BRITANNIA

Date: 16th February, 2026

To,

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

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

Dear Sir/Madam,

Sub : Transcript of the Investors/Analysts Conference Call (Group Meet) for quarter and nine months ended 31st December, 2025

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

With reference to the subject cited above and pursuant to Regulation 30 read with Clause 15 of Para A of Part A of Schedule III of the SEBI Listing Regulations, 2015, please find enclosed the Transcript of Investors/Analysts Conference Call (Group Meet) held on 11th February, 2026, pertaining to the financial results and operations of the Company for the quarter and nine months ended 31st December, 2025.

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

Request you to please take the above information on record.

Thanking you,
Yours faithfully,
For Britannia Industries Limited

SONA RAJORA
Digitally signed by SONA RAJORA
Date: 2026.02.16 21:03:34 +05'30'

Sona Rajora
Company Secretary & Compliance Officer
ICSI Membership No.: A35468
Encl.: As above

"Britannia Industries Limited Q3 FY 25-26 Earnings Conference Call"

February 11, 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. VIPIN KATARIA – CHIEF COMMERCIAL OFFICER, SALES AND REPLENISHMENT – BRITANNIA INDUSTRIES LIMITED
MR. MANOJ BALGI – CHIEF MANUFACTURING AND PROCUREMENT OFFICER – BRITANNIA INDUSTRIES LIMITED
MR. SIDDHARTH GUPTA – VICE PRESIDENT, MARKETING – BRITANNIA INDUSTRIES LIMITED
MR. RAMAMURTHY JAYARAMAN – GENERAL MANAGER, CORPORATE FINANCE – BRITANNIA INDUSTRIES LIMITED
MR. YASHWARDHAN BAGRI – INVESTOR RELATIONS – BRITANNIA INDUSTRIES LIMITED

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

I now hand the conference over to Mr. Yash from Britannia Industries. Thank you, and over to you, sir.

Yash: Good morning, everyone. This is Yash from the Investor Relations team. I welcome you all to the Britannia earnings call to discuss the financial results of quarter 3 for financial year 2025-'26. Joining us today on this earnings call is our CEO and Managing Director, Mr. Rakshit Hargave; Executive Director and CFO, Mr. N. Venkataraman; Chief Commercial Officer, Sales and Replenishment, Mr. Vipin Kataria; Chief Manufacturing and Procurement Officer, Mr. Manoj Balgi; Vice President, Marketing, Mr. Siddharth Gupta; and General Manager, Corporate Finance, Mr. Ramamurthy Jayaraman.

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

Rakshit Hargave: So good morning to everybody. And this is my first call with Britannia. So I look forward to engaging with you and also taking on the questions which you will ask. So I will go through the deck slide by slide, and you can follow me there. So if we start with the performance scorecard, specifically for Q3 '25-'26, you would see that in terms of revenue from operations, we have clocked INR4,885 crores. And if I try and look at how does it measure in terms of growth, you will see that on a 12-month horizon, we have grown at 9.5%. And on a 24-month horizon, we have grown at 16.5%.

Consequently, the profit after tax at a Q3 '26 level is at 13.9% of revenue. On a 12-month, it is growing at 16.9%. And if I take a 2-year horizon, it has grown at 22.2%. So you would see that the financial performance is very robust. If I go and look at a YTD basis. So from quarter, we move to YTD, you will see that we have clocked till December INR14,172 crores, which on a 12-month basis is a 7.7% growth. And on a 2-year basis is a 13.1% growth. Similarly, PAT at a YTD level, we are at 13.1% of revenue. On a 12-month basis, we are at 14.6%. And on a 24-month basis, the growth is at 15.8%.

Next, we take a view on something which is very important to us in terms of how are the commodity prices behaving. So you will see that generally, commodity prices have been stable for us. If you take a look at wheat flour, which is very important, it actually came down marginally in Q3 '26. And as we know that February, March are critical season for wheat, and based on this we will see how it behaves going ahead in the future, but at the moment, it looks to be stable.

Similarly, RPO has also in the last 3 quarters come down. Sugar is also kind of stable. And we believe that whatever information we have is that it will remain relatively stable going ahead. Same with cocoa, which has also come down. Laminate prices also very stable and milk price is also slightly stable, how milk behaves going ahead in the future is what we have to see.

If I then take a look at some of the key 5 driving strategic priorities, which we have mentioned. So I would probably take them briefly one by one. So the first one, which deals with our efficiencies and sales distribution and supply chain continues.

I think we are consistently striving that how do we bring more leverage in our sales and distribution model and how do we choose more out of our supply chain. And that works like a good machine. The second one is about elevating brand experience and investment. So obviously, we have upped our investment on the brand, and this will continue going ahead where we want to build a strong sustainable moats with investment around all our brands.

The third is how do we drive our innovation adjacencies, and I've also mentioned future platforms. So obviously, we will be working towards developing something, which is exciting and something which is also relevant going ahead in the future. We've also put a section on focused intervention to fight regional competitors. We all know that regional competition has come up, and they are doing their best and some of them are also doing well.

