



“Britannia Industries Limited Q3 FY-19 Earnings
Conference Call”

February 11, 2019



MANAGEMENT: MR. VARUN BERRY – MANAGING DIRECTOR
MR. N. VENKATRAMAN – CFO
MR. GUNJAN SHAH – VP (SALES)
MR. MANOJ BALGI – VP (PROCUREMENT)
MR. SUDHIR NEMA – VP (R&D AND QUALITY)
MR. VENKAT SHANKAR – VP (DAIRY BUSINESS)
MR. JAYANT KAPRE – VP (ADJACENCY BAKERY)
MR. RITESH RANA – VP (HR)
MR. PIYUSH BHANDARI – INVESTOR RELATIONS



Britannia Industries Limited
February 11, 2019

Moderator: Ladies and gentlemen good day and welcome to the Britannia Industries Limited Q3 FY19 Earnings Conference Call. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing ‘*’ then ‘0’ on your touchtone telephone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Piyush Bhandari – Investor Relations team. Thank you and over to you sir.

Piyush Bhandari: Thanks, Karuna. Hello, everyone. This is Piyush from the Investor Relations team. I welcome you all to the Britannia Earnings Call to discuss the Q3 FY19 Results. Joining us today on the earnings call is our Managing Director – Mr. Varun Berry, CFO – Mr. N. Venkataraman, VP (Sales) – Mr. Gunjan Shah, VP (Procurement) – Mr. Manoj Balgi, VP (R&D and Quality) – Mr. Sudhir Nema, VP (Dairy Business) – Mr. Venkat Shankar, VP (Adjacency Bakery) – Mr. Jayant Kapre and VP (HR) – Mr. Ritesh Rana.

We will start the call with remarks on performance by Mr. Varun Berry, subsequently, we will open up the call for Questions.

Before I pass it on to Mr. Varun Berry, I would like to remind you that anything which we say that refers to our outlook for the future is a forward-looking statement which must be read in conjunction with the risks and uncertainties that the company could face in the form of general economic conditions, commodities and currency fluctuations, competitive products and pricing pressures, industrial relations and regulatory developments.

I would now like to pass it on to Mr. Varun Berry for his comments.

Varun Berry: Good afternoon, everyone and welcome to the call. So let me start by getting to the presentation.

Let's go to Page #3; what we really are motivated by is the consistency that we have had in our performance over the years and over the quarters. So as a team we feel very good about that and that's pretty evident from Page #4, if you look at it our CAGR on the top line has 11% and CAGR on the bottom line is 31% over these years right from 12-13 to 17-18.

Now getting to the strategic plans, all of you have seen this. But just to repeat a heightened innovation, new categories, our dairy and international distribution momentum and cost efficiency programs are the planks which drive our profitable growth and obviously the underlying factor is our nimble homegrown stable team and our credo of “Britannia for Britanniains”.

Moving onto the next page; as far as innovation in this quarter was concerned we've launched the whole-wheat Marie, we also did Good Day Cashew Almond. These were new launches and



Britannia Industries Limited
February 11, 2019

from a renovation standpoint we relaunched 50-50 which is giving us great momentum. So I must tell you that our innovation planks are getting us a lot more revenues than we have seen in the past. So the innovation agenda has accelerated from a Britannia perspective. We have also bridged portfolio gaps in Cake which is on Page #7. And you will see the new Cake formats that we have launched, so we have launched layer Cakes, we have got Swiss Rolls and we've also launched Chocolate Brownie. This is very-very new so we are in the process of distributing it so it might not be as widespread as we want it to be but in the next month or so you will start to see it in your neighborhood shop. And again the underlying factor here is organoleptic superiority, attractive packaging. I do think that this whole cake family is truly looking like a family now. Earlier we used to have different products looking very different but today I am very proud to say that it's looking nice and it looks like a family. And these two at affordable price points and we have also got shelf ready packs which give us tremendous visibility on the shelves of the stores.

