

Equity Research Report

Britannia Industries Ltd

Strategic Investments, Sustained Growth

About the Company

Britannia Industries Ltd is one of the biggest FMCG companies among others, In FMCG market their products mostly specialize in bakery, in fact more than 90% of their Business includes products like biscuits, breads, cakes, rusk and dairy products which also include cheese, milk, yogurt and they are also entering into beverages.

Britannia Industries Ltd (hereinafter referred as “BIL” or “The Company” is present in more than 75 countries, the company mostly engages in manufacturing and sale of various food products. The company is Headquartered in Bangalore.

The company’s manufacturing plants are located in Kolkata, Delhi, Mumbai and Uttarakhand, it operates in mix of manufacturing facilities, including both self-owned which are almost 15 and contract-based units which are around 35 throughout the country.

The majority of the company’s revenue is derived from the biscuit business, which is more than 75% and it is one of the biggest biscuit manufacturers in the country.

Overall View

Britannia is currently trading at a P/E (Price to Earning ratio) of 55.2, when is above the FMCG sector average. The high P/E indicates a high confidence of investors in the stock.

EV/EBITDA stands at 37.86 , which is driven by a robust and steady growth of EBITDA year on year basis.

Britannia revenue is forecasted to remain steady at 8 to 10 % CAGR for the next two years proper expanding of distribution.

The company’s rural distribution rose to 2.85 Mn outlets this quarter in Q2FY25 from 2.79 Mn last year.

The company’s international business remains robust, and getting a healthy growth in middle east and Africa and with strong margins.

During Q2FY25 the company also launched some new products like layer cake jam & milk bikis wafer rolls and introduced tiger coconut , to cater to the regional market preferences.

Key Highlights

- Top line growth of 4% has been achieved on a 12-month growth basis and 13% on a 24-month basis
- Revenue rose by 14.5% YoY to ₹4,130 crore on a 12 month basis reflecting higher demand during the summer season and new product launches
- Rural performance is performing better than urban performance due to increased employment and increased distributors in rural areas.
- The cost of raw materials has increased due to 50% import duties on palm oil.
- Revenue grew by 4% YoY to ₹4,250.29 crore, in 2nd quarter, Despite revenue growth, the net profit for Q2 FY25 declined by 9.6%, amounting to ₹531.45 crore, due to inflation.
- EBITDA margin remained steady at approximately 16%, supported by operational efficiencies despite rising costs

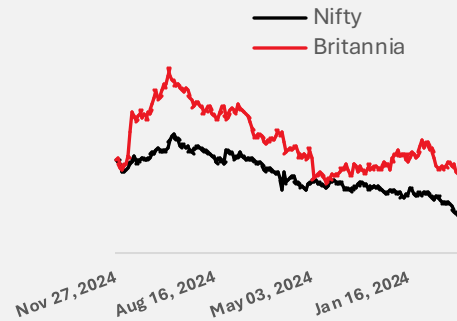


Recommendation	: XXX
CMP	: INR 4807
Target Price	: XXX

Stock Data (as on Nov 28,2024)

NIFTY	: 23,897.45
52 weeks H/L (INR)	: 26,277.35/20,183.70
Market Cap (INR Crs)	: 1,18,381
O/S Shares (Crs)	: 24.09
Dividend Yield (%)	: 1.48
NSE Code	: BRITANNIA

Relative Stock Performance - 1Y



Absolute Returns

1 Years	: 2.69%
3 Years	: 39.8%
5 Years	: 61.33%

Shareholding Pattern (as on sept 24,2024)

Promoters	: 50.6%
FIIs	: 17.9%
DIIIs	: 16.4%
Public	: 15.2%

Absolute Returns

In INR Crs	FY24	FY25E	FY26E
Net Revenue	16,769.0	18,050.0	19,590.0
YoY Growth %	3%	8%	9%
EBITDA	3,167	3,230	3,499
EBITDA Margins (%)	18.9%	17.9%	17.9%
PAT	2,134	2,250	2,467
YoY Growth %	-8%	5%	10%
ROE	57.1%	54.30%	54.7%
EPS (In INR)	88.6	93.5	102.6
EV/EBITDA	37.86 x	39.00 x	34.10 x



Global Economy

The Global Economy still continues to strive a challenging environment marked by post pandemic recovery, geopolitical tension and Inflation, while economic activities has stabilized in many regions the ongoing conflict between Russian - Ukraine and Israel - Gaza crisis Bangladesh protest has added uncertainties in global trade, along with rising oil prices and inflation made economic recovery more difficult.

Despite all the problems, the global GDP growth is projected to 3.2% as 2024 ends, maintain a steady momentum despite all the uncertainties.

And the Inflation is forecasted to reduce from 2.8% and expected to decline on 2.4% by the end of 2025.

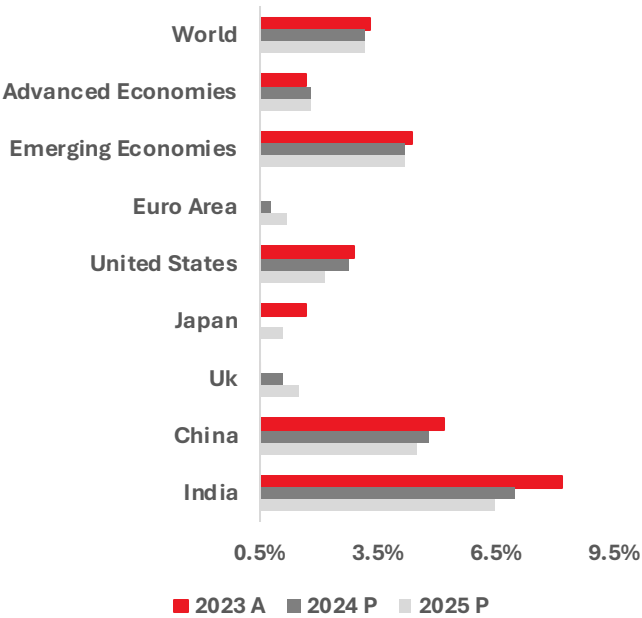
Economies in this segment are expected to grow at 4.4% in 2024 driven by strong domestic demand and improved exports.

The tariffs between US and China is going to slightly increase and no new tariffs for the rest of the word for exporting to US, this would benefit the emerging economies like India.

The growth of exports have increased during this year where China made 9% growth followed by India at 7% growth after which the USA which have made 3 % growth in exports, this shows the growth of exports of emerging economies have surpassed the developed economies.

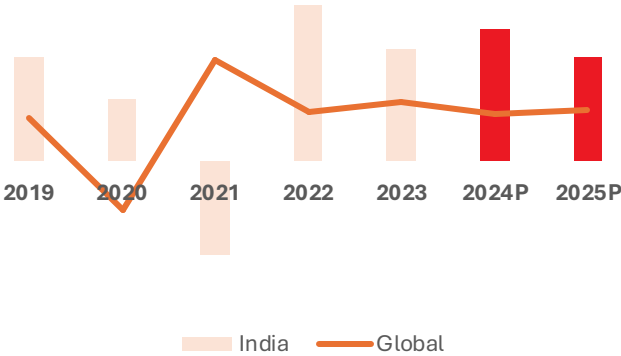
Source: IMF WEO, S&P Global, Company Analysis

Global GDP Projections (%)



Source: IMF WEO, Company Analysis

India vs Global GDP Growth (%)



Source: Trading Economics, IMF World Bank, WEO

Indian Economy

In FY24 India, despite the global challenges India once again has show a remarkable economic growth, maintaining its position as one of the strongest and fastest growing economies, with an estimated GDP growth of 8.2 which is more than the estimated in FY 2023 which was 7.2% .

One of the very reasons of this growth is private consumption as well as investments in infrastructure and policy initiatives, like make in India and the easy access of credit of SSI has significantly supported the manufacturing sector.

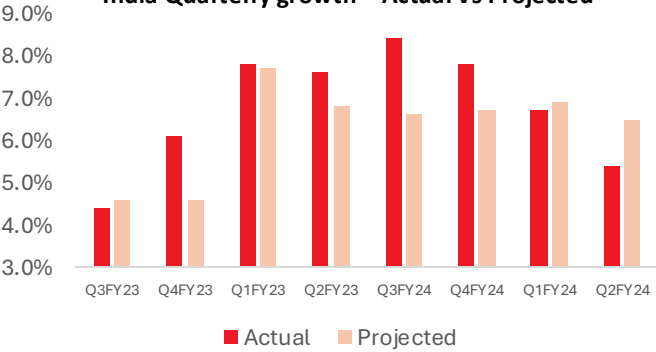
Even with inflationary pressures, the FMCG sector, including Britannia has been benefited with a steady demand from consumers in urban as well as rural areas, rising income levels, government schemes and initiatives has led to this kind of growth.

India’s GDP growth for fiscal year was reported by 8.1% by National statistical office.

According to IMF and world Bank the key drivers for India economic growth is increasing domestic demand, resilient services and manufacturing sectors, inflation and fiscal policy, rising export and global standing.

While India’s economic outlook is promising , the challenges like global uncertainties and geopolitical tensions needs to be anticipated.

