February 21, 2025

To:	To:
DCS-CRD BSE Limited First Floor, New Trade Wing Rotunda Building, Phiroze Jeejeebhoy Towers Dalal Street, Fort, Mumbai 400 023	Listing Compliance National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor Plot No. C/1, 'G' Block Bandra- Kurla Complex Bandra East, Mumbai 400 051
Stock Code: 533229	**Stock Code: BAJAJCON**

Dear Sir/Madam,

Sub: Conference Call transcripts (Scrip Code: NSE: BAJAJCON BSE: 533229)

Please find attached a copy of the Conference Call transcripts in respect of Bajaj Consumer Care Limited dated February 14, 2025.

The same may please be taken on record and disseminated to all.

Thanking you,

Yours Sincerely,
For Bajaj Consumer Care Limited

VIVEK MISHRA
Digitally signed by VIVEK MISHRA
Date: 2025.02.21 11:23:07 +05'30'

Vivek Mishra
Head-Legal & Company Secretary
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Encl: as above

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"Bajaj Consumer Care Limited Q3 & 9M FY-25 Earnings Conference Call"

February 14, 2025

MANAGEMENT:	**MR. JAIDEEP NANDI – MANAGING DIRECTOR, BAJAJ CONSUMER CARE LIMITED** **MR. DILIP KUMAR MALOO – CHIEF FINANCIAL OFFICER, BAJAJ CONSUMER CARE LIMITED** **MR. RICHARD D'SOUZA – AVP, FINANCE, BAJAJ CONSUMER CARE LIMITED**
MODERATORS:	**MR. KARAN BHUWANIA – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day and welcome to the Q3 and 9 months FY25 results conference call of Bajaj Consumer hosted by ICICI Securities Limited.

As a reminder all participants' line will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' and then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Karan Bhuwania from ICICI Securities. Thank you and over to you sir.

Karan Bhuwania: Thank you, Larik. Good evening, everyone. It's our pleasure at ICICI Securities to host Q3FY25 Results Conference Call of Bajaj Consumer Care.

From the management we have Mr. Jaideep Nandi, Managing Director, Mr. Dilip Kumar Maloo, Chief Financial Officer and Mr. Richard D'Souza, AVP, Finance. I will hand over the call to Management for their opening remarks, post which we can open for Q&A. Thank you sir.

Jaideep Nandi: Thank you Karan and good afternoon, everyone and thank you for participating in this Q3 FY25 earnings call. First let me apologize for this delay of half an hour. Actually, the board meeting got a little delayed because the board was deliberating on a special matter. And I will cover this in the later part of my opening remarks.

So, before that let me take you through the company's performance for the 3rd Quarter and the nine months ended December 31st, 2024, before we open the floor for questions. The consolidated sales for the company stood at 230.7 crores for Q3 FY25 and INR 703 crores for 9M FY25. Consolidated sales declined by 2.4% in the quarter and 4.2% for 9M FY25. Gross margin for Q3 FY24 on a standalone basis stood at 51.8% lower by 150 basis points YoY. While for 9M FY25 the margin stood at 53.2% lower by 97 basis points. The contraction in gross margin was partially on account of lower margins in coconut oil portfolio. While we took a price increase in Q3 in coconut oil portfolio of about 5%. It could not completely offset the cheaper copra price inflation during the quarter. Subsequently we have taken another round of price increase in high single digits in the portfolio in January '25 to mitigate the cost inflation. And we plan to take further price increase to cross the inflation that has been seen in the copra prices. Also, higher saliency of coconut oil also resulted in a little bit of gross margin dilution.

The standalone EBITDA for the quarter stood at 29.3 crores while for the 9M FY25 EBITDA stood at 102.5 crores with margins of 13% and 15% respectively. The EBITDA margins for the quarter was impacted YoY on account of combination of specific factors like gross margin dilution as explained above. Investments in Project Aarohan for improving our representation reach and ways of working in GT channel, one time investment in IT infrastructure in Q3 for improving our technology enablement and increasing number of ISRs to increase retail coverage.

The standalone profit after tax stood at 27.5 crores for Q3FY25 and INR 98.7 crores for 9M FY25. GT channel registered a single digit decline in Q3, FY25 and 9M FY25. On a sequential basis secondary sale grew by 4% driven by marginal growth in retail and double-digit growth in wholesale channel and we see wholesale stabilizing now as a result. Initiatives were taken to reduce inventory levels also of distributors by four days in the quarter to improve ROI. The secondary sales for the quarter was higher than primary by INR 7 crores.

Our retail loyalty program registered a growth of 27% for Q3FY25 and 35% for 9M FY25. The program contribution now stands at 11% for Q3 and 9M FY25 and this will continue to remain a focus area for the company. We have been streamlining our distribution network to improve efficiency and reach. Our VAN network during COVID period which was crucial for reaching remote rural markets is now being optimized to also optimized costs. High throughput VANs have been converted into direct coverage through sub stockage based on Project Aarohan recommendations. Further rationalization VANs are expected to be done in Phase-2 of Project Aarohan which would lead to further optimization of cost. While VAN rationalization has resulted in some temporary disruption in business, we expect the rural sub stockage business to streamline and deliver strong performance going forward with rationalized cost to sales.

