



Marico Limited  
Q4FY25 Earnings Conference Call  
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**Moderator:**

Ladies and gentlemen, good day, and welcome to Marico Limited Q4 FY25 Earnings Conference Call. We have with us the senior management of Marico represented by Mr. Saugata Gupta, MD and CEO; and Mr. Pawan Agrawal, CFO. 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 touch-tone phone. Please note that this conference is being recorded.

Before we get started, I would like to remind you that the Q&A session is only for institutional investors and analysts. And therefore, if there is anybody else who is not an institutional investor or analyst, who 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 for his opening comments. Thank you, and over to you, sir.

**Saugata Gupta:**

Good evening to all those who have joined the call, and I hope all of you are doing well. With FY25, having come to a close, I would like to begin by sharing a quick overview on the operating environment during the quarter gone by, after which I'll touch upon our performance and strategic objectives for the year ahead.

During the quarter, consumer sentiment remained largely stable, supported by improving rural demand and mixed trends across mass and affluent urban segments. Margins for most players were under pressure due to input cost pressures. Easing retail and food inflation is encouraging for consumption trends going ahead. In addition, a healthy monsoon season, higher MSPs and continued government spending should support the uptrend in rural growth. It is important to note that the growth of listed companies alone does not provide a comprehensive picture of consumption trends, commentary from unlisted players including Indian subsidiaries of multinational corporations, D2C players and regional brands indicate a slightly better performance, underscoring broader demand resilience.

Moving to our performance in Q4, India business continued to deliver sequential improvement in volume growth and strong top-line growth aided by pricing intervention in core franchises. In the demand front, the core portfolios witnessed transient sluggishness amidst steep inflation and key commodities, although we maintain the strong momentum in new businesses, which furthered the diversification agenda. Offtakes remained healthy with more than 95% of the

portfolio gaining or maintaining market share and more than 80% sustaining or improving penetration on a MAT basis. While alternate channels gained salience particularly in Tier 1 markets, General Trade remained sluggish. We are making concerted efforts to revive GT through Project SETU, which is progressing well. Under SETU, we will focus on rural outlet expansion at a pan-India level, while deploying strong control frameworks to ensure sustainable outlet expansion across markets. Quick commerce has rapidly scaled up to ~3% of the India business, where we are building assortment across categories to effectively capitalize on the potential of this channel.

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

Parachute had a muted quarter as a result of consumption titration, which is typical during hyperinflationary cycles like the one we are witnessing currently. In addition to price hikes, we had implemented ml-age reduction in select packs over the last 6 to 9 months. Adjusting for the impact of ml-age reductions, the brand recorded low single-digit volume growth in Q4. Revenue growth was in the twenties, aided by pricing. Parachute maintained its stronghold gaining ~70 bps market share on MAT basis. Given the extended firmness in copra prices due to lower arrival in the market, the awaited correction is most probably going to happen towards Q2. As prices move from the current hyperinflationary zone to a moderately inflationary zone in Q2, which should be the case for most of the year, we expect volume growth to pick up. Our robust supply chain capabilities will give us an edge and allow us to be far more competitive. We are already seeing first signs of supply chain disruption among local players, as well as competition taking significant price increases and reducing BTL. All these will be a tailwinds for the brand for volume growth to pick up sometime in Q2.

Saffola edible oil was also impacted by sharp price hikes taken in response to the elevated global vegetable oil prices. While revenue growth in the coming year will be aided by pricing to some degree, we expect volumes to be steady as long as vegetable oil prices remain stable. Our priority is to maintain threshold levels of profitability as a portfolio while maintaining basic volume growth.

Value-added hair oils continued to show sequential recovery of the bottoming out in Q2 this year, led by healthy performance in the mid and premium segments of the portfolio. We will continue to drive growth in these segments while undertaking focused interventions in the bottom of pyramid segment. The franchise has gained 120 bps in value market share. We are confident of sustaining the improving growth trajectory through next year, backed by continued innovation, ATL investments, and focused brand activation. This strategy of driving growth through mid and premium segments and holding the bottom of pyramid will help in driving margins with mix improvement, as value growth continues to improve from quarter-on-quarter.

Foods delivered robust value growth of 44% YoY in Q4 and 30%+ growth in FY25, surpassing the ₹900 crore mark in annual revenues. The oats franchise has grown double digits in FY25. While the core Foods portfolio of oats, honey and soya chunks have fared well, we are also seeing green shoots in the recent launches such as Muesli etc. In Q4, we launched Saffola Cuppa Oats, a 4-minute ready-to-eat offering combining oats, millets and crunchy multigrain bites. Furthermore, True Elements and the plant-based nutrition portfolio of Plix maintained accelerated growth momentum. The Foods portfolio has reached 5x of the FY20 scale, and we expect 25%+ growth over the medium term to reach about 8x of the FY20 scale, while we continue to improve profitability in the category.

Premium Personal Care sustained strong momentum during the quarter, led by Digital-first portfolio. The Digital-first portfolio exited FY25 at ₹750 crores ARR, much ahead of aspirations. We now expect this exit ARR to be 2.5x of FY24 ARR in FY27, up from the previous target of 2x. Beardo has scaled ~4x since FY21 and has reached near double-digit EBITDA margin. Just Herbs crossed ₹100 crores revenue mark in FY25. Plix personal care portfolio has been gaining visible traction. Plix has delivered single-digit EBITDA margin this year. We continue to see marked improvement in profitability in the Digital-first portfolio and maintain our aspiration to achieve double-digit EBITDA margin by FY '27.

