Management Discussion

Ayush Agarwal - Investor Relations, Britannia Industries Limited
Good morning everyone, this is Ayush from the Investor Relations team. I welcome you all to the Britannia earnings call to discuss the financial results of quarter 2 for financial year 2026-27. Joining us today on this earnings call is our Managing Director and CEO, Mr. Rakshit Hargave, Deputy Managing Director, Mr. N. Venkataraman, Chief Financial Officer, Mr. Ramamoorthi Jayaraman, Chief Commercial Officer, Sales and Replenishment, Mr. Vipin Kataria, and Chief Manufacturing and Procurement Officer, Mr. Manoj Palhi. 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. Hargave with remarks on the performance.

Rakshit Hargave - Chief Executive Officer and Managing Director, Britannia Industries Limited
So good morning, everybody. Uh, And the team at Britannia here is happy to present the quarter 2 performance. And deck is uploaded for all of you. I will go through the deck and post that we can engage in a Q&A session. So the agenda will be broken into 3 parts. We will first do the business overview. Followed by the strategic priorities, and then we will look at the cost and financials. So if we go to the first slide, which is our performance scorecard for Q2 26-27, you will see that we've had a decent quarter.

Uh, the revenue from operations, so that's 554 crores. On a 12-month basis, it grew by 16.6%, and over Q1 '27, sequentially grew by 11.6%. And PAT for Q2 '27 was at 13% of revenue. On a 12-month growth, it was +10.2% versus Q1, it was at 21.9%. Reasonably healthy number. And if we break that and look at the first quarter on a YTD September basis, so here you will see that the revenue from operations first time crossed 10,000 crores in the first half. So we were at 10,506 crores, uh, the 12-month growth approximating to 13.1%.

And at a PAT level, the H1 was at 12.5% of revenue, while on a 12-month period it was about 11.7%. We continue to update, share the same strategic priorities which we had defined earlier this year. So the first pillar being how do we keep building efficiency in sales, distribution, supply chain. Second was on elevating brand experiences and investment. Third was driving innovation, agencies, and future platforms. Fourth one was the winning in many areas. Fifth one was on sustainability. So I will delve into that.

To begin with, if you see how we grew across all channels, which is critical, see that the green line is general trade. And the amber line or the orange line is all other channels put together. So you will see that from Q2 '26 onwards and going ahead, the line is moving upwards to the right. You will see that our, uh, GT growth in Q2 '27 is 2.6% that of the full year FY '25-'26. So obviously there is some acceleration in GT which is welcome because GT is the largest part of our business. And if you see for example e-commerce and we're very happy to say that e-commerce is now trending at close to 7% of our overall contribution.

And the other challenge is to fill in the gap with GT which is very obvious. Those other channels is a mix of foreign trade, we have alternate channels, then we have -- is trending at a rate which is significantly above GDP. Also, we talked about our key states. So our key states are our so-called heavyweight states which contribute in terms of larger revenues and larger profits. And here we see that our key states are also pulling up much better than the earlier year, while other states where maybe the agility or opportunity to grow is more continue to be faster than our key states.

And the good part is both of them are again trending positively. Also sharing something interesting

which we did across the board. So, you know, you will see that our NutriChoice portfolio, you know, we've invested a lot in bringing forth the whole range in front of the consumer. So while NutriChoice is the leader in the healthy biscuit segment and is also the leader obviously in digestive, the spread of offering that we have was something that we talked about. And then obviously, you know, interesting marketing with our marquee brand, Little Hearts.

You can see the Korean heart emoji just sharing this for you. And also something interesting that we did with cheese, where we introduced a good range of flavored slices of Korean chili cheese herb, which I will really encourage all of you to taste. Because it's a good product and it's doing very well across the shelf, although it's been only launched about a month and a half back. Our adjacency business also grew much faster. So you can see that the adjacency bakery business overall grew at more than 20%, and this obviously includes brownie, it includes our croissant, it includes what we call is you know, a group of higher growth products.

And if you take a look at our dairy business also, Satyam Ghee is drinking very well, and also our milk drinks, uh, did well. So the adjacency business also performed better than what it has done in the past. Our international business also, you know, after the challenges which we had the last quarter, uh, because of the war happening in the region. The Middle East is a large part of our business. We recovered, and both, you know, the sum total of our Middle East Africa business, the rest of international, grew in good double digits.

