

November 21, 2025

The Secretary,
Listing Department,
BSE Limited,
1st Floor, Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400001
Scrip Code: 531642

The Manager,
Listing Department,
The National Stock Exchange of India Limited,
Exchange Plaza, C-1 Block G,
Bandra Kurla Complex, Bandra (East),
Mumbai – 400051
Scrip Symbol: MARICO

Sub.: Transcript of the earnings conference call

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, copy of transcript of the earnings conference call held on Friday, November 14, 2025 on the un-audited financial results and operations of the Company for the quarter and half year ended September 30, 2025, is enclosed.

The said transcript is also available on the Company's website at
https://marico.com/investorspdf/Marico_limited_q2fy26_earnings_call_transcript.pdf.

This is for your information and records.

Thank you.

Yours faithfully,
For **Marico Limited**

Vinay M A
Company Secretary & Compliance Officer

Encl.: As above



Marico Limited
Q2FY26 Earnings Conference Call

November 14, 2025

**MANAGEMENT: MR. SAUGATA GUPTA – MD & CEO, MARICO LIMITED
MR. PAWAN AGRAWAL – GROUP CFO & CEO -
INTERNATIONAL BUSINESS (REST OF SOUTH ASIA & SE
ASIA), MARICO LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Marico Limited's Q2 FY '26 Earnings Conference call.

We have with us the senior management of Marico represented by Mr. Saugata Gupta - MD and CEO and Mr. Pawan Agrawal - Group CFO and CEO - International Business.

As a reminder, all participant lines will be in the listen only mode and there will be opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing '*' and then '0' on your touch-tone phone.

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

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

Saugata Gupta: Hi and good evening to all those who have joined the call. I would like to start with a narrative on the operating environment during the quarter gone by, after which I will touch upon our performance and strategic objectives going forward. We witnessed steady demand trends during the month of July and August before facing transitional disruption in trade channels due to the implementation of the revised GST rates in the month of September. The recent GST rate rationalization is a positive step towards boosting demand and driving sustainable growth in the branded FMCG sector. About 30% of our India business have benefited from the GST revision. Consistent with the government's objective, we have passed on the benefits of the reduced GST rates to the consumers across relevant categories, either through price cuts or grammage increase in price point packs, thereby enhancing product affordability and accessibility.

Further, the ongoing progress of project SETU continue to strengthen our distribution fundamentals with execution across markets. Coverage expansion remains on track underpinned by focused initiatives to deepen presence in upgraded towns and expand outlet reach. Organized trade, specially quick commerce continue to lead growth for the business. Quick com has nearly doubled on a year-on-year basis. Overall, we are optimistic that easing inflation, supportive policy, transformative GST reforms along with favorable monsoons and a healthy crop outlook will boost disposable incomes and aid consumption across urban and rural markets.

Moving on to the quarterly performance, we have delivered a 7% volume growth in India in spite of the disruptions in September. Our franchises continued to witness healthy off-take growth with more than 95% of the business gaining or sustaining market share and more than 75% of the business gaining or sustaining penetration. Revenue growth in India business hit

multi-quarter highs, supplemented by prior pricing actions in core portfolios in response to sharp inflation in key commodities. Revenue growth will remain strong in the second half, even with partial anniversarization of pricing actions in the Parachute and Saffola portfolios.

Delving further into the India business, I will now share the performance of our key categories.

Parachute was muted in volume terms in the context of unprecedented hyperinflation in Copra prices and 60% pricing growth year-on-year basis. I have never heard of any master brand or power brand in the world taking a 60% pricing growth. I think it is something unheard of in large FMCG economies. Obviously, in small countries with hyperinflation, this is a possibility. The brand was flattish in volume terms after normalizing for ml-age changes. In addition, we also rationed supplies to certain institutional customers to safeguard brand profitability. The brand consolidated its market share, therefore continuing to exhibit remarkable pricing and elasticity. We expect Parachute to remain steady and revert to growth as pricing and input cost headwinds received over the next few quarters. On Copra prices, it has come down actually from 15% from the highs seen in July 25. Current forecasts and our crop estimate outlook suggest that Copra market is likely to settle down over the course of the next few quarters and start coming down March onwards.

Saffola oils were flattish in volume terms amidst the prevailing elevated pricing environment. We anticipate growth will gradually pick up over the course of the next few quarters as pricing volatility has subsided. The recently launched Saffola Cold Pressed Oils range witnessed a positive response on E-com and Q-com platforms. Value-added hair oils accelerated its growth trajectory. The franchise gained 150 bps in value market share on a MAT basis. The mid and premium segments of the portfolio continued to record double-digit volume growth in this quarter. As you will recall, we have started investing behind that and growing that part of the portfolio. We are confident of maintaining this double-digit growth momentum in the franchise in the quarter ahead on the back of strategic pivots over the last 9-12 months.

