

November 16, 2022

DCS-CRD BSE Limited First Floor, New Trade Wing Rotunda Building, Phiroze Jeejeebhoy Towers Dalal Street, Fort, Mumbai 400 023  <b>Stock Code: 533229</b>	Listing Compliance National Stock Exchange of India Ltd. Exchange Plaza, 5 <sup>th</sup> Floor Plot No. C/1, 'G' Block Bandra- Kurla Complex Bandra East, Mumbai 400 051  <b>Stock Code: BAJAJCON</b>
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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 November 10, 2022.

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

Thanking you,

Yours Sincerely,

**For Bajaj Consumer Care Limited**

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

Encl: as above

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“Bajaj Consumer Care Limited  
Q2 FY ‘23 Earnings Conference Call”  
**November 10, 2022**



**MANAGEMENT:** **MR. JAIDEEP NANDI – MANAGING DIRECTOR – BAJAJ  
CONSUMER CARE LIMITED**  
**MR. DILIP KUMAR MALOO – CHIEF FINANCIAL  
OFFICER – BAJAJ CONSUMER CARE LIMITED**  
**MR. RICHARD D’SOUZA – ASSISTANT VICE PRESIDENT  
– FINANCE – BAJAJ CONSUMER CARE LIMITED**

**MODERATOR:** **MR. KARAN BHUWANIA – ICICI SECURITIES**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Bajaj Consumer Care Q2 FY '23 Earnings Conference Call hosted by ICICI Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance, during the conference call, please signal an operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Karan Bhuwania from ICICI Securities. Thank you, and over to you, Mr. Bhuwania.

**Karan Bhuwania:** Hi, good morning, everyone. It's our pleasure at ICICI to host the Bajaj Consumer Care Q2 FY '23 Results Conference Call. From the management, we have Mr. Jaideep Nandi, Managing Director; Mr. Dilip Kumar Maloo, Chief Financial Officer; and Mr. Richard Dsouza, AVP Finance. I'll hand over the call to Mr. Jaideep sir for introduction. Thank you. Over to you, sir.

**Jaideep Nandi:** Thank you, Karan, for hosting this call, and good morning, everyone. Along with me, Mr. DK Maloo, Chief Financial Officer, Richard Dsouza -- I also have some senior colleagues from my management team joining in this call. Despite tough market conditions, both in terms of demand scenario and inflationary pressures, the company posted a healthy top line growth of 7.2% for the quarter and 11.1% for H1, aided by an expanding portfolio. As mentioned, the operating environment continues to pose challenges.

We continue to witness unprecedented inflation impact the disposable income and as a result, consumer spendings adversely. This is more pronounced in rural as compared to urban. Inflation remains a significant challenge for many industries, including ours. While there has been some easing of commodity prices and supply chain pressures, most commodities, except copra, remain volatile and at elevated levels compared to historical averages.

The consumer price index inflation continues to be above RBI threshold since January of this year, driven by higher fuel and energy prices and food inflation. Let me now give you a brief about the hair oil market in the country. The overall hair oil market as per Nielsen declined by 5.5% and 5.7%, respectively, in terms of value and volume in Q2 FY '23. Urban markets declined by 2.8%, while rural markets saw a sharp decline of nearly 9%. This decline in rural was expected as consumers at lower income levels felt the pinch of both inflationary pressures and reduced disposable income, leading to downtrading and prioritizing essential over discretionary.

Long-term MAT degrowth was witnessed in terms of volume across all hair oils category with overall degrowth of nearly the 4% versus last year. For the quarter, light hair oil category saw a degrowth of 11.3% in terms of volume and the de-growth in high single digits in terms of value. All hair oil categories, including Amla and Coconut also registered de-growth.

On the backdrop of this macro context, let me now take you through the performance of the company for the quarter and half year ended 30th September 2022 before we open the house for questions. The company reported quarterly sales of INR 227.6 crores, as I mentioned, translating to a 7.2% value growth and a volume growth of 5.8% over the same period last year.

The value and volume growth of total hair oils was 7.1% and 6.4%, respectively, over the same period last year. For the half year ended, reported sales of INR 471.4 crores translated into a growth of 11.1% in terms of value and about 10% in terms of volumes over the same period last year. And the value and volume growth for half year as far as hair oils were concerned was 10.7% and 10.8%, respectively. On a 3-year CAGR basis, the volume growth has been in mid-single digits.

The gross margin for Q2 FY '23 was 51.8%, lower than previous period due to steep commodity price inflation, and it was mainly impacted due to the consumption price of LLP in Q2, which was much higher than that of in Q1. For the half year ended, gross margins was at 53.2%. The company's gross margin continued to remain adversely impacted due to high dependency on both LLP and RMO. Prices for LLP for the quarter was higher by 51% for the same period last year.

Last year, and as I just mentioned, it was specifically impacted in Q2 because of a higher inventory consumption cost. While sequentially, LLP prices remain range bound with 4% inflation during the quarter. On the other hand, RMO prices have corrected by 11% in the current quarter over the previous year. To mitigate the inflationary trend, cost-saving initiatives are being driven to bring structural reduction in material costs and overheads.

We continue to closely track the commodity prices as well as the competitive landscape and we'll take corrective action as and when necessary. In spite of pressure due to reduced gross margins, the company continue to make marketing investment in both its existing products as well as new launches to support its long-term growth aspiration to build significant brands in a diversified portfolio.

