# Marico



**Operator:** Ladies and gentlemen, good day and welcome to Marico Ltd. Q1 FY27 earnings conference call. We have with us the senior management of Marico Ltd., represented by Mr. Saugata Gupta, MD and CEO, and Mr. 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 the conference call, please signal the operator by pressing star and then zero on your touch-tone phone. Before we get started, I would like to remind you that the Q&A session is only 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 Ltd.'s investor relations team. I now hand the conference over to Mr. Saugata Gupta. Thank you, and over to you.

**Saugata Gupta – MD & CEO:** Hi, good evening everyone, and thanks for joining the call. I will start with a perspective on the operating environment during the quarter gone by, after which I will cover our performance, strategic priorities, and our outlook going forward.

During the quarter, the global macro environment remained volatile, with supply chain disruptions and increasing energy costs impacting economic activity. Despite these global headwinds, India continued to demonstrate resilience, backed by strong underlying fundamentals. Domestic demand remained healthy, and economic activity continued to expand. While there was a rise in consumer inflation led by food and a marginal fuel price hike, it remained within the RBI's threshold. On the other hand, some of the international economies where we operate experienced transient headwinds due to ongoing geopolitical developments in the form of inflation and other costs.

Moving on to our performance, we have started the year on a very strong note, with consolidated revenue growth of 23% and EBITDA and PAT growth of 25%, representing our highest profit growth in the last 28 quarters. The India business delivered one of the strongest quarters in recent years, with 11% volume growth and revenue growth of 21%, led by robust momentum in the core business and the continued scale-up of new growth engines. More than 96% of the business continued to gain or sustain market share, and more than 99% of the business continued to gain or sustain penetration on a MAT basis.

The strong brand performance was well complemented by sharp execution across channels. Both general trade and modern trade recorded double-digit growth. The success of Project Setu continued to strengthen our general trade execution, driving wider reach, superior assortment quality, improved service levels, and therefore improved ROI for our distribution partners. Quick commerce continued its accelerated scale-up, reporting more than 50% growth for our core business. It now contributes around 5% of India business revenues, excluding digital brands, and all digital channels put together account for more than 20% of India business revenues.

International business reported 15% constant-currency growth, led by outperformance in Vietnam and MENA. Talking about our bottom-line performance, gross margin expanded by 30 basis points year-on-year, led by softer copra prices and a favorable channel and portfolio mix, resulting from strong growth in the premium portfolio, general trade growth, and the profitable scale-up of our foods and digital-first portfolio. A&P, advertisement, and sales promotion expenses grew substantially by 25%, as we continue to invest significantly behind our brands to strengthen our long-term equity, support innovation, including some of the major innovations we launched this quarter, and drive consumer salience. EBITDA margin increased by 40 basis points year-on-year to 20.7%.

Overall, this was a very strong quarter for us, even more noteworthy because it builds on a high base from the corresponding period last year. On a 2-year basis, volume, revenue, and profit after tax have compounded at 10%, 23%, and 17%, respectively, reflecting the strength of our portfolio, brands, execution prowess, and resilience.

Let us now touch upon the key trends across our domestic business. Parachute Rigids delivered 10% volume growth, its strongest performance in the last 20 quarters, and gained more than 400 basis points in volume share, marking a new high. Revenue grew 23%, reflecting the anniversarization of prior-year price increases and pricing actions taken during the quarter, as we proactively passed on value to consumers in non-price-point large packs amid softening copra prices.

Beyond the strong quarterly outcome, the performance underscores the enduring strength of the franchise and the competitive advantage we have built in the supply chain compared with smaller players over the decades. Our expertise in managing commodity cycles, combined with a differentiated supply chain and sharp execution, enables us to respond faster to market changes, based on the learnings from the past few cycles in which we have taken price drops.

Value Added Hair Oils continued its strong momentum, delivering 22% value growth led by the mid and premium segments. The premium and mid- and premium hair oils portfolio contributed close to high-teens volume growth, which is the profitable part of the mix. We continue to gain market share handsomely. Further, we are seeing encouraging progress in our Almond oil franchise, and our aim is to build it into a 100 crore-plus ARR franchise by FY28. Our performance in VAHO reflects the growing strength of our premium portfolio, supported by sustained investments in innovation, premiumization, and distribution expansion. VAHO has benefited immensely from Project Setu.

Saffola edible oil delivered 7% revenue growth during the quarter, as we implemented calibrated pricing actions in response to a further increase in input costs. The business reported a high single-digit volume decline, as we rationalized the supply of select variants in certain channels to maintain threshold profitability, balancing it against volume growth.

Our diversification agenda continues to gather momentum. The combined foods and premium personal care portfolio, including digital-first brands, has achieved significant scale and is increasingly becoming an important contributor to our growth. More importantly, these businesses are not only growing ahead of the core portfolio but are also improving in quality, with stronger profitability, deeper consumer relevance, and expanding addressable markets beyond our own internal capabilities.