Although the cost of operations across Middle East still remains high, largely driven by costs and freight, where you are having to pay a large premium for transporting goods from the region and even across the region. Some interesting campaigns. So all of you who are based in Mumbai would have seen the Ganesh Chaturthi promotion with Bourbon, Bourbon Molak, which sold out very fast. And also in Kerala, where cheese dipped as a category is very large, including from our competition, you know, how do you activate the brand along with them?

On ESG, we are consistent. We continue to build that profitable business but with responsibility. So the number of women in the factory is at 45%. The nutrition foundation, the Britannia Nutrition Foundation, which does very dedicated work across numerous locations, you know, reached close to 5.73 lakh beneficiaries in the first half of year. And the renewable electricity share in our own plants is at 48%, although you would know that there is a capping applied by the government in most of the states in terms of, you know, how much renewable electricity you can use.

So at 48%, I think we are trying to optimize to the best of what we can. If I run through the costs and financials line, You will see that in terms of input costs, uh, it's not been an easy quarter. It's not been an easy quarter for the whole industry. So wheat flour sequentially versus Q1 had a spike at +9%, although if you compare against the previous year in the same period, it's marginally down. But refined palm oil over Q1 was up by 11% sequentially, and over last year was up by 17%. And refined palm oil is affected both by food prices but also by, you know, the shortage of rainfall which is there across the producing markets, also because of some El Nio conditions.

Sugar, sugar is up versus Q1 by 4% and over last year by 6%. And you also know that sugar went through a very stormy period during the course of the quarter, and although it has kind of corrected, but obviously it has, it has still remained at a very elevated level. One of the other commodities, you know, which is high and high by a significant margin is milk. So over last year, milk is up by 3%, and over the previous quarter, up by 2%. We usually see milk prices, uh, ease out during the winter period in India, but we don't see that happening as of till now.

And as you know, across industry, most of the large dairy companies are also taking price increases

to offset this. So it's a challenging period for milk. Laminate is actually one of the more challenging areas for the industry and also for us because laminate prices have shot up. So over the previous quarter, it is up by 7% sequentially, which is a, which is a large increase. And over last year, it is up by 18%. So we have to watch that very carefully. Laminate is, you know, the product is covered with it.

And on fuels, And for us it means a mix of gases and LNG, because all that fuel fires our ovens. So there has been some relief also because of the geopolitical situation where it has come down compared to the previous quarter where it was high. But in same period last year, it is still up by 45%. So you can imagine that the input cost trending is is a challenge. Obviously, it needs to be managed and watched very closely. If you see the next graph, you know, which we call the Manhattan graph, you will see that the quarter which has just got over at 5,542 is distinctively standing apart as the tallest tower.

And you will see that on a 12-month growth basis, like I said, it's close to 17%. On a 24-month basis, it's 21%. Also, on a quarter-by-quarter basis, you will see that we have moved upwards. So from 496 moving to 5542 sequentially is a very good movement, and that's something that we are quite -- we believe is commendable. At the same time, if we see the Key financial line, which has anyway been shared in detail with you, uh, when it was uploaded last evening, uh, you will see, and here I repeat again, that net sales for pubs grew at 16.6%, operating profit was at 8.5% growth, EBT was at 10.6%, and PAT was at 10.2%.

And if you see the trend that we have posted for Q1, Q2, and the last 5 years You will see the profit from operations has done reasonably well. So at 17%, we are better than the previous quarter. Also at a PBT level, we are better than the previous quarter and very much comparable with 4 or 5 of the previous years. And also at a PAT, better than the previous quarter and fairly comparable with the years, uh, which are there in the 4 or 5 preceding years. If you look at the first half and see how we fare, you will see that net sales for the year of ITT is at 13.1% growth, operating profit at 10.3%, EBT at 12%, and profit after tax at 11.7%.

And similarly, If we see the trend line, the profit from operations, the first half at 16.2%, EBT at 16.9%, and PAT at 12.5%, again fairly comparable to the past 4 months. So that was the small presentation in terms of what we wanted to share with you, and we will be Happy to take questions from you all. Thank you.

