"Britannia Industries Limited
Q1 FY27 Earnings Conference Call"
August 07, 2026

MANAGEMENT:

MR. RAKSHIT HARGAVE – CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR – BRITANNIA INDUSTRIES LIMITED

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

MR. PUNEET DAS – CHIEF MARKETING OFFICER – BRITANNIA INDUSTRIES LIMITED

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

MR. SIDDHARTH GUPTA – VICE PRESIDENT – MARKETING – BRITANNIA INDUSTRIES LIMITED

MR. RAMAMURTHY JAYARAMAN –VICE PRESIDENT – CORPORATE FINANCE – BRITANNIA INDUSTRIES LIMITED

MR. AYUSH AGARWAL – INVESTOR RELATIONS – BRITANNIA INDUSTRIES LIMITED

Moderator: Ladies and gentlemen, good day and welcome to Britannia Industries Limited Q1 FY27 Earnings Conference Call. As a reminder, all participant lines 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 the conference call, please signal an operator by pressing star, then zero on your touchtone 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: 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 Quarter 1 for Financial Year 2026-27. Joining us today on this earnings call is our Managing Director and CEO, Mr. Rakshit Hargave; Executive Director and CFO, Mr. N. Venkataraman; Chief Marketing Officer, Mr. Puneet Das; Chief Manufacturing and Procurement Officer, Mr. Manoj Balgi; Vice President, Marketing, Mr. Siddharth Gupta, and Vice President, Corporate Finance, Mr. Ramamurthy Jayaraman.

The analyst deck is uploaded on our website. Before I pass it on to Mr. Rakshit Hargave, I would like to draw your attention to the safe harbour statement in the presentation. Over to Mr. Hargave with remarks on the performance.

Rakshit Hargave: Thank you, Ayush, and good morning to everybody. So it gives us great pleasure to engage with you to discuss our Q1 results. So you have the presentation, which is uploaded. So I will go through that one by one. And then subsequently, we have a chance to interact through Q&A.

So if we go to the main business overview, you will see that on a performance scorecard basis, our revenue from operations at a console level in the first quarter were about INR 4,964 crores, which on an annual basis gave us a growth of 9.5%. It's also important to note that actually at a stand-alone basis, we grew at 10%. PAT was at about 11.9% of revenue and the 12-month growth on PAT was 13.6%.

We shared our strategic priorities last time, and they continue to remain so. So just to reiterate the 5 pillars that we have put, you can see that we continue to drive efficiencies in sales, distribution and supply chain. We are working on all channels. Also, our investments in elevating brand experience has gone up.

We also talked about innovation being a core to Britannia and developing our adjacencies business and also working on our future platforms on which we talked about, also the future platforms, which we will be working on our health side. We also talked about how we have created enterprising teams to work on the concept of winning in "Many Indias". I am very happy to state that many of those projects are already underway, and you should also be seeing output of those projects in a short period of time as they keep continuing. And obviously, as a responsible corporate citizen working in a sustainable manner, sustainability will always remain part of our strategy.

If we take a look at the next slide, which shows how have our various channels grown. So you will see that the green channel, which is General Trade in the last 3 quarters and noticeably in the quarter which has gone by, is now indexed at a rate which is about 1.5x of what we had grown in the whole of last year.

So that shows that there is a demand buildup in General Trade, which is very good because General Trade, we are very strong in General Trade and General Trade is by far the largest channel for us. Also at the same time, when you see the orange line, you will see that the other channels, which are obviously more recent and more nimble, continue to grow faster and at an overall level are nearly at 2.5x of GT.

Within that, e-commerce continues to grow very dynamically with very strong double-digit growth. And it's also because it is being driven in that manner. So we are very happy with the way e-commerce is developing, and we are very positive about that contributing even more as we go.

We are also categorizing our General Trade business. The way we are looking at it, we have separated our key states. Now the key states that we are talking about is a block of states, which are very important for us, both from a revenue point of view and profitability point of view. And obviously, their contribution towards our overall GT business is quite overweighted.

Very happy to say that our key states are also showing good growth. You can see that the inflection of the green line shows that these states are on the upswing. And also, the other states, which are relatively smaller compared to them, more nimble, are growing even faster. So other states are about 1.3x of key states. So the overall GT business, which, as we also talked about in the last 2 quarters for certain reasons was under a bit of pressure, has recovered out of that, and we can see good momentum.

Actually, the demand environment in the last few months has actually quite held up. And we are also making sure that we do the right thing. And we are also happy that the demand is there, and it seems to be there at least for the moment. At the same time, in terms of developing our brands, we have tried to be very topical. And while we have activated across multiple platforms, I'm just sharing 2 interesting visuals.

As you know, Marie Gold is a classic brand from Britannia. It is always consumed with tea. And you can see on the left side, a front page ad, which came out in the TOI, which shows that while you have different teas across India, there is one national binding element, which is Marie Gold. And I think Marie Gold is very important to Britannia is the absolute perfect choice for anybody who has tea.

