Ref: SEC/SE/2025-26
Date: May 13, 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 – Q4 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 May 07, 2025, post declaration of Financial Results for the quarter and year ended on March 31, 2025. 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
DN: c=IN, o=Personal, title=2634, pseudonym=fzxn5h6lv9a4tm20edjrgcpks8q3o7w1, 2.5.4.20=08443b3bbbcf5f80cd46cc26add8b8bdd652ffd20caa6b7340b03564e4b39dfa, postalCode=110092, st=Delhi, serialNumber=ecb3e1fdc2a028c70333c2d10a7e968110c5d0645b352ed6dfd1bc6aad8147b3, cn=Ashok Kumar Jain
Date: 2025.05.13 13:00:20 +05'30'

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

Encl: as above

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Dabur India Limited

Q4 FY25 Investors' Conference Call

May 07, 2025

MANAGEMENT:

MR. MOHIT MALHOTRA - CHIEF EXECUTIVE OFFICER
MR. ANKUSH JAIN - CHIEF FINANCIAL OFFICER
MR. ASHOK JAIN - EXECUTIVE VICE PRESIDENT (FINANCE) & GROUP COMPANY SECRETARY AND CHIEF COMPLIANCE OFFICER
MR. REHAN HASAN - HEAD OF SALES
MS. GAGAN AHLUWALIA - VICE PRESIDENT-CORPORATE AFFAIRS
MR. N. KRISHNAN - GENERAL MANAGER-FINANCE
MS. ISHA LAMBA - HEAD, INVESTOR RELATIONS AND M&A

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 Q4 and year ended FY '25.

Present here with me are Mr. Mohit Malhotra, Chief Executive Officer; Mr. Ankush Jain, Chief Financial Officer; Mr. Ashok Jain, EVP (Finance) and Group Company Secretary; Mr. Rehan Hasan, Head of Sales, Mrs. 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'll now hand over to Mr. Mohit Malhotra.

Mohit Malhotra: Good evening, ladies and gentlemen. We welcome you to Dabur India Limited conference call pertaining to the results for the quarter and year ended 31st of March '25. Fiscal year '24-'25 ended with the consolidated revenue of INR12,563 crores and PAT of INR1,768 crores. Consolidated revenue growth was 3.6% in constant currency terms, which was impacted by onetime inventory correction in India business done in quarter 2.

Even though it was a challenging year on account of the slowdown in urban consumption, high food inflation and unfavorable season, our business fundamentals remain strong, and we gained market shares across 90% of our portfolio, emerging channels comprising modern trade, e-commerce, quick commerce, grew in double digits, although general trade in urban markets remained under pressure.

During Q4 FY25, consolidated revenue grew by 2.1% in constant currency terms and 0.6% in INR terms. International business exhibited a strong growth of 19.3% in constant currency and India business declined by around 3.4%. Within HPC, Skincare recorded a strong performance with 8% growth driven by Gulabari franchise. Home Care grew in low single digits with Odonil performing well and gaining 67 basis points market share during the quarter.

Odomos was impacted on account of seasonality. However, the brand gained market share of 386 bps in the MRC category. Oral Care was impacted by higher base of 22% in the same quarter last year. However, our CAGR remains strong at 9% to 10%.

Meswak and Dabur Herbal portfolio performed well in this quarter, we continue to outpace the category growth and gain market share of 15 bps. In the Hair care portfolio, shampoo recorded a growth of around 4%, but Hair Oils were impacted. Hair Oils grew ahead of the category and gained market share of 196 basis points. Coconut Hair Oil portfolio recorded a strong growth of 11%.

Within the Healthcare portfolio, Health Supplements recorded a muted performance. Sales in Honey and Chyawanprash were impacted on the count of delayed and contracted winters, however, Chyawanprash and Honey both gained market shares of 162 bps and 75 bps, respectively. Glucose was a strong performer and recorded a growth of 10% with market share gains of 112 basis points.

In the digestive portfolio, Hajmola franchise recorded a growth of 3.3% with market share gains of 233 basis points. Recently launched Hajmola Zeera was very well received by the consumers. Extensions and variants now contribute more than 15% to Hajmola franchise.

Within OTC and Ethicals, winter centric portfolios such as Lal tail, Honitus, etc. were impacted. However, Dabur Health Juices continued their growth momentum and grew by 25% year-on-year.

The Foods business continued the growth momentum with Culinary business recording a strong double-digit growth of 14% led by the Hommade brand. Badshah grew by 6% in the quarter. Institutional sales of Badshah this quarter were impacted due to cut down in budgetary spends by CSD. However, business grew by 12% in the financial year '25.

