Operator: Ladies and gentlemen, good day and welcome to Marico Ltd.'s Q2 FY27 earnings conference call. We have with us the senior management of Marico represented by Mr. Saugata Gupta, MD & CEO, and Pawan Agrawal, Group CFO and CEO International Business.

As a reminder, all participant lines will be in 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, please signal the operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

Before we get started, I would like to remind you that the Q&A session is for institutional investors and analysts. Therefore, if there is anybody else who is not an institutional investor or analyst but would like to ask questions, please directly reach out to Marico's investor relations team.

I now hand the conference over to Mr. Saugata Gupta. Thank you, and over to you, sir.

Saugata Gupta – MD & CEO: Good evening, everyone, and thank you for joining the call. I will start with a perspective on the operating environment during the quarter and will then cover our performance, followed by our outlook and strategic priorities.

The global operating environment remained volatile during the quarter. Geopolitical developments in West Asia led to higher energy prices and renewed concerns around supply chain and inflation. In India, activity remained resilient, supported by domestic consumption and investment. Consumer inflation increased, led by food, edible oil, and fuel. These developments reinforced the importance of managing agility in pricing, sourcing, and execution.

Against this backdrop, we delivered yet another quarter of strong, all-round performance. Consolidated revenue grew 13%, driven by 10% volume growth in the India business and 13% constant currency growth in the international business. EBITDA grew 27%, while PAT increased 31%, marking the highest profit growth in the last 15 quarters. Gross margin expanded by approximately 600 basis points year-on-year. This improvement was driven by a favorable broad-based portfolio mix, improving profitability across our new growth engines, and the benefit of softer copra prices.

Advertising and promotion expenditure increased by 34% during the quarter as we continue to invest in strengthening the long-term equity of our core franchise while accelerating the scale-up of our new growth engines. Even as we significantly stepped up our A&P investments, EBITDA margin expanded by 200 basis points to 18.2%.

Our performance stands out even on a 2-year basis, with revenue growth and EBITDA compounded at 22% and 17%, respectively, underpinned by 8% volume growth in the India business and 16% constant currency growth in the international business.

This track record of performance demonstrates how Marico has evolved over the last few years. We have built a more diversified portfolio with multiple, increasingly complementary growth engines.

These include our core franchises, foods, premium personal care, digital-first brands, and a geographically diversified international business. This diversification has increased the resilience of our business across multiple commodity cycles. Last year, when copra prices reached multi-year

Report is AI-generated and may contain inaccuracies.

highs, we delivered resilient earnings growth and stable volumes in Parachute. This year, even after passing on the benefit of softer copra prices to consumers, we have sustained strong top-line growth, led by double-digit volume growth in India, and unprecedented volume growth in Parachute after the significant price drop.

The consistency of our performance reflects something fundamental about Marico: the willingness to challenge the status quo, the courage to set bold ambitions independent of external issues, and a deep sense of ownership to deliver on what we promise. That combination of strategic clarity, execution excellence in adversity, and accountability to outcomes is what continues to raise the bar on our performance.

The numbers bear this out. Over the last 10 quarters, India has delivered high single-digit or better volume growth in seven quarters. The international business has delivered teens or high constant currency growth in nine, while consolidated revenue growth has been in the teens or higher in eight of the last 10 quarters.

Pivotal to this strong performance is our GTM transformation under Project SETU, which has given us a significant advantage in terms of better reach, assortment, rural distribution, and sharper execution. Our direct reach has gone up by more than 1.5x, while we have deepened our rural distribution by nearly doubling the number of stockists. We estimate that with SETU, we have been able to drive 1% to 2% incremental volume growth in the business over the last couple of years, with VAHO being the key portfolio benefiting from this, and now PCNO receiving some benefits. In addition, SETU has delivered a far better rhythm of business every day of the month, with significant savings in below-the-line spends and a very thin stock pipeline. We are now embarking upon SETU 2.0 in India, with a focus on AI- and tech-led smarter growth, and GTM expansion of our premium core and digital brands.

Let me touch upon the key trends across the domestic business. Parachute Rigids delivered volume growth of 13%, its highest in 22 quarters. The franchise gained around 570 basis points of volume market share and reached a new high of 60%. Importantly, Parachute delivered positive value growth despite a deflationary pricing environment. This performance reflects the formidable equity of the brand, the trust consumers place in it, and the competitive advantage provided by our sourcing and supply chain capabilities.

Value-Added Hair Oils delivered its sixth consecutive quarter of stellar growth, with 21% value growth and an 80 basis point gain in value market share on a MAT basis. This consistency points to a structural shift in the portfolio's growth strategy. It is driven by our strategic pivot towards the mid and premium segments. This segment is both growth- and margin-accretive for us, and delivered mid-teens volume growth in this quarter. Our Almond Hair Oil franchise accelerated further. We remain on track to scale it to an annualized revenue run rate of over 100 crore by FY '28, with a medium-term aspiration of being a scaled challenger by building it into a 200-250 crore ARR franchise by FY '30.

In Saffola Edible Oils, we are taking a deliberate reset to strengthen the long-term profitability of the franchise. We rationalized the supply of select low-margin variants, which led to a high single-digit volume decline, while revenue grew 6%. This process will be completed over the next two or three quarters. At the same time, our premium portfolio, led by cold-pressed oils and Saffola

Report is AI-generated and may contain inaccuracies.

