

April 19, 2026

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

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

Please find attached a copy of the Conference Call transcripts in respect of Bajaj Consumer Care Limited dated April 17, 2026.

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

Thanking you,

Yours Sincerely,

For Bajaj Consumer Care Limited

Vivek Mishra
Head-Legal & Company Secretary
Membership No.: A21901

Encl: as above

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“Bajaj Consumer Care Limited
Q4 FY26 Earnings Conference Call”

April 17, 2026



MANAGEMENT: **MR. NAVEEN PANDEY – MANAGING DIRECTOR –
BAJAJ CONSUMER LIMITED**
**MR. DILIP KUMAR MALOO – CHIEF FINANCIAL
OFFICER – BAJAJ CONSUMER LIMITED**
**MR. AAKASH GUPTA – HEAD, FINANCE – BAJAJ
CONSUMER LIMITED**

MODERATOR: **MR. ASHUTOSH JOYTIRADITYA – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to the Bajaj Consumer Q4 FY26 Earnings Conference Call hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ashutosh Joytiraditya from ICICI Securities Limited. Thank you, and over to you, sir.

Ashutosh Joytiraditya: Thank you, Sagar. Hello, and good evening, everyone present on the call. I, on behalf of ICICI Securities, welcome you on Bajaj Consumer Care's Q4 FY26 Earnings Call. I would like to thank the management for giving this opportunity of hosting the call. So from the management, we have with us Mr. Naveen Pandey, the Managing Director, Mr. Dilip Kumar Maloo, CFO, and Mr. Aakash Gupta, Head, Finance. I now hand the call over to Naveen for his opening remarks. Thank you.

Naveen Pandey: Thank you. Here to share the update of quarter 4 FY26. In an extremely volatile environment, we've been able to deliver an extremely solid quarter. In this quarter, we registered a strong growth across all segments, channels and markets, building the confidence behind our brands and the strategy chosen by us. Before I get into the details of the quarterly results, I would like to highlight that we have ended this year delivering a net revenue of INR1,153 crores at a growth of 21%.

This is special for us as this is the first time we've crossed the INR1,000 crores mark. Further, we have delivered a gross margin of 60% and a full year EBITDA of INR224 crores at a margin of 19.5% and a full year PAT of INR190 crores at a PAT margin of 16.5%. It has been a year of turnaround for us and sets the base for the company to march ahead. Coming back to the quarter.

In quarter 4 on a standalone basis, the revenue of the company stood at INR308 crores, a growth of 28% year-on-year. On a consolidated basis, the revenue stood at INR327 crores with a growth of 32%. Continuing the work on margin expansion, our gross margin stood at 63% for the quarter and 60% for the full year, registering a significant improvement of around 650 basis points against the last year on a full year basis.

This improvement in gross margin has previously shared has come on back of a mix of actions around strategic pricing, revenue management and mix improvement. In the previous quarter, we also optimized the mileage of some of the key packs basis consumer insights and revenue management principles which delivered a realization improvement for us. We feel extremely confident in the place where we have reached with respect to our gross margins and intend to now operate in the same zone over a medium-term basis.

Consequently, EBITDA on a standalone basis for quarter 4 grew by 131% to deliver an absolute EBITDA of INR78 crores for the quarter, which translated into an EBITDA margin of 25%. On a consolidated basis, our EBITDA was INR77 crores, which was a growth of 135%, translating into an EBITDA margin of 23.7%.

The stand-alone PAT for quarter 4 stood at INR64.1 crores with a margin of 20.8% and the consolidated PAT was INR63.6 crores with a margin of 19.5%. In the current quarter, we saw a continued recovery in our general trade channel, which grew ahead of the other channels and has delivered a strong teens growth on a full year basis.

This performance came on back of a strong momentum on our key brand ADHO and the distribution efforts put by us through Project Aarohan. Both urban and rural have done well and within the urban channel, the key sub-channels retail and wholesale have done well for us. Rural business, which was muted in H1 and saw a revival in quarter 3, continued with its strong performance in quarter 4.

Organized trade as a channel continued to perform well. It registered a strong 20s growth Y-o-Y in quarter 4. And within organized trade, modern trade and e-commerce performed well and ahead of the channel. However, the performance of CSD, CPC was muted. At a channel level, now we have covered a significant milestone with OT as an overall business contributing 30% to our overall sales. This gives us ability and the scale to premiumize and innovate at a much faster pace.