Beverage portfolio was impacted due to slowdown in urban consumption as 70% of the portfolio is in urban India. While the overall portfolio declined, premium segment has done well with Real Activ and coconut water recording a robust growth of 11%. We gain market share of 261 basis points in the J&N category.

Coming to international business, we registered a robust growth of 19% in constant currency terms. This was on back of strong double-digit growth in MENA, Egypt, U.K., U.S.A., Turkey and Bangladesh markets. International business has been performing well, and we shall continue the momentum going forward as well.

As we look ahead to the next phase of our growth journey, we have undertaken a comprehensive refresh of our Vision strategy. Our ambition is to achieve a sustainable double-digit CAGR by financial year '28 in both top line and also bottom line. This renewed strategy builds on our core strengths while pivoting towards future-ready levers of value creation. Our strategy is anchored on seven key pillars. I'll take them one by one.

First, continued investment in our core portfolio. We have –8 500 crore + brands, which contribute to approximately 70% of our portfolio, Dabur Red, Real, Chyawanprash, Honey, Hajmola, Amla, Odonil and Vatika. We will continue to add scale to these brands through disproportionate investments thereby increasing penetrations and driving market share gains.

Second, premiumization and contemporization across strategies. Few examples of these are serum, conditioners, masks in hair care, benefit-led toothpaste in Oral Care, active range in beverages, gummies, powder, effervescent in health care.

Third, bold bets across healthcare and wellness spaces. We will focus on ramping up Hajmola franchise, health juices, Shilajit, to name a few.

Fourth, rationalization of underperforming products and SKUs in order to release capital for bigger bets. A few examples of these are Vedic tea, diapers and Vita.

Fifth, we will continue to drive GPM 2.0 in the organization for effective expansion across urban and rural India. We will double down on emerging channels like e-commerce, quick commerce and modern trade. We will also focus on consolidation of stockist for better ROI, reducing cost to serve with urban GT channel and enhanced use of digital tools to boost extraction.

Sixth, aggressively pursue M&A opportunities for creating a future fit portfolio particularly focused on new age health care, wellness foods, premium personal care.

Seventh, operating model refinement by optimizing costs, driving efficiency, agility, and digitization across value chains in the company.

With these initiatives supported by improving macros aided by income tax cuts in the budget, easing food inflation and positive monsoon forecast. We anticipate our business to regain momentum and deliver sustainable profitable growth going forward.

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

Abneesh from Nuvama

Abneesh: My first question is on McKinsey. So you have engaged with McKinsey from a longer time frame in terms of way forward. And I do understand these are initial days. But I think it will be quite helpful if you can share what are the initial suggestion, areas of improvement, focus areas? You did discuss the 7-point agenda. And now, a lot of the 7-point agenda, I think every FMCG company anyway has. Anything specific, if you can highlight from a growth expectation, from a portfolio transformation perspective and FY '26 key focus area, what can be those given the base is very favorable?

Mohit Malhotra: Yes. So Abneesh, we've done an elaborate exercise with McKinsey, and they've actually gone through all the live trends and all the analysis. And the seven points that I mentioned in my address is what broadly that they talked about. And the ones which stand out is that we shall weed and feed our portfolio and portfolio rationalization will happen and a clear exit path for some of the categories, which are the non-performers, have been identified to release capital, which is what I mentioned.

So the categories that we will get out from is the tea category, and our baby diaper category, the sanitizing category, which actually happened and the Vita category. So we will get out of these categories and the big bold bets, which we've identified and core portfolio is where we will invest. That is one theme which actually comes out.

The second big thing is premiumisation and contemporisation across the portfolio. So if you look at past 4 to 5 years, we've generally focused on increasing market share and consolidating our business in each of the categories. But premiumisation has been lesser focus and it was a deliberate attempt, because we wanted to bring Dabur Amla back on growth path, gain market share. Now that we've done all the gain market shares in Chyawanprash, in Honey, in Amla, in Home Care, and in Skin Care, now it's 2.0 journey to embark upon premiumisation and contemporisation.

And we have identified segments that we will enter for premiumisation. Like in Hair Care, we always focused on gaining market share in Dabur Amla. Going forward, you will see our concerted effort on premiumisation of post bath categories like serum, conditioners, masks, etc, and we will focus investment there. Shampoo will do alpha ingredients, in Oral Care will be plugging white gaps of whitening, sensitivity, etc. On beverages, will invest money on the Active portfolio, which will have a halo effect on the entire beverage portfolio, because each of these subcategories of nectars, pure juices, and drinks are anchored around the Real brand. So we will communicate on zero sugar and no preservative range of beverages which will have a halo effect on the entire range.