The Food portfolio has crossed Rs. 1,100 crore ARR. Saffola Oats continue to gain market share while the Honey and Soya Chunks continue to scale up well. The new Muesli range is exhibiting green shoots. True Elements and the plant-based Nutraceutical portfolio of Plix maintain their strong growth momentum. During the quarter, True Elements expanded its ready to eat portfolio with the prototyping of protein bars and Overnight Oats. We remain on track to meet our aspirations over the medium term. The immense growth opportunity of Foods and the potential to expand TAM is undeniable and will continue to double down on the same. Having said that, you would have seen that we have grown 12% this quarter. Let me address upfront the reason for this. I think it is a combination of 4 reasons and therefore we expect food to go back into higher growth trajectory by Q4. There were 4 things: One, as you know now we are lapping up

the last year of earn-out of True Elements and obviously once we have integrated, we have adjusted in terms of certain strategy and consolidated the process and focus on profitability instead of just growth. Second, there is some Flipkart adjustment especially in Plix, in which Flipkart has adjusted accounting where the net realization has gone down based on the discounting. Third, there is also a base of Mayo, Peanut butter and Munchies in the base and lastly, for the next 2-3 quarters, we are now very focused on improving Plix profitability and mix. We will do these things over the next 2 quarters and we are extremely confident that by Q4, we will get back into higher growth rate on Foods.

Premium Personal Care maintained a strong growth trajectory during the quarter in the serums, male grooming and skincare portfolio. We aim to invest in sustainable growth vectors across the course of the coming quarters. The digital first portfolio exited the quarter with an ARR of over Rs. 1,000 crores. We are on track to reach 2.5x of FY '24 ARR in FY '27 in line with our aspiration. We remain sharply focused on profitability and aspire to achieve double digit EBITDA margins in this portfolio by FY '27.

Moving on, the international business maintains its robust performance. Bangladesh showcased its foundational strength and delivered ahead of expectations. Vietnam showed signs of recovery backed by targeted initiatives in the quarter and will continue to grow in the coming quarters at a higher rate. MENA remained on an accelerated growth path on the back of strong growth across core and new franchises. While South Africa had a sluggish H1, we are certain of a visible recovery in the second half.

To sum up, we delivered an encouraging performance in the first half with both the Indian and international business progressing in tandem. We remain focused on executing our strategic priorities for the year and expect to sustain the positive growth momentum across India and overseas business in the quarters ahead. We will aim to improve India volume growth and maintain robust double digit constant currency momentum in the overseas business in the second half of the year. Supported by pricing growth, we continue to target around 25% consolidated revenue growth this year. Over the last few quarters, we have delivered reasonable EBITDA growth despite unprecedented input cost inflation and continued A&P investments. As margin pressures ease gradually, we aim to deliver double digit EBITDA growth in the second half. We remain confident in our trajectory and expect to make meaningful progress towards the ambition of reaching Rs. 20,000 crores in revenue by 2030. While headwinds and disruptions in the operating environment are inevitable, we have consistently focused on embedding resilience across our system's culture and operating model to deliver consistent and predictable outcomes. Beyond the strong equity of our brands, it is the institutionalized resilience in cost management and backend capabilities that has enabled us to sustain EBITDA growth through varying input cost cycles without compromising in brand building investments in each and every quarter since

the pandemic. And there is something perhaps we are one of the very few companies to achieve this. We have never given any surprise any quarter on EBITDA growth.

Our culture of empowerment encourages teams to experiment, adapt and innovate, fostering agility and ensuring the continuity of our growth flywheel. This is backed up with a strong next gen leadership and capability development plan which has led to a strong, largely internal succession planning pipeline. I had also mentioned that in addition to this resilience and leadership pipeline, our ability to anticipate and call out risks and opportunities in our business ahead of time has ensured consistent top quartile performance in recent times. This is enabled by a leadership mindset which is self-aware and authentic, which encourages us to embrace reality and focus on internal solutions for issues rather than always externalize a problem.

With that, I conclude my remarks. Thank you and we can now take questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. Our first question comes from the line of Avi from Macquarie. Please go ahead.

Avi: Yes, hi team. I just had one single question on the GST transition, could you give us a sense on what could be your expectation of the impact and how long do you think it will take for this disruption to reverse?

Saugata Gupta: So, we saw some of this impact flowing into first half of October, but it is now more or less stabilized.

Avi: And the quantum of the impact in your opinion, how much could it be on sales or volume, whichever way?

Saugata Gupta: You can take around 2% during Quarter 2.

Pawan Agrawal: See in Quarter 2 there was an impact of about 2%. Now, it was led by destocking. But typically what we have seen is that once trade has destocked, it is very difficult to sort of bring it back to the old stock level. So, if the question is whether we will see a positive impact of 1% or 2% in Quarter 3, the answer is not really. But having said that we have given a guidance on the overall volume trajectory, which we definitely expect that could be slightly better than what we delivered in Quarter 2.

Avi: Got it. Perfect. That is all from my side. I will come back in the queue.

Saugata Gupta: Thank you.

Moderator: Thank you. The next question is from the line of Abhneesh Roy from Nuvama. Please go ahead.