Total, continued to grow significantly ahead of the overall franchise.

Beyond our core, our diversification agenda keeps gaining scale. Foods grew 45% and crossed an annualized revenue run rate of 1,500 crore, a significant jump from the last quarter. Saffola Foods delivered early teens growth, led by oats, muesli, and soya chunks. Saffola Oats retained its position as India's number one oats brand. True Elements, 4700BC, and Cosmix are scaling up in line with our plans, with growth accelerating sequentially. We are expanding these brands into relevant adjacencies and addressing a wider set of consumer needs and consumption occasions. At the same time, we are generating synergies across our foods platform in order to drive margin improvement in the overall franchise.

Premium personal care delivered a strong performance, led by Livon serums, Parachute Advansed Body Lotion, and shampoo. The portfolio, comprising premium hair nourishment, hair cleansing, male grooming, and skin care, has crossed an annualized revenue run rate of 500 crore. We are witnessing very good traction in shampoos and are confident of achieving 100 crore plus in ARR this year, with an exit aspiration to build it into a 400-500 crore ARR portfolio in the medium term. Interestingly, shampoo as a category globally, across different brands, is beginning to contribute nearly 4% to 5% of our total turnover.

Talking about digital-first personal care, we had identified quite early that this would be a key growth driver, and had accordingly pivoted towards capturing this white space and building digital capabilities. Over the years, our digital-first personal care portfolio has grown to about 1,150 crore, and we have built serious holistic internal capabilities to scale up digital brands profitably. Beardo perfectly exemplifies this. Since we took over the brand under Marico's leadership in 2020, the business has scaled by more than 6x and is expected to cross 400 crore this year. At the same time, profitability has improved by 1,900 bps. Our recent integration experience with True Elements has also been very good. This is indeed strong proof of our ability to deliver sustained and profitable growth across the digital brands we fully acquire and scale up.

Shifting gears to the international business, we continue to see robust growth momentum, with 13% constant currency growth and 23% growth in INR terms. Bangladesh delivered 5% constant currency growth, a sequential improvement despite continued demand softness amidst persistent inflation and broader macroeconomic challenges. The business continues to grow competitively on a high base, compounding at 13% on a 2-year basis, and strengthening its market position through sustained market share gains in the core portfolio, along with robust growth in shampoo. We expect the business to see a gradual improvement in growth in the subsequent quarters, driven by focused consumer activation and GTM transformation as we leverage our Project SETU playbook globally.

Vietnam delivered another outstanding quarter with 22% constant currency growth, led by strong performance across the portfolio and a sustained acceleration in e-commerce. Project SETU was rolled out in Vietnam during last year and is already delivering encouraging results through direct reach expansion, sharper in-store execution, and AI-led selling, building a strong platform for sustainable long-term growth.

MENA grew 15% in constant currency terms despite inflationary pressures and operational challenges. The business delivered a resilient performance driven by strong execution, focused innovation, and continued market share gains in key categories. South Africa grew 15% in constant

Report is AI-generated and may contain inaccuracies.

currency, accelerating on the back of a strong performance in haircare and new country development, while exports grew 17%.

Summing up, it has been a very strong first half, with revenues, EBITDA, and PAT increasing by 18%, 26%, and 28%, respectively, and all growth engines, including India core, Foods, premium personal care, digital-first, and international business, contributing to stellar performance. We enter the second half with high confidence and strong momentum that positions us well to sustain the robust growth trajectory as we navigate the geopolitical challenges with disciplined execution.

We are improving our annual outlook across key parameters. We expect to deliver teens revenue growth this year and comfortably cross the 15,000 crore revenue mark. We are confident of delivering mid-20s EBITDA growth, up from around 20% that we had estimated earlier, as we now have better visibility of the full-year picture. India business volume growth is also expected to cross double digits for the full year.

On the cost front, copra prices have stayed range-bound at about 35% below last year's peak. Crude-linked derivatives and vegetable oils, however, have risen further on the back of geopolitical developments and weather-related concerns. We are well-equipped to manage these pressures. We will draw on the pricing power of the brands and our distinct advantage in the form of softer copra prices and aggressive cost management programs to help cushion crude-linked inflation.

Our repeatable business model and way of working are what power our growth flywheel. Strong brands, wider reach, and better assortment drive volume and favorable portfolio mix, leading to improved profitability, giving us the headroom to reinvest in our brands, people, and capabilities, which, in turn, fuels the next round of growth. We have chosen to keep investing through cycles, and that consistency is now visible in our results. The quality of our execution and coping with adversity have become key differentiating factors for us, and they are what keep the virtuous flywheel chugging along.

This is further supported by the longevity and stability of our leadership. We are fully aware that the biggest enemies that stall a virtuous cycle of growth are management complacency, overconfidence, and arrogance. Therefore, we are mindful of being hungry, humble, and paranoid every day.

As we progress towards our stated vision to reach 20,000 crore by FY '13 FY '30 with mid-teens EBITDA CAGR, we feel more confident about our strategy, our capabilities, and the strength of our brands and people. With our current momentum, we aspire to wrap up our 20K target by 2029. After all, this heart wants more. This will mean that we will be doubling from 10K to 20K in 4 years without any major inorganic component, which will be unprecedented in the sector.