Moving to International business we have sustained a double-digit constant currency growth momentum in Q4 and FY25. Bangladesh posted double-digit growth in Q4 and FY25 and has stood as a symbol of resilience amid a challenging operating environment. MENA maintained its growth trajectory with both the Gulf region and Egypt faring well including consistent share gains in competition and a robust performance in NPD and diversification. South Africa also maintained its consistent run. Vietnam had a relatively slower year with mid-single-digit growth due to sluggishness in some of the key categories. We expect recovery in the coming quarters. Our new country development or export market has also been scaling up well.

To sum up, we have achieved most of our strategic objectives set at the start of the year. We have achieved double-digit consolidated revenue growth aspiration for FY25. This was supported by an improving volume growth trajectory in the India business and broad-based growth in overseas market. The diversification journey across markets has shown significant traction with profit improvement, and we have been resilient against unprecedented input cost inflation.

In India, core category growth was subdued in FY25, but we expect a gradual pick up through FY26, aided by improving consumption sentiment across urban and rural, and easing of hyperinflation pressure across key commodities. Our sustained investments in scaling the Foods and Premium Personal Care portfolios have visibly reshaped our revenue mix, delivering differential growth even amid softer mass consumption demand. The composite revenue share

of Foods and Premium Personal Care in the India business stood at ~22% in FY25, representing a combined ARR of nearly ₹2,000 crores. We will continue to aggressively diversify the portfolio through these portfolios in line with our medium-term strategic priorities and expect these portfolios to expand to ~25% of domestic revenue by FY27. The rapid scale-up of these portfolios has been accompanied by significant improvement in their profitability, result in their share of India Net Contribution moving to double digits, which is ~5x of FY22 levels. In Foods, we have structurally expanded gross margins by ~1,000 bps over FY24 and FY25, on a cumulative basis, and we expect gradual margin expansion as the business scales in the medium term.

If you take a step back, you will realize that our model is unique since our aspirations or ambition in Digital business have always been far ahead of the resource available at hand given the balance sheet and P&L guardrails of a well-run listed company. This forced us to engineer a profitable and sustainable growth model, which does not rely on cash burn. Among the acquired Digital Brands, we now have 2 distinct cohorts at different stages of their growth journey. The first cohort consists of Beardo and Plix, which are profitable at the EBITDA level and are on an accelerated growth path. We expect these two brands to cross ₹1,000 crores in combined ARR this year with a clear focus on driving operating profitability with scale. We will focus on accelerated growth in Beardo and Plix, along with further EBITDA upliftment. On the other hand, Just Herbs and True Elements, though not yet at breakeven, will focus on sustainable 20% to 25% growth and leveraging scale and synergy to achieve breakeven at the earliest over the next 18 to 24 months. On an overall basis, we will also drive synergies in costs and leverage IP data across our digital business to unlock further efficiencies. We will now be tapping economies of scale, which is available to a house of brands with a large scale strong mothership in our case, which we believe is a strong edge over stand-alone D2C brands. We firmly believe that we are on track to be one of the most successful digital FMCG companies in the country.

The international business has navigated transient macroeconomic and currency headwinds in select markets. Our consistent endeavor in any market is to deliver top quartile revenue and profit growth. We have achieved this in Bangladesh and South Africa. We are progressing steadily on this journey in MENA, while we have delivered on top line growth, our margins are improving to top quartile. In Vietnam, there is some ground to cover and we are working on GTM transformation and portfolio diversification is underway. We also made more visible progress in premiumizing our portfolio across markets with innovations and expansions into Premium Personal Care categories like shampoos, skincare, hair styling care (excluding hair oils) and baby care. These premium portfolios in international business have grown at 24% over FY21-25 period. As a result, the premium business revenue share in the international business rose from 20% in FY21 to 29% in FY25. We will continue to invest aggressively towards diversifying the portfolio, expanding the total addressable market and driving market share gains

in each of the markets. We are confident of sustaining strong double-digit constant currency growth in international markets while gradually unlocking the margin upside from scale benefits over the medium term. This experience has given us confidence that we can also try some of these initiatives in the Indian market in the days to come.

The consolidated operating margin of FY25 ended just shy of 20%, and we have delivered resilient bottom line performance without any negative surprises despite input cost pressures being significantly higher than for the rest of the sector. We have also made aggressive investment in A&P throughout the year, staying true to our strategic intent of continually strengthening our core franchises and accelerating diversification. A&P spends were up 35% in Q4 and up 18% in FY25. Now if A&P had grown in line with our top line growth, our EBITDA growth would have moved to 9% on a full year basis and we would have delivered 20.3% EBITDA margin for the period. A&P sets you up for future growth and therefore, as an organization, we have resisted the temptation to manage short-term margins by cutting A&P and sacrificing future growth. In this context, our leadership position in 90% of our portfolio, low price elasticity in our resource engine and the master brand Parachute across markets is the strongest moat. This has helped us to take 30%+ price increases in Parachute with the one which has been taken last week, without any significant volume impact. In addition to the pricing power exercised by our master brand Parachute, the margin resilience reflects the leverage and air cover provided by the premiumization benefits from the high-growth segments within India and international markets, which will further get accelerated by the VAHO growth expected this year, the culture of frugality, the strength of our institutionalized cost management framework and the effectiveness of our advanced procurement and supply chain capabilities. Also, the profit dependence on Parachute will continue to systematically further reduce as we drive growth and profitability in the high-growth segments within India and the international business and we are confident of visible improvement in VAHO growth. Hence, we have the capacity to deliver top quartile growth and invest behind A&P without giving margin shocks.

