

October 21, 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 October 15, 2026.

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

Thanking you,

Yours Sincerely,
For Bajaj Consumer Care Limited

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JIGNESH
GULABCHAND
Date: 2026.10.21
11:03:58 +05'30'

Jignesh Nagda
Company Secretary & Compliance Officer
Membership No.: A21827

Encl: as above

Bajaj Consumer Care Limited

1231, 3rd Floor, Solitaire Corporate Park, 167, Guru Hargovind Marg, Chakala, Andheri (East),
Mumbai 400 093 I Tel.: +91 22 66919477/78 I CIN: L01110RJ2006PLC047173 I

Web: www.bajajconsumercare.com

Registered Office: Old Station Road, Sevashram Chouraha, Udaipur- 313 001, Rajasthan
Tel.: +91 0294-2561631, 2561632



“Bajaj Consumer Care Limited
Q2 FY27 Earnings Conference Call”

October 15, 2026



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

MODERATOR: **MR. MANOJ – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to Bajaj Consumer Limited Q2 FY27 Earnings Conference Call. 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, then zero on your touchtone phone. Please note that this conference is being recorded.

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

Manoj: Hi, everyone. It's a wonderful good morning from the ICICI Securities research team. It's our absolute pleasure, once again, to host the management of Bajaj Consumer Care for the quarterly conference call.

The company is represented today by Mr. Naveen Pandey, Managing Director; Mr. Dilip Kumar Maloo, Chief Financial Officer; Mr. Aakash Gupta, Head Finance. We continue to have a constructive stance on the Bajaj business and the stock. Now over to the management for opening remarks, post which we'll open the floor for Q&A. Thank you, and over.

Naveen Pandey: Thank you, Manoj, and good morning, everyone. Welcome to the quarter two FY24 call for Bajaj Consumer Care. In the last quarter, we delivered a revenue of INR233 crores with a growth of 2.7% against the same quarter last year. On margins, we delivered an EBITDA of INR53 crores with an EBITDA margin of 25%, and a PAT of INR70 crores with a PAT margin of 21%.

At the end of the first half of the year, our revenues are up 28% to INR674 crores. Our H1 EBITDA is INR167 crores, which is a growth of 85% over the previous H1. And our PAT is INR141 crores, which is a 75% growth over the previous H1.

What I'm particularly happy about is that this performance came amidst a volatile and dynamic business environment. And despite all the challenges, we've been able to deliver these very strong set of numbers. In line with our commitment to strengthen our core, Almond Drops Hair Oil continues with its strong performance in this quarter and has delivered double-digit unit volume growth.

This growth came across pack groups and sales channels. And while all pack groups have done well, the growth was particularly led by small and medium-sized packs, which outperformed the overall brand. As part of our commitment to further strengthen Almond Drops franchise, we launched the new enhanced positioning supported by our TV campaign based on hair strength leading to beauty.

We have gone live with this campaign towards the end of the previous quarter. And in this quarter, you will see this being supported by a 360-degree campaign with enhanced investments and digital. This, for us, marks the start of reinvigoration and strengthening the premium position of this brand, and you shall see more action on this front in the coming quarters.

Our consolidated A&P spend for the quarter were up 7% over the same period last year, and are up 18% on H1 basis. We continue to maintain robust SOV/SOM ratios in traditional and digital

media, and we have carefully optimized the non-working A&P and reworked our media operating cycles to create some spend efficiencies.

As we move to the growth portfolio, the coconut franchise delivered a strong volume growth across channels. This quarter also saw the relaunch and new launches in the several of the growth portfolio's smaller brands. In amla oils, we have refined the consumer proposition and are testing the new mix in general trade. In body lotion, we have upgraded both the product and packaging, and will test it on e-commerce. In Banjara's, we have introduced packs that extend the brand into large adjacent categories, which could offer significant growth potential for us if we are successful.

At an overall level, we have substantially improved the profitability of the growth portfolio and remain committed to building it into a second growth engine for the organization, both in terms of revenue and margins.

This quarter saw continued momentum in our general trade channel, which grew in line with organized trade, and both channels delivered growth in the strong mid-20s. Within GT, both urban and rural business performed well, with rural continuing to grow marginally ahead of urban. Within organized trade, both modern trade and e-commerce performed well, with growth coming across sub-channels and customers. Quick-comm continued its scale-up and remains the fastest-growing sub-channel for us.

