



DALAL & BROACHA
STOCK BROKING PVT. LTD.

Result Update @ Dalal & Broacha

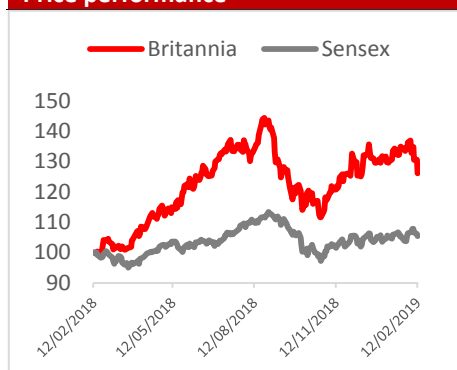
Buy on Dips

Current Price	2924
52 Week Range	2350/3472

Key Share Data

Market Cap (Rs.bn)	700.28
Market Cap (US\$ mn)	9933.05
No of o/s shares (mn)	240.32
Face Value	1
Monthly Avg. vol(BSE+NSE) Nos'000	283.95
BSE Code	500825
NSE Code	BRITANNIA
Bloomberg	BRIT:IN

Price performance



% Shareholding

	Dec-18	Sept-18
Promoters	50.66	50.66
Institutions	28.84	28.84
Others	20.50	20.50
Total	100.0	100.0

Britannia Q3FY19 Consolidated Results were slightly below expectations, with volume growth of 7%. Net Revenues increased by 10.7% YoY to Rs 28424mn supported by volume growth of 7%. Q3FY19 EBIDTA grew by 20% YoY to Rs 4543.6mn/EBIDTA margins stood at 15.9% v/s 15.5% YoY (Raw Materials to Revenues stood at 58.7% as against 61.3% YoY)

Other Income increased by 66.9% YoY to Rs 600mn. PAT increased by 13.8% YoY to Rs 3000.7mn. EPS 9MFY19 stood at Rs 35.87 as against Rs 30.85 YoY

Concall KTA's

Post Diwali the company witnessed some slowdown, however expected to get back on track in Q4FY19

Volume growth 7% and price growth 4% (of which 2% was price and 2% was mix)

Innovative products (introduced 24 months prior) contribute ~3.5%

Launch: Whole Wheat Vita Marie gold / Gooday Cashew and Almond @ Rs 5 price point

New Category products launched: Crème Wafers in 4 flavours @ Rs 25 received

positive response in South India and Modern trade will now expand its reach / Croissant (under Treat) will be launched in Q4FY19 @ Rs 15/-

New Cake formats including Layer cake / Brownie / Swiss Roll launched now complete the cake family

Distribution Direct Reach 20.8mn outlets (v/s 18.4mn Mar-18) / Rural stock points 17900 v/s 14400 (Mar-18)

Hindi Belt YTD growth 25.1% Rajasthan, 21.3% MP, 18.6% UP and 16.7% Gujarat

Dairy overall double digit growth cheese doing very well / Milk Shake under Winkin Cow brand doing well summer season should witness good growth

Double digit growth in M. East / Nepal facility will start in next 10 days / identified 2-3 more countries will finalise one soon

RAW Materials: Overall Inflation was ~4% for Britannia / Sugar -ve 14%, Milk -ve 12%, Flour +9%, Refined Palm Oil +10% (since duty increased from 30% to 40%).

Next year expected ~4-5%

Cost Efficiency Program @ Rs 225crs in FY19e

RANJANGAON facility (150 acres)

commercialized / 2 cake line and 2 biscuit lines started / 15-20 days Croissant line will start / At full capacity this facility would be ~ 10-11% of national capacity i.e. ~130000 tons

Valuation @CMP of Rs. 2924, on P/E basis, the stock is trading at 47.8x FY20e EPS of Rs. 61 and 40.8x FY21e EPS of Rs. 72. We recommend investors to **BUY ON DIPS**.