Moving into next year, we expect to sustain double-digit revenue growth and will strive to deliver double-digit operating profit growth. We have scaled the ₹10,000 crores revenue milestone this year, and we are now gearing up with intent and focus to chart the course to the next ₹10,000 crores to move to ₹20,000 crores. A key aspect that has been instrumental in our journey has been the mix, depth and longevity of talent of our teams across all levels of the organization.

Last but not the least, Sustainability remains central to our strategy. Our Sustainability 2.0 framework is delivering strong progress across all key focus areas and moving up towards our 2030 goals. We are confident that our commitment to creating shared value will drive long-term, sustainable and differentiated growth.

With that, I conclude my remarks. I would like to thank you once again for your support and belief in us. I firmly believe that we are at the beginning of a virtuous flywheel. I can assure you that me and my team are working tirelessly with utmost passion to realize the dream. Thank you.

**Moderator:** We'll take our first question from the line of Mihir Shah from Nomura.

**Mihir Shah:** Congrats on a great set of numbers. So firstly, on copra, copra has remained firm longer than expected. On gross margins, I hear you take another price increase in Parachute leading to 30% pricing and you're not seeing any volume backlash because of that. That's great news. But on gross margins, how should one think about that going forward?

And when should one expect gross margins to start showing improvement or the pricing that you've taken to tide over the inflation, and we can start seeing gross margins to sequentially improve from here on? And for FY26, any level of gross margin that you have in mind that you can share? So that's on question one.

**Pawan Agrawal:** Yes. As far as gross margins are concerned, given the fact that the copra prices have been higher than what we had anticipated, it will remain under pressure for the next one quarter for sure, and then we will see as to how the copra prices behave. And just to give you a sense on copra prices, typically, copra has 18-to-24-month cycle, and this cycle has lasted longer. The reason being the Northeast rains were not great leading to lower crop availability. But we are hoping to start witnessing some softening by the end of the first quarter. While there could be some pressure on margin on account of that in the next one or two quarters, we expect margin pressure to ease out starting end of quarter two. But having said that, I just want to allude to one point, which Saugata also mentioned, that we have pulled multiple levers of profitability over the last one to two years; such as expansion of margin in Foods, Digital businesses, some of the fast-growing premium businesses and also scale up of premium portfolio in the international business. Our dependence on copra as a lever of profitability has come down and will keep going down over the next few years. Also, as Saugata mentioned, we expect better improvement in VAHO performance in the next year. And if VAHO ex bottom of pyramid comes to the party, that will also aid margins. Hence, we are not overly worried about copra prices. But yes, for the next one quarter, margins will be under pressure. Hopefully, from quarter two onwards, we can start seeing some improvement.

**Mihir Shah:** Secondly, on Foods. Foods has delivered a strong growth since past few years. Can one say the low-hanging fruits of placing new products and launches is behind and growth probably can moderate a bit from these levels? I understand that the guidance that you've given indicates a 25% CAGR continuing. I just wanted to double check if that range can sustain in any new subcategories that you were thinking of adding or you will probably scaling the current portfolio? So that's on Foods.

**Saugata Gupta:**

I think there is a huge run rate for growth in Foods, and the reason is that we have not tapped the GT fully for Foods so far. I mean most of our Foods business has been skewed to OT. We are also significantly leveraging quick commerce. Therefore, there is a significant distribution opportunity available. The penetration of Oats and Masala Oats is still low in our country, and therefore, we have a penetration task. For instance, in Honey, we have a double-digit market share in the organized trade. We have a low single digit share in GT, because we have not focused on GT distribution yet, since we have been driving other initiatives. One part of SETU, which is urban part of the SETU is about driving Foods in chemists and cosmetic outlets. Also, we have True Elements – a brand with a strong equity and huge potential. You will see expansion into some new categories, which we are planning in True elements as well. Therefore, we are extremely confident on Foods growth. Secondly, Oats and Masala Oats, which is the core, continue to grow in double-digits. We have significant opportunity in Muesli and some of the other categories in addition to Honey. Muesli, again, we have been so far restricted ourselves to OT. We are just about testing waters in GT, but to give you a perspective, if we are available in all Masala Oats outlets, there is a 4x, 5x opportunity in Muesli as well. I think one of the things we are doing in the last two years is to ensure that we get the profitability right. Next, I think we have to get the GT distribution right in Foods.

**Mihir Shah:**

Got it, thank you very much Saugata. Wishing you all the very best.

**Moderator:**

Thank you. We'll take our next question from the line of Avi from Macquarie. Please go ahead.

**Avi:**

I just wanted to ask two questions. First, on the expectation that we have of driving or aspiration of driving double-digit value growth in FY26 in India. Could you share your thoughts on what have you built in from an oil price perspective, especially given the recent correction in palm oil? Just an understanding or is that a risk? Basically what I'm trying to appreciate is while I get the point of copra deflation not panning out, my only concern was, are you not worried about deflation and Saffola pricing hurting our ability to reach double-digit growth in FY26. And what makes us confidence there? So that was what I was trying to get.

