Ref: SEC/SE/2024-25
Date: February 4, 2025

To,

Corporate Relations Department
BSE Ltd.
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai- 400001

BSE Scrip Code: 500096

Listing Department
National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor
Plot No. C/1, G Block, Bandra Kurla Complex
Bandra (E), Mumbai – 400051

NSE Scrip Symbol: DABUR

Sub: Transcript of Investors' Conference Call for Dabur India Limited – Q3 FY 2024-25 Financial Results

Dear Sir/Madam,

Pursuant to the provisions of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Transcript of Investors` Conference Call organized on January 30, 2025, post declaration of Financial Results for the quarter and nine months ended on December 31, 2024. The said transcript is also available on the website of the Company at www.dabur.com.

This is for your information and records.

Thanking You,

Yours faithfully,
For **Dabur India Limited**

Ashok
Kumar Jain

Digitally signed by Ashok Kumar Jain
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(Ashok Kumar Jain)
Group Company Secretary and Chief Compliance Officer

Encl: as above

Dabur India Limited

Q3 FY25 Investors' Conference Call

January 30, 2025

MANAGEMENT :

MR. MOHIT MALHOTRA - CHIEF EXECUTIVE OFFICER
MR. ANKUSH JAIN - CHIEF FINANCIAL OFFICER
MS. GAGAN AHLUWALIA - VP-CORPORATE AFFAIRS
MS. ISHA LAMBA - HEAD-INVESTOR RELATIONS AND M&A
MR. N. KRISHNAN - GENERAL MANAGER-FINANCE

Isha Lamba : Good evening, ladies and gentlemen. On behalf of the Management of Dabur India Limited, I welcome you to the Earnings Conference Call pertaining to the Results for Q3 FY '25.

Present here with me are Mr. Mohit Malhotra - Chief Executive Officer; Mr. Ankush Jain - Chief Financial Officer, Ms. Gagan Ahluwalia – VP-Corporate Affairs and Mr. N. Krishnan - General Manager-Finance.

We will start with an overview of the Company's performance by Mr. Mohit Malhotra, and this will be followed by a Q&A session. I now hand over to Mr. Mohit.

Mohit Malhotra : Thank you, Isha. Good evening, ladies and gentlemen. We welcome you to Dabur India Limited Conference call pertaining to the Results for the Quarter Ended 31st December 24.

The quarter presented a challenging operating environment marked by unfavorable weather conditions and a slowdown in consumption. India experienced delayed and contracted winters with October and November being the warmest in many years.

While urban demand showed signs of moderation, the rural market remained resilient. The rural has outperformed urban for the fourth consecutive quarter. Organized trade channels such as e-commerce, quick commerce and modern trades continue to deliver robust growth for us.

Consolidated revenue for Dabur grew by 3.1% in INR terms and 5.6% in constant currency terms. India business including Badshah grew by 1.7% underpinned by volume growth of around 1.5%. The international business exhibited strong growth of 18.9% in constant currency terms.

Within the domestic business, HPC portfolio performed well with 5.7% growth.

The Oral Care portfolio recorded a growth of 9.1% driven by strong double-digit growth in the Red franchise and Meswak. The Gels toothpaste portfolio has received a good response in the market, recording a 50% year-on-year growth in this quarter. Dabur Oral Care is now the number two brand in the modern trade pan India.

The Hair Oil portfolio grew by 3.1% year-on-year. Within Hair Oils, both coconut and perfumed oils grew ahead of the category, gaining market share of 125 and 236 bps respectively, taking our overall Hair Oil shares to around 18%, the highest ever. We remain focused on premiumization and portfolio expansion in this segment.

Home Care grew by 5% year-on-year. Odonil grew in double digits in volume terms with Aerosol and Gel pockets performing very well.

In the Air Freshener category, we gained market shares of 101 basis points. Odonil Aerosol is #1 brand in the liquid sub-segment of the category with market share gain of 630 bps.

Odomos portfolio was under pressure due to cyclones in South India and delayed winters, but performed better than the category and gained 574 bps market share.

Sanifresh in Homecare continued its strong performance achieving double-digit growth during the quarter.

The Skincare portfolio registered a growth of 5.6% driven by strong performance in the Gulabari franchise which recorded 9% growth. This was led by robust demand for our flagship product Gulabari Rose Water with new formats such as body washes, body lotions, creams, contributing more than 20% to the Gulabari portfolio.

Our Healthcare portfolio was flat, impacted by delayed and contracted winters. Health Supplements comprising of Chyawanprash and honey reported soft performance because of unfavorable weather conditions. However, in Chyawanprash, we have grown ahead of the category and gained market share of 140 bps. Honey continues its leadership position with 54% exit market share.

Digestives grew by 4% driven by Hajmola portfolio. Extension and variants of Hajmola now contribute more than 15% to Hajmola franchise.

Within OTC and Ethicals, Honitus, Shilajit and Health juices reported a high double-digit growth.

The Foods business demonstrated strong performance with the Culinary and Badshah domestic portfolio growing at 30% and 15% respectively.

Juices and Nectar category was impacted in the quarter due to muted festive season demand and price driven competitive intensity. However, we performed better than the category and gained market share by 320 bps. The Activ range of 100% juices and coconut water posted high single-digit volume growth.

We are undertaking several initiatives internally in our Beverage portfolio to bring real back to the growth path in the upcoming season.

Emerging channels like e-commerce and modern trade posted a robust double-digit growth and now accounts for more than 20% of the India business.

Coming to our international business:

We recorded a strong growth of 18.9% in constant currency terms. This was on the back of double-digit growth in Middle East, North Africa, Egypt, UK, US and Bangladesh. We witnessed currency devaluations across emerging markets like Egypt, Nigeria, Bangladesh which impacted the translated growth.

Talking about profitability, we faced inflationary pressures this quarter and took judicious price increases in our portfolio. Operating profit increased by 2.1% and PAT grew by 1.8% year-on-year.

In light of the volatile geopolitical landscape and uncertain macroeconomic indicators, we have revised our strategic vision cycle from 4 years to 3 years. We have partnered with leading consultancy firm McKinsey & Company to refine and align our strategy for the next three years in line with the evolving dynamics. This exercise has already begun, and we plan to conclude the same by end of the fiscal year. This will enable us to capture emerging opportunities and navigate the future with sharper and more focused vision.