In this quarter, we have also come close to completing our immediate objectives under the Project Aarohan, which has been a massive effort from our sales team over the past eight quarters. Spread across three phases, we covered GTM transformation across 13 key states. We've been able to add over 1 lakh outlets, a 1,000-plus distribution points, and have been able to close over 600 van routes, achieving an expansion in direct reach and a reduction in fixed S&D cost.

While the work of infra-addition for this stage is largely done, our teams will continue to drive efficiency and attempt to improve throughput in these outlets in the balance of the year. But our work here is not over, as we will quickly move to Aarohan 2.0. In Aarohan 2.0, we will focus all our energies on expansion of our direct reach in urban by 10%, and in rural -- by more than that over the next six quarters.

In international business, the rebound which we saw in quarter 1 continues in quarter 2, and we have performed well across country clusters. This channel for the full H1 has grown ahead of the company growth, and except for Bangladesh, most of our other key markets individually have also grown ahead of the company average. Bangladesh is witnessing a tough operating environment and grew in the teens.

Our international business is also improving a sharp improvement in profitability. And on the back of revenue scale-up, margin correction, and cost optimization, we are delivering a good improvement in the EBITDA margins of this channel.

On the overall margin front, this quarter witnessed continued volatility in key raw material prices due to the West Asia war, edible oil inflation, and the cascading impact of these two things. Our gross margins for the quarter were at 59.9%, and overall for the first half of the year at 60.8%.

Despite the sequential reduction in gross margin, our teams have been able to rally around and deliver very strong savings in fixed costs and employee costs, which have allowed us to deliver a near-term high EBITDA margin of 25% and a PAT margin of 21%.

Going forward, the cost environment remains volatile, and we stand committed to taking actions as appropriate to protect our P&L while being fair to our consumers. To remind everyone, as an organization, we had taken a calibrated price increase action towards the end of quarter 1. We will now follow it up with another round of price increase and ml-age reduction in quarter 3.

In this round, we are approximately taking a 5% increase in consumer price, which will be split roughly equally between frontal price increase of 2% to 3% and a similar contribution coming through ml-age reductions.

Overall, like always, we remain focused on strengthening our brands through enhanced advertising, digital investments, and by driving innovation. We will continue to work on building our growth portfolio and on expansion of our distribution footprint through Aarohan 2. All while staying prudent and committed to prudent financial management.

Thank you, and back to you and the team, Manoj.

Moderator: Shall we open the line for questions?

Naveen Pandey: Yes, please.

Moderator: Thank you. We will now begin the question-and-answer session. The first question comes from the line of Vinay Shukla from PhillipCapital India. Please go ahead.

Vinay Shukla: Thank you for the opportunity, sir. Question is on outlook side. So, seeing we are now entering into the higher base, with the GST tailwind largely behind us and commodity inflation has come back, and given that Bajaj Consumer operates in relatively discretionary category, so how should we assess the company's growth trajectory over the near term? So is it achieving a mid-teens growth in '27 and sustaining a near double-digit growth in '28? Any outlook if you can share on this front, sir?

Naveen Pandey: Nothing to add, Vinay. That's what our aspirations are. Over the long term, we want to aspire for a double-digit growth. And yes, for the year, we are expecting a high teens, and that's what we've just said. I don't think so there's any change or any delta to be added there.

Vinay Shukla: Okay.

Naveen Pandey: So unfortunately, I can't guide you towards next quarter or thereon. But what our aspirations are, remain unchanged. And we remain confident about that.