In relation to improving the quality of distributor channel, we have automated the appointment and separation process via new workflow enforced through technology enablement where we had incurred the IT cost. The RTM Revamp Project Aarohan has made significant progress as of December '24 and is now operational across the entire states of UP and MP. Representation changes have been identified in terms of Sub-DB to direct DB, VAN and satellite coverage to Sub-DB. Nearly 90% of these identified changes have already been actioned upon in both States of UP and MP. Similarly, a large number of previously unrepresented towns have been brought under coverage. Direct Reach has also expanded substantially with UP coverage increasing from 42.4K to about 58.6K outlets, which is about 1.4x, and MP from 15K to 24K outlets which is about an increase of 1.6x. These changes are expected to increase sales significantly in the near to medium term. In the Phase-2 of Project Aarohan, we plan to cover all other major states in India over the next four quarters. Our geotagging initiative has made significant progress with all 3.3 lakh urban outlets now geotagged and geofenced. This initiative will help us to enhance sales force efficiency and optimize cost to sales in the coming quarters.

The organized trade business continues to register a robust growth of 22% YoY in Q3 and 14% for 9M FY25. Modern trade channels registered a growth of 10% led by Diwali activations with ADHO achieving an impressive 18% growth in that channel. While value added hair oils in DMart saw a decline, Bajaj was the only brand to record growth gaining 300 bps share. The launch of 525 ml SKU of Bajaj 100% pure coconut in Apollo resulted in 44% growth in Q3 FY25. Modern trade B2B posted a 40% growth driven by the addition of 175 new stores in metro cash 'n' carry.

The E-commerce channel continued to witness robust growth of 39% in Q3 YoY and 28% in 9M FY25. Quick commerce, which has been a focus area for the company, grew by 72% YoY contributing to 10% of their business compared to 7% last year with Swiggy and Zepto recording their highest ever secondary sales. Bajaj 100% pure coconut registered a growth of 40% YoY. AD lotion achieved its highest secondary sales in Q3FY25.

Myntra recorded its highest ever offtake in Q3 driven by ADHO and NPDs. CPC and CSD institutional sales grew by 25% in the Quarter. Growth institutions were enhanced by cross-category consumer promotion activations.

International business on a consolidated basis registered growth of 23% in the quarter and 19% for 9M FY25 YoY. Bangladesh doubled its top line in Q3 YoY and registered 49% growth for 9M FY25 despite political challenges in the country. Digital engagement activities generated significant reach with 7 million engagements and 13.7 million impressions in Q3FY25.

Steady growth was witnessed in GCC in Africa, UAE and Lower Gulf saw a healthy growth of 21% for 9M FY25. Opening of new markets in Iraq, Pakistan and Angola aided this growth. We launched our first ever ATL campaign in UAE to raise awareness about hair fall reduction reaching about 2.3 million consumers with VTRs of 65% across YouTube and Meta platforms. The rest of the world registered growth of 12% YoY and 26% for 9M FY25. This was broad based across countries with top five countries Australia, Canada, Malaysia, Tibet and US constituting 73% of the business growing at 35% YoY. Nepal grew by 5% in Q3 YoY and 28% for 9M FY25 supported by launch of NPD's outdoor visibility and in store promotion for CNO, virgin CNO and Serum. The digital influencer engagement for virgin CNO achieved a reach of 5 lakhs with 7% engagement.

During the quarter we launched our new ADHO campaign featuring Kiara Advani. The launch campaign delivered ~840 GRPs with a 21% share of voice in HSM market for Q3 FY25. This comes from the backdrop of overall lower TV spends by hair oil companies in the quarter. In digital we reached a reach of about 2.5 crores on key OTT platforms. ASP was increased by 190% sequentially on account of the new TV Media Ads. ADHO witnessed a single digit decline year-on-year while on a sequential basis it remained flat. Large and mid-packs continue to perform better than the small pack. New consumer offers resulted in good traction in large packs in Indian markets. This quarter we also introduced a 24 ml pack of INR 10 with an improved value proposition and size perception for consumers. This will help in the recruitment of new consumers for ADHO.

The AD hair and skin range is scaling up well, registered a strong growth of 50% in the quarter and 39% in the growth for 9M FY25, led by growth across major platforms. Regime kits introduced for AD shampoo and conditioners saw positive momentum from activation in large E-commerce players during the festive season. AD body lotion sales on E-commerce were boosted by a new pack launch and influencer marketing campaign. AD soaps grew by 14% in OT and brand is performing well on Flipkart Grocery. AD Serum saw a high single digit growth in Q3 and 16% overall. Bajaj 100% Pure Oil registered a growth of 8% in Q3, 19% for 9M FY25, the product has been scaling up well and has reached an all-India market share of 2%. The brand has attained strong close to double digit market share in traditional Bajaj stronghold

States of Punjab, Rajasthan, MP and UP, Maharashtra has also been seeing growth in market share. We also launched 525 ml in Apollo which has boosted offtakes by about 25%.