We expect sequential improvement in demand over the next few months on the back of increase in infrastructure investments, good harvest and government initiatives to spur growth in the upcoming budget. We are committed to driving profitable growth through strategic investments in brands, innovations and operating efficiencies aimed at delivering sustainable value and strengthening our leadership in the FMCG sector.

With this, I will conclude my address and open the floor to any Q&A. Thank you.

Mihir P. Shah from Nomura

Mihir P. Shah : Hi, sir, thank you for taking my question, and congrats on a decent volume growth in BPC. Sir, if I can ask on health supplements, post the high sales during COVID, the segment seems to have stagnated over the past few years in absolute sales. I understand there is some impact this quarter due to delayed winter, but is there anything else that you can share which is ailing this category? And also any update on the Ayurvedic doctor advocacy initiative and the expansion around the new subcategories that were planned in Healthcare overall?

Mohit Malhotra : Yes. So, Mihir, what happens in Healthcare, I think the answer can be divided into four sub-parts. The first sub-part of the business is the Ethical portfolio, which I call the backbone of the whole business. That is doing well for us.

This time we faced a lot of inflation because of gold prices actually moving up and because of that, while there was a price increase, the volume growth was little muted, but otherwise, that business grows at a high single digit for us, which is the Ethical and the branded Ethical business and also supported by doctor advocacy. That is moving okay. We will continue on the trajectory of doctor advocacy, and that is one piece of the business which is roughly around INR 500 crores for us.

Then the second part of the business is OTC business. Within the OTC business, most of our star brands are doing exceedingly well. Let us take an example of cough and cold Honitus. Honitus this quarter actually grew by 12%. Then we have health juices, which grew by around 44% broadly.

Then there is Baby Care. There is a new range of Baby Care, and there is an old Lal Tail of baby care. The new range of baby care which we seeded, which is going to be exiting at around INR 50 crores this year, has seen a growth of around 25-26%, which is also very healthy.

Lal Tail, which is a seasonal product, got impacted due to delayed and contracted winters and that sales was really muted because of some self-inflicted issues as well. I think there was a rate disturbance. We had given a consumer offer on the last day which got rammed in the marketplace because of which there was a rate disturbance. But I think going forward in the quarter, that should get completely ironed out and we will be back on the growth path.

As far as Lal Tail is concerned, our market share in the Baby Care segment remains flat and we have not lost any market shares, and we feel there is a lot of headroom to take shares from an LLP driven market lead where we can take the lot of share and in the upcoming season we will be launching another variant which will take care of the issues which we faced in the Lal Tail.

Our Pudin Hara, during the summers, I think will continue to do well, and it's not a season for that. And our Women Care business, which is about Ashokarishta, Dashmularishta and all women products, that has grown by around 8% in this quarter. Our **Asavs** business, which is also women centric business, also did well with around 5% growth.

That gives you a flavor on the OTC bucket. This OTC bucket is in the range of, turnover-wise, around INR 800 to INR 900 crores business. So, I have covered INR 800 crores plus INR 500 crores, around INR 1300 crores.

Now then comes the Health Supplement business for us, in which the key brands are Chyawanprash, Honey and Glucose. In Honey, we had some issues which we face in the marketplace on crystallization. That has completely behind us now and it's back on market share gains. Our exit market shares in Honey are 54% market share, highest ever. So, all the competitive intensity of competition launching Honey, etc., all that is already behind us, and I think the brand basis exit wise sales growth is perfectly on track.

Now comes to Chyawanprash. That is the only brand. The turnover of Chyawanprash is around INR 500 crores for us. In this 500 crore portfolio, which did so well during COVID, post COVID we had little headwind because Chyawanprash penetration really went up in the country to settle that problem, which is a big problem for us as we see. So, we are trying to come out with modern formats of Chyawanprash. like tablets, liquid, powder Chyawanprash, capsules of Chyawanprash, whole format extension. That is underway and that is doing well.

Then we came out with target group expansion. So, Chyawanprash for women in terms of Khajurprash handling iron deficiency, Chyawanprash for geriatric population which is Kesarprash and Ratnaprash. That's also doing well. These all variants including Chyawanprash for sugar-free cohort contribute around 20% of the overall Chyawanprash portfolio, which is high margin and high growth as compared to a mainstay Chyawanprash.

So, unfortunately, the weather conditions marred the season. Otherwise, market share wise we are right there. The market declined by around 6% and Chyawanprash decline was around 3%, thereby we gained shares because there is a decline. So, I think it's a matter of time. Also, we are trying to position Chyawanprash as an all-weather product. So, we are coming out with a monsoon campaign. We are coming out with a memory enhancing campaign for Chyawanprash. So, all those actions are on way. We will also validate all these efforts with McKinsey when they are working with us on category-wise growth and make all efforts to bring back Chyawanprash back on track. So, that's on the Healthcare portfolio on how we are trying to handle our Healthcare piece.

All the new initiatives in Healthcare are doing very well, whether it is the tea initiative or it is health juices that I talked about, or it is food supplements that we introduced. So, all the new initiatives, which are 2.5% of the Healthcare portfolio are doing well for us. This is about Healthcare piece. Sorry for the long answer, but I think it was necessary.

Mihir P. Shah : No, thank you for the detailed answer for that. That was very helpful actually. Secondly, if I can check on the Oral Care category, there seems to be a divergent trend across players, with one growing in low single digits, other in mid, while Dabur has grown in high single digits. Is this very divergent trend due to various exposure or different exposure across subcategories or is there something else that one should read into?

Mohit Malhotra : So, the Oral Care category itself is doing very well, if I ask you. So, there are different vectors of growth in the Oral Care category. A, the category is doing well. And our Dabur Red is doing well on back of a lot of tailwind coming from the herbal category. Herbal category saliency, which is 30%, has improved to around almost 32% now. The herbal category has grown by 7% as compared to the growth of 5% in overall Oral Care non-herbal category.