Questions & Answers

Operator
Thank you so much, sir. Ladies and gentlemen, we will now begin with the question and answer session. [Operator Instructions] First question come from the line of Mihir Shah

Mihir Shah - Analyst, Nomura
with Nomura, please go ahead. Hi sir, good morning, thank you for taking my question. So first question is actually on the raw metal fund, just wanted to How should one think about the gross margins in this kind of a scenario, uh, given, uh, you know, most key raw materials are inflationary? Are there any price increases apart from the one that we see in the results of 3.5%? Uh, have you taken any further price increases, uh, on that? Uh, uh, uh, so, so that -- so, uh, so that's one, uh, on the price increases front. And how should one think about the gross margin scenario, uh, in the near coming quarters?

Rakshit Hargave - Chief Executive Officer and Managing Director, Britannia Industries Limited
Okay, so, uh, morning, Mehith. Um, so, well, if you see the raw material prices, and you know, we are in the middle of the season, so you have attended other calls also, so you know that the commodity inflation across most of the agri-commodities is at an elevated level, and that's a fact. So like I showed Palm oil is up and amongst -- you see from packaging, you see packaging is up, flour is also up sequentially against the previous quarter. So yes, it is a scenario where you are seeing a high level of inflation and inflation is there to stay.

From a pricing point of view, obviously you can see that we implemented 3.5%. In the quarter which has gone by. And just let me dwell for a minute on the way we do pricing. So, you know, a large part of our business, like I've told before, works at 5 and 10, and hence our price increase is slightly different because it takes a bit of time, because a lot of the price increase is what you call shrinkflation, and hence the physical operation of implementing that takes about 1.5 to 2 months. Unlike many other companies where you're able to take the price increase at a much faster rate because you can change the pricing online and you can do that.

So to your question, yes, 3.5% came this year. There is more price increase activation which is in the works and it will hit with the due course of time that it takes to hit the market, so it is going to come. And which is something that we have to do.

Mihir Shah - Analyst, Nomura
Understood. Got it, got it, got it. Um, this 3.5% would cover what percentage of, uh, cost inflation? And, or maybe what kind of cost inflation are you seeing? Any, uh, anything on that if you can just highlight?

Rakshit Hargave - Chief Executive Officer and Managing Director, Britannia Industries Limited
So obviously the cost inflation is, is more than what, and this is only covered part of it. And our attempt with the subsequent increases is to close that gap.

Mihir Shah - Analyst, Nomura
Understood. Uh, second question, sir, is on the volume -- on the volume growth trajectory. Optically, if one looks at the volume growth, 13% looks like a very decent, uh, set, but it's on a base of -3%. Uh, so on a 2-year CAGR, it looks like 5%. How should one think about this volume growth trajectory from here on, especially With the, you know, stimulation effect, will it have a further effect on lowering the volume growth trajectory?

Rakshit Hargave - Chief Executive Officer and Managing Director, Britannia Industries Limited
So, Mihir, so obviously volume growth at 13% is healthy, and yes, there was a base which was very low. But I think despite that, I think from a volume point of view, we have done well because know, people have consumed 13% more grammage of biscuits across the world. Yes, there is going to be some reduction in grammage which is going to happen, so which might have some impact of volume going ahead, but we still are quite confident that our volume growth story is moving well and which is very important in a food business.

Mihir Shah - Analyst, Nomura
Understood.

Vipin Kataria - Chief Commercial Officer, Sales and Replenishment, Britannia Industries Limited
So just to add one more dimension, yeah, which is on the transactions. So our transactions are

moving in a very healthy trajectory. So basically it's a good combination of value, volume, and transactions. So more number of packets and more number of biscuits are going to the consumers.

Mihir Shah - Analyst, Nomura
Okay, okay, got it. Uh, thank you. Uh, that's, uh, encouraging. Wishing you all the very best. Thank you.

Operator
Thank you so much. quarters?[Operator Instructions] Our next question comes from the line of Avnish Roy with Nuama Wealth Management. Please go ahead.