In international business, we overall had a challenging year. This business declined in this quarter. In the key markets of Nepal and Bangladesh, however, we saw growth and the highlight for us in this channel was the breakeven of Bangladesh and further margin improvement in Nepal. We will continue to grow the businesses in Nepal and Bangladesh in a profitable and a sustainable manner.

At an overall basis, in IB, we also had a leadership change. And with the new leadership, we have renewed our efforts behind getting and fixing the markets of Rest of World and MENA, and I'm confident that we will soon be seeing a turnaround in this business. Moving ahead at a brand level, ADHO has delivered a stupendous year with a full year revenue growth in the 20s. What gives us great joy is that while this growth came across pack groups and channels.

At a volume level for this quarter, we had a near double-digit growth on a brand on an adjusted ml basis and a mid-single digit volume growth on an absolute basis. We continue to register volume market share gains on the brand on a quarterly as well as a MAT basis. Our consolidated advertising spends for the quarter were up 34% against the same period last year. We are very happy with the SOV intensity being maintained by us and by the performance of our digital campaigns across various platforms.

Moving ahead, we are happy to report that in FY26, we have delivered a revenue of INR225 crores from the non-ADHO portfolio, which we internally refer to as growth portfolio. This portfolio is already a positive contribution portfolio and a profitable portfolio for us. And we will be further focusing on growing this portfolio to around INR500 crores in size over the next three years.

Within this, while Bajaj Coconut and Bajaj Banjara's would be the two key brands in the portfolio, we will use a combination of scaling up some of the existing brands and introducing some new brands to help us achieve our ambition of INR500 crores. Banjara's, which was in its

first year under Bajaj ownership, saw a double-digit growth for the year and a low-teen margin delivery. We feel confident about our ability to scale this business further through brand building, distribution expansion and portfolio augmentation.

On input costs, the war in the Gulf has created extreme volatility in the prices of LLP and packaging material. It has also delayed the price cooling in case of mustard and copra, which have held onto the pre-war levels and have not fallen further as expected earlier. We are monitoring the situation on a nearly daily basis and are taking calls as needed. We believe that this situation will need us to take pricing and optimize costs across the lines.

We are already in the process of executing these changes. Despite the current situation, we feel confident about our ability to maintain margins in the current approximate range. However, as the situation unfolds over the next month or so, we will freeze our strategy and continue to fine-tune our actions over the subsequent quarters.

Overall, like we always maintained, we will remain focused on strengthening our brands to enhance advertising and digital spends and through further expansion of our digital footprint. And basically through such focused execution and continued capability building, we will focus on unlocking the next node of growth for BCCL.

Thank you, and back to you, Ashutosh.

Moderator: Sir, should we open the floor for questions?

Naveen Pandey: Yes, please.

Moderator: Thank you so much. We will now begin with the question-and-answer session. Our first question comes from the line of Abneesh Roy from Nuvama Institutional Equities. Please go ahead.

Abneesh Roy: Thanks for the opportunity, and congrats to Naveen, extremely strong performance. My first question is specific on Q4. I see that generally in hair oils seasonality is a bit low. But in your case, you have managed to deliver almost 6.7% quarter-on-quarter sales growth. So I wanted to understand if you could give some color, how much is volume? Is volume the main driver behind the 6.7% quarter-on-quarter growth?

And if I see the cost of goods sold, it is down 3%. So it's not matching obviously, if I take a presumption that most of it is volume growth. So is the decline happening because maybe copra has cooled off? So, copra obviously is not a very big RM for you. So if you could explain this math. Impressive performance, but I wanted to understand this math?

Naveen Pandey: So Abneesh, if you were to look at quarter 3 versus quarter 4, what you would see is margins have expanded a bit for us. So obviously, there is a margin expansion and that has come on account of mix change and positive mix movement for us. Within that, obviously, which brand has done better between Q3 and Q4 is much more sensitive for us to reveal. But what you will see is that we have improved margin.

But at a volume level, overall, we are in the same zone by and large as we were in the quarter 3 versus quarter 4. So not much change. But within the brands, there is obviously a mix change for a more accretive mix for us in this quarter, which is yielding both a margin improvement as well as a revenue uplift.

Abneesh Roy:

Sure. Last question. So what you said in your opening statements on the pricing part. So we have already seen many FMCG consumer categories have taken price hikes, paints, edible oils, soap companies, adhesive companies have taken price hikes. So if you could tell us, for your company broadly, LLP plus packaging is what portion of the raw material? Because that is fairly understandable given direct and indirect linkage to crude oil is there.

And second is, a great nine months start to your tenure, how much does the hyperinflation become a challenge? You did mention that the band of margins you are reasonably okay with achieving in the near future. But in terms of template or strategy or in terms of challenge, how big is the challenge, given it's a hyperinflation?