Foods continues its strong growth trajectory, reporting 43% growth and crossing an annualized revenue run rate of 1,300 crores. The addition of 4700BC and Coco Soul expands our addressable market into attractive demand spaces, while the core Saffola foods franchise continues to deliver strong double-digit growth and strengthen its market position.

Premium personal care continues to scale well, reaching an annualized revenue run rate of around 450 crores. We are witnessing encouraging traction in the shampoos category and aspire to achieve nearly 100 crores of revenue this year. The launch of Parachute Advansed Gold hair conditioner further expands our addressable market and complements our broader premiumization agenda.

Our digital-first portfolio, led by Beardo and Plix, continues to deliver strong growth alongside structural improvement in profitability. With an ARR of more than 1,100 crores, the business has scaled up profitably, exemplifying our digital playbook of combining entrepreneurial brand building with disciplined capital allocation and operating leverage. Our priority is to drive profitable growth in this portfolio.

Taken together, these new-age and premium businesses are steadily strengthening Marico Ltd.'s growth architecture. As we expand into attractive demand spaces and scale new growth engines with discipline, we are not only diversifying the portfolio but also enhancing the quality and sustainability of future growth.

Moving on to international business, we delivered 15% constant-currency growth during the quarter. Bangladesh reported 4% constant-currency growth, as the business experienced a transient moderation in growth due to price anniversarization and demand softness resulting from persistent high inflation in the economy. This was further accentuated by the sharp rise in fuel and other energy prices. Through our focused category initiatives, we continue to strengthen our position and sustain market share gains.

**Management:** Vietnam continued its growth trajectory, delivering 27% constant-currency growth during the quarter, driven by strong performance across the male and female personal care categories. We have structurally transformed the business through investments in innovation, distribution, and digital commerce capabilities. In particular, the progress of our go-to-market transformation, similar to Setu in India, has enhanced execution quality, strengthened market competitiveness, and created a stronger platform for sustainable long-term growth.

MEA grew 24%, with both the Gulf and Egypt performing well. Despite inflationary pressures and operating challenges in the Gulf region, the business delivered resilient performance driven by strong execution, focused innovation, and continued market share gains in key categories. South Africa posted 8% growth led by hair care, with our key brands Black Chic, Just for Kids, and Iso Plus performing well. New country development and export business grew 16%.

Summing up, we have delivered a strong all-round performance this quarter, setting a solid foundation for the year ahead. To draw a cricketing parallel, in a match where weather interruptions are a possibility, the best teams aim to get off to a strong start, especially in the powerplay overs, and stay ahead of the Duckworth-Lewis curve. In much the same way, we are looking to build momentum early in the year, positioning ourselves strongly to navigate any volatility that may arise later and deliver our full-year aspirations with greater confidence.

Looking ahead, while global economic challenges persist, we remain optimistic about consumption trends in India and believe that strong fundamentals will continue to support economic activity in the country. We will continue to monitor evolving inflationary conditions and the progress of the monsoon, but so far, the government has done a fantastic job of insulating consumers from any significant inflation. Some international geographies, however, could experience macro headwinds due to inflationary pressures. Nevertheless, we are confident in our ability to navigate these short-term phases effectively.

Despite global supply chain disruptions, we have maintained strong supply chain assurance through strategic positioning of raw materials, packaging materials, and finished goods because of our extreme agility. In the near term, we remain focused on driving top-quartile outcomes. The strong start to this year has positioned us well to achieve our full-year aspirations of delivering double-digit revenue growth and easily crossing 15,000 crores. We are confident of achieving high-teens EBITDA growth and aspire to reach 20% EBITDA growth during the year.

We expect India to deliver high single-digit volume growth and international business to deliver mid-teens constant-currency growth. We will certainly try to achieve another double-digit quarter of growth in India sometime in the next 3 quarters.

On the cost front, we are witnessing divergent trends. Copra prices have corrected meaningfully. While they have seen some upward bias recently, we expect prices to remain range-bound at around 35% lower than last year's peak levels. On the other hand, crude and vegetable oils continue to exhibit an upward bias, and consequently, we expect input costs to be relatively higher in Q2.

As we advance towards our Vision 2030 of achieving 20,000 crores in revenues with a mid-teens EBITDA CAGR, our focus remains clear: strengthen our core franchises, expand into adjacencies where we have the right to win, scale up our digital businesses profitably, and further diversify our international growth engines.

To anchor the next phase of our growth journey, our EDGE framework—expanding total addressable market and portfolio, enhancing distribution and digitization, growing profitably, and creating an empowered organization—will serve as the backbone for translating our strategic priorities into measurable outcomes.