We remain committed to growing profitably with sharper portfolio choices and disciplined capital allocation. Underpinning all of this is an empowered organization built on depth of top talent across functions, and specifically, P&L leaders or [cut off]

Management: [inaudible] management, AI-led capabilities, and strong execution discipline. Today, we have a portfolio that is insulated from the impacts of a single category or a single commodity cycle, with multiple growth engines that strengthen one another. We have built deep capabilities in

Report is AI-generated and may contain inaccuracies.

brand building, TAM expansion, digital marketing, GTM transformation, cost management, and so on, and we have shown that we can deploy them at scale across our key businesses.

The strong performance over the last several quarters is an outcome of the choices we made and stayed committed to. With the strategy, the momentum, and the organization in place, we are determined to compound this performance and deliver consistent profitable growth in the medium term. With this, I close my remarks and we can take questions.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and 1 on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and 2. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will now wait for a moment while the question queue assembles.

Our first question comes from the line of Abneesh Roy with Nuvama. Please go ahead.

Abneesh Roy – Nuvama: Thanks, and congratulations on the numbers and the EBITDA upgrade. I wanted to understand the EBITDA upgrade. Copra has been fairly stable for the last 4-5 months, and your non-coconut portfolio is in fact seeing more inflation versus 3 or 6 months ago, either in foods, personal care, or even edible oil. What has led to the upgrade? Is it because operating leverage is kicking in more strongly, given that the overall pricing environment is strong, or is it that the growth portfolio is doing better than expected, which I think you mentioned, or because the funding needs for the growth business are somewhat lower? Or is Saffola Edible Oil, because you said some of the lower-margin segments are being culled and there is more focus on the premium end, a bigger reason for the upgrade? That is the first question.

Management: I think it is a combination of four or five things. Obviously, there is a favorable mix where we are consistently ensuring that we keep chopping things that are not profitable in the long term.

Secondly, I think we now have a fair idea about how the year will go. As you know, in procurement, we believe procurement and position holding are sources of competitive advantage. Therefore, the consumption cost and the market prices are different depending on how efficient your procurement is.

Thirdly, as you know, Parachute growth has been strong. When we started, we were not sure about Parachute volume growth being within a deflationary cycle. Although we have taken only one pricing action, we now have a very thin pipeline. Therefore, we have managed it very, very well this time.

Obviously, there have been improvements in the profitability of the diversification part of the business. Lastly, in value-added hair oils, if you notice, the premium and mid segments are growing further. Of course, we also have a very capable cost management program. I think we now have better visibility than we had 1 quarter ago to call this out.

Abneesh Roy – Nuvama: My second question has two parts. First, the protein segment in India is doing really well. If you see Nutrela's numbers, there is 40% low growth consistently. You also have

Report is AI-generated and may contain inaccuracies.

the soya chunks business, where you have done quite well. Can you discuss the ARR for soya chunks, what kind of market share it has in modern trade and e-commerce, and what will be the 2030 aim for this part of the portfolio?

Second, are you looking at value-added protein? Ultimately, value-added protein sells at much higher pricing and margin. For example, something like tofu, which would be a processed product of soya. Obviously, that requires cold chain and a lot of different elements. What are your thoughts on participating in value-added protein?

A second quick question on shampoo: have you managed to penetrate traditional grocery stores, and what success are you seeing? What is the reason for the success? Is it just the brand extension that is working, or is there something different? Because 5% of your salience internationally comes from shampoo. Is something from there able to plug the gaps here, or is it just the brand extension and your normal, very focused market share gain in a new category that is helping? If you can elaborate on that.

Management: The first question is on protein. If I look at protein, we see protein as a big bet and we want to participate across different categories, across different price points, and cater to different consumer segments. Therefore, holistically, we will operate and participate in protein through at least four brands, which are Saffola, Cosmix, Plix, and True Elements. Our participation in protein is aggressive and broad-based, while ensuring that we address multiple consumer segments.

Coming to the mass end, we obviously participate in soya chunks. It is nearly 100 ARR, but the question is—and you are absolutely right—that what we did with oats, we need to do with soya chunks. Basically, how do we premiumize that segment while participating in the mass end?

We participate in the premium end with Cosmix, which is plant protein and yeast protein. Plix also participates in it. True Elements has come up with protein bars, and Saffola, in terms of oats and muesli, is now participating in protein. Overall, by participating with multiple brands and in multiple categories, we believe we will be a broad-spectrum protein player and will be a big protein player in that mix over the medium term.

The second question is on shampoo. Shampoo is available in both sachet and rigid formats, which are available across all channels. We are seeing a good response to it, and we should be able to cross 100 crores. Not many new products cross 100 crores in the first year of launch. In fact, we launched it in May, and we expanded in general trade in July and August. Therefore, it has not even been 12 months. We will be crossing 100 crores.

The issue is that this is a tried-and-tested mix. We used uncommon sense rather than launching in the home market. We ensured that we launched it in another market where the risks were low and we could learn. I think it has been a fantastic success in Bangladesh. We replicated this model in the Middle East with Parachute as a brand.

We have also participated in the shampoo category through X-Men in Vietnam, and we have been participating for the last 15 years. Therefore, we know the category. Parachute is obviously a strong brand. Parachute Advansed, in terms of distribution, is strong, and I strongly believe that it is a question of execution.

Report is AI-generated and may contain inaccuracies.