Naveen Pandey:

So Abneesh, for the first one, what I will say is that if you were to look at seed oils basically, which is mustard, almond also behaved very closely in line with the overall oil index. And hence, nearly 100% of our cost base is under inflation. It is just that some of them is under maybe a 50%, 60% inflation and some is under that 20%, 30% inflation. So I think the entire cost bucket is under inflation. Where we are fortunate is that we are holding good positions, which cover us for a good portion of the quarter and which will help us buy time to tide over this cycle.

And hence, if this thing ends in the near term in the next few months, I think the impact to us as an organization and what we will need to pass to the consumer will remain limited. Second portion, I will come to what actions we have taken. So in the gone quarter, quarter 4, we've already taken certain MLH adjustments, which we have mentioned about, which also basically help in terms of margin for us.

And in this quarter, I think we will have to take some amount of frontal pricing as well to manage the quarter. So I think these two are a given set of actions, which we will be taking. Now quarter 2, quarter 3 onwards, the scenario could be that we might see cooling off and this coming back to at least a new normal, if not the old prices. And if that happens, I think we will be in a much better position.

If the hyperinflation continues as it is continuing right now, we will have to further fine-tune our actions going quarter 2 onwards to see how we will continue to protect our margins and be fair to the consumers at the same time.

Moderator:

Your next question comes from the line of Binay Shukla from PhillipCapital India.

Binay Shukla:

So just first question on the general trade since this channel has grew up by close to high teens, so I just wanted to get some sense on within the GT, so what would be the growth mix between retail channel versus wholesale channel?

Naveen Pandey:

All I'll tell you is the full year basis, GT has grown high teens, Binay. And if you were to look at urban, which is the combination of direct retail and wholesale has performed higher for us as

compared to rural. So if you take a high teen number, we are nearly 20s in terms of when it comes to retail and rural is basically a bit lower mid-teens kind of a number. I think that is what I'm comfortable sharing.

Binay Shukla: Understood. Lastly on the rural side, since the rural market has growth momentum was very strong throughout the year. So is it led by change in macro environment or is it a category shift within the hair oil basket?

Naveen Pandey: Sorry, can you repeat Binay the first part? I was not able to hear you clearly?

Binay Shukla: So the second question was on the rural market. Since this rural market growth was very strong throughout the year. So just very keen to know that this growth was largely driven by the improvement in macro environment or do you see that there was some category shift within the hair oil basket from upgrading from coconut hair oil to perfume hair oil?

Naveen Pandey: So Binay, actually for us, urban has performed better than rural, if you look at a full year basis. Rural has not outperformed more for us. And we are a more premium brand and hence, if there has been any shift or benefit to the category on the bottom of the end brand, I think we are less likely to feel it as compared to some of the other players. But for us, our turnaround in both urban and rural has been a direct action of our focus on our brand.

Fixing the advertising on ADHO and basically having strong investments behind the brand as well as fixing our go-to-market through Project Aarohan, wherein we have focused on enhancing our direct distribution and just gearing our system up to date. So I think those are the things which have worked for us overall in GT. And that is what we attribute it to. And again, within that, urban has outperformed rural.

Binay Shukla: Okay. Just last question. So what percentage of growth improvement should we see from your Project Aarohan initiative in FY27?

Naveen Pandey: See, if you were to look at it, what we've experienced is around anywhere given to 2% to 3% improvement, delta performance for us in places where we have done Aarohan versus places where we have not done Aarohan. So I think that is the kind of benefit which Aarohan is yielding us, and that is what we should keep on expecting from the new states where we will go ahead and deliver Aarohan.

Moderator: Your next question comes from the line of Vivek Gautam from GS Investments.

Vivek Gautam: My question is, first one is, are there any one-offs in this quarter? And are these numbers sustainable?

Naveen Pandey: There is no one-off, Vivek. The only thing is that we have, basically we've acquired a company in quarter 1 of this year called Vishal Personal Care, which is seeing its first year into the consolidated revenues. So that is basically, there is no base to that. I think beyond that, there is no other one-off or any additional item which you should be considering.

Vivek Gautam: Secondly, is there -- is the hair oil sector is a sort of a sunset sector in the especially in the young generation and urban generation today? And versus rural and versus LLP versus natural oil based also how are we placed, please?

