

February 7, 2025

Q3FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	5,881		5,815	
Sales (Rs. m)	1,97,127	2,17,234	1,93,445	2,13,754
% Chng.	1.9	1.6		
EBITDA (Rs. m)	35,565	40,362	34,252	39,417
% Chng.	3.8	2.4		
EPS (Rs.)	101.6	117.6	99.0	116.3
% Chng.	2.6	1.1		

Key Financials - Consolidated

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. m)	1,67,693	1,79,413	1,97,127	2,17,234
EBITDA (Rs. m)	31,698	31,426	35,565	40,362
Margin (%)	18.9	17.5	18.0	18.6
PAT (Rs. m)	21,371	21,650	24,468	28,334
EPS (Rs.)	88.7	89.9	101.6	117.6
Gr. (%)	10.1	1.3	13.0	15.8
DPS (Rs.)	71.9	73.5	75.0	85.0
Yield (%)	1.5	1.5	1.5	1.7
RoE (%)	57.2	53.6	54.8	54.6
RoCE (%)	45.9	48.0	53.6	55.8
EV/Sales (x)	7.0	6.5	5.9	5.3
EV/EBITDA (x)	37.0	37.2	32.7	28.6
PE (x)	54.9	54.2	48.0	41.4
P/BV (x)	29.8	28.4	24.5	21.0

Key Data

BRIT.BO | BRIT IN

52-W High / Low	Rs.6,473 / Rs.4,641
Sensex / Nifty	77,860 / 23,560
Market Cap	Rs.1,173bn/ \$ 13,419m
Shares Outstanding	241m
3M Avg. Daily Value	Rs.2216.62m

Shareholding Pattern (%)

Promoter's	50.55
Foreign	16.46
Domestic Institution	17.58
Public & Others	15.41
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	0.8	(16.6)	(4.1)
Relative	1.2	(14.8)	(11.1)

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Strong growth levers across categories

Quick Pointers:

- ~6% price hike to beat 11% cost inflation in 3 phases i.e. - 2% in 3Q, 2.5% in 3Q and 1.5% 1Q26
- 3Q25 witnessed Rs750mn reversal of phantom stock options in employee costs, ex of this standalone and consol PAT would have declined by 9/6%.

We increase our FY25/FY26/FY27 EPS estimates by 5.7/2.6/1.1% despite urban slowdown and 11% input cost inflation on account of 1) Sustained leadership in Biscuits and Bakery with volume growth of 8/8/6% in 1Q/2Q/3Q25 in tough market environment 2) little threat from new B2C players in its business given long history of presence of local, and regional players 3) rising scalability in adjacencies like Milkshakes and Croissants (~Rs.2bn sales each) 4) strong Innovation pipeline with focus on region/channel specific products & premiumization and 5) sustained cost saving (2.5% of sales in FY25/26).

With a 6% price increase being planned across 3Q/4Q/1Q and sustained volume growth and expected flip to premiumization from tax cuts in budget, BRIT should start reporting positive traction from 1Q26. We estimate 1.2% EPS growth in FY25 but 15% PAT CAGR over FY25-27. We value the stock at 50x Mar'27EPS and assign a target price of Rs5881 (Rs5815 earlier). Retain BUY.

3Q volumes up 6%; PLI/ VAT gains increase Other operating income by 93%:

Consolidated Revenues grew by 7.9% YoY to Rs45.9bn (PLe: Rs44.6bn) Gross margins contracted by 515bps YoY to 38.7%.(PLe: 40.6%), showing impact of commodity inflation. EBITDA grew by 2.9% YoY to Rs8.4bn (PLe: Rs7.27bn); Margins contracted by 89bps YoY to 18.4% (PLe:16.3%). PBT grew by 2.4% YoY to Rs 7.8bn (PLe: Rs 6.6bn). Adjusted PAT grew by 4.4% YoY to Rs5.8bn.

- Standalone** sales increased 7.7%, Gross margins contracted by 535bps YoY to 36.9 %. Other operating income increased by 93% YoY, which cushioned GM decline by 150bps. EBITDA declined by 98bps YoY to Rs.8.1bn while Margins contracted 98bps QoQ to 18.3%. Adjusted PAT grew by 2.9% YoY to 5bn.
- BRIT had Rs750mn writeback in phantom stock options which suppressed staff costs by Rs750mn in 3Q. These provisions were made in 1H25 (Rs250/500mn in 1Q/2Q25). Excluding this, standalone and consol PAT would have declined by 9% and 7% respectively. There is no impact on 9m numbers which show standalone and consol PAT growth of 2.8/3.1% respectively.

