

August 6, 2025

Q1FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	6,223		5,941	
Sales (Rs. m)	1,97,200	2,17,696	1,98,337	2,18,571
% Chng.	(0.6)	(0.4)		
EBITDA (Rs. m)	34,977	40,525	35,975	40,804
% Chng.	(2.8)	(0.7)		
EPS (Rs.)	101.4	119.6	103.1	118.8
% Chng.	(1.7)	0.7		

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	1,67,693	1,79,427	1,97,200	2,17,696
EBITDA (Rs. m)	31,698	31,872	34,977	40,525
Margin (%)	18.9	17.8	17.7	18.6
PAT (Rs. m)	21,371	22,027	24,423	28,813
EPS (Rs.)	88.7	91.4	101.4	119.6
Gr. (%)	10.1	3.1	10.9	18.0
DPS (Rs.)	71.9	73.5	75.0	80.0
Yield (%)	1.3	1.4	1.4	1.5
RoE (%)	57.2	53.1	53.2	54.2
RoCE (%)	45.9	49.7	54.7	56.9
EV/Sales (x)	7.8	7.2	6.5	5.9
EV/EBITDA (x)	41.0	40.8	36.9	31.6
PE (x)	60.9	59.1	53.3	45.2
P/BV (x)	33.0	29.9	27.0	22.4

Key Data

BRIT.BO | BRIT IN

52-W High / Low	Rs.6,473 / Rs.4,506
Sensex / Nifty	80,544 / 24,574
Market Cap	Rs.1,301bn / \$ 14,832m
Shares Outstanding	241m
3M Avg. Daily Value	Rs.1477.85m

Shareholding Pattern (%)

Promoter's	50.55
Foreign	15.72
Domestic Institution	18.26
Public & Others	15.47
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(6.4)	9.0	(7.7)
Relative	(3.0)	5.6	(10.0)

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Growth outlook remains intact

Quick Pointers:

- ~6-8% revenue-volume delta for another 2-3 quarter; No further price hikes expected as commodity prices soften
- Adjacencies like Rusk, Croissants, Wafers and dairy grow 1.5-3x sales; Capex tight for FY6 (~Rs.1bn, lower YoY)

We retain BRIT as high conviction pick given positive demand and margin outlook and benefits of sustained innovations and cost control. BRIT delivered ~9% revenue growth led by ~6% realization amid 2% volume growth in 1Q while GM is down 316bps YoY due to high base and ~25% decline in Other Operating Income. EBITDA margins are down 160bpsYoY led by ~20% rise in staff costs on account of Rs.520mn relating to phantom stock options.

We remain positive on BRIT given 1) Sustained leadership in Biscuits and Bakery 2) little threat from B2C players given long history of presence of local, and regional players (rise in market share in 5 out of 7 regions) 3) rising scalability & improved profitability in adjacencies and 4) strong innovation pipeline with focus on region/ channel specific products & premiumization. We expect a pickup in growth as benefits of new launches, uptick in demand and benign inputs will enable 14.1% EPS growth over FY25-27. We value the stock at 50x Jun'27EPS and assign a target price of Rs6223 (Rs5941 earlier). Retain BUY.

Consolidated Financials: ~2% Volume Growth, SAR impacts reported nos

- Revenues** grew by 8.8% YoY to Rs46.2bn (PLe: Rs46.3bn). Robust double-digit growth across four focus states and in adjacent bakery categories such as Rusk, Wafers, and Croissant.
- Gross margins** contracted 310bps YoY to 40.3%. (PLe: 41.2%), ~72bps decline in gross margins can be explained by ~25% decline in other operating income (doubled last year due to PLI gains and approval of Ranjangaon facility as ultra mega project).
- EBITDA** grew by 0.4% YoY to Rs7.6bn (PLe: Rs8.3bn); Margins contracted by 135bps YoY to 16.4% (PLe:18%). Employee costs are up ~20% YoY due to sharp rise in phantom stock option provision of Rs520mn (BRIT share price up ~18% QoQ, 1Q25 had a provision of Rs250mn while FY25 had a provision of just Rs150mn as against Rs500-600mn in last 3 years).
- PBT** declined by 0.1% YoY to Rs 7.1bn (PLe: Rs 7.8bn). Adjusted PAT declined by 1% YoY to Rs5.2bn (PLe: Rs5.8bn). **Imputed Subsidiary Sales** grew by 8.7% YoY to Rs1.7bn; PAT grew by 674% YoY to 267.1mn.