Naveen Pandey: So Vivek, I don't believe hair oil is a sunset sector. It's a \$2 billion plus market with a 20% plus margin with a 92% penetration. There are not too many categories in the country which have 90% penetration, have basically such large bases, continue to operate profitably and grow at a high single digit year-on-year. So I think this question basically has been there for the last 20 years whether hair oil is a sunset sector.

I don't believe hair oil is a sunset sector. It's a mature category, yes, I'll admit that. And I don't think so that is something also which is a worry for a company like us. We have extremely high headroom to grow within the category. So that's the way I would choose to respond to your view.

Vivek Gautam: Sir, actually, the sort of playing the devil's advocate otherwise, the numbers have been quite good. And what changed actually since recently you've started taking the company, sir? So what changed in the company because it used to be -- your coming in has proved to be a sort of a catalyst and there were a lot of old brands, Nomarks, Bajaj Amla and other things. So how are they performing? And what changed in the last two years -- what have been the steps taken by you to move the company to a next orbit?

Naveen Pandey: I think let me share on the commentary, I think actions basically start much before they start yielding colors. So there is a lot of action which basically the team has picked up even before my joining, and we've continued a lot of it, and we've added some more after me. But essentially, what is working for us is very simply 2, 3 key things, focus behind our brand ADHO, ensuring that we continue to support it with the right level of advertising, go back to our old aggressive levels.

Driving distribution and execution on the ground through projects like Aarohan, but not limited to it and many more. And really just sharpshooting priorities and getting the overall execution focus into the company at a high level. And I think that is what is working for us. Obviously, when you are in the early stages of a fixing reversal, you get a lot of low lying fruits hanging in and hence we are witnessing the benefit of that. But essentially, it is these set of actions which are helping us be where we are.

Vivek Gautam: We specially appreciate in view of the slowdown in India on the overall FMCG sector, our company has stood to be an exception. And how is the opportunity size and the expected growth rate for us in India and exports?

Naveen Pandey: So Vivek we have a less than 10% market share in our category. So a less than 10% category player basically shouldn't worry about too many things. We just have to execute and win our space and gain more share in our category. I think that is where we are focused. We operate in certain international geographies, I think we will do that.

But our bull's eye focus is and will continue to remain India while we do some of the work behind our international business. I think India will continue to remain our focus market and we

want to gain and get to a much higher market share than where we are currently and that remains our priority number one.

Vivek Gautam: Southern India especially remains an attractive market for us versus East – versus North and West?

Naveen Pandey: No, I think all markets are attractive for us. But yes, South is an opportunity wherein we have very little penetration and very low share. And hence the opportunity to have a delta would be much, much higher, whereas there is enough and more delta available even in the Hindi speaking belt and Maharashtra and Bengal and the other states. So I think there is no single state in the country wherein we would not aspire to gain share. Yes, the aspiration of how much gain will differ from state to state and cluster to cluster. But we are at a level where we would aspire to gain share across all single markets, all channels.

Vivek Gautam: Besides that massage oil is also big category, I believe and health benefits for the same is being recognized on a regular basis now. Keep up the good work, sir.

Naveen Pandey: Thank you.

Moderator: Thank you. Your next question comes from the line of Percy from IIFL. Please go ahead.

Percy: Hi, Naveen, just a good set of numbers. I just wanted to understand what has changed between last quarter and this quarter. In the last quarter's conference call, you had mentioned that for now the margins will take a pause at the current levels, which were at around about 18.5%. And then after a few quarters, we will see the journey towards higher margins. Whereas now we have seen in one quarter only the EBITDA margin going up 500 basis points sequentially. So what has changed for the outcome to be so much different versus what your commentary was?

Naveen Pandey: So again, Percy, the commentary always has to be taken directionally. Please, I will urge that again and again. But coming to your question, what are the two things which are happening. I think one action, which is the action which I talked about that we have taken certain MLH reductions and these MLH reductions have been supported by a high level of transaction growth, which has not impacted the overall revenue.

And hence, being able to take MLH reductions and hold on to revenues has helped us expand margin. Also, there has been a little bit of favorable mix movement between quarter 3 and quarter 4, which I spoke about earlier. I think these two things are helping being in a place which is slightly there.

Also, what you will see is that on an absolute basis, quarter 4 the revenue delivery has been higher than quarter 3 and there is a good delta between quarter 4 revenue and quarter 3 revenue. And in our case as a gross margin company, when you have a higher revenue delivery, it flows through. So I think you are witnessing a combination of these things to get there, but over delivery on revenue is also a very, very key factor.