Concall Takeaways: 1) BRIT implemented price hikes of approximately 2% (Rs1bn) in 3Q, plans to hike prices by another 2.5% in 4Q and 1.5% in 1Q26 to neutralise the impact of 11% input cost inflation 2) while wheat price might correct from April, Palm oil prices are unlikely to correct to earlier levels as 20% custom duty is likely to stay 3) 2) BRIT maintains 16-17% EBIT guidance with cost savings of 2.5% of sales in FY25/26 3) Capex guidance for FY26 is estimated at ~Rs. 1.5bn-2bn for next 2-3 years as it has done capex of Rs15bn in past 2 years with 4 plants and

Ranjangaon facility 4) Innovation pipeline remains strong with launch of double chocolate croissants, dual-flavoured layer cakes, a relaunch of its cheese portfolio, Winkin Cow's flavoured milk priced at Rs.20, and the Harry Potter-themed Pure Magic Choco (e-commerce/MT exclusive). 5) BRIT's adjacent businesses are scaling up well with the croissant business set to surpass Rs. 2 bn in sales. Milkshake category has already crossed Rs. 2 bn sales and entry in Rs.20 SKU (currently Rs30/40 SKU) 7) BRIT continues to expand its distribution and is changing its route to market strategy by targeting high potential outlets and technology to drive sales efficiency.

Exhibit 1: 3QFY25 Results: Sales up 7.9%, GM decline by ~515bps YoY whereas EBITDAM decline 89bps YoY

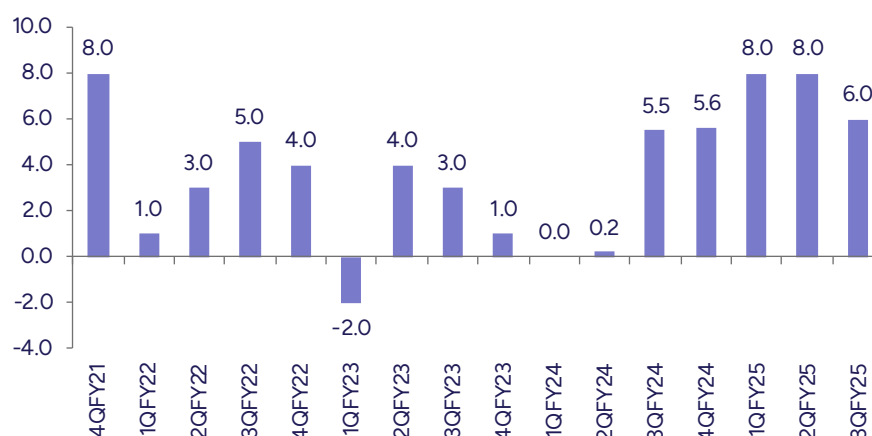
Consolidated (Rs mn)	3QFY25	3QFY24	YoY gr. (%)	2QFY25	9MY25	9MY24	YoY gr. (%)
Net Sales	45,926	42,563	7.9	46,676	1,26,999	1,35,105	(6.0)
Gross Profit	17,784	18,673	(4.8)	19,381	54,504	55,614	(2.0)
<i>Margins (%)</i>	<i>38.7</i>	<i>43.9</i>	<i>-5.1</i>	<i>41.5</i>	<i>42.9</i>	<i>41.2</i>	<i>1.8</i>
Other Expenses	9,335	10,462	(10.8)	11,547	30,680	31,794	(3.5)
<i>% of Sales</i>	<i>20.3</i>	<i>24.6</i>	<i>-4.3</i>	<i>24.7</i>	<i>24.2</i>	<i>23.5</i>	<i>0.6</i>
EBITDA	8,449	8,211	2.9	7,834	23,824	23,820	0.0
<i>Margins (%)</i>	<i>18.4</i>	<i>19.3</i>	<i>-0.9</i>	<i>16.8</i>	<i>18.8</i>	<i>17.6</i>	<i>1.1</i>
Depreciation	824	781	5.5	761	2,205	2,324	(5.1)
Interest	446	311	43.3	346	1,376	1,082	27.2
Other Income	625	506	23.5	460	1,568	1,641	(4.4)
PBT	7,804	7,625	2.4	7,187	21,811	22,055	(1.1)
Tax	1,961	2,026	(3.2)	1,836	5,812	5,559	4.6
<i>Tax Rate (%)</i>	<i>25.1</i>	<i>26.6</i>	<i>-1.4</i>	<i>25.5</i>	<i>26.6</i>	<i>25.2</i>	<i>1.4</i>
Adjusted PAT	5,843	5,599	4.4	5,351	15,999	16,496	(3.0)