So we need an enterprising plan to fight them back, and we are putting specific resources to do that and which is why I have also put that as a strategic priority to be driven. And obviously, the fifth one, which is sustainability, which continues, which lies at the heart of many things that we do.

If you also see this visual on the next slide, we've gone ahead with Britannia NutriChoice with a new campaign, and you would see that Amir Khan is there on the campaign, and it has got good feedback. It's been there in the market, I think on the media for about 1.5 months.

Similarly Little Hearts, which I call residential, is doing very well, and we are also supporting that, also Good Day Crafted, which are premium cookies, which are getting a lot of focus in modern trade and larger GT, which is also doing very well. So Good Day Crafted also is on media. Similarly, if I take a look at some of our other verticals, so you see that the Cheese Triangles from Laughing Cow, they're also on TV, and we believe that snacking is an opportunity where we can develop it significantly.

Also Rusk Britannia Toastea and also Britannia Cake, which are also evergreen additions to our portfolio since long, are also on media. I would also want to talk about a couple of new products and innovations, which have gone in the market. So what you would see on the left is Cheeze Dipped, 50-50 Cheeze Dipped. So this has been launched under the Britannia 50-50 platform. It's a very exciting product. It is getting rolled out nationally as we talk. Basically a sweet cheese layer between 2 crackers. If you haven't tasted it, please try and taste it. So we will also have a caramel version coming out very soon.

And then we also have a Fudge, and as you would see that we will also be having vegetarian versions of the Fudge Cake, also Layer Cake. And also, we've launched what we call a Doodh Marie in select markets, where Marie is strong, and there is a lot of equity for milk. So all these are actually entering the market as we talk.

Similarly, on what we call is our adjacency business, so there are new versions of cake. We've also relaunched our Sattvam Cow Ghee, which is getting a very good response. And also, you will see that our Toastea, which is our Rusk, where we are now having a campaign Karo Ek Karari Shuruaat Toastea Ke Sath. What is interesting is that all these 4 categories, cake, rusk, croissant and wafers are growing in double digits. And we can also see that the traction that they're getting in e-commerce is a lot more.

They are literally about 3x of biscuits. While our cheese business is growing more, I would say, marginally, but the other businesses like milk drinks and we're actually entering into the seasonal drinks because February is the month when people start building pipeline for Winkin' Cow and ghee is going much faster.

So some points on our sustainability and ESG. So like we said, that building a sustainable profitable business is at the heart of Britannia. And let me take you through the progress on the ESG KPIs. So we've had a 5.7% reduction in specific water consumption, 2% increase in women in the factory workforce, which is now allowed even for night shifts with their consent. Britannia Nutrition Foundation continues to do good work, and there is a 27% increase in the beneficiary through the foundation. And also in CDP, we've got a sustained B rating in CDP Climate Change and Water Security themes.

Also, I would want to make a mention that the Britannia Nutrition Foundation work in terms of giving energy dense food material to undernourished children has been recognized as a best CSR project of the year 2025 at the CSR Summit and Awards 2025 organized by the UBS Forum. This is something towards which the company is extremely committed.

We will now run through the financial results, and maybe I ask Venkat to take this through. So I'll take it. No issues. So like we said, as you will see the trend that we clocked INR4,885 crores this quarter. And if you take a look at the last 2 successive quarters, we've been growing successively. And I said that our 24-month growth is at 17% and our 12-month growth is at about 9%.

Similarly, if you take a look at our key financial lines, quarter 3, specifically at a consolidated level, sales 9.5%; operating profit at INR895 crores at 17.4%, PBT at INR919 crores at 18.1% and PAT, which is our share at INR650 crores at 16.9%. So you would acknowledge that these are healthy numbers. And if you see the trending quarter wise, you will see that we have been pretty stable and actually in Q2 and Q3, we have moved ahead of Q1, which was a relatively lower number.

Similarly, if you take a look at YTD basis with the same parameters mapped on YTD. So we are at about 7.7% in terms of sales growth. Operating profit is at 13.5%. Profit before tax is 15.1% and PAT, our share is at 14.6%. And here also, if you take a look at a year-by-year trend, so 25, '26 16.4% profit from operations, PBT at 16.7% and PAT at 12.4%. And you can see the comparison with the previous years and make a note where we are as compared to the earlier year.

So this was the brief on the financial lines. So this is what we had to share in terms of the output from the deck that we have loaded. And I guess now we are ready to engage with you, and we are welcome to take questions. Thank you.

Moderator: The first question is from the line of Abneesh Roy from Nuvama Wealth Management.

Abneesh Roy: Congrats on a very good set of numbers. My first question is on the 3x data, which you've given that e-commerce, quick commerce for cake, rusk, croissant and wafer, this 3x of biscuits. I wanted to understand reason and whether there is an opportunity to close this gap of 3x. Is the reason that the national players are much lesser in croissant and wafers, because cake, rusk in my sense is fairly legacy business like biscuits, plus we have seen another food company like Nestle, last 2 quarters, they really ramped up on e-commerce and quick commerce. So is that an opportunity in biscuit side of the business? That is first thing.

