



Strong Operating Performance Continues; Maintain BUY

Est. Vs. Actual for Q4FY24: Revenue – **BEAT**; EBITDA – **Marginal MISS**; PAT – **Marginal MISS**

Changes in Estimates post Q4FY24

FY25E/FY6E: Revenue: -1%/-1%; EBITDA: -1%/-1%; PAT: -3%/-3%

Recommendation Rationale

- In Q4FY24, **BRIT demonstrated robust operating performance**, achieving a 3% YoY revenue growth. This growth was primarily driven by a volume increase of ~5%, supported by strategic price reductions aimed at mitigating competitive pressures and securing market share gains. The management further highlighted that it's aiming towards double-digit volume growth in H2FY25 (post-monsoon). EBITDA margins were at 19.4%, in line with expectations, down by 56bps YoY due to higher advertising spends.
- The company **continued to gain market share** led by distribution expansion, strategic price actions in key SKUs, and consistent investments behind brands and innovations.
- New Projects:** Route-To-Market 2.0 project is underway to multiply adjacent business revenue while further strengthening its core business.
- We expect BRIT's **long-term prospects to remain strong** as the management has a proven execution track record, robust portfolio planning through NPD in core and adjacencies, and a focus on continued distribution expansion, especially in rural areas.

Sector Outlook: **Positive**

Company Outlook & Guidance: We maintain our **BUY** rating on the stock as the company's long-term story remains intact.

Current Valuation: 50x Mar-26 EPS (Earlier Valuation: 50x Dec-25 EPS).

Current TP: Rs 5,800/share (Earlier TP: No change).

Recommendation: With an upside potential of 15% from the CMP, we maintain our BUY rating on the stock.

Valuation & Recommendation: Based on the above thesis, we estimate Revenue/EBITDA/PAT CAGR of 9%/12%/13% over FY23-26E and maintain our BUY rating on the stock with an unchanged TP to Rs 5,800/share, which implies an **upside of 15% from the CMP.**

Key Financials (Consolidated)

(Rs Cr)	Q4FY24	QoQ (%)	YoY (%)	Axis Est.	Variance (%)
Net Sales	4,014	(4.2)	3.1	3,964	1.3
EBITDA	787	(4.1)	(1.7)	793	(0.6)
EBITDA Margin (%)	19.4	6 bps	-56 bps	19.4	-2 bps
Net Profit	538	(3.3)	(3.6)	544	(1.1)
EPS (Rs)	22.3	(3.3)	(3.6)	22.7	(1.5)

Source: Company, Axis Research

(CMP as of 6th May 2024)

CMP (Rs)	5061
Upside /Downside (%)	15%
High/Low (Rs)	5386/4349
Market cap (Cr)	121917
Avg. daily vol.(6m)Shrs '000.	341
No. of shares (Cr)	24

Shareholding (%)

	Sep-23	Dec-23	Mar-24
Promoter	50.6	50.6	50.6
FIIIs	19.7	19.0	18.2
MFs / UTI	5.7	5.4	6.5
FIs/ Banks	0.2	0.1	0.1
Others	23.9	24.9	24.7

Financial & Valuations

Y/E Mar (Rs Cr)	FY24A	FY25E	FY26E
Net Sales	16,546	18,444	20,654
EBITDA	3,170	3,535	3,980
Net Profit	2,143	2,435	2,789
EPS (Rs.)	89.2	101.3	116.0
PER (x)	56.8	50.0	43.6
EV/EBITDA (x)	38.6	34.4	30.2
P/BV (x)	30.9	25.3	20.1
ROE (%)	54.4	50.6	46.2

Change in Estimates (%)

Y/E Mar	FY25E	FY26E
Sales	(1)	(1)
EBITDA	(1)	(1)
PAT	(3)	(3)

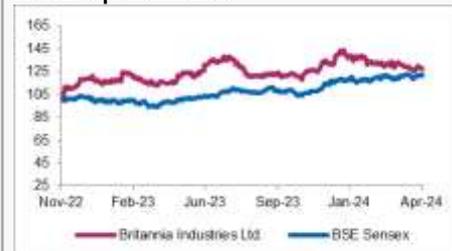
ESG disclosure Score**

Environmental Disclosure	41.68
Social Disclosure Score	26.81
Governance Disclosure Score	81.09
Total ESG Disclosure Score	49.90
Sector Average	44.87