Similarly, on the right-hand side, you will see how NutriChoice is being built into an overall platform for healthy snacking and healthy biscuits. So continuous sustained focus on creating good propositions and sharpening these propositions for our brands will keep continuing. At the same time, we have brands which also engage with the Gen Z and younger consumers and we're just sharing one example of Little Hearts, which is also growing very fast and how we celebrated Mother's Day with Little Hearts.

And actually, every employee got a printed bag with their own mother's photo. And I think it really drives that. Also, how we push Britannia cake, which is again back on a strong growth momentum using the same Mother's Day campaign. Also, our newer innovations, the younger brands, Croissant, the business that we have developed into a very good business, both from a consumer engagement and profitability.

You can see the Treat Triple Choco Croissant and the Dubai Kunafa Croissant, very recent launches already growing at more than 30%. Also, if you take a look at our other adjacency businesses, the Brownie Fudge !t Cake doing brilliantly. We've also launched Bourbon Roll. We've launched the Rusk on the side, which is Butter Toastea and then Sattvam Ghee, which we launched about last year and also our slice business from the Bel JV Laughing Cow.

So the dairy portfolio also grew in double digits, while our adjacency business of cake, rusk and wafers delivered strong double-digit growth led by portfolio innovation. You will see a small map of our international business. This is where our businesses are concentrated. Also, we also have business across ANZ, etc, which are not depicted there.

You will see that -- the international business had a mixed teaming. So there were pressures in the Middle East. There were challenges that we have in markets like Saudi, which are being dealt with. And North America, which is a very large market, certain headwinds. But at the same time, we are very positive that our markets in Africa, led by Kenya are doing very well.

So I think overall, the Rest of International and our Middle East business has been a mixed bag, but we can see that sequentially also they are improving. Now it also depends on how the geopolitical situation develops on which we don't really have a point of view. But we are prepared to be able to navigate that also having seen that now for the last 4 months, how to manage it.

Again, some interesting visuals. We know that Milk Bikis is the largest biscuit brand in Tamil Nadu. And obviously, Tamil Nadu also happens to be our biggest state. So I think we have a very interesting consumer idea of Thirukkural where the Kurals, the one Kural letter is printed on every Milk Bikis biscuit. I think it has resonated and touched deeply the heart of people who understand Tamil and Tamil Nadu, and I think we have excellent feedback from social media and also on ground as to how an old legacy brand has actually touched the core essence of Tamil Nadu. And I think great work by the team done there. Similarly, you can see that our activations on Rusk and outdoors that we have done in Tamil Nadu.

So a lot of focus being put on our biggest state to drive that in a much more healthy manner, and it is also showing very good early results. And like I said, this is just one element of “Many Indias”. And like Tamil Nadu, we have identified 6 key states and other places where we are focusing both on the consumer and on competition in terms of how to win.

ESG, I will share a few facts. Building a sustainable profitable business, increasing the participation of women in the factory workforce. I'm very happy to state that we have certain factories where the vast majority, literally 90% plus of the people on the shop floor are women.

Similarly, our nutrition foundation program, the number of contact points – so we reached about 3.97 lakhs in the first quarter of '27, representing 78% of '25-26. Similarly, the development of electricity in our plants through renewable means has gone up by 16%. And we are trying to exploit it to the maximum limit possible under the respective state laws.

If we go to the cost and financials, take a look at the input cost trends. And you will notice the last 2 – so we know that laminate prices, which are also dependent on hydrocarbon prices have actually gone up for all companies, and we are no exception. One impact which is more directed towards Britannia is the industrial fuel. So you will see that the inflation on industrial fuel is very steep.

And that's also because as a business which does a lot of baking, a large part of baking that we do uses LPG and PNG, and we know that LPG and PNG prices shot through the roof in April and May, although they have come down and normalized a bit, but they still remain to be much above the normal level, which was there in February, and we have to watch that carefully.

While we also have biomass, which is used for a certain percentage. And we will obviously strategically going ahead, try and mitigate and play down the risk of LPG and PNG. But for the moment, that is the reality. At the same time, you see flour has kind of held up, although we have to watch very carefully that with the uncertain situation regarding El Nino and rainfall, what happens because that actually impacts the price of flour and wheat in the coming season.

But palm oil, we know has shot up and palm oil is at a high price and palm oil is also linked to hydrocarbon price, and that also is something to watch out. Sugar, you can see here in Q1 '27 has gone up. But I think all of you would know that in the last 2 weeks, 2 to 3 weeks, actually sugar has gone up by upwards of INR 7 a kilo.

So sugar is a watch out, and we know that the festive season approaching sugar is also a sensitive topic. So we are watching sugar very carefully. Sugar undeniably is used in a lot of our products. Milk prices are also at a high, although usually milk prices start to come down a bit as the season approaches after August, but we will have to see how milk behaves.

So you can see that from an input cost point of view, as you would have also seen in the press release commentary that we gave, we have to be watchful and careful. Our focus on cost efficiency programs where Britannia has been extremely lean continues. So the work on packaging cost optimization, we are trying to remove and reduce waste, both at the manufacturing level and at the produce level.