Standalone Revenues grew by 8.8% YoY to Rs44.5bn (PLe: Rs44.6bn). Gross margins contracted by 316bps YoY to 38.5%. (PLe: 39.4%). EBITDA declined by 1% YoY to Rs7.2bn (PLe: Rs7.6bn); Margins contracted by 160bps YoY to 16.2% (PLe:17.2%). PBT declined by 3.7% YoY to Rs 6.7bn (PLe: Rs 7.36bn). Adjusted PAT declined by 5.4% YoY to Rs4.98bn (PLe: Rs5.48bn)

Concall Takeaways

- **Revenue Guidance:** BRIT expects a realisation growth of ~6–8% over the next 2–3 quarters, demand conditions remain stable.
- **Commodity Inflation:** Q1 FY25 saw YoY input inflation (flour +8%, palm oil +5%, cocoa +35%), though costs softened sequentially. No Further price hikes expected; Dairy is now price competitive (vs earlier 25–30% premium). **Palm Oil Benefit:** May'25 palm oil duty cut provided partial benefit in Q1; full benefit expected in Q2.
- **Regional Performance:** Rural markets grew in double digits; urban (GT/MT/E-com) grew in high single digits. **Focus States:** Grew at 2.7x vs other states with double-digit growth and 65bps market share gain YoY. **Market Share:** BRIT sustained/gained share in 5 of 7 regions in Q1FY26 vs FY25; lost share in East due to local competition and distribution restructuring.
- **Digital Commerce:** Contributes ~4% of sales; Q-com makes up ~75% of digital sales. Strong traction in categories like Croissant (35% via E-com), Pure Magic Stars (~50% via Q-com), and Brownie.
- **Innovation Pipeline:** Strong momentum seen in recent launches - Harry Potter packs, Pure Magic Coco Frames, Butter Jeera Good Day, Fruit & Nut, recently launched 100% Milk Nutri Choice (millets-based, no added sugar/palm oil) and is soon launching Pure Magic Choco Tarts, Milk Bikis (chess-themed).
- **Adjacent Business Performance:** 1) **Rusks:** Continued strong double-digit growth with significantly improved profitability. 2) **Croissants:** Grew in mid-20% range and nearing breakeven. 3) **Wafers:** Growing at 30% with market share gains. 4) **Dairy:** Strong growth—up 40% in GT and improving in MT/E-com. **Milkshakes:** Delivered double-digit growth despite negative nos reported by industry due to early monsoons.
- **Other Segments:** 1) **Bread Business:** Strong growth and improved margins, though still below corporate average; expanded from North-centric to pan-India footprint. 2) **Cakes:** Muted, single-digit growth due to INR10-to-INR15 price shift; recent relaunches (e.g., Brownie) gaining traction.
- **Other Operating Income:** Up ~88% in FY25 due to investments necessary to take Ranjangaon facility from mega to ultra-mega project; Other Operating Income expected to normalize and remain linear ahead.
- **Capex:** Capex for FY26 is capped at ~Rs. 1bn, lower YoY, with focus on essential additions. Recent expansions (Tirunelveli, UP, Orissa) offer sufficient capacity, especially for Jim Jam.
- **A&P Spend:** BRIT strategically focused 1Q spends on IPL and digital, limiting ads to top four brands—driving strong returns amid inflationary pressures.
- **Stock Appreciation Rights:** If the stock price remains stable over the next 2–3 quarters, the Rs.520mn SARS-related charge recognized this quarter is likely the full-year impact. BRIT is working towards reducing SAR-related fluctuations in employee costs from FY27 onwards.