There are gaps in our portfolio which we are in the process of plugging. Last year we plugged the gap of Gel, which is doing well for us as I alluded to. It should be around INR 44 to INR 50 crore brand exit this year. So, that's growing by around 50% for our Gel portfolio.

There is another gap in terms of sensitive and bleeding gums and whitening that we have. We are in the process of plugging that also and hopefully in the next season, we shall plug that. We have gained market shares because we have grown ahead of the category in Nielsen terms, and we have gained roughly around 5 to 6 basis points market share, and in most of the country now, we are the number two player, and we feel there is a huge headroom which is available in terms of us taking shares from the market leader who is still in 40s in terms of market shares. So, therefore, there is huge potential.

Even in modern trade, where the competitor is very strong with premium variants etc., there also we have become a number two brand now in modern trade. So, this is very encouraging for us. So, besides Dabur Red, which is a flagship brand, our Dabur Lal Dant Manjan is also doing well. We are talking about a complementary usage of Dabur Red with toothpaste to give power to the white through red. That campaign is doing excellent for us.

Meswak, which is a premium variant in the toothpaste category, has also grown by around 16%. We have engaged with a celebrity called Nagarjuna in South. On the back of that celebrity, we have got great actions happening in South on Meswak also.

We have got some work to be done on Babool yet. We have not been able to take up the performance of Babool and Babool has declined in this quarter.

One good news I want to share with you guys is Dabur Red toothpaste is the first Ayurvedic toothpaste to have been accredited by IDA, which is Indian Dental Association, which only used to have accredited fluoride-based toothpaste. For the first time they have given accreditation to a non-fluoride-based toothpaste. So, now we can get into dentist endorsements also and as we continue the efforts of doctor advocacy, this will also get leveraged, and we will reach out to more number of dentists and try to spread this across.

So, I think overall, Oral Care, we are in a good space. So, you will see in coming fiscal year, we are in the process of revamping the entire face of Dabur Red also. The packaging revamp is going to happen to make it more modernized and make it more modern trade centric for our Oral Care.

So, Dabur Herbal toothpaste, which was a new entrant which we introduced last year, has also grown in high double digit. So, that was the gap in the marketplace. Ingredient-based toothpaste also is doing well for us.

So, overall we are very excited with the Oral Care category. In terms of manning also, we have done some changes in our manpower in Oral Care category, and we have given it to our best performer, and we have been increasing our share of voice also, which has been lower as compared to our market share. So, that also will be heightened going forward in next year. So, extremely excited about the Oral Care opportunity. Thank you.

Mihir P. Shah : Got it, Mohit. Thank you for that. Subpart to that question is, will this category or any other category see any one-off benefits in the coming quarter due to Maha Kumbh activations or anything?

Mohit Malhotra : In Maha Kumbh we are doing very exciting and if one of you is travelling to Maha Kumbh, it was a little activation which we should dial up with social media and which we are planning to. This is something which is called a DantSnan that we are introducing before anybody goes to the Triveni Sangam which after the accident may not be possible.

But if at all somebody is taking a bath, so we put up around 10 to 15 stall counters basically wherein we are dispensing toothpaste from water taps and giving toothbrushes so consumer will take toothbrushes, take the toothpaste from the tap, dispense it, do the DantSnan before he goes for the TriveniSnan, GangaSnan. So, those kind of activations what we are trying to do. So, that's active. If you go and if you see, please send us pictures of that. So, a lot of activations in Haats, melas and all that.

Besides that, in Kumbh we are doing LED screens around 38 of them. We have branded all police barricades, police booths. We had 13 billboards. We are branding all changing rooms. Ladies changing rooms have been branded by Dabur and these DantSnan stations. So, all that is happening. So, rural India, which is highly salient for Dabur, we will continue to do a lot of activations here.

Mihir P. Shah : Got it. Mohit. Thank you very much. I have one on beverages, but I will come back in the queue for that. Thank you very much and wishing you all the best.

Mohit Malhotra : Thank you very much.

<u>Abneesh Roy from Nuvama</u>

Abneesh Roy : Yes, thanks. My first question is on McKinsey. So, if you could tell us if this is across categories, across brands, or some specific categories have been given?

Second is, your payout to McKinsey, will it be linked to targets being achieved?

Third is, in some of your issues, for example, last two years, many quarters, you have faced a lot of challenges. Some are still going to continue. For example, Campa Cola will continue to remain a challenge for the entire beverage industry and now they will ramp up. So, that issue continues to remain and Chyawanprash, you did discuss that post COVID, there is a challenge. So, how does McKinsey help you meet these challenges in which you may or may not be able to do much? Because those are either competition or they are basically category linked. If you could discuss this entire thing?

Mohit Malhotra : Right. So, Abneesh, what we do in Dabur is, we have a four-year vision plans and as we speak, we are in the seventh vision cycle of all the vision exercises. Earlier we used to have a four-year vision cycle. So, we feel that in this volatile and heavy headwind macro-economic environment and FMCG not doing so well as a sector, I think we require a validation of our strategies through external consultant.

That is why we kind of got external consultant on board like McKinsey, and we are truncating a vision period from 4 years to 3 years so that we are able to tape up, fine tune, align and quickly recalibrate our strategies. Four years becomes the longish period and therefore we have truncated to 3 years, and it's also in line with the best practice in the industry which is also around 3 years that we have done.

So, we have tied up with McKinsey at the moment for this vision exercise to do all the numbers, to do the category reviews and validate all our strategies which we have been following, and which includes Chyawanprash, which will include beverages, etc., with a special double down on the beverage and the DCPs because that is where shoe is pinching on the business. So, they will focus on that along with defining the numbers in the milestones for the next three years, and this vision exercise will dovetail into the next year budgeting cycle also for us.

At the moment, we have not linked them to our target achievement. But that is something that we will contemplate after this exercise is over. So, then we have a truncated approach, first approach for they having a big picture view on the business and defining the vision exercise for next three years. And from the vision exercise, there will be a lot of offshoots that will emerge in terms of category, GTM, pain points in the business besides big ones like beverage or this thing. And then we will get into long-term specific arrangement with them, if at all.

That we will review once the exercise is over and we have already begun the exercise. So, this is supposed to be ending by the end of this fiscal year or March end. At that time, we will see whether to extend or not to extend, or to do specific projects as we deem fit.