Then Health Care, like Chyawanprash, Honey, Glucose, we will be getting the modern formats which resonates with the new consumers like gummies, powder, effervescent, etc. You may be right to say it's quite what we attempted in the past, but I think this is the way forward going. Apart from this, M&A is what we will aggressively pursue and it will be a two-pronged M&A strategy from our point of view. One will be revenue accretive to us, which will substantially add to the revenue of the company because growth in GT is a little subdued. That is one.

And the second will be creating a future fit portfolio which resonates to the new generation. That is what we are looking at.

Then the fourth one is bigger bolder bets to be identified in health care and to invest behind that, like Shilajit, like health juices, and Hajmola. So that's what one will do. That was on the portfolio piece.

On the GTM piece, we are wanting to get into increasing ROIs of distributors. That's why we rationalized our inventory last year. Apart from that, we will get into stockist consolidation, especially in metros and mini metros and double down on distribution expansion and extraction in Class 3, Class 4 and rural India. So that's what we'll do. And this will happen by way of digitization across the GTM activity to bring in more transparency and consolidation in the GTM.

And to get cost takeout to invest in our brands, we will be embarking on cost optimization exercise like Samriddhi, which also we did, but there will be a huge focus behind it, pretty much this.

Abneesh: One quick follow-up there. In Q4 call, almost every FMCG company on FY '26 demand outlook is sounding reasonably optimistic, given softer food inflation, tax rate cut and interest rate cuts and good monsoons, etc. And companies which are giving guidance are talking about mid- to high single-digit kind of volume growth. And it may not start with Q1, but that's a full year number they are looking at. In your case, what is the confidence level? And what kind of number for India business do you think is possible given base is very favorable?

Mohit Malhotra: Yes. So, we are seeing green shoots in the business. So, I think food inflation is kind of moderating. And we are seeing a 2% to 2.5% of food inflation. And to your point, only tax cuts have happened. So urban consumers should have more money in their hands to be now used in the discretionary, and we will keep working on our GTM activity.

So going forward, sequential improvement is what we are seeing, but a gradual sequential improvement. We are not saying that quarter 1 and we are already sitting on very high bases for quarter 1. The highest base, we had a 7-odd percent growth in the quarter 1 last year. So I think, quarter 1 and then quarter 2 and quarter 3. I think, sequentially, we'll keep getting better, because rural is already growing much ahead of urban and urban green shoots will also come in gradually and slowly.

So, I think sequential recovery is what we are also seeing. And we should also end the year with high single digit, if not double-digit or near double-digit kind of growth for the full year. That's the guidance that we can give by looking at the macroeconomic situation at the moment.

Abneesh: Okay. So high single to double digit for the full year volumes?

Mohit Malhotra: Yes, value growth.

Abneesh: Sure. Last question on your fruit juice business, Campa Cola overall, I think for every beverage has been a big disruption initial days. This year, they are aggressive on IPL, putting big factory, INR1,000 crores in Bihar and Assam also reasonable size factory. Now Tata Consumer has increased the trade commissions in their part of NourishCo business, and they are seeing good recovery post that. So if you could discuss on trade commission, what are the initiatives you need to do or already have done? And FY '26 on fruit juice business, how do you see that part of the business? Here also high single digit volume growth possible or the value growth?

Rehan Hasan: So as far as commissions are concerned, we have not changed any channel margins. We have not changed any channel margins other than out-of-home portfolio where we have kind of increased our channel margins a little bit to compete with this Campa Cola war, which is being played out. So for our out-of-home portfolio, we have increased the margins slightly.

Abneesh: What is the growth expectation for FY '26 in this part?

Rehan Hasan: Growth expectation actually low to mid-single digit as far as this beverage portfolio is concerned.

Prakash Kapadia from Spark PMS

Prakash Kapadia: A couple of questions from my end. We've seen a slowdown across most of the categories. So can you help us understand, Mohit, the rural and urban side of the current slowdown, which we are seeing? And historically, what we've observed in earlier cycles, we had a diversified portfolio. So that helped us navigate some of the challenges whenever there was a slowdown. So currently, what is hitting us hard?

And secondly, you did mention we would want to increase premiumization and try and do some M&A. So directionally, how are we thinking? Is it going to focus more on the Health Care segment, because that is where our leadership would be so good M&A and premiumization in that specific segment? Or is it younger generation, which don't have such habits to some of the products in the Health Care segment. So how are we thinking?

And lastly, GT channel inventory issues are over as we've rationalized some of the inventory in earlier quarter. Also given the base now favorable, how are we looking at modern trade, quick commerce, e-commerce, GT. Is the distribution setup now fine or some thoughts will be very helpful?