Abneesh Roy: Thanks. Two questions. First is on the Honey and Soya Chunks, if you could tell us how much is the salience of Kirana in this part of the portfolio? And if you could talk about profitability, how is the positioning? Are you more of a price warrior or now you are charging almost parity to the market leader in these two segments?

Saugata Gupta: So, we will be a warrior, but not on pricing. We are a challenger. So, if you really look at it, two things we have to do, which is as far as Honey is concerned, we were over indexed in organized trade. And as far as GT is concerned, our weighted distribution was not that great, but there is a significant portion of Honey business that is on GT. We are beginning our initiatives on that. OT relies a lot on pricing and there is a lot of clutter. As far as GT is concerned, the number of players are far lower. And it is the same case in Muesli, also that the number of players in GT are far lower. And usually the leader enjoys a far higher market share. Therefore, the market share pool available for grabbing is far higher. We should have done it a little earlier. But we are now very determined to get our act right on GT in Foods. The profitability of Honey is decent. There is no reason for concern. As I said that on pricing we don't operate on price. As far as Soya is concerned, Soya is primarily a GT initiative. And we are obviously taking steps to ensure that we are not growing aggressively in Soya to ensure we grow profitably. As you are aware, in the last 2 years, we have increased our gross margin in food by 1000 basis points. And we are determined every year to improve that gross margin.

Abneesh Roy: One follow up there, Saugata. So, in terms of Soya, why is it primarily GT? Because modern trade e-commerce, quick commerce generally is much easier, low hanging fruit. So, I couldn't understand why more of GT in this?

Saugata Gupta: Soya, the consumer use is basically, during the monsoon, it is used when vegetable prices go up. It is used as a protein substitute. And it is for the mass end. Now, we don't participate in the mock meat and frozen foods, which is growing and it is not yet that critical mass. Also, if you look at the unit price, it is not very high.. Therefore, technically, even if I push OT, it will not be a very profitable because the pricing is pretty muted in terms of the unit price of Soya.

Abneesh Roy: Understood. Second and last question. So, generally, Plix, the growth is quite strong. So, now, you are also mentioning profitability also comes into the picture. So, the reason for that, it is just the phase evolution. If you could talk about competition, how is the competition shaping up? I think HUL's Oziva also, in many of the segments, now they also compete. So, if you could talk about how the competitive intensity is, is that one of the reasons why profitability is coming as a focus area and you spoke on accounting on Flipkart. Normally, this kind of a thing, we have not come across other FMCG companies. So, how does your number change because of the accounting, the logic behind that, if you could explain? And similarly, what is the size of the

True Elements, two new products? So, one is, of course, Overnight Oat's market size is very nascent. And second, Protein Bars is very competitive. So, what will be your positioning here, given a lot of D2C companies also there here?

Saugata Gupta:

As far as Plix is concerned, there are two things. First, we want to significantly improve profitability because it has attained a critical mass and it continues to grow. And the reason is that we have an aspiration of double-digit EBITDA for the entire digital business. So, what we are doing in the next 2 quarters, while we will continue to aggressively grow the personal care portfolio, in the Foods part of Plix, we are ensuring that we invest in the right channels to improve profitability. And it takes only 2 quarters to handle that. Now, coming to Overnight Oats, it is a category we are creating. It is a big category in developed markets like US, because of the Bircher Muesli, it is a category we are developing, and True Elements is one of the pioneers. As you know, historically Marico has created the Oats category. It was a plain oats category. Masala Oats is something which Marico has given and we have had significant success and experience in category development in the Oats category. Now coming to protein, you have to participate in the category. Unlike in other companies, with protein as the only driver of growth, True Elements has a far more wide spectrum and broader participation. We believe True Elements is the right brand to win and get a share. So, it is more of a participation and getting some share of the category because at the end of the day, if you are a pro-health consumer, I can easily cluster and upsell to that set of consumers. Now coming to Flipkart, Pawan will take this.

Pawan Agrawal:

This is more in the context of the digital first brands. When Saugata mentioned in the opening commentary, it does not have any material impact on the Marico numbers reported because Plix has a significant chunk of business coming in from Foods and therefore it is more of an accounting adjustment where certain part of the expenses is now getting data from the revenue. On a like-to-like basis, there is some impact on the reporting of Foods. But if I were to just extrapolate this to overall company level, there is no significant impact.

Abneesh Roy:

And this would be impacting other brands on Flipkart also, is it specific to you?

Pawan Agrawal:

It is for the brands that have a B2C arrangement with Flipkart and for us it is largely on account of Plix. Nothing to do with Marico set of brands and nothing to do with even some of the other digital brands that we have.

Abneesh Roy:

Understood. That is all from my side. Thanks a lot.

Saugata Gupta:

Thank you.

Moderator:

Thank you. The next question is from the line of Mihir Shah from Nomura. Please go ahead.