Like I said, how do we work better with alternate fuels so that the impact that we have on the LPG, PNG can be reduced a bit in a project which is on. Our buying efficiency continues. We are also trying to implement new models on that to see how can we extract more from what we buy and obviously, maximizing the possible use of renewable energy and also trying to work with authorities to see if we can further expand the renewable energy usage if possible.

So all these projects are on, and we anyway take pride in the fact that this is where Britannia has done well in the past and we will absolutely continue focusing in the future.

If you see the revenue trends, you will see that there is a trend in the last few quarters where we are now seemingly back again.

We know that this growth of 9% in the last 8 quarters or 9 quarters is equal to maybe the previous quarter that we had. And like I said in the press release and our commentary is that we actually exited the quarter in double digits kind of mid-teens number. So we saw that the uptrend was developing and the sales trend was good.

At an average level, what you can see is that '25-'26 was better than '24-'25 and Q1 has started on a better note than FY '25-'26. On the key financial lines, as you have already seen, from a net sales point of view, 9.5% growth and operating profit, PBT and PAT have all been ahead of sales at 12.7%, 13.7%, 13.6%.

Similarly, on a 5-year trend, you can see that profit from operations at 15.3% is about at an acceptable level and PBT is also at a level which is there also in light of the inflationary situation that we had because of these extraordinary circumstances and PAT is what it is based on the PBT that we have been able to deliver. Thank you. So that was the short presentation that we had based on the deck and the team here will be happy to take any questions that you have.

Moderator: Thank you. We will now begin the question and answer session. The first question comes from the line of Mihir Shah with Nomura.

Mihir Shah: Congrats on a good set of numbers. Firstly, just wanted to understand the comment on the quarter ending with mid-teens growth. I wanted to understand what is driving this shift? Was it the dual pricing issue that is getting addressed or is it completely addressed that is aiding this? Or was there a weak base in June or any kind of a quarter-end filling that is driving this? Or it's just genuine volume growth that you are seeing coming back as you had indicated? And can this volume growth sustain? So that's question number one.

Rakshit Hargave: Okay. So assuming that you are asking one question, Mihir, let me answer -- you have 3 questions, sub-questions in that. So firstly, I would want to clarify that Britannia is a very disciplined sales system, and we largely do sell-in based on sell-out. So a question like quarter building actually does not arise in our company. So we don't do loading.

Secondly, yes, if you recall in the last analyst call, we did indicate that there was a bit of disruption in the rural channels and in wholesale because of the dual pricing, which was reducing. And we saw that the impact of dual pricing was there to a certain extent in April and maybe marginally in the first half of May, but that actually kind of came to an end in the month of June.

So your question that what is the reason for June being a double-digit good month, there are 2 answers to it - that yes, the elimination of the dual pricing logically brought back some of the buyers or some of the smaller retailers who were buying on a temporary basis, some other brands.

But secondly, we also saw that demand is holding up. So it was a question of organic demand coming from the ground, which was holding up and also for this discrepancy, which was happening because of dual pricing going away. Now whether we are able to hold up, so I'm not going to give any future indication of how we will do, but we see that the demand environment continues to be strong. So we have exited the quarter on a very positive note.

Mihir Shah: Got it. That is clear, Rakshit. Secondly, I wanted to understand your view on margins, given that you indicated that the RM costs are going up, fuel costs have gone up, Ad spends also, you had indicated that you were stepping it up after you've come in. And when you look at the coming quarters, you are anyway at the higher end of the margin guidance band or the margin band that you've been doing.

So specifically, I wanted to understand your view on ad spends - how much material step-up that you are indicating -- you are intending to take? Any insights on a percentage growth or a percentage of sales that you can indicate on ad spends that how should we think about that? And how should one think about the pressure on the margins that you're indicating because of the RM and fuel cost?

Rakshit Hargave: So let me answer the second part first. So the inflation on LPG was very real and the price inflation in the month of April and May and Venkat can confirm, really went up about 2.5x, that has come down. From an index point of view, it is at about 1.5x, but it is still far more than what we had in February. Now how does this play out going ahead? We don't know. Currently, it is at an index of 1.5x. If it remains there, obviously, it is something which is affecting us. At the same time, you can see that the input price of sugar, and we use a substantial amount of sugar, and the input price of palm oil has also gone up. Palm oil is at close to INR 140 and the increase in palm oil is also upwards of 20%.

So from a commodity inflation, the reality is that it is there to stay, and we have to use that to manufacture. Although I think compared to other manufacturers, our ability to buy and hedge and manage the forward is better. But the fact is this inflation is a reality. But we also know that these are cycles, and this is also accelerated because of events which are beyond anybody's control.

So you should not hold it on to the P&L like a permanent phenomenon. So this at some time will definitely correct. On the ad spending, yes, we have upped our spending, but I think that's also because I think last year and the year before on the base, we had kind of reduced our spending.