**Pawan Agrawal:**

It is built on 3 different goals. One is our core business, where we definitely expect, first of all, the volume growth trajectory itself to improve. Further, we expect that in the first half of the year, the inflation led growth will definitely support. That's one. Second is Foods, as we just mentioned that we expect Foods to continue to grow at 25% plus. Hence, that's the second build. And third is, of course, the Digital-first businesses, which is growing at a much higher rate. So if you do the math around these 3, you'll arrive at that double-digit top line growth which is fairly possible in FY26.

- Saugata Gupta:** Just to add, we have delivered 7% volume growth in Q4 and for the full year we delivered 5%. We expect the volume growth next year, full year annualized, as more than 5%. 6-7% growth has almost become a base case for us.
- Avi:** Got it. Okay, sir. Sir, the last bit on the margin front, while I understand the input cost etc. Could you share how should we look at SETU and any quantum of benefit from that initiative?.
- Saugata Gupta:** The objective of SETU is to improve our quality of direct distribution. As you know that our total distribution to direct distribution ratio was higher, which means that our direct distribution was lower than some of the benchmark organizations. The first impact of SETU will happen in terms of the quality of distribution in rural. It will help in range selling. It will also help in gaining market share and also drive some of the diversification agenda, like basically, what happens is if it goes through wholesale, wholesale only takes the high-velocity brand or the leader brand. When you do direct, you expect a better range selling. The second part of SETU, of course, is the urban part of SETU, where we do food, chemist and cosmetic outlets, which is the second phase of SETU. But I think the first thing of SETU is to improve our quality of rural distribution. As you know, we don't sell sachet, nor we sell Foods. Hence, the gross margin of our rural portfolio is fairly good. And therefore, our break evens are better compared to having sachets in portfolio. With that said, we will start seeing the results of SETU. SETU is doing decently well and the impact will visible from this year. You will see the impact on volume growth, and we also expect SETU to aid growth in VAHO.
- Avi:** Okay, sir. So essentially, the first level of improvement will be the volume growth trajectory in particular in VAHO and the second leg could possibly come from a range selling in urban India
- Saugata Gupta:** But also, I think in some markets, Parachute rural share also could improve.
- Avi:** Okay, sir, from current level, Okay, sir. Okay. That's all from my side. Thank you.
- Moderator:** Thank you. We'll take our next question from the line of Harit Kapoor from Investec. Please go ahead.
- Harit Kapoor:** I just had two questions. One was specifically on this quarter, Foods growth at 44%, it has come off on a pretty good base. Actually, the base growth was also over 20%, so this is the highest growth quarter for us in the year for Foods. So I just wanted to get a sense of anything incremental that we've seen in Q4, whether it's been a little higher on distribution or certain brands or in the portfolio which have done incrementally better because this number is higher than what we've seen probably in the last 8, 10 quarters. So just wanted to get your sense on that.

**Saugata Gupta:**

No, it's a combination of three elements. One is our core Foods that we said that has grown in double digit in the full year. Additionally, there are True Elements and Plix. All the three are driving the growth. And as I said, that obviously 44% may be a number which is slightly higher than our aspiration for the full year. But I think one of the other things we have done, in the last 2 years, is that we have significantly made efforts to improve the profitability of Foods. Therefore, one of the things we are going to do with improvement in profitability, is that we will be going into GT in a more meaningful way and also scale up products like Honey and Muesli. And if you look at interestingly one piece of data, if quick comm has been contributing to 3% of FMCG and especially in BPC, in Food quick comm contributes nearly 7%. Quick comm is a big driver of food. And between Plix, True elements and Saffola, we are also investing significantly in quick comm to drive Foods growth. Having said that, I think as long as I think we will be happy if we can deliver 20% to 25% plus growth in Foods over the next 2, 3 years.

**Avi:**

Fantastic. The second thing was on Parachute. So there's a 30% increase now on prices. Could you just give us sense of what's happening in the market? I mean, where is this regional unorganized player in terms of the RPI between Parachute and the regional or unorganized players? And you did speak about some supply chain issues that the competition is having due to which they are also having to take price increases. So if you could just explain these couple of things that would be helpful.

**Saugata Gupta:**

During the inflationary cycle, we are more competitive in relative terms, because we absorb some part of the cost. Also, due to our procurement efficiency, our consumption cost is not like what we have the buying cost or the market cost. Hence, there are two things. One, for the small players, because of the high cost of procuring copra and the fact that they are risk averse in buying copra, because if the copra prices go down, they'll be stuck with that. As a result, what happens is that the stock pressure reduces. Therefore, in the last couple of weeks, we have seen less competitive presence amongst smaller brands. Second, availability is also a problem as they have to get working capital to buy copra, at higher prices. As far as branded competition is concerned, I think last year, we saw a little unreasonable competition but perhaps they are not making margins. They have now taken price increases in line with the cost increase and sometimes disproportionate, which also helps us in a way. And therefore, what we are confident about is that as soon as the hyperinflation settles to moderate inflation, it's unlikely there will be a major deflation, although nobody cannot predict commodity prices. Although, as copra prices settle down in Q2, you will see the volume growth happening. Also, as I mentioned, that there is also a 1%-2% drop, which has happened due to the ml-age drops, which we will be anniversarizing as we move to the second half of the year.

**Avi:**

Great. Those were my questions. Wish you all the best.