Moving onto the next page; we have got two new categories, one of which is in the market and the other one is soon to be launched. So these are under the Treat brand and we have launched the Wafers which were launched in South of India as well as in modern trade and now we are slowly scaling this up in the West and then it will go to North and East as well and the Croissant which frankly is my favorite product. It's been a little delayed because the commercialization of the line has taken a little more than we thought. But we are almost at the end of the journey and we will be soon in the market. So next month we should be in the market with this product as well which will make Treat a mega brand which straddles not just many formats of bakery products but many categories as well.

Moving onto the next page which is on Dairy and international business; as far as Dairy is concerned, our Cheese portfolio has started to do very well but the highlight really is the Winkin Cow product which is the Milkshakes that we launched about 6 to 7 months back which have got tremendous velocity and as we get into the season for soft drinks and drinks this is going to see a huge uplift. So we are very-very happy with the performance of Winkin Cow. As far as international is concerned, we are, while the trends in the Middle East are not great from economic growth standpoint. Every company seems to be getting stymied as far as Middle East growths are concerned. But we have seen the double-digit growth in the Middle East and we've just about commercialized our line in Nepal which should be ready for commercial production in another 30 days or so.

Moving onto next page which is about distribution; our distribution agenda continues to generate pace. So, now we are at level directly in 20.8 lakh (2.08 million) outlets which is almost three times what we used to do, so very happy with that number as the way the progress is on distribution. As far as rural is concerned now we have got almost 18,000 distributors and we continue to clock very solid double-digit growth in the rural markets. The Hindi belt continues to grow faster than our overall growth for the company. So, Rajasthan YTD we have seen a 25%



growth, in Madhya Pradesh 21.3%, UP which is the delight is now at 19% and Gujarat is at 17%. So we are seeing very good growth in the Hindi belt which was earlier week.

Moving onto the next page which is the cost efficiency programs; this is no#1 top of the buyers are indexed to the savings that we had in the year 13-14. So we continue to be at 4.5 times what we did in 13-14 and its approximately 225 to 230 crores of savings that we will get to the bottom line this year. Page #12 which shows our food park in Ranjangaon, we have commercialized two Cake lines and two Biscuit lines and as we speak we are building more lines there as well. As I said in the past its 150 acres plot with a lot of room for us to expand and this is really looking good, the plants looking good. We are also in the process of commercializing our Croissant line which should be done in the next 15 to 20 days.

Page #13, it's about our strategy to be Global Total Food Company and we have organization structure which supports that, so we have got the VP (Sales and Marketing), Ali and Gunjan. We've got VP (Adjacency Bakery), Jayant who has four General Managers under him, one handling the Chipita product, the second Bread, third Cake and Rusk and fourth the new categories that we want to get into. We have got a VP (Dairy Business) which is Venkat and VP (International Business) which is Annu Gupta and then we have got the entire slew of enabling functions with stable and very-very good leadership in each one of those functions.

Moving onto the Britannia Nutrition Foundation; we have just added this so that we are able to tell you on what we are doing as far as our CSR is concerned and I will hand over to Sudhir Nema, who is our VP (R&D) to take you through this.

Sudhir Nema:

Thank you Varun. Good afternoon everyone. Under this Britannia Nutrition Foundation we have been focusing on two big areas. First one is about the healthcare program wherein we have been working on upgrading and renovating Bai Jerbai Wadia Hospital for children in Mumbai. There we have installed the CT scanner which is helping almost about 1000 patients every year. We have conducted almost 65 camps in Palghar which is highly malnourished district in Maharashtra which has benefited 5000 children and about 2500 pregnant women and installed about 12 ventilators which is benefiting about 400 children annually.

Moving onto the malnutrition; there are two again big focused areas. One is to basically address the prevalence of anemia and second thing is about the malnourishment.