Rakshit Hargave: Okay. So to answer the question, I think the fact that we are able to drive the adjacency businesses, which we talked about at 3x should also be looked at positively because the fact is these are also more relatively novel for the consumers, and we have upped the investment.

But at the same time, like you rightly said, it is also an opportunity for us to drive our mainline biscuits much faster. So you would see that the way we treat e-commerce and the investments that we do will become much stronger because we believe that the opportunity in driving both our adjacency and mainline biscuits is far higher.

Abneesh Roy: Okay. One follow-up there, most of the legacy company that is the category leaders tell us that e-commerce, quick commerce at least on the profitability side is generally is higher than the general trade, for you at least for biscuit, rusk and cake, is that true that e-commerce, quick commerce is more profitable than general trade? That is my first question only, it's not the second question.

Rakshit Hargave: It's more or less at the same. So it's not that in some categories, maybe we are slightly less. In some categories, we are a bit better. But if you take a look at the overall portfolio, I don't think there is anything significant, which is different.

Vipin Kataria: Abneesh, Vipin this side. So see, on the first question, which is on the biscuits, see, so biscuits is a very, very large portfolio for us, and it's a mix of staples, then there is indulgence and there is impulse. So what we have seen is that in the quick commerce today because there is instant gratification, occasion-led consumption, which is happening. There is a very clear acceleration, which is happening on the indulgence and the impulse side, right?

So let's say, Marie or a Good Day, the top end of Good Day is doing well, but the staple brands will take a while because the shopper mission is a little different, right? What has happened in croissant, wafer, cake also is that this entire wave of impulse and instant gratification has really helped us to accelerate our business.

And like Rakshit is saying that the intent is that even the other side of biscuit, which is more planned purchase, staples, right, starts moving up. So I think right now, in e-commerce, we are in a leadership position, and that gives us confidence that by doing more investment, we will be able to accelerate the growth even higher. I think on the profitability side, we are today in a pretty good shape. Intent going forward would also be to launch a lot of digital first brands where it will be margin accretive, adding to the overall profitability story of e-commerce.

Abneesh Roy: My second and last question will be on the sales growth and competition. So the 12% sales growth in November, December, any one-off effect of channel refilling given GST issue was behind. Second is local competition, earlier MD had said was largely in Eastern India. And you have said that, that is one key priority to take on some share back from local competition. Is that because opportunity has arisen because of the GST rate cut, the compliance will now be more of a challenge for local players or the local competition is a genuine problem in most parts of the country? That is the second question.

Rakshit Hargave: So Vipin, maybe let me make a few comments and if you can join in.

Vipin Kataria: Yes.

Rakshit Hargave: So October was a transition month where we saw a bit of a dip, but I think in November, December, I don't think there is any impact of channel filling. This is a routine business based on sell-out and consumption, so which has kind of stabilized. In terms of regional competition, yes, I'm aware that in the past, we have talked about regional competition in the East. The truth is that there are pockets of regional competition in regions apart from East also.

And they are all operating like small active small units. And I think our plan is to address that in a focused manner, while we are a large company, how do we really compete them on even terms on the overall product and marketing mix. So I would say that while East is a hotbed of competition, but regional competition exists in other clusters also, which, like he said, that we have actually mentioned as one of the strategic priorities in terms of how to address that. Vipin, would you want to add more to it?

Vipin Kataria: Yes, so there is no impact of, let's say, inventory going down and inventory fill up. So I think we have had a smooth transition for GST. So basically, we are focusing right now on increasing the transaction, which is a number of packs sold because that is the most important for us to capture that shelf and market share.

See, on the regional player, there are 2 kind of regional players that we see. The first one are the unlisted players, I would say, which are basically very, very localized players. And as the flour rates or the commodity rates are benign, these are players, which will give extra value and trade schemes and therefore go up. Now to counter them, we are building and increasing our investment in the brand like Rakshit is saying. So that will be for the localized player.

The regional players play on their strength of understanding of flavor, consumer and they have created certain formats which are very good. So I think our game right now is to make sure that we quickly adopt and adapt the manner in which these regional players are developing these flavors and formats and very quickly hit them in certain pockets of the market where we are getting a pushback.

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

Mihir Shah: Rakshit, congrats on your new role and the team for the great set of numbers. First question is on the demand environment. First, if you could maybe just break up the 9.5% into volume value. The other thing is that the other large player for most part of the third quarter, was seen to remain at INR4.5 and INR9 price point.

So did this have any volume pressure for you for the quarter? And has all the industry now moved back to the INR5, INR10 price point with a higher grammage and the impact on volumes on the back of that in the coming quarters? So that's my first question.

Rakshit Hargave: Okay. So I think Mihir, thank you for your comments. And I think what you've asked is a relevant question. So if you take a look at the overall value growth we have, so obviously, it is a mix of volume and it's also a mix of the higher value realization because of the GST difference, that has hiked. So as you would know that when GST transition happened, Britannia being the market leader, we were the first company to transition and the way we addressed the INR10 and the INR5 price point is that we give extra biscuits.