Mohit Malhotra: All right. So Prakash, a lot of questions. So first, I'll take your diversification question. I think last quarter was a tough quarter in terms of all the three divisions. Now I'll take it one by one. One, beverage business was impacted by competitive intensity and seasons are not favoring us. Plus, what we've done is, if you see the learning coming from last year, we usually load before the season, in anticipation of a good season. So stock gets into the market with the stockist and then the tertiaries and the secondaries happen.

This time, we've done less loading. So, around INR50-60crores, of loading has been less in the season. And that's why you see an impact on primary, and that's why you see tertiaries and market share is actually moving up, because secondaries haven't suffered. It's basically primary, which is what you see in the Food & Beverage business for us.

Now number two is the Health Care business. Health Care business had a problem of the season, because I was telling you the winter season was truncated and delayed. So therefore, Chyawanprash and Honey, both these two pillars of ours, were actually impacted. Going forward, Honey is getting into a lower base. We had some crystallization problems also, which is also behind us now, and we are seeing good market share gains in Honey going forward. So that is also sorted in my view, and we are embarking on all-season campaign for Chyawanprash. Hopefully, that should address the issues of Health Care. Our Glucose has done well with 10% to11% growth.

Now as far as the HPC business is concerned, we were navigating high bases in HPC. Now that is why HPC got impacted. We had a growth of around 22%, 23% in Oral Care and then other businesses also, like in Odomos, we had a base of around 20%, 25% growth in last year same quarter.

So base effects played out in our HPC portfolio, and that's why HPC has not grown. While I look at the primary, primary is down by around 3-odd percent or so, but the secondary has done well, increased by around 5% there. So, I think business fundamentals in terms of secondary in HPC is okay, it's just the base effect came in. That is on the portfolio piece.

If you look at the urban and rural, our rural in tertiary is growing by around 13%, 14%. That's what Nielsen tells us for the Q4 data. So, the business fundamentals are fine. We are growing by 14% and urban is what is flat, and which is there with the category. It's in line with the category. But overall, we are growing ahead of the category.

So what's happened is, we have kind of rationalized some sort of schemes or have not given the scheme, because we did not load. Because we did not load, we did not give extra credit, we did not give extra schemes, because of which the little bit of inventory in the wholesale has, I think, gone down and STRs have gone down. Because of the STRs going down, but our offtakes are very resilient and doing well.

We never wanted to increase the inventory. We corrected the inventory from 30 days to 21 days. Had we loaded once again, then there was no point of doing any kind of inventory correction, we would have gone back to around the same level of unhygienic inventory. So we did not do that. And therefore, for long-term sustainable good health of the company, we've actually not loaded and not given schemes.

And that's why you see the HPC business is a little low. And therefore, wholesale, which feeds rural for us, rural decline is more than urban decline in the first quarter. But in tertiary sales, Nielsen says, rural is still firing. And there is no problem in terms of offtake. So I hope I've been able to give you a little bit of color on why all the three divisions didn't do well.

Prakash Kapadia: What I was trying to understand about the premiumization and M&A piece. You hinted that as being a key.

Mohit Malhotra: Yes, I hear you. So the second question you asked is premiumization. So premiumization, as I was telling you, premiumization is a lever that Dabur hasn't really consciously attempted because we're a little rural skewed. And so now we'll be embarking on premiumization across all the three verticals of the company.

So at Food, we already have Active range. So we'll be doubling down on Active range with functional benefits like slimming, gut health, etc. And our Health Care portfolio of juices is already doing very well. So that is what we'll double down on as far as the beverage business is concerned. Hommade etc, that is doing well. Our premium portfolio is doing well there. Our cold pressed oils and ghee are already growing by around 30%. So that also we will kind of double down on F&B.

Now in Personal Care, Amla should move into premium categories. And Home Care, we're already into premium portfolio. And Skin Care also we'll do premiumization. In Health Care, we will get into modern formats of existing brands. So if it is a honey, we will get into honey powder. So, what scale we will get out of this premiumization, I think if I was to take a guess, it will be more from Personal Care that we will gain on premiumization. And the Health Care initiatives that we have done, we'll keep attempting those premium Health Care initiatives.

Coming to M&A. M&A should come and bolster our initiatives of premiumization. Why? If there is a brand acquisition, a premium brand in Health Care wellness space, we will acquire that. And this wellness extends from Health Care to Foods also. So wellness foods, wellness health care is what we should attempt to get a brand in an inorganic way. And in Personal Care, it should be more organic initiatives. So this is where we are, yes.

And as far as third question of yours on GT. In GT, we are looking at consolidation of stockist in urban India. So reducing cost to serve, increasing span of control, increasing digitization in urban India and rural expand on villages, expand on direct reach, and focusing on the INR10, INR20 bundle pack, which can ride on our rural go-to-market infrastructure. So this is what we are embarking on the GT piece.

