

Date: 11th November, 2025

To,
The Corporate Relations Department,
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort, Mumbai - 400 001
Scrip code: 500825

The Listing Department,
National Stock Exchange of India Limited,
Exchange Plaza, C-1, Block G, Bandra-Kurla Complex,
Bandra (East), Mumbai – 400 051
Symbol: BRITANNIA

Dear Sir/Madam,

Sub : Transcript of the Investors/Analysts Conference Call (Group Meet) for the quarter and half year ended 30th September, 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 Conference Call (Group Meet) held on 7th November, 2025, pertaining to the financial results and operations of the Company for the quarter and half year ended 30th September, 2025.

The Transcript along with the Presentation and Audio Recordings 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.

Thanking you,
Yours faithfully

For Britannia Industries Limited

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



“Britannia Industries Limited Q2 FY 25-26 Earnings Conference Call”

November 07, 2025



MANAGEMENT: **MR. VARUN BERRY – EXECUTIVE VICE CHAIRMAN,
MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER**
**MR. N. VENKATARAMAN – EXECUTIVE DIRECTOR &
CHIEF FINANCIAL OFFICER**
**MR. VIPIN KATARIA – CHIEF COMMERCIAL OFFICER,
SALES & REPLENISHMENT**
**MR. MANOJ BALGI – CHIEF MANUFACTURING &
PROCUREMENT OFFICER**
**MR. SIDDHARTH GUPTA – GENERAL MANAGER,
MARKETING**
**MR. RAMAMURTHY JAYARAMAN – GENERAL
MANAGER, CORPORATE FINANCE**
MR. AYUSH AGARWAL – INVESTOR RELATIONS



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Moderator: Ladies and gentlemen, good day, and welcome to Britannia Industries Limited Analyst Conference Call.

As a reminder all participants' line will 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 during this conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ayush Agarwal – Investor Relations from Britannia. Thank you and over to you sir.

Ayush Agarwal: Thank you, Danish. 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 Q2 for Financial Year 2025-26.

Joining us today on this Earnings Call is our Executive Vice Chairman, Managing Director & CEO – Mr. Varun Berry, Executive Director and CFO – Mr. N. Venkataraman, Chief Commercial Officer (Sales and Replenishment) – Mr. Vipin Kataria, Chief Manufacturing and Procurement Officer – Mr. Manoj Balgi, General Manager (Marketing) – Mr. Siddharth Gupta and General Manager (Corporate Finance) – Mr. Ramamurthy Jayaraman.

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 harbour statement in the presentation. Over to Mr. Berry with remarks on the performance.

Varun Berry: Good morning, everyone. I have kept it really tight so that we have enough time for all your questions.

So, jumping into the presentation, getting to the business overview slide, the quarter has been a growth of 4.1% on the top line and 23.1% on the bottom line. Next slide is about the GST rate rationalization, the GST 2.0, which was a very welcome move by the Government. So, 85% of our business underwent a change in GST rates with effect from 22nd September 2025, which did cause a little bit of de-stocking, etc., but it was temporary. This is an important step and I think this is going to make that change for the entire food industry as we move forward. All those things have been sort of sorted out and we are now back on a very smooth sail. Next slide is about market share.

The market share, we have got a sustained healthy gap versus organized national players. There's a slight loss for the large players to multiple local regional competitors. So, as the profit pool of the industry becomes larger, there are very small players and regional players coming into this industry. As a result of that, what we have done is we have created a healthy interaction and very separate businesses for all our channels. However, certain of the national players have also started to double down on modern trade and look at the route of discounts to make up for the



sales loss that they are seeing in regions. So, it's a situation that we are desisting from and we seem to be coasting along quite well.

The next slide is about the commodity price trends. The commodities are looking reasonable, I would say. So, if you were to look at flour versus the previous quarter, we are up 2% in price versus last year, same quarter, we are up 6%. So, all these are numbers which are within a range. Palm oil sequentially is down, versus last year of course, it's up because that's when the uptick happened. And similarly, sugar 1% sequentially, 3% versus last year. Cocoa as well, 5% sequentially, 9% versus last year. Laminates as well, 2% and 1%. Milk, slight inflation, but that's the seasonal inflation that happens with the festival season. So, all within control.

Getting to our strategic priorities. If you look at our consumer campaigns, we have some very exciting products under the Pure Magic brand now - we have got Choco Tarts, we have got ChocoStars, we have got the Chocolush, which has always been there, and Choco Frames, which has got the Harry Potter theme around it. So, very exciting products and we had a campaign around that. We have also got the NutriChoice 100% millet cookies, where it's doing quite well. It's got 100% millets, no maida, no palm oil, and no added sugar. That product is doing quite well. We have relaunched our Tiger Glucose under the Tiger Doodh Glucose with a recipe change. That's doing really well for us. We have got the Chunkies range with Coconut and Chocochip. And the campaign on Golmaal and 50-50 with Ravi Shastri continues.