Source: Company, PL

Growth in number of packs has been in line with volume growth, signifying the health of volume growth

The other operating income (% of sales) cushioned decline in GM by 130bps, but for that GM would have declined by 670bps (540bps now) to 35.6%

Exhibit 2: 3Q Volumes increased ~6% YoY



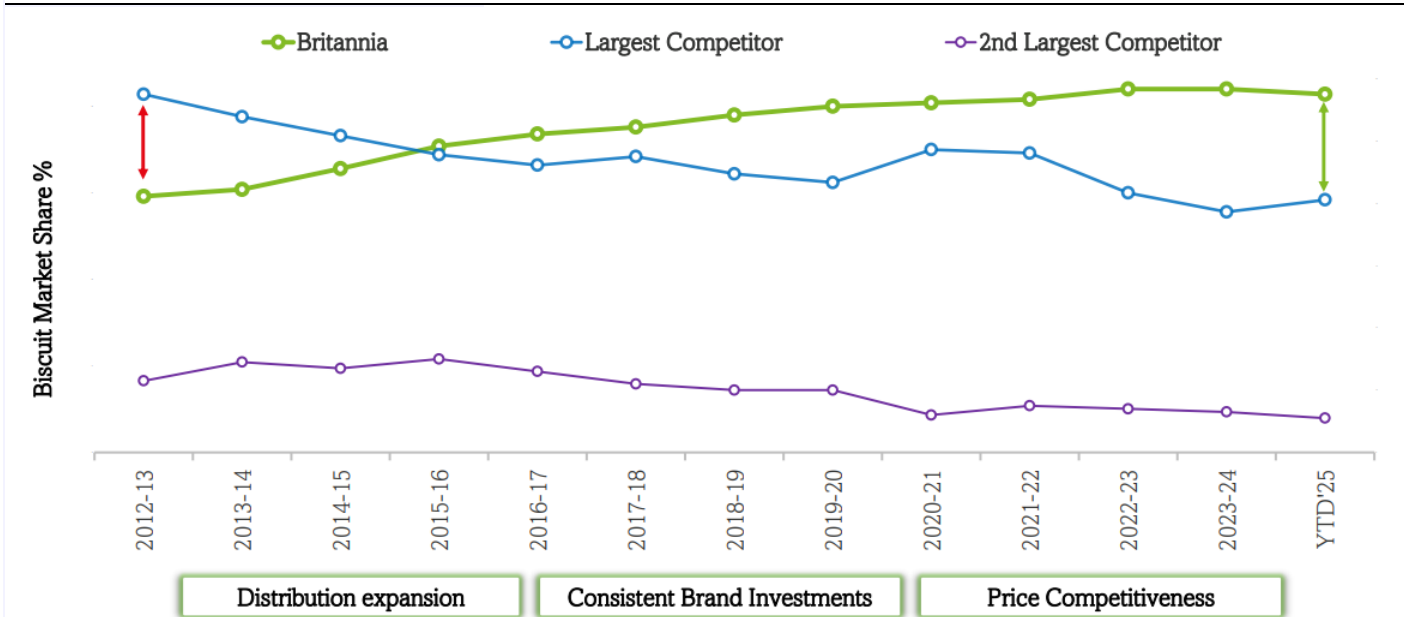
Source: Company, PL

Exhibit 3: PLI and SEZ benefits cushion margins in inflationary environment

Rsmn (standalone)	4Q FY23	1Q FY24	2Q FY24	3Q FY24	4Q FY24	1Q FY25	2Q FY25	3Q FY25
Other Operating Income	1,360	464	686	710	613	1,271	1,090	1,371
% of sales	3.4%	1.2%	1.5%	1.7%	1.5%	3.0%	2.3%	3.0%
Gross Margin	43.1%	40.2%	41.3%	42.3%	43.3%	41.7%	39.7%	36.9%
EBIDTA margin	20.4%	17.2%	19.6%	19.3%	19.6%	17.8%	16.6%	18.3%
Overheads	22.7%	23.0%	21.7%	22.9%	23.6%	23.9%	23.1%	18.6%