Prakash Kapadia: Understood. Understood. Clear on this. Thank you. All the best.

Mohit Malhotra: Thank you.

Kunal Vora from BNP Paribas

Kunal Vora: Yes. Thanks for the opportunity. Firstly, you mentioned various initiatives to premiumize make our products more relevant and future fit. What is the timeframe you're looking at? And would this require investment in the medium term? And would this result in any kind of margin dips?

Mohit Malhotra: Yes. So, Kunal, we are setting up a cadence of looking at monitoring of the strategy that McKinsey has recommended. So that journey should begin as we speak from this quarter onwards. And the exact timelines as we are still working on it, the exercise we just finished. So, I can't give you right now, but we'll start from current year onwards itself. Even the GTM rekindlement should start from the current year itself is what we'd be looking at. So immediately, we will start working on the vision exercise that we've created for Vision 7.

Kunal Vora: Does it have to be especially on the GTM?

Mohit Malhotra: No, there will not be. We aspire to grow double-digit or near single-digit value growth and also increase our operating margins. So, investments will be diverted towards the new initiatives, which will come under our core brand itself. So that is how we are seeing those initiatives and it's more modernization of formats and not really creating mega new brands which will require separate investments.

Ankush Jain: And also, just to add on the premiumization margin, there will be specific guardrails where every new product launch will have to have an accretive margin to the core product of it. And therefore, it will lift the overall gross margin profile.

Kunal Vora: Understood. Thank you. Second is, if you can help me understand the longer-term trends in two of your key categories: in Health Care, sales are at the same level as they were in FY '21; in Beverages, you had like a very strong FY '21 to FY '23, in which sales almost doubled. Then after that, like it, you went down. So if you can help me understand whether the worst is behind, what exactly went wrong in these two categories in last couple of years?

Mohit Malhotra: Yes. I think in Health Care, if you look at the CAGR, CAGR of Health Care are in the range of around 7%, and 7% to 8%, that's what we want to sustain the CAGR. Prior to 4 years, I think it was COVID, which actually surged the entire Health Care and after that we've seen the penetration levels of key brand categories like Chyawanprash and Honey coming down. So we are taking initiatives to reduce the sizes and therefore resonating the brand, reducing the price level so that the penetration should increase, embark on new campaigns of all seasons. So all those initiatives are being taken.

Honey, new variants are coming in for premiumization and powders, etc. We will launch at bottom of the pyramid sort of market. On back of this, we want to get back on the growth path. In Beverage business, our CAGR is again 10% plus levels. And there, we've already got the portfolio. So the infrastructure is being set and to Rehan’s point, we want to go back on the path to make our Koolerz pack of INR10, INR20 pet bottles and coconut water available in rural India and drive the active range for urban India, and go back to the path of growth and recovery on beverages. So we've also corrected our RPI as compared to the Colas, which went down from

2.2 to 2.7. We are bringing it down to INR99 point. We just introduced a new range, and that's doing reasonably well in the marketplace.

Kunal Vora: Understood. Thank you. And lastly, you mentioned the target to grow at high single-digit volumes. That will require some categories growing even faster, maybe even double digits. Is there the categories in which you're confident that the growth could be even higher compared to high single digits?

Mohit Malhotra: See, we talked about high single digit value growth looking at the situation of the macro and the category performance is there. Within that, I think we are more confident about HPC as we speak home care, skin care, oral care. And we are more confident of these categories, and we are on path of doing corrections in beverages and health care.

Mohit Malhotra: Understood. That's it for me. Thank you.

Mohit Malhotra: Thank you.

<u>Harit Kapoor from Investec</u>

Harit Kapoor: I had a few questions on the stand-alone business, India business, there is a sharp kind of 250 basis points GM contraction. Do we attribute this largely to mix? Because it doesn't seem like there has been massive inflation in our portfolio, and this has dropped off from Q3, Q4. So there is obviously some seasonality in the quarter, but I just wanted to understand what's been the reason? Is it purely mix? And how do we think about this going forward? Is this a gradual buildup? Or how do we see it?

Ankush Jain: Yes. I think you see almost 240 bps of contraction in our stand-alone in quarter 4 and our inflation is the highest in this quarter in this year. So almost 80% of the inflation of the year has come in this quarter itself, which has impacted this almost 250 bps itself. And most of the price increases we took, they were by and large negated by certain trade promotion intensities and hence, the gross margins got impacted.

Mohit Malhotra: To rephrase,I think, it's all linked. I think its inflation, which is a key issue. So we had an inflation of around inflation 4.5%- 5% and price increase was to an extent of 3.5%, and because of competitive intensity, we could not take the full inflation into the price increase. And that is why this GM contraction of 247 basis points that you see.

