



# Research Report

## Britannia Industries Limited



Prepared By-

SAHIL SHARMA

EQUITY RESEARCH ANALYST

# About

Britannia Industries is one of India's leading food companies with a 100-year legacy and annual revenues in excess of Rs. 9000 Cr. Britannia is among the most trusted food brands, and manufactures India's favorite brands like Good Day, Tiger, NutriChoice, Milk Bikis and Marie Gold which are household names in India. Britannia's product portfolio includes Biscuits, Bread, Cakes, Rusk, and Dairy products including Cheese, Beverages, Milk and Yoghurt.

## Key Business segments

- Market Leader in the Biscuit segment (80% of the revenue)
- Britannia Bread
- Dairy Products (5% of the revenue)

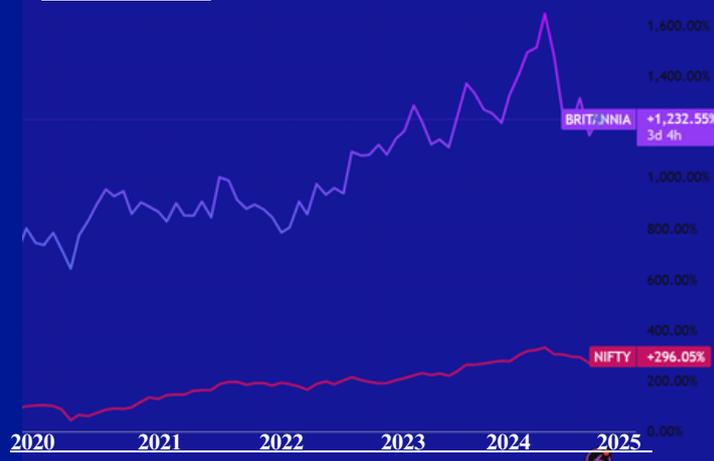
## Synopsis of Financials

- Q3 '24-'25 revenue growth of 6.5% year-on-year.
- Profit after tax (PAT) growth of 4.8% for the same period.
- 12-month revenue growth at 6.5% and PAT at 4.8%.
- 24-month growth figures show 8.8% revenue growth and 1.6% PAT growth.
- Capex for FY '25 expected to be lower, around ₹150-200 Cr, as the company has recently completed significant investments in new plants.
- Focus on leveraging existing capacity rather than incurring additional capital expenditures.

## Stock data (as 25th March 2025)

Nifty Price	: 23,813.15
52 week High (in Rs.)	: 6,473
52 week Low (in Rs.)	: 4,318
Market Cap. (in Crore)	: 1,15,376
NSE Code	: <u>BRITANNIA</u>

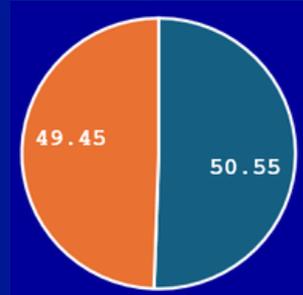
### Stock data



-NIFTY50

-Britannia Industries Limited

## Shareholding Pattern (December 2024)



-PUBLIC GROUP

-PROMOTER GROUP

## Financial Summary

Particulars	March 2022	March 2023	March 2024
Sales	14,136	16,301	16,769
Sales Growth %	7.61%	15.31%	2.88%
Expenses	11,935	13,470	13,603
Operating Profit	2,201	2,831	3,167
OPM %	16%	17%	19%
Net Profit	1,516	2,316	2,134
EPS in Rs	63.31	96.39	88.84

# Quarterly Results

Particular	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Sales	4,011	4,433	4,256	4,069	4,250	4,668	4,593
Expenses	3,322	3,562	3,437	3,286	3,497	3,888	3,750
Operating Profit	689	871	820	784	753	780	843
OPM %	17%	20%	19%	19%	18%	17%	18%
Other Income	57	52	48	57	31	46	62
Interest	53	53	31	26	29	35	45
Depreciation	71	72	78	80	74	76	82
Profit before tax	622	799	758	735	681	715	778
Tax %	27%	27%	27%	27%	26%	26%	25%
Net Profit	455	586	556	537	505	532	582

