

11th May, 2022

1. The Secretary
BSE Limited
Phiroze Jeejeebhoy
Towers, Dalal Street
Fort, Mumbai - 400 023
2. The Manager
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor
Plot No. C/1, G Block
Bandra-Kurla Complex
Bandra (E), Mumbai - 400 051

Dear Sir/Madam,

Sub: Transcript of Analyst Call for the quarter and year ended 31st March, 2022

Ref: Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of analyst call held on 4th May, 2022 in respect of Audited Standalone and Consolidated Financial Results for the quarter and year ended 31st March, 2022.

The transcript of the analyst call is also available on the Company's website at <http://britannia.co.in/investors/presentations>

This is for your information and records.

Yours faithfully,
For Britannia Industries Limited



T.V. Thulsidass
Company Secretary
Membership No.: A20927



Encl: As Above



“Britannia Industries Limited Q4 FY-22 Earnings
Conference Call”

May 04, 2022



MANAGEMENT: MR. VARUN BERRY – MD, BRITANNIA INDUSTRIES LIMITED
MR. N. VENKATARAMAN – EXECUTIVE DIRECTOR & CFO, BRITANNIA INDUSTRIES LIMITED
MR. AMIT DOSHI – CHIEF MARKETING OFFICER, BRITANNIA INDUSTRIES LIMITED
MR. MANOJ BALGI – CHIEF PROCUREMENT OFFICER, BRITANNIA INDUSTRIES LIMITED
MR. SUDHIR NEMA – CHIEF DEVELOPMENT & QUALITY OFFICER, BRITANNIA INDUSTRIES LIMITED
MR. MAYANK MUNDRA – INVESTOR RELATIONS, BRITANNIA INDUSTRIES LIMITED



Moderator: Ladies and gentlemen good day and welcome to the Q4 FY22 Earnings Conference Call of Britannia Industries Limited. 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 ‘*’ then ‘0’ on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Mayank Mundra. Thank you and over to you sir.

Mayank Mundra: Thanks Margreth. Hello everyone, this is Mayank from the Investor Relations team. I welcome you all to the Britannia Earnings Call to discuss the Financial Results of Q4 ‘21-22.

Joining us today on the Earnings Call is our Managing Director – Mr. Varun Berry, Executive Director and CFO – Mr. N. Venkataraman, Chief Marketing Officer – Mr. Amit Doshi, Chief Procurement Officer – Mr. Manoj Balgi and Chief Development & Quality Officer – Mr. Sudhir Nema.

The ‘Analyst Deck’ is uploaded on our website.

Before I pass it on to Mr. Varun Berry, I would like to draw your attention to the safe harbor statement in the presentation.

Over to Mr. Varun Berry, with remarks on the performance.

Varun Berry: Good afternoon, everyone. I am very happy to be here with you. I’m taking this call from Cochin where we are having a sales and marketing conference for the year as we go through.

Moving to the Analyst Deck:

If you were to move to Page #3; all of us are aware of what we’ve gone through. We’ve seen many new things coming our way, whether it was COVID 1-2-3, inflation, geopolitical factors etc. Everyone’s aware of that. I’m not going to stress any of these points. It is a very challenging environment. However, in this environment we continue to drive our revenue growth and we’ve reasonably been able to sustain our profitability as well.

Next slide which gives what we’ve achieved in the fourth quarter as well as the full year ‘21-22. If you were to look at revenues from operation, the 12-month growth is 15% for the fourth quarter and the 24-month growth is 25% which is fairly healthy. Similarly, if you were to look at full year, our 12-month growth is 8% and the 24-month growth is 22%. Profitability similarly, operating profit 10% growth for Q4 in the 12-month growth and 23% for 24 months growth. For the full-year negative 13% in 12 months but for the last 24 months it’s 21% growth. I would say reasonably healthy growth.

Moving on to the next slide. This gives us the share numbers, as you will see we’ve broadened the gap with our largest competitor this year. So, we’ve continued to make progress as far as



market share is concerned. We've gained this is our 10th year of continuous share growth which I think for any company is a great performance and I'm very proud of this factor.

Moving to the next slide. Again, same strategic planks, distribution marketing, cost leadership, innovation, adjacent businesses and sustainability. Now next slide, driving efficiency in distribution; this year we made progress. Our rural distribution has gone up from 23,000 rural distributors to 26,000 rural distributors. We've made a steady progress in our direct reach as well. This has stymied a bit during COVID times but it's come back. In March '22, we are up to almost 25 lakh outlets. Hindi belt is growing 20% faster than our rest of India. However, I must say that there are a few states which are emerging as states which need more attention. These are the smaller Hindi the states and we are making sure that we work on it so that we can make these grow even faster. Our channels are back; as you know that the modern trade channel had taken a little bit of a step backwards during COVID as people were afraid to go to a large store etc. But this has come back in '21-22 and the growth is 20% higher than what it used to be pre-COVID in '19-20.