Harit Kapoor: So going into quarter 1, we should see a 4% to 5% type of pricing. Is that what you're kind of hinting at?

Mohit Malhotra: Yes. So there's already we've increased the prices by around 3.5%, 4%, and that flow-through will happen in quarter 1 also.

Harit Kapoor: And how much of that Mohit, was in quarter 4? Like what would have been your weighted average pricing in quarter 4, 2%-1.5%? What would have been that number?

Mohit Malhotra: We have taken a price increase of around 4.5%, 5% in Health Care. In Personal Care, which is a very competitive category, our price increase was in the range of 1.5%. And in Beverages, our price increase, again, 1.6% broadly. So overall, it's around 3.5% sort of a price increase that we've taken in the quarter 4, which will flow through to the quarter 1.

Harit Kapoor: Got it. The second thing was on the premiumization journey. In Hair Oil, it's a bit of a dichotomy because on the others, there is also the competitive intensity at the bottom end of the pyramid. So how do we kind of marry both these things, will you continue to have that aggression at the bottom of the pyramid and still try and populate the top end in Hair Care. So as part of your premiumization agenda, how do I think about that segment?

Mohit Malhotra: So premiumization, we've not embarked upon. Like in Hair Care, especially, I think we were very busy consolidating our portfolio and trying to gain back market share that we lost to competition in Dabur Amla, especially because you had a competitor who was half at your price point. So now that we've got our strategy in place and we've gained all-time high market share of 19.1% from 14% around 3 years back. We will start on the journey of premiumization and premiumization is more urban linked for us. And e-commerce, quick-commerce, all these channels actually help us to get on to the premiumization journey, which is fairly easy to do.

As far as rural is concerned, INR10, INR20 price points and INR50 or INR100 price points also in Hair Care, just ride our rural infrastructure. There's not as much of brand trending that you not need to do on at the bottom of the pyramid. It is at the top of the pyramid that you need to do that, so which we have not done it. So like I was telling you, serums, masks, conditioners, etc. that should come in and help our premiumization journey. I don't see both of them conflicting with each other at all. They are both water tight, almost compartment and urban more so with e-commerce and modern trade doing very separately.

As far as organization structure is also concerned, we have a separate organization for e-com and MT, and a separate organization structure for GT at the lower end. So it is not at conflict with each other. So one can embark on both the parts, that one is to consolidate at the bottom end of the pyramid, keep continuing gaining share and second is to embark on premiumization at the top end also.

Harit Kapoor: Understood. And last thing, just a clarification on one of the earlier questions, you said growth will gradually improve. And do you expect exit rates to be high single-digit revenue growth? Or you said for the full year, it will be high single digits or double-digit type of revenue growth? I didn't quite understand?

Mohit Malhotra: I'm talking about average of the full year, but it's a guess at the moment and itall depends upon how the categories are behaving and how the macros are performing. If I go by the macros now, with MSP increases and with the MGNREGA outlay going up by 40% in rural India, rural India already growing around 450 basis points ahead of urban India, food inflation coming down and more money in the hands of the consumer, not taking into account Operation Sindoor. I think everything looks like a green shoot today. But how the political and the macroeconomic situation evolves is one has to see. But I was talking about average of the full year when I was talking about high single digit.

<u>**Naveen Trivedi from Motilal Oswal**</u>

Naveen Trivedi: Sir, my question is on the Oral Care performance. You did mention about the base effect impact on this quarter performance. But if I look at this, even sequentially also I would assume that this, sequentially, it is down close to 17%, 18% versus quarter 3. Is the understanding right? And typically, this is not a category where the seasonality player play a big role. So any color on that part or any specific markets where we've seen this kind of impact?

Mohit Malhotra: I think Oral Care is in a very good state as far as we are concerned. All the 4, 5 vectors of Oral Care brands are doing well. Dabur Red continues to do well for us and our market shares, our tertiaries, our secondaries, all are moving up as far as Oral Care is concerned. We got IDA certification also now, the endorsement by doctors has also started. Our no fluoride campaign has also kind of resonated very well with the consumers. We won a court case also in Oral Care. We are continuing to advertising. So I think all guns blazing as far as Oral Care is concerned, and we are betting our bets on Oral Care going forward also.

So Dabur Red, as we see, this quarter was an anomaly, because of the high base effect of 22% is what I said. So that's the only reason that I see. So Dabur Red is doing well. Our Meswak has grown by around 10%-11%. Our Dabur herbal toothpaste continues to do well and we are planning to take it to South India. In modern trade, the herbal category has got a tailwind, which is at around 31%, last year it was 30%. That is growing at double the rate of the non-herbal category. So I think everything is very favorable as far as oral care is concerned for us.