We are building larger growth engines by strengthening core categories through sustained investments and wider portfolio participation across consumer cohorts, formats, and channels. Simultaneously, we are driving a structural shift in our portfolio towards premium and more profitable categories by taking bigger, bolder bets. We are already reaping the benefits of the GTM transformation led by Project Setu in India and now in Vietnam.

The next leg of our journey will focus on sharpening execution through the use of smart analytics, AI, and integrated digital ecosystems. Profitable growth is pivotal to our strategy. We are reducing the share of commodity-linked businesses and progressively shifting our portfolio towards categories that are more profitable. As a result, our portfolio is being designed to compound more profitably, with stronger unit economics, lower cyclicality, and better operating leverage over time.

Long-term profitable growth at scale is inherently linked to the depth of organizational quality and capability. We have always focused on building a strong, future-ready backbone anchored in high-quality talent with a founder's mentality and an owner's mindset, along with a value-driven, frugal culture.

As people and technology are increasingly becoming interdependent, we are leveraging AI, analytics, and automation to improve visibility, speed, and decision support, while empowering teams to drive accountability, collaboration, execution excellence, and discipline. With this, I close my remarks and begin to take some 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 then one on their touch-tone phone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

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

**Abneesh Roy – Nuvama:** Thanks, and congratulations. My first question is on plant protein, collagen, and ACVs. We have seen a lot of competition emerging here. HUL's Oziva saw a weak quarter in terms of slower growth in Q1, and they called out that these are normal routine business issues that keep happening. However, in your case also, Plix did see a reset in terms of slightly lower growth and greater focus on margins from Q3.

When we look at competition and pricing, there is currently a lot of overall pricing pressure. Every startup company and many Tata 1mg-type players have also entered the segment. I wanted to understand, in this kind of high-growth segment, how is the pricing power and who will essentially win? The brands here are new, and many e-commerce companies and online medicine companies are also present through their own private labels.

**Management:** I think I will address this in 2 ways. Firstly, if you look at our brands, we focus significantly on D2C because D2C ensures that we own the consumer and partner with them in their journey towards wellness. We look at LTV by CAC, returns, and repeat rates, and we believe that these are healthy.

Obviously, you can undertake performance-marketing-led spending in a particular channel and grow, but that is not sustainable. In that context, both Plix and Cosmix have significantly loyal consumers, with good repeat rates, good loyalty, and good equity.

We are also using other channels to grow. Yes, there is competition, and sometimes, in categories like protein or ACV, it is good to have 2-3 players developing the category. Otherwise, it is important to have category investment to convert a fad into a habit. We believe that in both the categories in which we participate, it is a habit.

Having said that, as you know, Plix has also successfully pivoted towards premium personal care, which is plant-based hair and skin food. There is a journey to be undertaken for Cosmix in the VMS space. Therefore, we will not restrict ourselves to only plant protein and ACV for these 2 brands. We are extremely confident that these brands will deliver sustainable, profitable growth. When we acquired the brand, Plix already had profitable growth in the high-teens, or mid- to high-teens range.

**Abneesh Roy – Nuvama:** My second question is on the Almond hair oil, which is targeted to become a 100 crore brand by FY28. That is a very aggressive number. In the past, other hair oil companies have also tried this without much success. If you could tell us, apart from aggressive pricing, what else is needed here? The number-one player in this segment also seems to be doing quite well.

My other follow-up is on the status of 4700BC and Cosmix. For these new businesses, where are we versus the initial benchmark?

**Management:** First, let me address 4700BC and Cosmix. They are doing well and tracking very well in terms of integration. Right now, Marico Ltd. offers 2 unique digital platforms: one for foods and one for premium personal care. We are providing synergies and expertise and sharing best practices among all the brands, so the integration is tracking very well.

Both brands have very strong equity, and I believe they will end the year ahead of our initial assumption. This is based on their equity and also on the fact that we remain mindful of profitability.

Coming to the almond category, in any category where a market leader makes supernormal profits without significant innovation, there is a case for disruption. We proved that with Amla when we started that journey. At one point, we had 9% market share while the leader had 78%, and then we achieved market leadership. I believe there is a case for disruption in this category.

Over the last 1-2 years, our resource allocation matrix has focused on fewer, bigger, better, and bolder initiatives. Project Setu has given us access to distribution and provided us with a case to believe that we can take significant market share in this category. Our ability to execute has reasonably developed today; it is a machine that is executing this strategy. Therefore, given the size of the category, I believe 100 crores is a fair ambition.

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

**Operator:** Thank you. The next question comes from the line of Mehir Shah with Nomura. Please go ahead.

**Mehir Shah – Nomura:** Hi. Am I audible now?

**Operator:** Yes, you are audible, sir.

**Mehir Shah – Nomura:** I apologize for that, and congratulations on a great set of numbers. Thank you for taking my question.