If you look globally, the natural space is something that is available in the shampoo category globally. Therefore, we believe that Parachute Advansed, with its {? chickpea oil ?}, has a strong right to win. It has a great product. Obviously, we have to continue executing it well.

The other interesting thing is that, given our overall cost structure this year, we have the leeway to invest heavily behind it. In line with our fewer, bigger, bolder, and faster philosophy, we will do a few things. Therefore, the entire concentration as far as the core is concerned, while we continue to diversify and premiumize, is to focus on shampoo and almond. These are the two big bets as far as we are concerned.

We will continue to focus on them, and we strongly believe that, given our experience, we should be able to do 400–500 crore in the near term. The good thing is that we are getting a good response in both sachets and rigids across channels.

Abneesh Roy – Nuvama: Thank you. That is all from my side.

Operator: Thank you. Our next question comes from the line of Arnab Mitra with Goldman Sachs. Please go ahead.

Arnab Mitra – Goldman Sachs: Hi, and congratulations on another very consistent and strong performance. My first question was on Parachute, where expectations have definitely been exceeded significantly in the first half and this quarter. Compared to the past in these deflationary cycles, you did mention the pricing change in terms of how you took the price cut. Other than that, what are the other drivers that have led it to exceed your expectations so much? Do those drivers sustain in the second half, or were there some specific advantages versus competition that may or may not hold true as you move ahead over the next few quarters?

Management: I would say there are four drivers, besides the flawless execution we have done, which have helped Parachute sustain its performance. Is it going to continue? We still stand by the fact that we will be happy over the medium term if we deliver 4% to 6% growth in Parachute.

Coming to this year specifically, what worked for us was that we made selective price drops in loyalty packs, and that reversed the downtrading we had been witnessing last year because of inflation. We passed on the benefit in terms of adding volume in price-point packs, and the price adjustments were higher in the mid and larger packs, which are loyalty packs. We made one price change.

Secondly, because of {? Setu ?} and our rhythm, and because we believe in doing 3.5% sales every day, our overall pipeline in trade and at the distributor level is thin. It is one of the thinnest in the industry today. Previously, by the time the price drop was executed, it used to take 4 weeks, or 8 weeks in rural areas. This has happened in record time.

The third thing that has also helped us is {? Setu ?}. {? Setu ?}, while it has now reached VAHO, is helping Parachute immensely because we are going deep into rural markets with an increased number of stockists. We have increased our stockists to nearly 1.8 times the earlier number.

There are two extraneous factors that have helped. One is more consistent, while the other could be slightly more transient. First, whenever supply chain shocks happened, such as a shortage of

Report is AI-generated and may contain inaccuracies.

packaging material or a possible shortage of things like commercial gas, smaller players were more impacted.

Secondly, our procurement advantages give us a cost advantage. Lastly, organized competitive pressure, given that some companies have other priorities, or possibly because of the hyperinflation that occurred, meant that there was no irrational competitive activity either. I am hoping that this is slightly less transient. The first factor is transient, but even today, the overall supply chain conditions continue to be slightly favorable as far as we are concerned.

It is a combination of all these factors. I believe that this year will be a very good growth year for Parachute. What we have now done is develop the playbook for both a hyperinflation cycle and a deflation cycle, which we will replicate, and in the future there will be no shock.

Having said that, given our multiple vectors of growth, we are not dependent on copra and Parachute performance for our total performance anyway. We have moved away from that.

Arnab Mitra – Goldman Sachs: Thanks. That is very helpful. My second question was on A&P. You have obviously made a big increase in investment, with 44% growth. This time, even standalone A&P has increased significantly; it is not only in the consolidated business. There are two parts to the question.

On the standalone side, is it largely going towards the new vectors that you discussed in the last question, or is there generally higher spending on the core itself? Secondly, in the new businesses and digital-first brands, while they are still growing, the growth rate is now more normative, at around 20%, at least based on the ARR. Is there a case to further accelerate A&P there, or, given the scale of the business, is this growth rate more sustainable for that part of the business?

Management: Coming to A&P in the standalone business, a significant amount of A&P has gone towards shampoo and almond. As you know, we want almond to be a challenger. We believe that what we did with Amla between 2009 and 2016 can be replicated over the next 5 to 7 years in almond, and I think we got the mix right this time.

We have also invested in the core. We are investing in VAHO. We are also investing in driving Parachute in non-Maharashtra markets. As you noticed, one more thing is that core foods have also accelerated.

We are ensuring that, interestingly, if you look at it, we must be one of the very few companies that have not cut back on A&P in any cycle. A&P, investing behind talent, and investing behind capability development have developed muscle in the organization over the long term. We have not taken any short-term bets.

Coming to the digital business, we have always stated that we are happy to achieve 25% growth while doing it profitably. This is our base case. If there are opportunities, we will definitely take advantage of them, but we do not believe in steroid-led growth. There will always be new things added that can accelerate growth. However, for our organic digital business, it is acceptable to grow at that kind of rate.

Arnab Mitra – Goldman Sachs: Got it. Very helpful.

Report is AI-generated and may contain inaccuracies.

Operator: Thank you. Our next question comes from the line of Tejas Shah with Avendus Spark Institutional Equities. Please go ahead.

Tejas Shah – Avendus Spark Institutional Equities: Hi. Thanks for the opportunity, and congratulations on a very good set of numbers. The kind of numbers we are showing, and the guidance raise we have done in terms of bringing forward our aspirational target, require a lot of macro support as well.