Exhibit 1: 1QFY26 Results: Sales up 8.8%, GM declines by ~310bps YoY whereas EBITDAM declined 135bps YoY

Consolidated (Rs mn)	1QFY26	1QFY25	YoY gr. (%)	4QFY25	FY26	FY25	YoY gr. (%)
Net Sales	46,222	42,503	8.8	44,322	1,98,337	1,79,427	10.5
Gross Profit	18,631	18,449	1.0	17,773	82,981	73,386	13.1
<i>Margins (%)</i>	<i>40.3</i>	<i>43.4</i>	<i>-3.1</i>	<i>40.1</i>	<i>41.8</i>	<i>40.9</i>	<i>0.9</i>
Other Expenses	11,061	10,912	1.4	9,721	47,007	41,515	13.2
<i>% of Sales</i>	<i>23.9</i>	<i>25.7</i>	<i>-1.7</i>	<i>21.9</i>	<i>23.7</i>	<i>23.1</i>	<i>0.6</i>
EBITDA	7,570	7,537	0.4	8,052	35,975	31,871	12.9
<i>Margins (%)</i>	<i>16.4</i>	<i>17.7</i>	<i>-1.4</i>	<i>18.2</i>	<i>18.1</i>	<i>17.8</i>	<i>0.4</i>
Depreciation	820	739	11.0	810	3,395	3,133	8.3
Interest	262	290	(9.7)	307	945	1,388	(31.9)
Other Income	570	556	2.5	630	2,073	2,271	(8.7)
PBT	7,059	7,064	(0.1)	7,566	33,708	29,621	13.8
Tax	1,809	1,762	2.7	1,928	8,863	7,487	18.4
<i>Tax Rate (%)</i>	<i>25.6</i>	<i>24.9</i>	<i>0.7</i>	<i>25.5</i>	<i>26.3</i>	<i>25.3</i>	<i>1.0</i>
Adjusted PAT	5,250	5,302	(1.0)	5,638	24,845	22,134	12.2

Source: Company, PL

Exhibit 2: 1Q Volumes increased ~2% YoY



Source: Company, PL

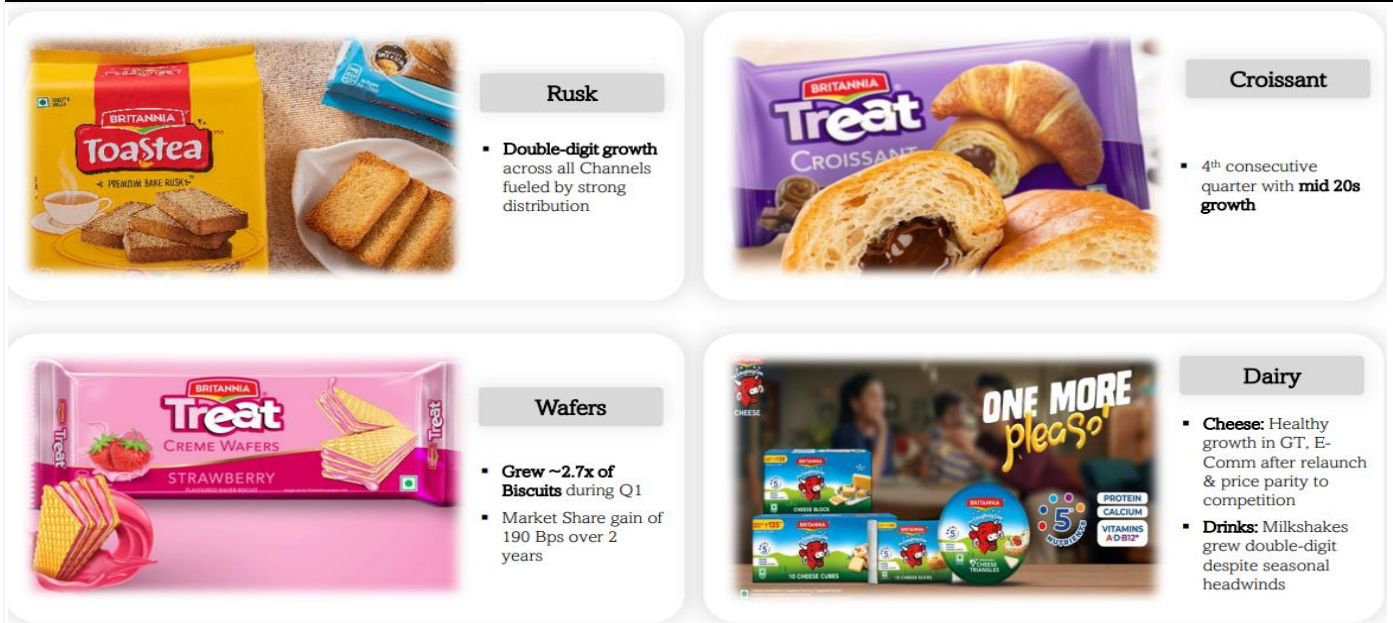
Lower fluctuations expected in Other Operating income led by PLI & SEZ benefits to be linear in FY26 given lower capex YoY.