Firstly, on Parachute, copra prices have started to rise again. Do you foresee any intervention being required in the near or medium term? Given the large price hike that we had taken in Q2 of last year, can you help us understand what level of price decline can be expected in the near term over the next few quarters on Parachute? That is my first question.

**Management {? Saugata ?}:** When you measure price decline as an MRP price, 2 things happened last year. First, we had a 100% increase in input costs, but we took a 60% price hike. Therefore, we did not pass on the entire cost push to the consumer. It was an unprecedented kind of input cost increase, but Parachute showed significant resilience. It was a very bold move. Nowhere in the world do you take a 60% price increase and still ensure slightly positive growth in terms of the number of transactions. I think it is unprecedented. I have not seen it happening anywhere.

Coming to this year, we were careful about 2 things. First, in the past, we had not executed some of the price drops well. Therefore, we waited and watched. We have taken only some price drops in what I call the loyalty packs. As you know, unlike other categories, the usage of coconut oil among lower-LSM consumers is high, and therefore some of the loyalty packs were slightly stressed by that inflation. We have taken price drops on the loyalty packs.

We had not taken price drops in the small packs and the price-point packs. The total price drop was around 10%. We were clear that we would take only one price drop.

The other thing we have done very well this time is that, because of significant investment in AI-led demand sensing and forecasting and across the entire supply chain, our overall pipeline is very thin. I believe that, across the entire FMCG category, our distributor stock is going to be among the lowest. Therefore, in the past, any price drop used to take 8-10 weeks to take effect in the market. This time, it has happened much faster.

Secondly, what has also changed is that, by taking only one price drop, and because the other thing we did last year was to smoothen all trade spends, with no month-end spends, the pipeline is extremely clear. There are no blockages in the pipeline. This has resulted in a significant impact in terms of growth returning in the larger packs.

Coming to copra, we believe that it will remain range-bound, with perhaps a slight upward bias, at levels around 30-35% below the peak, and we are comfortable with the pricing interventions we have taken.

Obviously, the 10% growth in Parachute was also led by some supply chain advantages we had compared with smaller players. The other thing we are witnessing, which is also positive for us, is that some of the larger players in this space are displaying greater rationality in terms of pricing. With all this, I believe you will see decent, good volume growth in Parachute over the next 1-2 quarters.

**Management:** Just to clarify, Mehir, what Saugata meant was one price drop. We do not want to take multiple price drops. Given the fact that we will now be moving into the off-season in the next couple of months, we do not see any pricing corrections on the cost side.

**Management:** Therefore, we do not expect any further pricing action from our end.

**Mehir Shah - Nomura:** Understood. I will take it offline with you later, if that is okay.

Secondly, I wanted to check on gross margin at the consolidated level. Do you see any headwinds in gross margins over the next few quarters? I am unable to triangulate your high-teens EBITDA growth guidance, given that you will still continue to receive benefits from copra. If you hold on to these margins, there could be material expansion on the EBITDA growth front. Could you help me triangulate your gross margin and EBITDA growth guidance?

**Management:** If you look at the gross margin in this quarter, we expanded by approximately 30 basis points versus Q1 FY26. While there are benefits from lower copra prices, at the same time, you also have to be mindful that crude-led derivatives such as LLP and polymers are experiencing a significant cost increase. For both these items, the cost increase has been in the range of 60-70%.

Therefore, it will be a mix of gains from the consumption of lower copra prices that we witnessed in Q1 and the higher impact of LLP, polymers, and edible oil prices. We have not passed on the entire cost impact to the consumer.

On the guidance side, it is very difficult to provide guidance on gross margin because we believe it will be a mix of both factors. However, we will try to hold the gross margin percentage at the level of last year.

Regarding EBITDA margins, providing quarter-wise guidance could be difficult. However, on a full-year basis, you heard Saugata mention that high-teens growth is the base case, and we will try for 20% growth for the full year. If you do the reverse math and assume that 15,000 crores is something we should definitely deliver, the reverse math would suggest that EBITDA margin could expand by around 140-150 basis points compared with last year. I hope this answers your question.

**Mehir Shah – Nomura:** Understood. No, that is what I was highlighting. Even after a strong beat in Q1, you have kept a very conservative guidance on EBITDA growth, so I was thinking along those lines. I will come back in the queue. Thank you for taking my question, and I wish you all the best.

**Saugata Gupta:** The only thing I want to mention is that 20% or higher growth is certainly not conservative by any standards. That is something we will definitely aspire to deliver.

