Date: 16th May, 2025

To,

Corporate Relations Department, BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001 Scrip code: 500825	Listing Department, National Stock Exchange of India Limited, Exchange Plaza, C/1, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051 Symbol: BRITANNIA

Dear Sir/Madam,

Sub : Transcript of the Investors/Analysts Conference Call (Group Meet) held on 12th May, 2025

Ref : Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations, 2015')

With reference to the subject cited above and pursuant to Regulation 30 read with Clause 15 of Para A of Part A of Schedule III of the SEBI Listing Regulations, 2015, please find enclosed the transcript of Investors/Analysts Call held on 12th May, 2025, pertaining to the Audited Consolidated and Standalone Financial Results and operations of the Company for the quarter and year ended 31st March, 2025.

The Transcript along with the Presentation and Audio Recording are also made available on the Website of the Company at www.britannia.co.in/investors/financial-performance/analyst-call.

Request you to please take the above information on records.

Yours faithfully,

For Britannia Industries Limited

THULSIDASS VELAYUDHAN THARAYIL

Digitally signed by THULSIDASS VELAYUDHAN THARAYIL
Date: 2025.05.16 16:18:08 +05'30'

T. V. Thulsidass
Company Secretary
Membership No. : A20927
Encl.: As above

"Britannia Industries Limited

Q4 and FY 2024-25 Analysts Conference Call"

May 12, 2025

MANAGEMENT: **MR. VARUN BERRY – EXECUTIVE VICE CHAIRMAN, MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – BRITANNIA INDUSTRIES LIMITED**

MR. N. VENKATARAMAN – EXECUTIVE DIRECTOR AND CHIEF FINANCIAL OFFICER – BRITANNIA INDUSTRIES LIMITED

MR. VIPIN KATARIA – CHIEF COMMERCIAL OFFICER, SALES AND REPLENISHMENT – BRITANNIA INDUSTRIES LIMITED

MR. MANOJ BALGI – CHIEF MANUFACTURING AND PROCUREMENT OFFICER – BRITANNIA INDUSTRIES LIMITED

MR. SIDDHARTH GUPTA – GENERAL MANAGER, MARKETING – BRITANNIA INDUSTRIES LIMITED

MR. AYUSH AGARWAL – INVESTOR RELATIONS – BRITANNIA INDUSTRIES LIMITED

Moderator: Ladies and gentlemen, good day and welcome to Britannia Industries Limited Analyst Conference Call. As a reminder, all participant lines should be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance in the conference call, please signal an operator by pressing star, then zero on your touch-tone phone.

Please note that this conference is being recorded. I now hand the conference over to Mr. Ayush Agarwal from Investor Relations. Thank you and over to you, Mr. Agarwal.

Ayush Agarwal: Thank you. Good morning, everyone. This is Ayush from the Investor Relations team. I welcome you all to the Britannia earnings call to discuss the financial results of Q4'24-25. Joining us today on this earnings call is our Executive Vice Chairman, Managing Director and CEO, Mr. Varun Berry; Executive Director and CFO, Mr. N. Venkatraman; Chief Commercial Officer, Sales and Replenishment, Mr. Vipin Kataria; Chief Manufacturing and Procurement Officer, Mr. Manoj Balgi; and General Manager, Marketing, Mr. Siddharth Gupta.

The analyst deck is uploaded on our website. Before I pass it on to Mr. Varun Berry, I would like to draw your attention to the Safe Harbor Statement in the presentation. Over to Mr. Berry with the remarks on the performance.

Varun Berry: Good morning, everyone, and thank you for joining the call. So, without much ado, let me jump into the presentation. So Page 1, basically, it's showing the trends, the forecast that we are seeing. So it shows the real GDP as well as the nominal GDP trending upwards.

And similarly for the Real Private Final Consumption Expenditure as well as the Nominal Private Consumption Expenditure trending upwards in Q3 and Q4. So we are hoping that these are clear signs of recovery of the slowdown that we'd seen in the FMCG industry.

On that positive note, let me move on to our performance scorecard. So in this quarter, we've seen a turnover of INR 4,376 crores, which was on a 12-month growth basis was a 9% growth; and if you look at a 2-year number, it's a 12.4% growth. And profit after tax, we've seen 12.8% of revenue for the fourth quarter, which is a 4% growth on a 12-month basis and a little flattish on the 24-month basis.

Moving on to the next slide, which is the revenue from operations. The revenue from operations for the full year was INR 17,535 crores, which was a 6% growth on a 12-month basis and about a 10% growth on a 2-year basis. Profit after tax was again 12.5% of revenue, which was a 3% growth year-on-year and a 12% growth on a 2-year basis.

Now getting to our strategic pillars, which you are well aware of, but just reiterating those - distribution and marketing, innovation, adjacent business growth, cost efficiencies and sustainability, and I'll cover these one-by-one.