India Quarterly growth – Actual vs Projected



Source: investing.com

Source: IMF, World Bank , Fortune India, Company Analysis

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Global FMCG Market

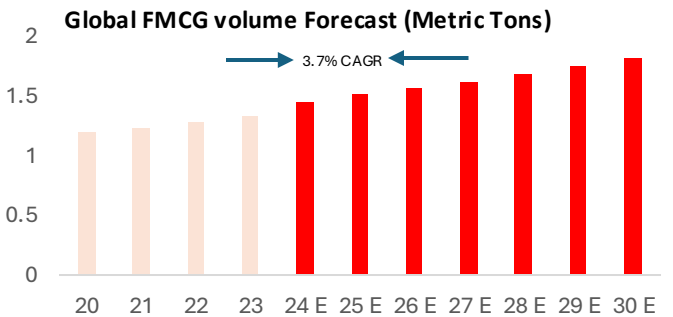
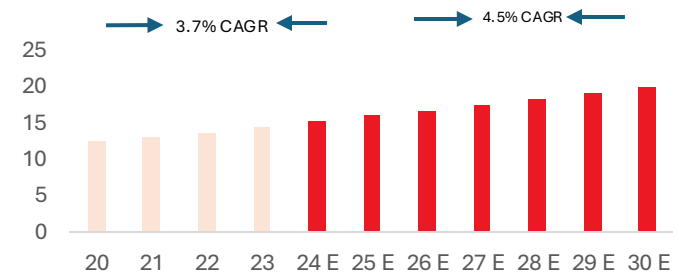
In 2024 the global FMCG market is projected to generate a total revenue of approximately 15 Trillion dollars, and it is growing at a compounded annual growth rate (CAGR) of 4 - 5 % from the year 2024 to 2028. In the total FMCG market the food and beverage category remains the largest contributor, which is almost 55% of the Global FMCG sales, which is followed by personal care and household products.

The categories of FMCG are food and beverages, personal care products and household products, out of the 15 trillion projected revenue 8.25 trillion is from the food and beverages market, 3.6 trillion is personal care and 3.8 trillion is household market.

One of the biggest key driver responsible for the growth of this segment is ecommerce and expansion, FMCG sales through online channels are growing at 20% annually due to digital transformation in emerging economies. By 2034 the market volume is expected to exceed 2 trillion metric tons, due to the growth supported by rising urbanization and increased personal disposable income.

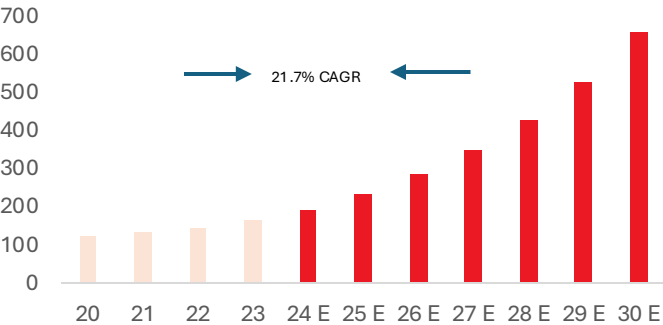
Source: Statista, World Economic Forum

Global FMCG Revenue Forecast (%) (bn\$)

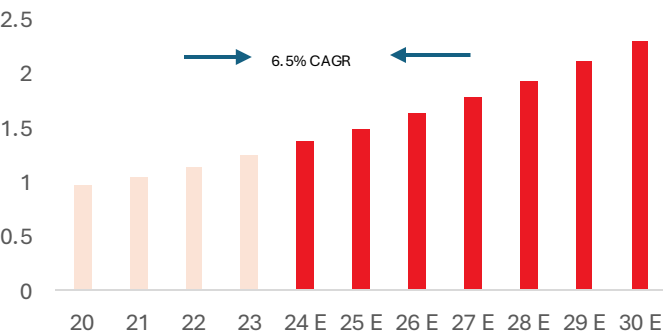


Source: Tech navio, Market Research Future, SkyQuest

Indian FMCG Revenue Forecast (bn\$)



Indian FMCG Volume Forecast (Metric Tons)



Source: Prophecy Market Insights, Maximize Market Research, Custom Market Insights

Indian FMCG Market

The Indian FMCG market is the fastest growing market globally, with a valuation of 164 billion dollars in 2024 and it is projected to grow at a CAGR of 21.7 %, reaching 985.25 billion by 2034. This kind of growth is driven by rising disposable income, urbanization and increase use of technology in emerging economies.

Similar to the global market Indian FMCG market is also dominated by food and beverages followed by personal and homecare.

The food and beverages has 55% share in the FMCG market. Online platforms and ecommerce are driving FMCG sales with growth rate which is higher than the traditional channels. Out of all the consumption rural market contributes 65% of volume growth.

The revenue from the Indian FMCG market increased from 120 billion dollars in 2020 to 160 billion dollars making a period recovery of post pandemic. In 2020 the volume of FMCG products sold in India was 0.98 billion metric tons.

By 2030, the volume is expected to surpass 2.3 billion metric tons, fueled by rising demand for packaged food, personal and household care products.

Source: Market Research Future, Prophecy Market Insights, Zion Market Research

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Indian Bakery Industry

The Indian bakery sector is a critical segment for FMCG companies like Britannia, contributing significantly to its overall revenues. With a market size of \$12.6 billion in 2023, the sector is projected to grow at a CAGR of 9.9%, reaching \$29.4 billion by 2032. Biscuits, a flagship product for Britannia, lead the segment, accounting for over 60% of total market revenue, followed by bread and cakes, this industry includes products like biscuits, bread, cakes, pastries, and rusk. Biscuits generate approximately 65,000 crore annually, with cookies being the largest contributor, bread accounted for 15,000 crore in 2023, with sandwich breads dominating the category, cakes and pastries contributed 8,000 crore.

Investments

Britannia Industries has strategically expanded its production capacity with 15 manufacturing plants and investments in automation to meet the rising demand. General mills and ITC have invested over ₹2000 crore combined in setting advanced facilities for bread biscuit manufacturing. The demand for bakery products, such as artisanal breads and high end cookies, is growing 12% annually. The bakery division alone contributes 80% of Britannia’s revenue, with biscuits alone accounting for ₹10,000 crore annually. Bread sales have grown by 15% CAGR, driven by the launch of health-focused variants.

Raw materials

The raw materials needed for bakery industries are wheat flour, sugar, fats and oils, raw materials costs for bakery manufacturers have grown by 10-12 % in 2024, Britannia industries reported a 9,6% rise in cost of goods sale (COGS). The total raw material usage grew by 7.5% YoY, driven by 10% annual growth in biscuit production. Wheat and sugar costs are expected to stabilize by mid 2025, but packaging cost may continue rising at 5 - 7% annually.

Source: Markwilde Research, Processed Food Industry, Global Market Insights, Company Analysis

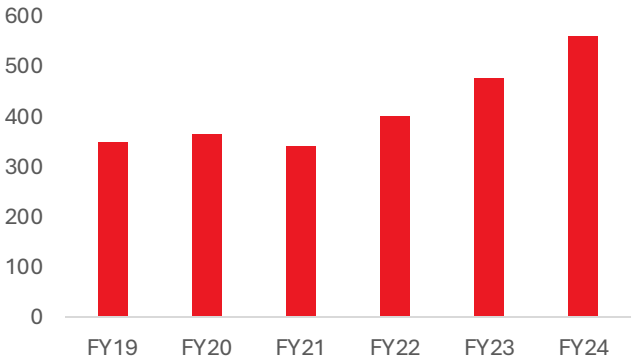
Export

Over the last 10 years, exports from India’s bakery sector have grown at a CAGR of 9.9%. During the COVID-19 pandemic, export levels saw a decline of 5.7% due to global supply chain disruptions and decreased demand from international markets. However, post-pandemic recovery (2020–2024) has been strong, with a CAGR of 14.8% and a year-on-year growth of 25% in FY24

Import

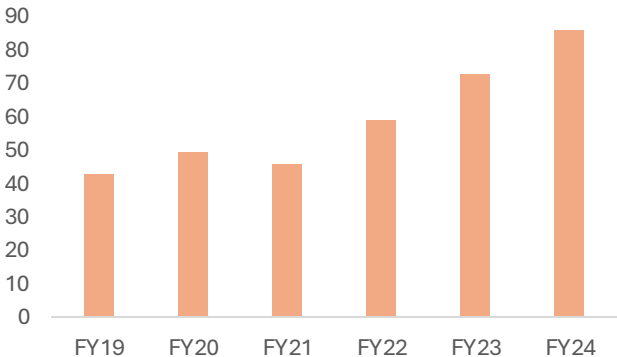
In the last 10 years, imports of bakery products into India have grown at a CAGR of 14.8%, driven by increasing consumer preference for premium and international baked goods. During the COVID-19 pandemic, imports declined by 7.3% due to logistical disruptions and reduced consumer spending. However, post-pandemic recovery (2020–2024) has been significant, with a CAGR of 16.2% and a year-on-year growth of 18% in FY24

Indian Bakery Exports (US\$ Million)



Source: Indus Foods, 6W Research

Indian bakery Imports (US\$ Million)



Source: Indus Foods, 6W Research

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Biscuit Industry

Overview

The Indian biscuit industry is a key segment of the bakery market, contributing over ₹40,000 crore in annual revenue. India is the second-largest producer of biscuits globally, with a market share of ~10% in the global biscuit industry.