**Mehir Shah – Nomura:** Absolutely.

**Operator:** Thank you. The next question comes from Harit Kapoor with Investec. Please go ahead.

**Harit Kapoor – Investec:** Good evening. My first question is on Parachute again. You mentioned some supply chain benefits. Could you deconstruct this 10% volume growth into how much of it was led by factors such as grammage cuts or increases that you might have undertaken? How much of it, in your view, is simply the result of competitive advantage from the supply chain? We have not seen this kind of double-digit volume growth in Parachute for a very long time, so I wanted to get more color on this 10% number.

**Management:** It is very difficult to allocate a number to each factor, but I do not think there have been any grammage changes as such.

However, 2 things would have happened. First, as I said, we selectively took deep or relatively deep price cuts in the loyalty packs, which have higher MRPs. This addressed some of the titration in use or degradation that occurs whenever there is a significant price increase.

The second factor is that whenever there are supply chain challenges relating to packaging material, fuel, or anything else, smaller players are obviously impacted more than we are. Therefore, we ensure that there are no supply chain challenges.

Third, we have executed the price drop phenomenally well compared with the past, whether in terms of pipeline management, scheme management, waiting and watching, or taking one price drop.

Lastly, as I said, the fourth factor could be that, compared with the past, some of the organized competition is a little more rational and focused on not selling below a negative gross margin.

**Saugata Gupta:** Just to clarify one thing, Harit, if you are referring to the LML cuts that we had taken in the price-point packs last year, which were 10 rupees and 20 rupees, as copra prices have deflated, I want to clarify that we have not increased LMLs. This 10% volume growth is organic volume growth.

Having said that, 10% is an aberration. We do not expect ourselves to keep delivering high single-digit or 10% volume growth for the year. We would like to maintain the guidance of mid-single-digit growth for Parachute. To clarify, we have not increased the grammage in the price-point packs that we cut last year.

**Harit Kapoor – Investec:** Understood, very clear. The second part was how I should look at the 11% volume growth for the quarter. Is that a like-for-like number? How do you calculate that number, given that you have had additions to the portfolio over the last 3-4 months through new acquisitions? When I look at the 11%...

**Management:** Yes, this is organic growth. We have not included 4700BC or Cosmix in the volume growth calculation. Until they become part of the base, they will not be considered.

**Harit Kapoor – Investec:** Understood. The third question is on A&P. Over the last 2 quarters, A&P growth has been fairly minimal. This quarter also, I think there was 9% growth at a consolidated level. With the new acquisitions also coming in, and assuming more money is being invested, how are we able to maintain the level of investment as well as growth? Some color on that would be helpful.

**Management:** First, we have increased our capital outlay, but that does not impact our ability to invest behind the A&P line items.

As far as overall A&P is concerned, we grew by 25% in this quarter, which is a very healthy rate of growth. As I said, we had a significant advantage in terms of our cost line items, and we found it appropriate to invest behind both the core and the new products.

In India, for example, we launched shampoo and invested significantly behind shampoos. We had the resources and believed it was the right thing to do to invest across all the businesses, whether India, international, or digital. That is why you see approximately 25% growth in the A&P line item.

**Harit Kapoor – Investec:** Understood. One last quick question on the tax rate. It was a little lower this quarter. Has there been any change in the full-year guidance at the consolidated level?

**Saugata Gupta:** This quarter, the tax rate was about 17.5%. From a full-year perspective, you can take guidance of about 18% for FY27 and perhaps about 19-20% for FY28.

**Harit Kapoor – Investec:** Thank you, Saugata. Thank you very much.

**Saugata Gupta:** Thank you.

**Operator:** Thank you. The next question comes from Nihal Mahesh Jham with HSBC. Please go ahead.

**Nihal Mahesh Jham – HSBC:** Good evening, team. Am I audible?

**Management:** Yes, you are audible.

**Nihal Mahesh Jham – HSBC:** I have 3 questions. The first is on Plix. If we look at the growth specifically for the BPC segment, it was quite spectacular in FY26. I wanted to understand more about the hero SKUs in this segment for Plix.

I also wanted to understand how we can gain comfort from the fact that, apart from 1-2 D2C brands, you have seen many brands saturate close to the 500-700 crore range. What can give us confidence that Plix will not face that kind of limitation? You mentioned that we should look at it more as a D2C brand. That was my first question.

**Saugata Gupta:** I do not want to get into that in detail. Plix has pivoted significantly towards hair and skin food, and obviously there are some hero SKUs there.

There are 2-3 capabilities involved: the ability to spot a trend and ride it. Therefore, very good innovation, together with influencers and content, is a source of competitive advantage. Having a strong AOV and a D2C business, with the D2C component being strong and profitable, also provides an edge.

Coming to your point, you are right that Plix, at 800 crores, will not grow at 30-40%. We are also not simply chasing growth; we are ensuring that the brand is profitable. Having said that, at this level, I am sure there is an opportunity for the brand to enter modern trade and beauty outlets. Given its wide spectrum, it is not a single-category brand and there are several avenues for growth.