**Moderator:** Thank you. We'll take our next question from the line of Abneesh Roy from Nuvama Wealth. Please go ahead.

**Abneesh Roy:** This is Abneesh Roy. My first question is on the quick-commerce, do you see the bargaining power increasing for you, given new players are expected to enter this. Already you're doing so well with 7% in Foods. So do you expect that now with bargaining power increasing maybe this can even grow faster, given new player's entry?

**Saugata Gupta:** So just to clarify, I said 7% for the Foods category as a whole, For us, different brands have different contribution, but for Foods it is higher than BPC. Now coming to bargaining power, so the way we look at any new channel is that you first need to understand the shopper. So I believe the quick com shopper is different from the shopper in a marketplace, is different from a shopper in modern trade and different from a shopper in GT. For example, in quick com, we believe convenience plays a role, impulse categories have a higher throughput in quick commerce. And given the fact that a shopper in a marketplace has browsing time, in quick commerce, if you are not in the first four on the screen and it's a vertical mobile screen, you don't stand a chance. Therefore, I think it's important to understand that, therefore, how do I create a portfolio which is tailor made for quick commerce and it is not cannibalistic. Having said that, yes, quick commerce is taking some share from marketplaces, they're taking some share from GT. And therefore, what we need to do is to ensure that and have a tailor-made portfolio to ensure that we drive offtake and not just give price discounting and not have cannibalistic sale. As long as that and the category grows, I think we'll be able to ensure that we are not profit dilutive in any segment.

**Abneesh Roy:** Sir, my second question is on the international business. Sales growth has been quite decent in the past few quarters. My second question was, if you could discuss volume growth in Bangladesh and MENA how the trends have been and how the mix has changed. You can compare versus last 1 year versus, say, 2 years back, so that a longer time frame can be taken. And would you be worried on the benign crude oil prices for the MENA growth from a 1-year perspective, would that impact or it's mostly now specific to company rather than the crude oil from a growth perspective in MENA region?

**Saugata Gupta:** Not really. Benign crude oil will not impact MENA, we are a challenger in the region and we are growing. I think there is enough opportunity headroom for both market share gains and profitability as we scale up. A significant portion of growth came from volume growth because there was very little inflation in MENA. I think the one big change that has happened is if you look at Bangladesh, 7-8 years ago, Parachute Coconut oil formed 90% of the business, it is now sub 60%. And as I mentioned in my opening remarks, the share of premium has now gained significant critical mass and we are growing, whether it's in shampoo, baby, we have launched shower gel and body lotion in the Middle East. And the other interesting thing was we were not

present within Hair Oil category in Egypt in the last couple of years, we are gaining rapid market share there which provides headroom for growth. Hence, according to me, there is a significant headroom for growth in MENA for both top line market share and profitability. In Bangladesh, we have been resilient and the diversification agenda continues.

**Abneesh Roy:**

Sir, my last question will be on the A&P spend. So India's largest consumer company also has cut its margin profile from the next two, three quarters' perspective because they've seen that macro seems to be improving and they want to invest. So is that also a thought process, one of the thought process in Q4, because Q4 run rate is much faster than in terms of growth versus the full year. And if you could tell us if most of the increase in ad spend is for Digital brands and Foods essentially in Q4?

**Saugata Gupta:**

I think it is not fair to compare a particular quarter because there could be certain new launches. Having said that, I will give you a perspective of full year. In the full year, –we have grown our A&P by 18%. We have also significantly invested behind the diversification agenda in the international business. Having said that, we are doing two to three things. We are converting some BTL to ATL in core. We will continue to invest in core also. And let me tell you one thing, sometimes we fall into what I call the SOV trap. SOV trap means that if competition doesn't spend, we also stop spending. As a category leader, it is our responsibility to drive category growth in the long term. We are here to grow the category long term. We are not going to sacrifice the long term for some short term quarterly margins. We never believed in that. We have never done this. Therefore, we'll continue to invest in the core. Thus, A&P will be broadly on the same lines, which we have done now. We will benefit significantly from efficiency, if our A&P spend is at the same levels of last year. We are also doing a significant efficiency program on the A&P as I talked about, which is the cutting down on non-productive spend, cutting down from BTL to ATL, so that we continue to drive media. The other thing you must realize today. Thanks to all the digital brands, our digital buying capability and digital scale of media buying is one of the largest in the industry which is commensurate to a size of a larger FMCG player. So therefore the digital media buying efficiency, thanks to Plix, True Elements, Beardo and Just Herbs has also grown manifold. So as the digital marketing capability. So that gives significant efficiencies. And for the first time, what we are doing is we are buying digital media together.

**Abneesh Roy:**

Sir, the last quick follow-up on your digital-first. It has done quite well and you have been one of the early movers and early in M&A, and most of them have done well. From an FY26 perspective, will it be more of stabilizing these four to a better profitability with a very good growth or you think you need one more M&A because we do see lot of D2C startups available.

And we are also seeing other listed companies also starting to do, you have been on the early startup, but now we have seen other companies. So, if you could discuss from a FY26 perspective, it's more of stabilizing the current core brands here?