So what we are spending is, I think, the correct amount, which we have now gone back to. I wouldn't want to give a number in terms of percentage of what we are doing. But yes, our spends on brand building are ahead of sales growth, definitely is what I can tell you. And I think what we can already see as a result of better investment in media over the last 7, 8 months is that many of our brand tracking health parameters in terms of recall, most often used brands, are showing an uptick. So investing in those is absolutely important. We understand that these are there. And like we said, we are committed to deliver top line growth along with healthy sustainable margins, and that is what we will target to do.

Mihir Shah: Understood. No, I was essentially trying to understand the mitigating factors or price increases that you would take to tide over the RM and fuel cost. So also maybe...

Rakshit Hargave: Mihir, let me add. So yes, we did take -- but you see many of our price increases is actually what you call is shrinkflation. So in the INR 5 and INR 10 segment, the consumer -- end consumer price doesn't change, but the content of what we give to them actually goes down. So if you ask me what have we done in the quarter, I think at best, we have been able to mitigate half of the inflation through price increases. The other half, we have not been able to.

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

Abneesh Roy: Congrats on very good numbers. My first question is on Slide 11. So Croissant, are you now the number one in the country because Bauli also is doing quite well. And you had given an earlier number of around INR100 crores ARR with this 30% kind of growth and overall buoyancy, what would be the ARR currently? And will Croissant margin be margin accretive to the company at the gross margin level?

Rakshit Hargave: So Abneesh I think if you're quoting a number of INR 100 crores ARR, I think you should just double it and it's growing at 30% plus. And the overall margin that we are making in Croissant is kind of equal or slightly accretive to the company margin.

Abneesh Roy: Understood. Now coming to the slide where you have given key states versus other states. 2 years back, key states was growing in line with other states and then started underperforming. And now the gap has reduced. What will be your expectation? Will this grow at similar level or even it can grow faster? And on the other channels which you have given, basically e-commerce, quick commerce, etc, the earlier number you had given was 6% of the sales comes from e-commerce. And out of that, around 70% is quick commerce. Any update on those numbers?

Rakshit Hargave: So Abneesh, I think I will need to give you a small clarification. As I understand, 2 years back, when we used to use the term focus states, these focus states were generally the states which were from the Hindi belt, where Britannia was not the market leader. And hence, there were issues.

And hence, there were initiatives which are continuing even today to how to capture share from competition. When I'm using the word key states this time, I'm actually talking about the set of states which are our largest and most profitable. So by and large, the highest in terms of net sales, but a mix also where we sell profitable portfolio. So the context is different. So these 6 states or whatever number of states that we are talking about is the number that I've given on the slide. Okay?

Abneesh Roy: Yes, just a clarification. I'm quoting from that same slide, so it was growing in line in Q1 '25 and then the gap came. And does this include East India also? Because I think that's very large for you. Bihar, etc, is very large for you, I think Bengal also. Any update also if you can give on Eastern India, Bengal, etc, because I think there was some market share loss there?

Rakshit Hargave: No, no. So what I can tell you is that this denomination of key states that we are sharing is, I think, for the first time. We have not shared this denomination because it's a part of our -- so if you see the tip of Q1 '25 in the chart that we have shown for the green states, you will see that the orange state was equal to the green state and now both of them have actually moved ahead.

And the green state, which is our key states, has also moved ahead. As far as your question is on Eastern India, Eastern India is doing well for us, and we are growing in double digits. And obviously, Eastern India includes Bengal, which is a very large market for us. You also had this question on e-commerce and Q-commerce. So like I said, Q-com is now literally 80% to 85% of overall e-commerce. And for us, it is growing in very, very healthy double digits. And like I said, the investment and focus with even sharpened portfolios will continue. And you will see more things in the near future.

Moderator: Next question comes from the line of Nitin with HDFC Securities.

Nitin: My first question pertains to the execution team with multiple execution team shifts following your appointment. Are we done with the changes or should we expect some further enhancement? Additionally, like could you comment on the Phantom stock accounting impact for this quarter? That's the first question

Rakshit Hargave: So when you said multiple execution team, can you clarify what you mean by that?

Nitin: So multiple appointments like Subhashis Basu got Chief Business Officer, Dairy; Puneet Das...

Rakshit Hargave: Okay. So you are talking about the management team?

Nitin: Yes, management team.

Rakshit Hargave: Okay. No. So I think the management team is more or less over. You would have also seen that a gentleman has joined us to head our Strategy and Corporate Development earlier this week. From that point of view, all the changes are done. If there are many -- if there are any other changes which happen, which will happen more in the course of normal business where if somebody is retiring, he will be replaced, etc. But otherwise, from a team construct point of view, the team is now complete. You had a question on something.

Nitin: Phantom stock accounting impact for this quarter?

Rakshit Hargave: If you can clarify that maybe?

Nitin: Phantom-related impact was INR 52 crores last year. So I just wanted to see?

Rakshit Hargave: Okay. You're talking about Phantom stock. Well, that's hardly about INR1 crores is what I'm told by finance.

N Venkataraman: For the quarter.

Rakshit Hargave: For the quarter.