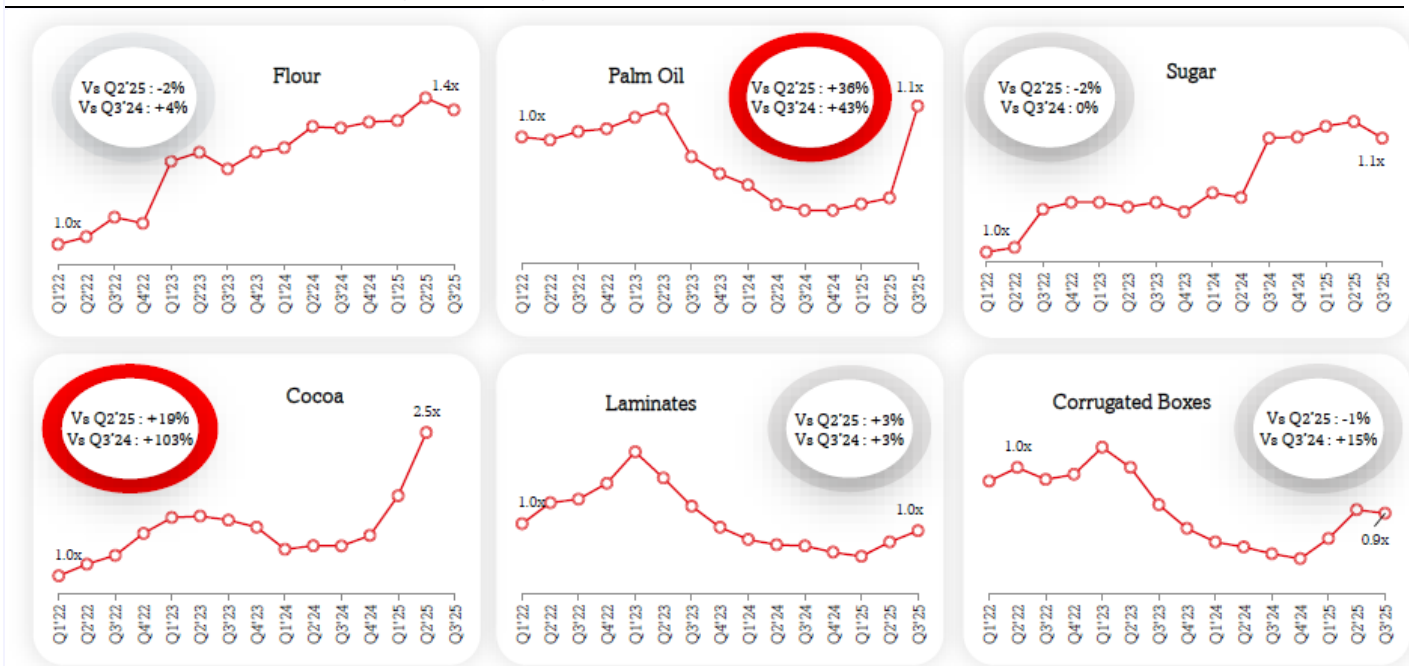
Source: Company, PL

Exhibit 4: Gap in market share between BRIT & 2nd largest competitor reduces sequentially