So on distribution, we've made good progress. So if you look at March '24 to March '25, our total direct reach has gone up from 27.9 lakhs outlets to 28.7 lakhs outlets. And even our rural distributors have gone up from 30,000 to 31,000.

We've also -- next slide, we've also leveraged the new channels, e-com namely. The e-com growth has been seven-and-half times of what it is in other channels. And we've had some e-com only or e-com first launches. So Pure Magic Frames was one such launch, which was extremely successful. This was -- the theme was the Harry Potter theme, and we saw some very good results, just launching it with the e-com and quick-com channels.

Moving on, we also had some very exciting campaigns. So on Marie Gold, we had a campaign, which was a special edition pack, which we did with Avani Lekhara, who is the first Indian woman to win 2 gold medals at the Paralympics. And this biscuit was sized and etched with Avani's gold winning targets. So that was a very exciting campaign that we did.

The second one was during the Mahakumbh, we had -- Good Day tied up with Chai Point, which gave us good mileage in that very large event in the country. We also have had some very exciting innovations in adjacencies. We've launched Winkin' Cow Grow, which is a very exciting product at a very attractive price, and that's doing quite well. It's just been 2 months, but we are seeing great traction on that product. We've also re-launched cheese just about 2 months ago. And there, again, we -- some channels have started to fire, and we are hoping that the overall numbers will start to look much better than the previous year.

We've also re-launched Cake. And there, again, it's just been a couple of months, but we're already seeing traction in all of the cake products post the re-launch, which included not just the recipe and product enhancement, but also the entire pack graphics have changed. And it's a very, very exciting combination of products that we have today, and they are doing quite well for us.

Moving on to the next slide, which is on the other adjacent businesses. Croissant has been a very good growth for us, high double-digit growth, which is 3 times that we are seeing on biscuits. And similarly on wafers, wafers has been a very, very good growth for us as well. Cake, I have already spoken about, and that's giving us very good traction.

Rusk, again, we re-launched it with a new pack design and which is just about a month back. In fact, the products are just hitting the market as we speak. But again, the growths are back, and we've got single-digit, high single-digit growth and hoping to get these into double digit as we move forward with the launch country-wide.

I've already spoken about cheese as well as the new launch in drinks. In International as well, we've seen profitability move up and growth coming back in some of the markets where they were sort of stymied in the last 2 or 3 years. We've started to see very good growth in some of these markets and also the profitability has come back. As far as cost leadership is concerned, this program is, again, firing very well for us.

Our target was to get to 8x of what we started within 2013-14. But this year, we went on overdrive because inflation had become pretty high, and we thought that we could do with some additional cost efficiencies and savings. So we've been able to achieve more than that. So '24-'25 has been 9x of what we started within 2013-'14. So it's been a very good year for us, almost 2.5% of our overall revenue.

On the ESG front, we've had some good milestones as well. So some of the KPIs, we've been plastic neutral for the fourth consecutive year. We've had 79% of our packaging plastic recyclable, which is an improvement of 17% versus last year. We've also had 75% of our laminate waste which is recycled, which is an improvement of 23% over last year. Britannia Nutrition Foundation today touches the lives of over 305,000 beneficiaries, and that's an improvement of 31% versus last year. And we've assessed suppliers 479 Tier 1 suppliers. They've been assessed from an ESG standpoint, which covers 78% of our procurement spend. So these are all very important and very crucial KPIs from our perspective, and we are making sure that we take this to the next level as we get into the next year.

We've got some recognitions for what we've done, and these are all listed on the right side of the slide. I'm not going to belabor those recognitions. Moving on from a cost standpoint, we have seen aggressive inflation -- so if you look at flour, if you look at versus previous quarter, which is Q3 of '24-25, there was an inflation of 9%.

And if you look at it from a year-on-year basis, there was a 12% inflation. Similarly, on palm, sequentially a 7% inflation, but year-on-year, a 54% inflation on palm oil. Sugar was flattish. Cocoa was flattish sequential or slightly down sequentially, but year-on-year was 83% inflation, and we are all aware of the cocoa story.

Laminates was fine. It was a small inflation from a year-on-year basis. Milk again was 11% sequential and a 21% inflation from a year-on-year basis. So this clearly is a story where there was a pretty aggressive inflation and which necessitated us taking some action on the pricing front, and that's what we did, which kept our profits in good shape.

Now from a cost and profitability front, price actions I've already spoken about. Cost savings I've already spoken about. We doubled down on cost savings and made sure that we did more than what we'd planned. And media investments, we had to make sure that we do what was necessary. So we focused on innovations and all the adjacencies and the crucial brands within our portfolio, focused on those, and we did what was necessary with those.

From an outlook perspective, we obviously are very closely monitoring which way the commodity prices move. We are going through the phase when the new season wheat comes in. And we're not very clear at this stage whether the inflation is going to be as far as wheat is concerned, but we are closely monitoring that and similarly, other commodities as well.