So the option was that you can reduce the price point to INR4.5 and INR9. So for a very short interim period to manage the packaging material, we did that, but we were first off the block moving to INR10 and INR5 with more biscuits. The implementation of this from the other companies has been staggered. So a couple of national competitors have moved fully, but some of them are still transitioning to the model where they will sell at INR10 and INR5 and some large companies have not started that as yet.

Now obviously, that creates a situation in the market, which I also mentioned in the release, that price points post GST are still stabilizing. So obviously, what is happening is that when you are going to sell the biscuit at INR4.5 and INR9, ultimately, the consumer is usually ending up paying INR10 and INR5.

So this arbitrage is actually landing in the pocket of the retailer, which could mean that in certain sections and certain channels, there could be a diversion of some business towards these companies where the retailer is seeing the opportunity to create some temporary advantage for himself. And as a result, the volume growth would be slightly asymmetrical across these channels. But we also hope that this is something which is going to get corrected very soon.

But at the moment, the market is still in a bit of flux because all companies have not fully moved towards the INR10, INR5 price point and 2 price points on the packaging still exists, which is a bit confusing. Vipin, would you want to add something on this?

Vipin Kataria: Yes. So see, the cornerstone of this entire GST transition, which is mandated by the government is to pass the benefit to the consumer. And therefore, like Rakshit said, we were first in the block to move, right, give that extra grammage and value to the consumer. But what has happened is that others have decided to stagger it because of certain tactical gains, and I think that's been a difficult phase, but we have kept our focus in terms of increasing our distribution, our transactions, and that is what has really helped us.

I think as we speak, a lot of these regional players and national players are going back to INR5 and INR10. And I think by end of this quarter, most of the price points would be the round price point, passing the entire benefit to consumer. But yes, in the interim, I think the trade has gained and basically, people have played that tactical game.

Rakshit Hargave: Yes. So Mihir, ultimately, this GST drop move by the government is a very good move, and we are extremely confident that in the medium to long term, this will be very beneficial to the consumers. But I think there is this period of transition, which is going to have a few issues. But hopefully, we are confident that it will get sorted out very soon.

Mihir Shah: Understood. Very clear. Second question is on the margin profile. The gross margin seems to have done quite well, RM prices the way we see it continue to remain benign and the new innovations appear to be gross margin accretive. Can one expect the overall gross margin profile to go back to 44% levels that we had seen 2 years back? And more near term sequentially, can one expect margins to improve from these levels on a quarter-on-quarter basis? So that's my other question.

Rakshit Hargave: So Mihir, we know that the margins that we've had are very good and a lot of factors are at the moment favorable. So you likely said that the commodity prices are stable and maybe on the lower side. So while we won't want to make any future forward-looking commitments. But a couple of reality points are is that, yes, we will be upping our investment on the brand, and I believe that we need to do more.

But at the same time, there are multiple factors, there are moats. And I think our attempt would be to balance out the margin and to kind of deliver something which is exciting. But yes, we will be increasing our investments on the brand. On the historical point, as you said, Venkat, would you want to add something on that? On the historical margins 2 years back which Mihir was asking. Mihir, can you just...

Mihir Shah: Venkat, gross margin had gone to 44% levels, and we had seen some quarters going to EBITDA margins of 20% levels. I wanted to just check, so while you've come back to 20% EBITDA level, can we expect gross margins to further improve from here? Or do you think any investments will be put in back and the sustainability of the 20% EBITDA margin, if you can throw some light on that one?

N. Venkataraman: Mihir, we don't give forward-looking guidance, yes. But you also know that some of the crop season start by March, April. Flour for instance, the crop season is March, April. The initial estimates are that the acreage under cultivation is significantly better, subject to other things being there, we are hoping that flour prices will continue to be favorable, yes.

On RPO, there has been volatility that we have seen with government intervention on duties, etcetera on imports, which again has come down. We need to see what happens to that and similarly on sugar. But fundamentally, we believe that the key commodities seem to be stabilizing than, let's say, in the last couple of years, right? We really need to move forward and see what happens, but essentially, as we look at it today, this is how it looks. They are looking reasonably stable. Things can change, but yes.

Moderator: Next question is from the line of Vivek from Jefferies India.

Vivek: Two questions. First, Rakshit for you. Now that you've taken charge as the CEO and have been around for some time. What are your identified top one or two areas that you want to focus on, let's say, from the -- in 2026 or maybe in the next couple of years?

Rakshit Hargave: Yes. So Vivek, thank you for asking this. So like I said, we are doing a few things, and we will be rolling out a strategic plan, which would address both the near term and medium term. Maybe at the moment, I would want to highlight on the following things. If you take a look at these strategic priorities, apart from the fact that we want to drive efficiency on sales, which is a continuous program, and Vipin and team are doing a good job along with replenishment supply chain. You would have noted that we have talked about working on brand Britannia.