- Vinay Shukla:** Got it, sir. Second, on ADHO side. So, since ADHO performance has been very strong over the last 2 quarters, so here, I'm just trying to understand whether this reflects the internal initiative-led execution or is it some more of structural changes happening in the category? Second part of this question is if you can break down the ADHO performance between how much contribution led by distribution expansion, channel-led, MT, e-com, then new product launches, or premiumization? So, this is on ADHO, sir. Just trying to understand the breakup of the ADHO performance across all the four segments.
- Naveen Pandey:** Vinay, obviously, our belief is that there has been an improvement in category, but our performance is also impacted a lot by the actions which we have taken and the output of those actions. So, it will be a combination of both is my belief. Can't really split between what is the category contributing and what is the action.
- But since you've asked on specific ones, like Aarohan and what do we believe, we do definitely believe that a good amount of our growth, maybe 2 percentage point to 3 percentage point of volume growth, would be driven on account of distribution expansion. And that remains a continuous opportunity for us.
- As I have stated multiple times, today we operate at around a 50, 60 index to direct distribution of our larger peers. And over a period of time, we would want to achieve 75% index on direct distribution. So, that's something which has benefited us, and we will continue to focus on it because we believe that can continue to benefit us for the next few years.
- Vinay Shukla:** Got it, sir. So, just few data points wanted to know. What is the contribution of the price point packs in the total ADHO sales? Secondly, what is the current contribution of the modern trade and e-commerce channel in overall sales? And thirdly, what is the volume?
- Naveen Pandey:** Contribution of price point packs basically in value terms is less than 20%. It's in teens. Contribution of organized trade channel in value terms to the overall company is close to 30%.
- Vinay Shukla:** And what would be the volume growth for this quarter for ADHO?
- Naveen Pandey:** We've given a 10% plus volume growth in basically indication. We don't give the exact numbers, Vinay, as you're aware. We've, in our commentary, we clearly stated a double-digit unit volume growth.
- Vinay Shukla:** Understood, sir. I have more questions, but I will join the queue, sir. Thank you so much.
- Moderator:** Thank you. Next question comes from the line of Avi Mehta with 360 ONE Capital. Please go ahead.
- Avi Mehta:** Yes, hi team. Thanks a lot for this opportunity. Sir, I just wanted to get your thoughts on how is the consumer behavior post the need for this sharp pricing and how -- because you've suggested that you would be looking at other price hikes. So, just wanted to understand this in the context of what we are hearing about rural, monsoons, etcetera, and what gives you confidence of staying in this volume growth trajectory as we go forward despite this pricing?

And the second question, just wanted to get your thoughts in the quick commerce channel. Now, you did align or argue about the growth portfolio essentially doing much better. Conceptually, would you look at quick commerce more as a brand building channel as well, or would you kind of look at this more as a fulfillment channel? Just wanted to hear your thoughts, and I'll kind of align the next question based on that. Thank you very much.

Naveen Pandey:

Thanks for your question. First, I think, our endeavor always has been to pass the minimum level of price increase we can to the market, but we also have to be fair to our P&L and we have to do an action which balances the interest of the consumer as well as safeguards our P&L. So, what we try and do is we try and pass on the absolute cost rather than trying to protect percentage gross margin, etcetera.

And if you would see in the past, that has been demonstrated in our actions. So, going forward again, our endeavor is to do the same. And we are taking price increase which we believe would be sufficient to cover the kind of a cost impact we would need to manage our overall P&L. Now, this is something which...

Avi Mehta:

Sorry. If I may, Yes. Go, sorry. Carry on, sir.

Naveen Pandey:

Not just us, and hence, these pricing actions, by and large in a certain zone, would basically, you know, other companies will also need to take. You know, some of our peers in other categories have already announced price increases. So, I believe that this is something which will, you know -- and if you look at the history of our brand as well as in the FMCG market, we've had periods of high hyperinflation and the brands have been able to pass and sustain inflation for those periods. As and when the inflation subsides, we will figure out, you know, appropriate ways of easing, you know, the pain on the consumer through various actions.

So, that's on the first part. On the second part, how do we look at quick-commerce, and that is where the difference of approach comes in within our own larger portfolio of brands. So, for very large and very well-distributed brands like Almond Drops, the channel would be a demand fulfillment channel, you know, providing convenience to the consumer.

But when it comes into more premium variants or more urban variants which are targeted at the urban elite, let's say, for example, serums or certain other higher-end personal care products, for those products, we will also look at quick-comm as a demand creation plus fulfillment channel. So, it will not be something which would be a company-level strategy, but it would be a strategy which is best suited by brand, by market, which we will take and we will activate as we go along.

I hope that answer...

Avi Mehta:

So, the first question, I just wanted to clarify, you know, what I was trying to understand and, I mean, just reading between the lines, it seems that you believe at least the demand is not giving you pushback, or given the industry price hike. I did not mean from a competitive lens because, you know, in almond oil, you are the leader. So, it is more from a demand and consumer feedback, that's what I was trying to understand. Any signs of stress there?