I wanted to understand if you can comment on how you are reading the demand scenario in general, specifically for the core portfolio, and also the competitive landscape that you touched upon. How good or bad can it become from here for us not to deviate from or to achieve our target on time?

Management: One of the things we have always believed in is that we want to create a resilient organization, execution, and agile capability where the strong gets stronger and the weak gets weaker. Therefore, coping with adversity has been a source of competitive advantage for us.

If you look globally or even in India, organizations that are what I call self-help organizations, and that do not believe in being victims of external circumstances, perhaps tend to do better.

Having said that, we are mindful of two things. In India, we are mindful of the demand situation if, in certain states, there has been somewhat deficient rainfall compared with others. We are also mindful that if crude continues to remain at high levels, there could be more inflation. The same applies to some of the international markets, and there are also supply chain complexities.

As I said, we do not want to be overconfident or complacent about this growth. We are paranoid every day and ensure that we have a Plan B, Plan C, and Plan D for everything.

Having said that, if what I call black swans keep increasing, that is a different case. But even at the current crude levels, whenever we give our outlook, we have baked in the current crude levels, and we are not hoping that things will drastically improve in the next 6 months.

Tejas Shah – Avendus Spark Institutional Equities: Would you say that consumer sentiment is better quarter-on-quarter compared with when we last spoke?

Management: As of now, we are seeing resilient consumption as far as India is concerned. If you look at the overall results across sectors, although some of them have to be viewed from a 2-year perspective, which is why we shared the 2-year numbers with you, they are improving.

We have to see how it pans out over the next couple of quarters. As I said, as far as we are concerned, we have baked in a scenario of conditions continuing at this rate.

Sometimes, we believe that procurement decisions and other supply chain factors can be a source of competitive advantage. Usually, in tough times, smaller and regional players get squeezed, while larger players consolidate.

Tejas Shah – Avendus Spark Institutional Equities: If I may squeeze in one last question: Project SETU, you spoke multiple times about the vector of rhythm there. Is SETU 2.0 largely about quality

Report is AI-generated and may contain inaccuracies.

of execution rather than numeric expansion? Is it mainly helping with the quality of distribution? Also, what percentage of our portfolio has still not seen the benefits of Project SETU?

Management: It is twofold. First, it is both quantity and quality. If you look at our direct distribution, we have improved it by more than 1.5x. Whenever there is direct distribution, you start selling not only the leader brands but also the second and third brands.

It started benefiting VAHO brands such as Jasmine, Hair & Care, and Aloe in the first instance because we were somewhat under-indexed in direct distribution, especially in the north and east of the country.

Now, as we are going deeper into rural areas, we are beginning to see significant benefits even for a brand like Parachute in a state like Maharashtra, where we are deepening rural distribution by adding stockists.

I would say the first phase of SETU is perhaps 70% complete. We still have work to do and will continue to address it. On a conservative basis, we have definitely gained structurally 1% to 2% additional growth.

The part that has not yet been covered, and which is a huge opportunity for us compared with other brands, is the premium part of the portfolio, or urban SETU, as well as the tech- and AI-enabled component, which can lead to far better execution.

If I look at it, we have not yet leveraged the power of the digital brands in general trade. We have done so in fits and starts, and the same applies to foods. To me, that is the second part of SETU that will give us benefits in SETU 2.0.

The good thing is that SETU has become our playbook. We have seen the advantage in Vietnam within 1 year. If you see the growth impetus that has happened because of SETU, we are now starting to implement SETU in Bangladesh from this quarter. I think it is now a global playbook for us wherever we operate in general trade and other channels.

The other thing in SETU, which is the unsaid part of SETU, is the uniform rhythm of sales that I discussed. We have stopped all month-end and quarter-end peaks. There are no skews. That means that I do not have to provide extra trade loads at month-end or quarter-end to achieve our numbers.

I can give you an example. I was working in the market on the 31st and spoke with the sales team, and nobody was tracking sales. It happens automatically today. That has also saved a lot of money, which we have now put into ATL. Therefore, some of the A&P spend which [inaudible]

Tejas Shah – Avendus Spark Institutional Equities: Thanks, and Diwali wishes to you and the team.

Management: Thank you. Happy Diwali to you.

Operator: Thank you. Our next question comes from the line of Harit Kapoor with Investec. Please go ahead.

Report is AI-generated and may contain inaccuracies.

Harit Kapoor – Investec: Hi, sir. Thanks for the opportunity. I wanted to follow up on the marketing spends. You are indicating a focused approach on new launches and also on building brand investment equity. What, in your view, is the sales ratio you see panning out, either in India or on an overall basis? What could be the absolute spend?

Management: This year, obviously, as I said, we have ensured that this is resourced well. Having said that, in line with our fewer, bigger, bolder, and better approach, we are trying to focus on a few things and do them well rather than proliferating. That is something we are doing.

You have seen a marginal increase, and it will stay at this level: around a 1% increase in A2S levels.

Management: Harit, A&P is also a function of how revenues pan out depending on the inflation-deflation cycle. We never underinvest. We continue to invest behind India, international, and digital businesses.

Broadly, at this point in time, based on the visibility we have from this year to next year, you can take about 10% to 10.5% of A2S.