You would have heard the announcement that we've hired a new CMO, who's going to be the CMO for all the businesses, except Dairy and international business. So obviously, the idea is to bring a refreshed part of Britannia and the products upfront to look at them in a manner which leverages on the legacy strength of Britannia, but still present ourselves as a new modern company and how do we elevate brand experiences.

The other focus area would be, I think, where we need to do more work and where we haven't done maybe in our assessment work is to create the category of functional foods. So you would have seen we've talked about future platforms. So we would be working towards -- we have a great brand in Britannia NutriChoice.

So we would be making plans in terms of how do I really expand our portfolio into a very relevant and focused portfolio in this segment where Britannia starts to play much more seriously, and we would want to act on that very soon. Apart from that, also, there would be certain initiatives. But I think one is to keep -- continue working on what has worked well for us and how to develop the brand salience of Britannia in a much more bigger and modern manner. And the third would be how do we really develop this new platform that we are talking about.

Vivek: Interesting. The third one is particularly interesting, and that was my second question for you, Rakshit. When we go to any quick commerce, and we heard your comment on how you are also doing on quick commerce, but it appears that especially on the food side and maybe even in case of personal care, there is a fair amount of competition which has picked up and there have been at least one company in the FMCG space, which has been very systematically acquiring these small brands and early stage franchises and have been able to scale up well.

What is your thought process on build versus buy? Because brand Britannia stands for something which is great. But then do you think there is a need to also have a few of these look at these franchises? And if possible, maybe acquire some of those?

Rakshit Hargave: Yes, Vivek. So like you rightly said, we believe that Britannia by itself can do a lot more things. And I gave an example, but we also believe where we have not taken off the blocks is that there are maybe attractive opportunities on the inorganic side and Britannia would be justifiably evaluating them. So the idea is going ahead that how do you really make a composite portfolio and everything cannot be built from organic. So that door is also open for us.

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

Arnab Mitra: My first question was actually on market share, where you mentioned about the regional players. Wanted to just understand if there has also been any increased competition from the national players and has Britannia been able to hold its market share versus relative to the other national players?

And a related question is, if I look at a lot of the priorities which you mentioned, adjacencies, competing with the regional brands better, e-commerce channels. Do you think you would have to significantly up your investments and more in the sense that can you -- would you be able to sustain your margins here? I think the previous question was more about expansion of margins, but wanted to understand if all of these require investments, which will have to ultimately come out of your current P&L?

Rakshit Hargave: Yes. So Arnab, yes. So let me answer your questions in the sequence that you asked. So yes, against national players, we are holding shares, in fact, over a 2-year period, we've actually gained share over national players. Now the point is on market share, like I said, there are 2 price points existing in the market on the packaging because many of the companies have not migrated fully to INR10 and INR5 and INR10 and INR5 because a large portfolio of biscuits actually sells either at INR10 or INR5.

So we are in discussion with Nielsen to really sort out the issue because at many places where the actual selling price should be INR4.5. Nielsen is capturing it maybe close to INR5. But that's a discussion that is ongoing and I'm sure that it will get sorted out. But at the moment, which is why I said that prices in the market are in a bit of state of flux and the GST transition is still happening from that point of view. But we can see that more and more companies are moving towards the finalized packaging, where we are declaring a INR10 and INR5. So from that point of view, the market share still remains in a bit of flux.

Now your next question, the fact that we are going to be fighting regional competition, we are going to be investing in e-commerce. Yes, that will require more funds, and we are committed to invest that. We believe that the opportunity for us to drive top line better is definitely there.

And I think we will be taking a very pragmatic view of that, that driving top line is also important because we can gather far more customers who consume Britannia and our other brands. What happens to our margin profile, like I said, we will always keep it balanced under the check, but I think there are opportunities where we can make a better play with investments, and we will be choosing them very selectively.

On regional competition, the fact is, yes. We will work as I said, small group of enterprising businesses and not treat them like national competition. So we will have a start-up mentality to fight these people, and we will make sure that the ambition that we have are more than the resources that we put and we actually deliver it better. So we will manage the expectation accordingly.

Arnab Mitra: Got it. My second and last question is more of a bookkeeping question. So you have mentioned this loss of state finance fiscal incentives to the extent of INR65 crores for this quarter is what I understood. Also, there is like a bumping up of other operating income you've got from one of the state. So should one take as this quarter's other operating income minus that state 1x incentive you've got as more of the run rate going forward? And any discussion with the states of potentially making up for that or it is partially offsetting that loss of incentives?

N. Venkataraman: Yes. So you're right, the incentive that we got from the state of Bihar is something that accrued in this quarter and therefore is very specific to this quarter. However, having said that, we also have, as you may have seen, provided for the Labor Code impact in this quarter to the tune of INR48 crores. So in some sense, they neutralize each other.

To your second question in terms of have we reached out to the state governments? We already have or in discussions with the state government authorities for providing us an alternate ways of providing the incentive that was intended originally. We're talking about converting this possibly into a capital subsidy or of extending the period of incentive or any other form that would be appropriate under the current circumstances.