Source: Bloomberg, Scale: 0.1-100

**Note: This score measures the amount of ESG data a company reports publicly and does not measure the company's performance on any data point. All scores are based on 2022 disclosures

Relative performance



Source: Ace Equity, Axis Securities

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Financial Performance

- The company's revenue grew by 3% YoY in Q4FY24, largely aided by volume growth as it undertook price cuts to mitigate competition. Its gross margins increased by 107bps YoY to 44.1%, owing to softer raw material prices (palm, laminates, and corrugated boxes), while prices of sugar and flour remained firm. EBITDA margins stood at 19.4%, down by 56bps YoY on account of higher ad-spends. The company's Adj. PAT stood at Rs 538 Cr, down by 3.6% YoY.
- Outlook:** We expect Britannia to deliver market-leading growth from here on for several reasons: 1) Rural recovery continues to remain a focus area for Britannia, leveraging which it is building strong rural distribution and gaining market share in focused states. Moreover, rural revival is anticipated in the coming quarters, supported by better monsoons and higher government spending, 2) Britannia's own initiatives such as robust portfolio planning through NPD in core and adjacencies along with its continued focus on increasing direct reach, rural penetration, RTM 2.0 and a higher share of in-house manufacturing would enhance its overall efficiency moving ahead, and 3) The management expectations that raw material prices, though currently firm (wheat and sugar), will see ~3% inflation which is manageable. **We believe that these factors will strengthen Britannia in the mid/long run.**

Other key takeaways

- NPD** – Recently launched products like Jim Jam Pops and Gol Maal are experiencing strong traction in the market. Additionally, Britannia introduced Good Day-Fruit & Nut cookies, Cake Rusk, and Bourbon-Milk Shake during Q4FY24. Collectively, these products are contributing Rs 275 Cr (annualized) to the company's topline.
- Adjacent Business remains on strong footing** – Britannia's Bakery Adjacency, Dairy, and international segments continue to demonstrate robust growth. Within the Dairy segment, the company experienced strong traction in its cheese portfolio, while achieving double-digit growth in its India business. Management has expressed high expectations for the dairy business in the upcoming quarters. In the Bakery Adjacency segment, all product categories including Cake, Rusk, and Bread delivered strong volume growths. The international business also remained resilient in Q4, driven by strong performance in the GCC and American regions. Nepal also showed strong growth in both revenues and profitability, maintaining its growth trajectory.
- Raw material** – Palm oil, laminates, and corrugated boxes experienced a downward trend, while prices for flour and sugar have increased. The management also indicated that the outlook for wheat and sugar remains slightly inflationary in the coming quarters. It expects a 3% raw material inflation in FY25, which it considers manageable.
- Distribution reach** – The company's direct distribution reach increased to 2.79 Mn outlets vs. 2.68 Mn outlets in Q4FY23. Rural Distribution reach stood at 30,000 distributors vs. 28,000 distributors in Q4FY23.
- Regions** – Focus states (Hindi Belt) continue to grow faster at 2.4x than the rest of India, led by increased distribution reach and rural expansion.

Key Risks to our Estimates and TP

- Increase in competitive intensity; Prolonged demand recovery; RM inflation

Change in Estimates

	Old		Revised		Change (%)	
	FY25	FY26	FY25	FY26	FY25	FY26
Revenue	18,647	20,882	18,444	20,654	(1)	(1)
EBITDA	3,571	4,020	3,535	3,980	(1)	(1)
PAT	2,500	2,863	2,435	2,789	(3)	(3)
EPS	104	119.2	101	116	(3)	(3)