Abneesh Roy : Sir, my second and last question is on two specific categories. So, in toothpaste, you have done well. In fruit juice, you have seen a big dip in terms of sales. So, in these two segments, if you could discuss it in FY '26, from a pricing perspective, would you expect some pricing growth in each of these segments?

Because clearly in toothpaste, market leader is delaying price hike, is happy to sacrifice growth and EBITDA margins and operate at a slightly lower band. And that does mean that pricing growth rate in toothpaste in the near term, medium term looks difficult if category leader is not taking. And the trade incentives, the trade intensity is also high in toothpaste.

And similarly in the fruit juice business, clearly Campa Cola is operating at a very high trade margin and Rs. 10 pricing is also there. So, there if you could discuss it, would you need to increase the trade spend here to match up with Campa Cola because they are operating at a much, much higher level in spite of, say, Rs. 10 pricing parity, their trade incentives are much higher. So, would you need to match up? And how do you see FY '26 in terms of pricing and trade incentives for the fruit juice business?

Mohit Malhotra : I get you. So, overall, I think the inflation is picking up in the country. Last full year, the inflation was 3%. We passed on the entire inflation to the consumer. Because the inflation was too high, we had to give trade and consumer inputs to buffer it up, and I think going forward the inflation is inching up across the markets of business. We expect a 5% inflation to actually hit us.

So, whether it is SLEs, SLAs, Oral Care, so inflation will hit us and fruit concentrates also that we are purchasing because Indian currency will depreciate. Some of the imported food concentrates will also become expensive for us. So, A-price increases will happen in toothpaste also and in juices also, but we will have to take very calibrated price increases observing the competitive intensity in the market place so that not to become uncompetitive in the market.

As far as Oral Care is concerned, there is still a headroom of taking a price increase growth in Oral Care, especially in the avenues of premium Oral Care where there is a huge delta which is available between what the market leader is having and between what we are having. So, there is a huge delta margin available.

So, I don't think in Oral Care taking price increase will ever be an issue for us while growing volume. So, there will be a part volume and part price increase in Oral Care that will be easy for us to handle there in Oral Care. And also we are coming out with premium variants. So, in terms of mix, that premiumization should take care of the inflation which might hit us and we expect the best growth to come in from Oral Care only going forward next year.

As far as juice portfolio is concerned, yes, there are headwinds in juices which is basically price driven. To reduce the relative price differential between the Colas and us, what we are doing is we have already planned it for the next season, we are planning to give consumer value. Now again the beverage business is not very simple. It has to be divided into again 3-4 parts for us versus Activ juices.

Activ is pure 100% juice. There is no problem in terms of business growth. We are having a 110% growth on the business, but this business contributes to around 10% of the overall beverage portfolio. So, there we have resilience of taking pricing increases and we will continue to take pricing increases. And we will be introducing health-based juices also in which we will have the ability to take the price increases.

The second part of the portfolio is drinks. Drinks have done well on the back of distribution expansion. We are very small players in the drinks space. We are continuously taking inflationary price increases whatever inflation warrants and on the back of distribution, we will be growing that portfolio also.

As far as Coconut Water is concerned under Activ, there also we have invested in an aseptic pet line and coming out in a pet bottle besides tetra pack which will give us huge growth in the beverage.

Now the big part is the nectar business. Nectar business, yes, there is a pressure in terms of RPI. So, there we are proposing, or we have already designed to do a consumer offer to reduce the prices from Rs. 130 to around Rs. 100, but this will happen by way of consumer offer, not by reducing prices. Also, we are coming out with a range which will be a relatively economical range with a relative price index of around 2 to the Colas and that will also hit the marketplace in the season very soon. So, that is our game plan for the juice business and to fight the Colas etc.

Abneesh Roy : Mohit, one last follow-up and I will end there. So, essentially on toothpaste, you said you expect that to be fastest growth. Now, rural is recovering for every Company and every category. For toothpaste, for you, how much is rural? So, if rural does well, is that a benefit for you?

And second, the market leader is doing all these AI programs, wherein they are connecting customer to the dentist. Would you also need to look at this or it doesn't really matter too much?

Mohit Malhotra : See, as far as we are concerned with AI, rural contribution to us in oral is in line with the overall Company contribution which will be around in the range of 45 to 50% for us.. As far as the AI intervention in the business is concerned, also it's a great thing for us to do and if there is the best practice in the industry, we will absolutely follow the best practice the way we have done the advocacy now on Oral Care. So, we will do that, but I don't think it will make any material difference to the business volume of AI-based connectivity to the dentists.

I told you that we have just got an endorsement of IDA, Indian Dental Association. I think that introduction and doctor endorsement for us will go a long way in building our overall Oral Care business. Yes.

Abneesh Roy : Sure, I am done. Thanks a lot.

Mohit Malhotra: Thank you, Abneesh.

Percy Panthaki from IIFL Securities

Percy Panthaki : Hi, again a question on beverages. So, I just wanted to understand why we are getting affected so much by the Cola wars. I mean, our product is very, very different in terms of its proposition, taste, composition, etc. And in fact, if I look at the second largest player in this business which is a listed Company and they report, in fact, despite having an exact like-for-like product versus Campa, they are not getting affected much. So, why is this happening?

Mohit Malhotra : Yes, so Percy, couple of issues. I am not attributing this exact performance on the price index or the Cola war. There are a couple of more reasons. I think the first reason is the season, last summer did not favor us. In the peak of summers, there was unseasonal rain and because of unseasonal rain and we doing a little bit of season loading, I think that impacted and secondly the festive season also not been very conducive to I think all the categories and because of urban contractions.

The third is, it's a very urban centric consumption of juices and urban India has been reeling under pressure and the growth rates are actually muted. That is the third reason. First is season, second is urban not performing and third is this a little bit of RPI getting worse. We used to operate at a relative price index of around 2. If Coke and Pepsi 1 liter is 50 bucks, we guys are 130 bucks for a liter. So, that RPI has actually gone worse from 2 to around 2.7. So, that is impacting.