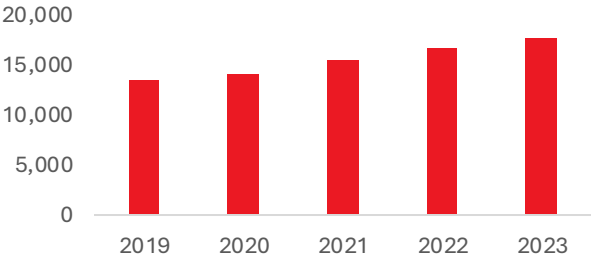
The industry has witnessed consistent growth, driven by affordability, wide availability, and increasing demand for packaged and branded products. Key players like Britannia, Parle, and ITC dominate this sector

Demographic Trends

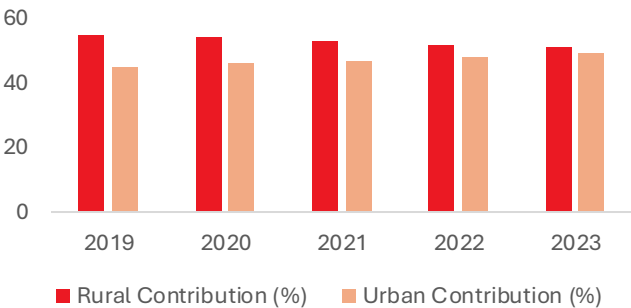
India’s population is 1.4 Billion as of 2024 out of which 65% are under 35 making it most attractive FMCG market. Rural areas contribute nearly 55% of biscuit sales, driven by increasing income levels

Source: Indus Foods, 6W Research

Average Household FMCG Spending (₹)

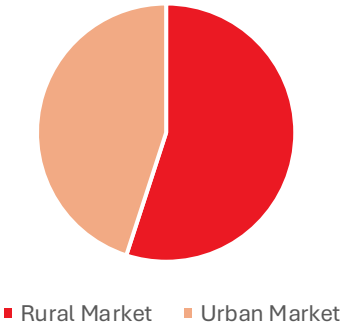


Rural vs Urban Contribution



Source: Indus Foods, 6W Research

Rural vs Urban Market size



Consumer Trends

Health and Wellness

Consumers are increasingly opting for biscuits with added nutrients, like multigrain, protein-rich and sugar free.

Digital Influence

E-commerce sales of biscuits have grown by **25% YoY**, with platforms like Amazon and Flipkart becoming significant distribution channels

Increased Household Spending

Household spending in India has increased by **12% YoY**, with consumers allocating a larger share of their budget to branded and packaged food items, including biscuits.

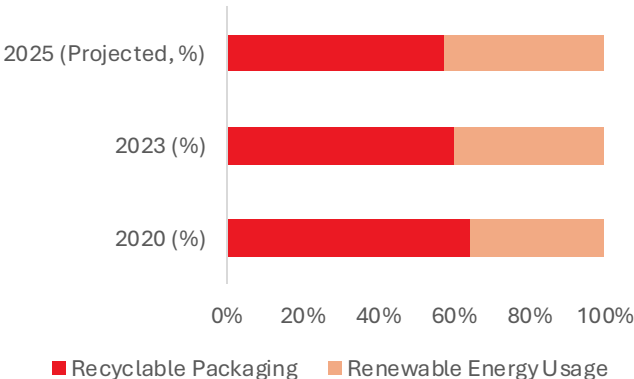
The affordability of biscuits, with prices starting as low as **₹5 per pack**, makes them a staple in both urban and rural households.

Premium biscuit consumption has grown by **15% annually**, driven by affluent families seeking healthier and more indulgent options.

Sustainability Trends

Companies are adopting recyclable and biodegradable packaging materials to reduce environmental impact, Britannia for example has committed to using sustainably sourced wheat for its biscuit production. Investments in renewable energy for manufacturing facilities have become a priority for industry leaders

SUSTAINABILITY METRICS



Source: Indus Foods, 6W Research

Source: Indus Foods, 6W Research

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Concall Analysis – Q2FY2025

Q2 2025:

Financial Performance:

- Net sales for Q2 came in at ₹4,566 crores, with an 8% volume growth, which was a good result despite the tough conditions in the market.
- The revenue growth for the past 12 months was just over 4.5%, showing that things are moving, but not fast enough to beat inflation.
- Operating profits stood at ₹707 crores, which was a small increase from Q1. But PAT dropped by 9.6%, which shows the increasing pressure on the profit side.

Market Expansion:

- The company has kept its market share steady, which is solid given all the challenges. Their distribution network has now reached 28.5 lakh outlets, and they're focused on growing rural distribution even more.
- They're also rolling out the RTM 2.0 initiative, which will use data analytics and AI to make distribution more efficient and smarter.

Challenges and Opportunities:

- Challenges: The inflation in commodities like palm oil and flour is still causing major problems, and even in urban areas, wages for non-salaried workers have only increased by 3.4%, which means consumer spending is still under pressure.
- Opportunities: Rural markets are still growing, and the company is hoping that tapping into these areas will help. New product launches like Milk Bikis and other cake varieties could bring in more customers, and the sustainability efforts are only going to improve brand perception.

Future Growth Initiatives:

- The company is still optimistic about the future, although they're playing the long game. They've continued to invest in brand advertising for products like Marie, Treat, and Good Day, which should keep customers engaged.
- RTM 2.0 will focus on smarter and more efficient ways to distribute products, using data and AI to reach more outlets and consumers.

Capex and Cost Dynamics:

- In response to rising raw material prices, the company plans to increase prices by 4-5% in the next couple of quarters to offset the higher costs of ingredients.
- Cost efficiency is also a big focus, and the company is looking at ways to reduce costs while improving overall product quality.
- On the sustainability front, the company has made good progress with its ESG efforts, and their efforts have earned them better ratings and recognition.

Q1 2025:

Financial Performance:

- The company had ₹4,241 crores in sales, which is okay, but nothing too wild. The volume growth was about 9%, which is good but not great.
- Sales growth over the last 12 months was around 6.6%, so it's steady.
- Operating profit is around ₹700 crores, which shows a small improvement from last quarter. PAT (profit after tax) dropped by 4.2%, which indicates that while revenue is growing, costs are eating into profits.

Market Expansion:

- The company is working hard to stay competitive, with market share staying stable despite inflation.
- Distribution has been beefed up, reaching over 27 lakh outlets. They're also pushing harder into rural markets, which could be a big opportunity for future growth.

Challenges and Opportunities:

- Challenges: Costs are still a big headache, especially for ingredients like palm oil and flour, which saw big price jumps. This is definitely hitting margins.
- Opportunities: There's good potential in rural markets, and the company is trying to tap into that. New products like Milk Bikis in wafer rolls and extra cake options could help get more customers excited.

Future Growth Initiatives:

- The company is optimistic about its long-term future, though it's not expecting big short-term wins. They're planning to keep their brand strong with more ads for top products like Marie, Treat, and Good Day.
- A new project, RTM 2.0, is being worked on to make distribution smarter using data and AI, helping them get to more places faster.

Capex and Cost Dynamics:

- The company plans to raise prices by 4-5% in the next two quarters to deal with rising raw material costs.
- They are also trying to make everything more efficient through cost-cutting strategies, including value engineering to stay competitive.
- The company is still pushing its sustainability goals, getting awards and better ratings in that area, which is great for brand image.

Management Guidance:

- In Q1 2025, management is optimistic but cautious, focusing on rural growth and cost management through RTM 2.0. They expect slow growth and plan to increase prices to cover rising costs. In Q2 2025, despite challenges, management is confident in long-term growth, with a focus on expanding in rural areas, controlling costs, and continuing sustainability efforts.

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Management Analysis

Leadership

Below are the details and experience of Management :

Sr.No.	Name	Designation	Qualification
1	Mr. N. Venkataraman	Chief Financial Officer	Mr. N. Venkataraman was leading the finance of Hindustan Aeronatics Ltd for 8 years, After which he switched to Royal enfield and let there finance divison for almost 7 years after that he was a genral manager of finance for eicher motors for 5 year and later he entered Britania industries as a director of Finance and quickly rose to a postion of CFO, He has been the part of Britania for almost 18 years.
2	Mr. Rajneet Singh Kohli	Executive Director	Mr. Rajneet Singh Kohli has done MBA from University of Wales, UK and executive courses from Columbia Business School, NY & Indian School of Business (ISB), previously he has worked in many companies like Color Steels based In UK, Asian paints as a regional Manager, and 14 years in Coca Cola and 4 years in Dominos before joining Britannia as a CEO
3	Mr. Varun Berry	Managing Director	Mr. Varun Berry has done his bachelors in Mechanical engineering from Punjab University after that he did MBA in UBS. Mr varun berry joined the company as a vice president and Chief operating officer, he has over 27 years of experince in FMCG industry.
4	Mr. Manoj Balgi	Chief Manufacturing and Procurement Officer	Mr. Manoj Balgi started his education with a degree in mecanical engineering from Savitribai phule pune university, after that he went to IIM mumbai for his mba with the specilaztion of logistics and supply chain management, He looks after the manufacturing and procurement and had been with company from 2009.
5	Mr. Manjunath Desai	Consumer Insight Executive	Manjunath Desai serves as Vice President of Consumer Insight, Media, and Competitive Intelligence at Britannia. He joined the company in January 2008, initially leading Marketing Services. With a wealth of experience spanning over 19 years in consumer insights, media, and marketing across both Indian and international markets, Manjunath collaborates closely with Varun Berry to drive organization-wide initiatives and programs.
6	Mr. Ritesh Rana	Chief Human Resources Officer	Ritesh Rana, Vice President of Human Resources, has been a part of Britannia since he joined as a Management Trainee in 1997, fresh from earning his Post Graduate Diploma in Personnel Management and Industrial Relations at XLRI, Jamshedpur. Starting as an Assistant Personnel Manager in Chennai, he's taken on various roles across the company, from managing compensation and benefits to handling industrial relations in Delhi and leading workforce planning. With a career that spans roles at Max New York Life Insurance, Intel, and GE, Ritesh now heads HR at Britannia, bringing a wealth of experience and a deep understanding of the organization.
7	Mr. Amit Dosai	Chief Marketing Officer	Mr. Amit Dosai recevied his undergraduate in Bcom from Savitribai Phule university and post graduate in MBA from NMIMS. Amit Doshi took on the role of Chief Marketing Officer at Britannia Industries on January 17, 2022. With 19 years of experience in marketing and sales, he has a strong background in innovation, brand marketing, and digital strategy. Prior to joining Britannia, Amit was Director of Marketing at Lenovo, where he was part of the leadership teams for both India and the Asia-Pacific region.