Harit Kapoor – Investec: Got it. Do you think that is sustainable? This is more near term, and it is the right way to read this, correct? Is there a stable level, in your opinion, for India, possibly 9% {? 50 ?}, because when you become more focused, it will probably be somewhere lower than the current number this year. Is that the right way to look at it?

Management: That is the right understanding because we cannot be expected to continue spending at 30% or 40% A2S. Of course, we had some levers in our hands that we deployed, and we also launched a lot of NPDs. That is the reason spending for this year is higher.

On a steady-state basis, you can expect double-digit growth in A&P. That will definitely happen in the India business.

Harit Kapoor – Investec: Perfect. That is all from my side. Thank you very much, and I wish you a happy festive season and happy Diwali as well.

Management: Thank you.

Operator: Thank you. Our next question comes from the line of Harit Kapoor with Investec. Please go ahead.

Harit Kapoor – Investec: Hi. I have two questions. The first one was on international. I wanted to understand whether the confidence of accelerating growth in international is driven by your SETU interventions beginning to take effect in the next 2 quarters.

The second was on the broader growth expectation. You have a target for FY '30 that you would like to achieve in FY '29, which actually implies teens growth even beyond FY27 on revenues. I wanted to understand your level of confidence on this. I know it is an aim, but what is your level of confidence, and what are the pockets that you believe are surprising you from a growth standpoint and can further accelerate? These are my two questions.

Report is AI-generated and may contain inaccuracies.

Management: As far as international is concerned, I think the biggest driver would be sequential improvement in growth in Bangladesh. As you know, Bangladesh had a very high growth rate last year, while the 2-year CAGR is still very high. Sequential improvement in growth in Bangladesh, and the fact that SETU has proven itself in Vietnam, give us the confidence that it will start delivering incremental growth in Bangladesh as well.

While Vietnam and Southeast Asia continue to remain at these levels, that gives us confidence in a marginal improvement in the overall IBG growth. We are not saying that we are going to hit the ball out of the park and get to 20%, but we expect a marginal improvement in IBG growth.

On your second question regarding the construct of future growth, if you look at the construct of our growth, it is as follows. We believe that we should be able to deliver high single-digit growth in India, which is our base case for the next couple of years, mid-teens growth in the international business, and, broadly, 3% inflation. That construct leads to the kind of growth you are discussing.

We have visibility of our FY27 number, which will be comfortably above 15,000. All I can say is that the journey to FY29 is an aspiration, but is the number impossible or very difficult? It is not. The number is broadly as you indicated, at the kind of growth rate we have been delivering.

It is very much possible if we continue to execute, unless there are multiple black swans or something unusual happens. It is good to aspire, and I believe that when you are on a virtuous cycle, it is better to press the accelerator, but do it the right way. We believe in delivering growth the right way, and it should happen.

Harit Kapoor – Investec: It is great to know that. I have one more question. Could you give an update on the recent additions to the portfolio, Cosmix and 4700BC? They were typically similar-sized businesses at the time of acquisition. I wanted a sense of what you have learned from both in terms of execution, and what you have seen in terms of green shoots, challenges, and so on.

Management: I think they are two great, potentially very strong brands. Both are tracking ahead of our acquisition assumptions.

Cosmix is also very profitable, as you know, and makes high-teens operating margins. It is a very strong brand with a very loyal consumer base. It is going to move into VMS in a structural way very soon.

As far as 4700BC is concerned, premium gourmet snacking is a significant trend. We are doing very well, and quick commerce is helping. This is one brand that has leveraged quick commerce very well. It is trending very well, including nachos, and you will see many more innovations.

The other area that has surprised us very positively is gifting. Between Raksha Bandhan and Diwali, gifting of this brand and institutional selling have been strong.

All I can say is that when we talked about the digital brands aspiration, both are tracking ahead of our medium-term aspiration. We should be able to share a definitive run rate with you by the end of next quarter, but both brands are definitely tracking ahead of our initial assumptions.

Report is AI-generated and may contain inaccuracies.

Another positive development is that the breakeven of 4700BC will definitely be significantly ahead of our target dates.

What are we doing differently here? Unlike with the earlier brands, where we allowed them to operate completely independently, we now believe that our internal digital capabilities, especially in supply chain, product development, and other areas, as well as cost synergies, are strong. We are therefore getting into delivering synergies for the founder brand from day one.

As a result, the additional money now available to them because we have unlocked those synergies is being invested behind A&P to fuel further growth. That is the one thing we are doing differently from the earlier acquisitions.

Harit Kapoor – Investec: Great. I wish you all the best. Thank you.

Management: Thank you.

Operator: Thank you. Our next question comes from the line of Mihir Shah with Nomura. Please go ahead.

Mihir Shah – Nomura: Hi, sir. Thank you for taking my question, and congratulations on a great set of numbers and upgrading the guidance once again. I wanted to understand your growth portfolio, which is now 27% of India, compared with 20% earlier. Once the acquisitions are in the base and A&P normalizes, what kind of growth should one expect for Foods, Personal Care, and the Digital portfolio? I know you said the Digital portfolio—

Mihir Shah – Nomura: You know, 20% to 25% is normative for that. But for Foods and Personal Care, could you highlight the kind of growth one should build in for the near to medium term?

Saugata: Typically, the growth portfolio should deliver 20% to 25% growth while subsequently improving profitability. In premium personal care, the drivers will obviously be serums and shampoos.