Moving on to input costs, our LLP continued its downward trend in Q3 due to reduced demand and lower crude oil prices. However, it is getting offset by refined mustard oil which has increased due to higher import duties on edible oils. The global edible oil also saw price increase. Copra price has increased substantially over the past two quarters. The company is taking steps to improve gross margins and profitability structurally, while we have taken rounds of price increases in CNO including in this quarter, we will keep taking further price increases for the same proactively going forward. Also, we are planning to take graded price increases in ADHO in the coming quarters to further improve margins on the same. Structurally, we are also rationalizing our trade inputs and incentive structure as well to make them optimal. These measures will improve our overall profitability going forward.

Multiple initiatives have also been taken to reduce material costs and structurally which will give us sustained benefit in the long term. The initiatives taken during the year have resulted in a saving of INR 3.3 crores in the first nine months of the financial year. Our focus on increasing productivity through smart manufacturing programs, use of technology has resulted in improvement in productivity by about 5% in Guwahati plant and about 13% in Paonta.

Our CSR activity also continues to do well with 12,000 families impacted over 600 villages. As part of our ESG commitment we are on track to meet the short and mid-term targets in all the key resources both from the demand and supply side. Rainwater harvesting has been done for the last few quarters resulting in replenishment of groundwater to the extent of 500% of our water consumption. We are confident that our investment in expanding and rationalising our distribution network through Project Aarohan continued thrust on diversifying our portfolio and scaling up of organized trade and international business will be strong growth levers for the organization for sustainable growth for the near to mid-term.

So, while urban demand remains sluggish, rural demand has been showing some improvement. The recent union budget tax relief for middle class is expected to increase disposable incomes leading to higher consumer spending on essentials and discretionary products. Focus on rural development with enhanced agriculture productivity is also expected to improve rural income which augurs well for the industry as well as for Bajaj Consumer Care.

Now to share some exciting development; we have just signed a share purchase and shareholders agreement which is SPA with 100% stake in Vishal Personal Care Private Limited, a leading Personal Care company with presence in all southern states of India having their flagship brand Banjara's. The company was established in 1991 is a trusted brand with strong presence in natural space in the hair and skin care range in South India. The brand offers a wide range of high-quality products, is built on strong business fundamentals and consumer liking. Banjara's has demonstrated strong performance with 14% revenue CAGR over the past 4 years coupled with high gross margin, healthy EBITDA margins and a debt free balance sheet with positive cash flow.

Now let me take you through the rationale of this acquisition:

Firstly, the market of natural products in the BPC products space is significant and is expanding rapidly. Natural BPC products make up about 40% of the total BPC market and is growing 1.5x faster than the overall market. This bodes well with BCCL's traditional and Indian heritage brand credentials.

Secondly, Banjara's general trade distribution reached through cosmetics stores, pharmacies and groceries all across five southern states substantially adds to BCCL current distribution in southern states thereby increasing our distribution to near 3-fold for our existing brands as well.

Thirdly, with a wider portfolio offering from Banjara's, we will be also able to exploit BCCL's wide distribution in HSM markets for the same. And finally, another potential revenue upside will be leveraging BCCL's expertise with Banjara's products in the organized trade as well as in international markets. In both of them Banjara's do not have any significant presence of any kind.

So now let me move on to the deal structure. The purchase condition consideration for the deal is estimated at about is about INR 120 crores at a pre-money enterprise value of INR 108 crores which is a multiple of 2x on a trailing 12-month revenue basis on a yearly basis, so It's a multiple of 2x on the revenue. In the first tranche we will be acquiring 49% stake in the company. The balance 51% will be acquired in the coming 3-4 months, subject to completion of the closing conditions. So, we are delighted and very happy to welcome Banjara's within the BCCL family and are excited to unlock the next phase of growth with them.

With this, I end the opening remarks and open the session for questions. Thank you.

Moderator: Thank you, sir. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press '*' and '1' on their touchtone telephone. If you wish to remove yourself from the question queue you may press '*' and '2'. Participants are requested to use handsets while asking a question. A request to participants, please restrict yourself to two questions so that the management can address as many participants as possible. If you have more questions, kindly rejoin the queue. The first question comes from the line of Rachana from SIMPL. Please go ahead.

Rachna: In our previous calls of FY23 and FY24, we have mentioned to achieve high single digit to double digit growth in the near term. But that's not visible. So, can you explain us in detail what challenges we have faced and what is stopping us to generate good sales growth? Second is other expenses are increasing even though the sales. So, what are those expenses? And you also mentioned we have been taking some cost reduction. So please explain that in detail, what measures are we taking? Third is with respect to Banjara's acquisition.

Jaideep Nandi: Two questions please. So just prioritize the two questions that you want please.

Rachna: Okay. Please tell us about the low sales growth and why the other expenses are high and what cost reduction measures will we be taking?