So for anemia we have been working in four states and having the four different programs which I will talk about in the next slide which is slide #17. So far as the program for anemia which is benefiting about 60,000 children now. In Karnataka we have been working in Uttar Karnataka district which is the program which is going on for last 1.5 years. Here about 43,000 children are getting benefited with the program in 11 blocks and this is the program which we are running through the Anganwadi centers. In the Rajasthan we have just started the program about 2 months back wherein we are working with 49 government schools in 2 blocks which is



*Britannia Industries Limited
February 11, 2019*

benefiting 13,000 adolescents in these schools. Similarly we are working in Chhindwara as well as Rikhia in Jharkhand. So these are the programs which are aimed to really reduce the prevalence of anemia. At the same time we have been working on the product options which can reduce these severely acute malnourished children's status. This is a big issue and on this we have just basically got the product development done. We are working with UNICEF to get the approvals for the products so that we can become the global partner with UNICEF on this product. Now just for the next one I will just hand over to Ritesh Rana, who is our VP (HR).

Ritesh Rana:

Hi, I would be talking about people philosophy. Varun in his presentation talked about team being nimble and "Britannia for Britannians" being one of the key levers of our success. We have now relooked at our people philosophy and redrafted the same in line with our corporate brand, 'Exciting Goodness'. So we looked that something which was unique to Britannia as well as represented Excitement and Goodness that we provide in our organization and that's where we have looked at our people philosophy as "Make Things Happen". This is built on four pillars of inviting, creating, igniting and doing the right thing, largely trying to answer what would Britannia provide to Britannians, what would be looked forward in Britannian while doing all the right things. So this is the new philosophy that we have recently developed and we will be rolling out inside the organization to continue to have an organization which will be nimble footed and will be team oriented and collaborative.

Varun Berry:

So getting onto the results, I will ask Venkat to intervene at the right time. But just Page #21, if you were to look at our YTD growth numbers for '18-19 on the right-hand corner of the slide; this year we are growing at 12% in revenue terms and if you were to go to the last line on the same slide you will see that if we were to look at our 24 months growth, it has accelerated from a low of 12% in Q4 of 16-17, slowly to a 25% in this quarter. So this is in the last eight quarters were the best 24 months growth that we have seen.

Moving onto the next slide which is about our commodity basket; so our commodity basket sits at about 4% inflation for this year. The inflation has predominantly in Flour, so we have seen a 9% inflation in Flour and there is inflation in RPO because of the duty increases, so the duty during this year increase from 30% to 48% which took the Palm Oil prices up, so there is a 10% inflation in RPO. While there is a deflation in sugar at about 14% and there is a deflation in all the milk products which is at 12%, leading to an overall inflation of 4%. Our bottom line performance has been consistent and the two major factors for this—I am on page #23 now—is number one accelerated cost efficiency programs which we have leveraged very well and have run in a very structured way under the leadership of Venkataraman, who is our CFO and second we've been leveraging our fixed cost through the years.

The next page we are preempting your questions, so that we can answer this. So if you were to look at our overall increase in the expenditure as you see it in the P&L that you will have in front of you, you will see that our material cost has gone up by 6%. But you got to remember one thing that there is a change of model that we have done in our Bread business. So our Bread used



Britannia Industries Limited
February 11, 2019

to be on a model whereby the contract packer would buy the material and make the product and give it to us. We've now made that to we buy the material and give it to them. So basically what's happened is that almost 2% of the cost which was the contract packing cost while the material cost is still showing in the material cost line but the contract packing cost was also showing up there which has now moved it to other expenditure. So while 2% has moved from the first line to the fourth line, its showing as a 7% increase because the number is lower so that's the shift that's happened between material cost and other expenditure. As far as the employee cost is concerned the inflation is at 25% because we have added new units, new plants etc. which are 9% of the cost. The increments were almost increments and promotions and additions were at about 13% and others were at about 3%. Depreciation and amortization was high because of the capitalization of the assets relating to our new units in Guwahati, Mundra and Ranjangaon which leads to overall total operating expense increase of 10.5%, so this is not leveraging really but when you are building so many new plants and you can keep this number below your top line growth that is good.