Financials Consolidated (Rs. Mn)

Year	Net Sales	%growth	EBIDTA	OPM%	PAT	%growth	EPS	PE(x)	RoE%	RoCE%
FY17	90,541	8	12,782	14.1	8,846	7	36.9	79	33	41
FY18	99,140	9	15,017	15.1	10,040	13	41.8	70	29	38
FY19E	1,12,045	13	17,491	15.6	11,751	17	49	60	29	37
FY20E	1,32,183.9	18	21,824.4	16.5	14,687	25	61	48	29	39
FY21E	1,52,011.5	15	25,083.6	16.5	17,216	17	72	41	29	37



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Particulars (Rs Mns)	Q3FY18	Q3FY19	9MFY18	9MFY19
Net Sales	25583.0	28274.0	73196.5	82094.5
<i>Growth</i>		10.5%		12%
Other Op Income	91.80	150.40	568.2	462.6
<i>Growth</i>		63.8%		-19%
Total OP Income	25674.8	28424.4	73764.7	82557.1
<i>Growth</i>		10.7%		12%
Add: O. Income	359.4	600.0	1219.6	1459.7
<i>Growth</i>		66.9%		20%
Total Income	26034.2	29024.4	74984.3	84016.8
EXPENDITURE				
Inc/Dec in stk	1067.2	723.0	148.3	740.6
Cons of R. Mat	-14610.2	-14239.4	-39104.6	-41336.4
Purch of Trad Goods	-2201.8	-3171.3	-6501.6	-8560.2
RAW MATERIALS	-15744.8	-16687.7	-45457.9	-49156.0
<i>Growth</i>		6.0%		8%
<i>% of Op Income</i>	-61.3%	-58.7%		-59.5%
Employee Cost	-936.2	-1169.9	-2932.3	-3336.4
<i>Growth</i>		25.0%		14%
<i>% of Op Income</i>	-3.6%	-4.1%		-4.0%
O. Exps	-5010.0	-6048.9	-14329.1	-17109.5
<i>Growth</i>		20.7%		19%
<i>% of Op Income</i>	-19.5%	-21.3%		-20.7%
Total Expenditure	-21691.0	-23906.5	-62719.3	-69601.9
<i>Growth</i>		10.2%		11%
EBIDTA	4343.20	5117.90	12265.00	14414.90
EBIDTA Less O. Inc	3983.80	4517.90	11045.40	12955.20
<i>Growth</i>		13.4%		17%
EBIDTA MARGINS	15.5%	15.9%	17.1%	15.7%
Less Int	-25.5	-29.8	-52.2	-78.4
<i>Growth</i>		16.9%		50%
Less Depn	-328.9	-424.1	-997.2	-1149.8
<i>Growth</i>		28.9%		15%
<i>Less Exceptional</i>			0.0	0.0
PBT Before Exceptional	3988.80	4664.00	11215.60	13186.70
<i>Growth</i>		16.9%		18%
PBT	3988.80	4664.00	11215.60	13186.70
Less Tax	-1353.80	-1657.50	-3812.1	-4568.2
TAX RATE	-33.9%	-35.5%		-34.6%
<i>Extraordinary Net</i>			0.0	0.0
PAT	2635.00	3006.50	7403.50	8618.50
<i>Growth</i>		14.1%		16%
PAT Adjusted	2635.00	3006.50		
Share of Profit/Loss from Associate	1.5	-5.8	4.5	-6.7
PAT Reported	2636.50	3000.70	7408.00	8611.80
PAT Adjusted	2636.5	3000.7	7408.0	8611.8
<i>Growth</i>		13.8%		16%
<i>NPM</i>	10.1%	10.3%		
Other Comprehensive Income (net of Tax)	-21.4	-55	-15.6	60.3
Total Comprehensive Income	2615.1	2945.7	7392.4	8672.1
Equity	240.1	240.1	240.1	240.1
EPS (Reported PAT)	10.98	12.50	30.84	35.90
EPS (Adjusted PAT)	10.98	12.50	30.85	35.87
<i>Growth</i>		13.8%		16%
OPM	15.5%	15.9%	15.0%	15.7%
NPM	10.1%	10.4%	9.9%	10.3%
Tax Rate	-33.9%	-35.5%	-34.0%	-34.6%
% to Operating Income				
Inc/Dec in stk	4.2%	2.5%	0.2%	0.9%
Cons of R. Mat	-56.9%	-50.1%	-53.0%	-50.1%
Purch of Trad Goods	-8.6%	-11.2%	-8.8%	-10.4%
RAW MATERIALS	-61.3%	-58.7%	-61.6%	-59.5%
Employee Cost	-3.6%	-4.1%	-4.0%	-4.0%
O. Exps	-19.5%	-21.3%	-19.4%	-20.7%
Total	-84.5%	-84.1%	-85.0%	-84.3%



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