Mihir Shah: Hi, sir. Thank you for taking my question. Looking Q2 FY26, and just taking a context leap from FY25, despite significant gross margin pressure, you have particularly struck up your ad spends. How should one think about ad spends going forward in FY '27? And is there a threshold of margin that you want to work with on the gross and EBITDA level that we should keep in mind?

Saugata Gupta: So, if you really look at it, our objective is to ensure that we continue to maximize growth and volume share while operating within threshold level of margins. What I see in FY '27 is the following, in terms of the raw material costs coming down, there will be an opportunity to get back some of the margins. Also, as you know that we started investing in the premium part of VAHO, we continue to invest behind the diversification and the premiumization. So, therefore, there will be margin improvement. But as I said that our main focus is also to ensure superior and top quartile volume growth as get into FY27. We also expect improvement in Parachute volume growth. As you know that Parachute, some part of the volume dip has also happened because of two things. One, we could not supply to some of the institutional channels, which we took because of the profitability and number two is the ml-age drops. So, I believe there will be higher volume growth opportunities in Parachute. And we will continue to invest. There could be slight increase in A&P maybe, but the more important part of it is that we are extremely confident of the bottom-line growth once the input costs starts coming down. While for commodities, nobody can predict, but as far as we are concerned, given the outlook, given the crop, given the demand supply situation, we expect Copra to definitely come down by March. Therefore, next year one of the things which we had alluded to in the earlier call, in the previous quarter is that one needs to look at a double digit profitability growth over a 2-year CAGR basis which we are pretty confident about.

Pawan Agrawal: And if I may just add, I would just want to mention that gross margins definitely have bottomed out and as we move ahead, we only improve from here. And as far as A&P spend is concerned, we are very confident we will continue to spend in double digits growth in A&P. And we have also seen in the past that in any inflationary period followed by deflationary year, we have been able to increase our operating margin by 250 basis points. So, depending on where we end at this year, we are confident that next year, operating margin will definitely see an improvement of at least 200 basis points.

Mihir Shah: Got it, very clear, Saugata, thank you for that. Second question is on project SETU, again, looking beyond FY '26, what is the kind of benefit that this should continue over FY27 and how should one look into any tangible targets that you can share on project SETU and the benefit of that?

Saugata Gupta: Yes, so it is very difficult to allocate a growth, but I will give you what are the things we have done. The first benefit of Project SETU, as you know, that usually a wholesale dependency

means that they deal only with high velocity power brands. So, in most of the South and West, they dealt with Parachute, in the North and in the East, they dealt with Nihar and in the North and some parts of the West, they dealt with Shanti Amla. Project SETU has enabled range selling, which has directly contributed to a significant improvement in the trajectory of VAHO growth. We are extremely confident that this momentum will continue. Importantly, the growth we are witnessing is in the high-margin segment of VAHO, as Shanti Amla is relatively lower margin while the rest of the portfolio is high-margin. This has also allowed us to avoid engaging in BTL or trade spend fight towards protecting Shanti Amla's price point. So, that operating leverage and the luxury of choice we now have is thanks to SETU. The second part of SETU, which is now going to happen, is while there are markets where Parachute is dominant—how do we grow other markets and diversify the business, especially within the South. The third opportunity we will tap is the gap between Parachute's rural market share and urban market share. We want to bridge that gap. The fourth part of SETU we will now see is the urban aspect, where we are under-indexed in food, chemist, and cosmetic outlets. I mentioned that in categories like Honey and Muesli, there is an opportunity to grab market share because the number of players is far lower in GT. Secondly, in chemist and cosmetic channels, this will also give us an opportunity to some of our digital brands in GT—whether in chemist, cosmetic, or food outlets. That will be the last phase of SETU. Ultimately, SETU will first reduce the gap between direct and indirect coverage, and secondly, it will help in diversification, range selling, and far more automation. Another important outcome is that we are controlling resource allocation—a lot of below-the-line spend that was wasted will now be converted to above-the-line over the next 2–3 years, which will also help drive offtake-based growth.

Mihir Shah: Got it. Thank you, Saugata for the detailed answer. I think the momentum that we are seeing should continue and that is the confidence I was looking for. Wishing you all the very best.

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

Harit Kapoor: Yes, hi team. Good evening. Just two questions of mine. If you could just explain the Copra price coming down by about 15%. How does the market competitive activity work? Is it that you need to make some price divisions, ml-age divisions or given that you are not passed on the full impact, you don't need to make any changes there? How does the Copra price movement at this price, how does it impact the market activity for you in terms of ml-age and price? That is my first question?

Saugata Gupta: So, at this current level, I don't see any reason for pricing action. We are very comfortable.

Harit Kapoor: So, the way to think about it is that this recent fall actually just plays out in terms of a slightly better margin profile going forward. That is the way to think about it?