Source: Screener

## Key Ratios

Sr. No.	Particulars	Numerator	Denominator	31 March 2024	31 March 2023	Variance
1.	Current ratio	Current assets	Current liabilities	1.17	1.15	2%
2.	Debt equity ratio	Debt	Net worth	0.58	0.84	^-31%
3.	Debt service coverage ratio	Profit before exceptional items, tax and finance cost	Finance cost + Principal repayment made for Non-current borrowings (including current maturities of long-term debt) and Non-current lease liabilities	11.73	2.98	*293%
4.	Return on equity ratio	Profit after tax	Average Shareholders' funds (Total equity)	62.07%	76.63%	-19%
5.	Inventory turnover ratio	Sale of goods	Average Inventories of Finished stock	37.97	40.37	-6%
6.	Trade receivables turnover ratio	Sale of goods	Average Gross Trade receivables (before provision)	50.34	56.75	-11%
7.	Trade payables turnover ratio	Cost of materials consumed + Purchases of stock-in-trade + Changes in inventories of finished goods, work-in-progress and stock- in-trade + Other expenses	Average Trade payables	8.89	9.87	-10%

Source: Annual Report

# Yearly Results

Particulars	March 2022	March 2023	March2024
Equity Capital	24	24	24
Reserves	2,534	3,510	3,917
Borrowings	2,481	2,997	2,065
Other Liabilities	2,487	2,819	3,065
Total Liabilities	7,527	9,351	9,072
Fixed Assets	1,753	2,655	2,771
CWIP	536	105	188
Investments	1,762	3,324	2,767
Other Assets	3,475	3,266	3,346
Total Assets	7,527	9,351	9,072

# Synopsis Quarter Results

## Concall Notes - Feb-2025: Key Highlights

### ### Economic Environment:

- Operating in an extraordinarily high inflationary environment with food inflation nearly in double digits.
- Key food inflation rates: cereals at 6.5%, oils and fats at approximately 15%, and vegetables/fruits high in single to double digits.

### ### Pricing Strategy:

- Total price increase taken currently is approximately ₹100 Cr, translating to about 2% increase.
- Expected cumulative price increase by end of FY at around 4% to 4.5%.
- Management acknowledges the necessity of price increases due to inflationary pressures, especially in palm oil and cocoa.

### ### Distribution and Route-to-Market Strategy:

- Direct distribution outlets increased from 27.9 lakh to 28.8 lakh, with rural distributors rising from 30,000 to 31,000.
- Focus on urban retail and e-commerce channels, with e-commerce contributing significantly to new product segments.
- Developing data-driven insights for personalized consumer engagement in e-commerce.

### ### Product Innovation:

- Launched several innovative products, including the Harry Potter-themed Pure Magic Choco Frames and a INR5 pack of Rusk.
- New adjacency products like croissants and milkshakes are showing strong double-digit growth.
- Upcoming relaunch of cake and cheese portfolios with new recipes and graphics aimed at premiumization.