Nitin: And my second question is Britannia always aspire to be a total food company. So any thoughts around new category introduction, any thoughts around M&A? Also, if you can share your thoughts around -- in the past, we have tried out Salty Snacks & Protein Bar launch?

Rakshit Hargave: So if you go back to the slide, which talks about our strategic priorities, you will see on the third pillar, we are talking about future platforms. And I think in one of the earlier calls, I had shared that how we will develop a strong platform also for health and wellness and also for -- to leverage the adjacencies that we have. So that obviously remains.

There is work at an internal level happening in the company. And the company is extremely committed and serious to expand its portfolio beyond the kind of bakery products that we have today. So you have to wait and watch. The company is committed and internal teams are already working on that.

Moderator: Thank you. Next question comes from the line of Binay Shukla from PhillipCapital India.

Binay Shukla: Thanks for the opportunity. First question is on GT channel so what structural changes are being implemented [inaudible 31:46].

Moderator: Speakers - Sorry for interrupting Mr. Shukla just give me a moment. Speakers the disturbance is coming from your line, from the management line just make sure that the participant is speaking just mute it from your end and then speak. Thank you. Mr. Shukla, please go ahead. Thank you.

Binay Shukla: So question was on GT channel just wanted to understand what structural changes are we implementing in GT channel to offset the competition impact, particularly in linkage between market, which is maybe 15% of the business and the Eastern region, which might be closer to 20%. So could you please highlight what exactly we are doing? So I do understand that we are doing the localized marketing with providing the regular support and hiring the right talent for the right market. But other than this, would you like to highlight any other efforts we are taking?

Rakshit Hargave: Yes. So let me answer this at 2 levels. So from a sales organization point of view, yes, I think there were certain markets where we needed to add some headcount, which we have done. But apart from that, the structure of distributor -- the distributor who serves what we call is the rural dealer or the sub-stockist, that structure continues.

We have also taken an exercise where we are trying to convert some of the sub-distributors into direct distributors because we have certain advantage there. And we have also done that. But fundamentally, I'll tell you where the change has been brought in. The change has been brought in, in terms of the target portfolio, the empowerment that has been given to the regional teams.

The focused media spend and the influencer spend and the number of local regional influencers that we are putting, along with product innovation, which is happening specifically for certain clusters of the Indian market. So while the overall skeleton of the GT team and the GT structure is not going to change, but the way they act and behave and the way they are being empowered, helped by marketing and local activation and product portfolio is undergoing a change, which is now causing the impact.

So just to go back, if you saw the innovation on the product that we have done for Tamil Nadu on Milk Bikis is a glaring example of how you can pick up an existing product, which does very well and is a legacy brand, but how do you bring it to like a double-digit growth by creating consumer excitement focused on the state of TN. So you will have similar actions coming across different locations where there is better collaboration between sales and marketing to be able to deliver these kind of initiatives.

Binay Shukla: Okay, just a follow-up. Sir, which states are performing better than your internal expectation and which ones are still lagging behind? Secondly, sir, just wanted to understand that what percentage of the sales from the new launches come as a percentage of total sales for biscuit, not excluding the non-biscuit portfolio. Can you please give us a percentage of sales from new launches?

Rakshit Hargave: So can you just repeat your first question again and then do the second one separately because I think there was some disturbance on the line.

Binay Shukla: Yes. So which states are performing better than your internal expectation and which ones are still lagging behind? I believe Bihar will be the performing state, Bihar and West Bengal and UP?

Rakshit Hargave: So I'm not going to get into state-wise details, but we are seeing healthy growth across many, many states. And obviously, there are certain states which are doing extremely well. There are some states which are a bit behind, but there is no state which is behind in the sense that it is not growing.

So I think it is for us to help drive the states which have the momentum even faster and how do we start to get healthy growth in states which are growing slowly. Bihar, as you specifically pointed out, is a very strong market for us. And yes, we continue to do well there. In Bihar, we also launched the variant of Marie, which is called Doodh Marie focused on those markets, which has all got a very healthy response. What was your second question?

Binay Shukla: New launches contribution for Biscuits portfolio.

Rakshit Hargave: So I'm still not able to place your question in terms of what you want. But if your answer is the composition of sales, that is more or less the same.

Binay Shukla: Okay. And the last question on the non-biscuit portfolio. So the revenue contribution from the non-biscuit portfolio has remained range bound at around 25%. So is this because the performance of the individual categories tends to be offset by the another category. So I just wanted to understand by when should we expect all the non-biscuit portfolios to deliver healthy and broad-based growth?

Rakshit Hargave: So okay, sorry. So you please go to the slide in the business, which talks about other adjacency business. So you will see that cake, rusk and wafers delivered double-digit growth. So that is growing faster than the average. Also in our dairy business also grew at double digits. And our ghee business there, along with cheese slices is doing very well. So if you ask me the question, although the proportion is less, but at an overall level, the non-biscuit portfolio has actually grown in double digits also. Is that clear?

Moderator: Next question comes from the line of Avi Mehta with Macquarie Capital.