- Saugata Gupta:** Yes. So, that is why we have indicated that we are a little more confident of trying to deliver double-digit EBITDA growth in the second half.
- Harit Kapoor:** Got it. And the second question was on the LUP bit, you mentioned that there have been some grammage increases as well. So, what part of the portfolio, what percentage mix of the portfolio have you seen these grammage increases if you could just highlight, sir?
- Saugata Gupta:** Let me just clarify. In Parachute, because of inflation, we have taken ml-age drop.
- Harit Kapoor:** I was asking more from a GST perspective?
- Saugata Gupta:** Yes, Shanti Amla, that is some part of the portfolio. That is very marginal, because as I said that we only operate in LUP mostly in Shanti Amla.
- Pawan Agrawal:** So, that was in the context of value-add hair oil, where on the price point, we could not reduce the prices and therefore we had increased corresponding ml-ages in those price point packs. And as Saugata mentioned that it is largely in Shanti Amla, other part of the VAHO does not have any significant contribution coming in from price point packs.
- Harit Kapoor:** Got it. And last thing on VAHO was this quarter obviously has been amongst the highest growths that we have seen in recent times and you mentioned a lot of initiatives. You also had a fairly favorable base this time around where we had very sharp reductions in the base. So, I just wanted to get a sense of how much of this is base led and your confidence on continuing to maintain may not be this level of trajectory, but at least a double digit growth trajectory. Is that something which you are fairly confident about?
- Saugata Gupta:** Let me give you some piece of statistics. The 2-year CAGR minus Shanti Amla, because as I said that we are defocused by LUP of Shanti Amla, the value is around 9%. And if you take this year also, the volume for the premium part which is the non-Shanti Amla portfolio, is in double digits. So, we are extremely confident of continuing to delivering teen's growth in VAHO.
- Harit Kapoor:** Fantastic, those were my questions, Thank you. Wish you all the best.
- Saugata Gupta:** Just to add that the very fact that we are focusing on the premium part of it, which also has long-term margins.
- Harit Kapoor:** Thank you very much.
- Moderator:** Thank you. The next question is on the line of Anand Shah from Axis Capital. Please go ahead.

Anand Shah: Yes, hi, thanks for the opportunity. So, a few questions. Firstly, on the digital first portfolio, you already sort of are seeming to be clocking much higher than your aspiration. So, as per my math, you already probably would be in that Rs. 1,000 crores ballpark this year itself. So, any chance sort of, I think you already upgrade the ARR guidance to that extent, but any chance there you will surpass and which parts of the portfolio are firing here mostly? Can you give some granularity?

Saugata Gupta: We are getting significant growth in Beardo and Plix. And as you know, Beardo is around in the region of a double-digit EBITDA. Plix has already broken even and over the next 2-3 quarters we will focus on significantly increasing the EBITDA percentage in Plix so that we are on our way to our 10% target in 2027. True Elements has been undergoing the integration. As you know, we got 100% sometime in September. And therefore, our first task is to ensure that we integrate it well and also start our journey towards break even. And as we said in the last call also, our focus on Just Herbs and True Elements is first to get them to break even. And I am okay with the moderate growth. But we are most happy to accelerate the personal care part of Plix. We are working towards improvement in the profitability of the other part of Plix and also driving personal care. But more importantly, we have started the process of synergies of the digital brands, cost synergies to drive profitability, including common sourcing, common logistics, common system, common media buying, digital media buying and that is a huge because we believe that while we are capable of growing at a faster pace, it is equally important to focus on the profitability. And once we get the profitability, we push the pedal and accelerate rather than just keep pushing the pedal.

Anand Shah: Got it. Perfect. On the margin side, would it be fair to say you will already, maybe by 2026, be in the low to mid-single digit in terms of margins for the digital first portfolio?

Pawan Agrawal: Overall, put together, we may not be able to give you an exact number as to where we will be. But as Saugata mentioned, in Beardo, we have moved to double digits. In the next 2 quarters, we are hoping that Plix will move to mid to high single digits. We have a job to do in True Elements and Just Herbs. And Saugata also mentioned that in True Elements also, our focus has been to sort of improve the profitability because we have taken this from the promoters in the first year. So, we continue to stand by with our guidance of a double digit operating margin for the next year, where we feel that we should be able to reach that mark by end of next year.

Anand Shah: Wonderful. And one clarification, True elements would be clubbed in your Foods reporting. That is correct, right?

Pawan Agrawal: Yes, that is true. And also the food part of Plix also gets reported in the food.

