

Result update	Neutral
CMP	679
Target Price	-
Previous Target Price	-
Upside	-
Change from Previous	-

Market Data	
BSE Code	500825
NSE Symbol	BRITANNIA
52wk Range H/L	699/400
Mkt Capital (Rs Crores)	8119
Average Daily Volume	248428
Nifty	6111

Stock Performance			
	1M	1yr	YTD
Absolute	20	28.44	34.57
Rel. to Nifty	18.13	5.84	18.27

Share Holding Pattern-%			
	Current	4QFY13	3QFY13
Promoters	50.92	50.92	50.92
FII	17.89	15.71	15.88
DII	11.28	13.03	13.95
Others	19.91	20.34	19.25



Strong operating performance with margin expansion;

Britannia Industries beats the street with 13.5% of sales growth led by robust performance from all its categories. The net profit has increased by 66% to Rs 87.85 crore due to expansion in margin.

Recently, company launched Welcome(Subh Kamnayein) range with 5 themes, like - Meetha Namkeen, Choco Delight, Healthy Gifts, Cookie Delight, and Premium Assorted Cookies. Any aggression by incumbents could hurt its performance in the interim.

Volume growth: Company reported Volume growth at 3% against the 5.5% of same quarter last year and laso previous year, which was a function of strong brand investments and lower base of the March 2012 quarter.

Margin Pickup: Surprisingly, Company's EBITDA margin improved by 200bps (YoY) and 250bps (QoQ) to 8.8% due to decline in raw material cost by 620 bps to 43.2% and other expenses by 161 bps to 11.17% of adjusted net sales. Company's Ad spends almost flat at 8.4% of sales both in sequential and annual basis. The effective tax rate has gone up from 22.63% to 31.22%.

Debt and WC(days) reduction: At a time when India Inc is facing tight liquidity, for the full year FY13, its's net debt fell 58 % to Rs 80 crore and working capital cycle reduced from 15.5 days to 2.4 days due to better inventory management.

Brand Expansion: Recently, company launched Welcome(Subh Kamnayein) range with 5 themes, like - Meetha Namkeen, Choco Delight, Healthy Gifts, Cookie Delight, and Premium Assorted Cookies. Also, so far, Britannia has done well despite rising competition from the likes of ITC, Parle, etc. Any aggression by incumbents could hurt its performance in the interim.

Organisational changes for International footprint: Company announced key organisational changes to focus on domestic as well as international market,now India's operation will be led by Varun beri (Former CEO of PEPSICO food, India) and Vinita Bali (MD) will focus on international business. Company is on the way of transforming its business format from Bakery to food space.

Outlook and Valuation: Management also believes that volume growth will recover gradually over the next 2quarters, driven by higher brand spends and portfolio expansion. The company's margins are also likely to expand due to higher proportion of premium products and easing input costs. We have "NEUTRAL" on the stock. At a CMP of Rs679, stock trades at 12x FY14E P/BV.

Financials	Rs, Crore				
	4QFY13	3QFY13	(QoQ)-%	4QFY12	(YoY)-%
Revenue	1502.4	1467.6	2.4	1321.9	13.7
EBITDA	131.9	92.4	42.7	80.4	64.1
PAT	87.9	57	54.2	53	65.8
EBITDA Margin	8.8%	6.3%	250bps	6.1%	270bps
PAT Margin	5.9%	3.9%	200bps	4.0%	190bps

(Source: Company/Eastwind)

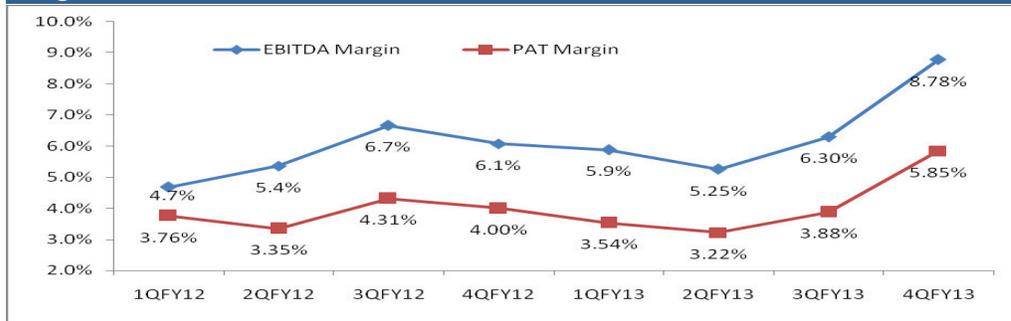
Britannia Inds.

Sales and PAT growth-%(YoY)



(Source: Company/Eastwind)

Margin-%



(Source: Company/Eastwind)

RM Cost on Sales-%



Volume growth-%



(Source: Company/Eastwind)

Entry into new categories like cereals will also help drive growth. Consequently, the company's earnings are expected to grow 20% over the next 2 years.

The company's margins are also likely to expand due to higher proportion of premium products and easing input costs.

volatility on key input (wheat, sugar, palm oil) would prices directly impact its margin picture,

Because of strong brand investments, Management believes that volume growth will recover gradually over the next two quarters.