And we are hopeful that the government authorities are being very positive. We are hopeful that we should get some relief, not just for us. It's going to be industry-wide requirement and it is also going to impact those who are going to invest in future.

Moderator: Next question is from Percy from IIFL Capital.

Percy: Just a question on GST, about 60% in price point impact…

Moderator: Percy, sorry to interrupt you, but we're losing your audio. Can you please come in a better reception area, please?

Percy: Is this better?

Moderator: Yes, go ahead.

Percy: Yes. So see, about 60% of your portfolio is price-pointed packs, which are essentially close to like a single consumption pack. And in this, you have sort of given 12% extra grammage. So about 6% to 7% extra grammage as a portfolio has gone through. And since the net realization per kilo is unchanged, that would mean 6% to 7% extra sort of sales should come through? In light of this, the overall sales growth of 9% is a little low. So what am I missing? What am I calculating wrong here?

Rakshit Hargave: So Percy, like you calculated, the 9.5% growth, I said is broken down both into volume growth and growth coming because of GST. So when I say growth because of GST, it means about --

that would translate to about 4.5% and the rest comes from -- because our products have also rolled into the market sequentially. So it's not that the full quarter has sold at the lower GST rate. But yes, you are right. So about half-half, 50-50 has come from volume and half has come from value because of the GST.

Percy: If basically the GST rate had not changed, does it mean that the sales growth would have been like 4% to 5% in that case?

Rakshit Hargave: No. But you would also realize that because of the transition and the change there was a challenge in the month of October. So if the GST had not happened, we would have had a better October. And henceforth, the number would have still been more closer to what we have delivered than because of the factor that you're talking about.

Vipin Kataria: Yes. So I think the underlying growth cannot be called out like that because, obviously, the environment in which we were operating in quarter 3 was very different, right, from the competitive scenario to the transition, which was happening factory by factory, brand by brand. So I think it cannot be equated, Percy, like that.

Percy: Understood. Sir, given the fact that these price cuts or rather volume increases were happening...

Moderator: Percy, sorry, we are losing your audio again. Percy, can you hear us?

Percy: I'm saying because you have not implemented the extra volume for the entire quarter. Would it be fair to assume that going ahead, the sales growth would be more towards the low teens kind of a number is the full quarter is sort of taken into consideration. And also given that the other competition is now moving from INR4.5 to INR5 or INR9 to INR10, etcetera?

Rakshit Hargave: So Percy, again, 2 points. We would not want to comment in terms of how we will deliver in the coming quarter. But like we said, Britannia has fully implemented the proposed government GST reduction and giving benefit to the end consumer. So we are like fully on the table.

The other companies are still doing so, and which is why there is a bit of flux in the market in the channels. But we are hopeful of continuing good performance, and that's how we see it. But yes, it also depends on how the prices stabilize, depends on the other people also as to how quickly they are able to change.

Percy: Understood. Second question is on gross margin. This quarter, we had a 530 basis points kind of gross margin expansion Y-o-Y. So just wanted to understand what drove it? And is this sustainable?

N. Venkataraman: So you're talking about the gross margin versus the last year same quarter?

Percy: Yes, versus Q3 last year.

N. Venkataraman: Last year Q3 was when the RPO prices started going up, if you will remember, yes. Q3 and Q4 when RPO prices started shooting up. And then we started initiating the price correction activities from Q4 and Q1. So it's a combination of 2 things. And so one, the inflation that happened and a delayed price increase with a lag of about 2, 3 months that happened for us to initiate the price increase. So now with the commodity prices tapering off on the prices remaining stable there, you see that expansion of margins.

Percy: Or anything. This is like a sort of a clean number?

N. Venkataraman: Yes, this is a clean number. Correct.

Moderator: Next question is from the line of Nihal Jham from HSBC.

Nihal Jham: Two questions, a follow-up to the earlier participant that in the earlier Q2 call also the earlier MD mentioned about the possibility of 15% top line growth, which is say the underlying 9% that the business has been doing and the potential sort of 6% coming from the grammage change that is happening on the back of GST. Given November, December, a sort of clean number at 12%, just wanted to understand that is there a possibility that the growth can sort of uptick to that number in the coming months or quarters?

Rakshit Hargave: So Nihal, like you said, we would not want to comment on whether we can move to 15%. But yes, November and December were clean months, and we saw that we delivered close to 12%, but like we also said, the overall market is also stabilizing. So we'll have to see how it moves on.

Nihal Jham: Sure, Rakshit. Just one more question. You did highlight about all the initiatives that you plan to take in the coming months, would it be possible to give some more granularity specifically on the adjacencies, given all of these 4 categories are sort of very different and divergent. So just some quick thoughts about how you're thinking of each of them.

Rakshit Hargave: So at the moment, what I can share with you is that one of the changes that we are bringing on is that the CMO is going to be responsible for brand Britannia under all the verticals, which also includes adjacencies, which basically, for us is croissant, rusk and cake. Earlier, they were managed as a separate business and the marketing head is not directly accountable for that.

