

Britannia to opt for promotional offers instead of price cuts: Berry

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Britannia Industries will not reduce the maximum retail price of its products but will opt for promotional offers instead, even as commodity costs are declining, Varun Berry, executive vice chairman and managing director of the biscuit major, told investors on a post-earnings conference call.

He, however, said the promotions won't be substantial.

"We are not really taking a price cut, what we are looking at is projecting them as a promotion so that it doesn't look like we are permanently down to a certain price. It will be as a promotion, so that we can take out the biscuit and move back to our price whenever needed," Berry said. In FY22 and FY23, the company increased prices in order to pass on rising raw material costs to the consumer. It did so by reducing pack sizes and also hiking prices. Berry expects inflation to cool off and figure in the range of 2.5-3 per cent for the company. "I don't think we are going to see the kind of inflation that you've seen in the last two years for some time to come. I don't want this to



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MANAGING DIRECTOR, BRITANNIA

be the famous last words. But I'm hoping that I'm right. So with that, I don't think that there's going to be a substantial price increase, it will only be opportunistic whenever necessary for certain SKUs (stock keeping unit)."

While companies have been under pressure due to weak rural demand, Britannia has managed to stay ahead of the curve as it has focused on expanding its distribution reach in the hinterlands.

The company now has 28,000 rural distributors compared to 26,000 in March 2022.

"We have gained 1.5 times the share that we've gained on an all-India basis in rural. So that strategy of going heavy on rural has been working for us and as a

result of that, while some companies have been announcing some kind of slowdown, we have not seen any slowdown in our rural revenues and our volume growth in the rural areas," Berry told investors.

During the October-December quarter, Britannia's net sales stood at ₹4,101 crore, up 16 per cent year-on-year, and its net profit grew 151 per cent to ₹932 crore.

The company's net profit included an exceptional gain (net of tax) of ₹359 crore, pursuant to its joint venture agreement with Bel SA for the cheese business and consequent sale of 49 per cent equity stake in its subsidiary and fair valuation of the residual stake of 51 per cent, it said.