And we are also very vigilant about the fact that we've taken pricing and making sure that we are not priced out of the market. It seems that inflation is hurting everyone. So it seems to be moving in the right direction. The focus will remain on sustaining margins and also at the same time, remaining competitive.

Next slide is about our revenue trends. Our revenue growth, as I said, was -- for this quarter was 9% and for the full year has been 6%. And we've seen -- as you see it in the last 4 years, we've seen a very good year in '22-23 with a 15% growth. And then we've seen 2 tepid years of 4% and 6%. But we are hopeful that things should move in the right direction now on because the quarter has been, I would say, reasonably good from a growth standpoint.

From an operating profit standpoint, again, it's been a pretty good profit that we've looked at. Operating profit has been at 16.4% for the full year and 16.6% for the quarter. So it seems that from both top line and bottom line perspective, if things remain within a certain margin, and I'm talking about inflation as well as the growth trends, etcetera, we should be in the right place.

Now looking at the overall consolidated report. So net sales for the quarter, 9%. Operating profit has gone up by 2.4%. Profit before tax is also 2.4% and profit after tax has gone up by 4% and the full year numbers are on the right-hand side. If we look at the ratios, the ratios are looking reasonably solid, I would say, 16.4% profit from operations, profit before tax of 16.7% and profit after tax of 12.4%.

So that's the story from my side. Very happy to answer your questions now.

Moderator: First question comes from the line of Abneesh Kumar Roy with Nuvama.

Abneesh Roy: Congrats on good performance. I have 3 questions. My first question is on the demand side. You have seen a 7-quarter high sales growth this quarter. Was there a significant impact of Kumbh Mela? Coca-Cola saw 18 crores servings being sold in Q4 in Kumbh Mela and your product also has very high demand in such demand scenario.

So that was one bit on demand. Second is on the outlook, you said clear signs of recovery. And this quarter, almost every FMCG company has said. Issue is last 2 years, FMCG has seen many false starts. So what will be your confidence level in terms of recovery in FY '26? That is the first question.

Varun Berry: Okay. So Abneesh, we -- because we are so widespread, it's not one event which really makes a difference to our overall sales. We did well in the Kumbh, but it's too small to impact our overall sales for the country and for the globe as well. So we've seen some recovery and which is the good trend and which gets me to your second question, which is on the outlook.

I'm reasonably optimistic on the recovery happening. I don't think it's going to happen -- It's not going to be a hockey stick. But I do think that there is -- we have seen gradual recovery, and I do think that this trend is going to continue into the next year as well.

Abneesh Roy: My second question is on the competitive intensity. So this time, the market share chart seems to be missing. So if you could tell us any reasons for that. Second is a lot of FMCG categories, there is a competition from D2C. We have seen some level of impact on beauty, personal care from D2C companies.

In your categories, is there an impact, especially now I'm seeing Tata's Soulfull acquisition now going to Rusk, for example. That's also a start-up and B2C now acquired by Tata Consumer. So if you could discuss competitive intensity from D2C and market share data, is there a change?

Varun Berry: No -- So Nielsen has done a complete change of their panel -- so there's -- the data even historically has changed, etcetera. So we were waiting for the stability to come through, but there's hardly any change in the market share data. It's just that we are not clear what their final numbers are going to be once they sort of clear up their panel. But it's in the same ballpark.

We have not seen -- so you're witness, Abneesh, to what other companies report in their calls as well. And it doesn't seem that -- we seem to be growing the fastest as far as our category is concerned. Yes, there are a lot of unlisted players who do not declare the results. But I do think that we are definitely in the top 10% as far as growth is concerned within all of our categories.

D2C players, I don't think they have impacted us to an extent where it's becoming an issue for us. And especially Tata Soulfull, I personally haven't seen them make a big dent in any way in the market from a Rusk standpoint. As you know, Rusk, in any case, has about 2,500 players. It's a bit like salty snacks, right, every town in the north will have a Rusk manufacturer.

So we've been dealing with that kind of competition, and we've been dealing with it quite well. And I do think that because of our brand and because of our product and because of all of that we do, that will hold us in good stead. But having said that, I do think that this is a space that we need to watch because with modern trade growing and with e-commerce and quick-commerce growing, this could be a phenomena which we must watch carefully and make sure that we deal with it in the right way.

Abneesh Roy: One last quick question, and then I'll end there. So if I see the adjacency, you have been driving a whole food company kind of a strategy. And I see you talking much more positively on Croissant, on drinks and to an extent, maybe Rusk also. On cheese, it's a re-launch. And if you measure now versus when the JV was announced and now, would you be happy with the performance?

I don't know how is the performance, so I'm asking. And is urban slowdown impacting? And is it more of a commodity play because I do see a lot of aggressive pricing by some of the newer companies also. So if you could tell us how has it lived up to initial expectation? And can the trajectory change to a higher level in the next 2, 3 years?