So we expect to bring in synergies, common themes and I have identified area where there could be a multiplier effect because we treat them as a part of an umbrella family. So at this stage, I can tell you that one of the objectives of bringing in a CMO for the overall business, was to also bring about more relevance for this portfolio, and that is one of the things.

You would also see more innovation coming also on the mainline business and also on these. So obviously, we will accelerate. And I think with a CMO, the ability to collaborate and work with R&D more proactively and in a more agile manner will also be better. So that's what you will see. And when we do more things, we will share them in the future with you.

Nihal Jham: Sure, a quick follow-up. Anything on distribution or pricing for these adjacent categories, which can potentially look better or different?

Rakshit Hargave: Maybe, Vipin, you would want to comment on this.

Vipin Kataria: Sorry, I missed the question. Can you please repeat?

Nihal Jham: No, I was just checking, Rakshit mentioned about umbrella branding sort of for the adjacencies also, incrementally, any changes on the distribution or the pricing structure for the adjacent categories, which can change in the coming months?

Vipin Kataria: Yes. So see, I think last year, which is the calendar year '25 has been a little turbulent for us because we did some price changes because of inflation, which didn't go too well in the market, right? So we learned our lessons the hard way and we came back with those very competitive price points.

And as we exited calendar '25, our growth rates have been pretty good. So I think whatever we have to do in terms of doing the right pricing against the local competition or national competition or driving distribution has been taken. And like Rakshit said, I think a lot of brand investment will start happening in some of these categories because cake and rusk are fairly large categories. They're bigger than even some of the biscuit brands. And I think a lot would be done on the brand side, so that our offtakes are full, our repeats are good, and that is then augmented by good distribution, both in urban and rural.

And then what we have also found is that in modern trade and e-commerce, where you can build discoverability where the conversion is more instant because you're doing activations on the platform, right, is again going to be a big focus area. So therefore, the salience of these brands is increasing in these channels, and that's a very welcome change. So basically, going forward, omnichannel approach, a very strong price points, pushing back local competition and in the overall brand investment is what we will drive adjacency growth.

Moderator: Next question is from the line of Harit Kapoor from Investec India.

Harit Kapoor: Just one thing on this 12% growth in November and December, how much of this was volume driven both organic plus GST led? And how much of it was the carryforward impact of pricing over the last, say, 3, 4 quarters, which we had done, I think we've done something in Q4 of last year. The reason I ask is we anniversarized this from Q4. I just wanted to get your sense about how much of it is volume-led GST, volume-led otherwise, so we can get a clearer picture.

Rakshit Hargave: Yes. So Harit, like I said, the 12% is equally divided between volume growth and the growth that we are realizing because of higher NSC realization as a result of rate reduction. It's about half-half.

Harit Kapoor: Got it. Okay. Okay. So this...

Vipin Kataria: See, so the other -- one more dimension I would want to add is that the consumption the way people consume our categories also changes quarter-by-quarter, right? And therefore, to put any forward guidance on those numbers would be very difficult. I think because like Rakshit have been saying, there is a flux in the market, and there is a consumption angle, right? So I think quarter 4, what we will see is healthy growth, but can't predict right now.

Harit Kapoor: And the second thing was just for Rakshit. So there have been -- you mentioned the team addition has happened as you called it out in the release yesterday. Just wanted to get your sense about whether you feel that at least from a future perspective, are there other pieces that will get filled up over time. Is there a need at all, etcetera, as you further this growth agenda?

Rakshit Hargave: I think there was a bit of disturbance on the call. Can you just repeat your question again, Harit?

Harit Kapoor: Yes, my question was regarding team additions, and do you believe in order to kind of further your growth agenda, whether e-commerce or innovation or otherwise, you would need to kind of further add team members, especially like you have announced the CMO addition?

Rakshit Hargave: So what I'm answering to Harit is that, so obviously, we made an announcement yesterday. The way I would put it is that we have an overarching overall people agenda. And the people agenda means it's a combination of positions. It's a combination of our ways of working. It's a combination of creating a high energy organization, and we've already been a very admired company, but we really want to take it to the next level in a very, very relevant manner for today's world.

So I don't want to share more deals on the people agenda right now, but you will see that we will move fast, and we will really do what needs to be done to make Britannia sharper focused and very relevantly aggressive.

Moderator: Next question is from the line of Amit Sachdeva from UBS Group.

Amit Sachdeva: Sir, my question is on cheese category. So I -- obviously, this category was supposed to be the driver of your dairy or at least the bellwether of dairy foray and the value addition and things like that. But for some reason, the milk or the flavored milk has grown and other extensions in dairy has grown. But cheese, which was supposed to be the bellwether for this initiative has not worked.

And clearly, for several quarters. And is there a thought process how -- and it's supposed to be high growing as well. What is the thought process here given the investments that you've already made, JV that you did, how cheese as the category will be resurrected? That's question number one. And I'll ask my second question later.