- Naveen Pandey:** See, I think it's early, but we remain optimistic. At the same point of time, I would say it is early because, you know, whatever concerns which we are talking about which included you talked about in terms of rural demand, El Niño, they are all a while away. They will happen only when the harvest starts hitting and what will happen. I'm sure, you know, the government is also trying to do their bit in terms of easing the overall pain. I remain optimistic about our economy.
- Avi Mehta:** Got it, sir. Thank you very much. That's all from my side. Thanks a lot.
- Moderator:** Thank you. Next question comes from the line of Abneesh Roy with Nuvama. Please go ahead.
- Abneesh Roy:** Yes. Hi. This is Abneesh Roy. Congrats on a very good set of numbers. My first question is on the test market of products. You did mention lip balm and color shampoo is adjacency, and I do know the INR15 pricing for the shampoo also. So, if you could tell us any other differentiation you see? What is the right to win here? Adjacency I do understand, but any other point you want to mention, which markets in this from a Banjara's perspective? Thanks.
- Naveen Pandey:** Thank you. Thank you, Abneesh, for your remarks and for your question. Abneesh, we are test marketing these in Banjara's markets core markets only, which are the four southern states. The belief which we have is Banjara's is a company which has been there in these markets for many decades, and hence, there is a very strong equity around the herbal, natural, you know, brand values which exist.
- We've remained in these years a very cosmetic and a very, you know, top outlet-centric distribution over a period of time. And with the distribution of Bajaj and Banjara's merging in South, there is an opportunity for us to take this portfolio to a much larger retail footprint. However, as we do that, what we need to do is ensure that we are taking product SKUs and, you know, participating in categories which are very mass and very dominant. And this attempt is to try and figure out our product and positioning as well as the price fitment for these markets. And that those are the pilots which we're doing.
- Obviously, you know, many of these category are, you know, the revenue size of these categories even within South is multiple hundred crores rupees. And if we can get our execution and our proposition right, it will provide a significant head room for Banjara's sales. So, in South, in the market where Banjara's has equity, we are basically creating, you know, SKUs and propositions which can participate in large, fast-growing categories and help us get some share there. Beyond that details, please pardon me, I will not be able to share. But I hope you get a sense.
- Abneesh Roy:** Absolutely, quite useful. Second question is on the coconut portfolio. So here, have you added ml-age here? I do understand pricing is is negative. But have you added grammage? Is it coming because of the ml-age increase, or is it that generally demand is robust?
- Naveen Pandey:** Percy, unlike the leader, we have not given free volumes higher. So, our whatever are the volumes are actually in similar lines to last year or possibly even lower in some packs. But we have not added volumes basically to the pack.

So, what you are seeing and that is why we have started reporting unit because that is the toughest measure for volume. So, by giving free volume, we can't get credit. So again, in coconut, we are seeing good traction. We're seeing really good traction in the number of bottles being sold.

Abneesh Roy: Sure. Last question. So now, Project Aarohan, almost two years is done. So, I wanted to understand, in Phase 1 and Phase 2, those eight states, is there any particular state you want to call out better growth and some state where growth has been challenging? Any learnings and any strong highlights you want to point out on Phase 1 and Phase 2?

Naveen Pandey: So again, I think, in our core markets, we have got very good response. So, our distribution in places which are high equity markets for us have really given a better delta. I think that is the theme which you can look at as compared to markets where our equity is slightly weaker. So, it's a continuous effort and for us to go on.

Abneesh Roy: Sure. Thank you. That's all from my side.

Naveen Pandey: Even the weaker markets have given a positive delta, a good positive delta, Percy. But since you have asked me to compare, obviously, the higher equity markets have given a higher delta within that same group.

Abneesh Roy: Got that. Just one follow-up on the Project Aarohan selection of state. So, Phase 3, for example, which is currently, I think, almost done, Bihar, Jharkhand, Odisha, Punjab, Gujarat, how do you see these market from a core versus non-core? And clubbing, say, balance, say, 14 states into kind of Aarohan.2, those are, again, smaller states for you, I understand. If you could clarify.

Naveen Pandey: So, Aarohan 2.0, Percy, would be all states, all 27 states of the country. So, we are now not differentiating between Phase 1 and Phase 2 because we believe that what we did even in the first round, let's say, states like UP, MP, we can now pick up another round of distribution expansion in those states. So, let me clarify. When I am saying Aarohan 2.0, it is a pan-India national program and aimed at expanding direct distribution by 10%, and we want to take this objective as a year-on-year objective.