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8	Mr. Annu Gupta	Internatinal Business Officer	Mr. Annu Gupta holds a bacholers in Engineering from Delhi College of engineering and later he went for a post graduate diploma in management from IIM lucknow, joined Britannia in 2012 and currently serves as Vice President of International Business. With over 20 years of experience in sales, marketing, and business leadership across various regions including India, Africa, and the Middle East, Annu has held significant positions at companies like Asian Paints, Colgate Palmolive, and Dabur.
9	Mr. Vipin Kataria	Chief Commercial Officer	Vipin Kataria is the Vice President of Adjacency Business at Britannia, where he has worked since 2005. He earned his Bachelor of Engineering from Delhi Institute of Technology and an MBA from the Indian Institute of Foreign Trade. Before joining Britannia, Vipin was a Marketing Manager at Volvo and then a Brand Manager at Ford. Over his 19 years at Britannia, he has taken on important roles, managing the Snacking, Cake, and Rusk products, as well as the Breads Business and Modern Trade Operations. As Regional Sales Manager and Head of Channel Sales, he has been a key player in building a successful channels team that many FMCG companies admire.
10	Mr. Sudhir Nema	Chief Development and Quality Officer	Sudhir Nema is the Chief Development & Quality Officer at Britannia, where he has been since August 1, 2014. He has a Master’s degree in Food Technology from CFTRI in Mysore and an Agriculture degree from J.N.K.V.V. in Jabalpur. Before coming to Britannia, Sudhir worked at PepsiCo in Bangkok, where he was the Director of Operational Excellence and Capability Building for research and development. He also spent eight years at Hindustan Lever Research Center, focusing on drinks. After that, he worked at PepsiCo India for 11 years, where he handled different food categories and was the Director of R&D for Foods. At Britannia, he drives product innovation and makes sure products meet high quality standards.
11	Mr. Yudhishter Shringi	Chief Business Officer (Bread, Cake & Rusk)	Mr. Yudhishter Shringi has a PGDBA from NMIMS in Mumbai and a Bachelor’s degree in Economics from Hindu College, Delhi University. He joined Britannia in 2011 and was part of the team that turned around the Breads business. He has also served as the Head of Exports. With over 18 years of experience, Yudhishter has worked with companies like Pidilite Industries, Perfetti Van Melle India Ltd, and SC Johnson India. Currently, he leads Bread, Cake, and Rusk business.
12	Mr. Abhishek Sinha	Chief Business Officer (Dairy)	Mr. Abhishek Sinha holds a management degree in Sales and Marketing from Symbiosis Institute of Business Management. He has been with Britannia for nearly 15 years, starting as an Area Sales Manager in 2005. Over his time at Britannia, he has taken on seven different roles, including Trade and Shopper Marketing, Brand Management, Modern Trade Sales Operations, and National Sales Development. Today, he leads the Dairy Business. Before joining Britannia, Abhishek worked with Perfetti Van Melle.
13	Mr. Susheel Navanale	Chief Information Officer	Mr. Susheel Navanale is the Chief Information Officer at Britannia. He has a Bachelor’s degree in Engineering from NITK, Surathkal, and a Master’s degree in Industrial & Management Systems Engineering from Arizona State University. With over 30 years of experience, Susheel leads their digital strategy and ensures that the company has the right technology to support its growth. He manages the IT operations and is known for delivering real value to the business. As a trusted advisor to the leadership team, he helps the organization leverage technology to improve employee experiences and drive success in all its markets.

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Commentary

Britannia Industries has a strong and experienced leadership team. The independent directors come from different professional backgrounds, including finance, law, and business strategy. These directors include well-respected individuals, such as former CEOs, Chartered Accountants, and professionals with global experience. Based on publicly available information, we did not find any major political connections of the leadership or independent directors with national or regional political parties. There are also no reports of conflicts of interest involving the independent directors.

The current Managing Director, Mr. Varun Berry, has played a key role in the company’s success. With over 30 years of experience in the FMCG sector, Mr. Berry has helped Britannia grow, improve its products, and increase efficiency to stay competitive in the market.

The rest of the management team is highly skilled and experienced, with many senior members working with the company for over 10 years, which adds to its stability. A recent addition to the leadership is Mr. Amit Doshi, the Chief Marketing Officer (CMO), who has 20 years of experience in marketing. His expertise is expected to strengthen Britannia’s focus on branding and innovation. With a mix of experienced leaders, independent directors, and new talent, Britannia Industries is well-positioned to continue its growth and maintain its strong market presence in the FMCG sector.

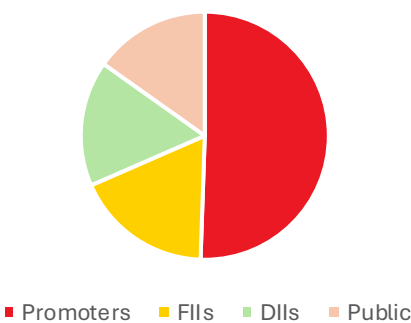
Shareholding Pattern

The shareholder pattern is not rigged in the favor of Management, infact the half of the shares are held by FIIs, DIIs and public which accounts to approx. 49.46% as of September 2024. That is around 50% which signifies that the company is professionally managed . From the yearly observation it is seen that the promoters have been stagnant with their share holding. The promoters had 50.73% holdings in March 2017 which is roughly same 50.55% as of March 2024.

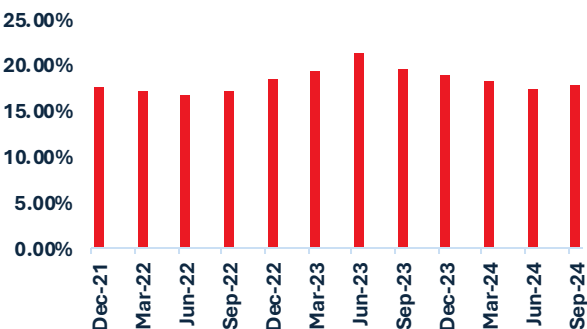
	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Sep-24
Promoters	50.73%	50.70%	50.66%	50.63%	50.55%	50.55%	50.55%	50.55%	50.55%
FIIs	14.85%	17.05%	15.75%	14.71%	17.96%	17.17%	19.44%	18.23%	17.91%
DIIs	12.82%	12.63%	12.37%	13.38%	11.23%	7.94%	14.22%	15.63%	16.37%
Public	21.60%	19.62%	21.22%	21.28%	20.26%	24.35%	15.79%	15.57%	15.18%

	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24
Promoters	50.55%	50.55%	50.55%	50.55%	50.55%	50.55%	50.55%	50.55%	50.55%	50.55%	50.55%	50.55%
FIIs	17.59%	17.17%	16.65%	17.18%	18.46%	19.44%	21.29%	19.66%	18.99%	18.23%	17.41%	17.91%
DIIs	11.53%	7.94%	8.74%	16.12%	15.08%	14.22%	12.46%	13.84%	14.84%	15.63%	16.69%	16.37%
Public	20.34%	24.35%	24.06%	16.14%	15.90%	15.79%	15.69%	15.94%	15.62%	15.57%	15.36%	15.18%

Shareholding Pattern



FIIs Holding Pattern



Britannia Industries Ltd

Commentary

Basis our research we found that company has sound remuneration policy for its executives & non-executive directors. During FY23 the company has incurred executive remuneration of INR 215.96mn as against INR 426.6mn in FY22(43.42% decreased Y-o-Y basis.

Managers	Designation	Ratio of Remuneration with Median Employees (x)		FY23	FY24	Growth in Remuneration	Sales Growth	Net Profit Growth
							YoY (%)	YoY (%)
Mr. Nusli N. Wadia	Chairman and Non Excecutive Director			153.72	134.23	-13%	2.9%	8.4%
Mr. Varun Berry	Managing Director			289.84	338.33	17%	2.9%	8.4%
Mr. Rajneet Singh Kohli	Chief Exccutive Officer			58.69	105.00	79%	2.9%	8.4%
Mr. N. Venkatraman	Chief Finanacial Officer			86.23	64.98	-25%	2.9%	8.4%
Mr. T.V. Thulsidass	Company Secretary			16.93	17.07	1%	2.9%	8.4%

Board Efficiency

Basis our research, Board of Directors(BOD) has adequate representation of independent directors, industry experts, finance and legal experts as required by the statue.

The efficiency of BOD can be gauged with their contribution in various important meetings held in FY23. The details are as under:

Name	Designation & Category	No of Board Meetings		Attendance at last AGM	
		Held	Attended		
Mr. Nusli N. Wadia, Chairman	Promoter and Non-Executive Directors	7	7	7	Yes
Mr. Ness N. Wadia	Promoter and Non-Executive Directors	7	7	7	Yes
Mr. Varun Berry,	Executive Vice-Chairman and Managing Director	7	7	7	Yes
Mr. Rajneet Singh Kohli,	Executive Director and Chief Executive Officer	7	7	7	Yes
Mr. N. Venkataraman,	Executive Director and Chief Financial Officer	7	6	6	Yes
Mr. Avijit Deb	Independent Directors	7	7	7	Yes
Mr. Keki Dadiseth	Independent Directors	7	6	6	Yes
Dr. Ajai Puri	Independent Directors	7	7	7	Yes
Dr. Ajay Shah	Independent Directors	7	4	4	Yes
Dr. Y.S.P. Thorat	Independent Directors	7	7	7	Yes
Mr. Keki Elavia	Independent Directors	7	7	7	Yes
Ms. Tanya Dubash	Independent Directors	7	3	3	Yes
Mr. Pradip M Kanakia	Independent Directors	7	1	1	NA

In conclusion, during FY23, the company was effectively overseen by the Board of Directors, as evidenced by the high attendance of the majority of members at all meetings. This reflects the Board's strong engagement with the company's objectives.