We've had some very interesting marketing activities. We had relaunched Good Day. We had the multiple smiles campaign which has done very well for us. We have the Good Day Choco-chip TVC as well as the relaunch which is doing very well for us. Winkin' Cow has become 100 crores brand for us and we used the TVC for Winkin' Cow during this quarter because this was season. Milk Bikis Atta is doing well in rest of India. Jim Jam, we have a thematic that brand is showing a lot of promise for us. We have relaunched our Dahi brand under the come alive brand name and similarly TVCs on other brands as well. On cheese we've taken a protein promise which seems to be holding up quite well for us. We hope to scale this up as we go forward.

On our cost leadership program:

Again, the team has done a fantastic job of creating opportunities in reducing costs. If you were to look at it in '21-22 we were five times cost savings than what were in '13-14. In '22-23 where the situation is looking fairly grim from inflation standpoint, we are doubling up to make sure that we continue to take this trajectory even better than what it has been in '21-22. The cost levers are fairly familiar to all of you. From a supply chain standpoint, the process automations to improve productivity, reducing distance to market which helps us reduce cost and also provide fresh product to our consumers reducing wastages which happen either in the factory or in the marketplace, alternate sources of energy which we are looking at a target of getting to 60% of renewable energy. That's working quite well. From a material standpoint, our sourcing strategy is focused towards making sure that we get the best bang out of our buck. Backward integration to whatever extent possible, wherever we have some expertise within the system. We are also working on reverse auctions for all of our products that we purchase and then optimization of the packaging specifications as the packaging material costs are going through the roof. Other areas are market returns, fiscal incentives, treasury returns as well as reducing commitment charges to some of our contract packers by making sure that our forecasts are very close to what our achievements are.



*Britannia Industries Limited
May 04, 2022*

Moving on to the next slide. We we've had some innovations during this quarter, Good Day Harmony which is a very interesting product is doing really well for us. 50-50 we've launched a product called Golmaal in the east. Again, a very promising product, initial responses extremely good. We did a Jeera Marie launch which was done in collaboration with our consumers, again very good initial responses. We are hoping that this could become a blockbuster in the south. We also did two new additions to our Winkin' Cow brand which was Kesar and Badam. We've relaunched Croissant with the new marketing mix. It's been relaunched in the south region as of two days ago. Before that we had launched a product called Croissant with mixed fruit in it. This has been doing quite well for us and Coconut Wafer which is also just getting into the market in the last one month or so. So, very interesting innovations and seeing a very good response from the market on all of these.

Adjacent business:

You are going to see some real excitement from Britannia as far as the adjacent businesses are concerned. We have had some learning phase in this area but I think today we are structured very well. We've got a very solid team which is handling each one of our verticals. I feel very good about where we are at, with our product, some of our partnerships that we are looking at etc. I feel that this is an area which we have one ratchet up on certainly this year. If you look at bakery adjacencies, we've seen a high double-digit growth across our divisions. We've also seen a healthy consistent margin delivery in bread and rusk.

As far as croissants concerned as I was telling you, we have finally cracked the code on the product. We've started to relaunch it. We didn't want to do it one shot across the country because we want to make sure that we give enough product to the regions before we move it across the country. But I would say that with the south launch we've started this process. In the next couple of months, it's going to be across the country. It's taken us some time but we are very happy with what we have as our final marketing mix.

On the dairy part, strong quarter. We've had a robust double-digit growth. As I told you Winkin' Cow is now in the 100 crores club. In the international business, some challenges in the middle east because of a distributor change that we did in UAE but Nepal where we'd set up our own distribution and our own manufacturing has given us very good results. Again, Nepal now joins the 100 crores club for Britannia.