**Nihal Mahesh Jham – HSBC:** Understood. That is very clear. I have 2 quick clarifications on Parachute. We had mentioned taking a 10% price cut in Q4 in the non-LML packs. That has been the only price cut we have taken for Parachute. Is that understanding correct?

**Saugata Gupta:** Exactly.

**Nihal Mahesh Jham – HSBC:** One last thing: Foods has obviously grown 43%, but this includes Cosmix and 4700BC coming in. Excluding those, what would be the growth in the foods portfolio?

**Saugata Gupta:** The organic growth of this business is in the double digits.

**Nihal Mahesh Jham – HSBC:** Double digits. That was all from my side. Thank you very much, team.

**Management:** Thank you.

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

**Arnab Mitra – Goldman Sachs:** Congratulations on a very strong quarter. My first question was on Saffola edible oil. Is there any impact from the very rapid growth we are seeing in cold-pressed oils on the Saffola core consumer, in your understanding? Regarding your own foray into cold-pressed oils, how is it progressing, and how do you think about that segment as a new segment to operate in?

**Saugata Gupta:** I believe it is a very good growth engine. In fact, one of the things we are looking at regarding edible oil is ensuring that we maintain a threshold level of profitability.

We are not seeing any impact on Saffola Gold or Total users. They are very loyal users. Entry-point Saffola is more commoditized, and this is the area where we are selectively reducing the share of contribution from certain packs and ensuring that we do not have consumers at below a threshold level of profitability.

I think cold-pressed oil is a category of the future, and therefore we are investing in it. I believe that by next year it will represent a sizable portion of the Saffola business. It also makes sense for multiple large players to invest behind the category and grow it. It is a category of the future, and that is what we are pivoting towards. We are selectively choosing not to have a certain part of the Saffola business in some channels below a threshold level of profitability. To answer your question, Saffola Gold has not been impacted by cold-pressed oils.

**Arnab Mitra – Goldman Sachs:** As you look at your own cold-pressed oils business, does it have a margin structure that is attractive enough for you to invest in it? You are advertising it, and I wanted to understand the margin structure.

**Saugata Gupta:** It has a gross margin that is far superior to the core Saffola edible oil gross margin.

**Arnab Mitra – Goldman Sachs:** Understood. My second question was on premium personal care. You have achieved an ARR of more than 450 crores, and there appears to have been significant sequential and year-on-year improvement. Is this related to the launch of shampoo? More generally, do you want to operate as a mainstream shampoo player? What is the thought process behind this entry into shampoo?

**Saugata Gupta:** We obviously want to play as a mainstream shampoo player. We now have learnings from having a shampoo portfolio in almost all the major international markets, where we have done relatively well.

I wish I had launched this 10 years ago, but it is perhaps 10 years late; better late than never. With strong equity, consumers want naturals as a space for Parachute Advansed. The mix looks good. Just as we have done fairly well in Bangladesh and the Middle East with Parachute, we are extremely confident that we will achieve critical mass.

Therefore, our first step is to achieve 100 crores in the first year. So far, the performance has been very encouraging. What has also helped is that, because of Setu, we now have very good-quality direct-market execution. We do not want this product to move only through wholesale; we want direct-market execution as well.

The results are encouraging, and I believe that over the next 3-4 years this will become another major growth pivot and contribute to the premiumization of the core along with Almond.

**Arnab Mitra - Goldman Sachs:** Very helpful, Saugata. Thank you. That is all from my side. All the best.

**Management:** Thank you.

**Operator:** Thank you. The next question comes from the line of Ajay Thakur with Anand Rathi Securities. Please go ahead.

**Ajay Thakur - Anand Rathi Securities:** Thank you for taking my question. I wanted to understand more about VAHO growth. Could you provide some details on the breakup between value and volume growth in the VAHO segment? Given that the base may catch up with VAHO in a quarter or 2, particularly after a post-GST rate cut, can we expect this momentum to be maintained going forward at mid-teens growth?

**Management:** Saugata alluded to this in his opening remarks. While we are focusing on the mid and premium segments, that segment has delivered high-teens growth in volume terms. Value growth is, of course, even higher.

Going forward, we definitely expect to maintain the double-digit trajectory. We will certainly try to deliver high-teens growth. We are fairly confident because the investments we have made have shown good returns. The continued investment in Setu is also really helping us grow in this segment. Therefore, we are confident that we will be able to maintain this trajectory.

**Ajay Thakur - Anand Rathi Securities:** Continuing with the earlier question from the previous participant regarding the Parachute shampoo launch, what is our aspiration for the shampoo segment? Are we looking at capturing a certain market share or becoming the number-two or number-three player? What is the aspiration?

Also, how are we placed regarding the launch? Has it been launched only in certain specific markets so far, or is it a national launch for Parachute shampoo?