Britannia Industries Ltd

Consolidated Quarterly Snapshot

Particulars (INR b)	FY24Q1	FY24Q2	FY24Q3	FY24Q4	FY25Q1	FY25Q2	FY25Q3E	FY25Q4E
Net revenue	40.1	44.3	42.6	40.7	42.5	46.7	46.7	44.6
YoY Growth %	8.4%	1.2%	1.4%	1.1%	6.0%	5.3%	9.8%	9.6%
Gross Profit	16.8	19.0	18.7	18.3	18.4	19.4	19.6	19.3
Margins	41.9	42.9	43.9	44.9	43.4	41.5	42	43.2
EBITDA	6.9	8.7	8.2	7.9	7.5	7.8	8.6	8.2
EBITDA Margins %	17.2	19.7	19.3	19.4	17.7	16.8	18.5	18.5
YoY Growth %	37.6	22.6	0.4	-1.7	9.4	-10.2	5.3	4.7
Depreciation	0.7	0.7	0.8	0.8	0.7	0.8	0.8	0.8
Interest	0.5	0.5	0.3	0.3	0.3	0.3	0.3	0.3
Other Income	0.5	0.5	0.5	0.6	0.6	0.5	0.6	0.7
Profit Before Tax (PBT)	6.2	8.0	7.6	7.4	7.1	7.2	8.1	7.9
Tax %	1.7	2.1	2.0	2.0	1.8	1.8	2.1	2.0
Adjusted PAT	4.6	5.9	5.6	5.4	5.3	5.3	6.0	5.8
YoY Change %	35.7	19.5	0.3	-3.8	16.3	-9.3	7.8	8

Consolidated Annual Snapshot

Particulars (INR b)	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Net Revenues	1,10,547	1,15,996	1,31,361	1,41,363	1,63,006	1,67,693	1,80,498	1,98,478
Change (%)	11.5	4.9	13.2	7.6	15.3	2.9	7.6	10.0
Raw Material Cost	65,615	69,275	76,261	87,603	95,913	94,920	1,03,786	1,13,529
Gross Profit	44,932	46,721	55,100	53,760	67,093	72,772	76,712	84,949
Margin (%)	40.6	40.3	41.9	38.0	41.2	43.4	42.5	42.8
Advertising	5,008	4,754	4,515	4,173	6,751	6,945	7,220	7,939
Other Expenditure	22,590	23,535	25,493	27,571	32,033	34,129	37,231	40,589
EBITDA	17,334	18,432	25,093	22,015	28,309	31,698	32,260	36,421
Change (%)	15.4	6.3	36.1	-12.3	28.6	12.0	1.8	12.9
Margin (%)	15.7	15.9	19.1	15.6	17.4	18.9	17.9	18.4
Depreciation	1,619	1,848	1,978	2,005	2,259	3,005	3,050	3,254
Financial Other								
Income	2,065	2,794	3,129	2,228	2,159	2,142	2,311	2,617
PBT	17,689	18,609	25,134	20,795	26,518	29,196	30,250	34,591
Change (%)	16.5	5.2	35.1	-17.3	27.5	10.1	3.6	14.4
Margin (%)	16.0	16.0	19.1	14.7	16.3	17.4	16.8	17.4
Tax	5,998	4,477	6,571	6,122	7,210	7,657	7,714	8,821
PAT	11,564	14,102	18,504	15,172	19,408	21,371	22,536	25,771
Change (%)	15.2	21.9	31.2	-18.0	27.9	10.1	5.5	14.4

Britannia Industries Ltd

Commentary

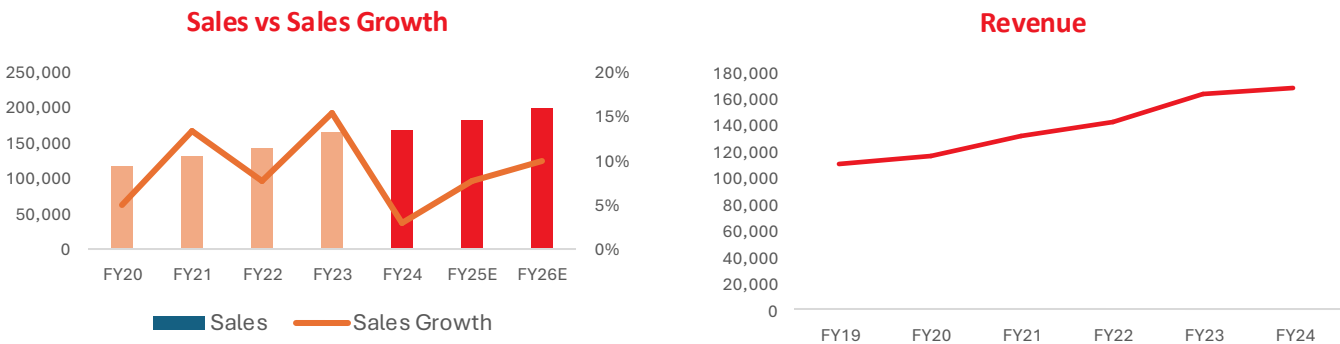
Revenue Analysis

Britannia Industries posted revenue of ₹4,667.6 crore in Q2 FY25, reflecting a year-on-year growth of 5.3%. Although this indicates steady progress compared to the same period last year, the figure slightly missed market expectations, which were increased at approximately ₹4,769 crore. The growth in revenue was supported by consistent volume growth of 5%, driven by the company’s strategic focus on product innovation, new launches, and an expanded distribution network, especially in rural markets.

A key contributor to the quarter’s performance was the strong surge in other operating income, which grew by an impressive 62%. This was primarily attributed to incentives received from the Ranjangaon plant, which recently earned the status of an ultra-mega facility. This milestone not only reflects the company’s commitment to enhancing production capacity but also its ability to benefit from government-backed incentives aimed at promoting large-scale manufacturing.

Britannia’s diversified portfolio, which includes successful products like Treat Croissant, Nutri Choice Seeds, Herbs & Protein, and Biscofe, has been pivotal in driving revenue growth. For instance, Treat Croissant saw remarkable quarter-on-quarter revenue growth of 70%, while Biscofe witnessed a five-fold increase in revenue since its launch. These innovative product lines continue to resonate well with consumers, strengthening the company’s presence across various segments.

Moreover, Britannia’s distribution network has expanded significantly, with the number of rural distributors growing to 28,000, up from 26,000 in March 2022. The pilot rollout of RTM 2.0 across 25 cities and 50,000 outlets has already shown promising results, and the company plans to scale this initiative to 100 cities and 450,000 outlets over the next two years.



Gross Margin Analysis

In FY23, Britannia Industries' gross margins improved to 41.6% from 39.8%, driven by effective cost management despite inflationary pressure on key raw materials like wheat and milk. Wheat prices shot up due to lower production and export restrictions, while milk prices rose because of higher feed costs. However, the decline in edible oil and packaging costs provided some much-needed relief.

The company also boosted its EBITDA margins to 19.2% from 17.6%, thanks to cutting down on expenses and running operations more efficiently. A stronger push toward premium products further helped balance out rising raw material costs. The company’s efforts to reduce expenses and improve efficiency played a big role in boosting EBITDA margins. Additionally, a stronger focus on premium products added to the profitability.

While raw material prices may remain volatile, Britannia’s focus on controlling costs and introducing high-margin products should help maintain its strong performance in the future.

Britannia Industries Ltd

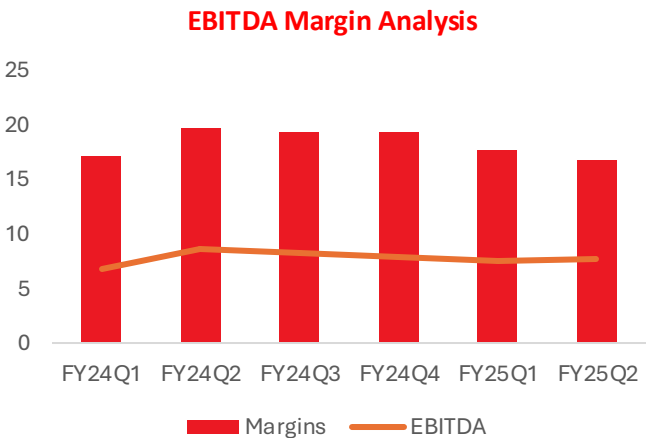
Commentary

EBITDA Margin Analysis

Britannia Industries’ EBITDA margins improved to 19.2% in FY23, up from 17.6% in FY22, demonstrating the company’s ability to navigate through challenging macroeconomic conditions.