Varun Berry: No -- So absolutely, Abneesh. So yes, you're right -- I talk more positively about all of the other categories, including cake now after the re-launch. The growths are now pretty solid. Cheese, what's happened after the re-launch, as you're rightly saying, the pricing -- so there are some players who don't have a distribution system, right -- So what they do is they -- whatever channels are available, which is modern trade and e-com, they discount the hell out of their product in those channels and which is what we had to match earlier because we were at a 25%, 30% premium and which was creating a disparity between the channels, and we realized that.

And we -- for us, our big muscle is traditional trade. And if there is disparity, it tends to hit our big muscle. So now with the re-launch, what we've done is we've priced every channel at the same price. There might be packs, which are different for different channels, but the pricing is the same.

As a result of that, we are seeing a 40-plus percent growth in our traditional trade business. There still are some areas which need to be sorted out, and we are sorting them out. And the overall cheese business, we are very hopeful, will start to look very good as we go forward. But I don't want to declare victory without really getting that under our belt.

So that's the reason that I've not sort of emphasized that. But the trends, the early trends on the traditional trade part of the business and also on the e-com business is very, very good. So fingers crossed. We are hoping that the sales team as well as the dairy team will take this to a very, very different level in the coming months.

Moderator: Next question comes from the line of Mihir Shah with Nomura.

Mihir Shah: So Britannia has constantly increasing its direct reach. Now as you highlighted that demand is expected to come back. What is the level of volume growth that you expect to be a reasonable level? And this is also keeping in mind that you will start cycling a higher volume growth base from 1Q onwards; So that's my question number one.

Varun Berry: So volume -- I see because there's an echo coming. Mihir, can you put yourself on mute -- So the volume growth have been reasonably good for us compared to our revenue growth even in the last 2 years. Whenever there is inflation and you take pricing, obviously, the delta between revenue and volume increases.

But we are hopeful that as we go through depending on the level of inflation, we should see both revenue as well as volume growth. And this year will be a test. So we are hoping that we'll be able to grow revenue and volumes. Obviously, there will be a delta because we've taken a pretty high price increase in the last quarter; and we'll be necessitated to take slightly more price increases to make sure that we deal with the inflation which comes in. But having said that, we are hoping to see healthy growth, both volume as well as revenue.

Mihir Shah: Got it, sir. So secondly, how should one think about pricing from here on? Key raw materials have started to correct quite a bit. So would it be fair to assume that there is no further price increase that one should expect from here? And secondly, do you foresee any competition from smaller players to start taking price cuts sooner than expected?

Varun Berry: No, Mihir. We don't see that happening because there has been a lot of inflation this year, and we started to take price increases pretty late in the year and so did the others. So even if there is a correction as far as inflation is concerned, I don't see a reaction of price cuts, etcetera, from smaller players.

It might just be that thereafter, we might not need any more price increases. So that's why we are keeping our eye on the ball just to make sure that we do not miss the trend, and we do what is right for the business.

Mihir Shah: Understood Sir. If I may squeeze just one more insight. So on other expenses, they have been lower since the past 2 quarters. Can one say it's largely because of lower ad spend? And as you're expecting volumes -- to support volumes, can this number start inching up going forward? And if you continue to do that, what is the level of operating margin that you will be comfortable with?

Varun Berry: We don't give any forward-looking statements, Mihir, but we are comfortable in the zone that we are today. And we would like to stay within that zone and try and make sure that our profit growth are higher than our revenue growth as we go forward.

Moderator: Next question comes from the line of Arnab Mitra with Goldman Sachs.

Arnab Mitra: Varun, my first question was on this quarter. Could you just help us with the split of volume and price growth? And in the light of whatever pricing you have taken, I'm sure some pricing will flow in more in the second -- in the next few quarters. How much of price growth do you expect at this stage for FY '26?

Varun Berry: So the delta is about 5.5% between pricing and -- between revenue and volume. And it depends -- I don't think we will need to take any more price increases. There will be some remnants of the price increase which move into the first 2 months of this quarter. But thereafter, I think we -- the way the commodity situation looks, it might not be necessary to take pricing beyond that. But that will all depend on how the trends move through the quarter, and we will have to take a call based on those trends.

Arnab Mitra: Yes. That's very helpful. The second, actually, just to repeat, just following up on the input cost question. So we broadly know that palm oil and crude has seen some correction sequentially. How is your expectation on wheat prices because I know the season is already done. And in that light, would you say that, I mean, whatever input cost deflation we see potentially goes now into improving gross margins back to the historical trend line?

Or there could be a possibility of lowering of prices if the current spot prices hold in some of these commodities?

Varun Berry: No -- I don't think wheat prices -- we will see a deflation in the wheat prices. Actually, I'd let Manoj comment on that. Manoj?

Manoj Balgi: Yes. So this is Manoj. Wheat prices have been higher than last year, though the crop has been higher than last year, but the minimum support price offered by government is about 7% higher. And we don't expect a deflation in wheat prices.