- Saugata Gupta:** As I alluded to during my opening commentary, we see two cohorts in the digital business. The first cohort consisting of Beardo and Plix. We expect the ARR to hit ₹1,000 crores plus as far as these two brands are concerned. They are already profitable. We don't need to incur extra cash burn to achieve disproportionate growth, I think will accelerate growth in these two brands. At the same time, get scale efficiencies and continue to improve EBITDA. As far as the other two brands are concerned, which is Just Herbs and True Elements, we will now grow maybe 20% to 25% on a sustainable basis, but accelerate the journey to breakeven period so that in 18 to 24 months, we see some site of a breakeven. And therefore, overall if we look at the blend, we are well positioned over the next FY '27 to move the overall digital business EBITDA to double digit. Now yes, there could be brands available, but we will continue to use the same model. We firmly believe that it is much better to take a majority stake and learn from the founders rather than acquiring 100%, because that gives us a far better way of integrating and as we keep on integrating our experience and capability keeps on increasing.
- Abneesh Roy:** That's all from my side. Thank you.
- Moderator:** Thank you. We'll take our next question from the line of Karthik Chellappa from Indus Capital Advisors (Hong Kong) Limited. Please go ahead.
- Karthik Chellappa:** Yes. Thank you for the opportunity and congrats on the quarter.
- Moderator:** Karthik can you use your handset mode please, your volume is very low.
- Karthik Chellappa:** Sure. Is this any better?
- Management:** Yes, of course, Karthik.
- Karthik Chellappa:** Okay, great. Thank you for the opportunity and also congrats on the quarter and also congrats to Saugata on the reappointment. So I have two questions. The first one is, if I were to look at our India P&L for this quarter, the absolute EBIT has actually declined. So despite having about ₹400 crores extra revenue, the EBIT itself hasn't moved much. So how should I see this and how much of this is, you think, because of raw material inflation impact and how much of this could just be a mix impact?
- Pawan Agrawal:** I think, Karthik, you're referring to the segmental results that we have published, over there you would see a marginal decline in EBIT. But it also includes the digital. If you were to adjust the digital business bleed, etcetera, EBITDA for quarter four for India business has actually grown by about 4% to 5%.
- Karthik Chellappa:** Okay. So the two biggest drags are basically the digital hit and the other income, right?

- Pawan Agrawal:** Correct. That's right.
- Karthik Chellappa:** Okay. Great. My second question is, as far as the Foods business is concerned and the serum and male grooming business is concerned, could you give a sense of what kind of annualized run rate we are running at if I take fourth quarter as a base?
- Saugata Gupta:** In Foods full year we achieved ₹900 crores. Therefore, you can expect at least a 20% to 25% plus growth in the Foods business. Now I'm not getting into serum specifically, but I think serum as a category is growing, and we are also growing.
- Karthik Chellappa:** Okay. Great. Because in the third quarter, we have disclosed a run rate for Foods at about ₹1,000 crores. So if you have done ₹900 crores, that means that pace is accelerating, right? That's a reasonable inference.
- Saugata Gupta:** Usually, Q4 is a slightly slower for Foods, we are shy of ₹1,000 crores in run rate in Q4. Usually, Q2 and Q3 are peak, especially during the festive season, such as Diwali and other festivities and when all the giftings are done. So we are slightly shy of ₹1,000 crores run rate in Q4, but despite that we have a 40%+ growth rate. So I think you can take a 25% to 30% as minimum growth rate for Foods as we move towards the next year. Also we have given our FY27 aspiration in any case.
- Karthik Chellappa:** Excellent. Just one clarification. The 30% price increase cumulative we have taken in Parachute. That's over what period?
- Pawan Agrawal:** So starting from last year quarter one, if you look at quarter 4 results, we have taken about 23% price increase, 22% value increase and a 1% decline in volume, so that's 23% price increase. Very recently, we've taken another round of price increase of about 8% to 9%.
- Saugata Gupta:** That has just gone into the market last week actually.
- Pawan Agrawal:** Yes.
- Karthik Chellappa:** Excellent. Okay. That's all from my side, and wish you and the team all the very best for FY26.
- Moderator:** Next question is from the line of Abhijeet Kundu from Antique Stock Broking.
- Abhijeet Kundu:** Actually, you have very commendably shown about 13% growth in gross profit during the quarter despite all the inflation and the price hikes we have taken. So gross probably something which in core is something very important at this point in time. So my first question was in Project SETU, you said that VAHO would be one of the main beneficiary as on date. Does

Project SETU improve your presence in under-indexed geographies of VAHO or it would be both in under-indexed and the existing strong geographies. So that is the first question.

**Saugata Gupta:**

Yes. Let me give you a perspective, if you look at historically, Parachute strong markets are basically the South and Maharashtra. And value-added hair oil markets are strong in the North. Having said that, I think in strong markets of the South and Maharashtra, especially South, this will help in diversification by putting the second or the third brand in because we have huge distribution already. In the case of some of the under-indexed markets, like in the North such as UP etc., where we are under indexed, there also, we see growth in VAHO. Basically, what it will do is in the South it will help in diversification of VAHO. It will also help in Parachute rural market share because in rural we can now reach directly. In the north, it will significantly improve the performance of VAHO, especially under-indexed markets. Hence, we are actually relatively more under-indexed in our direct distribution in the North compared to South.

**Abhijeet Kundu:**

Understood. And how has been the competitive environment in VAHO and also in case of Saffola edible oil, because in edible oil, there has been very sharp inflation. Companies have shown growth, but the volumes have been impacted. Although, your volume has relatively been insulated and the impact has been lower. So how has the market share behaved there in case of edible oil and how has the competitive environment been in VAHO? Because you say that your key competitor has increased prices in coconut oil as well as in other oils. So just a perspective on that.