On the adjacency business, again Croissant and Rusk have been doing really well. The growths are high double digits and continue to be so. Wafers, again, is the fifth consecutive quarter of healthy double-digit growth, augmented by additional capacity that we are putting up in our plant in North.

Our international business, Africa business continues to do well. We have a JV in Kenya, which is shaping up quite well. In cake, the brownie product is doing well. We have seen a change after our relaunch. However, we need to meet our own expectations on an overall level on cake. Cheese, we have seen very healthy growth in e-commerce, also general trade. And we have started to see sequential market share gains, which is the positive thing as far as cheese is concerned.

Moving on to the next slide, which is on ESG. Our renewable energy has gone up by 13% to almost 45%. We have had a reduction in the water consumption in most of our plants. The women factory workforce has gone up to 45% by 1%. It's a small number, but significant because that's something that we are working on to make sure that we get this up over a period of time. And our Britannia Nutrition Foundation beneficiaries are up by 22% to almost 300,000.

We have also got a certain recognition with the Golden Peacock Awards, as well as our scores on the S&P Global, which have gone up to 60%. So, we are happy with the progress. We are doubling up and making sure that we get this at a faster clip as we move forward.



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On medium-term business outlook, I think we are now very clear that we have got the kind of profitability that we have always desired. Now, it's got to be about volume-led growth, which is going to happen through region consumer-centric products and distribution and also making sure that we are price competitive in each of the regions with the key players, so that we continue to dominate the regions that we operate in.

We are going to invest behind our key core brands, as we have been doing. During the inflationary period, there was a little bit of a setback on the investments, but now we are very clear we are going to double down and make sure that the extremely salient brands that we have, we nurture them as we go forward. So, we are looking at product restages for certain brands, obviously media and consumer awareness interventions to strengthen the leadership that we enjoy in these brands and also sustain margins enabled by cost-saving initiatives and commodity situation, as I said, looks pretty good and we hope that that continues.

Getting to the financial results, revenue trends, as I said, this quarter we had a disruption in the third month of the quarter because of the GST implementation and I would say we probably lost about 2-2.5% on the top line, but that's fine. I think this is the lull before the storm. Now we are looking forward to a very aggressive top line growth as we move forward.

The bottom line, the key financial lines are looking very good. As I said, net sales grew by 4.1%, operating profit grew by 23%, profit before tax grew by 24% and profit after tax grew by 23% as well. At the bottom of that table, you can see the various KPIs that we track. Profit from operations is up to 18.3%, profit before tax is up to 18.6% and profit after tax is up to 13.8%. So, that is all from me.

Over to you guys for your questions.

Moderator: Thank you, sir. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question comes from the line of Abneesh Roy from Nuvama Capital. Please go ahead.

Abneesh Roy: Thanks. Good morning. Three questions. So, Varun, firstly, your statement that it is lull before storm and a very aggressive top-line growth, is it based on the 10% to 13% grammage addition which will happen in the LUP and that's a very large portion of the Biscuit's portfolio or is it based on the compliance levels improving in the local players because (+500) players at 5% GST rate, the risk reward of not being compliant is not favorable. Do you see market share gains for you from the local players because of the GST rate and compliance? Which is the bigger reason?

Varun Berry: It's, I think, the latter. Obviously, there will be gains because of the grammage that we are increasing but I think the market share gains because of this are going to be definitely moving towards the organized players. You are absolutely right about what you said. So, this is going to give us upper hand as far as the growths are concerned and shares are concerned.



Abneesh Roy:

One or two follow-ups here. You mentioned on the Tiger relaunch Tiger Doodh, etc. So, to fight against the local players, yes, GST is definitely going to help you. But now do you need a more flanking price warrior kind of a product? I know Tiger is that only but Tiger Relaunch, I wanted to understand the thought and on your statement that in modern trade some of the national players are getting a bit more aggressive and till now you have not seen much of an impact but if you could elaborate why there is not much of impact, I wanted to understand.

Varun Berry:

So, as far as Tiger is concerned, we were a me too from a competitor standpoint. They were a glucose and so were we. So, we thought that it's important to have a reason why for our brand and we thought through on what was important for the consumers in small towns and villages and this came out to be a proposition which could really help us get established in these rural areas and small towns and it's actually lived up to its expectations because the initial reaction has been extremely positive. So, that's one and you are right, it is the brand which is the cheapest form of food as I keep saying. So, we are not looking at becoming 50% share, we are a single digit share in this. We would like to just creep up share rather than double or triple our share in this and we would like to be all pervasive and available everywhere. So, that is our objective. What was your second question? About modern trade. So, modern trade, see, what really matters is your brand and I think we have got very strong brands. So, these are all flaying tactics as I call them. When you lose something, you want to gain something and what you want to gain, if there's an easy way to do it, you want to do it that way. So, that's the tactic that some of the national players followed and we desisted from that. We have reacted to them on a case-to-case basis. We have not reacted to everything and we will continue to do that and it's not really impacted us because we have been very, wherever we have thought that it's important for us, we have reacted. Wherever we thought that it was not going to give any additional leverage to us in the long term, we have not reacted. So, I think we are going to continue with that strategy as we go forward.