Moving on to our sustainability programs and the journey thus far:

As you know, we've got four pillars. One is the people pillar and the programs under this are we want 50% of women workforce at a facility level by March 2024 and we are on track for this. We are looking at 1 lakh plus beneficiaries to be reached through our Britannia Nutrition Foundation. We've already done this; we've achieved it and now on to a new landmark for ourselves. 60% renewable electricity by March 2024, again on track. Eliminating 20 lakh kilos of plastic trays by March 2023, completely on track. Water consumption to be reduced by 30%



through recycling and reuse, absolutely on track. On the growth pillar, we've looked at sodium reduction and sugar reduction in our products by 6% and 8% again on track on both of those. On governance we are looking at targeting second or third quartile in the SMP Global DJSI in food product sector this year. As you know that we've moved our DJSI score from 11% to I think 37%. We are looking at moving them even further. The three ESG policies which is on sustainability, human rights and vendor code, we've got those policies documented and we are getting entire ESG targets integrated with the Excom KPIs. Excom is me and my direct reports. All of us carry those key performance indicators in our targets for the year. So, that is where we are at.

We are recognized amongst the top 40 of the India's most sustainable companies by business world. We are hoping that this again will become a very important plank for us. We will take this to the limit in the coming years. The other areas on sustainability, identifying and implementing new programs to drive sustainable sourcing, a publication of a sustainable supply chain manual which we are working on, continue to improve that I've spoken about the DJSI score and finally development of a sustainability report which complies to all the international standards of disclosure. These are the ones that we are working on to make sure that we get completely up to speed.

Now coming to the financials:

This is our quarter numbers, for the last 12 quarters. As you will see the last quarter has been Rs. 3,508 crores. The full year has been 8% growth. If you look at the growth of Quarter 4 it's 15% and the 24-month growth is 25% which I shared with you earlier as well. There have been geopolitical factors which are aggravating the inflationary scenario. I don't think it's abating in any way. So, what has it done to us, because of our forward commitments we have been able to control some of our costs. However, the commodities have still witnessed an inflation of 17% and 14% for the quarter and full-year, respectively. Flour is at 1%, sugar is at 7%, laminates at 20%, palm-oil is at 26%, cashew at 35% and corrugated boxes at 21%. However, as I had said we had taken some forward positions which have helped us. What is our response to the inflationary pressures that we are facing? Obviously, there's nothing more important than taking the right amount of price increases and which is what we've been doing. I must say that we've not been able to keep pace with this inflation because we never estimated the kind of inflation that we've seen but we continue to take judicious price increases.

The other two pillars are the value creation for consumers. One is on controlled discretionary spends. We have focused on our advertising and sales promotion spends, we've controlled our overheads and we've leveraged our fixed costs as much as we could. On cost efficiencies program, our cost efficiency programs are already shared with you that we are now at five times the cost efficiencies that were getting in '13-14. We've accelerated programs and we've looked at IT transformations to make sure that we are completely on top of these as far as our savings are concerned.



Our operating profits, you can see that our operating profits peaked during Q1 of 2021 which was a windfall because we'd optimized, we were only producing products. We were only producing the key brands and the spends were not there because we were running out of product at that point in time. That was the peak, from there onwards we've come to approximately 14.2% operating margin which is a growth of 10% for Q4 and at 24 months growth of 23% which is pretty similar to what it used to be pre-COVID. We have made sure that we remain handsomely profitable despite all the headwinds that we face.

Moving on to slide # 21 which will show you all of the details on our financials which I'm sure you've gone through. For Q4 15% growth on the net sales, 10% growth on operating profit. Profit before tax is growing by 5% and profit after tax at 4%. Similarly for the full year if you look at the numbers, it's 8% on the top line and it's a negative 18% from the peak that we'd seen in the previous year. 24 months growth for the full year is still positive. 22% growth on net sales and 21% growth on operating profit which is a reasonably good performance. If you look at the ratios down below; profit from operation at 14.3% in '21-22, profit before tax at almost 15% and profit after tax at 11%. So, that is it from me. I'll open the house for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Abneesh Roy from Edelweiss Securities.

Abneesh Roy: My first question is on the small Hindi state comment and the focused states. You mentioned that more attention is needed for the small Hindi states. When I see the growth in focused states, slight slowdown is there at 1.2X versus 1.3X in previous quarters. So, is it more of rural slowdown or is there any specific issue in some of the smaller states, any competitive intense intensity has increased?

Varun Berry: No. It's not about competition Abneesh, what's happened is that during COVID there were multiple priorities. Obviously, everyone was struggling to make sure that all of the KPIs are kept under track. We did see that UP is our largest state. It contributes over 50% of our total Hindi state sales. UP is blazing, UP is doing really well. There are some small states where we seem to have slipped, namely Chhattisgarh, MP is okayish, MP is not blazing the way I would want it to but Chhattisgarh has slipped and so has Rajasthan. So, those are opportunity areas we will make sure as a team that we get back to speed. That is where I'm coming from. It's important and you got to remember that our brand strength in those states is not as strong as what it is in some of our stronger states. So, a little bit of slippage, a little bit of less face time with our people because of COVID etc., it hampers our progress to an extent. But it's a matter of time. We will definitely get back on those small states as well.