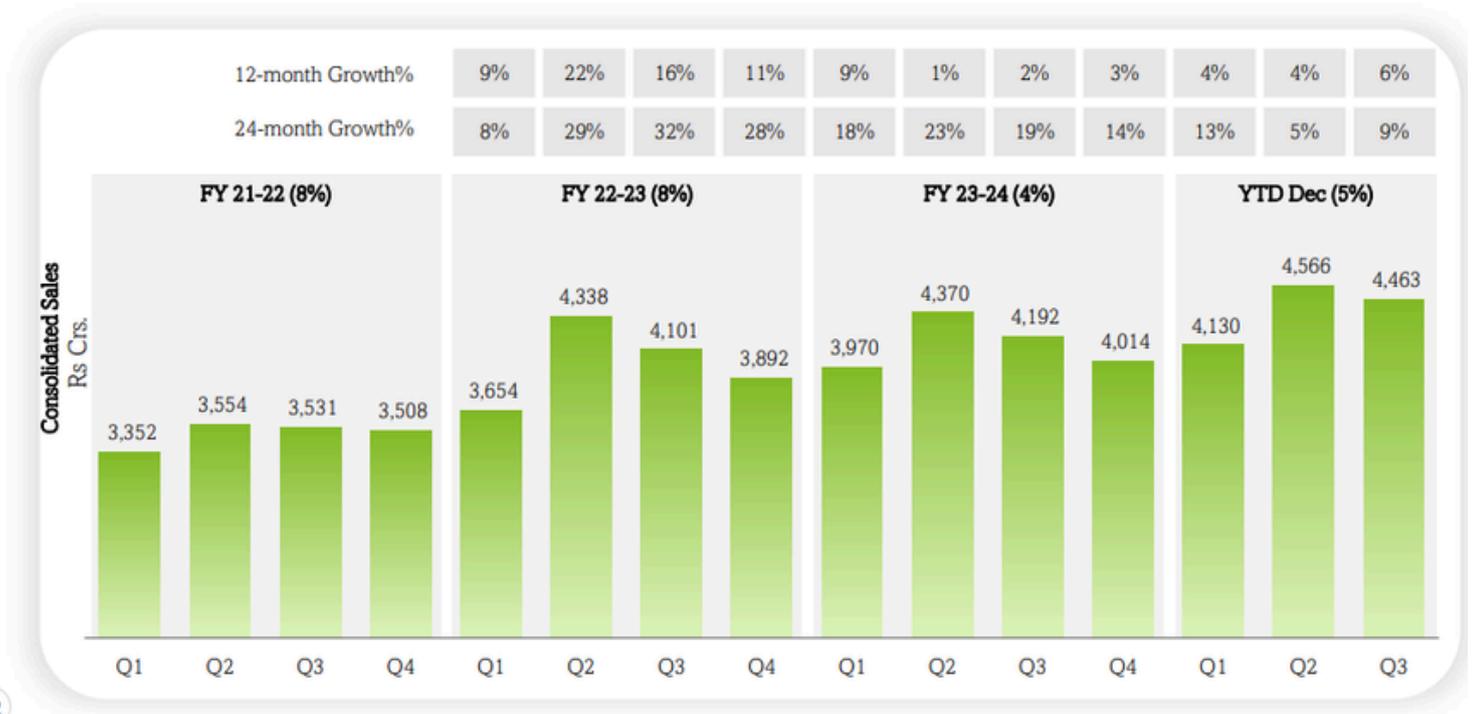
### ### Margin Guidance:

- Current gross margin erosion of around 600 bps anticipated due to inflation; however, management is confident in regaining margins through price adjustments and cost efficiencies.
- Targeting to maintain EBITDA margins in the range of 17% to 18% as pricing strategies and cost efficiencies take effect.