Abneesh Roy:

Last quick question. Mr. Rakshit Hargave, new CEO, he joins in December. So, my key question here is, in terms of obviously great track record, I wanted to understand what will be the key priorities once he joins, between your role and his role, what will be the transition, what will be any demarcation, if I can understand that bit and any thought process on why he was hired? Of course, you have great credentials, but what was the thought process on hiring him? Thank you.

Varun Berry:

So, Rakshit is a great guy. I have been interacting with him ever since we hired him and I think he is the perfect choice. There is going to be nothing as a portfolio between him and me. He is going to handle the entire business, and my job will be to help him wherever he needs any help. So, I will not be directly handling anything as he joins. My job will be to run him in and make sure that he settles down absolutely well in the role. So, that's my role and that's what I am going to fulfil as we go forward.

Abneesh Roy:

So, thanks, sir. That's all from my side.



- Moderator:** Thank you, sir. Our next question comes from the line of Avi Mehta from Macquarie Capital. Please go ahead.
- Avi Mehta:** Hi, sir. So, just two questions. One, if you could give us a sense on how is the underlying demand environment, basically, how much is the GST impact and by when does it fully normalize? And the second bit was on the quantum of the employee cost impact because of the RSU? So, that I can understand the steady-state run-rate there. Thank you.
- Varun Berry:** So, see, the RSU impact has been very minimal this time. So, that's not an impact at all. Now, on the demand scenario, the thing is that what we did when this GST implementation had to happen, which was 22nd, we had about 16-17 days to implement it. And as you know 65% of our portfolio is Rs. 5 and Rs. 10. So, and we had to pass the benefit to the consumer. So, what we did was we marked up pricing as Rs. 4.50 paisa and Rs. 9 for the Rs. 5 and Rs. 10 products. Now, you know as well as I do that, when you get to the market, it will not sell for Rs. 4.50 or Rs. 9, it will sell for 5 and 10. So, the consumer benefit from that standpoint has been very- very minimal. Now, end of October, about 65% of our portfolio has already got the increased grammages. And by the middle of November, we will have our entire portfolio with the required grammages and the pricing. So, that is when you will start to see the impact of that. And as we speak, we are seeing a very positive impact of this. And we are hoping that as we go forward, this will only become better.
- N. Venkataraman:** Varun, just to add on, Avi, I am assuming your question was, why is there a drop in employee cost? So, that is to do with the provision that was higher in Quarter 2 of the last year versus the current year. So, the provision last year Quarter 2 was about 50 crores, this year has been about 5 crores. So, that is the impact of our provision.
- Avi Mehta:** And that is what I should adjust to get the steady run rate as we go forward. Got it. Sir, just one follow-up, if I may, on the demand side. Do you think 1Q was, given that 1Q also had a lot of impact, the storm that or the pickup that you essentially allude to or what has been seen is, I am just trying to get a sense of quantum, is the double-digit momentum something that we can hope for? I know it is pushing a little bit, but I would love to hear your comments if any.
- Varun Berry:** Well, I would certainly think that we should be looking at getting to double digits in due course, because there seems to be a very positive sentiment around consumer goods and especially foods. So, I do think this is our moment and it will definitely bring us the kind of growth that we have been missing for some time.
- Avi Mehta:** Got it. Thank you very much. This is very helpful.
- Moderator:** Thank you, sir. Our next question comes from the line of Mihir Shah from Nomura. Please go ahead.
- Mihir Shah:** Hi, sir. Thank you for taking my question. So, firstly, on the volume growth this quarter, I know it has impacted. But what is the range for volume growth, essentially, for this quarter? I am



trying to understand the pricing that was there for this quarter and the pricing that can get carried forward for the coming quarter as well.

Varun Berry: You are asking about the quarter that we are sitting in?

Mihir Shah: Yes, 2nd Quarter, essentially understanding what was the pricing growth in the 2nd Quarter and what is the level of pricing growth can be carried forward or that we will continue to see in the second half of the year.

Varun Berry: See, it's going to be a very different scenario. But the pricing growth was approximately 7% to 8%. And now with the GST changes, etc., the pricing is very different. We have taken the drops as far as large packs are concerned. And we have taken grammage increases as far as the small packs are concerned. So, it's not going to be exactly the same scenario as far as pricing is concerned. So, our revenue as well as our volume growth are going to be both positive as we go forward. So, the pricing impact would be less than what it was.

Mihir Shah: Understand. Got it. But not a material drop, right?