So, Aarohan 2 would be another 10% expansion. Hopefully, we will get into Aarohan 3 and 4, wherein every in every phase, we will look at expanding our direct distribution by 10%. So, when we get into that, that will be there.

In terms of your specific question on Phase 3, obviously, there are Hindi-speaking states here which have much higher share for us, and certain other states where the share is lower in these markets.

The phasing, the division of Phase 1, 2, and 3 for Aarohan 1 was also done keeping in mind our go-to-market readiness and our infrastructure position on the ground, because we had to phase in, and hence, other softer parameters were also used to decide the sequencing of the events. But as we go into Aarohan 2.0, it will be a one-shot national exercise wherein we will take now and continue to work on expanding distribution.

Abneesh Roy: Sure. Thanks, and all the best. Thank you.

- Naveen Pandey:** Thank you, Percy.
- Moderator:** Thank you. Next question comes from the line of Mayur Patel with 360 ONE. Please go ahead.
- Mayur Patel:** Hi. Thanks for the opportunity. Excellent set of numbers and very good execution, Naveen and the team. Just want to check one thing. Get your thoughts on the gross margin weakness which we have seen over last two quarters. Do you think it has bottomed out, or I know you are taking all the right actions on the cost side, and you have guided for more pricing actions going forward. How should we see gross margins going forward?
- Naveen Pandey:** Mayur, I really find it difficult to give an answer because I really do not know what is going to be my cost basket for this quarter. And what we are doing is that we are we are buying, we believe that the cost is at the highest level possible. And hence, our fresh buys are only for very, very small quantities. We are kind of keeping our inventory and our entire system very lean.
- Now, what it also means is that as volatility of the price will happen up or down, we will see it. So, we are taking actions based certain assumptions and certain buildups. But how it will happen will be difficult to predict or give a guidance for. However, we have used overall operating efficiencies and other levers in the past couple of quarters, and we will try and ensure that we manage the volatility on costs at an overall level, and continue to keep up with the strong performance.
- So, beyond that, I can't really tell that whatever pricing action we are taking, will they lead to a margin improvement, will the margin remain at the same level? I think it's difficult to predict at this point of time. But yes, we are committed to ensuring a minimal volatility at an overall level. And that's what I can say at this point.
- Mayur Patel:** Sure. And this last thing, any update worth sharing on the M&A side? Anything happening?
- Naveen Pandey:** No, nothing to report as of now. We are not at any deal stage or we are not at any stage wherein we can report something.
- Mayur Patel:** Fine. I'll get back to the queue. Thanks, Naveen. All the best.
- Naveen Pandey:** Thank you.
- Moderator:** Thank you. Next question comes from the line of Tejas Shah with Avendus Spark Institutional Equities. Please go ahead.
- Tejas Shah:** Hi. Thanks for the opportunity, and congrats on a good set of numbers. Naveen, you spoke about focusing on direct distribution as a credible growth driver from hereon. When we look at some of the other peers, and then since 2019 onwards, we have seen that the numeric distribution has not gone up for the industry, but a lot of focus has been on increasing or expanding the direct reach.
- But we have not seen commensurate outcomes in terms of growth for some of those companies, in fact, most of those companies. So just your as a veteran in the industry, your insight that does it just improve the quality of distribution and much more? Perhaps it has a subtle advantage in

terms of your consumer insights improving, but it does not show up in numbers picking up as far as revenue growth is concerned?

Naveen Pandey:

Thanks, Tejas, for your question. So, it's an overall question. I'll try and answer first what my belief is on the direct distribution and then come into why we are wanting to focus in on it from Bajaj Consumer. So, I think overall, direct distribution, what it achieves is that while the cost -- on the cost front it increases your cost a little bit, it allows you better ability to execute on the trade.

And hence, you are able to ensure a slightly better range presence, you are able to ensure slightly better stock widths and stock shares in the outlets where you go direct versus where you go indirect. Now, this, in different categories, has different paybacks. At different market shares, has different paybacks for different companies. The reason why we believe it is a good strategy for us to do in Bajaj Consumer is primarily around on two vectors.

One, on basis of direct distribution as compared to most of our peer group companies, what you will see as overall availability is nearly same as the others in terms of direct plus indirect, but our direct distribution is roughly half of our peer group companies. Now, this clearly provides us an opportunity, and my sense is, I don't have a science to it, is I think somewhere around 75% we will find a sweet spot above which it might not pay for us.