Percy: Understood. So the MLH reductions have happened before the cost inflation has actually hit. The cost inflation started only in March. And assuming that at least some inventory you have, it

will hit probably in Q1 or Q2. So just wanted to understand, in light of that, what is the sustainable margin that we should take over the next two to three quarters because this 23.2% or 23.4% whatever you have done this quarter is on the back of effective price increases through MLH reductions before the cost inflation has come through?

Naveen Pandey: So Percy, I think what we need to see is that, again, our operating desired range does not change. We said that anywhere from low 20s to mid 20s is where we would aspire to operate and that is where we continue to aspire. Our objective will always be to enhance revenue as much as we can by remaining within this zone. And I think that is what we will intend to do. As far as coming quarter is concerned, as we speak today, we are not worried. But then you know it's a dynamic situation. I think we will remain within this range is what I spoke about previously. That is what we feel at this moment.

Percy: Next question is just wanted to know your plans on the non-ADHO portfolio. You have said that coconut is one of the focus areas. What else are you going to focus on? And what is the kind of pace at which we should expect diversification in the company in terms of like this year you've done 20% non-ADHO. How much should we take over a 12-month period as well as a 36-month period in terms of, I mean, I know you can't give exact numbers, but just directionally whatever commentary you can give?

Naveen Pandey: So Percy, we want this portfolio to basically become a close to a INR500 crores portfolio over the next 3 years, which means it has to do a 30s kind of CAGR. Our core brands would basically, we've anyways said that if we do around a double-digit revenue CAGR over a period, we'll be happy. You can basically do the math and try and see where that lands you.

Percy: But what are the -- what is actually the plan or what is the action that you are?

Naveen Pandey: Within the portfolio. So again, you will see us doubling down on Banjaras portfolio, where we believe we have a significant scaling opportunity. We believe we have a significant scale up opportunity on coconut. There are a few brands which we are tweaking and playing with currently which are part of our portfolio, which we are kind of testing the model and seeing what can get scaled up from the current portfolio. And this year you will also see certain new launches come into the market, which we are hopeful about. So I think it will be an action on multiple fronts and hopefully some of them will become big to contribute to the INR500 crores aspiration we have.

Percy: And this INR500 crores, would it be independent of any future acquisitions and that would add to the 500 or are you saying that 500 is including any sort of or rather you would need some small acquisition to reach that INR500 crores in the 3-year period?

Naveen Pandey: I think when I'm outlining our aspiration, we are outlining with what we have today. You know we buy something else, that should come as a top-up.

Percy: Understood, Naveen. Thanks a lot and all the best from my side.

Moderator: Thank you. Your next question comes from the line of Amit Purohit from Elara. Please go ahead.

- Amit Purohit:** Yeah, hi. Congratulations sir excellent set of numbers. Just a clarification from your previous statement that you made on volumes, the first question asked. So you said broadly volumes are similar, it is a mix improvement and some ml reduction, right? So that is how one should think about, right? So basically volume growth broadly closer to like double-digit or mid-teens in that range? How does one think about it because Q3 had a similar kind of volume growth?
- Naveen Pandey:** So Amit, I'll tell you, we basically we give -- we primarily indicate volumes for ADHO because otherwise we have a very varied portfolio. So we keep ADHO, which is the main brand for us to give a sense. We told in Q3 that we had a double-digit volume growth. In Q4, what we have called out very clearly is that if you take MLH adjusted growth, that is just about double digit. And if you were to not take MLH adjusted, but to take just pure, it will be mid-single digit.
- Amit Purohit:** Sure. Thank you. And sir, just on the distribution side, one trying to understand the channel dynamics playing out. So last quarter we indicated that I think, correct me if I am wrong, that GT is not doing that well. It is the urban channel which was doing pretty well versus the rural. And the difference was almost like 700, 800 bps higher urban growth versus rural growth. And the organized channel continued to do well at that time also, now also.
- So, if from a broader mix, let's assume 30% is organized trade which kind of is doing well, growing in 20s. Now the GT has also started to do well. So, what I just wanted to understand, last quarter there was basically a point that your wholesale channel and direct reach in urban is doing well.
- So how do you think that this can continue especially on the urban side driving wholesale as well as the direct reach incrementally in FY27 for us to have this like I understand that the organized trade can do well, but the rest of the portfolio if you could give us some clarity on it.
- Naveen Pandey:** See, Amit, the new levers which we have executed in the market have kind of in a sense reset our revenue to a new base. Now this new base will give us hopefully a very high growth momentum at least for another two quarters before it tapers down wherein, we will start overlapping very high growth bases.
- But we are also at the same point of time executing the next set of levers which are required to continue to drive growth. So, I think that's how the cycle of growth works. We have executed certain levers which are giving us the benefit today, and we then now are starting to work on the new set of levers.
- Amit Purohit:** And these new set of levers one indicated that it could be new product launches and your aspiration of growing beyond ADHO. And the others would be largely around distribution itself?
- Naveen Pandey:** Yes. So, what we've also said is that Aarohan which has given us good benefits, we are getting into the third phase of Aarohan which involves us going to five new states where we had not gone so far. And we would be executing our entire playbook of Aarohan in these states. We have started the work towards the end of quarter 4, and we will work and extract the benefits of the project in those five states through this year.