Jaideep Nandi: Thank you. So as far as the sales growth is concerned, very clearly as you have seen the hair oil industry, especially the value-added hair oil segment, if you read the commentaries of other companies as well, while the only product that has been growing in the hair oil category is the coconut category. All other hair oils if you see commentaries from other companies also have been under stress. Almond Drops is a premium hair oil in the value-added hair oil category. So obviously has faced headwinds. We have taken enough corrective measures. We are further taking corrective measures in terms of increasing our advertising spends on the brand etc. While we will also take some price increases and rationalize the cost to ensure that our EBITDA margins are protected. So, this is a step that we are taking. The other thing that we have already done, as you would hearing in terms of Project Aarohan, we have been continuously working to ensure that our entire RTM for general trade because all the pressure that is there, is only on general trade. We had corrected the wholesale. Now wholesale is slowly coming back. We had seen now these are changes that take some time to adopt. It cannot happen overnight. So, we wanted to ensure that the large wholesalers are controlled. I think a lot of good hygiene work has happened. Now we are seeing both in terms of number of wholesalers as well as in terms of wholesale itself coming back. It does take time but now it is already on track. Similarly, in terms of retail presence we had already had aimed that we wanted to take it. Now we are structurally partnered with a consultant which will be doing for the next four quarters as well. And there is already some positive signs we are seeing in UP and MP and now we are going to extend it to other states. Coming to your cost structures; yes, you're absolutely right. Certain costs have gone up. Especially, if you break it up in certain areas the cost will look the same. One is in terms of employee cost because there has been no increase in terms of employees etc. It's just that there is a bit of higher percentage fill as far as employees are concerned which is making a little bit of a difference. But the bigger difference is obviously a deleverage thing where the sales has not grown and the employee cost has had an annual increment. That is what has taken a blip at this current moment. This will get corrected as the sales naturalize and come back in the next few quarters. The other area you will see is in the other expenses, admin expenses especially so as I had mentioned, so two things are going on. One is a continuous thing where Project Aarohan is going on. So, there are some additional investments as far as Project Aarohan is concerned. So, this will continue for somewhat two-three quarters more. Specifically, a one-time investment had been made in IT. Certain things like e-invoicing and e-way bill, Cloud application protection, geofencing, central managed and detection response and higher DMS support. All of this we have done this way. We had to do these corrections. We have done it in this quarter. We could have split it across quarters. So, we are taken this, this has also resulted. This will normalize in the next quarter and you see this coming back. Thank you.

Moderator: Yes Rachna, those were your two questions. If you have any further questions please rejoin the queue.

Rachna: Okay.

Moderator: Thank you. The next question comes from the line of Vaibhav Barjatya from Honest & Integrity Investments. Please go ahead.

Vaibhav Barjatya: Hi sir. Thanks for providing the opportunity and congratulations for the new acquisition. I hope it works out well. So, I have a question on, if we look at FY20 you had EBITDA of around 200 crores and now we are on run rate of around 140-150 crores. So, there is a delta of 50 crores. Now if I want to look at it that way, that between almonds and the new and non-almond portfolio, do you think that it is majorly contributed by decline in profitability of the almond portfolio or if you can just broadly give us the breakup, will this 50 crores decline that has happened, is it because of Almond Oil, decline in profitability or due to other products?

Jaideep Nandi: Fair question. So, if you look at in terms of structurally, if you are investing in a consumer product, if you are looking at either a new product range or an acquisition or into your markets or modern trade, international, wherever where you are investing, you will typically go through a 4-5 year cycle before they start building results. So these are the investments that have been made. So, there are two parts to your question. The first part is investments for growth that we have made. And if you would have seen, we have made significant progress in all the growth levers that we had pushed whether be it in product diversification, be it channel diversification or whether be it international markets, wherever all of these places we have invested for growth and now the growth are slowly coming in some of the products like coconut etc. have been doing very well. I mean now it's just a question of as the business bulks up then a little better pricing power as well, which already we are seeing a bit of it. Only thing is we need to be a little smarter in taking the price increases on time as the commodity prices keep going up. Because this is a commodity product, we need to just be a little more smarter. That's about it as far as the products are concerned. So, some bit of investment has gone into that. So, there has been a dilution as well as this. But this was a planned thing, if you really want to make it a company from a single product to a multi-category, multi-channel, multi country product, this is where it was. So, this acquisition is also fitted exactly in that sense where you wanted to get into a market which is unrepresented as far as we are concerned. Earlier we never had a product range which could really cater to the south market. Now we have enough products including another good brand that we have established which will go through the southern markets. With our eco that we have in the market is about 27,000K - 28,000K in the entire five states of the South. With this it will straightaway go up to 80,000K odd. So straightaway is an advantage of having a far larger distribution network to sell our products. Clearly those actions have happened. As far as ADHO is concerned, yes, you absolutely right. But if you look at the trends, as far as the last five years is concerned, the value-added hair oil category has faced headwinds. So, there has been a lot of bloodbath in the marketplace in terms of in this value added hair oil category. And you would see that from the commentary of most companies as well. So hence we being a single product dominated in that hair oil category. Obviously, our margin looks directly flows into our P&L directly like that. If there were companies where there are multi brands, multi categories, this part of the portfolio gets a little hidden. But if you were to cut it out and look at this thing, none of them would be faring any better. So yes, we were in the downward cycle of demand as far as this product is concerned. But now as we feel that the cycles are slowly starting to turn, maybe not yet, but with the government budget, etc. As we see turning all these investments that we have made, we will now be able to see. And also, we will be able to see the results slowly coming out. And also, as I had also mentioned during my presentation, we are also looking at some structural corrections as far as Almond Drops is concerned in terms of pricing and investment back into the business. So that is also the other strategic direction we will take.

Vaibhav Barjatya: Yes. So, I understand you that you have invested in a part of the decline in EBITDA in absolute terms would because of that. But I was just trying to get a sense on the fact that how much is it majority because of the almond decline in gross margin of the almond portfolio or EBITDA?