**Management:** It is broadly a national launch as we speak, having been launched during the last quarter. We will take 1 year at a time. It is a large category, and we will have to execute well, be patient, be resilient, and make it big. These are small steps, and someday it will become a critical mass.

As I said, in line with our fewer, bigger, bolder, faster approach, in terms of the core, shampoo and Almond are 2 big bets. Similarly, cold-pressed oil and perhaps muesli are also big bets, and we hope to achieve critical mass very soon in all of them.

**Ajay Thakur - Anand Rathi Securities:** Understood. Quite helpful. Thank you.

**Operator:** Thank you. The next question comes from the line of Sidharth Nigandhi with CWC. Please go ahead.

**Sidharth Nigandhi – CWC:** Congratulations on a good set of numbers. I have a couple of questions.

First, I wanted to understand your perspective on how channels are playing out. Given the growth in quick commerce, how do you see this impacting your advertising spend and your margin profile, considering the relative customer concentration there?

The second question is regarding India growth. A large part of it is obviously driven by the core business, but there also seems to be good growth coming from the non-standalone India businesses. Among the digital-first premium personal care brands, which ones are on a faster path to profitability?

**Management:** Regarding channels, I am a little old-fashioned. I believe in the "and" theory and not the "or" theory as far as channels are concerned.

Over the last 5-7 years, entry barriers to organized trade have declined significantly. Today, anybody with some capital can set up a 100 crore brand, spend money, and gain some market share. However, what has not changed is my belief that, in a country as large as India, the entry barriers to establishing solid general trade distribution remain high, especially in rural and middle India. This is something we do not talk about because we tend to see only people like us and overlook the rural part of the country.

We have consciously invested behind this strategy. Over the last 3-4 years, we have ensured that our distribution partners generate significant ROI and profitability. We invest behind technology and direct distribution. Therefore, general trade can be a source of continued advantage and sustainable competitive advantage, and it will continue to be so over the next 5-7 years.

We believe alternate channels are a source of driving premiumization as well as a test market for innovation. We have been avoiding cannibalistic growth. Therefore, we have multiple levers of growth and do not depend on one channel. In fact, that was one of the shifts we made 2-3 years ago when we realized that we had to pivot, and that is when the operation, or rather Project Setu, started.

I believe India offers immense opportunities, and there are opportunities for all channels to grow. Having said that, quick commerce has established itself. It is unique to India, and because of certain factors, it is bound to grow. We have been investing behind quick commerce. What helps us is our 6-7 digital brands, and therefore we are very significant quick-commerce players.

Having said that, one trend we are seeing is a relative slowdown in growth in modern trade and marketplace quick commerce compared with the past, as well as in marketplace e-commerce over the last couple of quarters or the last 2 years. I am not saying there is a slowdown, but there is a relative slowdown compared with the past.

Regarding digital, all the brands are growing well. However, as I alluded to, for us, 20-25% growth with profitability is much more important than growing at 40-50% while burning cash. All the brands are doing fairly well. Beardo has double-digit profitability, Plix is in the high single digits and tending towards double-digit profitability, and we acquired Cosmix, which has always had high-teens profitability.

We are seeing a path to profitability for the other brands over the next 12-18 months, but the cash burn is now low, and therefore we will grow them responsibly at the same time. A significant part of the EBITDA growth that you will see this year is also contributed by the improvement in profitability of both the food and digital brands, partly through the mix and partly through the benefit we have received from raw materials.

**Sidharth Nigandhi - CWC:** In fact, that is very evident if we look at it at the EBIT level, because that is where the segment comes in. There is a clear 40% jump in your non-standalone India EBIT. That was clear. Thank you.

**Management:** Let me clarify that I said relative slowdown. I am not saying there is a slowdown compared with the past. I wanted to make that clear.

**Sidharth Nigandhi - CWC:** I did not mean to imply in any way that general trade is weakening. I am equally clear that general trade will probably remain the dominant channel.

What I wanted to understand regarding quick commerce is that, considering a large part of quick commerce is really channel shift rather than incremental demand, are you seeing that channel shift happening more from modern trade or from general trade?

**Management:** It is very difficult to say. I think it is coming from all channels, but I believe there is a certain shopper who is slightly different, who is less price-sensitive and perhaps more focused on convenience—someone who wants it now.

We also consider the types of packs. We ensure that there is a channel-pack architecture for each channel so that the growth is not cannibalistic. This allows us to maximize each channel. We also use this quick-commerce opportunity to test-market new products. We are therefore viewing it somewhat differently and trying to reduce cannibalistic sales.