**Saugata Gupta:**

So first, let me clarify, I mentioned only coconut oil. As far as Saffola is concerned, we have taken a conscious decision that we will ensure we deliver modest volume growth, and we will definitely not sacrifice on margins. We will operate at a threshold level of margin. And as you know, in any case, Saffola operates with a significant skew in OT as well as metro. Therefore, we believe that we will be able to give modest volume growth as long as there is no significant volatility in the raw material prices. I think in coconut oil, what has happened is that in the last year, we were facing two sets of headwinds. As you know, in the FMCG market, during COVID and the immediate period post COVID, a lot of smaller players had gone out of circulation or their presence had reduced. Sometime from 23-24 onwards when inflation happened, a lot of the small players started getting into the market. And obviously, in one year, we witnessed maybe because of inflation - our biggest source of growth in coconut oil is unbranded to branded, that slowed down and sometimes it went reverse. What we are now seeing in this period of inflation and if you look at this hyperinflation, small players' ability to buy, their working capital and the ability to store, they don't have position building, they become much more uncompetitive. At the same time, we have seen a case of organized competition also taking significant price increases, so that they don't make a negative gross margin, both of which will help us. And that's why we are confident that Parachute volumes will start coming back in a couple of quarters. And

number two, as I said in the second half of the year, with anniversarization, the ml-age drop impact will also stop to a large extent.

**Abhijeet Kundu:** And...

**Saugata Gupta:** I'm just going to add something It is our pricing power and we operate in a low-price elasticity. I don't recall any master brand having the guts to take 30% price increase.

**Abhijeet Kundu:** Very clear. And about the competitive environment in VAHO, has the intensity reduced?

**Saugata Gupta:** Not really. But as I said, what we have taken is a conscious call, which I alluded to in the last quarter also. There are two sets of things. One is the bottom of pyramid where there is a competitive intensity that is far more trade-driven intensity in terms of players moving from ATL to BTL. We are focusing on the mid and premium. We will continue to invest ATL. It doesn't matter whether our share of voice increases because it is our job as a market leader to drive category growth. If you look at our trajectory of VAHO from Q2, in Q3 and Q4, we have shown an improvement. And we are now pretty confident that this year, we will turn positive, and it will improve with every quarter.

**Abhijeet Kundu:** Okay. And the last one is, what will be the effective tax rate in the next few years?

**Pawan Agrawal:** You can take it at around 22%.

**Moderator:** We'll take our next question from the line of Nihal Mahesh Jham from HSBC Securities.

**Nihal Mahesh Jham:** Congratulations on the good performance. A couple of questions. First, on the Foods part of it, just wanted more clarity on where is snacking in the overall scheme of things. Has that also achieved a certain threshold profitability and if it's an important part of the 25% growth that you are targeting or more in the pilot stage and maybe the growth will be beyond FY27 for that segment?

**Saugata Gupta:** So we continue to be in the pilot stage. I think it's important first to get the GTM right. As you know, snacking is not OT skewed, because if you have to get snacking to scale, we have to get our GT in Foods right. So, when it comes to Saffola Foods growth, there are three key focus areas. First is to continue to invest behind increasing penetration in Oats. We will continue to drive honey, and we want to scale up Muesli, snacking comes next. And of course, as I said that you will see significant some new category entries in True Elements and Plix continues to do well. I believe that nutraceuticals, where Plix operates, the headroom for TAM expansion continues. We can get into some other things, like if you look at a nutraceutical band, you have five elements in any nutraceutical company. And one is weight management, one is cardiovascular health, diabetes, gut health, bone health, stress and sleep. Now Plix -- the name

is agnostic. It can operate in all. And therefore, the headroom for growth in Plix is tremendous. And I believe that Plix is a very strong equity. It has strong digital capability. The founders and us, we are working together, partnering and creating this explosive growth. And therefore, there is enough headroom for growth. Therefore, for us, food is at 3-vector growth and not a single-vector growth.

**Nihal Mahesh Jham:** Sure, sir. Just one follow-up here. So try to think that new categories of Foods will be more niche is a way the historical trajectory of Foods has been and, say, for a large category like snacking, where it's hypercompetitive will always not be a very core focus in terms of driving it ahead?

**Saugata Gupta:** No, I think if you look at one thing, what we are doing is one step at a time - if you look at Foods, I would first do a few things, get scale and then attempt the next one rather than doing many things, because one of the experiences we have had is that when we broke even in Oats and Masala Oats, with scale, the profitability had galloped. So therefore, one of the things we will do we do a few things to scale rather than doing many things subscale.

**Nihal Mahesh Jham:** Understood. Second question was on Beardo and the larger D2C portfolio that it's commendable reached a double-digit margin despite revenue is much lesser than some of the other larger D2C means you originally started out D2C. So just wanted to understand what has been the path to achieving these kind of margins at this scale? Is it measured A&P? Is it more focused on profitability and less discounts? Or is this a right mix of channels, if you could just highlight that.

**Saugata Gupta:** I think I alluded to my commentary being a listed company, our ambition or aspiration has to be greater than resources. We don't have the luxury of having resource greater than ambition.