Abneesh Roy - Analyst, Nuvama Institutional Equities
Uh, congrats, uh, very good set of numbers. My first question is on competition and market share, and I'm talking about real market share, not the Industry market share. If I see Milkist is very aggressive, so KBC very high advertising and that is very expensive advertising and generally good presence of Milkist on the mainline media. Second, Reliance of course very baby steps currently in biscuit. Cola they have really different ball game altogether. Any comment on Reliance longer-term impact on biscuits?

Related question, uh, Q3, Q4, and possibly Q1, you did suffer impact of odd pricing from competition. So if you could tell us, are we now back to, uh, pre-odd pricing scenario in terms of general presence, general market share? So that is my first question.

Rakshit Hargave - Chief Executive Officer and Managing Director, Britannia Industries Limited
Okay, so thanks, Avnish. So basically you've asked 2 questions, let me answer them one by one. So the first which relates to competition, so yes, Malkist has been the inventor of the category where you have cheese or any other delicacy enclosure between 2 crackers and they built the market and they have been doing well. We responded with our product called Cheez Dipped which was launched earlier this year or maybe towards December or January and Cheez Dipped has also done well. Obviously we are competing with Malkist in this segment and this is a small segment of the larger ecosystem of crackers.

But yes, competition is fierce and we also have been able to dent them and they've also had to come back with a change strategy and have had to increase their investment. So it's a nice game which is going out in the market, but both Britannia and Malkist are there to fight it out, and that always happens in the market. As far as Reliance is concerned, you know, we have to study what they have done. So they have come with a range of products, uh, basically very similar to all the classical products in the market, and they are starting with Tamil Nadu.

Tamil Nadu is a large state for biscuits also for us, as you would know. Now obviously the biscuit market is a bit different from the cola market, and our early evaluation is that obviously we are being very watchful. We have obviously already seen their products and analyzed them. Their disruption of price which happened in the cola market As you would know, in the biscuit market, a large part of the market operates at 5 and 10. So the ability to disrupt those 2 price points in the biscuit market is much more difficult than you can do in a cola market by discounting by 5 or 10.

But that said, obviously Reliance is a very respectable competition and we will watch carefully, but We also have very, very strong moats and very strong plans to go ahead, and we will see what it -- how it transpires. On your second question, which was on the fractional pricing which, uh, was in play in the market last year towards the end of Q2 and to a large extent in Q4, well, that 4.50 price

point has, you know, got buried. I think the whole industry including competition has migrated to the 5 price point and the 10 price point and like I said that migration happened somewhere towards May and June this year.

So that is not there in the market. So the 4.50 is now only in the base of last year, so going ahead we don't see anything of that sort happening in the current year.

Abneesh Roy - Analyst, Nuvama Institutional Equities
So my question is slightly different.

Rakshit Hargave - Chief Executive Officer and Managing Director, Britannia Industries Limited
Uh,

Abneesh Roy - Analyst, Nuvama Institutional Equities
no, my question is slightly different. I understand odd pricing was out of the market, uh, 3 months back. My question was, are you able to come back to the same shelf market share? Because in FMCG, once you seek some share, getting back also doesn't start from day one. So that was the question.

Rakshit Hargave - Chief Executive Officer and Managing Director, Britannia Industries Limited
Oh no, obviously we have regained our shelf space. We have regained and you know done better on this year.

Abneesh Roy - Analyst, Nuvama Institutional Equities
So my second and last question, thank you. Second and last question, quick one. So in cola, if we see almost 80 to 90 percent of the portfolio, at least for the listed company, has become zero sugar, no sugar. In biscuit, what can be the opportunity here? Because clearly healthy snacking people are very very cognizant whether sugar [Foreign Speech] So if you can tell us what is the current number, what is the difficulty here? Because that will help you to diversify the RM also.

Rakshit Hargave - Chief Executive Officer and Managing Director, Britannia Industries Limited
Okay, so Abhishek, so obviously if you see our NutriChoice portfolio, you know, we have variants which are no added sugar. So we have Zero, you have Gold Biscuit, and they do very well. For example, NutriChoice Zero which we have is growing in very, very strong double digits upwards of very strong divergence. So obviously as a company we have a plan to address this opportunity. I think the key is from a taste level when you give no added sugar how do you make the taste much more acceptable and palatable and I think there Britannia has done a lot of work. So in the near future you will see more variants coming to be able to address that health platform.