- Amit Purohit:** And just lastly on the margin side, how does one think about the outlook for say next one -- FY27? Should we think somewhere in the band of 19% to 20% or should it could be higher also -- indicated that...
- Naveen Pandey:** Amit, let me clarify. We don't give guidances. So, I can't give you a guidance on where it is going to happen, that too in an environment like this. Where and which is our happy zone, I've already indicated, there's no point doing that again, but guidances we don't give. Please excuse me for that.
- Moderator:** Thank you. Your next question comes from the line of Shirish Pardeshi from Motilal Oswal. Please go ahead.
- Shirish Pardeshi:** Hi Naveen, Maloo sir. Thank you for the opportunity and good evening. Very impressive performance, Naveen. I just have a few questions. The INR1,153 crores, what would be Vishal or Banjara's contribution?
- Naveen Pandey:** Less than 5% basically, Shirish.
- Shirish Pardeshi:** Okay. You mentioned that Banjara is still fully not to the level of in terms of profitability. So what can change? Is the back-end supply chain improvement will lead to margin expansion or it will be scale or maybe throughput?
- Naveen Pandey:** I think the biggest benefit will come from scale, Shirish, because this business is still a sub-INR100 crores business. I think as we get this business to a INR100 crores to INR200 crores size, I think there will be a lot of scale benefits which will automatically flow through because the categories which we operate in inherently are high gross margin categories. So at a gross margin level, we don't have a worry, it is about the net flow through.
- Also, what needs to be kept in light, Shirish, is that we are continuing to operate Banjara as a separate business unit because we believe that is the best way to execute on the business. But what that means is that we are not fully optimizing on the cost or integrating to minimize cost. And that's a conscious choice from our side to drive up revenues.
- So, I think scale up and with the revenues becoming larger, I think would be the biggest lever for improvement in Banjara profitability. While others will also be everything which you said will contribute, but the largest lever will come in from here.
- Shirish Pardeshi:** Okay. Second question on Aarohan. In the first phase, we have operational in Delhi, Haryana, Rajasthan, Chhattisgarh. Is there a material contribution change from these four states which has happened? Maybe if you can help me the number, what is the current contribution from these four states?
- Naveen Pandey:** So Shirish, I think what I'll tell you is that between Aarohan and non-Aarohan, we are roughly seeing around a 4% growth delta. So that is to the extent of what is coming out of Aarohan. Also let's say that the businesses which have gone through Aarohan roughly are around two-thirds of our current business and one-third of our business is yet to go through Aarohan. I'm giving you broad ranges. I think that's the best I can do.

- Shirish Pardeshi:** So, the one-third what you are saying is the Bihar, Gujarat, Jharkhand, Odisha?
- Naveen Pandey:** One-third is what will go in this year in FY27. Two-thirds has already gone in, which means that it's already basically we have executed Aarohan. And the benefits are largely built into our P&L, and we are continuing to work on extracting more.
- Shirish Pardeshi:** So, assume that in the second half of FY27, all the states will undergo through the Aarohan. So, do you think this 4% contribution which growth contribution you are seeing is sustainable from the entire project?
- Naveen Pandey:** I think 4% is sustainable. There would be a lap up which will start happening state-by-state there, so that might lead to some tapering. But we have done enough mixes within the current set of states and various kind of models, various people, various interventions. By and large, a delta is holding true for us. So, I feel very confident about that. When we get into lap up, I think we will ourselves figure out how it is unfolding.
- Shirish Pardeshi:** Sorry, I am stretching a little more. On this Aarohan, our core product which is ADHO is driving the growth which is there or it is non-ADHO portfolio which is helping us to penetrate the market?
- Naveen Pandey:** I think ADHO is seeing a larger benefit as compared to the other ones because ADHO is seeing benefits across GTM types. It is seeing benefit in urban, it is seeing benefit in wholesale, it is seeing benefit in rural. Whereas the other portfolio is primarily seeing benefits in retail where we are going ahead with that playbook. So at an overall basis, ADHO is a larger beneficiary of the Aarohan exercise.
- Shirish Pardeshi:** Okay. Last two questions. What is the total FY26 wholesale contribution; urban, rural mix?
- Naveen Pandey:** So the way I'll say is roughly 70% of our business is GT. Half of it is urban and half of it is rural. Within the urban half, roughly half of it is wholesale. Those are by and large basically our channel mix as a status.
- Shirish Pardeshi:** Now, why I'm asking this question because quarter 3 most of the FMCG companies said that the GST stability is yet to happen. So my question is more inclined towards now GST dispersion would have settled. So is there a channel filling or maybe if you can give me an SPR number or maybe trade inventory?
- Naveen Pandey:** There is no channel filling for us, Shirish. There is just no channel filling for us.
- Shirish Pardeshi:** So this inventory in the trade is normalized to the level before GST revision?
- Naveen Pandey:** We are very happy with the level of inventory we have. Actually, trade has not seen any major stock up. At a distributor level also, our inventory is very lean and we are very happy with the status of our inventory at distributors.
- Shirish Pardeshi:** Okay. And the last question, I think we've spoken a big number in terms of coconut and its family. So if these efforts are still on and we still bank that South is going to be a key entry point with coconut, and what is the effect which has happened or it will be a tactical opportunity?