Jaideep Nandi: Almond Drops portfolio would have declined a bit. Not really much. It is more the investment for the future.

Vaibhav Barjatya: Okay, got it. Understand. That's it from my side sir. Thank you.

Moderator: Thank you. The next question comes from the line of Kaushik Poddar from KB Capital Markets Private Limited. Please go ahead.

Kaushik Poddar: When can you get back to that 15% to 17% margin that you have spoken about in the previous con calls?

Jaideep Nandi: So, the 15% to 17% margin, just an aberration in this quarter. Till last quarter you would have seen that consistently we have delivered 15%-16%. I don't think this was just an aberration. You should see, as I said we had made it was in a downward cycle for both. Both in terms of the corrections that we have made. Some of the results coming in has slowly started to trickle in. Whether with the wholesale corrections, whether the investments in terms of feet on ground that we have increased whether the rationalization of VANs which are now being converted to sub-D, so cost structurally we have done all these corrections. So, the results will obviously slowly flow in the next quarter or two. But these are the investment, plus we made those one-time investments as far as the IT requirement enablement based that is concerned. So, this is a blip that has happened. You will see this coming back quickly. So that should

Kaushik Poddar: So, we should be around 15% from this quarter onwards and progressing further. That's what you are suggesting.

Jaideep Nandi: I don't want to like to give any forward guidance on that. But you can assume from the structural direction that we have taken that is where we should be looking at even more going forward.

Kaushik Poddar: Okay. And this value-added hair oil being a substantial part of your portfolio and that category having not done well for the last few quarters. Do you see the challenge there, is the market landscape changing for this value-added hair oil?

Jaideep Nandi: If you look at in the last few quarters, I mean slowly we are seeing the demand cycle slowly coming back. While it was quite under stress last year. Slowly we are seeing the hair oil category itself coming back in terms of growth as well as earnings and numbers are concerned. Obviously, it is still led very much by coconut. But we can also see value added coconut slowly trudging back. And given that this kind of announcement has happened from the budget where we feel that there will be more participation as far as discretionary spends are concerned, we feel we are quite buoyant that Almond Drops also should be able to see a benefit out of the demand cycle reversal.

Kaushik Poddar: And what is the timeline for this new acquisition being consolidated in your accounts?

Jaideep Nandi: So, this acquisition as I said 49% will go with the first tranche this quarter itself. And by the next quarter, I mean we have announced next financial but we will aim to finish it by 3 to 4 months the entire acquisition.

Kaushik Poddar: Okay, thank you. I will ask my questions later.

Jaideep Nandi: Thank you.

Moderator: Thank you. The next question comes from the line of Gaurav Gandhi from Glorytail Capital Management. Please go ahead.

Gaurav Gandhi: Thanks for the opportunity. Just one question. On this new acquisition of Banjara's which is more into the Southern market. What are your plans to test it pan India, how are you making it to grow?

Jaideep Nandi: So as I said there'll be four-prong to the strategy. The first and foremost is where we see synergies coming in. As far as our company is concerned. We feel that we ourselves can substantially add value to Banjara's brand and make it much larger in terms of just in terms of sheer let's say all the other back-end benefits that we can provide as a much larger company to the company. So, Banjara's itself, we feel that from the 50-55 crores of annual revenue that they do, in the next 2 years that can be scaled up substantially in Banjara's southern market. The second benefit we see clearly is where the Bajaj brands that are today available can go into the five southern states where our distribution scale up can straightaway go to about 3X times. I mean that is the kind of numbers that are looking at. And clearly there are some products which can go into that market. So that clearly is the second growth lever that we see. The third growth lever obviously as we see is that in terms of modern trade and e-commerce, I just told you that we have now a 30% salience as far as modern trade is this thing which was about 5%- 6% about 5 years back. This is exactly where Banjara's are even lower. And that clearly, we have the expertise now in modern trade, e-commerce which with our full team and Banjara's, they are also very excited that we can add value to their product range in that market. Because as you are aware, south is a large modern trade salient market and e-commerce, large players sit out of Bangalore. So, a lot of benefit can come out of modern trade and e-commerce as well as the international markets we see there is some scope as far as the Banjara's product is concerned. The last and is where your question is specifically. We also see some of the products like Multani mitti etc. These are products which are face packs etc. These are basically northern products more suited for the northern markets which are now going into the Banjara's. We are also looking at how that can be scaled up in the northern market. So, a four-prong strategy, we see there's a large opportunity for growth upside as far as all these.

Gaurav Gandhi: Okay, great efforts sir. Hope to see the results in the revenue growth soon. Thank you.

Moderator: Thank you. A reminder to all participants. You may press '*' and '1' to ask a question. The next question comes from the line of Rachna from SIMPL. Please go ahead.

Rachna: The acquisition that we have made, Banjara's acquisition. what gross margin levels is it operating at and how are the ad spend compared to our ad spend?