Moderator: Next question comes from the line of Jaykumar Doshi with Kotak.

Jaykumar Doshi: My question is on succession planning -- We saw that you've been appointed as CEO as well. So are you not looking to hire a CEO anymore? I mean, after Rajneet moved out?

Varun Berry: No, no, that's not the point.

Jaykumar Doshi: Or is this an interim arrangement till you hire someone?

Varun Berry: Yes. So it's a statutory requirement that a position of CEO has to be filled. So that's where it is. But the succession planning is in play, and it will definitely be clear to you in the next 3, 4 months. So things are in play. So I can't comment anything more than that right now.

Moderator: Next question comes from the line of Latika Chopra with JP Morgan.

Latika Chopra: My first question was around the revenue growth outlook. You mentioned you would want to maintain both volume and value growth sustaining. Looking at price increases -- are going to amount to roughly 5%, 6%, the kind of price increases we saw in Q4 to play out. Just wanted to understand the volume growth you mentioned, was that a tonnage volume growth or in terms of number of packs sold, because some of the price increases could be in the form of grammage reduction. And as you look forward to FY '26, do you get a sense of arriving at a double-digit kind of trend for revenue growth? We clocked 9% in Q4

Varun Berry: Yes. So whenever we talk about volume growth, they are not in a number of packets. They're always in tonnages. So -- and that's why the delta, right; If we were looking at packets, I don't think there would be much of a delta between revenue and volumes, right; So it's tonnage. And your second question was -- what was it, sorry, Latika.

Latika Chopra: For FY '26, how do you anticipate? Is there a confidence?

Varun Berry: Yes, you are talking about -- yes. Our endeavor always will be to get back to double digits because as I've always been saying, with India being a developing country, obviously becoming a very large economy, it's important that in categories like ours, we see double-digit growth. So yes, the hope is that we get back to double-digit growth with time.

Latika Chopra: The second question was around 2 key levers for revenue growth for you. One is distribution -- We continue to see the direct reach continuing to add for you. I think this is already probably the best in the industry at 2.9 million outlets. What is the scope for this to expand to? And if you could throw some color on what is the total reach for you?

And the second piece is on innovation and new launches. Could you share, is there a push by the company towards premiumizing the portfolio? Are there any metrics you can share which could give us some color on how the premium part of your portfolio is growing?

Varun Berry: Yes – No -- So good question, Latika. So what we are looking at now, as you know, that we are doing the route-to-market project and the route-to-market project is going to give us our ability to have the number of SKUs that we have in the large outlets, the more potential outlets -- We want to increase our depth there. And obviously, at the village level and at the rural level, we want our width to increase.

So we are working on both, but the width improvement is going to be as long as it doesn't start to -- we also look at our volume per outlet. And obviously, even in small towns and villages, there are outlets which sell very high volumes and very high revenues of our products, which we sometimes miss.

So the VPO is very important for us. So we are not doing it mindlessly. It's not like width at any cost. We are also looking at cost, and we are saying that at the top end, we get depth, at the bottom end, we get width. And we'll do it in a way that the revenue that we get is as profitable as our revenues which we get today. And I'll ask Vipin to comment on that. Vipin?

Vipin Kataria: Yes, Varun. So Latika, basically, just to give you a sense of the category, we are into one of the most widely distributed categories, 9 million outlet base, we reached about 3 million directly, right; and then there is a component of indirect and indirect if I add with direct, so our total reach is about 6.5 million. And over a period of time, we've been adding distribution both direct as well as indirect.

But what we also realize, like one of this thing is that we have got almost 25 different sub-brands and multiple categories. And we need to figure out a way on how do we service all the high potential – ultra-high potential outlets far better so that we go to the right kind of consumers, we go to the right kind of outlet cohorts.

And that's the route-to-market journey that we are talking about, and we are in the middle of it. And we're getting good positive results out of it. And therefore, to make sure that we truly behave like a total foods company. We are ensuring that not only the width of the coverage, but also the kind of categories that we sell in these relevant outlets become a big initiative from our side.

Varun Berry: I hope that answers your question.

Latika Chopra: Yes. Any color you want to share on the premium mix for you? Any metrics you track within the...

Varun Berry: Yes -- So Latika, you've seen the kind of products that we've launched. So Pure Magic Frames is one such example. Very, very premium product, very salient property that we've signed up for this, which is Harry Potter. And similarly, a lot of other products that we've launched, which are in this space.

So yes, we are making sure that we increase our premium play. And that's what's helping us keep our portfolio at the right level. And in fact, a lot of our premium products are doing quite well. Sid, do you want to comment on that?

Siddharth Gupta: Yes. So just to add, so what we have done is across all salient categories, we have a fair understanding of what are the consumer need spaces and how they are evolving, and they are evolving quite rapidly across the spectrum. And basis that across critical categories, we have a very clear role of the portfolio, which includes, as Varun was saying, the critical products that will be needed to cater to the evolving needs and the products that we've already launched in the market, for example, Pure Magic Choco Frames - how do we build on and take them to a much bigger scale basis the response.