Abneesh Roy - Analyst, Nuvama Institutional Equities
Sure, thank you, that's all from me. Thank you.

Operator
Thank you. Our next question comes from the line of Kunal Vora with BNP Paribas. Please go ahead.

Kunal Vora - Analyst, BNP Paribas
Yeah, thanks for the opportunity. Last quarter you talked about future platforms for healthy snacking and healthy biscuits and including likely protein products. Can you share the timelines and how you're thinking about it? Also, what would it include? Would you stick to your existing categories or

would you look at a wider play beyond what you're doing?

Rakshit Hargave - Chief Executive Officer and Managing Director, Britannia Industries Limited
So, Kunal, yes, as you would see in the strategic pillars that we shared earlier this year, one is the future platform and the future platform includes the health-based products and protein-based products. And you will see them in due course of time, we're obviously in the process of developing that. In the interest of competition, we would not like to give the exact time when we will be able to launch them, but definitely it is going to come and we will come in a good way.

Kunal Vora - Analyst, BNP Paribas
Okay, okay. Yeah, second and last, last one. How is it?

Rakshit Hargave - Chief Executive Officer and Managing Director, Britannia Industries Limited
Yeah, we are not able to hear you. There is, uh, am

Kunal Vora - Analyst, BNP Paribas
I audible? Yeah. How is the dairy business doing? And there are new dairies which are coming up that are focusing mostly on value-added products. Are you looking at having a stronger play in those areas? And what are the ingredients that will be required to succeed in that space?

Rakshit Hargave - Chief Executive Officer and Managing Director, Britannia Industries Limited
Yes, so if you take a look at the dairy business, obviously one of the newer companies has done remarkably well. And I think also from a From an entrepreneurship point of view what they've been able to do and put the portfolio is very impressive for all of us to see and maybe all of us also have to learn something from it. So, yes, on our dairy portfolio the way we look at it is one is our cheese business and the other is the non-cheese business. So the cheese business is doing better and I also showed you some colorful slices, etcetera, we're also working specifically with some large customers.

On the cheese business. You will also see more variations on cheese and different formats of cheese consumption that we will come out in due course of time. Also on the non-cheese dairy business, I think we have 2 strong verticals which are doing well. One is the drinks business where we have our Winkin Cow sub-brand and we also have our ghee, Satyam Ghee. Both of them have good traction. But obviously we are looking at how to expand our non-cheese dairy business into other platforms and there is a strategy which is being worked out along with execution which will come in due course of time because we want to become a more bigger player in dairy with a better value-added portfolio.

So like you rightly said.

Kunal Vora - Analyst, BNP Paribas
Understood, that's it for me, thank you.

Operator
Thank you. Our next question comes from the line of Aditya Soman with CLSA. Please go ahead.

Aditya Soman - Analyst, CLSA
Yeah, hi, good morning. So just one question. We are seeing this pickup in general trade. So the question was, is this largely just base effect where obviously last quarter or the base quarter last year we had an impact because of GST and we are seeing that reversal? Or is there something more

sustainable that you're seeing in this GT recovery?

Rakshit Hargave - Chief Executive Officer and Managing Director, Britannia Industries Limited
Thanks. So now I think on the GT recovery, uh, and maybe you're also referring to other organizations who have had a reasonably, you know, the whole season has come with better numbers. So I will want to make 3 or 4 points with this regard. Uh, the first part is that on the base effect, uh, yes, September last year was a transition month and hence many of the companies had a bit of a challenge because, you know, you were transitioning from a GST point of view, and so did Britannia. But the impact of that on the quarter result at a cumulative quarter level would not be more than at best 1.5 to 2%, okay.

So that's a small factor. Secondly, I think the consumption in GT has shown remarkable resilience. And you've been reading it across the other results also, and our observation also is that GT and especially semi-urban GT and rural GT has shown strong consumption. And we say that we see that happening, we even see that happening in the wholesale segment where, you know, the 5 price point has done actually well. So I think it's commendable that With all what is so-called happening in the external world, the Indian consumer who majority of that has GT as the source where they pick up their products has actually done well.