Varun Berry: No.

Mihir Shah: Secondly, on last quarter, you had highlighted there was certain disruption in the Eastern India distributors. Has that normalized and do you see any issue with the larger or the regional players getting aggressive on that? Do you think that one should build in certain caution around volume growth trajectory because of these things?

Varun Berry: No, actually, as what Abneesh had brought about, with the GST rates dropping to 5%, there would be a positive impact for national players. On the East, we have stabilized to a large extent, I wouldn't say 100%, but we are almost 90% there. And things are looking good in the East and we hope to continue that momentum.

Mihir Shah: And lastly, on the margins, raw material prices have been benign. We believe that the full impact of the soft raw material prices is yet to be seen. So, would that be a correct statement to make? And secondly, because you mentioned that you are happy with the margins, what kind of margins are you talking about? The current margins that we are seeing on EBITDA level or the gross level, is that what you are happy with? And any additional you will be investing in ad spend, is that how one should think about it?

Varun Berry: So, there will be a certain amount of investments that we will make to get our products and brands in certain regions to be competitive, and those will be investments that we are making. Obviously, the brand investments, etc. will remain at the level that we think is optimal. So, I think now on, what we are looking at is a top-line-led, volume-led growth to make sure that we cement our dominance in the category.

Mihir Shah: Understood. Thank you very much. Wishing you all the best.



Varun Berry: Thanks.

Moderator: Thank you, sir. Our next question comes from the line of Aditya Soman from CLSA. Please go ahead.

Aditya Soman: Hi. Good morning. So, two questions. First, you sort of mentioned increased focus and you have also mentioned making investments in the regional competition. In your opening comments, you also indicated that some regional competitors have gained share on the margins. So, can you throw a little more light on what exactly is happening? Is this a function of them launching differentiated products or it's just a sort of pricing gap? And second, to tie that up with the other comment that you made that you expect to gain market share from some of these smaller players, again, would this trend be true also of the regional players that you mentioned which potentially gained market?

Varun Berry: So, this trend will be true of the regional players only. I think Abneesh had made a very telling comment in the beginning. Basically, what he said is exactly what's going to happen. Basically, there are host of these small regional players who operate in very small territories, produce product. We don't know their compliance on taxation. When it was 18%, the risk reward was in their favor. But now it's 5%, I don't think it's going to make that much of a difference. So, our competitiveness of the players who comply with the rules of the land is now going to be holding us in really good stead to be able to compete with these guys. These guys are not launching differentiated products. They are basically fighting on price. And that's what will become different now. And with our scale, with our efficiency, etc., we will be able to compete much better with them.

Aditya Soman: I understand. So, basically, what you are saying is now that you are more competitive on price because their advantage on taxation goes away, you are pushing the envelope also on investments in the brands to be able to compete with them even better or make sure the consumers are aware that our products are priced better.

Varun Berry: Absolutely.

Aditya Soman: Understood. Thank you.

Moderator: Thank you, sir. Our next question comes from the line of Percy Panthaki from IIFL Securities. Please go ahead.

Percy Panthaki: Hi, Varun and team, 2-3 questions from my side. Let me just put them up front. So, first is, can you call out the growth for the September quarter adjusted for the GST pipeline disruption? Secondly, because of the GST rate cut, there will be some probable reduction in the government incentives because they get funded through the GST refunds. So, can you call out in rupees crore, how much will that incentive fall? And secondly, if you are receiving lesser incentive, are you able to sort of offset that in some other way in terms of how much price reduction or grammage increase you are taking or that is just competitively derived and that government incentive will



be a loss which will sort of not be recouped? That is the second question. And third question is, how do we look at the top-line growth? So, supposing you have been tracking about 9% to 10% recently, if you are giving 12% extra on 60% of your portfolio, that's 6% to 7% more. So, can we say that this 9% top-line growth will go to 15%? Is that the right way to look at it? So, these are my three questions.

Varun Berry: So, the first question I have already answered. I think we could have grown by 2% to 2.5% more last quarter if the disruptions hadn't happened. Because the last month was we could have grown 6% - 6.5% - 7% more. So, that got down and that's why it came down by about 2% to 2.5%. What was your second question?

Percy Panthaki: Government incentives.

Varun Berry: So, government incentives, yes, I will let Venkat answer that. Venkat, you want to answer that?

N. Venkataraman: So, your first question in fiscal incentive was whether the benefit of reduction in GST rates have been passed on to the consumer as required? Yes, we have. And like Varun said, it's been done in two forms, price reduction in some packs and grammage increase in other set of packs. The second point that you asked was, is there going to be an impact on account of reduction in the tax rate on the fiscal incentives? Yes, there will be impact prima facie on account of this reduction. However, having said that, we have reached out to the state governments already asking them to help us, help the companies that have done the investment in those states and to secure the fiscal incentives. At least three out of the five state governments that we have reached out to, have said they will figure out some ways of securing it. So, we need to wait and see what happens.