- Anand Shah:** In the food spot, yes. Got it. And second, you did indicate that you were sort of from inflation to deflation, eventually, you see 200 bps kind of an expansion on average, which has been historical band as well, 200-250 bps. So, if Copra is just in this price, as if it is today, and let us say it doesn't correct, then would that still hold up?
- Pawan Agrawal:** So, see, as far as Copra is concerned, we believe that it will remain range bound over the next 2-3 months. And then when the flushing comes in the month of March, we will see some meaningful correction. So definitely, we don't expect the Copra price is projected to continue at this level. Of course, it has already come off from the peaks by about 15%. And after 3-4 months, we definitely believe that it will come down further.
- Saugata Gupta:** Just to answer your question, in the second half, you will get obviously, even if it is at 15% reduction from the peak, there will be flow through to some margin.
- Anand Shah:** Yes, as so you guys did that double-digit EBITDA growth in second half, essentially?
- Saugata Gupta:** Yes.
- Anand Shah:** Got it. And in Foods, it seems you focus a little bit in the interim as you get a bit more in cost correction and profitability to that sense. So, you were looking at sort of 8x in FY '27. So, would that still hold up? Because it seems a little bit under shooting on the Foods revenue target?
- Saugata Gupta:** No, we are just doing for 2 quarters, which I said that we are getting some of the things right. Because if you notice, it is important to grow, stabilize, get the profit, then grow. That is how we do it - a step jump, step jump. So, it is these 2 quarters we would call it a little bit of a pause. As I said, in Q4 things will be back on track. And some of it, when Pawan alluded to is that of Flipkart adjustment and all those in the base. So, it is a 2 quarters issue.
- Pawan Agrawal:** And to clarify when Saugata says pause, pause means at least double-digit growth.
- Saugata Gupta:** Yes. So, our standards of pause is slightly different.
- Anand Shah:** Got it. Wonderful. And very last, if I may any indication on the margins you can share in Foods, either on gross and EBITDA or if it is a differential you want to share?
- Pawan Agrawal:** Discussing the earlier call, it is a function of what scale we reach for each of the sub portfolio. For example, Masala Oats makes company level operating margin. So, as and when these businesses will reach a certain scale, we are confident it definitely has the potential to reach up to a company operating margin level. But there is a bit of time before we reach there. But what we always ensure is that whenever we get into Foods, or we equally get into some of the personal

care, the weighted average gross margin is better than what we have at a portfolio level. Therefore, it is something that is completely sacrosanct. And that drives our entire new product innovation process, as well as any acquisition that we do.

Saugata Gupta: So, one shift we have done in Foods after our learning after we have tried things is we are going to follow the policy of fewer, bigger, better and relevant.

Anand Shah: Wonderful. Thanks and best of luck. Thanks a lot.

Saugata Gupta: Thank you.

Moderator: Thank you. The next question is from the line of Amit Sachdeva from UBS. Please go ahead.

Amit Sachdeva: Hi, good evening. And thank you for taking my question. Thank you. So, my question is on VAHO and VAHO clearly, the trajectory has changed. And it is sustaining and I think good to note that the higher margin part of VAHO is growing. So, Saugata, what I would like to understand is that can you give us a bit of a deep dive into how this change is happening? And is there a channel cut to it? And is there a brand cut to it? Clearly, if you could give us some sort of salience that is an MT GT or e-com, what sort of major transition has come and is sustaining? And then how to, is this now margin enhancing and is the margin at VAHO level are better than company level margins or at least reaching there? How do we think about this portfolio growing at this rate? And what is the impact on margin for overall company?

Saugata Gupta: The margin at VAHO level is higher than the company level margins, significantly higher and especially the things we are focusing in. So, therefore, it is a wish. Basically, what we are doing is a virtuous cycle of growth. Now, coming to what we exactly did in the past 2 years before we re-pivoted our strategy, it was a road to nowhere, which I call it where we went into a trade spending fight to win the sector and because of competitive action where ATL was withdrawn and put into BTL, we perhaps went into the trap or temporary trap. I believe that for a category to grow, you must invest behind premiumization, you must invest behind brand building and you must invest behind driving consumer penetration, instead of just putting money behind trade. So, we just did a re-pivoting where we said, we are okay to lose share at the bottom of pyramid because that share is sometimes channel filling, which we don't want to do. But focus on the higher part of the pyramid and drive premiumization. For example, one part of the premiumization is we have brought some of our Middle East franchises with a focus on modern trade and E-commerce. And also, there are some large brands like Hair & Care, PA Jasmine, Aloe, Nihar Perfumed Hair Oil which we are focusing on. All of these are significantly higher margin. And with investment behind ATL and brand building, we expect to significantly gain share. If you look at it, we have gained 150 bps value share. We will continue to gain value

share. So, therefore, our entire KPIs in VAHO today's value growth, value share and gross margin.

Amit Sachdeva: Got it. That is very helpful, Saugata. Can you give us a little bit of channel touch to it? What is GT, MT and E-com for this VAHO portfolio?

Saugata Gupta: It has been a broad based growth. As I said, SETU has driven VAHO growth and our investment beyond premiumization is giving us growth in OT.

Amit Sachdeva: Great. Now, thanks so much for this. And could you give us the oats growth this quarter thing, food and within food, the oats part of the portfolio, how it has grown?

Pawan Agrawal: The Organic Saffola Foods ex of some of the discontinued products in the base has grown by about 8%.

Amit Sachdeva: Perfect. Thank you, Pawan. Thanks so much for taking my questions.

Moderator: Thank you. The next question is from the line of Percy Panthaki from IIFL Securities. Please go ahead.