Exhibit 3: PLI and SEZ benefits down~25% YoY

Standalone (Rs mn)	2Q FY24	3Q FY24	4Q FY24	1Q FY25	2Q FY25	3Q FY25	4Q FY25	1Q FY26
Other Operating Income	686	710	613	1,271	1,090	1,371	636	951
<i>% of sales</i>	<i>1.5%</i>	<i>1.7%</i>	<i>1.5%</i>	<i>3.0%</i>	<i>2.3%</i>	<i>3.0%</i>	<i>1.4%</i>	<i>2.1%</i>
Gross Margin	41.3%	42.3%	43.3%	41.7%	39.7%	36.9%	38.2%	38.5%
EBIDTA margin	19.6%	19.3%	19.6%	17.8%	16.6%	18.3%	18.2%	16.2%
Overheads	21.7%	22.9%	23.6%	23.9%	23.1%	18.6%	20.1%	22.4%

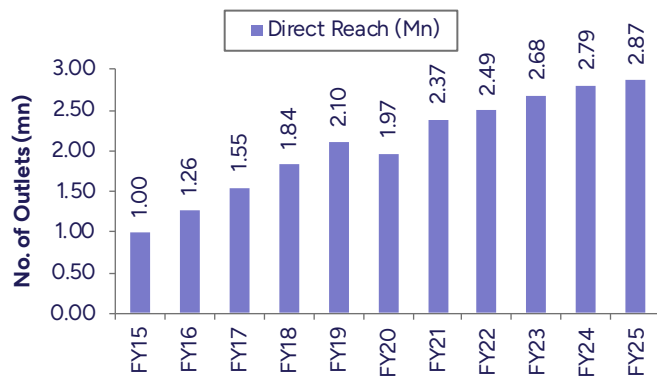
Source: Company, PL

Exhibit 4: Adjacencies report double digit growth; croissants and wafers grow at ~25% and 30%