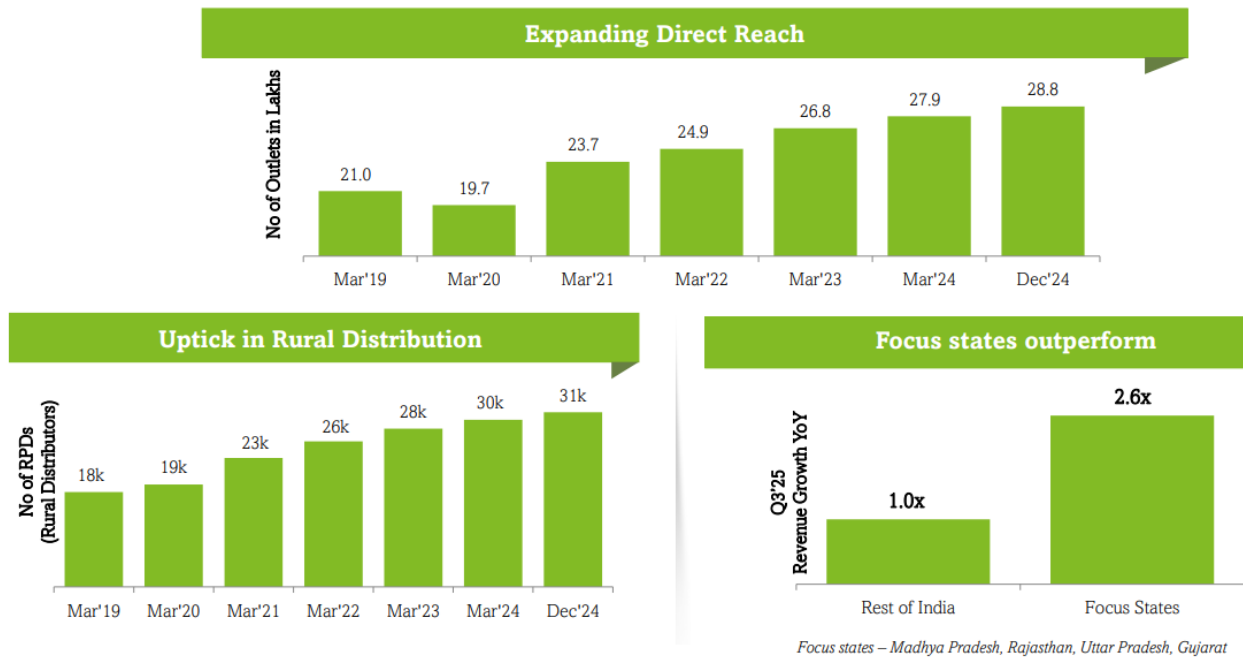
Source: Company, PL

Exhibit 5: 11% inflation in commodity costs led by Palm Oil & Cocoa prices



Source: Company, PL

Exhibit 6: BRIT continues to strengthen its distribution channels



Source: Company, PL

Exhibit 7: Innovation to strengthen Adjacent categories



Innovation Pipeline catering to Regional preferences & driving Premiumization

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Net Revenues	1,67,693	1,79,413	1,97,127	2,17,234
YoY gr. (%)	2.9	7.0	9.9	10.2
Cost of Goods Sold	94,920	1,05,934	1,14,843	1,25,462
Gross Profit	72,772	73,479	82,284	91,772
Margin (%)	43.4	41.0	41.7	42.2
Employee Cost	7,087	7,177	8,279	9,341
Other Expenses	1,183	1,166	1,183	1,303
EBITDA	31,698	31,426	35,565	40,362
YoY gr. (%)	12.0	(0.9)	13.2	13.5
Margin (%)	18.9	17.5	18.0	18.6
Depreciation and Amortization	3,005	3,091	3,248	3,373
EBIT	28,694	28,335	32,317	36,990
Margin (%)	17.1	15.8	16.4	17.0
Net Interest	1,640	1,548	1,229	1,100
Other Income	2,142	2,158	2,003	2,232
Profit Before Tax	29,195	28,945	33,090	38,121
Margin (%)	17.4	16.1	16.8	17.5
Total Tax	7,793	7,296	8,623	9,788
Effective tax rate (%)	26.7	25.2	26.1	25.7
Profit after tax	21,403	21,650	24,468	28,334
Minority interest	-	-	-	-
Share Profit from Associate	(32)	-	-	-
Adjusted PAT	21,371	21,650	24,468	28,334
YoY gr. (%)	10.1	1.3	13.0	15.8
Margin (%)	12.7	12.1	12.4	13.0
Extra Ord. Income / (Exp)	(29)	-	-	-
Reported PAT	21,342	21,650	24,468	28,334
YoY gr. (%)	(7.9)	1.4	13.0	15.8
Margin (%)	12.7	12.1	12.4	13.0
Other Comprehensive Income	11	-	-	-
Total Comprehensive Income	21,353	21,650	24,468	28,334
Equity Shares O/s (m)	241	241	241	241
EPS (Rs)	88.7	89.9	101.6	117.6