Jaideep Nandi: So, the gross margin that this company has consistently operated for the last 4 years is about 60%. So, it has remained between 59.5 or 59ish to about 60 and a halfish. So, they have consistently maintained that they have a large range of product categories that they operate and all of them operate at these kind of. So, they have a face pack range, they have rose waters, they have other skin care products, they have black henna, natural henna and other hair care products. That is roughly where it is and all of them are between let's say 55% to 60% kind of a margin. So very well distributed and very well controlled products. So coming to ATL cost, this company had made large ATL investments in FY22 and after that they have scaled it down. So now they operate with a mix of ATL and BTL where the ATL is substantially lower but BTL is much more. You have to also remember, they have beauty advisors at their places. So, lot of it is also sold the way the beauty advisor sells at the shop at the point of purchase consumption happening. So, they are extremely adept at that. And they are also very efficient in terms of churn of the new products. So with their beauty advisors they are able to monitor what kind of trends are happening as far as the new products in the various categories and they are able to churn out newer products and also scale up the older products. The other great advantage of this company is this is a completely secondary sales focused company. So only when the distributor, so they only do replenishment of stocks of distributors. So, in that manner they are actually even better than a company like Bajaj. This is a very well-managed efficient company in terms of stocks etc. So, they have complete channel management in that sense to ensure that there are not too much of bad stocks or obsolete stocks that happen. So great NPD work and as well as great inventory management.

Rachna: So how are these products positioned as compared to Bajaj?

Jaideep Nandi: So, they are not comparable to Bajaj in sense because that's not a category we are really into. But if you look at, they are more in the Himalaya range of kind of pricing, just a little lower but considered to be premium, not the super-premium but just a little higher than the local ranges etc. So, that's where they are. That's why they are on a 60% gross margin.

Moderator: Does that answer your question, Rachana?

Rachna: Yes.

Moderator: Thank you. A reminder to all participants. Please press '*' in '1' to ask a question. The next question comes from the line of Karan Bhuwania from ICICI Securities. Please go ahead.

Karan Bhuwania: Good evening, sir. Firstly, I wanted to ask on Project Aarohan, right. So, we have already implemented in couple of states UP and MP. So just wanted to understand what are the green shoots we are seeing in terms of, I understand we have expanded distribution, improved presence etc. but what are you see what are the green shoots are we seeing in terms of sales how has it trended over the last couple of quarters, if you could share that would helpful?

Jaideep Nandi: So good question Karan. I mean I think we started the Project Aarohan quite some time back and we implemented it in a phased manner in both UP and MP. We did not take full UP and MP in the beginning because we wanted to ensure that all of it is monitored. So, we have a Project Aarohan team of our own and there is a steering group there as well as we have a project manager of Project Aarohan while PwC's own people are also fully involved. So now the entire states of UP and MP are covered. The objective was to ensure that we ensure that everything that is required as far as the improvement in the route to market has been put in place. So in terms of rationalization of distributors, in terms of conversions of sub-DBs to direct DBs, satellites to sub-DBs, rationalizing of Vans which we knew would result in reduction of sales or cost to sales will improve. Neither will happen immediately but all of them will over time as you convert, rationalize the VANs and add them into the sub-DB network as it stabilizes it will give you advantages. So, all of these actions as well as both UP and MP is now about 90% completed. 90% as in what was identified as Project Aarohan. Whatever has come out of Project Aarohan and which we had presented and we saw and then finally said okay, these are something that we will take up, 90% of those have been now already implemented. So just to give you certain numbers, let's say the number of unrepresented towns etc. 475 has gone into 658 towns that we have now taken into coverage as far as UP is concerned from 90 to about 112, as far as Madhya Pradesh is concerned. I talked about coverage expansion of direct reach of UP and MP. UP went from 42.4K outlets to 58.6K outlets. That's about 1.4X and MP from 15,000 outlets to about 24,000 outlets. So, we see great progress that is happening. Obviously, numbers will not immediately show up because these are all in the stabilization process. So now all the investments are happening. So, we have put foot on the ground because to service this larger number of towns and this thing etc., you will require more people. But as they stabilize and as they see, you will start seeing the numbers slowly and strongly flowing in. And given this, as we see and as we are so confident that this has been a successful path going forward, we are now extending it to eight more states now, and few more we will add at the end of the 3rd Quarter. So, for the next four quarters we will aggressively push this so that then this entire attempt where we were trying to ensure our retailing initiatives become stronger, whereby we are program outlets etc. that programs that retail loyalty programs etc. Now we are structuring it in our own with a project managed by a consultant. So, we wanted more on ground execution project rather than a strategy project because I think as a company, we required this intervention more than a strategy project. And I think we have had fantastic results coming out of this and going forward we feel that as it scales up in the other states, we will see very good results coming.

Karan Bhuwania: Thank you, that's very helpful. I will come back in a queue.

Jaideep Nandi: Thank you.

Moderator: Thank you. The next question comes from the line of Raaj from Arjav Partners. Please go ahead.

Raaj: How much growth are we expecting for the full year FY26 and FY27, looking at the initiatives which we have done?