So, if you were to move to the next slide which is consistent profitability; you will see that our total profitability year to date this year is 14.4% and so if you were to go down to the bottom line which is the 24 months growth, it's at 44%. So, again acceleration in the 24 months growth shows that, we have grown on a high base of last year, so growing at a faster pace than the top line is what we think has been the highlight as far as the profit is concerned.

Moving on; so if you were to look at the key financial lines for the consolidated results; our net sales have grown by 11%, profit from operations 12%, profit before tax 17% and this quarter we have had a high incidence of tax and the reason for that is that there was the maintenance in our Middle East factories and lot of the volumes shifted to India and we've had to pay tax on it while in the Middle East there is no tax so that's why profit after tax is at 14% while profit before tax is at 17%. So, again if you were to look at the key KPIs across the years and the quarters you will see that profit from operations is at 14.5%, our profit before tax is at 16.5% and our profit after tax is at 10.6%.

I will request Venkat to add anything that he would like to say.

N. Venkataraman:

I think you have covered most of it. I was only wanting to add a simple point that if you look at because some of these questions came up in terms of increase in cost. On Page #24, so if you look at total expenditure for this quarter as a percentage of MSP, it's 86.2 and if you look at expenditure in Quarter 2, it was 86 and in Quarter 3 of the previous year also it was 86.2. So while some of the numbers seem to be showing a slightly higher number, overall the expenditure has been range bound between 86 and 86.2.

Varun Berry:

We can open the house for questions.



Moderator: Thank you very much sir. Ladies and gentleman, we will now begin the question and answer session. The first question is from the line of Sameer Gupta from India Infoline. Please go ahead.

Percy Panthaki: This is Percy Panthaki here from IIFL. If I minus your standalone from the consolidated to get a rough approximation of your subsidiary performance, I see that top line has declined y-on-y by 11% and EBITDA has decline YOY by 77%. Can you just throw some light on what is happening here, is it Dairy or is it international which is pulling down the performance?

N. Venkat: Like Varun mentioned Middle East, on account of maintenance work which is happening there the revenues were shifted from Middle East entities to India. So effectively the top line of some of these Middle East entities have come into the standalone company and therefore the impact.

Varun Berry: So there is no underlying issue, our international business is doing well; Dairy is doing extremely well from both top line and bottom line. In fact our Dairy and international business have been accretive to our overall top line as well as bottom line for this quarter.

Percy Panthaki: There was some comment in the press release about a concern on demand environment and the government stimulus probably sort of off-setting those concerns, so just wanted to know the story behind these comments. Why do you say that there is a concern on demand where no other FMCG called out any such issue? And secondly do you think that Rs. 75,000 per year stimulus is really material enough to make any significant impact on your top line?

Varun Berry: I think it is a feel good factor. If you look at we are very tough on ourselves, if we don't meet double-digit volume growth we feel that we have not done our work. So I think if you look at overall volume growth from most companies' perspective we are probably the highest if you take the CAGR of 3 years. But we still want every quarter to be at a certain number and that I thought we were a little disappointed that we didn't get to the double-digit number and we did see actually a slowdown post Diwali. So that's what we were talking about but we are hopeful that that will certainly come back. Now I'm not going to comment on 75,000 because that's a very political statement, so I will reserve my comments on that.

Percy Panthaki: Basically I think Venkat mentioned that over the last three years in Q3 the total expenditure has more or less remained unchanged which means that your EBITDA margin has also more or less remained unchanged and typically we have a track record of delivering some modest EBITDA margin expansion. So in light of that how do you see the next year panning out for you?