Because we have a portfolio which also we are building, and we are adding to not just Almond Drop, but we're building the growth portfolio, we believe this journey up to 75% or 80% would be fruitful for us because it will allow us to not only get better stock share and better availability for Almond Drop, it will also allow us to take the growth portfolio into those outlets wherein wholesale might not be as supportive of our endeavors.

And hence, we will allow us direct ability to execute in these outlets. So, that's why I believe it will be good for us. That's why I believe it has worked for us so far, and I think till somewhere when we reach 75% to 80% index of our larger peers, I think it should continue to work for us.

Tejas Shah:

Perfect. And then just to kind of weigh the success of this effort, would you say that tangibly it should show up in growth numbers and not only on intangible factors?

Naveen Pandey:

Has to, Tejas. Otherwise, there's no merit. Now, the delta can be smaller or larger, but it has to eventually show up in growth. Otherwise, it's just an empty investment.

Tejas Shah:

Sure. Second, we are seeing much more widespread and so far sustained inflation after a long time, and clearly pricing power of the sector or the consumer companies are also coming to surface after a long time.

Perhaps early, but just wanted to understand what's your sense that at least in the near term will be able to pass on as an industry and as a brand also without hurting demand, and kind of protect margins as well?

Naveen Pandey:

So again, Tejash, I think it's a tough question to answer, but all I'd say is I remain optimistic. I think we have been working in an environment wherein which is hyperinflationary, and this

hyperinflation is not because of, you know, it's because of a war, and hence, a triggered cascading impact.

So far, we've seen the demand to remain resilient. Going forward, I think we expect India and Indian demand to remain far more resilient as compared to others. Now will there be any effect or not, very difficult to say, but Yes, at this point of time, we are optimistic.

Tejas Shah: That's all from my side. Thanks, and all the best.

Moderator: Thank you. Next question comes from the line of Sucrit D. Patil with Eyesight Fintrade Private Limited. Please go ahead.

Sucrit D. Patil: Good morning to the team. I have 2 questions. The first question to Mr. Naveen is, just want to understand beyond the regular outlook, what are the top 2 to 3 execution priorities you are focusing on in the next few quarters, specifically to accelerate growth across the core hair oil space, and any new product introductions?

And alongside that, what do you see as the biggest risk from a changing consumer preference from a competition point of view or rural demand trend? And how are you planning to mitigate them? Thank you. That's my first question. I'll have a second after this. Thank you.

Naveen Pandey: Okay. In terms of your question was in terms of first about what are we doing to drive growth. So, if you were to look at our own commentary, we've been extremely focused that our growth will primarily come out of three vectors.

One, we are continuing our efforts behind strengthening our brand Almond Drops, which has which had seen in the past few years a sluggish performance. And over the last 6, 8 quarters, we've been investing significant amount of effort and monies behind reinvigorating the Almond Drops brand, and we believe our work is continuous. It just started. It's not ended.

And there's a lot of new things which will get unveiled over the next several quarters on what we're doing on Almond Drops. So, that we believe will be the first growth driver for us. The second growth driver for us would be the work on growth portfolio, which we're doing, which we've talked about, saying that these are the smaller brands in the portfolio, but which are operating in very large categories and have great growth potential, provided we get our execution right.

And we've been working a lot on the subtler elements of these over the last 5, 6 quarters, and we're very happy with the results which we see. We stay very optimistic about the potential and the contribution this portfolio can make to the future of Bajaj Consumer.

And the third would be on the front of distribution, which we've been talking about in terms of completing the Aarohan Phase 1 and getting into Aarohan 2.0, wherein we will build on our continuous execution and enhancement of direct reach to drive growth and performance. So, I think that's the first part of the question you had asked.

On the second part of the question, which you've asked on consumer preferences and changes. This is a category of ours where we operate which has a 91% plus penetration, which means nearly every single household in the country uses this. The change in demographics or the change in preferences which possibly you're referring to is what we see impacting less than maybe 1% to 1.5% of the households in the country.

And within that also, there are very strong trends of premiumization and certain other things which we will participate in. But overall level, I think there is a lot of job to be done on our end or in terms of making the product and the category exciting, and ensuring greater quality distribution. And if we do that, we have plenty of growth opportunity within our core space. So, I guess that's my attempt to try and answer both parts of your question.