Source: Company, Axis Securities

Results Review

(Rs Cr)	Q4FY23	Q3FY24	Axis Sec Est.	Q4FY24	YoY growth %	QoQ growth (%)	Axis Sec Var (%)
Volume growth (% yoy)	2.0	5.5	5.0	5.0			
Price growth (%yoy)	8.9	(3.3)	(3.0)	(1.9)			
Net Sales	3,892	4,192	3,964	4,014	3.1	(4.2)	1.3
Other operating income	131	65	127	55	(57.8)	(14.3)	(56.5)
Gross Profits	1,676	1,803	1,697	1,772	5.7	(1.7)	4.4
Gross Margin (%)	43.1	43.0	42.8	44.1	107 bps	113 bps	132 bps
Staff costs	171	198	188	162	(5.0)	(18.4)	(13.6)
Other operating expenses	836	848	844	877	5.0	3.5	3.9
EBITDA	801	821	793	787	(1.7)	(4.1)	(0.6)
EBITDA margin (%)	19.9	19.3	19.4	19.4	-56 bps	6 bps	-2 bps
Depreciation	-65	-78	-82	-80	22.3	2.4	(2.5)
EBIT	736	743	711	708	(3.8)	(4.8)	(0.4)
Interest	-35	-31	-34	-26	(24.2)	(15.0)	(22.7)
Other Income	56	51	59	57	1.7	13.4	(3.1)
PBT	757	762	736	738	(2.5)	(3.2)	0.4
Tax rate (%)	26.9	26.6	26.0	26.8	-6 bps	25 bps	82 bps
Rep PAT	559	556	544	538	(3.6)	(3.3)	(1.1)
EPS	23.2	23.1	22.7	22.3	(3.6)	(3.3)	(1.5)

Source: Company, Axis Securities

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E Mar, Rs Cr	FY23	FY24A	FY25E	FY26E
Net sales	15,985	16,546	18,444	20,654
Growth, %	15	4	11	12
Other operating income	316	223	241	260
Total income	16,301	16,769	18,685	20,914
Raw material expenses	(9,591)	(9,492)	(10,584)	(11,854)
Employee expenses	(658)	(709)	(794)	(873)
Other Operating expenses	(3,220)	(3,399)	(3,773)	(4,208)
EBITDA (Core)	2,831	3,170	3,535	3,980
Growth, %	29	12	12	13
Margin, %	18	19	19	19
Depreciation	(226)	(300)	(331)	(359)
EBIT	2,605	2,869	3,204	3,621
Growth, %	30	10	12	13
Margin, %	16	17	17	18
Interest paid	(169)	(164)	(131)	(105)
Other Income	216	214	248	288
Pre-tax profit	3,033	2,913	3,321	3,804
Tax provided	(716)	(779)	(886)	(1,015)
Profit after tax	2,316	2,134	2,435	2,789
Others (Minorities, Associates)	5	6	-	-
Net Profit	2,322	2,140	2,435	2,789
Growth, %	28	10	14	15
Net Profit (adjusted)	1,946	2,143	2,435	2,789
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	FY23	FY24E	FY25E	FY26E
Cash & bank	198	454	1,249	2,424
Marketable securities at cost	1,801	1,801	1,801	1,801
Debtors	329	340	380	425
Inventory	1,193	1,235	1,377	1,542
Loans & advances	560	560	560	560
Other current assets	665	665	665	665
Total current assets	4,746	5,055	6,031	7,417
Investments	1,523	1,523	1,523	1,523
Gross fixed assets	4,148	4,598	4,998	5,398
Less: Depreciation	(1,492)	(1,793)	(2,124)	(2,483)
Add: Capital WIP	105	105	105	105
Net fixed assets	2,760	2,910	2,979	3,019
Non-current assets	266	266	266	266
Total assets	9,353	9,811	10,856	12,283
Current liabilities	4,134	4,185	4,357	4,558
Provisions	26	26	26	26
Total current liabilities	4,160	4,211	4,383	4,583
Non-current liabilities	1,628	1,628	1,628	1,628
Total liabilities	5,788	5,839	6,011	6,211
Paid-up capital	24	24	24	24
Reserves & surplus	3,510	3,918	4,790	6,017
Shareholders' equity	3,565	3,972	4,845	6,071
Total equity & liabilities	9,353	9,811	10,856	12,283

Source: Company, Axis Securities

Cash Flow

(Rs Cr)