**Sidharth Nigandhi - CWC:** Clear and very helpful. Thank you.

**Management:** Thank you.

**Operator:** Thank you. Your next follow-up question comes from the line of Abneesh Roy with Nuvama. Please go ahead.

**Abneesh Roy - Nuvama:** I have 2 follow-up questions. The first is a slightly medium-term structural question on Saffola. If I look at the target audience of Saffola, there is a lot of commonality with consumers who use air fryers and GLP-1. Air fryers have become very affordable, and there is also very aggressive advertising. The same is true of GLP-1.

I wanted to understand that, while you have been focusing on profitable growth in Saffola over the past few quarters and perhaps years, medium-term volume growth itself appears to be a big question mark because penetration has increased significantly. If the same consumer is now reducing consumption because of air fryers and GLP-1, volume growth itself becomes a major question mark. How concerned are you about volume decline?

**Management:** What we are doing is a structural reset of the portfolio. This reset takes 1-2 years. We are saying that we do not want a certain set of variants that do not meet a threshold in terms of profitability.

Let me explain that, for the last 20 years, Saffola as a brand has encouraged consumers to use the right oil but use less oil. In line with what the Prime Minister has said, we have encouraged consumers to use less oil. That is why Losorb technology was discovered and developed, so that it absorbs less oil. We have been working towards a healthier India, and we are attracting a certain set of consumers. Saffola will continue to attract that set of consumers.

Mid-single-digit volume growth is absolutely fine. Having said that, the brand is pivoting towards food, and perhaps in a couple of years, food will become the larger part of the Saffola architecture.

**Abneesh Roy - Nuvama:** My last question is on D2C acquisitions. You have essentially mastered and pioneered D2C acquisitions. Regarding the acquisitions you have made over the last 1-2 years, such as 4700BC, Cosmix, and some of the overseas brands, how much will Marico Ltd. or your team be involved in their day-to-day operations? How is the transition working in terms of management?

**Management:** As you know, these brands have come to us only this year, early in the year—all 3 brands. For a minimum period of at least 3 years, we will learn these businesses.

Today, we are looking at them from a platform perspective. We have a BPC platform and a foods platform with common expertise and capabilities. They learn from each other, share resources, and share costs. This is the exciting part of the portfolio within our structure.

We have ensured that there is a CEO for the India business and a CEO for the international business, and I spend significant time on digital. It is equally exciting, and we now have a playbook through which we can tuck acquisitions into the platform rather than treating them as fragmented acquisitions.

As I alluded to in the last call, when we held a special call with all of you on the digital structure, we are more or less done. We still have 1 or 2 things to do, but I think we will continue to experiment. This began as an iterative process, and we now have a fairly structured playbook. We are confident that we can reach a 4,000 crore, early-teens to mid-teens EBITDA business by 2030.

**Abneesh Roy - Nuvama:** One follow-up on shampoo. Is there any learning from your skin lotion and moisturizer business? That business also has good packaging and a clear Parachute brand extension. Are you satisfied with the scale-up achieved over the past few years? Are there learnings, given that both segments are dominated by multinational companies, along with a few strong Indian companies?

Would you want to be a niche player? You mentioned a 100 crore ambition and taking 1 year at a time, but could you correlate this with the skin lotion and moisturizer business? What are the commonalities and learnings from that business?

**Management:** Firstly, there are 2 things. In the body lotion category, penetration is low. With global warming and shorter winters, the category has not grown significantly. The category has also pivoted towards a low-margin, OTD-driven brand. Therefore, we decided that we did not want to participate because even if we achieve 10 or 15, in line with our fewer, bigger, and bolder approach, it does not fit.

Regarding shampoo, we have proven the model. To assure all of you, in most international markets we have successfully competed with multinationals. Our growth rate in the shampoo category has been quite good. In Bangladesh, it is now in year 4 or year 5; in the Middle East, it is in year 2 or year 3, and it has achieved sustained growth.

Therefore, we have a proven model. The shampoo category in India is very large, and Parachute Advansed has very strong equity. We have significant distribution advantages. I think this is the right time, when our execution engine is at its peak. We have a very focused allocation strategy.

The reason I do not want to give a 3-year or 5-year vision in today's world is that we will take 1 year at a time. However, I am extremely confident that we will do fairly well in this business. As I said, it is a very large category.

**Abneesh Roy – Nuvama:** Thank you. That is all from me. Thanks a lot.

**Management:** Thank you.

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

**Management:** Thank you for listening. To conclude, we have started the year on a very strong note, with multi-quarter-high performance across key metrics, supported by robust business fundamentals and disciplined execution.

While the near-term macro environment is evolving, we are confident in our ability to navigate it effectively and deliver our full-year aspiration of crossing the 15,000 crore mark, while aiming for 20% EBITDA growth. We will remain focused on driving consistent, profitable, and sustainable value creation for all stakeholders.

That is all from our side. Should you have any further queries, please feel free to reach out to our IR team, and they will be happy to address them. Thank you, and have a great evening.

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

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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.