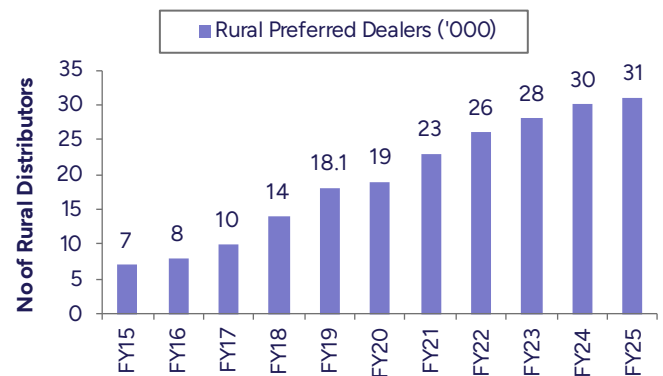
Source: Company, PL

Exhibit 5: BRIT is improving distribution in rural markets



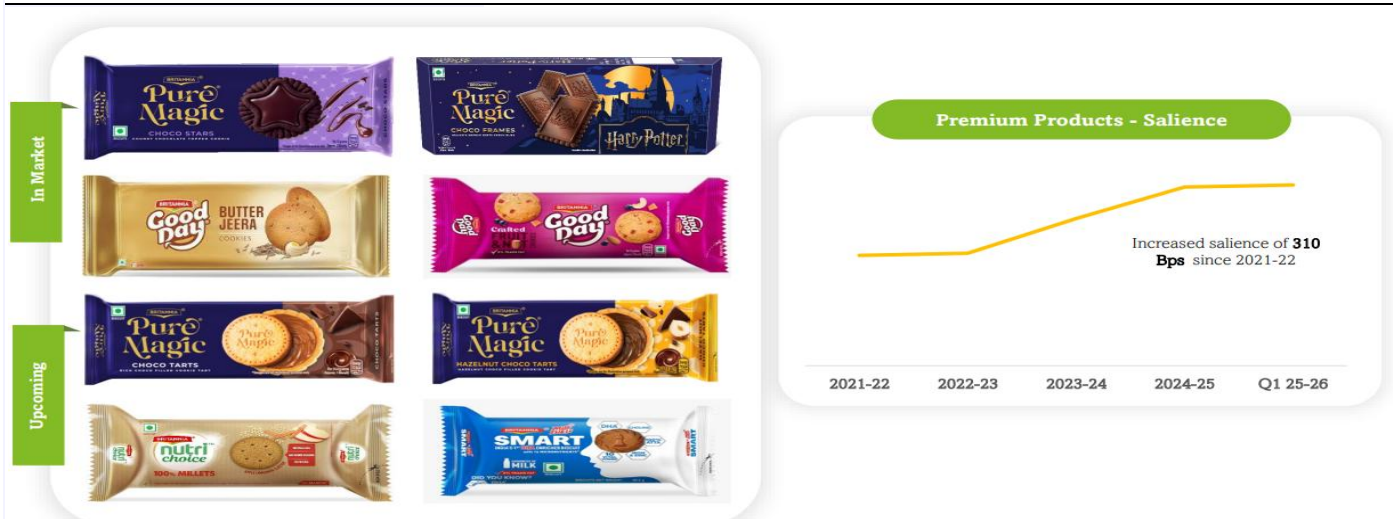
Source: Company, PL

Exhibit 6: Rural preferred dealers continue to expand

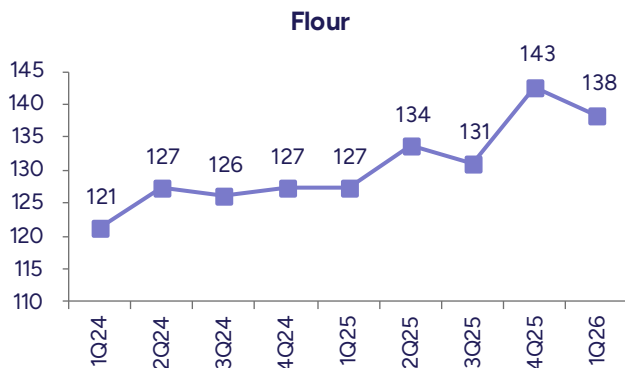


Source: Company, PL

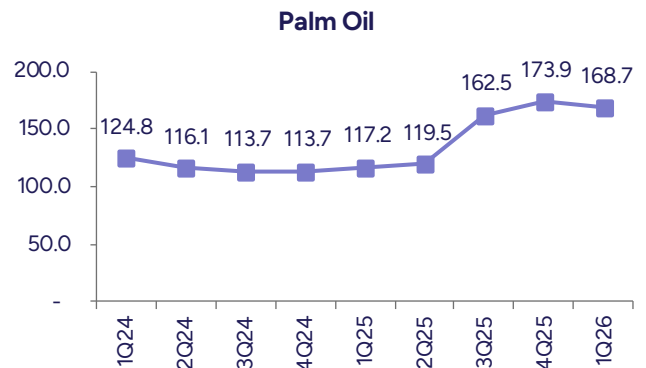
Exhibit 7: Innovations are fueling Premiumization, Premium products have increased salience of 320bps since FY22