Y/E Mar, Rs Cr	FY23	FY24E	FY25E	FY26E
Pre-tax profit	3,033	2,913	3,321	3,804
Depreciation	226	300	331	359
Chg in working capital	228	(3)	(9)	(10)
Total tax paid	(722)	(779)	(886)	(1,015)
Other operating activities	-	-	-	-
Cash flow from operating activities	2,765	2,432	2,757	3,138
Capital expenditure	(697)	(450)	(400)	(400)
Chg in investments	(595)	-	-	-
Chg in marketable securities	(967)	-	-	-
Other investing activities	-	-	-	-
Cash flow from investing activities	(2,254)	(453)	(400)	(400)
Free cash flow	511	1,979	2,357	2,738
Equity raised/(repaid)	(158)	-	-	-
Debt raised/(repaid)	845	-	-	-
Dividend (incl. tax)	(1,361)	(1,732)	(1,562)	(1,562)
Other financing activities	-	-	-	-
Cash flow from financing activities	(666)	(1,727)	(1,562)	(1,562)
Net chg in cash	(155)	252	795	1,176
Opening cash balance	185	198	454	1,249
Closing cash balance	198	454	1,249	2,424

Source: Company, Axis Securities

Ratio Analysis

(%)

Y/E March	FY23	FY24E	FY25E	FY26E
Per Share data				
EPS (INR)	81.0	89.2	101.3	116.0
Growth, %	27.5	10.1	13.6	14.5
Book NAV/share (INR)	147.1	164.0	200.3	251.4
FDEPS (INR)	81.0	89.2	101.3	116.0
CEPS (INR)	74.8	101.8	115.1	131.0
CFPS (INR)	119.1	92.4	104.4	118.6
DPS (INR)	56.6	72.1	65.0	65.0
Return ratios				
Return on assets (%)	29.5	24.0	24.8	25.0
Return on equity (%)	55.1	54.4	50.6	46.2
Return on capital employed (%)	57.9	42.4	42.3	40.7
Turnover ratios				
Asset turnover (x)	5.8	5.9	6.3	6.9
Sales/Total assets (x)	1.9	1.7	1.8	1.8
Sales/Net FA (x)	6.3	5.8	6.3	6.9
Receivable days	7.5	7.5	7.5	7.5
Inventory days	27.2	27.2	27.2	27.2
Payable days	39.3	40.3	40.3	40.3
Working capital days	(31.7)	(30.5)	(27.2)	(24.1)
Liquidity ratios				
Current ratio (x)	1.1	1.2	1.4	1.6
Quick ratio (x)	0.9	0.9	1.1	1.3
Interest cover (x)	15.4	17.5	24.4	34.5
Total debt/Equity (%)	0.8	0.8	0.6	0.5
Net debt/Equity (%)	(0.0)	(0.1)	(0.2)	(0.4)
Valuation				
PER (x)	62.5	56.8	50.0	43.6
PEG (x) - y-o-y growth	2.3	5.6	3.7	3.0
Price/Book (x)	34.4	30.9	25.3	20.1
EV/Net sales (x)	7.7	7.4	6.6	5.8
EV/EBITDA (x)	43.3	38.6	34.4	30.2
EV/EBIT (x)	47.1	42.6	37.9	33.2

Source: Company, Axis Securities

Britannia Industries PriceChart and Recommendation History



Date	Reco	TP	Research
31-Jan-22	HOLD	3,700	Result Update
04-Aug-22	HOLD	4,000	Result Update
07-Nov-22	BUY	4,550	Result Update
02-Feb-23	BUY	5,100	Result Update
05-May-23	BUY	5,300	Result Update
07-Aug-23	BUY	5,110	Result Update
02-Nov-23	BUY	5,150	Result Update
08-Feb-24	BUY	5,800	Result Update
07-May-24	BUY	5,800	Result Update

Source: Axis Securities

About the analyst**Analyst:** Preeyam Tolia**Contact Details:** preeyam.tolia@axissecurities.in**Sector:** FMCG& Retail**Analyst Bio:** Preeyam Tolia is B.com and CFA Level 1 and part of the Axis Securities Research Team.**About the analyst****Analyst:** Suhanee Shome**Contact Details:** suhanee.shome@axissecurities.in**Sector:** FMCG& Retail**Analyst Bio:** Suhanee Shome is MBA and part of the Axis Securities Research Team**Disclosures:**

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