N. Venkataraman: It was not over a period of 3 years that I was talking about. I was comparing Q3 of the last year, Q2 of this year and Q3 of this year; it's the last one year. Having said that your point is valid I think some of the expenses that have come in, in this quarter will see the revenue coming through in the coming quarters. So for instance new category, some of the expenditure has got booked in Quarter 3 of this year. The revenues for them have still not come through. So, for instance Croissant business, the expenses of already started coming in. So, the revenue for them will



Britannia Industries Limited
February 11, 2019

come through is one element of it and two as you can also see there has been inflation in both material cost about a 4% inflation in material cost and there is an inflation in fuel and labor cost. So these going forward have to be met out of cost efficiency program and price increases that will have to happen.

- Moderator:** The next question is from the line of Abneesh Roy from Edelweiss. Please go ahead.
- Abneesh Roy:** My first question is on the Cake business. I see the pricing of the new Cake products being Rs. 330 to 400. Now this kind of a pricing is that the Premium end of the Biscuit, so is the margin also similar to Premium end of the Biscuit, so is it margin accretive in terms of gross margin?
- Varun Berry:** Yes absolutely.
- Abneesh Roy:** So similar to the Premium end or slightly lower?
- Varun Berry:** Similar to the Premium end.
- Abneesh Roy:** But Varun we have seen that the Premium Biscuit did not work to the initial expectation, what can be different here, is it the LUP which is the difference here versus the Premium Biscuit?
- Varun Berry:** So, you are talking about the Cake versus Biscuit?
- Abneesh Roy:** Yes Premium Biscuit did not exactly work as per the initial expectation.
- Varun Berry:** The Premium Biscuit Abneesh have actually worked. There are a few which didn't work with expectations but if you were to look at Nutri Choice Oats Cookies, they have done extremely well. Our Chocolush is doing extremely well now. We are delighted to see the kind of momentum that we have post the relaunch. There are a few which I would say tepid at this point in time but you are right this format what it brings to the table is the affordability of the pack itself. So a Rs. 10 pack with a delightful product makes a big difference to the purchasing power etc.
- Abneesh Roy:** Varun so many new products in Cakes and now two lines also which have been set up in Ranjangaon for Cake, so if X is the size in FY19—not asking for absolute number—any idea what could this be in a 3 year time horizon, not asking for a guidance, more from a quarter where it can go in 3 years?
- Varun Berry:** I would say that at least we would like to see the Cake growth to be 300 to 400 basis points more than what they would be on the base business.
- Abneesh Roy:** Second question is on Rusk and on the Wafers, so Rusk I don't see you talking although it was the good innovation. But Parle is also doing similar kind of innovation at a much lower price, so is that the reason you're not talking about?



Britannia Industries Limited
February 11, 2019

Varun Berry: No, it's not disruptive innovation. We are looking at some disruptive innovation as well as far as Rusk is concerned and when we get to that we will talk about that.

Moderator: The next question is from the line of Arnab Mitra from Credit Suisse. Please go ahead.

Arnab Mitra: My first question was on the input cost, you had I think highlighted last quarter that you had forward covered a lot of inputs at lower prices, so as those forward cover now run out, what is the level of additional inflation which would come in in the coming quarters and the various commodities, how are the kind of trending as we speak?

Varun Berry: We are not looking at very different inflation number for the coming year as well. I think according to our estimates it will be between 4% to 5%. Now within the categories there could be a difference, so as we have seen this year the Wheat and Flour inflation will continue to be high as far as next year is concerned as well. We could see actually much higher inflation in Milk products as well but Sugar and Oil will remain range bound and low inflation on both and similarly on laminates, so in fact on oil as well as on laminates we are thinking that there could be a deflation so which would lead to an overall inflation between 4% to 5%.

Arnab Mitra: Second question was on this Middle East business partially shifting to India this quarter, so if you could help us with what is that domestic revenue growth if you would exclude the Middle East component in the India business this quarter?