In the case of digital, there will be different brands in different growth phases while we continue to grow and subsequently improve profitability. Therefore, 20% to 25% growth for the portfolio is very much possible.

If you look at the overall growth construct, it should be mid-single-digit growth for Parachute and Saffola in the medium term, value-added hair oils delivering double-digit value growth, and these parts of the business consistently delivering 20% to 25% growth. That adds up to a number that enables us to double every 4 to 5 years.

Mihir Shah – Nomura: Understood. Is this despite A&P normalizing later on? Does that construct still hold?

Saugata: Yes. Let me explain what is happening. If you add up all the digital brands, along with the kind of synergies and cost synergies we obtain, there are significant benefits. For example, we now have consolidated manufacturing in some cases and consolidated media buying, including some of the digital media buying.

Report is AI-generated and may contain inaccuracies.

These are significant synergies. Therefore, A&P amortization or efficiency will now accelerate further despite the injection of digital media.

Mihir Shah – Nomura: Got it. Secondly, on Project SETU 2.0, is there any tangible impact that you have in mind that you would want to share, similar to what you shared for Project SETU 1.0?

Saugata: There are two things: quality of execution and significant range selling. I would also say that we need to create a critical mass of food, premium personal care, and digital products.

Basically, how do we create significant strength in cosmetics, specialty food, and chemist outlets in urban areas? One of the metrics will be how we achieve that.

As you know, GT margins of digital brands are higher. Unfortunately, many standalone players do not have the capital or capability to invest behind general trade, which Marico has. Therefore, building a successful general trade business is important.

We have learned from others and from ourselves what kind of assortment to offer, including different pricing and different pack sizes, so that the products are not cannibalistic. Creating a sizeable general trade business for our digital brands is one of our aims.

IT enablement will also provide far more assortment selling and drive selling behavior. One of the major projects we are excited about is the complete gamification of incentives and assortment selling. Ultimately, we want to automate the selling process and not depend on the person at the last mile.

We are doing something quite unprecedented in the industry, and we will be happy to share the details once we have some prototype results over the next 6 months.

Mihir Shah – Nomura: Sounds exciting. I have one question for Pawan, if I may. Pawan, after mid-20s EBITDA growth in FY27, should one continue to expect mid-teens EBITDA growth in FY28, or could there be some risk to that assumption?

Pawan: That is what we had alluded to earlier as well. Our expectation is that from next year onwards, after this year, EBITDA growth should be at least in the mid-teens.

Mihir Shah – Nomura: Got it. Thank you very much, gentlemen. I wish you all the very best. That is all from my side.

Pawan: Thank you.

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

Nihal Mahesh Jham – HSBC: Hi, team. Congratulations on the great performance. Saugata, my first question was again on the target that you have brought forward from FY30 to FY29. You had earlier said that the premium personal care and foods portfolio would contribute 33% by FY30 under the earlier guidance. Does that 33% number also get brought forward to FY29 when you are targeting the 20,000 crore number 1 year earlier?

Report is AI-generated and may contain inaccuracies.

Saugata: Bringing it forward is an aspiration. We have not broken it up in this manner. I am sure the team will work on it. Therefore, what we have said is that it will be a derived number.

What we have done is a more ballpark calculation: if I maintain this construct of growth, and given that I do not see next year being majorly deflationary, we know that if we can deliver this volume growth, the value growth will automatically happen.

Coming to some of the diversification agenda and other parameters, can they be brought forward by 1 year? Yes, we will aspire to that, but we will see how it pans out. Definitely, as far as the top line is concerned, we see a strong possibility of aspiring to it and making it happen.

Pawan: Can I add something? Looking at the current year's profitability, as Saugata mentioned, we will comfortably cross 15,000 crores. If we achieve that, there is an opportunity to push towards mid-teens revenue growth this year.

If you look at FY29, the CAGR will be about 13% to 14%, which is fairly achievable. If you ask me whether we have a bottom-up plan for that at this point in time, we do not. But achieving a 13%-14% CAGR, given the strong momentum we have at this point in time, looks achievable.

This is an aspiration, and that is what we are rallying the organization towards: can we achieve our target 1 year ahead? That is the broad philosophy here.

Nihal Mahesh Jham – HSBC: Fair point, Pawan. Saugata, the second question was on Plix, as Satiya Nutraceuticals. It was interesting to note that they have entered Korean beauty through a joint venture there. I wanted to understand your thoughts for this specific subsidiary. Are we looking at entering multiple diverse brands, and will this, separately from Plix, lead to greater diversification? Do you have a similar plan for the other acquisitions you have made, where new sub-brands beyond the existing brands could potentially emerge and provide incremental growth?

Saugata: This is a prototype that we are developing. We will see how it pans out. But yes, with a brand like Beardo or Plix that has scaled up, we can experiment with other brands because there is an ecosystem, consumer knowledge, and a capability to test them out.

As far as the other brands are concerned, they are still small in size and have a substantial journey ahead. But yes, for Beardo and Plix, we can experiment, and perhaps we will.

Nihal Mahesh Jham – HSBC: Got it. Great. Thank you so much. I wish you all a very happy Diwali.

Saugata: Thank you.

Operator: Thank you. Our next question comes from the line of {? Shirish Pardeshi ?} with IIFL Capital. Please go ahead.

Percy Panthaki – IIFL Capital: Hi, this is Percy Panthaki. My question is that you have upgraded the EBITDA target for this year by about 5% to 7%. Does that automatically mean that FY28 EBITDA would also see a similar upgrade?