And in the out-of-home consumption which is good around 30-40% of the business, it's more impulse purchase. So, anything which is cold, whether it's fruit juice or it's refreshment drink, that gets taken. And there has been a slew of new brands also which has actually made an entry whether energy drinks or these Cola. So, that has impacted the business.

So, I think it's again a three-pronged attack that we are doing. First is communication revamp. We are wanting to educate the consumers that Colas which are nothing but sugared flavored waters are not great and they are more sin products compared to juices which, Activ especially, which doesn't have any added sugar content in it. It's only natural sugar content. That's one.

Second is offering value for money to the consumers by reducing the price of 130 to around 100, introducing a new range thereof, and also offering a little bit of extra margin to the distributor, so that distributor ROI improves when they have to distribute a beverage where the case value is lower as compared to our HPC case value.

So, all these three efforts are ongoing for us to capture the season better. So, those are the attempts to revive the beverage business for us.

Percy Panthaki : Got it. So, just a question since you mentioned out-of-home is a major component. Would it be right to assume that your 200 to 300 ml packs are like 30 to 40% of your total beverage sales?

Mohit Malhotra : Yes, broadly around 40% of the total business will be Tetra Pack 200ml which is an out-of-home consumption pack. And to your point, that is the most impacted. One liter is not as much as it is used in the home. It is the out-of-home which is most impacted.

Percy Panthaki : Understood. And so you have of course the 100% juice which is not impacted, but you have the nectar and you have the fruit drinks. So, between the nectar and the fruit drinks, which is the more impacted one?

Mohit Malhotra : It is the Nectar which is the most impacted. Fruit drinks are not impacted. Fruit drinks is giving me double-digit growth. Even my coconut water is giving me double-digit growth. Activ is giving me double-digit growth. It is only the Nectar portfolio wherein our market leader with 70% market share is where I am getting most impacted and that too in a 200 ml pack and that too in metro cities, which is where the major impact is coming to us.

As far as the market leader is concerned, you talked about the second largest player. In the category of Nectar, J&N, which we call Juices and Nectar category, the category is declined by around 16% and our decline is around 8 to 9% in the Nielsen terms. We have gained market shares of around 320 basis points in Juices and Nectar category. All other players, the players that you named it and like-to-like product like ours has declined by 400 bps there. And they have declined.

So, we have consolidated our position as well as their 80-90% of the portfolio is Cola's and therefore they are not impacted. Plus they are not impacted because of the geography growth that they are getting which is more inorganic and not really organic. If my guess is right, you would know better.

Percy Panthaki : Understood. Also wanted to understand on the rest of the consumer care or rather the consumer care portfolio if I leave the Foods and Beverages aside. There also the growth has been a little lackluster. So, what is really needed for growth to improve? Is it just consumer sentiment or is it something else that can be influenced at your end even if the consumer sentiment remains poor?

Mohit Malhotra : So, we have to bifurcate the portfolio and see. I just talked about the Healthcare business. Healthcare business was impacted by only the winters being contracted and Chyawanprash is only suffering. The rest of the business verticals we are completely on track and we feel the growth will come in. Our CAGR for the past 5 years in this business is around 6% to 7%. So, I don't think the issue there except for this time winter was very short and delayed winter. So, this is Chyawanprash which got impacted. There also we are having plans of making Chyawanprash all season etc. Rest of the broad categories we are really not concerned.

If you look at HPC, HPC is grown by 5.7%. Then category after category whether it's hair oils or it's shampoo or it's Oral Care, everywhere we have gained market share And we have gained market share by a mile.

In Oral Care, we have gained market share. In hair oil, for example, overall hair oil we have gained 150 basis points. In coconut oil, we have gained 120 basis points. In perfumed oil, we have gained 236 basis points. Homecare, we have gained 110 basis points. In all subcategories and air fresheners, we are now the number one brand in the country, 600 basis points is where we have gained. In Gels, which is a new entry for us, there also we have grown by 88% in that new format.

So, I think format after format, Gulabari has done very well for us. Bleaches, we have gained market shares by around 55 basis points. So, I think everywhere we are doing well. So, I don't think there is any problem as far as home and personal care is concerned. And Healthcare, you know, this quarter is impacted by the season. I think that should get corrected. Beverages, I talked about to you.

Percy Panthaki : So, then would it be fair for us to assume that, I mean, if no one-off events, then Q4 at the overall Company level or at least excluding beverages, your growth should be in the region of about 6 to 7% if basically the Healthcare is the only thing pulling it down and that was seasonal and if let's say that normalizes in Q4? Do you see any other moving part where something which did well in Q3 could sort of come down in Q4 because of any specific reason that you can foresee as of now?

Mohit Malhotra : I don't think so there is any specific issue that I want to highlight or anything that comes to my mind. Not really. I think overall, you are right. The growth will be in line with that. So, we expect a mid-single kind of growth coming up, except for inflation is picking up now. So, I think that's a little concern, but I think that inflation should be mitigated by pricing increases and cost saving initiatives that we are embarking on. So, we expect a mid-single, if not, high growth to come in and there will be a sequential improvement. Definitely the business will be much better than quarter 3 for what we have done.

Percy Panthaki : Got it. Thanks a lot, Mohit. That's all from me. All the best.

Mohit Malhotra : Thank you, Percy. Thank you.

Avi Mehta from Macquarie

Avi Mehta : Yes, hi, team. Hi, Mohit. Thanks a lot for this. Mohit, I just wanted to kind of pick up from the last participant. You know, you did allude to a pickup in the sales growth trajectory. That's appreciated. But would it also be fair that the margin profile also should logically be relatively buoyant and the flattish expectation that we were hoping to achieve in the second half is something that we can still gun for?

Mohit Malhotra : Yes, so I told you that inflation is actually picking up. We had an inflation of around 3% in YTD and we mitigated through price increases etc. And going forward, the inflation will be in the range of around 5%, so inflation mitigation should happen by way of price increases. That's what the attempt of the business will be. And we should be in a position to maintain margins going forward. Whatever margins that we have, we will maintain our margins. And next year going forward margin should only improve from here by way of price increases and cost saving. That identification is an ongoing process as we are making the budgets and working with McKinsey on how to improve our operating margin going forward next year.