On top of that, I think our own GT execution which is a combination of sales and our strategy of winning in many Indias and the focus that that we have put on the teams in the states is also delivering more results. So it's a combination of these 3 things which has done well. And maybe I'll request Vipin to add his point onto this because he leads the overall sales system.

Vipin Kataria - Chief Commercial Officer, Sales and Replenishment, Britannia Industries Limited
Thanks, Rakshit. So I think the general trade growth by NSE is fairly uniform. So basically from opportunity states To the mature states, what we see is fairly uniform growth on volume transactions as well as value. Despite the change which is happening in e-com, what we've also seen is that metros and the top 15 cities are also doing decent. I think rural is a very, very strong story for us, and rural, we are very Large business, so the rural consumer, the aspiration is going up. And what we also see is a kind of premiumization happening in semi-urban and rural, which is basically giving us the tailwind. So I think this is pretty much sustainable, and this should give us good results.

Aditya Soman - Analyst, CLSA
Thanks for that. Thank you. Happy Diwali.

Operator
Thank you. Our next question comes from the line of Anshu Dayani with Macquarie Capital.

Latika Chopra - Analyst, JP Morgan
Hi, good morning. Congratulations for the great set of numbers, especially on top line. So just wanted to ask you, one of your peers had highlighted on food inflation from a forward outlook point of view. So how would you see this in terms of, you know, the recent expansion expansion, particularly in GT. And, uh, like you highlighted that you've seen this come through rural. So, um, given inflation, uh, outlook and commentary from peers, uh, what would your outlook on this be?

Rakshit Hargave - Chief Executive Officer and Managing Director, Britannia Industries Limited
So you see, the, the inflation is there what it is, uh, and from an outlook point of view, you know, we

would not want to make a prediction for the future. But like I'm saying that we have to be careful, the Indian consumer is relevant. Biscuit also operates a lot at price points, so protecting those 5 and 10 price points insulates the biscuit business in some way as compared to other businesses where actual price points might go down. So consumers might get a bit less and last year with GST they got a bit more.

So I think our kind of business is slightly more secured from a food inflation point of view. From that point, obviously we have to manage that inflation internally for our people much better, but I think from a consumer point of view that becomes a bit of an advantage. But yes, like we said, food inflation is high, you know, we showed the milk prices, we have never seen a trend where, you know, by October milk prices usually start coming down, but they keep going up. So we have to watch. On top of that, you see, Britannia -- if you have been following us in the last many years, we have been very strong in our cost optimization programs.

And the level of focus and targets that the internal teams take in terms of finding out and discovering new opportunities to cut down costs so that what we pass on to the consumer is the bare minimum is something which obviously continues this year and will continue. So hopefully we will have that edge against competition with respect to the discipline that the team has put through in the last several years.

Latika Chopra - Analyst, JP Morgan
Thanks, Harshit. Thank you.

Rakshit Hargave - Chief Executive Officer and Managing Director, Britannia Industries Limited
Thank you.

Operator
Thank you. Our next question comes from the line of Nihal Mahesh with HSBC Securities. Please go ahead.

Nihal Mahesh - Analyst, HSBC Securities
Yes, hi team, good morning. Am I audible?

Operator
Yes, you are.

Nihal Mahesh - Analyst, HSBC Securities
My first question was on the e-commerce share. Uh, we've obviously touched a 7% number. I think for the full year of FY26 we were at 6%. So Rakshit, just wanted your initial thoughts on, you know, what is the potential for this channel, because obviously one of the Because you highlighted as you joined last year. I do understand that a big part of the business is 5 and 10, but on a total basis, how is the potential of this channel and can this be a major growth driver? Wanted your thoughts on that first.

Rakshit Hargave - Chief Executive Officer and Managing Director, Britannia Industries Limited
So e-com today is trending at 7% and obviously while we exit the year, we're also entering the big season. Portion will go up even more. We believe that e-commerce also from a new consumer point of view and new moments of consumption is an absolutely critical channel. So our own resourcing in terms of people capability that we have invested in e-com has kept on improving and we also have

very aggressive plans to keep expanding that. Also, like we said, that we are looking at e-com as an absolute business unit.