The reason I ask is that the upgrade is mainly coming from better margins this year. It is not as if the top line for this year is being upgraded in any material fashion. Is margin normalization simply

Report is AI-generated and may contain inaccuracies.

happening earlier, instead of over a 4- to 6-quarter period, and therefore FY28 EBITDA would not materially change because we are just reaching that level on a steeper curve rather than a gradual curve? Is that the right interpretation, or should we say that FY28 would also see a similar upgrade?

Pawan: Percy, having better visibility into the year, given that we know what efficiencies we have and have a fairly good idea of what consumption costs could be in the rest of the year, and because we now have a better understanding of where our volume growth and revenue growth trajectory will be for the year, we are upgrading the guidance for this year only.

When we say mid-20s, we mean approximately 24%-25% on the minimum side. Whether that increases the guidance for FY28 is another question. Not really. We are saying that from FY28 or FY29, we stand by our guidance of mid-teens growth from a margin perspective.

Percy Panthaki – IIFL Capital: Let me ask it in a slightly different way. If, on FY27, we reach a certain full-year margin, do you see material margin expansion potential in FY28 on that base? If so, what drives it?

Pawan: Percy, again, I am not giving guidance on the margin percentage. I am giving guidance on absolute EBITDA growth. This year, the percentage margin could expand by about 120 to 150 basis points.

From next year, what we are saying is that operating profit growth will be in the mid-teens. Regarding the percentage, as we discussed earlier for our business, depending on the inflation-deflation cycle and how revenues pan out, the percentages could inflate or deflate.

But at least from a growth perspective, what we are saying is that we will definitely deliver mid-teens profit growth.

Percy Panthaki – IIFL Capital: Understood. Very clear. That is all from me. Thanks, and all the best.

Saugata: Thank you.

Operator: Thank you. Our next question comes from the line of Anurag Dayal with PhillipCapital. Please go ahead.

Anurag Dayal – PhillipCapital: Hi, sir. Thank you for the opportunity. The first question is on Saffola, the food business, our core food business. What has been the growth in that business?

Secondly, on Just Herbs, where are we right now in terms of scale? There was some profitability and growth issue there. What have we done to address it and ensure that it returns to the growth path?

Saugata: As far as the Saffola Food portfolio is concerned, it delivered early teens growth, and most of the businesses are growing. We will continue to invest while improving profitability.

Regarding Just Herbs, we had some integration issues in the first year, but we have brought it back on track, with significant improvement in both top line and bottom line, as the losses have now improved. It will still take some time to break even. It should happen sometime over the next couple of quarters.

Report is AI-generated and may contain inaccuracies.

The growth is back in that franchise. It has been a good learning experience, and we applied all the learnings to ensure a very smooth integration of True Elements.

Anurag Dayal – PhillipCapital: Could you give some detail about the changes we made in Just Herbs? Is there anything specific that you can highlight?

Saugata: Sharper branding, better execution, rationalization of SKUs, ensuring that we focused only on certain channels, and improving the D2C AOV. It is a complete playbook for the digital business, covering alignment and everything else.

Basically, we now have a much more focused portfolio. We improved the products from the founders in terms of product quality, and made far more investment behind content and influencers. What was working well in Beardo and Plix, we replicated in Just Herbs. It was a simple approach.

Anurag Dayal – PhillipCapital: Got it. Great to hear, sir. Secondly, just to check, is the 20,000 crore target based on our current portfolio, or does it also account for some inorganic additions?

Saugata: We believe that inorganic growth should never be an escape button for our inability to deliver organic growth. That is why, if you look at our international business, compared with many others, we have been less adventurous in places such as Africa and LATAM.

We have primarily focused on organic, disciplined growth, building equity and investing behind organic growth. This creates long-term, sustainable, focused capabilities. Therefore, we never give surprises in the international business.

Similarly, this target is based on organic growth. Any inorganic growth will be an upside. We also have a very good M&A team that continues to look at digital opportunities, and I am sure there will be more opportunities.

We are a strategic partner of choice for all the digital brands because we have the capabilities to support them. We, of course, want to do this at the right valuation. We do not pay 6x for all these businesses.

Anurag Dayal – PhillipCapital: Fantastic, sir. Thank you so much, and happy Diwali to the team.

Saugata: Happy Diwali.

Operator: Thank you. Ladies and gentlemen, we will take that as our last question for today. I would now like to hand the conference over to the management for closing comments. Over to you, sir.

Pawan: To sum up, we are pleased with the progress we have made in the first half, with strong growth across key metrics and encouraging traction across businesses. While the external environment remains challenging, the strength of our performance and improved visibility for the balance of the year give us the confidence to raise our full-year profitability guidance to mid-20s growth.

On revenues as well, we are increasingly confident of delivering teens growth, with an opportunity to push towards high teens. We enter the second half with strong momentum and remain focused

Report is AI-generated and may contain inaccuracies.

on sustaining this trajectory while continuing to invest for long-term growth and value creation.

That is all from our side. If you have any further queries, please feel free to reach out to our IR team. Thank you, and have a great evening.

Operator: Thank you. On behalf of Marico Ltd., that concludes this conference. Thank you all for joining us. You may now disconnect your lines.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

Report is AI-generated and may contain inaccuracies.