So we have a very clear framework identified across all our key categories on premiumization, and that continues to be a key lever for us that we are building upon.

Varun Berry: And we've got some very exciting new products coming up this year as well in the next 2 or 3 months. So yes, the premium trade will increase as we go forward.

Moderator: Next question comes from the line of Percy Panthaki with IIFL Securities.

Percy Panthaki: My first question is, it's been about 10 years or so approximately since we first laid out this vision of being a total foods company. However, I haven't seen any new category being introduced since then, maybe with the exception of Croissant and some launch of milk shakes, but I take that as a sort of product within the dairy portfolio.

So just wanted to understand -- yes just want to understand if basically you're just happy growing the adjacencies, and of course, there would be innovation, renovation as part of any company business as usual. But are you happy growing the current adjacencies for now and maybe some new category either organically or inorganically isn't an immediate focus for you in the next 1 or 2 years?

Varun Berry: See, Percy, first of all, we have gotten into -- so as we spelled out when we've gotten into this strategy, the idea was to look at categories which are extremely close to what we do and then start to get further and further, right; And with that, we've launched -- so frankly, it seems like it's within the same category.

But frankly, today, we've got a lot of products, which are completely new and have crossed -- some of them have crossed INR 100 crores, some of them have crossed INR 200 crores. So Croissant getting close to INR 200 crores, milkshakes crossed INR 200 crores and beyond, wafers getting to -- crossing INR 100 crores. So lots of these categories -- which are giving us that bump up.

So I think -- and these are all -- like we didn't know ABC of milk shakes, right? We were not a drinks company, right? And we took the plunge and put in the best technology. We have today aseptic line, which -- when we put it up, even Coke and Pepsi didn't have it, right? So we've done it the right way.

We've got good results. We are seeing things moving in the right direction. Now has it made a difference, which we would have expected -- Certainly added up to give us the adjacent portfolio, which is much larger than what it used to be. But I would say that probably we've been caught at a time when the economic situation was a little tough and FMCGs are not getting their time in the sun.

But today, I feel and very clearly feel from even trends that we see in the market that all of these and adjacencies, I call adjacencies, which is anything outside of the biscuits, all of these are looking very positive, and we are seeing really good growth. And even within, let's say, a cake category, right, there's so many new products that we've launched.

We've launched Layerz, we've launched Swiss, We've launched Brownie -- We've launched so many of these products -- which you cannot call as extensions or these are not extensions. Some of them have completely different technology. So from that standpoint, I think we will stay with this for the time being. We are not going to violently go wide where we go very far away from our core.

We will stay with this, but we will make sure that whatever we've done, we double down on it and grow it at a very rapid pace. So that will be the plan. And wherever we have opportunities, we will test market. And if there are big opportunities, we will launch. But more or less, we will stay and grow the current categories that we have because there's immense potential to take them to the next level.

Percy Panthaki: Got it, Varun. Just your thoughts, I mean, this is not a guidance or any particular target, but just your thoughts on, if I were to say, over the next 5 years, what would be the growth differential between the biscuits and the non-biscuits portfolio?

Varun Berry: So I would say 1:1.5 -- So if biscuits grows at -- Yes.

Moderator: Next question comes from the line of Lokesh Gusain with BOB Capital Markets.

Lokesh Gusain: So I just got 2 questions. First is on the sales. So just to clarify the focus states performance relative to the rest of India for the fourth quarter? And then secondly, on costs regarding your cost saving initiatives, you've got 6 verticals -- Is there any vertical out of these which stood out in the fourth quarter?

Since your cost savings as a percentage of sales went up quite a bit, just trying to understand what's a sustainable rate, and what are your targets for FY '26 on cost savings as a percentage of sales?

Varun Berry: So let me get to the second question first, and I'll ask Venkat to answer that because he is the architect of this. Venkat, are you there?

N. Venkataraman: Yes. So as far as cost efficiency for the year is concerned, the framework largely is the same. What we have done is to have gone deeper. So some of the areas where we managed to get some additional benefits in '24-25 has been the areas of fiscal incentives because as you know, the Maharashtra facility was recognized as an ultra-mega project. And therefore, the incentives applicable to the ultra-mega projects came through in '24-25 for us.

Also, the facility in UP, the Greenfield unit that was set up in UP got the approval for incentives in the current financial year. So these are 2 significant benefits that we saw in the current year. There's also a lot of value engineering projects, which were driven by R&D focusing on reducing wastages. And Packaging as well. Yes, packaging and wastages, correct. In addition, the initiatives were largely around improving manufacturing efficiencies.