Naveen Trivedi: So is the understanding right where we have seen sequentially down 17%, 18% the segment revenue?

Mohit Malhotra: No, we are not down sequentially 70%, 80%.

Ankush Jain: Not 70%, 80%. I think it's 10% to 12% down.

Mohit Malhotra: No. I think, you should see a year-on-year trend. That's how this has to be seen because there is some loading impact of the other categories and therefore this category is a little subdued in quarter 4. So I think it's a year-on-year that you should be looking at rather than sequential. Sequential, our market shares continue to move up. We've gained around 15 to 16 basis point, market share in the current quarter also.

Naveen Trivedi: Yes. That's all from my side. Thanks.

<u>Akash from UTI Mutual Fund</u>

Akash: Thank you for the opportunities. Sir during your opening remarks, I mean during your response to one of the participant's question, you said while streamlining the portfolio, we will exit some of the segments like let's say, diaper or tea. I could not hear that completely. So can you please repeat what are the product categories which going forward, we will not be focusing on?

Mohit Malhotra: See, we mentioned a few examples of the categories, one was tea, other is baby diapers and other is Vita in MFD category. Now these have been margin dilutive for us and that's why we are planning to exit with a limited right to win and also breakfast cereals. So these are the 3-4 categories that we are planning to exit.

Akash: And sir how much would these products contribute revenue, it would be sort of low single digits?

Mohit Malhotra: Less than 1% of the overall revenue.

Akash: Okay. Sure, sir. Thank you.

Senthil from iThought PMS

Senthil: Yes. Sir, one of your drivers for the strategy point, you mentioned about contemporizing the category. So particularly with respect to the healthcare vertical, if you can throw some insight into how we are picking the products from the healthcare side to the millennials or Gen Z, so that's my first question?

Mohit Malhotra: Yes. So for a healthcare, one of the key brands for healthcare products are Chyawanprash. Chyawanprash we have premiumized in the past and we will continue the journey with Ratanprash, with Kesarprash, with Khajurprash, etc. that we have premiumized and we'll be launching modern formats like gummies, powders, etcetera, which is more targeted towards the new generation.

In honey, we've extended ourselves into organic honey and single ingredient honey –like single floral honey. So that is how we contemporize. We extended ourselves into contemporary format which is more amenable to breakfast consumption.. And also we'll be targeting new target audiences like geriatric, gym goersetc. with our healthcare portfolio.

Senthil: Okay, sir. And in the last Analyst Meet, the Investor Day, you mentioned there's an incremental focus on the therapeutic side. So if you can share what has been the development on that side?

Mohit Malhotra: So, therapeutics business continues to be as it is. We've done some organizational changes. So Mr. Philipe Haydon who has super-annuated and this new gentleman has actually joined instead of Philipe. So focus on advocacy vertical to promote Ayurveda to the modern doctors will continue and the turnover will be taken from INR100 crores to INR200 crores and that journey will happen and we are currently addressing around 100,000 medical practitioners with this vertical. So that journey will go on. We will try to do better extraction with better efficiency in that vertical. So that initiative will be continued going forward.

Senthil: Okay. Just the last question. Again, coming on the inorganic side. So you mentioned about -- we'll be focusing on the wellness side, foods and heathcare. So having the heritage from the Ayurvedic healthcare, going organic will be much better or if you can share some strategy from here?

Mohit Malhotra: Yes. So here or there we have organic brands. So I think all these organic brands like Chyawanprash, honey, Hajmola, Shilajit etc., there the modernization journey will be all organic because these are our core brands and we will continue to extend them into modern formats organically. If there is a new brand or a new category to be addressed, that is where M&A comes in and supplements our efforts of organic business with inorganic business. That's what one will do.

Senthil: Okay, sir. Thank you.

Manoj Trivedi from SP Securities

Manoj Trivedi: Thanks for the opportunity. My question is regarding Dabur's compliance, current compliance rate on EPA regulation in terms of use of recycled material in their flexible and hard packaging of plastic products. So, my query is that, I mean on the back of that we know that the industry has made a presentation to the ministry and the government and approached them to delay or give some more time to the industry.

But the fact of the matter is that ministry or the government has not made any official statement on this, post the presentation. So at this point of time, what is the view of the industry as well as Dabur and where Dabur stand in terms of compliance, in terms of flexible and hard plastic packaging?

Mohit Malhotra: See as well as Dabur is concerned, we are recycling more than 100%. We are actually a plastic positive company, because we are recycling more of plastics than what we are consuming ourselves. So we don't have any credits for plastic in India unlike a carbon credit in international market. So otherwise, we are ensuring our EPS compliance more than what is actually adequate.