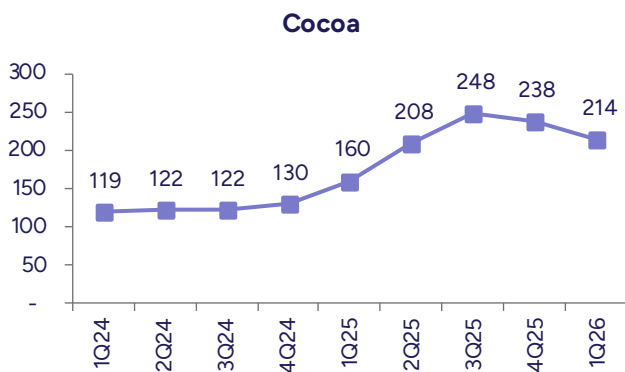
Source: Company, PL

Exhibit 8: Flour Prices down 3% QoQ but up 8%YoY

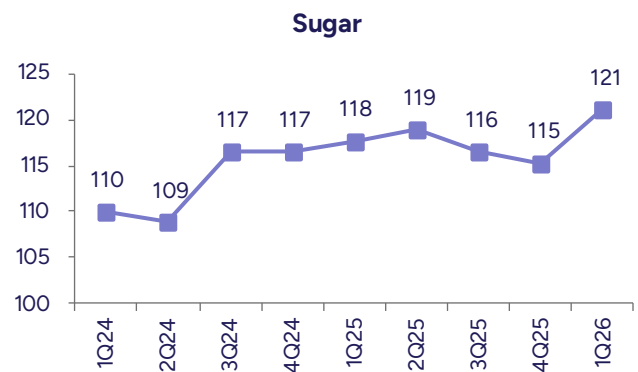
Source: Company, PL

Exhibit 9: Palm Oil prices down 3%QoQ but up 45%YoY

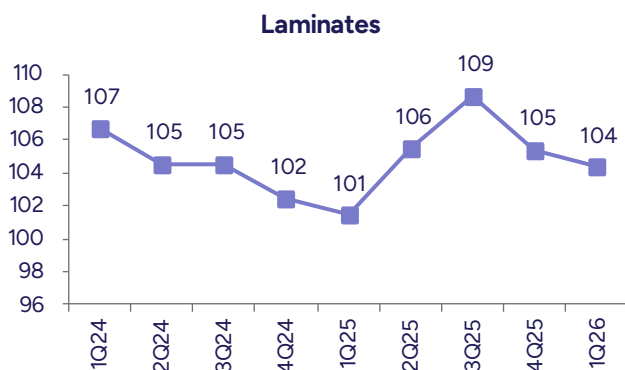
Source: Company, PL

Exhibit 10: Cocoa prices down 10%QoQ but up 35%YoY

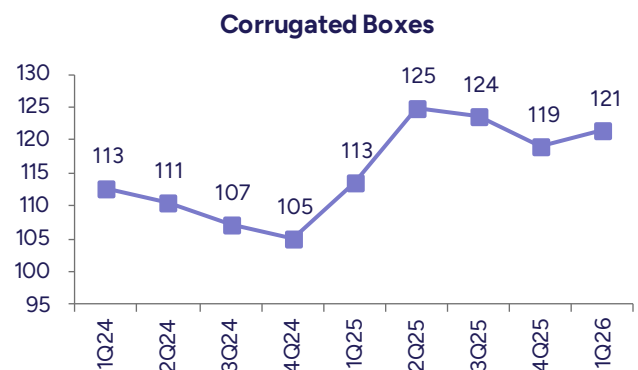
Source: Company, PL

Exhibit 11: Sugar Prices are up 5%QoQ & 3%YoY

Source: Company, PL

Exhibit 12: Laminates are down 1% QoQ but up 2%YoY

Source: Company, PL

Exhibit 13: Corrugated boxes up 2%QoQ & 7%YoY

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	1,67,693	1,79,427	1,97,200	2,17,696
YoY gr. (%)	2.9	7.0	9.9	10.4
Cost of Goods Sold	94,920	1,06,041	1,15,828	1,25,937
Gross Profit	72,772	73,386	81,371	91,759
Margin (%)	43.4	40.9	41.3	42.2
Employee Cost	7,087	7,046	7,888	8,708
Other Expenses	1,183	1,166	1,183	1,306
EBITDA	31,698	31,872	34,977	40,525
YoY gr. (%)	12.0	0.5	9.7	15.9
Margin (%)	18.9	17.8	17.7	18.6
Depreciation and Amortization	3,005	3,133	3,397	3,526
EBIT	28,694	28,738	31,580	36,999
Margin (%)	17.1	16.0	16.0	17.0
Net Interest	1,640	1,388	945	916
Other Income	2,142	2,271	1,871	2,208
Profit Before Tax	29,195	29,621	32,505	38,291
Margin (%)	17.4	16.5	16.5	17.6
Total Tax	7,793	7,487	8,083	9,478
Effective tax rate (%)	26.7	25.3	24.9	24.8
Profit after tax	21,403	22,134	24,423	28,813
Minority interest	-	-	-	-
Share Profit from Associate	(32)	(107)	-	-
Adjusted PAT	21,371	22,027	24,423	28,813
YoY gr. (%)	10.1	3.1	10.9	18.0
Margin (%)	12.7	12.3	12.4	13.2
Extra Ord. Income / (Exp)	(29)	(248)	-	-
Reported PAT	21,342	21,779	24,423	28,813
YoY gr. (%)	(7.9)	2.0	12.1	18.0
Margin (%)	12.7	12.1	12.4	13.2
Other Comprehensive Income	11	63	-	-
Total Comprehensive Income	21,353	21,841	24,423	28,813
Equity Shares O/s (m)	241	241	241	241
EPS (Rs)	88.7	91.4	101.4	119.6

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	45,604	50,065	51,739	53,919
Tangibles	43,858	48,373	49,987	52,108
Intangibles	1,746	1,692	1,752	1,812
Acc: Dep / Amortization	17,893	21,027	24,424	27,950
Tangibles	17,555	20,738	24,117	27,633