Abneesh Roy: My second question is on the price hike; initial expectation was that FY23 will need around 7% price hike over and above that 10% hike which was already taken in '22. Post that, things have clearly turned more adverse currently. What is the current expectation on price hike and FY22 65% hike was coming through grammage cut? Will there be any change in that ratio?



Varun Berry: No, it'll probably be, the grammage cut might end up being even higher than that. But see the point is sitting here I don't know where we are headed as far as inflation is concerned. Clearly two or three concerns. One is the wheat production in the country has been lower than what we'd expected. While there was a lot of noise about exports and we can feed the world etc. The point is that the crop has been poorer because of the severe heat. The wheat grains have shriveled up a bit and even the production has been lower. We don't know where that is going to lead us. And you know that between Russia and Ukraine they produce almost 100 million tons of wheat which might not get harvested. That gets harvested as soon as the snow melts. In Ukraine there are no men to harvest it because they're all involved in fighting their war. There is going to be pressure on that front, both nationally and internationally and similarly palm oil as you know, there Indonesia has stopped exports. There are ships with 3 lakh tons of oil which were about to sail and now they've been stopped. Where that will go nobody seems to know. I'm sure it will get cleared up. It's a matter of time. Luckily for us we are covered till things become better. I would think that this is a year where we'll really have to be on our toes and take calls on a month-to-month basis. And there is no way that any other activity can fulfill what the pain that inflation is going to give us. It will have to be a price correction. While we will try and be judicious about it and make sure that it doesn't impact the consumer in a big way but we will have to take some tough calls.

Abneesh Roy: So, Varun just one very small follow up on this question only and that will be my last question. In Q3 you had (- 4%) to (-5%) kind of impact on volume because of grammage cut which I think will be fairly similar this quarter also. But on a reported basis you are seeing the mid-single digit volume growth. What would be the industry volume growth in your sense in Q4? So, your share gain, is it coming only from the # 2 player or even from the smaller player?

Varun Berry: What happens Abneesh is you got to understand that during severe inflationary times, the smaller players are the ones who get impacted the most. So, gains are coming from the smaller regional players and obviously from the #2 player as well. It's a mix of both and the industry growth would be flattish to negative.

Moderator: The next question is from the line of Percy Panthaki from IFL.

Percy Panthaki: Just continuing on what Abneesh was talking about in terms of the price increases. I'll make the question rather simple, assuming that the current spot prices remain where they are for the next 12 months, what kind of additional price hikes do you need to take in your portfolio?

Varun Berry: That's what I was trying to explain to Abneesh. It's very difficult to call it because it's a dynamic environment. It'll definitely be more than what we had estimated in the beginning but to what extent, only time will tell. If things on Palm settle down, if the war gets over, if-if-if it's all about the ifs Panthaki.

Percy Panthaki: That's why I put a simplifying assumption there saying that if the spot prices as of today continue for the next 12 months.



Varun Berry: Did you say that? I'm sorry. I missed that. If the spot practices continue it'll probably be about 10% increase that would be required.

Percy Panthaki: Over and above what's already taken?

Varun Berry: Yes.

Percy Panthaki: So, 10+10, a total of approximately 20?

Varun Berry: Right.

Percy Panthaki: Secondly just to understand on the adjunct categories, what kind of slightly longer-term vision do you have, over let's say a five-year horizon? Where do you see these adjunct categories, which one do you think will see the fastest growth or become the biggest and where do you see the biggest opportunity which can be extracted over the next 5 years? That's part of the question. The other part of the question is that the salty or savory snacks category which you had launched in south India under the name of Time Pass, what really needs to happen for that category to become really big for us because I mean ultimately that category is something which works on a width and breadth of distribution which is something that we already have with us. We already have advantage at the starting point and what really is preventing us from becoming one of the bigger players in the in this category?