We will be working on products specifically designed for this line, and we believe that the capability that we have developed and the relationship that we have with our partners and customers in being able to deliver that is a competitive advantage. So Britannia as an organization is extremely bullish on e-commerce. Let me also point out that while a large part of the portfolio that we sell is at 5 and 10 price point, but on e-commerce the proportion of that is very, very small. In fact, maybe Vipin can confirm, but we hardly sell any 5 on e-commerce.

So from a proportion point of view, if you work backwards, the real universe of products that we sell on e-commerce, if you eliminate the proportion of sale is actually far more than 7%, so we would actually already be in double digits. So, and we continue to press on.

Vipin Kataria - Chief Commercial Officer, Sales and Replenishment, Britannia Industries Limited
Yeah, I think, see, the other angle which is very critical from an e-com point of view is that it gives us a very good opportunity to premiumize. In our kind of category which is very mature, there is a big consumer switch which is happening between the channels. But the real opportunity is that how do we sell price points which are higher? How do we sell healthy margin brands? How do we sell premium brands? I think that is going to be the big growth impetus going forward in e-com. Our numbers, when we cut it only for Urban, are in already double digit.

Our market share is pretty good and therefore it's been a fairly good story. And what Rakshit spoke about is investing ahead of the curve and making sure that this becomes a strategic business unit for us and a big growth driver.

Nihal Mahesh - Analyst, HSBC Securities
Thanks. Got that. Second question was, you commented on the bakery business saw strong performance. If I could just ask you, how has the overall adjacency business performed? And anything specific to highlight that of the 4 key parts, anyone which is doing better or What's your ballpark feedback on each of them?

Rakshit Hargave - Chief Executive Officer and Managing Director, Britannia Industries Limited
So if I might just interject, you talked about the adjacency business.

Nihal Mahesh - Analyst, HSBC Securities
Yes, I was asking about the overall growth for that and how each of the parts doing.

Rakshit Hargave - Chief Executive Officer and Managing Director, Britannia Industries Limited
Correct. So, you know, the adjacency business, as you can see in the presentation, has grown at more than 20%, which we shared. And obviously there Croissant and cake have been star performers. Rusk as a category has grown a bit slow, but, you know, we -- Britannia created the rusk category, but we also have plans in terms of to drive that. But specifically, the croissant category and the cake category, after a while, you know, the cake was a bit on a slow boat, have really flown up. And croissant, I think we also shared in the last call, has really been a big success story, and we see a lot of opportunity in those kind of formats going ahead.

Nihal Mahesh - Analyst, HSBC Securities
Sure, thanks, Rakshit. Best wishes.

Operator
Thank you. Next question comes from the line of Latika Chopra with JP Morgan. Please go ahead.

Latika Chopra - Analyst, JP Morgan
Yeah, hi, uh, thanks. Uh, uh, just 2, uh, quick questions. One is a near-term one. You know, you mentioned that more price hikes, you know, will get reflected, you know, in the P&L. Would you consider that the gross margins you delivered in this quarter were kind of bottomed out, you know, looking at how the raw material basket looks at present for you? And if you could also comment on what kind of covers, you know, you take on wheat, you know, when we are going to get into the peak season for wheat production in a couple of months.

Rakshit Hargave - Chief Executive Officer and Managing Director, Britannia Industries Limited
Yeah, so Latika, you know, I, I think it'll be difficult for us to comment on how will the gross margin, uh, end in the future, but like, you know that the raw material inflation was challenging and maintaining gross margins were a bit of a challenge, and we have taken more price hikes. We have to see how it evolves. So the price hikes obviously will cover up to a certain But like we see inflation continues at the same level. Now there are events happening, how does that portend, I'm not able to comment on that and I don't think that you'll be also able to comment on that, so we have to watch that out.

But obviously we're doing our best in terms of how to manage that. Your other question on covers, so you see we know that Britannia is a very efficient buyer of wheat. I think what's more important to see is how is the next season for wheat going to be. And we have to watch that out because monsoons have been a bit challenging. But we have great expertise in managing that and we will utilize all those skills to see. Usually I think in most of the years as I've also seen here we've actually beaten the market and we've had all the mark-to-market gains.

So we'll have to see. But like we said the inflationary conditions on raw materials are challenging.

