FY26E
OPM	15.6	17.4	18.9	18.4	18.0
NPM	10.6	11.9	12.6	12.5	12.3
Tax rate	(27.0)	(23.7)	(26.7)	(25.2)	(25.2)
Growth Ratios (%)					
Net Sales	7.6	15.3	2.9	8.4	10.2
Operating Profit	(12.3)	28.6	12.0	5.3	7.9
PAT	(18.2)	28.7	9.1	6.9	8.8
Per Share (Rs.)					
Net Earnings (EPS)	63.3	81.5	88.9	95.0	103.4
Cash Earnings (CPS)	72	106	101	108	118
Dividend	74.5	56.5	73.5	73.5	73.5
Book Value	106.2	146.7	163.6	184.4	214.3
Free Cash Flow	90.72	35.10	120.90	86.65	101.38
Valuation Ratios					
P/E(x)	89.5	69.6	63.8	59.7	54.8
P/B(x)	53.4	38.6	34.7	30.7	26.5
EV/EBIDTA(x)	62.4	48.1	42.9	40.6	37.5
Div. Yield(%)	1.3	1.0	1.3	1.3	1.3
FCF Yield(%)	1.6	0.6	2.1	1.5	1.8
Return Ratios (%)					
ROE	59.6	55.5	54.3	51.5	48.3
ROCE	39.6	39.8	47.8	49.2	50.4

Source: Dalal & Broacha Research, Company

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