Varun Berry: So, let me answer your first question. I think obviously as I said during the presentation, I feel very good about the way we are structured today, the way I'm here with the sales team, the entire sales team from across the country is here and this morning we were talking about how we become a leader amongst more categories than just a few. I think the sales team is very clear about what we can do and how we can move forward. I also think that we've got a fair amount of strength, we've got that threshold volume, we've got reasonable brands in most categories. I would say obviously the big ones will continue to be the larger ones; cake I think we've got many initiatives. I think cake and rusk will definitely have the potential to become (+2,000) crores kind of businesses for us. We have a lot of hope in dairy and some very exciting initiatives there. We know that Amul is the big brother but I think, we can do a lot more in the value-added space. As you might or might not know we've crossed the 500 crores mark in dairy after many years of striving for it. We've had a very good growth this year and we've got great plans at the backend. Croissant is something where I feel very excited about because one it's got entry barriers. It's not a category that everyone can launch. It requires a lot of attention because it's a new category to the Indian consumer. You really have to fine tune it to an extent where the consumer tells you that this is what I want and I think we reached that stage. It probably took us a little longer than I would have imagined but today I feel very good about where we are at. If you get an opportunity, please try our new product which should be in your markets in the next month or so. So, feel very good about that. Also, we are not shy to evaluate partnerships wherever required. We have been working on some and there are definitely opportunities there which could be very exciting. I personally am working on this area to make sure that we come up



trumps as far as the adjacency business is concerned. What was your second question on salty? So, on salty see you can't do everything like you've got everything ready because finally it's a little bit of assessing the markets, assessing the consumer, understanding while have run a salty business in the past but that business was run in multiple countries and it had been fine-tuned over millions of consumers and all of that. Brands had been constructed years-years ago before Pepsi had bought that business etc. So, it takes a long time. We are being very careful and we are really reading into what our consumers are telling us in our test markets. We don't want to be in a situation where we go hell for leather, we launch it up across the country and then we realize that it's a situation where we will have to take our products back. So, it's taking a bit of time. It took us a bit of time with the croissant as well but we've got to the finish line. Similarly, I would say I would rather be careful than aggressive in this area with adjacency.

Moderator: The next question is from the line of Kunal Vora from BNP Paribas.

Kunal Vora: First question, how large is the contribution of low unit packs and are you looking to vacate some of the price points? In our recent texts we have heard that you would run the two price points in certain market. I mean are these price points meaningful for you and how do we see the impact of it?

Varun Berry: See low unit price points in a country like India are impossible to vacate. Yes, over the years if you look at it, maybe 15 years ago there used to be a large contribution of Rs. 2 and Rs. 3 packs which have become minuscule today. Parle used to sell a lot of Rs. 2 and Rs. 3 packs. We also used to have a reasonable contribution of Rs. 2-Rs.3. It's all migrated to Rs. 5 and 10 and thereafter. I don't think we are in any position to vacate the Rs. 5 segment at this point in time. But as the world evolves, as the consumer evolves and as we get through all of this inflation, time will tell when is the time to really press the pedal on 10 and move on from 5. But I don't think we are in any position to do that right now. It's about the price point packs, the 5 and 10 are approximately 50%-55% of our total mix. It's fairly large and it continues to be in a country like this where you have a lot of bottom of the pyramid consumers, it continues to be a staple for a lot of consumers in a lot of parts of the country. So, that's where we are at and we will have to nurture that business.

Kunal Vora: You still have Rs. 2 price point right and like how large would that be?

Varun Berry: Rs. 2 is very small. We don't have anything to really write home about. Maybe a few packs here and a few packs there. It's not like a big segment at all.

Kunal Vora: You mentioned you crossed Rs. 500 crores market in diary. I believe you were at Rs. 500 crores mark even 2 years back. If I recollect our interaction in September '20, you mentioned you were at Rs. 500 crores and you aspire to be at about Rs. 2,000 crores by '25. Where are you?

Varun Berry: We were never at 500. We might have aspired but we were around the Rs. 400 crores mark. Rs. 400 crores mark and this year our growths have been good so we've crossed the 500 which is no



great achievement, frankly. If you ask me, getting to Rs. 500 crores in so many years of launch is no great achievement but you got to celebrate your small victories and that's what we are doing.

Kunal Vora: But at that time, you aspiring to be about Rs. 20 billion by in 5-6 years. Are you on track for that or that looks difficult considering the changes in situation and also if you can update us about the Ranjangaon plant, diary plants, what's the update now?