Manoj Trivedi: No, I think, you got me wrong. My question is that use of recycled material in the plastic packaging for flexible, it is 10% and for hard, it is, I think, 30% from 1st April 2025. I actually asked the question of the compliance plastic bag complex.

Mohit Malhotra: No, now, I got you. So as far as recycled plastic is concerned, our use of recycled plastic is fairly limited like all other players in the industry, and therefore, we've represented to the government also on the same because the recycled plastic today is more dearer in the market as compared to the regular plastic. And moreover, we are a health care company.

In a health care company where 50%-60% of the portfolio is coming from wellness foods and they're coming from health care, we are very reluctant to use recycled plastic in food products and also in our Ayurvedic product. Like in pharmaceutical industry, you don't use recycled plastic. So we are reluctant.

As far as personal care is concerned, yes, with the 50% of the portfolio, we can use recycled plastic, but that is today dearer than the existing packaging material and will have an implication on the gross margins and the operating profit of the company. That's why the representation has happened to the government, because the demand of recycled plastic is higher than the supply.

As the industry grows of recycled plastic I think the cost of producing will be cheaper and then we'll be able to do it. So our stand to the government is to give us more time, till the time the recycled material becomes a little more cheaper and capacities go up in the industry. So yes. I hope, I could answer your question.

Manoj Trivedi: So what I understood, if you can confirm is that currently, Dabur is not planning to be compliant with that because government has not withdrawn the regulation. So I believe that, that regulation is pretty much in force?

Mohit Malhotra: Yes, we are already utilizing recycled plastic in our packaging material, but it is still limited because the capacity is not evident. So which is what the entire industry has also represented to the government saying that because the capacity is limited, nobody is able to meet the 30% requirement, which has come in. So which is why even the rules is in abeyance, right. It's not been announced yet. So if the government was to mandate the use of the recycle, then we will have no option but to use it. But today, the capacity is limited, and it's difficult for us to do it and it's more expensive in terms of cost.

Manoj Trivedi: So are we planning to pass it down to the end consumer at the end of the day?

Mohit Malhotra: If the government mandates, we will have no other option but to pass it to the consumer, and we will be using it. Yes.

Anurag Dayal from PhillipCapital

Anurag Dayal: Yes. So basically, my question is on Beverages. Now we are sitting on a favorable base. We have done a lot of actions in terms of INR10, INR20 price point pack, expanding in rural. And since 70% as I understand the saliency of beverages is in urban and then we expect urban market to recover eventually this year. But still we are a little conservative on low to mid-single digit growth expectation. So what could happen basically that we can get back to double-digit growth here? What all actions are required from our side or the competitive intensity is going to be low? What's your view on that?

Mohit Malhotra: Yes. See, as I was telling you that we have a CAGR of almost double digit as far as beverage is concerned and it's going through a cyclical storm as competitive intensity going up. So we are making all our efforts in terms of GTM, although the portfolio we've already done.

I think, the efforts are on as far as the go-to-market is concerned and the price points are concerned. So that's what we are trying to now fix for us. So what we are doing is that we have a 2-way down with the exclusive distribution of beverages. That is continuing to do well. For rural and semi-urban markets also, we are opening up all the beverages to our existing rural distributors also, because we've got affordable price points there. That's what.

And also we fixed the price of around INR99 and INR100. That said, the wait and watch situation to see a gradual ramp up and the distribution initiatives are taking time in the market. So that's why a little defensive sort of growth aspiration on it, but we are not leaving any stone unturned. Like coconut water, which is coming under the active range that is firing. Our Hajmola Jeera is actually doing pretty well.

Our active range is performing very well. Our Koolerz and the Nectar range is something that we have to still correct and execute it well in the marketplace. So that's why it's a slow gradual recovery, which is happening in beverages.

Anurag Dayal: Okay. Sir, another question is on Odomos. So you mentioned there were some seasonality impact as I understand. But especially in the HI portfolio, the market leaders said that the season was very favorable for them. So could you explain us where is the seasonality, which came for us? I mean, you this product-specific issue or how we define the seasonality, especially for Odomos?

Mohit Malhotra: No, I think it's a seasonality plus coupled with high base. We had a very high base of Odomos last year or so. So we are navigating a higher base. If you look at the CAGR also, it will be in the range of around 8% to 10% for us. So that's fine. And for us at least we did not see the mosquito season pan out as much as what it was last year.

So relative, it has been low, but I think it will be slowly catching up. We have got a market share increase of around more than 386 basis points on Odomos. So from a market standpoint, we are pretty much okay.

Isha Lamba: Thank you, everybody, for joining the call. The webcast and transcript will be available on our website. Thank you, and have a great evening.