Percy Panthaki: Any kind of quantification, supposing if the state government doesn't accept your plea, how much can the reduction in the government incentive be in rupees crore, roughly?

N. Venkataraman: So, that we need to work out currently. But then we are also looking at what else can be optimized to maximize the production in each of these factories. So, that will take a little bit of time to do a computation because today not everything that is required is produced in a particular factory for that state. So, that optimization is something that we are working on. Post that, we will have an idea of what's going to be the impact.

Percy Panthaki: Understood. And the third question on how do we look at growth going ahead?

Varun Berry: So, growth, it doesn't work absolutely mathematically, 9 plus 6 is 15, we know that. But we are hoping that we get to 9 plus 6, but we could even get more than that. But as I said, it's going to be all about top line growth. We are going to become extremely competitive wherever it's necessary. We will make sure that we do everything to get our brands in front of the consumers. We are going to work on our overall distribution. We are going to work on channels, e-comm, quick comm, modern trade. So, it's going to be an all-out effort to make sure that we get our top



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line growth. And as I said earlier, we hope that we get this back to our double-digit numbers that we used to do a few years ago.

Percy Panthaki: Thank you so much.

Moderator: Thank you, sir. Our next question comes from the line of Latika Chopra from JP Morgan. Please go ahead.

Latika Chopra: Hi, Varun. Most of my questions are answered, but I have a few clarifications. First one was, adjusting for GST if the revenue growth stood at 6% to 6.5%. This was a moderation from 9% in Q1. What led to this? Is it because of the category growth of moderating or was it due to the market share challenges that you alluded to?

Varun Berry: No, it's not about market share challenges, Latika. It was also the timing of Diwali, etc. This time Diwali came a little earlier and certain other festivals in the south, etc. So, it was just a timing thing. It wasn't anything else. Our momentum was very similar. And we were really hoping to see a very-very good September. But unfortunately, it did get stymied a bit.

Latika Chopra: All right. The second bit was you mentioned by mid-November, the GST impact will normalize. Does it mean that for the full December quarter, you will not see any negative impact, right? It will get flapped up in the second half of the quarter?

Varun Berry: Yes, for sure.

Latika Chopra: All right. And the last bit on margins, I am just taking two from the previous question. Do you see any material risk because of those state incentives not coming your way in December quarter or March quarter or there is no near-term risk on margins on account of that in case, your request to state government doesn't play out? We don't know the quantum; hence I wanted to check.

Varun Berry: So, Latika, as Venkat said, we will have to do a full analysis on that. What is it that we can mitigate internally; and over a period of time, if there are certain gaps there, then we will have to see how we mitigate them through future price increases, etc. I don't think it's going to be that big, but once we do the analysis, we will be able to comment on that. However, having said that, as I have said, our focus on competitiveness is going to be very-very clear. And from that standpoint, there might be some changes in the margin structure, because I think if we have to get aggressive top-line growth, then we might have to look at a slight haircut as far as margins are concerned. So, we will have to evaluate that in this quarter. And maybe in the next quarter, we can comment on that.

Latika Chopra: Thank you. And this very last bit, given you have a very extensive distribution reach and rural expansion has been one of your strategic focus areas. There have been some soundbites that given the way rains have played out this year. Do you sense any risk to rural growth trajectory at a very broader level? This is a comment more on the FMCG side. Thank you.



- Varun Berry:** So, first, to correct you, Latika, it's not an expensive distribution. In fact, our most profitable channel is our general trade portfolio. It's for sure, we are going to continue that because that's our big muscle. And it's not impacted it. Rural is growing faster than urban even today. Vipin, you want to comment on that?
- Vipin Kataria:** So, Latika, you are right. We have got a pretty wide distribution. Even as of today, rural is outstripping urban growth. And we will continue to go deeper and deeper in rural through our direct model, because we are changing a lot of this hub and spoke to direct. So, therefore, our rural story is looking robust. Rains have not impacted much. I don't think even from a per capita level or whatever happened to the crop income should not be impacting us. In a lot of cases, actually weather favors us because the biscuit consumption and some of the other product consumption actually goes up with rain. I think rural, we have a strong story. And with this entire GST change, affordability and value becoming better, we will grow faster in rural.
- Varun Berry:** So, it's my previous company which gets impacted, Latika.
- Latika Chopra:** Thank you so much and I wish you all the best. Thank you.
- Moderator:** Thank you, ma'am. Our next question comes from the line of Kunal Vora from BNP Paribas. Please go ahead.
- Kunal Vora:** Thanks for the opportunity. Firstly, on biscuits, in your experience, how do consumers react when you add or remove a biscuit or change grammage in a Rs. 5-10 pack? Does it have any meaningful impact on the number of packs you sell?
- Varun Berry:** Yes, the Indian consumer is extremely cost-conscious, and they are absolutely aware of how many biscuits, what grammages go in the various brands that are available in the market. So, it makes a difference.
- Kunal Vora:** If you have instead of 9 cookies, instead of 8 cookies in a pack, does it like in any way reduce the number of packs you will be able to sell?
- Varun Berry:** Yes, absolutely. The consumers are very perceptive.
- Vipin Kataria:** So, yes, if you reduce the number of biscuits, we see impact on transaction. Similarly, when you add biscuits, the transaction tends to move up.
- Kunal Vora:** Second is on dairy. How is Ranjangao Dairy performing compared to your estimates and how do you see the growth in dairy over the next couple of years? And are you looking at whey protein and protein drinks as an option?
- Varun Berry:** Yes. So, performance in dairy is not as we would have expected. And the reason for that is that certain channels are doing extremely well. So, for us, general trade, which is the smaller stores, etc. are doing quite well. What has happened in dairy is that the cheese market was growing at