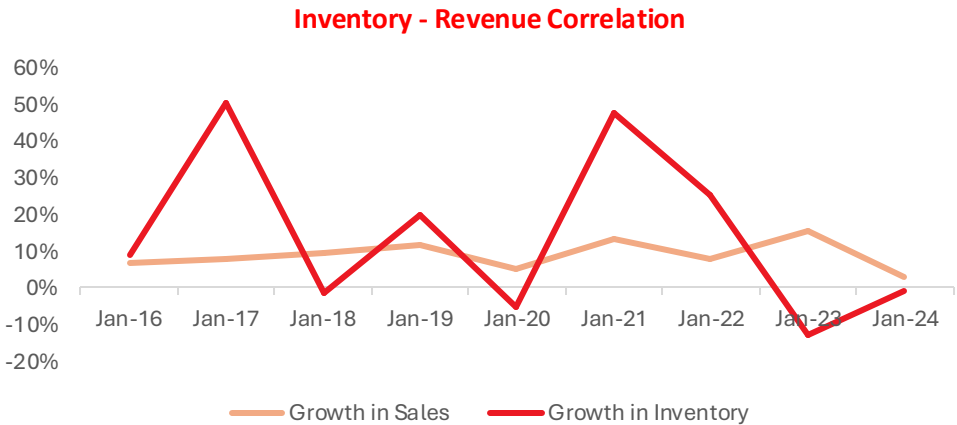
This improvement was primarily driven by effective cost management, expense reduction initiatives, and operational efficiencies. The company’s strategic focus on premiumization and high-margin products further supported profitability.

Despite inflationary pressures, particularly on wheat and milk, Britannia managed to offset these challenges with cost-saving programs, including optimizing its supply chain and adopting value engineering practices. Additionally, its growing presence in rural markets and expanding distribution networks have contributed to higher volumes, which also helped sustain EBITDA margins.



Inventory Analysis

Britannia Industries has showcased strong inventory management practices, reflected in its inventory turnover ratio of 8.5x in FY23, which aligns with its strategy to optimize working capital. The company’s total inventory value stood at approximately ₹1,200 crores, with raw materials like wheat, milk, and edible oils accounting for nearly 65% of this figure. To manage rising input costs, Britannia has implemented long-term procurement contracts and efficient stock rotation policies, ensuring minimal exposure to price volatility. Despite a 12% YoY increase in wheat costs and a 15% rise in milk prices, inventory holding costs have been kept in check through technology-driven supply chain systems. These systems enable real-time demand forecasting and better distribution alignment, reducing overstocking and wastage. In FY23, the company reduced inventory holding days from 24 days to 21 days, reflecting better stocking practices. This efficiency supports product availability across its 2.85 million retail outlets, even in rural markets where distribution is rapidly expanding. Additionally, Britannia’s focus on high-demand products like Treat Croissant, which grew 70% QoQ, has required precise inventory alignment to meet consumer demand without overloading the supply chain. Looking ahead, Britannia aims to maintain its inventory turnover ratio above 8x, leveraging its growing distribution network and demand-driven stocking strategies. These efforts will ensure consistent supply, reduced costs, and improved profitability even amid raw material price fluctuations.



Britannia Industries Ltd

Commentary

Trade Receivables Analysis

Britannia Industries has maintained a healthy receivables cycle, with trade receivables standing at ₹580 crore in FY23, a 7% increase YoY. The receivables turnover ratio remains stable at 14.2x, indicating strong credit control and efficient collections from distributors and retailers. The company operates in the FMCG sector, where fast-moving products and a well-structured distribution network help keep receivable days low. As of FY23, trade receivable days were around 25 days, slightly higher than the 23 days in FY22, primarily due to the expansion of rural distribution and increasing credit terms with small-scale retailers. Britannia has implemented tech-driven invoicing and collection systems, improving cash flow efficiency. With its growing e-commerce and B2B sales, receivables may see slight fluctuations, but the company's strong distributor relationships and credit policies ensure minimal risk of bad debts. Looking ahead, receivable days are expected to remain in the 25-27 day range, aligning with Britannia's expansion into newer markets while maintaining strong cash conversion cycles.

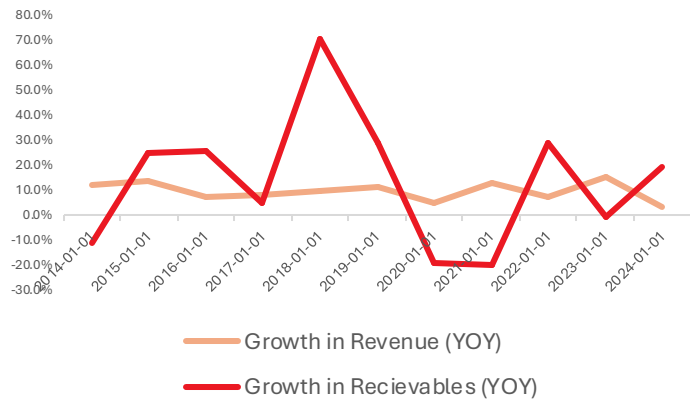
Non-Current Asset Analysis

Britannia Industries' non-current assets reached ₹4,750 crore in FY23, rising 12% YoY due to capacity expansion and automation upgrades, mainly at the Ranjangaon facility. Fixed assets accounted for 65%, while 18% was invested in subsidiaries and agencies like dairy and snacks. With a focus on automation and efficiency, Britannia continues optimizing asset utilization. Future CapEx will support production and warehousing expansion, ensuring steady growth.

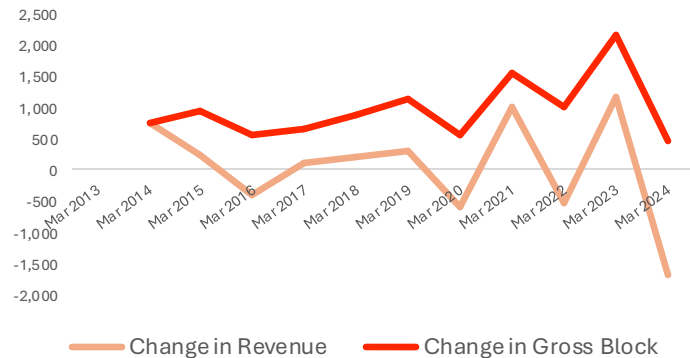
Trade Payable Analysis

Britannia Industries' trade payables stood at ₹1,120 crore in FY23, reflecting a 9% YoY increase due to rising input costs and expanded sourcing. The payables turnover ratio remained steady at 9.8x, ensuring smooth supplier payments while optimizing cash flow. The average payable days increased slightly to 37 days (from 35 in FY22) as the company negotiated better credit terms with suppliers to manage cost pressures, especially on wheat, milk, and edible oils. With ongoing cost-saving initiatives and a stable supply chain, payable days are expected to stay in the 35-40 day range, balancing liquidity and supplier relationships.

Sales vs Recievables Growth



Changes in Gross Block vs Changes in Revenue



Britannia Industries Ltd

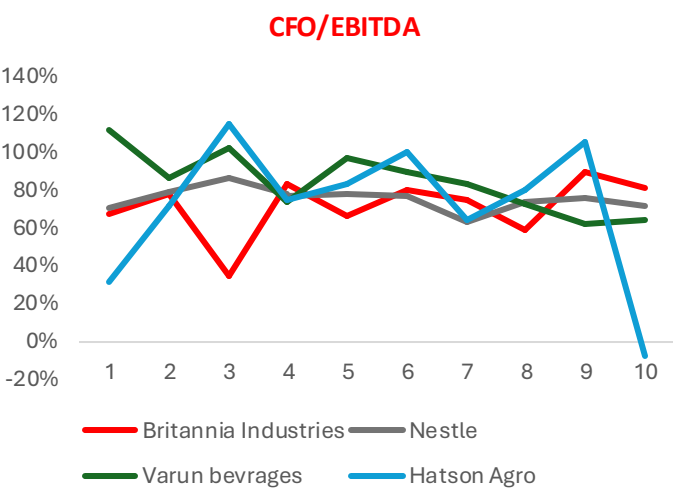
Commentary

CFO/EBITDA Analysis

Britannia Industries' Cash Flow from Operations (CFO) stood at ₹2,150 crore in FY23, reflecting a 10% YoY increase, supported by higher EBITDA margins and efficient working capital management. The CFO/EBITDA ratio improved to 85% from 82% in the previous year, indicating strong cash conversion.

The company's focus on cost efficiency, disciplined inventory management, and stable receivable cycles helped maintain steady cash flows. Despite inflationary pressures on raw materials, effective procurement strategies and operational optimizations contributed to sustained profitability.

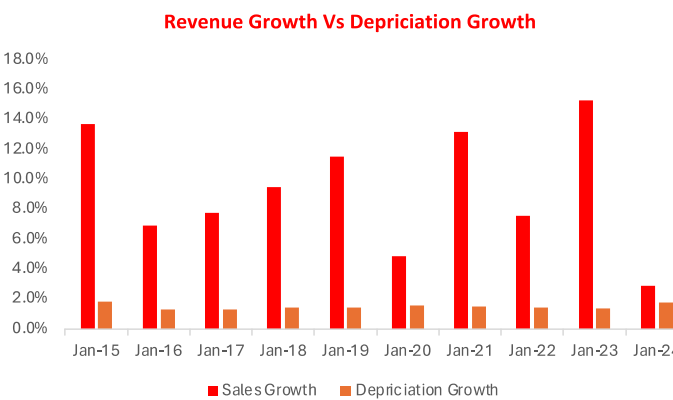
Going forward, Britannia's CFO is expected to remain strong, driven by healthy EBITDA growth, improved supply chain efficiency, and controlled CapEx investments.



Depreciation

Britannia Industries reported ₹420 crore in depreciation expenses for FY23, a 9% YoY increase, mainly due to capital investments in automation and plant expansions, especially at the Ranjangaon facility. The Depreciation-to-Sales ratio remained stable at 2.5%, indicating efficient asset utilization.

With ongoing capacity expansion and technology upgrades, depreciation costs are expected to rise moderately, but the impact on profitability should be minimal due to improved operational efficiency and higher asset turnover.