Percy Panthaki: Hi, Saugata. Can you just give your estimate? Of course, there will be Nielsen figures, but I would value your estimate more. What is the industry growth of the VAHO sort of industry right now?

Saugata Gupta: If I have grown say 16% and gained share, you can derive a number. So, it should be in double digits, a little bit, entering double digits definitely in value.

Percy Panthaki: So, what really has changed here, because over the last 5 years, VAHO as an industry has been a very slow growing industry. And now it has come to a 10% growth at industry level, we have not seen any major recovery in macro consumption across many of the FMCG segments. In the past, we have held that VAHO will grow sort of or slow down whatever in line with the personal care industry. It is clearly sort of the growth or slow down at least right now seems to be divorced from the personal care industry?

Saugata Gupta: Two things I would say. Firstly, at a macro level, starting with us, and at least one more player is doing fundamentally the right things in terms of investing behind growth. Secondly, as you know, the category was under indexed in the OT. And we are doing a lot of category management work in OT to drive the saliency of the category, which is leading to premiumization. Fundamentally category building and premiumization work is happening. We

had earlier perhaps defocused for 18 months when we started getting too focused on LUPs. And this pivot is leading to this category growth.

Percy Panthaki: Understood. Also, how do we see the Foods and the digital brands business over a medium term, let us say, 3-4 year kind of period, what kind of CAGR growth target and what kind of margin targets 3-4 years down the line would be something that you would consider reasonable?

Saugata Gupta: Firstly, on food, some of the scaled-up businesses should get into a company EBITDA in the next 3-4 years. Our first milestone for digital business is to get into the 10% EBITDA and then sequentially move forward. The growth momentum we have indicated already as far as food is concerned to 8x of FY20 and digital first brands to 2.5x, for FY '27. At the end of the day, as far as digital is concerned, we will continue to ensure that we look at some inorganic opportunities also over the next 2-3 years.

Percy Panthaki: That is all from me. Thanks and all the best.

Moderator: Thank you. Our next question is from the line of Nihal Mahesh Jham from HSBC. Please go ahead.

Nihal Mahesh Jham: The question from my side, when you mentioned about the food part about Munchies and Peanut Butter, is it that these products have been discontinued just that the growth of this part of the portfolio was muted, which led to the overall slowdown?

Saugata Gupta: No, we have mostly discontinued it because, see, again, as I said that we talked about fewer, bigger, better, and anything which is not a significant opportunity, one of biggest learning has been that if you want to participate in food, scale and profitability goes hand in hand. So, therefore anything which you can't really make it big, let us not do niche things. We have Plix and True Elements, two brands to actually experiment with niche things and Saffola will actually drive scale. Because if I have to do Peanut Butter, I can do with True Elements. I don't have to do it with Saffola.

Nihal Mahesh Jham: Understood. My second question was, I just want to clarify, when you mentioned about double digit margin, this is for the entire Foods and digital business by FY '27, right? It is not specifically for the digital part of the business?

Saugata Gupta: Digital brands. We talked about digital brands.

Nihal Mahesh Jham: Including the oats and the core Saffola part of the portfolio?

Saugata Gupta: No. There are 4 digital brands, which is Plix, Beardo, True Elements and Just Herbs.

- Nihal Mahesh Jham:** Understood that. Final question was in the Plix part of it. Now, obviously as a brand, the proposition of the Foods part is very clear with the hero SKUs like apple cider vinegar and the proposition on weight management. It is obviously great to see that even the personal care part of the portfolio is sort of an equal contributor to growth. So, especially want to understand which are the hero SKUs or segments specifically for the personal care part of Plix and maybe if there is a proposition there that you may just want to highlight, which may be not something we may be aware of?
- Saugata Gupta:** So, the proposition, if you look at trends in Western countries, is about hair and skin food. So, whatever is good for you and how do you transfer that into personal care. The concept is about plant-based hair and skin food. So, it is science based with nature. For example, you have watermelon, pineapple, guava and rosemary. Basically, that is the concept and then getting into hair and skin categories and combined with science because obviously the actives are science. So, that is the proposition. So, it still is plant based. And what we are talking about is that whatever you consume, can be hair and skin food, which are essentially problem solving or enhancing. Each of the products has a strong functionality.
- Nihal Mahesh Jham:** And just one quick follow up, you expect the mix in Plix of personal care and Foods also sort of remain similar ballpark figure?
- Saugata Gupta:** So, we are deliberately driving a higher personal care because that will ensure profitability and that will also drive traction of growth. At the end of the day, as far as Nutraceutical is concerned over the next couple of years, we will also look at some of the other platforms or Nutraceuticals. As you know that any Nutraceutical brand can extend into 5 or 6 areas, which is basically weight management, heart health, gut health, bone health, sleep, stress, and diabetes. So, technically, as a good thing about Plix is that the brand name doesn't stand for any particular problem, therefore we can extend it. The potential of Plix is infinite relative to any digital brand, given its presence in both Personal Care and Nutraceuticals, it has one of the highest TAMs a digital brand can have.
- Nihal Mahesh Jham:** Understood. That is very close of it all. Thank you.
- Moderator:** Thank you. Our next question comes from the line of Jaykumar Doshi from Kotak. Please go ahead.
- Jaykumar Doshi:** Hi, thanks for the opportunity. Actually, continuing on the earlier question on Plix, could you give us some color in terms of what are your top 5 hero products? What is the contribution of these products to overall sales of Plix? And over the past 2 years it has done phenomenally well. So, are your Hero products continuing to grow at the same pace at the overall brand growth? Or is it also driven by a long tail of new introductions product that you may have added? Any color