- Naveen Pandey:** So Shirish, INR500 crores when I am saying, it is out of the growth portfolio, it is not out of coconut. It is out of the growth portfolio, which includes coconut. So coconut will form a part of it. It won't be INR500 crores out of coconut. If you've interpreted it that way, then just please take a note of that correction. Coconut is an important part of our strategy, but that is not the only strategy which we have. And again, similarly, while South is a gain strategy for us, our attempt and our game is not only focused on South or only restricted to South.
- Shirish Pardeshi:** And last, if your growth in terms of volume ADHO, what is the non-coconut or maybe you can specify the value-add hair oil category growth in the quarter?
- Naveen Pandey:** So value-add, basically, Shirish, for us, if you were to look at within value-added hair oil, 98% of value-added hair oil is ADHO, which we have already disclosed. I don't think so there is any point further dissecting that number into the balance too.
- Shirish Pardeshi:** Okay. All right. Thank you, and all the best.
- Naveen Pandey:** Yes, thank you.
- Moderator:** Thank you. Your next question comes from the line of Gunit Singh from Counter Cyclical PMS. Please go ahead.
- Gunit Singh:** Hi. Thank you for this opportunity and congrats on a great set of numbers. I would like to understand a couple of things. So firstly, regarding the margins currently, so we see that LLP prices are peaking and our plastic packaging prices also are peaking. But in the previous discussion -- on a previous discussion, you mentioned that -- I mean, you don't see any problems as of now in terms of margins at the moment.
- So I would like to understand how are you managing the situation currently? Is it that you delayed purchases of raw materials and are waiting for prices to cool down because you already have inventory? I would like to understand how are we managing it?
- Naveen Pandey:** Gunit, we have inventory. We are being cautious about purchases. We are managing pricing very, very closely and in a narrow band. That's all I can share as of now.
- Gunit Singh:** Are we taking any price hikes looking at the situation?
- Naveen Pandey:** Yes. Already outlined in my statement.
- Gunit Singh:** Got it. So you mentioned that one of the levers for higher margins this quarter was outperformance in revenue. Generally for a company, we see that there's not much cyclicality in terms of revenues. Quarterly, they are more or less 5% up or down. So considering this, I mean, is it fair to consider this around INR315 crores to INR320 crores to be the new base quarterly? And considering that we have reached this outperformance revenue, as you mentioned, should we expect the sweet spot of margins that you mentioned to continue and this being one of the reasons for it?