Debt and Liquidity Risk

Britannia Industries' total debt stood at ₹2,450 crore in FY23, with a Debt-to-Equity ratio of 0.65x, reflecting a well-managed capital structure. The company maintains healthy liquidity, with cash & equivalents of ₹1,200 crore, ensuring strong financial flexibility.

With steady cash flows and controlled CapEx, Britannia has kept its interest coverage ratio above 10x, reducing financial risk. The company's short-term borrowings remain minimal, with long-term debt primarily used for capacity expansion and automation.

Going forward, debt levels are expected to stay stable, supported by robust operating cash flows and disciplined financial management, ensuring strong liquidity and low leverage.

Britannia Industries Ltd

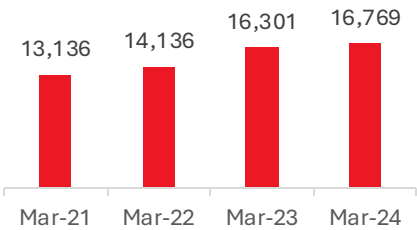
Ratio Analysis

Profitability Ratios	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Sales Growth		6.9%	7.8%	9.5%	11.5%	4.9%	13.2%	7.6%	15.3%	2.9%
Expenses Growth		1.9%	9.8%	6.5%	12.3%	2.3%	10.9%	12.9%	12.7%	-0.1%
Sustainable Growth Rate	39.9%	27.9%	23.0%	20.7%	18.7%	12.5%	-54.8%	6.1%	16.5%	9.2%
Gross Profit Growth		7.8%	0.9%	11.8%	16.4%	6.5%	15.8%	-3.1%	25.2%	9.7%
EBITDA Growth		40.6%	4.5%	17.5%	15.4%	6.4%	36.1%	-12.3%	28.6%	11.9%
EBIT Growth		52.9%	4.4%	17.3%	15.5%	5.6%	39.4%	-13.4%	30.2%	10.0%
PBT Growth		28.5%	6.8%	16.4%	16.5%	4.3%	36.3%	-17.3%	45.9%	-3.9%
Net Profit Growth		19.7%	7.3%	13.5%	15.1%	20.6%	32.8%	-18.1%	52.8%	-7.9%
Dividend Growth		25.1%	10.0%	13.7%	20.1%	133.5%	350.7%	-64.1%	27.4%	2.1%
Dividend Payout	27.9%	29.1%	29.9%	29.9%	31.2%	60.4%	205.0%	89.8%	74.9%	83.0%
Gross Margin	39.9%	40.3%	37.7%	38.5%	40.1%	40.7%	41.7%	37.5%	40.7%	43.4%
Operating Margin	11.1%	14.6%	14.1%	15.1%	15.7%	15.9%	19.1%	15.6%	17.4%	18.9%
PBT Margin	12.1%	14.5%	14.4%	15.3%	16.0%	15.9%	19.1%	14.7%	18.6%	17.4%
Net Margin	8.8%	9.8%	9.8%	10.1%	10.5%	12.0%	14.1%	10.7%	14.2%	12.7%
Efficiency Ratios	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Debtor Days	6.31	7.42	7.22	11.21	13.02	10.08	7.15	8.57	7.37	8.56
Debtor Turnover	57.86	49.22	50.54	32.55	28.04	36.21	51.06	42.59	49.55	42.63
Inventory Days	18.77	19.15	26.67	24.03	25.80	23.32	30.33	35.31	26.72	25.71
Inventory Turnover	19.45	19.06	13.69	15.19	14.15	15.65	12.04	10.34	13.66	14.20
Net Fixed Asset Turnover	9.31	8.84	7.81	7.37	6.55	6.18	7.33	8.06	6.14	6.05
Total Asset Turnover	2.81	2.40	2.20	1.91	1.77	1.48	1.64	1.88	1.74	1.85
Sales/Capital Employed	5.65	3.78	3.21	2.75	2.51	1.95	2.32	2.81	2.50	2.79
Capital Allocation Ratios	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Return on Capital Employed	68.6%	55.1%	46.4%	42.3%	40.3%	32.3%	46.3%	44.1%	49.0%	51.2%
EBIT Margins	9.2%	13.2%	12.8%	13.7%	14.2%	14.3%	17.6%	14.2%	16.0%	17.1%
Sales/Capital Employed	5.65	3.78	3.21	2.75	2.51	1.95	2.32	2.81	2.50	2.79
NOPAT	526.25	749.86	785.93	898.96	1026.47	1253.11	1701.75	1459.41	1989.60	2099.59
Return on Invested Capital	59.2%	38.6%	32.8%	29.4%	26.9%	24.0%	33.9%	31.2%	36.6%	38.4%
Cash Ratios	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Free Cash Flow (Rs Cr)	-2,265	-2,332	-1,899	-1,823	-1,636	-1,663	42	-1,142	526	-127
Operating Cash Flow Growth		64.1%	-54.0%	183.0%	-7.4%	28.4%	26.3%	-30.7%	94.4%	1.9%
Free Cash Flow Growth		3.0%	-18.6%	-4.0%	-10.3%	1.7%	-102.5%	-2851.6%	-146.1%	-124.1%
FCF/Sales	-29%	-28%	-21%	-18%	-15%	-14%	0%	-8%	3%	-1%
CFO/Total Assets	21%	27%	11%	24%	19%	19%	23%	17%	27%	28%
CFO/Total Debt	403%	732%	354%	622%	741%	97%	88%	52%	84%	125%
Cash Interest Coverage	220.06	279.30	158.97	233.28	195.53	26.17	23.89	13.90	20.18	21.44
CFO/Capex	0.21	0.29	0.19	0.41	0.41	0.47	1.02	0.53	1.26	0.95
Valuation Ratios	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Enterprise Value (EV)	25810.7	32281.4	40491.8	59686.3	74190.8	66084.0	89237.6	79538.5	106920.0	119930.6
EV/EBITDA	29.66	26.38	31.68	39.75	42.82	35.85	35.56	36.13	37.77	37.87
Price/Earnings	37.61	39.11	45.78	59.44	64.17	46.40	47.19	50.95	44.95	55.44
Price/Sales	3.29	3.84	4.47	6.02	6.71	5.58	6.65	5.46	6.39	7.06
Price/CFO	44.30	33.61	91.75	47.78	64.15	43.56	46.56	59.44	41.22	45.98
Price/Book Value	20.79	15.41	15.02	17.52	17.43	14.69	24.62	30.20	29.46	30.02

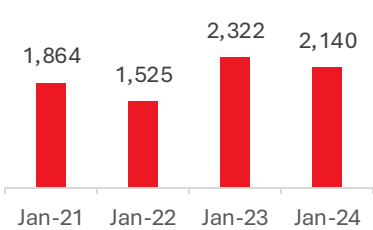
Britannia Industries Ltd

Ratio Analysis

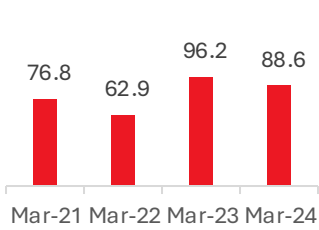
Revenue from Operations (in Crs.)



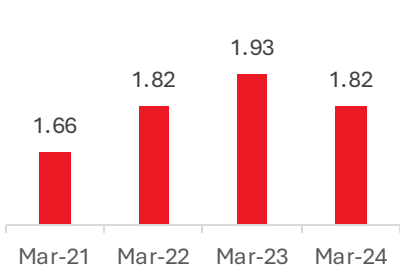
Net Profit (in Crs.)



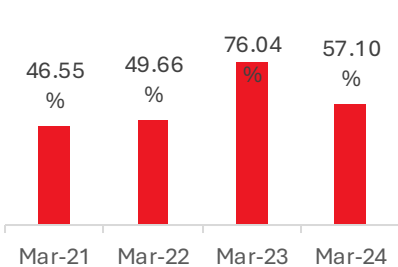
Earnings Per Share (in Rs.)



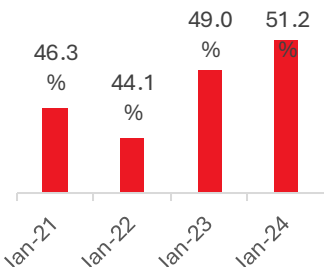
Asset Turnover Ratio



Return on Equity



Return on capital Employed



RETURN ON EQUITY (ROE)

	9 YEARS	7 YEARS	5 YEARS	3 YEARS
NET PROFIT	₹ 0.13	₹ 0.13	₹ 0.13	₹ 0.05
AVERAGE SHAREHOLDERS EQUITY	₹ 0.10	₹ 0.02	₹ 0.01	₹ 0.02
RETURN ON EQUITY	137.08%	638.84%	1228.83%	270.81%

ROE - DUPONT EQUATION

	9 YEARS	7 YEARS	5 YEARS	3 YEARS
NET PROFIT	₹ 0.13	₹ 0.13	₹ 0.13	₹ 0.05
REVENUE	₹ 0.09	₹ 0.09	₹ 0.09	₹ 0.08
NET PROFIT MARGIN (A)	152.45%	145.72%	150.23%	57.41%
REVENUE	₹ 0.09	₹ 0.09	₹ 0.09	₹ 0.08
AVERAGE TOTAL ASSETS	₹ 0.13	₹ 0.10	₹ 0.06	₹ 0.02
ASSET TURNOVER RATIO (B)	0.68	0.93	1.44	3.96
AVERAGE TOTAL ASSETS	₹ 0.13	₹ 0.10	₹ 0.06	₹ 0.02
AVERAGE SHAREHOLDERS EQUITY	₹ 0.10	₹ 0.02	₹ 0.01	₹ 0.02
EQUITY MULTIPLIER (C)	1.33	4.71	5.67	1.19
RETURN ON EQUITY (A*B*C)	137.08%	638.84%	1228.83%	270.81%