Jaideep Nandi: See two things. One is first and foremost I wouldn't be able to give you forward statements like these. But I can tell you all the growth levers that we have pushed and the kind of interventions further we are taking. If you look at the overall picture because of the market conditions etc. The main area where, and obviously that is a not only a main area, that's where the large fall has happened is basically ADHO in general trade. Other than that, every other lever that we have pushed is working well, including ADHO in the modern trade, e-commerce as well as international market. So, one of the biggest focus now we have is to ensure that the core becomes far stronger. So, one exercise is ensuring that the wholesale destabilization that was there is slowly taken up. We knew three quarters back itself that it will have a long little mid-termish pain area. So, two-three quarters we will have to suffer before wholesale slowly starts coming back. It was not unknown to us. But you have to make this intervention to ensure that in the long term the company benefits. So now that has happened and that's why you have seen this Q2 to Q3 wholesale has already had a double-digit growth. On the other side, retail which has been not a very strong area for the company. We have been taking initiatives at the company level itself and a lot of work has happened but we have really not ever done it through a structural manner. It was more internally done. So structurally this was identified and that is what has been going on. So, we feel that is also going to be a good lever. So as far as GT is concerned, lot of good work is happening. ADHO itself we are looking at intervention in terms of increasing our investments as far as ADHO is concerned. How we will fund it, maybe we will have to take price increase may be a little more rapidly to ensure that we are able to fund it. That's the path we are planning to take going forward. So, as a result you will see ADHO and general trade and obviously you require some kind of a turn as far as the demand conditions are concerned. As long as that is concerned that happens and all the other growth levers are pushed, I think we are in for a good—I cannot obviously promise any number or I can't even give any forward guidance but clearly '26-27 we should be seeing some good numbers.

Raaj: All right, I was just trying to understand all these initiatives which we are taking, so when all these initiatives will get converted into numbers? So, you are saying FY27 will be the year when we can see some good growth in numbers, right?

Jaideep Nandi: So, I'm not saying any commentary on that because all of these are initiatives which take time. These corrections maybe you will see results a little more earlier in terms of the initiatives as far as RTM is concerned and some of the others. But in terms of developing brands etc. you have seen coconut already go beyond INR 100 crores etc. So, those kind of products will slowly take time and we are in the right path. I mean you will see in the last 5 years there are no products which have been launched by companies which have scaled up to 100 crores plus in the Personal Care space. I mean obviously there might some misses, this is my thing but I think some work has happened and I think those we will have to give it time now. Slowly time is coming slowly to mature and fructify. We keep investing in these. I think we should see results. I mean international market has been doing very well. This can give us good growth. So, in terms of the consol numbers, you should see good numbers coming up. It will require some investment, yes, but I think we should see growth. So, I will not say go to FY27. Let's look at even FY26 positively.

Raaj: Because overall it is a concern for the investors because the sales have been flat for last couple of years. And compare your peers, they have grown well, only we haven't been able to scale up. That's why I've been asking about.

Jaideep Nandi: As I explained, you'll have to look at it a little more, cut it into categories and see how the growths are. With a multi category company selling multi segment, in multi category multi segment companies versus a single category single segment. If you want to do a like to like comparison then you will have to look at how this particular brand which is in a single category, single segment has operated against their peers. And I would like to think overall in that sense we have done pretty well. Yes, there will be some misses here and there which is so for the others as well. So that's where it's a fine balance and I think we are coming out of that balance and now looking at growth getting delivered in the future.

Raaj: All right. Okay. All the best. Thank you.

Jaideep Nandi: Thank you.

Moderator: Thank you. The next question comes from the line of Amit Agicha from Hawa & Company. Please go ahead.

Amit Agicha: Good evening. Thank you for the opportunity. So, my question was connected to international business like what are your top markets and how do you plan to expand further?

Jaideep Nandi: So international market has been as we had said about 5 years back that we wanted to take on the international market after we had got into modern trade, e-commerce, newer products etc. So we got into this journey about 3-3.5 years back and initially we had a small operation in Dubai and in Nepal and that's about it and in Bangladesh we are doing some, we had closed down on operations. We started our local operations in Bangladesh. Bangladesh has been scaling up very well. We feel there is a huge potential as Bangladesh is concerned because demographically as well as usage wise it's very similar to India. They have a higher preference for coconut sure. But there is a clear opportunity as far as ethnically there is a clear opportunity. The Middle-east market is another focus market for us and Middle-east is not only just UAE or neither GCC, Middle-east is Middle-east which would mean all the other surrounding markets, whether it be extended Middle-east of Afghanistan, Africa and parts of North Africa, etc. So, I think that is a market which is a great potential for us. The third market, which I am personally buoyant and we had mentioned it in the last time is the US market itself. That's a large export market, a huge diaspora. Most of our competitors have huge amount of business. We have tied up with one of the largest FMCG distributors in the US in the last quarter or last one and a half quarters or so. And I think that I personally think is a large opportunity as far as us. In fact it has come to a certain stage where now we are looking at using digital advertisement in the US market to ensure that we can create further demand other than organic whatever demand is there. Another market which is of interest to us is Malaysia because that's another market where there is an ethnic Indian population. So, they are not Indian Indian in a sure sense. But at least there is ethnic Indians out there. So that is a market also focus which is what we are also focusing. Quite a few more markets and levers we are pushing other than our standard Nepal and all of the world which are smaller. We clearly think that international if we play out well for the next 3-4 years can easily go to good low-teens, high-teens, even to the 20% of our contribution. But there we need to play it well. But that is clearly an opportunity and easily doable which we have also demonstrated in the last few weeks.

Amit Agicha: So, what is the present contribution of international business?