**Pawan Agrawal:** And also just to add, we've discussed in the past that there could be two different models of growth in the D2C business, one is explosive growth of 70% to 80% with a significant cash burn. And the second one, which is a calibrated growth of 20% to 30%, but a very high focus on profitability improvement. And latter is what we have adopted as the approach, and we are absolutely comfortable with this, and we will continue to have this approach for the rest of the Digital businesses. While Beardo has reached double-digit operating margin, but others are also on the way. And we believe in the next 2 years, our aspiration of reaching double-digit operating margin for the entire cohort we should be able to realize.

**Moderator:** We'll take our next question from the line of Sheela Rathi from Morgan Stanley.

**Sheela Rathi:** Congratulations, Saugata for your reappointment. My first question was with respect to the opening remarks you made that the growth for the listed FMCG companies may not be the right

way to look at it or not necessarily representative of the overall growth. So just from your perspective, what would be your sense on the growth last year for the overall consumer space?

**Saugata Gupta:** I cannot give a number. But all I can say is that the D2C and the smaller brands don't get captured and also some of the unlisted companies. Thus it could be a tad higher. That's all I can say.

**Sheela Rathi:** Understood. And second question is very similar to what Nihal just asked on with respect to Beardo getting to double-digit margins. Just from your lens, again, what would be the gestation period? Is it fair to say that the gestation period for a personal care D2C brand is about 5 to 7 years, whereas for Foods it could be much longer? So what would be that number for Foods businesses when we are pursuing a similar Digital first kind of a strategy as well as right GTM strategy rather?

**Saugata Gupta:** So I think it's very difficult. But what I can tell you is this is for food brands and I'm not talking nutraceuticals. Nutraceuticals, obviously has high gross margin. I don't think there is a profitable model for digital-only foods business in this country. So they have to get into GT. And if you look at some of the brands which have scaled up, they have gone into GT. The proportion of GT-led Food founder brands is always higher than personal care. For personal care brands perhaps I would say they should not go too much into GT.

**Sheela Rathi:** Understood. Actually because that's the best thing, right, with respect to the journey for us on the Beardo side on how the profitability has moved. Thank you.

**Saugata Gupta:** Thank you.

**Moderator:** We'll take our next question from the line of Anurag Dayal from Phillip Capital.

**Anurag Dayal:** Sir, one question I have on GT channel it has been under pressure for quite some time, and you alluded you to some of the steps taken to pressure apart from our SETU initiative, could you tell us what are the states which we have taken? And when you see growth recovering in the channel?

**Saugata Gupta:** I think we believe that the urban GT will continue to be stressed, because I think if you look at the organized trade share in the top 5, 6 cities, it's increasing, also with growth of quick-commerce, quick-commerce is also taking a slice from GT. Having said that, what we are trying to do is ensure that through a significant number of steps, we want to manage and ensure that our partners continue to get ROI. But I believe there is significant opportunity in GT and it will continue to be very, very critical and a source of competitive advantage. There will continue to be entry barriers in the smaller & mid towns and rural. And that is why we are investing a significant portion of our effort in SETU, because in rural I don't see OT impacting rural even in the next 5-7 years. And that is where I think a lot of our SETU initiatives and investment is

going. We believe that for large FMCG players, defocusing on GT is not a great thing to do, but we should at the same time we believe it is “and” growth in India. It's not ‘or’ growth like what has happened in some of the other Western markets. GT will continue to be ever important even in 2030.

**Anurag Dayal:**

So sir, are we doing a differential SKUs for GT.

**Saugata Gupta:**

Yes, I think our entire effort is to have channel-specific portfolio and channel-specific SKUs and keep on reducing channel conflict and cannibalistic growth.

**Anurag Dayal:**

And one more question I have on Bangladesh. Now it's very commendable that we achieved double-digit growth in a tough environment. However, the dividend payout has been a record high in FY25. I just want to understand the reason behind it. Does it indicate that the growth opportunity in Bangladesh is now limited and maybe you're looking at other international markets – how do we understand this?

**Pawan Agrawal:**

Surplus cash lying on the balance sheet, and it is only prudent to return it back to the shareholders rather earning interest income on that. We are not compromising any investment opportunity, the A&P also continues to grow. And we believe that through continued investment, we will continue to grow in double digits. So it's more of a surplus lying in the balance sheet that has been brought back.

**Moderator:**

Thank you. Ladies and gentlemen, we'll take that as a last question for today. I would now like to hand the conference over to management for closing comments. Over to you.

**Pawan Agrawal:**

Thanks for listening on the call. To conclude, the year has been marked by significantly positive outcomes in each of our strategic objectives, even while the operating environment has been challenging. Despite sharp input cost pressures, our core portfolios have remained steady, and we have sustained investment towards the accelerated scale up of Foods and Premium Personal Care portfolios in India and premium categories in the overseas markets to build high growth levers, which are not only margin accretive, but will also systematically reduce commodity exposure over the time. As a result, we are working towards the revenue and profit construct, which will be far more resilient and predictable across business cycles. While we will need to navigate inflationary pressures in the immediate term, we remain confident of delivering top quartile performance in the coming year and the medium term.

That is it from our side. If you have any further queries, please feel free to reach out to our IR team, and we'll be happy to address. Thank you, and have a great evening.



*Marico Limited*  
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**Moderator:** Thank you. On behalf of Marico Limited, that concludes this conference. Thank you for joining us, and you may now disconnect.

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(This document has been edited to improve readability)