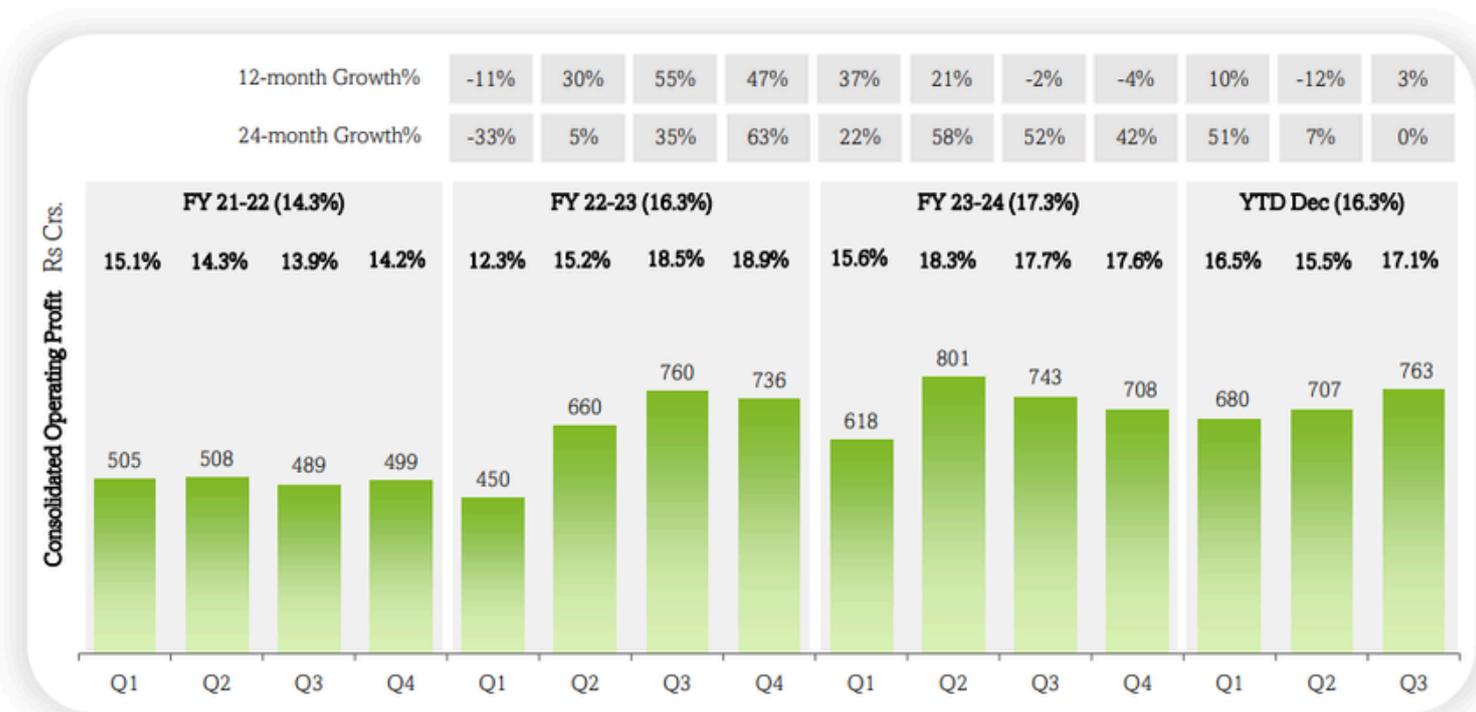
# Highlights



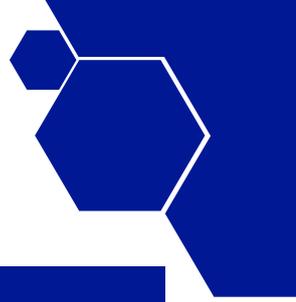
## Revenue trends



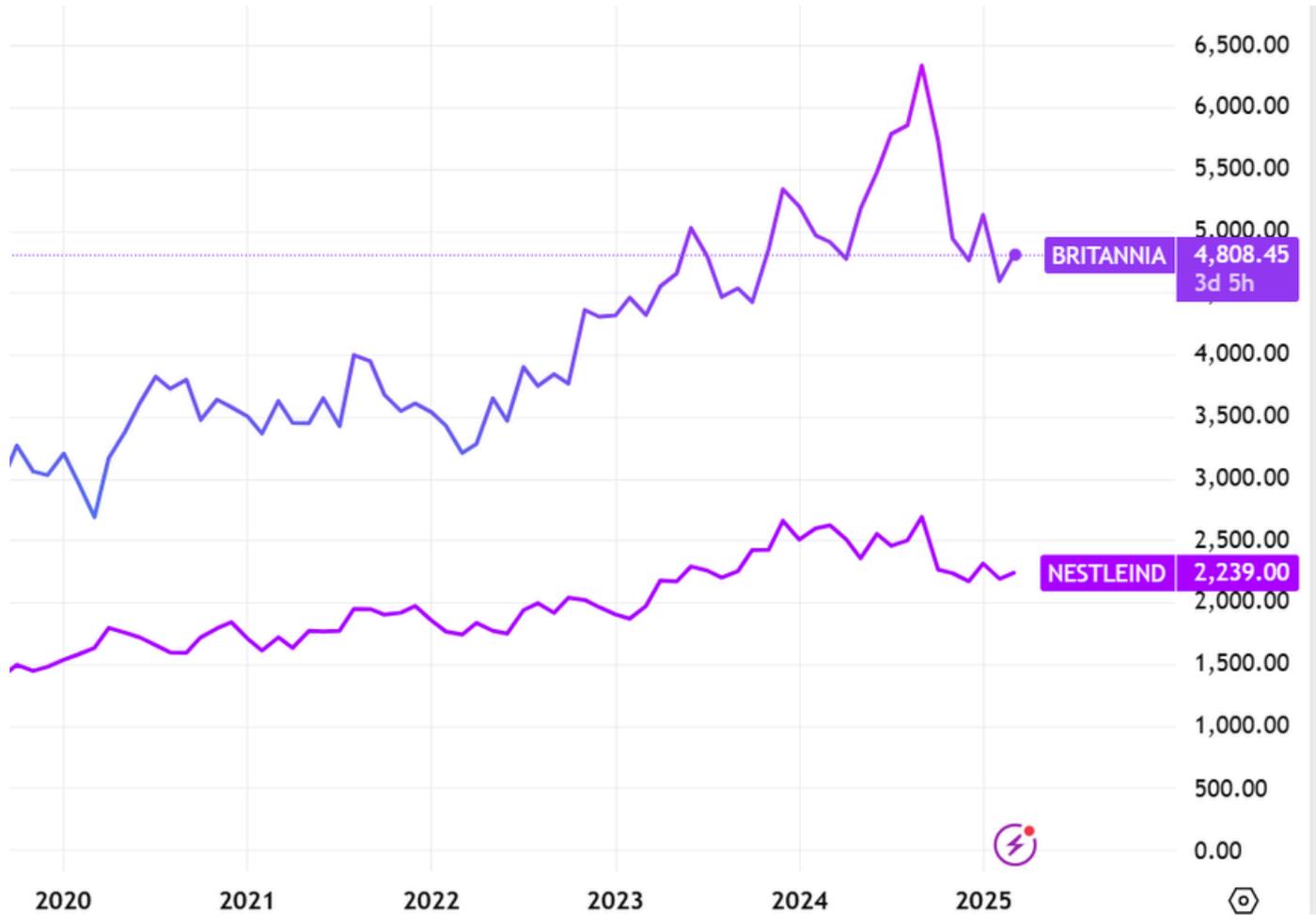
## Operating Profit trends



# Peer Comparison



## Peer Stock Performance (5Y) Indexed



Source: Trading View

## Peer Financial Performance

S.No.	Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	NP Qtr Rs.Cr.	Qtr Profit Var %	Sales Qtr Rs.Cr.	Qtr Sales Var %	ROCE %
1.	Nestle India	2259.90	69.44	217889.88	0.77	696.13	-5.28	4779.73	3.90	169.08
2.	Britannia Inds.	4790.00	53.09	115375.87	1.53	582.30	4.28	4592.61	7.90	48.92

Source: Screener

# Final Outlook

**BRITANNIA: HOLD | LTP: 4,790**

In the medium term, Britannia's biscuits portfolio is expected to achieve mid- to high single-digit volume growth (6% volume CAGR over FY14-24) due to (a) formalization in the foods segment, given a high share of the unorganised market; (b) expanding its distribution network in focus states (mainly the Hindi heart belt), which is currently under-indexed; (c) concentrating on innovation and premiumization; (d) prioritizing in-house manufacturing (65% of sales), which improves product quality and lowers travel time, which lowers market returns; (e) growing consumer preference for Rs 10 SKU versus Rs 5 SKU, as the former helps to satisfy one's appetite.

By (a) focusing on introducing value-added products and customization in traditional and fiercely competitive categories (bread, cake rusk), (b) partnering with strategic partners (Bel SA cheese, croissant Chipita) in areas where it lacks strategic acumen, and (c) utilizing its distribution network to incubate high-potential fast-growing categories (wafers, healthy snacks, etc.), it has begun its transition from a biscuit and bakery company to a food company.

**Disclaimer: The information provided on this blog is for general informational purposes only and is not intended as financial advice. While we aim to provide accurate information, please conduct your own research before making any investment decisions. This content is for informational purposes only and should not be construed as financial advice. Always consult with a financial advisor before investing.**

**This blog may contain links to external websites for your convenience. We do not endorse the content or views expressed in these external sites and are not responsible for their accuracy or reliability.**

**By using this blog, you acknowledge that you have read and understood this disclaimer and agree to its terms.**