Avi Mehta : And Mohit, just the last bit, you know, which is the next part on when you look at FY '26, you have historically been able to achieve 20-21% margin levels. Given that you are focusing on providing value, reducing RPIs in beverages, what are the potential offsetting factors that could help us achieve that in FY '26 or is that really something that you would target more? Beyond that, how should I look at the margin profile for the business from a more medium-term perspective?

Mohit Malhotra : Yes, so I think our attempt will be to go to around 20-21% levels. That's what we were aiming at. I think the levers to achieve that would be changing the mix of the product portfolio that we sell. So, I think selling a premium mix is what we want to target, and that's how we will be incentivizing the team moving forward.

Oral Care is one initiative in the mix that we will try to double down on and invest the money to gain market shares and therefore volume tonnage on Oral Care, which is quite profitable for us. Besides hair oil, other areas which are more margin-accretive-Healthcare is what we will target. So, mix is one definite area is what we look at.

The second space will be premiumization across different categories, wherein we would want to innovate. Like I was telling you in Hair Care, we always focus on stabilizing our Amla because the competitor has taken away all the market share from us, and I think it's taken us four, five, six years to consolidate all that and now we have got an all-time high market share of around 18%. So, now we will embark on premiumization as far as this is concerned. And so, premiumization, mix and some cost-saving initiatives is what we will take in Samriddhi. That's third initiative and price increases.

Wherever we have a price increase, I think these four levers should help us inch up our gross margins in the current year. And what happened in the current year, we have also taken a correction of INR 200 crores in quarter 2 as you are aware of. So, a lot of percentage gross margin went down because of that. That deleverage happened from scale. Hopefully, that will not happen in the next year and margins will inch up because of that also.

Avi Mehta : I just wanted to just understand Namaste a bit. I am sorry, I thought that was also a headwind. And if you could quantify how much that would be, that's all for my side.

Mohit Malhotra : Yes, I think I got you. So, therefore, Namaste rightly said. Last year we spent roughly INR 100 crores on the litigation costs in Namaste given to advocates and attorneys. As we speak, we have changed our agencies in Namaste and therefore the cost has come down by 25% point. So, INR 100 crores to INR 75 crores in the current year going forward also and there is some bit which we have got back from insurance agencies. So, there will be a definite leverage on cost which will happen in international business, and we expect profitability to be better.

So, in international business one lever is obviously legal cost going down for us which is overlapped. The second will be the dollar denominated currencies are doing better for us. Namaste business is doing better. Middle East and North Africa is doing well. All the pegged currencies are performing well, and we expect them to perform well and depreciating currencies will also overlap the currency depreciation next year. So, as we speak, we have INR 81 crores of translation loss which I think will go down going forward. So, that should be another lever which will add to our international business profitability.

Avi Mehta : Perfect, Mohit. That's all from my side and I look forward to hearing back from you on how you look at the strategic vision going forward. Thank you very much.

Mohit Malhotra : Thank you, yes.

Disha Giria from Ashika Institutional Desk

Disha Giria : Hi, team. Thank you for giving me the opportunity. I just wanted to understand that in your presentation that you have mentioned that the rural has outperformed urban by 140 basis point, but you mentioned in your opening commentaries as well as over the discussions that the urban has kind of slowed down. So, if you could give some number to be able to better understand the rural and urban bifurcation because in hindsight, the rural outperformance looks like the gap might have increased because of the urban slowdown as well.

Mohit Malhotra : Yes, so let me give you more detail on the data, syndicated data. Syndicated data overall FMCG market is growing at the rate of around 7%. That's what they indicate, in which rural is trending at 10% and urban is at around 5%. There is almost a difference. So, urban has corrected by 40% going forward, used to be 10% and now it is in the range of around 5% odd, and rural is actually doubled in terms of what the Nielsen growth rate was, which was the rate of 5% and now become 10%.

The difference between urban and rural in terms of retail itself is around 490 bps. So, that's the retail, what retail stocks and Dabur is growing ahead of the category for urban and rural. If Nielsen is talking about 7% FMGC, Dabur is trending up and that's why the gain in market share is happening across our categories for us. So, that's as far as the retail audit is concerned. So, there is a trend in the market that the rural is moving ahead of urban, by around 490 bps.

The same thing is getting reflected in our business also, but albeit with a lower 140 bps. So, if the overall India business is grown by 1.7%, urban business has grown by 0.6% and rural business has grown by 2%. So, the difference between the two is 140 bps for us. And that's why the rural's performance is better than urban performance. Going forward we think this will also inch up as the rural's saliency really picks up and this thing.

So, it will only go up from here. And this is happening on back of real wage growth which is higher in rural India. This is growing. Real wage growth in rural is moving up by 5%. As far as urban, it is coming down by (-7%). So, there is more money today in the hands of the consumers in rural as compared to urban.

But this thing might change because food inflation is very high. It's at around 8%. So, if rural also starts prioritizing food as compared to discretionary, this thing could change. But the situation is pretty dynamic in the marketplace, and we need to watch that out as we go on.

Disha Giria : Thank you. That was a very nice answer. Thank you.

<u>Harit Kapoor from Investec</u>

Harit Kapoor : Yes, good evening. Just on the advertising expense, Mohit, just wanted to get your sense on, you know, how do you see that trend moving? Because you know, you have mentioned in the past that that's something that you want to ramp up year over year to get in line with, you know, the double digit levels at some point. Last two quarters, you have seen it come off. This quarter, the India for the standalone piece looks like a sharper decline Y-o-Y? So, is it that in the current context of the market below the line is a higher share for you right now? If you just can you break that up and give an outlook on how you are thinking about it?

Mohit Malhotra : Yes, absolutely, Harit. I think again I keep saying horses for courses, different time, different strategies. One strategy doesn't become the same through the year. So, I think as the consumption story is not great at the time, I think there is pressure on the category growth rate. At this time, if the pie is not expanding, I think it's a futile effort to spend so much money on advertising. It's important to consolidate your position.

When the pie remains the same, the growth is hard to get. That's what one is trying to do. We are trying to prioritize more BTL spends to increase our market shares and to get more trials generation and getting more consumers in the room. When market growth happens, that's when we double down on advertising and doing so.