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	45,604	48,278	50,957	53,643
Tangibles	43,858	46,472	49,092	51,717
Intangibles	1,746	1,806	1,866	1,926
Acc: Dep / Amortization	17,893	20,984	24,232	27,605
Tangibles	17,555	20,668	23,905	27,268
Intangibles	339	316	326	337
Net fixed assets	27,711	27,294	26,725	26,038
Tangibles	26,304	25,804	25,186	24,450
Intangibles	1,407	1,490	1,539	1,589
Capital Work In Progress	1,875	1,725	1,725	1,525
Goodwill	-	-	-	-
Non-Current Investments	10,957	10,982	11,009	11,039
Net Deferred tax assets	418	439	461	484
Other Non-Current Assets	1,266	1,325	1,423	1,532
Current Assets				
Investments	16,965	16,147	19,713	30,413
Inventories	11,812	13,060	14,159	15,468
Trade receivables	3,933	4,070	4,220	4,521
Cash & Bank Balance	4,464	4,267	5,940	4,671
Other Current Assets	1,337	1,615	1,774	1,955
Total Assets	90,735	90,993	97,750	1,08,852
Equity				
Equity Share Capital	241	241	241	241
Other Equity	39,174	41,085	47,654	55,680
Total Network	39,415	41,326	47,895	55,921
Non-Current Liabilities				
Long Term borrowings	9,047	4,547	1,547	1,547
Provisions	306	306	306	306
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	11,401	12,345	12,845	12,845
Trade payables	16,275	17,017	18,468	20,177
Other current liabilities	13,168	14,119	15,260	16,522
Total Equity & Liabilities	90,736	90,994	97,751	1,08,852

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	29,195	28,945	33,090	38,121
Add. Depreciation	2,945	3,091	3,248	3,373
Add. Interest	1,640	1,548	1,229	1,100
Less Financial Other Income	2,142	2,158	2,003	2,232
Add. Other	(451)	(2,177)	(2,055)	(2,289)
Op. profit before WC changes	33,329	31,407	35,512	40,304
Net Changes-WC	2,544	(40)	653	576
Direct tax	(7,793)	(7,296)	(8,623)	(9,788)
Net cash from Op. activities	28,081	24,071	27,543	31,093
Capital expenditures	(4,897)	(2,524)	(2,680)	(2,485)
Interest / Dividend Income	2,142	2,158	2,003	2,232
Others	5,543	818	(3,566)	(10,700)
Net Cash from Invt. activities	2,788	453	(4,242)	(10,954)
Issue of share cap. / premium	(3,779)	(2,274)	(192)	(2,240)
Debt changes	(9,357)	(3,556)	(2,500)	-
Dividend paid	(13,609)	(17,343)	(17,706)	(18,068)
Interest paid	(1,640)	(1,548)	(1,229)	(1,100)
Others	-	-	-	-
Net cash from Fin. activities	(28,385)	(24,721)	(21,627)	(21,407)
Net change in cash	2,484	(197)	1,673	(1,269)
Free Cash Flow	23,184	21,548	24,863	28,607

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Per Share(Rs)				
EPS	88.7	89.9	101.6	117.6
CEPS	101.2	102.7	115.1	131.6
BVPS	163.6	171.5	198.8	232.1
FCF	96.2	89.4	103.2	118.8
DPS	71.9	73.5	75.0	85.0
Return Ratio(%)				
RoCE	45.9	48.0	53.6	55.8
ROIC	41.4	40.1	44.8	50.1
RoE	57.2	53.6	54.8	54.6
Balance Sheet				
Net Debt : Equity (x)	0.0	(0.1)	(0.2)	(0.4)
Net Working Capital (Days)	(1)	0	0	0
Valuation(x)				
PER	54.9	54.2	48.0	41.4
P/B	29.8	28.4	24.5	21.0
P/CEPS	48.1	47.4	42.3	37.0
EV/EBITDA	37.0	37.2	32.7	28.6
EV/Sales	7.0	6.5	5.9	5.3
Dividend Yield (%)	1.5	1.5	1.5	1.7