Intangibles	339	289	307	317
Net fixed assets	27,711	29,038	27,315	25,970
Tangibles	26,304	27,635	25,870	24,475
Intangibles	1,407	1,403	1,445	1,495
Capital Work In Progress	1,875	892	892	692
Goodwill	-	-	-	-
Non-Current Investments	10,957	18,070	18,097	18,127
Net Deferred tax assets	418	348	365	384
Other Non-Current Assets	1,266	883	1,164	1,260
Current Assets				
Investments	16,965	11,116	17,748	30,477
Inventories	11,812	12,365	14,280	15,526
Trade receivables	3,933	4,486	4,248	4,551
Cash & Bank Balance	4,464	3,125	3,495	3,399
Other Current Assets	1,337	1,240	1,775	1,959
Total Assets	90,735	88,385	95,815	1,09,397
Equity				
Equity Share Capital	241	241	241	241
Other Equity	39,174	43,316	48,034	57,743
Total Network	39,415	43,557	48,275	57,984
Non-Current Liabilities				
Long Term borrowings	9,047	7,129	4,629	5,479
Provisions	306	326	326	326
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	11,401	5,141	6,806	6,806
Trade payables	16,275	17,522	18,624	20,257
Other current liabilities	13,168	13,519	15,760	17,048
Total Equity & Liabilities	90,736	88,386	95,815	1,09,397

Source: Company Data, PL Research



Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	29,195	29,621	32,505	38,291
Add. Depreciation	2,945	3,133	3,397	3,526
Add. Interest	1,640	1,388	945	916
Less Financial Other Income	2,142	2,271	1,871	2,208
Add. Other	(451)	(2,015)	(2,105)	(2,252)
Op. profit before WC changes	33,329	32,127	34,743	40,481
Net Changes-WC	2,544	3,761	1,519	572
Direct tax	(7,793)	(7,487)	(8,083)	(9,478)
Net cash from Op. activities	28,081	28,401	28,179	31,575
Capital expenditures	(4,921)	(3,370)	(1,675)	(1,980)
Interest / Dividend Income	2,142	2,271	1,871	2,208
Others	5,567	(1,095)	(6,632)	(12,729)
Net Cash from Invt. activities	2,788	(2,193)	(6,435)	(12,501)
Issue of share cap. / premium	(3,779)	(638)	(1,887)	(1,036)
Debt changes	(9,357)	(8,178)	(835)	850
Dividend paid	(13,609)	(17,343)	(17,706)	(18,068)
Interest paid	(1,640)	(1,388)	(945)	(916)
Others	-	-	-	-
Net cash from Fin. activities	(28,385)	(27,547)	(21,374)	(19,169)
Net change in cash	2,484	(1,339)	370	(96)
Free Cash Flow	23,160	25,031	26,505	29,595