Varun Berry: Yes, we would want to be at least a Rs. 2,000 crores business in dairy. In the next 5 years, maybe it's a moving target. Maybe I said that 2 years ago, I'm saying it again so don't hold me on it but this time certainly we would want to get to Rs. 2,000 crores. The Ranjangaon plant is moving quite well. We've got all the equipment; the raw cheese manufacturing equipment should get commercialized in the next 2 or 3 months. We've got a yogurt line we've got a powder line; we've got a drinks line. All of that should get commercialized in the next 3 to 4 months. The only one which will take at least 6 to 8 months is the processed cheese line which should be done by December or January. So, by January of next year we will be up and running. We've already moved up on milk collection pretty considerably. And what we are trying to do is get our milk collection to the highest level possible because even if we have excess milk, we will consider making powder milk out of it and using it in our bakery facility. We are going to run that plant on a full efficiency and we are feeling very excited about it. We've got some very exciting products as well, possibly a few interesting partnerships as well. We are feeling very good about where we are at. And I think this year is going to be the year where we will take the turn as far as dairy is concerned as well.

Moderator: The next question is from the line of Shirish Pardeshi from Centrum Capital.

Shirish Pardeshi: I have got three-four questions. I'll try and shortcut, put it together. One, if you can allow last 2 years, we have inched up the market share. I mean we have no idea but if you can help us where we stand today, how much market share gain we have got in last 2 years specially from FY19 onwards? Second, if you spell out something on the international because we keep hearing that we are trying to do something from the distribution channel perspective but when do we see the meaningful contribution from the international business? And third question is on ICD. When I look at the filing today morning, I think directionally what I gather is that our BBTC has come down while Bombay Dyeing ICD has gone up. So, against 811 the ICD is directly has come down to 754 but maybe if you can help what is it that you're looking? Is it going to be going up or is it going to come down and what timeframe?

Varun Berry: I missed your first. The second was international, third was ICD. What was your first question? Share?

Shirish Pardeshi: Market share.



Varun Berry:

So, share growth has been fairly good Shirish. We don't give numbers because it's a syndicated study and that's why we give you the trends. But approximately we've gained about 0.8 share points so 80 basis points in the last 2 years and that's been pretty good because the fact is that it's been a continuous market share growth story for us, feel good about that. International, yes, if you think about international, we are not looking at a big bang change to international business. It's very easy for us to look at big acquisitions etc. but we are very careful about making sure that we get our pay backs if we are looking at big acquisitions. What we did with Nepal is a testimony for a very good call that we took. We have turned that from a Rs. 10-15 crores business to a Rs. 100 crores business. So, that's a good call. Similarly, we've got some calls that we've taken in Africa as well. We've got two contract packers that we've put in place. So, hopefully slowly and steadily we will gain some base in these markets and be able to set up a foundation for growth for the future. Yes, UAE which is our largest business has been a little bit of a pain and the pain was because of our distributing partner there. We were not able to get them to implement and execute the way we thought we could get a lot more business. We've got a very good partner now but you got to remember that these markets changeover takes a lot of time. See what happens is, if you're changing over, first you have to move all the stocks which are with the other partner to this partner. So, your secondary sales might not get impacted but your primary sales do get impacted. Even settling in, you have to register the new distributors so 3-4 months go away in making sure that all of the accounts have your new distributor registered and then you start to sell. So, it's a very painful process but we went ahead with it because we knew that we will see a benefit from this as we move forward. I think we are doing some interesting stuff in international. It's not as we had envisaged, I must admit. We haven't gained as much heft in the international business but we will continue to make sure that we get some interesting stuff going there and get our bases fixed in. The other parts of the business have been doing really well. Europe, Americas, even Australia, Southeast Asia have been growing hefty double digits but they are all on the basis of exports and they are small businesses. It's not making that much of an impact. But I think again this year could be a year of change as international is concerned as well. On ICDs Venkat, could you comment on that please?

N. Venkataraman:

The total group ICD as of March '22 stands at Rs. 740 crores. Bombay Dyeing of Rs. 350 crores and Bombay Burmah of Rs. 390 crores. This is against March '21 of Rs. 790 crores which was about 290 for Bombay Dyeing and 500 for Bombay Burmah and both of these are within the approved limits for both the companies.

Shirish Pardeshi:

Venkat, I got that. Just if you can help, what is the road map? Is it going to go up because on a quarter-on-quarter basis when we see it is up and down but is there any strong case that ICD will get resolved maybe in next four quarters?

N. Venkataraman:

No, it's not going to go up. That is for sure. The attempt is to see how we can dilute them as we go forward.