Advertising has come down. Our overall advertising and promotion expenditure has increased by around 10%, but advertising expenditure has gone down. That said, that is still more than 7% of the overall consumer care business that we have in India, which I think is the optimal level given our diversified portfolio and too many pockets of spend.

But the endeavor is always whenever luxury is available in terms of margins, at that time you want to invest money behind advertising to grow your brand. But when luxury of spend is not there, then you have to have a balanced approach between margins. and because top line is not coming, your overheads are growing by mid-single digit, top line is growing by low single digit, so you have to conserve money to maintain your margins. So, that is the mindset that one has, and that's how we are calibrating. So, yes.

Ankush Jain : And then you have to also see your India business because some of the businesses like smaller businesses like Fem**,** Guar, exports etc., they don't have any business spend. So, if I were to, or even some of the Ethicals, if I were to gross it up, then it would be around 7.5 to 8%, you know, which is, which currently is reflected around 6.7%-odd. So, it gets jacked up by 10% points.

Mohit Malhotra : There are lots of pockets of businesses which don't have advertising for us. For example, advocacy marketing doesn't have advertising to Ankush's point. Export doesn't have advertising, Guar does not have advertising. So, a lot of commodity businesses, so if you apportion advertising on your core consumer business which has advertising, that is in the range of around 7-8%. But that said, I think we have to prioritize advertising expense. There is no shying away from that fact.

Harit Kapoor : Got it. And the second question was on pricing. So, you have mentioned a few times on the inflation inching up. When do we see this start to kind of go into the market? Could there be a little bit of lag effect because, you know, market competitive intensity is high in some of the categories? So, because this, if you look at Q3, the difference between volume growth and revenue growth is 50 basis points. So, I just wanted to get your sense of when do we start to see incremental pricing kind of going into the market from here on?

Ankush Jain : there is an incremental pricing, but there is also, to your point, there is some time there is some time lag effect. But our procurement strategy is also to take certain long positions, you know, when we anticipate certain inflationary trends. And that helps us hedge a bit of inflation and then we can plan our pricing accordingly. So, while you see, you know, over the last five, six quarters, our trends have been that by and large pricing has been in sync with the inflation and the guardrail is very clearly that at least either at a Healthcare level or at an HPC level or beverage level we try to compensate. Even, you know, if in one of the subcategories, there is some time lag, then the other category helps mitigate that. That is by and large our endeavor, you know, the procurement strategy combined with market intelligence and taking those calibrated price increases.

Harit Kapoor : Okay, got it. Thanks, that's all from me. Thank you.

Tejas Shah from Avendus Spark Institutional Equities

Tejash Shah : Hi, Mohit, thanks for the opportunity. Mohit, just on the consultant part, so over the past five to six years, especially after COVID, we have seen FMCG companies have repeatedly turned to consultants for growth solutions. Yet we have seen no sustained or standout success. So, what drives the reliance on this external validation despite no, I would say, big success or results that we have seen from that approach?

Mohit Malhotra : No, I think you got the answer in your question only. So, I think because what happens is despite our strategy, the best attempt, hard work, if the results do not reflect our ambition and aspiration, then you start sometimes questioning your strategy. Are you on the right path or not? That is where you require to do that introspection, you require some validation from outside expert. And these consultants have got varied experience of working in many FMCG companies and got best-in-class practices exposure, which we may not have, because we have got one Company, two Company exposures etc.

So, while what we think is right for business is what we do, and sometimes this validation really helps, and it's a global benchmark. They don't operate only in India. They operate in America, Europe, across continents. So, sometimes some practice of overseas market can be very relevant for an India market and every market has a different level of maturity. What happens in China might come to India very soon. What happens in U.S. comes to India.

I have worked in overseas market and a lot of formulas for international business have been very successful in India from my point of view like winning in many India. It is basically an international concept that we saw working very well in India because there are smaller countries with populations of 1 crore, 2 crore. Here you got states which are 20 crores etc. So, therefore, those things work.

So, these best-in-class benchmarks help and that's why you do a dipstick with a consultant and not really ask them to run the business. You ask them to validate your strategy once in 3-4 years, and that at least gives you that confidence that yes, you are on the right path and this validation works. And sometimes its for stakeholders also.

So, one is for ourselves that we do the strategy. Sometimes the stakeholders also get a better validation that, you know, that the management who is making the strategy is a maker and not a checker. Checker is somebody else, so that the making and checking validation actually happens from the stakeholders perspective who are looking at the Company management to deliver the results also. So, it's outside external management or also internal validation is where the consultants really help.

Tejash Shah : So, is it more of a process validation or is it more of like solving the growth problem and delivering on numbers there?

Mohit Malhotra : No, it is not process. Process already entrenched and processes don't change except if there is some gross error happening in the process. It's more strategy and which they will validate in execution. Because the market is so dynamic, you have to tailor make your strategy through the dynamic environment which is perpetually in flux. So, as the flux happens, you have to keep tailor-making your strategy, and these guys come and help you to customize your strategy through the environment which is changing.

Beverages was fantastic. Suddenly there is a Cola war happening and the Reliance has disrupted. So, a validation of our beverage strategy by a guy like McKinsey who got exposure, who has worked on food with Coke and Pepsi and everybody globally, will only help us to fine tune the strategy.

Tejash Shah : Okay. Second, Mohit, for the last two, three years, we have seen that FMCG companies, including us also, are pivoting towards science and efficacy-based innovations to tap urban consumers. Our IDA recognition of toothpaste is also kind of validation of that. So, last time, you spoke about in detail that how we are also going in the direction where the focus will be on efficacy and science-based launches. So, any update on that and any, let's say, clinically trial or clinically tested product that you would have launched?

Mohit Malhotra : Yes, I will give an example of Khajurprash. I will just give you there are many examples, but I will only talk about Khajurprash, Shilajit, that we guys have rolled out, Honitus variants that have come in. Khajurprash, we have commissioned a clinical trial, which is promising 30% RDA of iron, which is required by a woman. If you have two tablespoons of Khajurprash every day, 30% of the RDA is fulfilled by Khajurprash. So, that's a clinical trial that we have done.