you can share on repeat off-takes? And what does the channel mix look like today? I think it is predominantly still online. And how do you see some of these things change over the next 1 or 2 years as it scales up to maybe Rs. 1,000 crores or close to Rs. 1,000 crores topline. So, whatever you can share on Plix, our understanding is fairly limited of this space as well as Plix. So, it will help. That is it. Thank you?

Saugata Gupta:

In a lighter vein, I must say you are asking me due diligence questions almost, even more than a pitch document. So, let me just give you a broad strategic flavor to this. Plix has participants in Nutraceuticals where the hero product is ACV. Having said that, we are also looking at value-addition in that space. And there are flavors. There is no sugar variety. One of the biggest things we have done in Plix is staying two things, having hero SKUs contributing significantly and not growing with just mindless innovation, which I call spray and pray. Secondly, there is a significantly strong profitable D2C business and a marketplace. So, it is very limited brick and mortar play, but primarily digital play. Having said that there are opportunities. Like for example, we have specific SKUs like there is a coconut powder, there is a Rs. 75 smaller ACV, which is there, which we are experimenting with. As far as the personal care is concerned, we have both hair and skin products like hair growth, we are present in some of the skin products. Our effort is focused on ensuring that, for a successful digital business, hero SKUs contribute at least 50–60% of sales and in our case, the contribution is even higher. Secondly, these SKUs must continue to deliver strong organic growth, as this is critical for sustainable and profitable brand growth. Broadly, that is the approach. Recently, we have also increased our focus on personal care. Plix has an international presence and is already available in the US, which is another area we are working to grow. Our initial results, especially in the Middle East like UAE, have been extremely encouraging.

Jaykumar Doshi:

That is helpful. Thank you. One more suffice question, if you were to sort of, if you were to assume that Parachute was at normalized margins today, what would be your company level consolidated EBITDA margin in first half, or to put it the other way, what is the impact on percentage margins that Parachute has had in the first half of this year?

Pawan Agrawal:

A very large part of the margin erosion is because of Parachute margin compression. To work out backward numbers, you don't want to get into all of that, we can only suggest that, as we have already mentioned earlier, in the second half, we can expect double digit profit growth. It is difficult to give a guidance, because a lot of moving parts in terms of how the commodity cost will move, what impact will the pricing have. So, in the second half, we expect double-digit profit growth at EBITDA level. And next year, of course, we would be targeting much higher, because we expect the prices to go down. And therefore, we have seen in the past as well that in deflationary years, we make up for the lost margin in the previous year.

- Jaykumar Doshi:** I was trying to understand you have made significant progress in Foods, and you intend to make progress in Plix on profitability. So, if and when Parachute gets back to normalized margins, is there a possibility that your percentage margin band would actually be higher than where you were 2 years, 3 years back, given this portfolio margin improvement sort of is also helping? Or you will just get back to the earlier band?
- Pawan Agrawal:** Fairly possible. And again, we have discussed this earlier as well, that there are margin improvement levers that are in place. Just if you ask me for next 2-3 years' perspective, of course, it can go beyond our peak that we have delivered in the past.
- Jaykumar Doshi:** Perfect. Thank you so much.
- Saugata Gupta:** But the immediate focus next year is to do the catch up so that over a 2-year CAGR, it is comfortable double digits. And number two is continue to focus on volume growth, which is equally important. The fact that how do you maintain top quartile volume growth.
- Jaykumar Doshi:** Thank you very much.
- Moderator:** Thank you. Ladies and gentlemen, we will take that as the last question. I would now like to hand the conference over to the management for closing comments. Over to you, gentlemen.
- Pawan Agrawal:** Thanks for listening in on the call. To conclude, our performance has kept us well poised to advance on our key strategic priorities. Volume growth in India was well ahead of the sector despite elevated pricing and transitory impact of the GST reform. We continue to channel our efforts towards our diversification agenda and remain committed to consistent brand building investments. The international business has visibly accelerated its growth momentum and expected to maintain the same. Going ahead, we are fairly confident of delivering top quartile volume growth in India business. And with early signs of easing cost headwinds, we will strive to deliver improved profit growth as well. That is it from our side. If you have any further queries, please feel free to reach out to our IR team and they will be happy to assist. Thank you and have a great evening.
- Moderator:** Thank you. On behalf of Marico Limited, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.

(This document has been edited to improve readability)