Sucrit D. Patil: My second question to Mr. Maloo is, just want to understand from a financial point of view, what key risk or challenges do you anticipate in the coming quarters, and what specific measures are being taken to protect margin, cash flow, and strengthen the balance sheet, particularly...

Moderator: This is the operator. We have lost the line of Mr. Patil. I will promote the next, that is Mr. Amit Purohit. Please go ahead.

Amit Purohit: Yes, hi, sir. Thank you for the opportunity, and congrats on a good set of numbers. Just on the margin side, you had earlier indicated that close to about 20s kind of margin and mid-20s this year. We are almost closer to the higher end of the broader range. And in the context that the inflation, input inflation is there, plus the ad spend that you are indicating some repositioning in the ADHO segment.

So, given that context, how do we think of from a near-term and a medium-term outlook from a -- so two parts to it, one on the ad spend outlook, and second, any other cost initiatives that you highlighted for this quarter? Should that be continuing to ensure that a steady state margin improvement over the medium term is a possibility?

Naveen Pandey: Thank you for your question, Amit. I would like to make 2, 3 point of views I'd like to share. One, see, in an inflationary environment, our attempt is to protect and grow the absolute EBITDA pool rather than a percentage EBITDA pool. We would want to demonstrate good growth in the absolute profit we make for our stakeholders and shareholders. And that becomes a larger focus for us rather than trying to monitor the decimal point movement in terms of margin.

In terms of advertising, what will happen is what we've typically seen is, in cycles which are hyperinflationary, most of the consumer good companies iterate their spends on advertising. Now, when this happens, what it allows us is allows us to be competitive at lower absolute spends. When the entire industry is advertising less, I can maintain my share of voice at lesser spend than what otherwise I would have had to if the industry was advertising at regular level.

So, we will be -- what we are at an operating level is we are very cognizant of how the industry is behaving, and we iterate our spends to what they are needed. Third, what we have done even in this quarter is that within advertising, there are media spends and there are non-direct media spends, which we call as non-working advertising spends, which might be on fixed costs or

endorsements or research costs, etcetera, and we've been very tough and very tight on managing costs like that. And we will continue to do so in the next quarter or till the easing out happens wherein nice-to-do spends will have to wait to kind of cushion the overall impact. I think that's what I can share. I hope it answers the question which you had asked.

Amit Purohit: Sure. Thank you.

Moderator: Thank you. Next question comes from the line of [Makarand Basarkar with Pro Investment 0:38:53]. Please go ahead.

Makarand Basarkar: Hello. Good morning. Am I audible?

Naveen Pandey: Yes.

Makarand Basarkar: So sir, we have observed a significant increase in your purchase of stock-in-trade relative to the cost of materials consumed in recent quarters. So, could you help us understand what is driving this change? Is it like primarily a shift in product mix or increasing third-party sourcing of finished products, or does it reflect a broader structural change in company's manufacturing and sourcing models?

Naveen Pandey: So, see, what has happened is that we have outsourced basically the production of one of our factories in Guwahati from a company-owned facility to a third-party-run facility to drive better operating efficiencies towards the beginning of this financial year.

And hence, if you are looking and comparing numbers on inventory and procurement against last year, they might not be like-to-like. Beyond that, if you have any specific question on any one of the items, I request you can write to Aakash, and we'll be happy to provide you the specific details which you need.

Makarand Basarkar: Okay, sir. Thank you. My second question is, you have said that there has been a double-digit volume unit growth. We have also seen MLH reduction in recent quarters in certain SKUs of ours. So, I just want to understand how much of the reported volume growth is attributable to this pack size reduction, as opposed to the underlying demand growth?

Naveen Pandey: So, the reason why we've given and reported unit volume is because it does not take into account any free volume, any benefit on account of volumes going inside it. And hence, it is a reflection of how many bottles get sold or how many times the consumer has come and bought it.

And that is why we are reporting the unit volume growth rather than volume growth, which might basically get inflated artificially when somebody gives free volume. So, we've used the tougher measure to indicate the core underlying. And this will not get impacted.

Makarand Basarkar: But we have taken, MLH reduction and not volume -- additional volume, right?

Naveen Pandey: Yes, so MLH -- so what I'm saying is unit volume will not change with free volume being given in.

Makarand Basarkar: Okay.

Naveen Pandey: If I am selling one bottle, one bottle is still one bottle even if it carries 20% extra volume inside the bottle.

Makarand Basarkar: Okay. Thank you.

Naveen Pandey: Yes.

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