Avi Mehta: Just 2 questions. I'll put them upfront. As we focus on driving portfolio diversification and demand environment is remaining healthy, do you see for the full year FY '27, an ability to grow operating profit or EBITDA ahead of sales growth similar to what we saw in 1Q? And the second bit, just a bookkeeping, if you could kind of share what was the volume growth in 1Q?

Rakshit Hargave: Okay. So the answer to the first question is that while the demand environment is strong, I think it's only 1 quarter which has gone by, and we see that the trend is good. Whether this holds good for the rest of the year, we will have to see. But internally, the team is very confident that the plans that we have and the focus that we have and the momentum that we have is taking us in the right direction. Now if there are uncertain events which happen, which are not under our control, I won't be able to comment on that. But as a business, we are confident of looking at a good year. And what was your second question?

Avi Mehta: Just before I -- the second question, could you just clarify, when you say a good year, do you mean -- how could you classify or quantify what do you mean by that? Is it like volume will be the key metric for you to define good year? Is it -- how -- just your thoughts on that would be helpful. And the second question was just a data keeping one, what the volume growth for the quarter was? That's it.

Rakshit Hargave: So okay. So let me give you the volume growth that we had for the quarter was close to 9%, which in any respect is a good volume growth. Now how do we define a good year? You guys have seen businesses for so long. You would also be talking about the same thing as us. But if we believe that the year is good, it would mean that our triangle, as we say, virtuous triangle of volume, value and profitability should all fall in a healthy range as we have been doing in the past. One should not overtake the other. So while we will deliver volume value, but we should also deliver the margin, not at the cost of one.

Moderator: Next question comes from the line of Siddhesh Deshmukh with IIFL Capital.

Percy Panthaki: This is Percy Panthaki here. I just wanted to ask on the margins. Like was there any benefit of older inventory which you had this quarter? And therefore, you expect sort of Q2 margins to be a little weaker? And a subset of this question is, if input costs remain where they are today, are you confident of maintaining full year FY '27 EBITDA margins at, at least the same level as FY '26?

Rakshit Hargave: So Percy, thank you for asking. The answer to the first question is no, there was nothing of that nature. Now the second question is interesting if the input cost remains, whether we will able to deliver. So just let's go back to the last question that we said. I think the input costs at the moment are at a higher level compared to what they were in February.

So we will have to manage. Like we said, we will have to manage between value, volume and margin and which we will do. So how do we exit the year is something that we will have to see. But internally, as a business, we are quite confident that we are able to keep the levers in check.

Percy Panthaki: Understood. Second question is on PLI. What is the amount of PLI that you will book in FY '27? And since that will go away in FY '28, will it hit the bottom line to that extent? Or would you fully be able to mitigate the impact of that through some other measures?

N Venkataraman: So, we didn't book any PLI incentive even in '25-'26. And nor have we booked anything in the current year because we have not been able to achieve the threshold growth that they had prescribed under the scheme. So there's been no amount that's been recognized in the last financial year and in the first quarter of the current year.

Moderator: Next question comes from the line of Aditya Soman from CLSA.

Aditya Soman: So just one question. In terms of adjacent categories on e-commerce and especially on quick commerce, any sense on if you're getting a lot more traction for these categories from some of your competitors or peer group companies, we've also heard about them launching sort of exclusive products for these channels. Is that something that's being extensively done at Britannia or something you plan to accelerate further?

Rakshit Hargave: Absolutely, yes. You will see it in the near future. So there is traction in these categories, as you could see. These are also relatively new age, more impulsive. And we are also quickly working on doing something which is focused on this channel.

Aditya Soman: And just a quick follow-up on that. So in terms of the mix today, would it be vastly different in terms of adjacent versus non-adjacent on, say, the modern channels versus traditional trade?

Rakshit Hargave: There is a fundamental difference. A vast value of what we sell in GT sells at INR 5 and INR 10. The contribution of INR 5 and INR 10 on e-commerce is -- Q-com is very negligible. And hence, what you end up selling is, firstly, the larger packs, the more impulse consumption adjacency categories and some of our best sellers. So the construct of the sales on this channel is a bit different, as you could understand.

Aditya Soman: Fair point. And from a category perspectives, any differences, for example, biscuits and non-biscuits?

Rakshit Hargave: So yes. So it could be that we sell maybe the proportion of non-biscuits that we sell, especially items like Rusk, which goes with morning tea. Croissant, which is also more impulse consumption, products like Jim Jam and Little Hearts, which are favorite with young Gen Z teenagers, you see much higher traction for these categories of e-commerce. And the reason why these are also growing in strong double digits is also because e-commerce is a big channel contributor for them.

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

Arnab Mitra: My first question was on your volume growth number of 9%. That essentially implies you had only 1% pricing in the quarter, which seems actually lower than what you had last quarter. So just wanted to understand -- have you put in more pricing through the quarter? Should we expect the pricing growth to be higher going forward? Or you expect this level of pricing growth to be only there?

Rakshit Hargave: Yes. So like we said, our pricing growth, which we put in the quarter was what we call is shrinkflation, and that takes a bit of time to execute because you need machinery changes and packaging changes on which Britannia has a lot of expertise because this is something which all biscuit companies need to do. But going ahead in the quarter, yes, you will see something more coming in. So if the overall impact was 1%, you will probably see maybe another 1.5% to 2% coming in.