Buying efficiencies was a very significant thing that we worked on in the current year, also on distribution. So I think broadly, these are the areas that we have been able to work on. And like Varun said, it has been 9x what we started the program with, in '24-'25, and in '25-'26, it's -- we are planning something over 2.5% of the top line. So that is...

Lokesh Gusain: Understood. And then just on the fourth quarter, would it be fair to say that buying efficiencies were a major part of the incremental savings that you got?

N. Venkataraman: It was across. I wouldn't -- buying efficiency was higher, you're right, in Q4. Correct.

Moderator: Next question comes from the line of Nihal Mahesh Jham with HSBC Securities.

Nihal Jham: I just had one question. Is it possible to share the proportion of adjacencies for FY '25? And if you could give a ballpark split among the adjacency portfolio?

Varun Berry: So the adjacency portfolio, there are -- the big ones are cake, rusk, dairy, bread, they're all about the same size, about, let's say, 100 million dollars, give or take. And then we have the smaller ones which were launched in the last 4 or 5 years - Croissant, milkshakes, wafers, which are all in between INR 100 crores and INR 200 crores – INR 100 crores and INR 250 crores. So Venkat, what's the split today?

N. Venkataraman: It will be about 75%-25%.

Varun Berry: 75%-25%.

N. Venkataraman: Yes.

Moderator: Next question comes from the line of Kunal Vora with BNP Paribas.

Kunal Vora: Maybe if you can give a similar breakup in case of raw material, how much is wheat, palm oil, white sugar, cocoa - FY '25 composition of raw materials?

Varun Berry: Manoj, you can take that question.

Manoj Balgi: So from a percentage point of view, roughly about wheat and oil will be about 30% each, about 20% sugar.

Kunal Vora: Understood. Okay. And second...

Varun Berry: and then there are lots of small ones.

Kunal Vora: Understood. Second one is on quick-commerce and how it impacts you. I mean, like just if you can give a sense of what is the contribution? What kind of packs get sold? Are you seeing any additional competition because of it and as consumers reduce their visits to Kirana, does it result in loss of some impulse purchase? So yes, just your sense on how quick-commerce impacts your business.

Varun Berry: So quick-commerce is now approximately 4% of our sales, well, quick-commerce and e-commerce, but a large part of that is quick-commerce today. And it's been growing fast, but still reasonably small in the overall contribution. Obviously, the convenience of it, the consumers are enjoying that.

It's growing because there's a 3 cornered fight between the 3 big players in that space. And I think there are certain categories where it's even become 30% and 35%. But in our case, I see this move from, let's say, 4% to 8% in the next 3 years, but not beyond that. Vipin, would you like to comment on that?

Vipin Kataria: Yes. So see, first, just to tell you about the composition of the Q-commerce in total, across categories. So the biggest in Q-commerce is, let's say, staples and groceries, then comes fresh, which is basically milk, pouch curd, right, then there is personal care and then is packaged foods, right,

So from that perspective, when you compare this 4% salience coming out of e-com, right, is fairly decent because in personal care, that same percentage savings will be double digit, right, So I think we are rightly placed in terms of the percentage salience. Point number two is that we are consistently gaining market share.

Third is that we are aware of this entire disruption which the personal care space has seen because there's a lot of insurgency which comes into play. And therefore, if you hear what Varun was saying was that there are a lot of digital-first brands that we have lined up. In fact, a couple of them have seen good success like Choco Frames, and we have got a few more lined up in this year as well.

So therefore, we have to protect our core, gain share there and also make sure that all the insurgent brands are basically taken care of through a lot of these digital-first brands. I think how we see e-com is basically part of the route to market, which is how do you make sure that you augment the general trade, right, in terms of reaching to the consumer. So let me give you an example -- So there are a lot of premium products which a general trade Kirana stores will hesitate to stock, but we've been able to turn the tail and make those big -- so let me quote an example of, let's say, cake - brownie. So brownie is a product which might face limited distribution because of some resistance, but through e-commerce, we've been able to make a significantly good business out of it, right; So therefore, the playbook is that we take a non-conflicting route. We take a route which augments our overall distribution and selling, and that is how we'll been driving e-commerce going forward as well.

Kunal Vora: Understood. And does it result in any loss of impulse purchases the consumers like to step out to the Kiranas less?

Vipin Kataria: See, I think it only adds to impulse because if you see -- and all of us are also in the space of q-com. So instant gratification, occasion-led buying is only getting accelerated and accentuated through q-commerce, right, and therefore, our impulse portfolio is finding good favor in q-com. And then we also have a large out-of-home business, right, to make sure that we are there in a lot of places where impulse consumption happens.

Kunal Vora: And just one last quick question. Other operating income, you had a big increase because of maybe incentives, INR 4 billion. Where does it go from here?

Varun Berry: Venkat, do you want to take that?

N. Venkataraman: No, it should -- we are not setting up any new units. Most of the units that we had set up are eligible for incentives - the one in TN, UP, Orissa, Bihar and Pune. So these are the incentives that we are eligible for. So it should stabilize is my sense.