Varun Berry: These businesses are small that they don't make a big dent on to the domestic business, so 10 basis points, 15 basis points here or there so it's not a big deal.

Moderator: The next question is from the line of Prasad Deshmukh from Bank of America. Please go ahead.

Prasad Deshmukh: On channel growth what kind of growth have you seen in modern trade and cash-and-carry channel in the quarter?

Varun Berry: We have seen very healthy growth in the modern trade channel. The channel where we are seeing a little of pressure is—the channel which is not our favorite—channel which is wholesale but otherwise cash-and-carry and modern trade has been good. So I will ask Gunjan to help you with this.

Gunjan Shah: No, actually our growth as Varun mentioned also has been led by rural as well as modern retail. Cash-and-carry which is the formal wholesale as well as the informal wholesale which is anywhere there in the general trade market are the ones that have been a little sluggish post Diwali.

Prasad Deshmukh: Even cash-and-carry has been sluggish?

Gunjan Shah: Yes.



*Britannia Industries Limited
February 11, 2019*

Prasad Deshmukh: Second question on your advertising strategy for the new products that you are launching? Will the TV versus online proportion remains similar for the new product also considering these are premium in that sense?

Varun Berry: No, so that depends on what kind of product we are talking about but if you are talking about mass consumption then in today's world you can't exclude television but these are niche products which are very premium then you can look at doing digital, so just to give you an example, last year--I'm not talking about 18-19, I am talking about 17-18 and the first half of 18-19—on Little Hearts which is reasonably large brand for us we were only on digital. Even for Deuce, chocolate slab on a Biscuit product we prominently been on digital. But most of the other products which have got mass consumption and have to get to a larger number of outlets and larger number of towns and villages there you have to have television as the essential part of your vehicle channel, your media vehicle. So that's how we do it. In fact, while our digital spends have gone up but they still remain at about 9%-10% of our total spends.

Prasad Deshmukh: How do you measure effectiveness of digital in that case?

Varun Berry: That something which I will have to sit with you and probably discuss with you.

Moderator: The next question is from the line of Latika Chopra from JP Morgan. Please go ahead.

Latika Chopra: My first question was you had a price mix through the 5% for the domestic business. How do you split this between absolute price growth and the mix contribution?

Varun Berry: This quarter is actually 4%, so 2% was price growth and 2% was mix growth.

Latika Chopra: Varun, when you talk about price growth is it you scaled back some other promotions or maybe just trying to assess how would be the growth in number of a packs sold versus volume growth that you report, is it very similar?

Varun Berry: Yes, it will be very similar to the maybe 1% or 2% lower.

Moderator: The next question is from the line of Avnish Agrawal from Prabhudas Liladher. Please go ahead.

Avnish Agrawal: My question is on the gross margins because if you look at on a standalone basis, this quarter gross margins are 41.1% approximately, you had this kind of a number above 40% or after a gap of nearly 3 years so looking at the fact that you are guiding for 4% to 5% kind of inflation even in the coming years, so how confident are you there is 41.1 or above 40% gross margins will be sustainable or is it like you are one of kind of a number?

N. Venkataraman: Varun explained that because of a business model change we had some of the expenses going away from this line and getting into other expenditure so that is one reason for that. Second is



also about shift in the export business from Middle East to India. So these are two reasons as to why you will see slightly distorted numbers so it should come back to the normal levels.

Avnish Agrawal: Normal levels of 39% odd.

N. Venkataraman: Yes.

Avnish Agrawal: But EBITDA also if you look at 16.5 this quarter, EBITDA margin has also been higher than what we have seen, so will it also be coming back to the normal say 15-15.5 range?

Varun Berry: It's very difficult to give this answer across but fundamentally our objective always is to take our top line and bottom line higher than what it is. Once we are done with our annual plan which should be in the next month or so will know exactly where we are going but there doesn't seem to be any disruption in anything. It seems like inflation is going to be business as usual and hence the predominant focus is going to remain on the plans that I spoke about.