Jaideep Nandi: It is higher than it is close to 7% and we are taking it up from about 2%-2.5% to about 7% in this thing. And we personally think that you can easily continue to scale up. The growth of the international market 37% in the last 3 years that is CAGR. CAGRs are not that strongly relevant because the bases are low. But I think this is the direction that we have. But more interestingly more comfort wise, I think I would like to say two things. One is sequentially as well as in terms of CAGR, in terms of on a continuous basis, the growth has been very healthy. The other thing is geographically the growth is healthy. It is not driven by one geography but across all the geographies that you see and it's part of the presentation as well. All of them have been doing well. We have been working on each of the geography, newer products in each of these markets and they have been doing that. So that gives us confidence that moving forward international market can deliver.

Amit Agicha: My last question was connected to like is the company coming up with any product innovation in the pipeline connected to other things other than the personal care?

Jaideep Nandi: At this moment we would like to consolidate our position in personal care. The Personal Care market itself is so large, we would like to focus on that. And plus, with this acquisition of Banjara’s, we have a large number of newer products that comes into our portfolio. That is something that we will also like to exploit and explore across the country as well. So, there is enough in the pipeline. Yes, we will continue to, our R&D function is pretty robust. They will continue to innovate, continue to look at newer ranges, whether be it in terms of Almond Drops itself. What can we do on Almond Drops itself or some of the other ranges? Yes, that work will happen but we will also look to consolidate the kind of products that we have already launched, balance our portfolio, look at the new member that we have gone into our fold now, look at how we can exploit that. So, our focus will be more of the base and also looking at some opportunities. Innovation work will continue but the focus will be to ensure the existing range is more put into that.

Amit Agicha: Thank you for the explanation, sir and all the best for the future.

Jaideep Nandi: Thank you.

Moderator: The next question comes from the line of Kaushik Poddar from KB Capital Markets Private Limited. Please go ahead.

Kaushik Poddar: You started this con-call with the statement that your GT trade has gone down by high single digit. When do you think that it will come to the neutral level with all the initiatives you have initiated?

Jaideep Nandi: So, Kaushik as I said, I think you should see that in fact, in January itself we have seen good progress happening there. Two things, as I said, there are three parts of this business. One is obviously the wholesale which we had said at the first quarter itself that we have taken this correction in wholesale. It's a pain area; it will take time to recover. And now we have already seen the recovery happening as well as far as wholesale is concerned. So, wholesale has already as I told you, QoQ has already grown by about 14% and the number of wholesalers has gone up, which is a good sign that is slowly coming back to normalcy, and it will maybe take another quarter or so and then we see that coming back. As far as retail is concerned, which is one of the weak areas, urban retail, one of the weak areas is something that work has been going on for the last 2-3 years now. Now structural work is going on in terms of our entire coverage as far as the loyalty program outlets are concerned, how do we structure them, how do we make it more attractive to them, how do we ensure attracting…. etc. A lot of work is happening on that. So that we feel it is going well and it's a rural market which is part of that Project Aarohan as well, which is where all this work that we are talking about has been in terms of representation, improvement, number of coverages, number of feet on street, etc. So, I think you will see good numbers coming in the next quarter. I don't want to commit any number but I think most of this work has already happened. Now we should see benefit.

Kaushik Poddar: You said wholesale has grown 14% quarter-on-quarter and this quarter it is growing?

Jaideep Nandi: That is correct, quarter-on-quarter. So over Q2 wholesale has grown by 14% in Q3.

Kaushik Poddar: But why didn't it show up in numbers?

Jaideep Nandi: Because I said in Q1 and Q2, in numbers it is showing up. Sequentially look at it, it has actually by numbers it has gone up. If you look at against last year etc. still it is coming back because that's where the number. That's where in Q1 the drop happened, so slowly it is recovering but clearly between Q1-Q2-Q3, clearly, we are seeing the Q1 anyway was a drop. So, because that was a correction that was made. Q2, it has still been coming back, not yet completely come back. Q3, we see substantial coming back has happened. Further it will continue to continuously stabilize.

Moderator: Thank you. Ladies and gentlemen, that brings us to the end of the question-and-answer session. I would now like to hand the conference over to the management for the closing comments.

Jaideep Nandi: Thank you so much for attending this call and once again apologies for delaying this concall by half an hour as you are aware, because of this extraordinary item that we had to place. We are extremely happy that we are able to welcome Banjara's to our fold. This is a fantastic valuation that we have got from the business and also more than valuation itself, it is also in terms of fitment to our business. This perfectly fits in because it opens up the southern market where our distribution has always been weak. It increases our distribution reach by about close to 3X and all the benefits that we feel can accrue will come from that. So, from that perspective, it's a great acquisition. We are very hopeful that this will give us great positive momentum going forward. On the other side as far as the business corrections that we have taken, we have taken a lot of these business corrections and slowly some of them are bearing fruit. So, I think going forward, both through the Banjara's acquisition as well as our internal growth, we do see good performances coming up in the coming quarters, both in terms of top line as well as bottom line and we will keep balancing both. So, thank you once again for coming and joining on this call and best of luck and good evening.

Moderator: Thank you, sir. Ladies and gentlemen, on behalf of ICICI Securities Limited, that concludes this conference. You may now disconnect your lines.

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