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	88.7	91.4	101.4	119.6
CEPS	101.2	104.4	115.5	134.2
BVPS	163.6	180.8	200.4	240.7
FCF	96.1	103.9	110.0	122.9
DPS	71.9	73.5	75.0	80.0
Return Ratio(%)				
RoCE	45.9	49.7	54.7	56.9
ROIC	41.4	38.8	42.3	49.0
RoE	57.2	53.1	53.2	54.2
Balance Sheet				
Net Debt : Equity (x)	0.0	0.0	(0.2)	(0.4)
Net Working Capital (Days)	(1)	(1)	0	0
Valuation(x)				
PER	60.9	59.1	53.3	45.2
P/B	33.0	29.9	27.0	22.4
P/CEPS	53.4	51.7	46.8	40.2
EV/EBITDA	41.0	40.8	36.9	31.6
EV/Sales	7.8	7.2	6.5	5.9
Dividend Yield (%)	1.3	1.4	1.4	1.5

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Net Revenue	46,676	45,926	44,322	46,222
YoY gr. (%)	5.3	7.9	8.9	8.8
Raw Material Expenses	27,294	28,143	26,549	27,591
Gross Profit	19,381	17,784	17,773	18,631
Margin (%)	41.5	38.7	40.1	40.3
EBITDA	7,834	8,449	8,052	7,571
YoY gr. (%)	(10.2)	2.9	2.3	0.4
Margin (%)	16.8	18.4	18.2	16.4
Depreciation / Depletion	761	824	810	820
EBIT	7,073	7,625	7,242	6,750
Margin (%)	15.2	16.6	16.3	14.6
Net Interest	346	446	307	262
Other Income	460	625	630	570
Profit before Tax	7,187	7,804	7,566	7,059
Margin (%)	15.4	17.0	17.1	15.3
Total Tax	1,836	1,961	1,928	1,809
Effective tax rate (%)	25.5	25.1	25.5	25.6
Profit after Tax	5,351	5,843	5,638	5,250
Minority interest	-	-	-	-
Share Profit from Associates	(34)	(20)	(47)	(49)
Adjusted PAT	5,351	5,843	5,638	5,250
YoY gr. (%)	(8.9)	4.4	4.3	(1.0)
Margin (%)	11.5	12.7	12.7	11.4
Extra Ord. Income / (Exp)	13	63	(28)	10
Reported PAT	5,330	5,886	5,563	5,211
YoY gr. (%)	(9.6)	5.8	4.0	2.9
Margin (%)	11.4	12.8	12.6	11.3
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	5,330	5,886	5,563	5,211
Avg. Shares O/s (m)	241	241	241	241
EPS (Rs)	22.2	24.3	23.4	21.8

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Jul-25	BUY	5,941	5,839
2	12-May-25	BUY	5,941	5,613
3	09-Apr-25	BUY	5,881	5,179
4	07-Feb-25	BUY	5,881	4,871
5	08-Jan-25	BUY	5,815	4,860
6	12-Nov-24	BUY	5,845	5,028
7	07-Oct-24	Accumulate	6,397	6,206

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Asian Paints	Reduce	2,248	2,402
2	Avenue Supermarts	Hold	3,994	4,281
3	Britannia Industries	BUY	5,941	5,839
4	Colgate Palmolive	Hold	2,453	2,376
5	Dabur India	Hold	524	529
6	Emami	Accumulate	683	601
7	Hindustan Unilever	Accumulate	2,686	2,521
8	ITC	BUY	530	416
9	Jubilant FoodWorks	Hold	689	688
10	Kansai Nerolac Paints	Accumulate	277	244
11	Marico	Accumulate	743	723
12	Metro Brands	Hold	1,195	1,167
13	Mold-tec Packaging	Accumulate	805	761
14	Nestle India	Hold	2,392	2,322
15	Pidilite Industries	BUY	3,428	3,060
16	Restaurant Brands Asia	Accumulate	87	81
17	Titan Company	BUY	3,830	3,451
18	Westlife Foodworld	Hold	745	772

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

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