a very high pace till about last year. The overall growth has slowed down. And hence, it's led to a little bit of a fist fight as far as modern trade is concerned. So, we have got to sort it out. Modern trade is a channel which is easy to execute. It's just that we are so cost conscious that we don't want to open up the wallet to pass on extra discounts, etc. But it is what it is and we will have to do what is necessary. And we are confident. E-com is doing very well; general trade is doing well. We have started to deal with some of the large pizza manufacturers for institutional supplies as well. So, all of the channels, we are moving in the right direction. However, the final numbers are not what we had expected. So, we will have to make sure that we double down on this. And as Latika was saying earlier, on beverages, because of the excessive rains, we have seen that we have suffered as a result of that. But hopefully, as we go forward, that will become better. We are working on a lot of efficiencies within our plant to make sure that we become and if you guys haven't seen our plant, you have got to come and see it. It's a state-of-the-art plant in Ranjangaon. And we are trying to bring in all efficiencies to make sure that we become the lowest cost operators and we are able to derive the maximum from the efficiencies in the plant. So, I would say we are moving in the right direction, but not at the pace that we would have wanted to. But I would say, the trend is looking fine.

Kunal Vora:

And on protein products?

Varun Berry:

Yes, protein drinks we are looking at. We definitely want to do protein drinks in ready to drink format. We are not looking at whey powders, etc. at this stage because we are not able to produce that quality of whey which gets into the whey powders, which are used by professionals and bodybuilders, etc. So, that we are not looking at right now, but certainly looking at protein ready-to-drink drinks.

Kunal Vora:

Thanks. And lastly, on advertisement spends, it looks like they might increase. Your annual ad spends have been hovering around 4% in last 3 years. How is the number trending in FY26? And should we expect an increase in coming years?

Varun Berry:

Last quarter, I think we have normalized our advertising spends and it will continue at that rate. It was only for the previous 2 years when there was a very high inflation that we had to tighten our belt. But last quarter onwards, we have sort of made it what it should be.

Kunal Vora:

Thank you. That's it for me.

Moderator:

Thank you, sir. Our next question comes from the line of Harit Kapoor from Investec. Please go ahead.

Harit Kapoor:

Hi, good morning. I just had three questions. First was, is there any inverted duty structure impact on the margins that you have? For example, your costs, some of them are at 18% and bulk of your business now is at 5% on the output. That's my first question. The second one was on how large is this pool of small and regional players that you allude to? Because 70% of the market is top three and then you have certain large, smaller players as well, organized smaller players. So, in terms of size of market, how large would this pool be? And the third question was in your



quest to increase the volume growth or drive volume growth and you also mentioned that you believe the company's time has come to drive higher volume growth. How do you think of adjacencies and outside adjacencies, newer categories, areas where you think you can play over the next 12-24 months or look to explore?

Varun Berry: Now, let me start with your last question. So, the competitiveness that we are talking about holds to all of our categories that we operate in, whether it's cake, rusk, dairy, biscuits, croissant, all of these categories, wherever we feel that we need to be more competitive in a certain region and we are not talking about a broad brush across the country. It's going to be a very region, state-led strategy that we are going to follow with not just pricing but with variants, etc. So that we are able to compete very aggressively with these competitors. And so that's going to be across. We are not looking at entering more categories. We are looking at consolidation and making sure that the categories that we operate in become much larger than what they are currently. So that is the last question. What were the other two questions?

Harit Kapoor: No worries. I can refresh that. So, you have two questions. One was on the inverted duty structure. Is there any inverted duty structure impact on your business?

Varun Berry: So, the inverted duties have been factored into the price reductions. Venkat, do you want to comment on that? I think he's got an issue with his connectivity. But the inverted duty, if there is any deficiency in that to our overall P&L, that has been priced into our price drops or grammages that we are increasing. Last question was?