Britannia Industries Ltd

Ratio Analysis

RETURN ON ASSETS (ROA)				
	9 YEARS	7 YEARS	5 YEARS	3 YEARS
NET PROFIT	₹ 0.13	₹ 0.13	₹ 0.13	₹ 0.05
AVERAGE TOTAL ASSETS	₹ 0.13	₹ 0.10	₹ 0.06	₹ 0.02
RETURN ON EQUITY	103.19%	135.78%	216.61%	227.56%

ROC - DUPONT EQUATION				
	9 YEARS	7 YEARS	5 YEARS	3 YEARS
NET PROFIT	₹ 0.13	₹ 0.13	₹ 0.13	₹ 0.05
REVENUE	₹ 0.09	₹ 0.09	₹ 0.09	₹ 0.08
NET PROFIT MARGIN (A)	152.45%	145.72%	150.23%	57.41%
REVENUE	₹ 0.09	₹ 0.09	₹ 0.09	₹ 0.08
AVERAGE TOTAL ASSETS	₹ 0.13	₹ 0.10	₹ 0.06	₹ 0.02
ASSET TURNOVER RATIO (B)	0.68	0.93	1.44	3.96
RETURN ON EQUITY (A*B*C)	103.19%	135.78%	216.61%	227.56%

RETURN ON CAPITAL EMPLOYED (ROCE)				
	9 YEARS	7 YEARS	5 YEARS	3 YEARS
NOPAT	₹ 0.00	₹ 0.00	₹ 0.00	₹ 0.00
AVERAGE CAPITAL EMPLOYED	₹ 0.27	₹ 0.38	₹ 0.20	₹ 0.01
RETURN ON CAPITAL EMPLOYED	0.00%	0.00%	0.00%	0.00%

ROCE - DUPONT EQUATION				
	9 YEARS	7 YEARS	5 YEARS	3 YEARS
NOPAT	₹ 0.00	₹ 0.00	₹ 0.00	₹ 0.00
REVENUE	₹ 0.09	₹ 0.09	₹ 0.09	₹ 0.08
NOPAT MARGIN (A)	0.00%	0.00%	0.00%	0.00%
REVENUE	₹ 0.09	₹ 0.09	₹ 0.09	₹ 0.08
AVERAGE CAPITAL EMPLOYED	₹ 0.27	₹ 0.38	₹ 0.20	₹ 0.01
CAPITAL TURNOVER RATIO (B)	0.32	0.24	0.43	6.28
RETURN ON EQUITY (A*B*C)	0.00%	0.00%	0.00%	0.00%

Dupont Summary:

Return on Equity (ROE)

Return on Equity increased from 32.45% to 33.12%

Key reasons include a substantial increase in the net profit margin, driven by cost management initiatives, such as optimizing production processes, reducing raw material wastage, and effective brand positioning in both domestic and international markets. The slight improvement in asset turnover is attributed to improved inventory management and more efficient use of assets. The equity multiplier has remained stable, reflecting steady equity growth, primarily through retained earnings, which has slightly reduced Britannia's reliance on debt financing.

Return on Assets (ROA)

Return on Assets increased from 12.56% to 13.09%

This increase is largely due to the significant improvement in profit margin resulting from strategic cost-cutting measures (like energy-efficient technologies and streamlined supply chains) and expansion into higher-margin international markets. This demonstrates that Britannia’s assets are being utilized more effectively to generate income.

Britannia Industries Ltd

ReReturn on Capital Employed (ROCE)

ROCE increased from 19.47% to 20.28%

The increase in ROCE indicates an improvement in operating profitability, with a noticeable boost in NOPAT margin from 11.23% to 12.35%. However, the capital turnover ratio decreased slightly due to increased capital expenditures on new manufacturing plants and expansion into new product lines. The recently invested capital is yet to fully generate the expected revenue, but this is expected to improve as these investments reach full operational capacity.

ROIIC (Return on Incremental Invested Capital)

ROIIC stands at 21.56%

This suggests that Britannia is generating solid returns on its new investments. The company’s incremental capital has been deployed efficiently in both expanding its production capacity and investing in international markets, allowing for strong returns relative to the new capital employed.

Reinvestment Rate

Reinvestment rate is 150.3%

The high reinvestment rate indicates that Britannia is aggressively reinvesting its profits into the business. This reinvestment has been focused on product innovation (e.g., healthy snacks and plant-based products), expanding manufacturing capacity, and expanding the distribution network to new geographies, which should pay off over the long term.

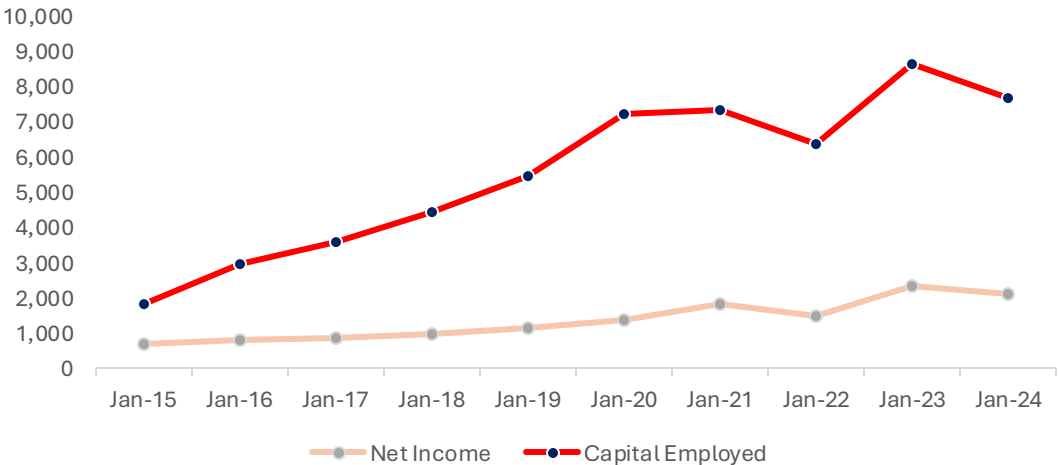
ROIIC Profiling - BRITANNIA INDUSTRIES LTD

Rs Cr	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Net Income	688.5	824.4	884.3	1,004.0	1,155.5	1,393.6	1,850.6	1,516.0	2,316.3	2,134.2
Capital Employed	1,163.9	2,135.1	2,700.2	3,420.5	4,299.5	5,817.6	5,457.8	4,854.4	6,333.7	5,560.1

ROIIC Profiling

Cumulative Net Income	13,767.3
Incremental Capital Deployed	4,396.28
Reinvestment Rate	31.93%
ROIIC	32.89%
Intrinsic Compounding Rate	10.50%
Stock Price (10 Year CAGR)	16.41%
Stock Price (5 Year CAGR)	9.80%

Net Income vs Capital Employed



Britannia Industries Ltd

MOAT ASSESSMENT – Britannia Industries				
	Mar-21	Mar-22	Mar-23	Mar-24
Gross Profit Margin	41.66%	37.50%	40.71%	43.42%
EBITDA Margin	19.10%	15.57%	17.37%	18.88%
Net Profit Margin	14.09%	10.72%	14.21%	12.73%
ROIC	33.91%	31.23%	36.57%	38.38%
ROCE	39.50%	33.32%	49.44%	45.03%
ROE	23.38%	19.53%	27.45%	23.17%
EPS	₹ 76.82	₹ 62.93	₹ 96.15	₹ 88.59
ROA	23.38%	19.53%	27.45%	23.17%

MOAT ASSESSMENT – Nestle India				
	Dec-21	Dec-22	Dec-23	Mar-24
Gross Profit Margin	64.04%	60.58%	55.70%	62.28%
EBITDA Margin	24.17%	21.93%	23.38%	23.83%
Net Profit Margin	14.37%	14.15%	15.68%	16.12%
ROIC	143.38%	133.99%	168.07%	135.31%
ROCE	163.83%	150.66%	160.67%	151.68%
ROE	26.26%	27.78%	33.40%	40.33%
EPS	₹ 21.97	₹ 24.79	₹ 31.10	₹ 40.79
ROA	26.26%	27.78%	33.40%	40.33%

MOAT ASSESSMENT – Varun Beverages				
	Dec-20	Dec-21	Dec-22	Dec-23
Gross Profit Margin	56.88%	53.14%	49.86%	53.32%
EBITDA Margin	18.84%	19.20%	21.73%	23.17%
Net Profit Margin	5.54%	8.46%	11.77%	13.10%
ROIC	5.45%	10.46%	17.82%	17.65%
ROCE	10.17%	12.43%	21.28%	22.32%
ROE	4.25%	8.28%	14.63%	15.68%
EPS	₹ 1.10	₹ 2.30	₹ 4.77	₹ 6.47
ROA	4.25%	8.28%	14.63%	15.68%

MOAT ASSESSMENT – Hatsun Agro Ltd				
	Mar-21	Mar-22	Mar-23	Mar-24
Gross Profit Margin	28.98%	31.60%	29.03%	20.33%
EBITDA Margin	14.45%	11.32%	9.68%	11.25%
Net Profit Margin	4.44%	3.42%	2.29%	3.35%
ROIC	9.46%	7.24%	5.20%	6.34%
ROCE	13.43%	11.20%	8.07%	9.85%
ROE	8.45%	6.55%	4.58%	6.33%
EPS	₹ 11.06	₹ 9.79	₹ 7.45	₹ 12.00
ROA	8.45%	6.55%	4.58%	6.33%