Rakshit Hargave: Okay. So yes, like you said, cheese has been a slow starter for us. And we acknowledge that. But let me tell you some of the things that we are doing to be able to correct that. As you would have noticed in the month of December, we also now have a new head for our dairy business, who also is involved to head what we have is our cheese business, which is housed under Britannia Bel Foods, which is our JV with the French company, Bel.

So obviously, we are looking at cheese from all angles. So we know that we have capacity. But I think to add that, there is work that is being done to make our cheese portfolio more attractive. There is innovation, which is happening. But mark my words, we are already the second largest player in cheese slices after the market leader. And we have a reasonably good position in general trade and also in select modern trade.

But we are looking at innovation. We are looking at price points. We have kicked off a much more solid relationship with our JV partner in terms of what we can do. So you will see initiatives on cheese and also working much more closely with some of the modern trade customers, where we have not been able to make more headway.

And you'll also see new propositions coming in. So like we said, cheese is important for us because I think from a brand perception point of view, Britannia's domain connectivity with cheese and dairy is high, and we would want to really leverage that. So I could say that we are starting a new leap to be able to put lot more focus here.

Amit Sachdeva: And we look forward to hearing more on cheese. Second question that I want to ask is the quick commerce and e-commerce foray and how biscuit as the category has interacted with it? I think Nitin alluded to it that there is an indulgence and impulse category, which is doing well. But my sense is the previous thought process was that e-commerce on an aggregate basis tend to be margin dilutive and hence, it's a very selective play.

But given that the indulgence is growing, is it opening the opportunity for aggressive expansion in new categories or new extensions, maybe chocolates or something like that, which basically can help you exploit that opportunity better and hence, we should see aggressive innovation exploiting that channel and also indulgence and impulse, which are some of the categories which are absent. And is there a thought process around how we should think about that piece?

Rakshit Hargave: So I will make a few comments. I will give it to Vipin then. Vipin made a point that we are now going to also look e-commerce as a business unit where we will incubate some innovation, incubate new development and be faster to the market. And I think that's the reality towards, which we are committed.

As far as the business profitability, like we said, I think we are fairly well positioned on e-commerce, and I think we are definitely going to drive it. And Vipin, if you could add more color on the rest of the questions.

Vipin Kataria: Yes. Thanks, Rakshit. So see, I think the opportunity, which q-commerce and e-commerce present today sheer from a category penetration point of view is immense, right, because the category penetration is just around 20-odd percent, right? So let's say, out of the 100 consumers, which are going on q-com, our category penetration is just 20. This also has moved very rapidly. And as a market leader, as a brand, we would want this category penetration to go up. So therefore, our entire joint business planning with the q-com customers is basically how do we expand or deeply penetrate in terms of categories.

Now within the categories, there are staple categories, there are impulse categories, there are indulgent categories. And therefore, when I'm talking about this 20% kind of penetration, that's at an overall biscuit level. And therefore, there are lot of layers which we can really unfold and we can keep accelerating that category penetration, right?

So therefore, the growth will keep coming from a category penetration point of view. The second, what's happening is that the density of the dark store is going up in the top 15 metros, right? So I think that's, again, a big opportunity. Today, q-com is going to 150-plus cities, right?

That's another dimension of opportunity.

The fourth dimension of opportunity, what we call now is resident jewels, which is that while we have so many brands, but there are certain brands where we have underinvested there is good margin profile of these products. And therefore, let's invest rightly in these products, right, before we set up this entire business unit, which Rakshit just spoke about.

So let's say, Little Hearts in our portfolio is a brand, which I think we have not invested enough, we have not focused enough. And therefore, there are those resident jewels, which we will start focusing and that's very apt for q-commerce and e-commerce. And therefore, what we have seen initially is very, very good growth, right?

What we're also saying is that whatever an investment that we do will also be synchronized on the platform so that what you see on digital, what you see on TV will also come alive on the q-com and e-com platform. And therefore, there is a complete 360 experience, uniformity of experience, that a consumer sees.

Then there is a fifth leg, which I spoke about, which is how do you make sure that our margin profile keeps moving up, right? So therefore, what we are saying is that there are a lot of these resident jewels, where the margin profile is already good. And then what we're launching specifically for q-com will give me accretive margin, which will ultimately start translating into good profit from operations, and we are already ahead of the competition, both in terms of our market share as well as profitability. So we are very clear and excited about this entire transition, which is happening, right? And that gives us an opportunity to give the right kind of assortment at the right kind of margin to the consumer.

Amit Sachdeva: Got it. Vipin, if I may ask, what is the current e-comm and quick comm penetrate -- like a revenue salience for you? And where do you see, say, 2- to 3-year view where it could be?

Vipin Kataria: So right now, it's high single. And see, we know that every quarter, this is moving up, right? So what we will end up with a high single salience. I think this certainly will move very quickly maybe to the early teens or twins, right, is how we see this going forward in FY '27.

Moderator: Ladies and gentlemen, we will take that as a last question. I'll now hand the conference over to Mr. Yash for closing comments.

Yash: Thank you, everyone, for spending time with us on the call today. We look forward to interacting with you again. Thank you again, and have a good day.

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