Vipin Kataria: Was on the market construct. The big three, like you said, they constitute 70% of the market. Then if I add significant regional players, that will be another 10% to 12%. And therefore, the long tail is about 15% to 18%. So those are value players. They are not on the differentiated end, but they are more value. And that's what we started with, that the GST should help us getting this entire market to be more organized, because a lot of consumers tend to shift to large brands and differentiated products when this kind of structural change happens.

Harit Kapoor: Those are my three questions. Wish you all the best. Thank you.

Varun Berry: Thank you.

Moderator: Thank you, sir. Our next question comes from the line of Nitin Gupta from Emkay Global. Please go ahead.

Nitin Gupta: Thanks for taking my question. My first question is around; would you like to offer any comments around your regionalization strategy at this stage?

Varun Berry: Well, the strategy is that we meet the consumer needs on a regional state basis. If there is a requirement to launch, let's say, to give you a live example of a jeera biscuit in the east, then that's what we need to do. It will be produced locally and will be supplied to the market there. And if there's a requirement of having a different type of Marie biscuit, in a certain part of the



north region, then that's what we will do. And that's what we are looking at. Even some of our products will have different recipes if required suiting the regional and the state requirements. So, that is the genesis of the regional strategy that we have.

Nitin Gupta: So, this is something we were practicing and....

Vipin Kataria: Sorry. Just to add another dimension to it. So, that's, let's say, the horizontal work that we are doing on the regions. Similarly, even on channels like e-com and modern trade, we have today got exclusive launches and digital first brands, especially on the premium and the differentiated end.

Nitin Gupta: Sure. Thank you. So, this is something which was continuing and I guess going ahead, given the consumer needs, this will see an acceleration.

Varun Berry: Yes.

Nitin Gupta: And my second question is with respect to the margins. So, gross margin like going to lap on the low gross margin base. Are you confident of sort of sustaining the sequential margin? And given A&P spendings have already sort of normalized from Q2. So, do you look to revise your EBITDA margin guidance?

Varun Berry: We don't give any guidance. So, I will not comment on that. But our objective, as I said earlier as well, will be to make sure that we take our volume and revenue growths to a much higher level in terms of growth.

Nitin Gupta: And lastly, other operating expenses is sort of down and we were assuming that it must be because of the lower A&P. Now, you are saying the A&P has normalized. So, would you be able to quantify like what exactly is the factor for reduction in other expenses YOY? Thank you.

Varun Berry: There is no outlier. It is only on the employee costs, which Venkat had pointed out earlier that last year there was a hit of about 50 crores in the employee cost because of ESOPs, which this year has been minimal. So, that is the only reason. Otherwise, there is no outlier.

Nitin Gupta: Sure, sir. Thanks for answering all the questions. All the best.

Moderator: Thank you, sir. Our next question comes from the line of Sidharth Negandhi from CWC. Please go ahead.

Sidharth Negandhi: Hi, thank you for taking my question. A couple of things. First, just one, you mentioned about the cheese market demand sort of being impacted. If you could throw some color on, do you see this being more short term? Are you seeing certain changes in consumer behavior there? And the second one was on your biscuit volumes; you mentioned that the Indian consumer is very cost conscious in terms of number of transactions he does. Now, if you are going to see an increase in volumes, is there a risk that over a period of 3-6 months, overall her volume of biscuit



that she eats is going to remain similar and therefore, you will actually see a value reduction, which obviously can be offset by market share gains and therefore, sort of growth remaining in the same 8%-9% range. These are my two questions.

Varun Berry: So, on the first one, I think it's, as a result of all the inflation that we have seen in the last 2 years, the impact has been certainly temporary. Obviously, this was impacting the consumer's pocket. And these are all discretionary spends. Cheese is not like a biscuit, which you have to have every day. So, there must have been a cutback there. But now with this GST 2.0, with prices coming down, with the consumer feeling a little more good on the pocket, I think this will certainly come back because this has been probably the only year where on a cheese growth, we have seen a slight deceleration. So, I think this will definitely come back. And your second question was about?

Sidharth Negandhi: So, where you mentioned right now, essentially there is a certain volume of biscuit that the household consumes.

Varun Berry: I don't think there is going to be any deceleration as far as growths are concerned. I think it's only going to be acceleration as we go forward.

Sidharth Negandhi: Sure, for you. But the category, do you see that because the volume is ultimately there is X million tons of biscuits getting consumed, that remains the same. And therefore, the effective value comes down for the category with organized players gaining share? Is that possible?

Varun Berry: Well, I certainly would think that organized players would gain more share. And I think, see, also, you have got to remember that while the penetration of the biscuits category is reasonably high, but the consumption is nowhere compared to some of the other third world countries where the consumption per capita is very high. So, there is an opportunity, one to get slightly more penetration and secondly, get more consumption with the right pricing of the category. So, I think it's going to work both ways.