Arnab Mitra: Got it. My second question was on, again, this mid-teens exit growth for the last quarter. So just wanted to double-click on this because with the dual pricing issue getting over, that the main challenge I think you were facing was also in the wholesale channel. And therefore, is it possible that some of the acceleration is coming because of a natural destocking in the channel? Or are you seeing recovery even in, let's say, mainstream direct coverage or modern trade e-commerce kind of channels versus what you were growing last quarter?

Rakshit Hargave: No. So I think -- I don't think it's because of stocking that we are building in those channels. So the wholesale channel and the rural channel, where the dual pricing had an impact is now over, and we see that the throughput, both in terms of selling in and selling out is very good. Our stock doesn't last long at the retail shelves even of wholesalers. So I think it's fairly clean. We don't see any of this as a result of any inventory buildup. It is a result of demand buildup and the fact that the retailers who had kind of shied away a bit have come back to us in strong numbers.

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

Kunal Vora: My first one is there have been quite a few tailwinds for the category and you with GST rate cuts, unorganized to organized, price hikes, which are now being taken, general recovery in consumption. Is it fair to say that the benefits were not fully visible due to dual pricing issue? Or was there more to it? And does it mean that unlike some of the peers who've already seen the benefits of GST rate cut, for you, the benefits will be visible going forward?

Rakshit Hargave: So Kunal, I think if you take a look at Britannia's portfolio and for that matter, any large biscuit company, a significant portion of what we sell is sold at INR 5 and INR 10. In Britannia's algorithm, it would be upwards of 60%. Now when there is a GST cut, how does the consumer differentiate? The consumer is still paying INR 5 and INR 10, what he's getting is an extra or a couple of cookies more.

So from a consumption point of view, the elasticity of volume or the number of packs would not be visible very soon. Unlike in categories where you are selling packs at INR 100, INR 120 and INR 130, where you actually pass on the GST cut and you see a drop of INR 15, which drives demand and you see elasticity of consumption going higher.

So to say that the GST impact on Britannia is going to be instantaneous, I think it is going to take some time. So the real consumer impact will happen gradually, but it is not going to be as pronounced as you would see in some other packaged good companies where the impact of price drop is visible on the shelf, which encourages people to buy more.

Yes, we have taken some price drops on our larger packs, but the contribution of that is minimal. And many times because they are in modern trade and e-commerce with promotions, the actual pricing is not -- the consumer is not able to make that comparison very, very clearly. Unlike in GT, where if you do a price cut on a shelf or in modern trade where there is INR 100 or INR 200 product pack, a INR 20 or INR 30 price drop is very noticeable, which we can see in our larger packs, but our larger packs are a minority.

Kunal Vora: Okay. And the second one is, how are you thinking about high-protein products? Any update on ready-to-drink protein drinks, which you are evaluating? Also, you have a large dairy business. Would you explore new areas such as whey protein, greek yogurt, high-protein milk, which some of the other smaller dairies are doing? And is this a margin issue or a market size issue or lack of confidence in these kind of products?

Rakshit Hargave: So Kunal, when we talked about future platforms on health, so protein is a part of the health platform. And we believe that if we have to address these problems and opportunities, we have to address them at a platform level and not a single product level. So you will see in the near coming future how we address them at a platform level. And protein is an important platform, which will get covered.

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

Latika Chopra: Many of my questions are answered. Just a few clarifications. First one on your volume growth of 9%. Is it right to think this is the growth in number of packs sold? Is that what you meant adjusting for shrinkflation?

Rakshit Hargave: No, this is the total tonnage growth.

Latika Chopra: Okay. This is the total tonnage growth?

Rakshit Hargave: Yes.

Latika Chopra: Okay. The second bit I wanted to check Q2 had a low base because of the GST transition impact. And I was just trying -- sorry for asking this, but when you comment something like mid-teens revenue growth for the month of June, if it was for the full month, just to get the right way of thinking about how growth really behaves in the coming quarter, I just wanted to get a sense check whether this was also benefiting from a low base impact that Q2 will have going forward? So that was the second clarification I wanted?

Rakshit Hargave: So Latika, June was anyway in the last quarter, and I don't think we had a low base there. But yes, in Q2 of last year, which is July, August, September, the only month which really had a challenge because of GST price transition where market was a bit shaky about buying old price products was in the month of September. So there is going to be a base impact in September, which I think will apply to a lot of other companies also, which will apply to us also. But July and August last year were pretty normal months.

Latika Chopra: Understood. And any color that you want to share on market share trends in terms of subsegments within the biscuit category. You talked about improving market shares. If you could elaborate a bit on which are the subsegments where you're seeing that traction coming back? And also, any incremental color on how should one think about growth trajectory in the overseas business now that we have seen much of the disruption is already seen last quarter and this quarter?