- Shirish Pardeshi:** Because normally at the year-end you give the new product contribution. So, in a Rs. 14,000 crores what is the FY22 new product contribution if you have and if you can share any guidance or targets for FY22?
- Varun Berry:** Sorry for FY?
- Shirish Pardeshi:** FY22 against that Rs. 14,000 crores what we have reported in the top line. What is the new product contribution?
- Varun Berry:** It's about a 4.5%.
- Shirish Pardeshi:** And this number will be higher because we are now getting into dairy for FY22?
- Varun Berry:** Yes, for sure.
- Moderator:** The next question is from the line of Vishal Gutka from Phillip Capital.
- Vishal Gutka:** Two questions, one being on the brand front. So, 50-50 Potazos I think you extended from East India to other parts of the country. So, just wanted to understand performance on that as well as on the Milk Bikis because Milk Bikis are very big plans. If you can just give some colors in terms of distribution reach, growth rate, advertisement planned given that you've expanded from the strong holds of Tamil Nadu and Kerala to rest of India. And second question is on the CAPEX plan for FY22?
- Varun Berry:** So, I will let Amit Doshi who's our new CMO to answer the first two questions and then I will tell you about the third one.
- Amit Doshi:** I think see both of the brands Potazos and Milk Bikis have been going quite strong. Potazos as you rightly said we've expanded to other parts of the market and we've been getting a good response to the extension to these markets. Now one has to remember that this category is new to the market. It's a novel format and therefore we'll really have to continue to commit to invest and grow and expand the adoption of this category. Therefore, as a marketing unit that's what we're really focused on. How do we create more trials, build more awareness for the format? And just to give you a perspective, in organized trade, we've actually seen a very quick ramp up for Potazos which again is a great testament to the product I mean that's where the early adopter consumers are. Now, we just want to continue to build our story on the differentiated Crackers segment. That's where most of the growth in the category is coming. We have recently after Potazos, we've recently launched another unique product called Biscafe. It's a coffee cracker and is being positioned as the perfect accompaniment to coffee. Now if you look at the beverage consumption market in India, there are a lot of accompaniments to chai but really none for coffee. This we believe is going to be a really unique experience for consumers. So, together Potazos and Biscafe both will lay a foundation for a very new turn in the category. That's on Potatoes. Milk Bikis, we continue to expand in the rest of India. Now if you look at some of the inflationary trends that Varun spoke about, combined with some of the challenges that we faced in a few



Hindi markets; we've had a little bit of a plateau but again that's a short-term blip. The headspace for growth is huge if you look at the low value-added glucose category. So, while there have been a few short-term blips, in the longer term we don't see anything going away. We continue to invest to make sure that we upgrade consumers to a higher value-added product.

Varun Berry: Coming to the CAPEX, we've got three plants coming up this year. We've got the UP plant, we've got the expansion of Ranjangaon, expansion of Orissa and we've got the Tamil Nadu plant coming up. So, there will be a reasonable investment in all of these but Rs. 250 crores each for two of these plants and the expansion will be approximately Rs. 100 crores plus the finishing up of the dairy plant in Ranjangaon. So, the total CAPEX Venkat is going to be in the region of Rs. 650 to 700 crores this year?

N. Venkataraman: Yeah, correct.

Vishal Gutka: On dividend payout, have we finalized some policy because last 2-3 years we have seen externally dividend payout. So, any particular policy we have framed out on that front?

Varun Berry: Venkat, you want to comment?

N. Venkataraman: The policy is already in place. There are various parameters that we put down there and we also essentially say that we want to be in line with the other FMCG companies in the country.

Moderator: The next question is from the line of Manoj Menon from ICICI Securities.

Manoj Menon: Just wanted to pick your brain on your thoughts about market share, 5 years out from today. The context of asking this question is the way I understand, you have somewhere close to a 40% share and you don't really want to have a bigger share in the glucose segment which is possibly 30% or higher off the market. If I take up 40% which is your market share and change the denominator from the addressable market which the way you have defined it from 100 to 70, probably for little more than 60% market share in the relevant categories in which you want to play in. In that context and please amend any of the numbers which I had said which could be, if it is materially incorrect. Just wanted to understand your thoughts on market share with really a medium to long-term view?

Varun Berry: Manoj, the way I look at it as very simple. Our market share in the urban markets is approximately 39% and our market share in the rural markets is 27%-28%. If we were to equalize our rural share to our urban share, we would get to that number that you are talking about. Now, how do we equalize our urban share to our rural share, you are absolutely right. Glucose plays a very important role in rural markets but in the last 6-7 years we have made inroads into that market with a more premium products like Good Day Rs. 5, like Milk Bikis, like Marie. So, we will continue to do that. We are not breaking the market into segments. We are saying that this is a consumption of a biscuit. Whatever kind of biscuit it maybe, consumers are always willing to make a leap of faith and try a biscuit which is different, which is more premium maybe, which



they would stick to or not stick to. So, I was talking about market share and so that really is our objective. Our objective is that we've got arsenal, we've got arsenal of brands and we've got our arsenal of price points, products, we have to get to that with whatever we have in hand. Yes, there are products like Tiger Krunch which we haven't taken to its limit? Tiger Krunch is in the value space doing extremely well, growing very high double digits, very high double digits in areas where it is present. It's quite a bit like Milk Bikis which was only in the South and not in other places. Similarly, Krunch is in maybe four states and does extremely well. So, you got to take it, we've got to make that a weapon. By the way glucose is not 30%, glucose is more like what 20%-15%, is about 18% now. It's come down pretty dramatically from what it used to be.