Sidharth Negandhi: That's useful. Thank you so much and all the best.

Varun Berry: Thank you.

Moderator: Thank you, sir. Our next question comes from the line of Amnish Aggarwal from PL Capital.

Amnish Aggarwal: Hi, sir. I have a couple of questions. My first question is that during the GST transition, there was a lot of trade support provided by several industry players. So, have we also provided the trade support? And if yes, then what could have been its impact on our profit and loss?

Varun Berry: Yes, we did provide trade support during that time, but nowhere compared to what the other players did. So, ours was very minimal because we knew that this is going to only push product into the warehouses of distributors and in certain cases, large retailers. But the consumption would happen at the same pace. So, it doesn't give any consumption benefit to that extent. So,



we kept it to the bare minimum. But we did do it because in the last week, we did do some trade support. Vipin, you want to comment?

Vipin Kataria: I think we were very cautious. And like Varun said, we didn't want the stock to pile up in the trade, because then that gets adjusted. So therefore, it was very measured. And our whole intent was that how do we help our channel partners to basically liquidate their inventories, and it was done with that intent and not to stock up the trade.

Amnish Aggarwal: Is it possible to quantify the same?

Varun Berry: No, I have already quantified it. So, we could have probably grown 6%-6.5%-7% more in the last month of the quarter, which could have overall given us maybe 2%-2.5% extra growth for the full quarter. So, and that's what we had in our plan. And we did have a downside there of about 7%. So that is what it could have been. And that's the quantification.

Amnish Aggarwal: Sure. So, my second question is on the other expenses. There are two elements. One is your staff cost, which has been down by say around 20% odd mainly because there is no your stock appreciation rights provision. But the other expenses in absolute terms, they are down by approximately 4% in standalone, you are in consol and even in standalone, they are down. So, any particular reason why the expenses have declined?

Varun Berry: There is no outlier there. There is no one time impact. It is what it shows.

N. Venkataraman: So, this also has the impact of volume being lower compared to the comparable period - the growths. So that's the reason why you also see because the other expenses include things like conversion charges, freight charges, etc., which are variable to the volume. So, to the extent there is a reduction in volume, there is an impact on these costs.

Amnish Aggarwal: Sure. Thanks a lot.

Moderator: Thank you, sir. Our next question comes from the line of Nihal Jham from HSBC Bank. Please go ahead.

Nihal Jham: Yes, good morning, Varun, and team. Three questions. The first one was on market share. You mentioned about looking at it from a grid perspective. If I had to look at it from a product and geography perspective, which are the missing parts that we are obviously trying to fill in the gaps and that sort of helps us gain market share?

Varun Berry: Let me answer one at a time because when you fire at three at a time, it becomes difficult. So quickly on market share, you know that our focus has been on the Hindi belt. And the Hindi belt has been performing really well on a low base, albeit. So Hindi belt share gains have been very good. The second one where we have lost share is in the East and I have spoken about that as well. We have normalized our distribution infrastructure, and I would say not fully, but to a 90%. But from now on, we will start to see our market share and revenues and volumes moving in the



right direction and in the East as well. So those are the two areas. I think from a consumption standpoint, some of the larger markets like South, we have got to figure out how we get them to grow much faster than they are growing because it's such a large market for us. The growths there have to be getting to double digits and that's what we are going to drive there. We have got to figure out how do we get industry to grow because there we dominate the market. So that is going to be a challenge and a strategy for us as we move forward.

Nihal Jham: Sure. The second one was on the gross margin part. Now, is it right to understand that say the negative impact of palm oil and all is completely behind with the price hikes and the cost of the initiatives we have taken? And from here, this is the rendering that should sustain ex of any initiative that we try driving to gain market share?

Varun Berry: Yes, absolutely.

Nihal Jham: Perfect. Last bit, is there been an increase in aggression or change in strategy specifically for the adjacencies on the quick commerce or e-commerce side? It's also coming from the comment you made and say looking at it anecdotally, just wanted your thoughts on that.

Varun Berry: No, so we have not been as aggressive as we should be on some of the adjacency products. Wherever we have been aggressive, we have seen very-very good growth. Like, for example, croissant, rusk, as well as wafers. These are the three categories where we have been aggressive and we have seen very good growth. Actually, e-commerce and quick commerce, we have seen growth for all our adjacencies. We have seen very good growth. There is some categories which we need to work on. Obviously, we have got to figure out both the pro and the con. How do we get more aggressive at the same time, how do we find efficiencies to counter that? And we are looking at doing that as we move forward.

Nihal Jham: Thank you so much.

Varun Berry: Thank you.

Moderator: Thank you, sir. Ladies and gentlemen, due to the time constraint, that was the last question for today. I would like to now hand the conference over to Mr. Ayush Agarwal for the closing comments. Thank you and over to you, sir.

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 and have a good day.

Varun Berry: Thank you.

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