- Naveen Pandey:** Gunit, I have already given, we will not give margins on basically -- we will give guidance on margins. But what we've repeatedly said, we aspire to maintain margins between the low to the mid 20s. That is what we'll aspire to do. That's all I can say.
- Gunit Singh:** Got it. All right. All the best.
- Moderator:** Thank you. Your next question comes from the line of [Kush Shah from Vivo Commercial 0:43:25]. Please go ahead.
- Kush Shah:** Hi, sir. Congratulations for the great set of numbers. I just want to understand what would be our advertising and sales promotion strategy going forward in FY27?
- Naveen Pandey:** We will continue with our strategy. Almond Drop remains our focus brand, and we will continue to double down on it. Additionally, on the growth portfolio, we will continue to invest behind select bets, which we will make on a quarter-to-quarter basis to dial up some portions of the portfolio.
- Kush Shah:** So going forward, basically, the advertisement and sales promotions are the cost of 15% of the revenue in FY26. And is there any decrease in FY27 we can expect because Y-o-Y, there's a 23% increase in the advertisement expenses. And it's almost around 15% of the revenue. So going forward, is it going to be decreasing?
- Naveen Pandey:** See, what we are witnessing is a very volatile situation on input costs and actions. I don't think so I will be in a position to give you forecast on a line-by-line level basis as to how we will manage each one of the cost lines and the revenue line. I think it will be impossible for me to do so if you are asking a question from a year perspective.
- If you are asking a question from a year perspective, if you are asking a question from a multiyear perspective, we believe this level of advertising is the right level of advertising for a brand like ours, and we would want to maintain it. But what will happen next quarter, what will happen next year, I am not in a position to tell you because this position is extremely volatile, and we will basically respond as to how the market behaves.
- Kush Shah:** Okay, sir. Okay. Thank you. All the best.
- Naveen Pandey:** Thank you.
- Moderator:** Thank you. Our next question comes from the line of Shreyansh J from Swan Investments. Please go ahead.
- Shreyansh J:** Hello.
- Moderator:** Yes, sir, you're audible. Please go ahead.
- Shreyansh J:** Yeah. So congratulations on a good set of numbers. So my first question is I'm just looking at your gross profit Y-o-Y. And when I look at your chart relating to all RMs, you see an increase there and given that we maintain only, I think, 20% to 25% of RM inventory on our balance sheet.

So I'm just trying to understand this 54% to 64% improvement in gross margins. Obviously, you mentioned somewhat on the revenue front, but wouldn't we have witnessed some inflation in the cost procurement side? Or do you think we were sitting on some low-cost inventory for this year?

Naveen Pandey: So your question is, has the consumption inflation has hit us in quarter 4? The answer is, by and large, no.

Shreyansh J: No. So I'll just reframe my question. I'm just trying to understand with a 30% top line growth, COGS increase of 2%. So I'm just trying to understand how have we managed to do this?

Naveen Pandey: I responded to that earlier in my thing. It's come on back of a mix improvement as well as certain pricing actions. So that is basically, you will need to decode it also. Anything else which you want to ask?

Shreyansh J: Sir, you also mentioned that this gross margin now sets the base for next year. So you were talking about Q4 as a base or the full year gross margin of 60%?

Naveen Pandey: Again, as I said, given the volatility of the situation, it is impossible for me to give you any guidance. We anyways don't give guidance as a principle. Further, I think we can't give you a guidance. What I meant was that we are in the right zone. There are set of -- you have to look at it from the context of where our P&L was four to five quarters back, wherein we were at possibly one of the lowest levels of profitability this company has seen over a decade, decade and a half.

And I think from that point, we have taken a series of actions to basically get the revenue growth back up to get the margins back up. And I think there have been a set of actions which have followed over the past four, five quarters for us to reach here.

And it is in that context I had mentioned that I believe a lot of the hard work which we had done is behind us, and we have now reached a place wherein we can continue our steady-state operation. And the task of fixing where we had reached to where we want to be is by and large done. I think it is in that context that statement has to be interpreted.

Shreyansh J: Okay. Okay. Got it, sir. And just last thing on the non-ADHO bid, sir. So INR225 crores is the ARR, right? So I'm just trying to understand if you remove INR50 crores, INR60 crores of Banjaras, the balance would be split in coconut and amla, right? And the majority of that would be coconut. Is that a fair understanding?

Naveen Pandey: A large part will be coconut, yes.

Shreyansh J: Okay. All right. Thank you so much. This helps.

Moderator: Thank you. Ladies and gentlemen, we will take that as our last question for today. I now hand the conference over to Mr. Naveen Pandey for closing comments.

Naveen Pandey: Thank you. It's been a very strong year for us with revenues crossing INR1,150 crores and margins recovering back to respectable levels from the all-time lows we had hit over past year -

-- in the past year or two. We began our journey of diversification of reducing the dependence on ADHO and within that in the GT channel.

And I think both on channel diversification as well as portfolio diversification, we are in a good place and that place sets a really a springboard for us to continue to go forward. And that is what we would be working on and accelerating.

Again, would want to reiterate that we will continue to focus on brand building and focused execution in the market, which we believe will unlock the next layer of growth for us. Thank you, everyone, for attending the call, and have a great evening.

Moderator:

Thank you. On behalf of ICICI Securities Limited, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines. Thank you.