Kunal Vora: Okay. And for how many years does this continue maybe at close to current levels or maybe a little more than that?

N. Venkataraman: So each one is for a different period of time, and some of them will end soon. Some of them will continue longer.

Kunal Vora: Okay.

Varun Berry: But the big one is Ranjangaon, which will continue for how many years Venkat?

N. Venkataraman: It is still 2037 or '38.

Varun Berry: Yes.

Moderator: Next question comes from the line of Jaykumar Doshi with Kotak.

Jaykumar Doshi: One request, if you could add some disclosures on biscuits and adjacencies, either on a 6 monthly or annual basis because the 75%-25% split has been there for a few years now. And when I look at the old interviews, you've always maintained that 75%-25% should go to 65%-35% in 5 years. But when we ask you this mix at the end of every year, it doesn't seem to change.

So it will help us appreciate the progress better, sir. If you can -- even once in a year also, it will be good to know. Second is when I look at your strategy, and I asked you this question a couple of years back on inorganic, how do you think about inorganic now? For a company with your kind of cash flows, when we compare you versus other F&B players, we have seen some of your peers have been more open to inorganic opportunities, and there are some success stories as well. And we don't even sort of hear about Britannia evaluating any, right? For instance, there was Capital Foods or there have been other such acquisitions. Britannia is not even participating in evaluating it.

So is there a group level resistance or reluctance on inorganic? And is it that you're happy with whatever you can do organically, you don't really want to grow faster through inorganic route?

Varun Berry: No, that's not true, Jay. We would be happy to look at it. It's just that we are very conscious of returns, right; Whatever we invest in, we would like to see returns. And whenever we've seen any of these big transactions that have happened, we have evaluated them, but we haven't been able to figure out how we'll get returns on these transactions.

But you tell us - is any of these big transactions have really been worth it? Have they given the returns to these companies? We feel that getting an ROI on any of these investments is very tough because of the valuations in the country but would be very happy to stand corrected if you feel that there have been some big transactions which we could have missed.

Jaykumar Doshi: I think, Plix has done fairly well for Marico, still early days. And I mean, Capital Foods is also something still early days. But I just thought, I mean -- so a fair point, I take your -- sort of got your perspective.

Moderator: Last question comes from the line of Tejash Shah with Avendus Spark.

Tejash Shah: Varun, your decade-long cost saving discipline has been exceptional across FMCG. But at some point, do efficiency gains start to taper off? And is there a risk of cutting into growth-linked spends in pursuit of savings?

Varun Berry: I don't think so. See, I think I've said this earlier as well. We in India, we tend to get spoiled by the kind of growth we get. And hence, cost efficiencies takes a backseat. Think about companies that operate in countries with, let's say, in Japan or in the US where the growth are 0.5% or 1%, right, and price increase opportunities are very limited.

The entire focus is on cost efficiencies to make sure that they shore up their bottom line year-on-year. And we've learned from them, right - we've looked at how they sort of go after costs and how they get these costs. And every company has great opportunities to optimize costs, right, So I think that there is a pipeline of projects that we could look at.

We see them every year, but obviously, there is a limit on how many we can handle. So we focus on the large ones and then we start to -- so the process is very good. Our process starts in the month of November, let's say, right, and we start to identify these projects for the year starting on the 1st of April.

And then we start to build on these and we -- and these are cross-functional teams, which work on them and start to implement them. So I think we've defined the process very well. And our teams -- the inherent thinking of our team is to make sure that we get these costs soon. So it works very well.

And I do think that this is not going anywhere. We have enough projects to take us through the next 10 years with the same kind of savings.

Tejash Shah: Got it. Second, we have done fabulously well on quick-commerce as a channel. Just wanted to know how do you see it in terms of margin accretion and working capital discipline in overall scheme of things?

Varun Berry: So for us, so again, it's a mindset within the organization to make sure that we look at profitability for every channel. So for these channels, it's very important to make sure that the profitability is looked at. And these are -- I wouldn't say they are accretive overall, but they are certainly in the same ballpark as our overall profitability.

And we are very conscious of that because if you have tailwinds in a certain channel or a certain pack or a certain brand, it's important that, that channel or that pack or that brand is equal to or greater than the profitability of the company and that we focus on to make sure that we don't lose that aspect of our profitability.

So that's how it works for q-commerce as well as e-commerce. And despite that, we've also been gaining share within these channels.

Tejash Shah: And even on working capital, they are equally good.

Varun Berry: Yes.

Moderator: Thank you. Ladies and gentlemen, due to time constraints, we have reached the end of question-and-answer session. I would now like to hand the conference over to Mr. Ayush Agarwal for closing comments.

Ayush Agarwal: Thank you, everyone, for spending time with us on the call today. We look forward to interacting with you again in the future. Thank you.

Moderator: Thank you. On behalf of Britannia Industries Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.