Rakshit Hargave: Yes. Okay. So on market share, what I would like to comment is that when the dual pricing was on, there was a bit of challenge where the capture of sale value was being done on the full price, while actually the price printed on the back was at INR 4.50, and Britannia was anyway selling at INR 5.

So that was slightly challenging for us because competition was selling at INR 4.5. And our belief is that at many places, it was being accounted INR 5. Now that the dual pricing is over, but not only as a result of dual pricing, I think the focused interventions that we have done, the continuous presence and media, the sharpness in the sales team, we see that there is sales market share gain across a large number of biscuit categories on a sequential basis, which we are seeing, and we are positive, and we will keep investing to see that keeps happening. So that is the comment there.

On the international business, yes, I think we have seen 4 months of turbulence and there were challenges. We are hopeful that stability has happened. If you know, we have a new head of our International business, who joined us 2 months back. So our ability to execute and come together is better. And we are expecting that our international business from this quarter will be back on a growth track.

Moderator: Next question comes from the line of Tejash Shah with Avendus Spark Institutional Equities.

Tejash Shah: Most of the questions were answered. Just one question. Sir, slightly longer dated, healthy snacking has become talked about for a while and the regulatory direction off late seems to be kind of going in that direction. When you look at our portfolio through the lens of both relevance to the consumer and also the regulatory risk, how do you assess? And what path and how fast do you think we'll have to take to kind of derisk from that angle, both from medium to long term?

Rakshit Hargave: So Tejash, I think in my very first analyst call 6 months back, I had indicated that creating the future platform of health and wellness is absolutely important. So let me make a few observations on that. Number one is that the demand for regular products, indulgent products and tasty products will also keep growing because there is a huge gap in the market and our per capita consumption is still very low.

So you can't discount the fact that the routine cookies, biscuits and cakes that we talk about are not going to go out of fashion anytime soon. In fact, there is enough moat for growth there.

At the same time, the reality is that the awareness at the consumer level in terms of healthy consumption is growing by leaps and bounds. There are multiple channels by which he's informed.

And I think Britannia is committed to develop a portfolio to be able to address that in a very smart and agile manner and in a very fruitful manner where it addresses those consumers in a very specific way as we are a snacking company. So there is work which is happening there. But we believe that both these portfolios, the health-based portfolio will grow parallelly and we will have -- and we will have to develop a franchise which adopts that.

But at the same time, the core portfolio that we sell and the more indulgent and premiumization portfolio that we will develop also will keep growing. So we will have to work on both those tracks. I strongly believe that it is not one at the cost of the other. But like we said, the fact that the health portfolio is being developed is totally recognized by us. The consumer trends are moving there, and we will address that market.

Tejash Shah: [inaudible 57:42] FMCGs to create this or create adjacency platform through inorganic D2C brands and then obviously back it up with a lot of marketing and distribution muscle that we have. Are you -- first of all, are there any such opportunities in foods at large because in Personal Care, we can see because the profit pool or margin pool is different there? Or you will have to kind of do this organically from scratch and there are not many assets which can be even looked at?

Rakshit Hargave: So you see the assets available in the personal care case or the skin care case, there might be more. But there would be assets available in the food space where we operate. But we have to be very careful that you always have the option of creating something organically. If you're doing something inorganically, what is the reason?

The reason you would do it is either for a strong brand, which already operates there or for speed or for a capability or a segment technology, which will take time for you to develop. So we are looking at that, but we will be careful if we do something to do it which really is accretive, both from a number point of view and from a capability point of view for Britannia. We will -- for example, we will just not buy another cookie company, which is doing well because we know that we can do that ourselves. So we'll be selective and smart in doing it. But like we said, inorganic agenda is there on the table, but we will be careful to evaluate.

Tejash Shah: And sir, last one, if I may, on distribution. Are there any specific initiatives that you plan in the medium term? Where do you see -- more importantly, where do you see us under-indexed today on that front?

Rakshit Hargave: See, if you take a look at what are the channels we operate in, we operate in e-commerce, we operate in modern trade, we operate in alternate channels, we operate in GT. We are doing well in all of them. Yes, and we also operate in institutional channels like CSD, etc. If we look at it internally, yes, we are under-indexed in some of them where we need to improve.

If we look at ourselves compared to market, we are actually strong in all the channels. So I think it is for us to internally focus where we believe there is opportunity. We believe that there are opportunities in General Trade also. I think instead of looking purely at numerical distribution, the share of handlers that we can develop, the kind of visibility that we can develop in General Trade, the relative dominance that we can improve.

I think it's more important for us to look at it holistically in terms of how do I make myself more effective in the channels where I operate is the question. And we are working on that. Even for example, modern trade is expensive. So we'll be careful that we want to grow at modern trade, but we don't want to grow by diluting our margins.

We want -- you will have to spend, but then we want to make the money that we need to make for modern trade also. So those choices are there. But I think internally, we know where to work. But at a competitive market level, I think Britannia's position in all those segments is very strong compared to the market.

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

Ayush Agarwal: Thank you, everyone, for joining us on the call today. We look forward to interacting with you again in the future. Thank you, and have a good day.

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