We have done another clinical trial for Pudin Hara and Honitus. It says that Honitus starts acting in 15 minutes. In Pudin Hara Fizz also, it starts acting in 30 seconds once you are able to consume it. We have very recently rolled out a range called Siens only for e-commerce, only exclusively for Amazon, which is all science backed in which you got the collagen powders, and you got the foods of multivitamins for women, multivitamins for men, collagen powder and Gummies.

So, these range of four products we rolled out. It's called the Siens. I think the samples will be sent out to you very soon, but it's available on Amazon as we speak. So, that's all backed by scientific claims and scientific claims are not analytical but more clinical.

Tejash Shah : So, this is OZiva well-being nutrition kind of portfolio that we are developing.

Mohit Malhotra : Not as vast as that. We just got four SKUs. We are doing a proof of concept check on e-commerce and we will scale it up a little bit later. Yes.

Tejash Shah : Very, very clear. Thanks and all the best for coming quarters.

Mohit Malhotra : Thank you.

Aditya Soman from CLSA

Aditya Soman : Hi, good evening. Just one question from me. So, this work that you are doing with McKinsey, will it involve any sort of strategic decisions on any category or sector, or it's more of sort of a tactical review on how to, as you mentioned before, where you are shortening the review period and just thinking on strategy?

Mohit Malhotra : So, I think the strategy exercise or the long-term exercise, three-year vision is being planned. So, they will debate and question all businesses which are non-performing or even performing which have got a right to win for Dabur. Anything which doesn't have a right to win they will be questioning and there will be a debate happening between management and them to retain or to size down or to reduce investments or what to do. So, it will be very strategic exercise that we are doing. It is not very tactical exercise at all.

For tactical exercise, we had done a similar exercise with McKinsey on RGM, which is revenue growth management of Oral Care and Hair Care. That is done and dusted, which was around 6 months back. But now this is more of a strategic exercise and questioning various businesses, prioritizing ROI and investments in different buckets of the business, what we should double down, what we should not focus on. Since COVID, we have done a lot of initiatives, like you remember we had done sanitizers. We hived it off. We had done home care range and we hived it off, but there are a lot of portfolios which we had launched at the time which are still there in the business. Tulsi Drops has fallen off, but health juices is doing well, which is growing by 44%, has become a very big bucket.

So, they will question and from a right to win standpoint, from is it a sizable category? Is it a profitable category? Is it where we have a capability and a competency to exist? So, they have multiple models and different prongs on which they evaluate the business.

Ankush Jain : Maybe just to add on, you know, while it's a very strategic exercise, but what might happen is that at the end of the exercise, some offshoots will come out, out of which some will probably be tactical.

Aditya Soman : Understand, very clear. So, if the outcome is that, let's say, one of the categories does not fit in with the overall strategy, then you would even go up to the extent that if it doesn't work out and that you get rid of a category or even that can be an outcome however whatever the probability of that one.

Mohit Malhotra : Yes, absolutely. So, you know, M&A could be one of an outcome of it of a strategic category when Dabur is not present, there could be divestment, there could be not investment. So, you know, all those kind of decisions which will happen, and this will be at the top level.

Aditya Soman : Very clear. Thank you very much.

Latika Chopra from J.P. Morgan

Latika Chopra : Hi, thank you. Hi, Mohit.

Mohit Malhotra : Hi, Latika.

Latika Chopra : So, my first question was on the domestic volume growth of 1.2%. Did it have any negative impact or follow-on impact of the channel correction that we did in the prior quarter, or this was the underlying proper volume growth that you saw in the market?

Mohit Malhotra : Yes, there was no one-off impact of any stock coming back, etc. No, that wasn't the case in this. This was the growth that we have seen in the marketplace, yes. So, that is one. There was some element of honey stock which we cleaned up. I think there is a minor return of sales was there. Barring that, I think nothing major, nothing consequential. The pipelines have been maintained. We reduced the pipeline to 21 days and 21 days is the pipeline now also. So, that was not the case at all.

Latika Chopra : And the second bit was on your volume growth expectations going ahead. Assuming, you know, macro remains where it is because most companies are sounding cautious in urban. There is a rural recovery which is there. So, do you think this is going to go to mid-single digit volume levels or what you were earlier alluding was mid-single digit value levels?

Mohit Malhotra : No, we were alluding the mid-single-digit value level. It will be a part price and a part volume because what happened in the current quarter also while we had taken a price increase of 3% or so, that got nullified by giving extra scheme, trade scheme, which got netted from gross and therefore net remained where it was. So, while the price increase was there but that did not accrue in terms of the net sales because of netting out of the consumer promotion, which he had to give because the consumer demand was low and you have to fight the competitive intensity in the marketplace.

So, I will give you an example in home care which I was just analyzing. My volume growth of home care comes out to be around 15-16% and my value growth of home care comes out to be around 5%So, between 5% and 15%, there is a 10% delta which got consumed in fighting competitive intensity with the market leader.

So, when the pie is not growing, I think it's a fight and competitive intensity which moves up. Except for Oral Care, in the hair oils also, we saw the same thing. Hair oil secondary grew by around 6% for us, and what we realized is only around 3% kind of growth rate in hair oils also. So, therefore, going forward, I think I am alluding to around a value growth of around mid single, looking at where the market is.

Latika Chopra : Understood. No, this is clear. And the last one was probably I missed hearing your, did you give any guidance or margin? Did I hear 20% plus? FY '26, there was a question, but I couldn't hear you clearly. If you could just clarify, how are you thinking about margins for the consolidated business in FY '26? Any range that you would like to share? Thank you.

Ankush Jain : Before I get to full year next year, at least for quarter 4, our intent is at a mid-single digit top-line growth, we will try to maintain our margins for quarter 4. For next year, we are still in the approach of making our annual budget.

However, having said that, we foresee a bit of inflation. We will try to mitigate those. Intent is again to maintain it, but we will take appropriate price increases, cost saving initiative. Some leverage will also come. So, the intent is to maintain but slightly improve, and if there is a significant improvement, then we will also try to reinvest it back into advertisement.

Latika Chopra : Very clear. Thank you so much.

Mohit Malhotra : Thank you, Latika.

Isha Lamba : Thank you everyone for joining today's call. Thank you and have a good evening ahead.