Avnish Agrawal: So, it's like once you have considered them as more like one-off as of now?

N. Venkataraman: You can say that.

Avnish Agrawal: My second question is on the new launches where you have now your Vita Marie Gold a wheat variant then a Good Day variant is there then impressive line of Cakes is there so what sort of delta in your growths you're expecting from there and in the past if you look at the launches made in the last couple of years, so how much incremental have you contributed to growth and based upon the line-up which you are having do you think that the growth rate will be considerably accelerate from here?

Varun Berry: So, we always look our innovations contributing between 3.5% to 4.5% of our revenues. We calculate innovation basis the last 24 months anything launched in the last 24 months and it has to be new. We do not take brand extensions or just a new variant to be disruptive innovation. So yes, we are looking at the kind of innovations that we done this year we are hoping that we will be able to get probably more than that next year.

Avnish Agrawal: Are you looking at any price increase shortly looking at 4% to 5% inflation outlook which you are giving?

Varun Berry: Yes, we will have to take up price increase which will be anywhere from 3% to 4%.

Avnish Agrawal: Is it likely in the near term or slightly back ended?

Varun Berry: Sorry, let's give some other people also a chance.

Moderator: The Next question is from the line of Tejas Shah from Spark Capital. Please go ahead.



Britannia Industries Limited
February 11, 2019

Tejas Shah: Just one question on new NPD pipeline, if we do a sum total of all the categories, we are participating, be its Adjacency or a new categories like Dairy, what will be a rough estimate on addressable market say that we can cater all to what we are catering to?

Varun Berry: The categories that we are looking at are, some of them are small categories like for example Wafers is not a very large category, probably 400 crores, 350 to 400 crores may be and Croissants is a very-very new category. It's got hardly any base but obviously we want to grow that into a very large category. Dairy drink is a large category and we hope to get, then we are looking at share, rather than developing the category. Similarly, Cakes is an existing category but the small category and being the market leader, the objective will be to grow this category and hence that's what we are looking at. I would say it's got to be strategy which depends on which category we are going into and what we want to do with that so it's not a fixed strategy for across our portfolio.

Tejas Shah: When we go about this NPD pipeline, do we segregate between whether we will have to clear role of developing the category or will be snatching market share from existing players and accordingly the whole A&P spend or requirement to build the category will be different? So just wanted to understand the approach on the same.

Varun Berry: That's what I told you that it will be in certain categories; it will be a developed category and at the certain it will be to take share from other players. The approach will be different in both because developing a category will probably take a little more effort than taking share from a category where if our products are good and we have got the distribution and we have the right advertising we should be able to do that with slightly leveraged spends.

Moderator: The next question is a follow up from the line of Abneesh Roy from Edelweiss. Please go ahead.

Abneesh Roy: Nepal you have done well so now we are close to the next financial year starting so have you identified the next country you had earlier identified 5-6 but have you drilled down to the final one?

Varun Berry: Yes we have Abneesh. We are not in a place to tell you about that but we are working on two or three countries and we are close to doing one so hopefully in the next couple of months we should be able to close that.

Abneesh Roy: In Cheese you have taken sharp price cuts which you had earlier highlighted and my sense is that has worked but you also said this time the Dairy business sales are also good and profits are also good. How come both have happened, I understand yes, Dairy prices were soft but the competition has not cut to the same level?



Britannia Industries Limited
February 11, 2019

Varun Berry: It's not a price cut really these are promotions that we are doing on our products and well you can call it the price cut if you want but the fact is that we have taken advantage of the milk prices in the market and as a result of that we are seeing both top-line and bottom line growing.

Moderator: As there are no further questions, Mr. Piyush Bhandari. Over to you for closing comments.

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

Moderator: Thank you very much sir. Ladies and gentlemen on behalf of Britannia Industries Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.