Source: Company Data, PL Research

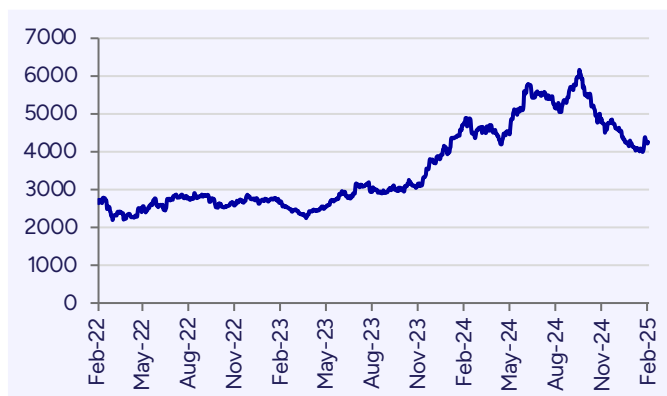
Quarterly Financials (Rs m)

Y/e Mar	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Net Revenue	40,694	42,503	46,676	45,926
YoY gr. (%)	1.1	6.0	5.3	7.9
Raw Material Expenses	22,425	24,054	27,294	28,143
Gross Profit	18,269	18,449	19,381	17,784
Margin (%)	44.9	43.4	41.5	38.7
EBITDA	7,875	7,537	7,834	8,449
YoY gr. (%)	(1.7)	9.4	(10.2)	2.9
Margin (%)	19.4	17.7	16.8	18.4
Depreciation / Depletion	799	739	761	824
EBIT	7,075	6,797	7,073	7,625
Margin (%)	17.4	16.0	15.2	16.6
Net Interest	264	290	346	446
Other Income	573	556	460	625
Profit before Tax	7,384	7,064	7,187	7,804
Margin (%)	18.1	16.6	15.4	17.0
Total Tax	1,980	1,762	1,836	1,961
Effective tax rate (%)	26.8	24.9	25.5	25.1
Profit after Tax	5,404	5,302	5,351	5,843
Minority interest	-	-	-	-
Share Profit from Associates	(38)	(7)	(34)	(20)
Adjusted PAT	5,366	5,295	5,317	5,823
YoY gr. (%)	(3.8)	16.3	(9.3)	4.3
Margin (%)	13.2	12.5	11.4	12.7
Extra Ord. Income / (Exp)	(17)	(233)	13	-
Reported PAT	5,349	5,063	5,330	5,823
YoY gr. (%)	(4.1)	11.3	(9.6)	4.7
Margin (%)	13.1	11.9	11.4	12.7
Other Comprehensive Income	-	-	-	1
Total Comprehensive Income	5,349	5,063	5,330	5,824
Avg. Shares O/s (m)	241	241	241	241
EPS (Rs)	22.3	22.0	22.1	24.2

Source: Company Data, PL Research

Price Chart

Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jan-25	BUY	5,815	4,860
2	12-Nov-24	BUY	5,845	5,028
3	07-Oct-24	Accumulate	6,397	6,206
4	05-Aug-24	Accumulate	6,080	5,766
5	09-Jul-24	Hold	5,315	5,547
6	06-May-24	Hold	5,315	5,062
7	09-Apr-24	Hold	5,157	4,793

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Asian Paints	Reduce	2,123	2,354
2	Avenue Supermarts	Hold	3,964	3,686
3	Britannia Industries	BUY	5,815	4,860
4	Colgate Palmolive	Hold	2,801	2,679
5	Dabur India	Hold	561	534
6	Emami	Accumulate	716	554
7	Hindustan Unilever	Accumulate	2,691	2,343
8	ITC	Accumulate	530	443
9	Jubilant FoodWorks	Hold	719	750
10	Kansai Nerolac Paints	Reduce	274	257
11	Marico	Accumulate	704	671
12	Metro Brands	Hold	1,177	1,199
13	Mold-tekk Packaging	Accumulate	709	628
14	Nestle India	Accumulate	2,606	2,300
15	Pidilite Industries	Accumulate	3,318	2,910
16	Restaurant Brands Asia	Hold	76	72
17	Titan Company	BUY	3,833	3,491
18	Westlife Foodworld	Hold	778	718

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

ANALYST CERTIFICATION

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