Latika Chopra - Analyst, JP Morgan
Sure, thanks, Rakshit. And the other question was a little medium term. You know, you are now closing on to be in Britannia for close to a year soon. You know, looking ahead, when you look at -- how do you look at the shape of growth, say, for the next 3 years if you have a plan? You know, how should -- how would you view the revenue growth momentum across the core biscuit portfolio and adjacencies? And if you could also give some flavor on How do you see the mix between the two, you know, changing, uh, for the company, or at least intent-wise, if you could share some color? Thank you.

Rakshit Hargave - Chief Executive Officer and Managing Director, Britannia Industries Limited
Okay, so let me try and share what I can. Yes, I will finish one year next month. Uh, so we have a very strong core portfolio, and the core portfolio needs to continue to fire, and you will see more innovation coming on the core because I think we have an opportunity to do more on that. Similarly, the development of higher margin and more agile adjacencies will continue, which will bring their own growth, which will be higher than the average growth. And then you will see portfolio diversification.

And like we said, in our future platforms you will see more healthier products, more products, you know, which are needed by the kind of population that we have, also products appealing to Gen Z. So you will see diversification on all those levels. And we just discussed in the previous question

about channel failure, and hence our strategy to develop and fortify the e-commerce channel with both specific products for you addressing. So you, you will see that combination, you'll There is no silver bullet or one golden answer for how Britannia's growth will evolve, but you will see a much more rounded growth coming by taking advantage of these 4 or 5 opportunity segments and obviously premiumization.

I think Vipin also mentioned that premiumization is a big opportunity in e-commerce, and I think we have the opportunity to premiumize, we have very strong brands. And there are options that we are working on in terms of how people will willingly pay a bit more for something which is more premium. So the combination of all that will drive growth, and, and that's what we will see.

Latika Chopra - Analyst, JP Morgan
Thank you. Is it possible for you to share what is the salience of biscuits and non-biscuits in your portfolio as of FY26 or first half FY27? It just will help us, you know, on annual basis try to get a better color on You know, how are your newer segments doing?

Rakshit Hargave - Chief Executive Officer and Managing Director, Britannia Industries Limited
Yeah, so you know our biscuit thing would be close to 78 to 80 percent depending on how the month goes. And as we go ahead, you know biscuits will continue growing strong. But like I said, the other portfolio will start punching above its weight.

Latika Chopra - Analyst, JP Morgan
Sure. Thank you so much and thank you so much.

Rakshit Hargave - Chief Executive Officer and Managing Director, Britannia Industries Limited
Thank you, Radhika.

Operator
Thank you. Our next question comes from the line of Priyanshu Raj with Deloitte. Please go ahead.

Priyanshu Raj - Analyst, Deloitte
Hi, uh, first of all, very congratulations on the very good top line numbers. I just wanted to check something regarding the biscuits. You know, let's say, recent increase in commodity prices, uh, specifically for biscuits, what would your gross margins be looking like, specifically the material margins? And if I could talk about in absolute numbers, like, what is your price per kg that you are are like able to get in the market on an overall basis for the biscuits portfolio? And similarly, if you could share some directional numbers around what is your RMPM per kg that you're able to manage so far?

Rakshit Hargave - Chief Executive Officer and Managing Director, Britannia Industries Limited
Okay, Priyansh, I think these numbers are a bit technical. I think there is much more joy in consumer -- in consuming and eating our biscuits than trying to get into these number details. So what I can tell you is that wherever Britannia is, we are better than the market. We're better than the average of the market in terms of how we realize and we're better than the market in terms of what we pay for per kilo is how I would like to put. But I think these are a bit minute details and I think we can probably leave it at that.

Priyanshu Raj - Analyst, Deloitte
Okay, thank you.

Rakshit Hargave - Chief Executive Officer and Managing Director, Britannia Industries Limited
Thanks.

Operator
Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to Ayush for closing remarks. Thank you, and over to you, Ayush.

Ayush Agarwal - Investor Relations, Britannia Industries Limited
Thank you everyone for joining us on the call today. Looking forward to interacting with you again in the future. Thank you and have a good day.

Rakshit Hargave - Chief Executive Officer and Managing Director, Britannia Industries Limited
Thank you.

Operator
Thank you so much. [Operator Closing Remarks]