Moderator: The next question is from the line of Alok Shah from Ambit Capital.

Alok Shah: My first question is Varun, are you seeing consumers moving from Rs. 5 to Rs. 10 price points because of grammage cuts. Essentially the question is the number of packs that you would have sold say 1-year back at Rs. 5 and Rs. 10 price points. Are you largely seeing any shift over there?

Varun Berry: No, we haven't seen any shift like that. So, see it depends on your laddering. If you are giving better value at Rs. 10 then consumers might shift but our value is not dramatically different. The laddering on our value is maybe slightly better but not good enough for people to move from 5 to 10.

Alok Shah: Would that be a strategy in the coming year? Considering the inflation is the period where one would look at using that as a strategy? Just wanted to pick your thoughts on that?

Varun Berry: Could be but it's a huge leap. So, consumers sometimes just have Rs. 5 to spend and if we do not provide them that opportunity or we provide an opportunity which is sub-optimal from a value standpoint; then they will move to some other products. The products that are available in the market are ranging from other food categories to certain snacks which are being freshly made at the outlet to bakery biscuits which are available in open form etc. You've got to be a little careful that we don't reverse this agenda of gaining from the bottom of the pyramid snacks.

Alok Shah: My second question is on this roughly 4% to 5% kind of a volume growth. So, wanted to check is it coming from a larger share of Milk Bikis in South or is it largely coming from Hindi Belt? If you can just give us one step more granular break up into the regions or the products from where this volume growth is coming?

Varun Berry: It's a little bit of a, it's also the mix of the product categories that we have. Within biscuits, yes, it is because of you know we have been selling a lot of Tiger Krunch and Tiger Krunch by the way is not an unprofitable segment like some of the other value segments. It's a reasonably profitable SKU for us and a reasonably profitable brand for us. We've been growing like 30%-35% on that. Milk Bikis has been a fairly good growth for us. All of those are adding to this plus our milk drinks have been doing really well. The Winkin' Cow has been doing very well for us. I think it's a little bit of a product mix and a little bit of mix between our categories.



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Alok Shah: As these adjacencies will scale up even which would mean that this volume growth per se could be little higher. So, maybe now it would be premature but going ahead, would you like to give us split of biscuit volume and the adjacency regular, something of that sort? Is that thought process?

Varun Berry: Yeah, it's possible but once the adjacency businesses get to a certain scale, we would love to do that.

Alok Shah: To my reckoning, for the first time you mentioned with respect to the new team for the adjacent business. Is that a complete change in the team or reporting structure or any of those lines if you can share?

Varun Berry: That's a good question. So, what we've done is we have tried to make our so it's a change in structure. We've got young leaders who are very aggressive and we've got different verticals. Actually, that's a good point. Maybe in the next meeting with all of you, I should share that on how we are structured or maybe I did share it with you last time. So, we have got verticals. Obviously, biscuits is one, then we have got cake, rusk and bread as another vertical. We have got dairy as the third vertical and we have got new businesses which is croissant, wafers and all of the new businesses that we are looking at to be the fourth vertical. We've got a very solid young leaders who are very deeply ingrained into their businesses and what we've tried to do is we've tried to create an agile structure so that decision-making is not like a large organization that Britannia is but they can take some quick and dirty decisions whenever necessary so that we don't suffer the reasons for a large company not being agile. We want these guys to operate like startups and that's really helping us. First the quality of people and second the teams that we've set up under them and third the agile structure; all three of them are helping us.

Alok Shah: Considering the paucity of time maybe I will not ask a follow-on but we would like to, maybe the next quarter understand much more on their compensation structure, their ESOP or something of that sort to get more comfort on that.

Moderator: Thank you. Ladies and gentlemen due to time constraints, it was the last question for today. I now hand the conference over to the management for closing comments.

Mayank Mundra: Thanks everyone for spending time with us on this call. We look forward to interacting with you again. Thank you.

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