The A&P spend for the quarter was at 18.2% of sales, which was higher by 22.2% over the same period last year. The half year ended A&P spend was at 18.4% of sales, translating to an increase of 38.7% over the same period last year. A significant increase in A&P spend is on account of media spend to support ADHO and new TVCs of Bajaj Coco Onion and Almond Drop Soap as well as increased gain from digital marketing on all brands.

The EBITDA for the quarter was at 31.9 Crore with a margin of 14%, with PAT for the quarter was 31.8 Crore with a margin of 14%. The half year ended EBITDA margin was at 14.6% and PAT was 13.8%. In general trade, urban sales grew by double digits as compared to rural sales where the company witnessed a decline. Retail continues to scale up with a high-teens growth on the back of loyalty programs, which has helped to build the NPD portfolio across urban areas.

Expansion of wholesale loyalty program has helped grow the wholesale business in mid-single digits on a year-on-year basis. Rural slowdown clearly remains a concern area, especially in the HSM markets. Modern Trade and e-commerce, both have registered excellent growth as both channels continue to scale up well. The performance of non ADHO portfolio in both these channels have been encouraging. Modern trade grew by 77% in Q2 FY '23 over the same period

last year and now contributes to around 9% of total sales. This is on back of well executed fulfillment, visibility and significant market share gains across top retailers. Independence Day event though was a huge success across chains with footfalls much higher than pre-pandemic levels, our strategy of creating channel-specific packs in select key products has been yielding good results.

The canteen business also saw a revival in Q2 after subdued Q1. E-commerce continues to scale up well, achieving growth of more than 180% in Q2 of FY '23 over the same period last year and contributed around 9% of total sales. This is backed by robust media and consumer promo plans with timely execution and differentiated portfolio strategy.

Our brands gained significant market share on both Amazon and Flipkart and was amongst the top hair oil brands in peak season periods. Special pack strategy which worked well in delivering high returns. Our range of digital first brands for premium pure oils such as 100% pure and digital first premium, a brand in personal care, Natyv Soul are supported with digital marketing and are scaling up well as per our plans.

We'll continue to accelerate our footprint in the digital space going forward. The consolidated international business reported a strong growth of about 60% in Q2 FY '23 over the same period last year. New channel partners appointed in major countries in Middle East and Africa region have yielded good results, helping drive top line growth. Nepal saw muted growth due to macroeconomic environment in the country. Rest of the world performed well, led by opening of new countries and portfolio expansion.

The company now operates with a diverse portfolio in hair oils covering 83% of the total addressable hair oils market. Amla portfolio of the company grew by mid-single digits in H1 over the same period the previous year. Share of Amla portfolio remained steady in mid-single digit at all India level. Steady progress is seen in Bajaj 100% pure coconut oil. Bajaj's Coco Onion saw good traction in modern trade and e-commerce while distribution expansion continues in general trade.

Through dedicated regional marketing activities and leveraging our rural distribution capabilities, we are optimistic about being able to carve out a good market share in the light hair oil category as well. The almond drop soap launch in the last quarter is supported with TV media as well as digital and continues to receive positive and encouraging feedback from consumers. Almond plus Argan Oil with serum -- almond plus argan oil and serum with oil under the Almond Drop extension portfolio has been live on e-commerce and will drive offtakes in the coming quarters.

We'll continue to nurture and develop Almond Drop extensions going forward and expect the same to become a significant part of our portfolio in the midterm. The sales of NPDs more than doubled in Q2 FY '23 over the same period last year. This expansion of NPDs is in line with the long term strategy of the company to build a robust portfolio beyond ADHO. ADHO continues

to get media support across TV, social media platforms and print media supporting all three markets.

Increased investments have been made through visibility on e-commerce platform, consistent media presence in Hindi speaking markets has resulted in increase of SOV of ADHO alone to 18% from 14% last year. Bajaj Almond Drop #stylefearlessly registered 4.7 crore views on YouTube. The new almond super food for super hair campaign started from July 2022 reached 8.5 million people across YouTube and OTT platforms. The digital marketing is being used for increased thematic reach in cord cutters and building nourishment credentials with the power of almond campaign. We continue to make visible progress in our ESG program in line with our 3R philosophy of reduce, recycle and reuse. We continue to take initiatives for reducing our carbon footprints and greenhouse gas emissions. These initiatives have led to reduction in consumption of glass bottles by 8% this year, over and above the 16% reduction achieved last year. Similarly, in laminates, we have reduced our consumption by 6% on top of 14% reduction last year.

And the company continues to focus on reduction in uses of natural resources like water by monitoring the water resources, water sources and installation of controls at critical places. This helped us reduce water consumption by 30% in the first half of FY '23. Steps taken in process improvements at the plants helped in reduction of wastages of certain critical categories like laminates by around 25% over last year.

Our manufacturing plant at Guwahati was awarded for the outstanding achievement in environment protection by the Greentech Foundation in August 2022. Our manufacturing plant at Guwahati was awarded for 'Outstanding Achievements in Environment Protection' by Greentech Foundation in August 2022. As an organization, the focus is also to drive cost efficiency as rationalization initiatives across the company. About 20 projects have been undertaken mainly in supply chain, R&D, manufacturing to drive down cost, and these are continuing to track well.

So overall, despite a weak macroeconomic environment, including subdued demand in rural, we continue to drive our business strategically with focus on mid- to long-term objectives while current demand remains weak with the festive season and a normal monsoon, we expect recovery in demand conditions in the near to midterm, and we plan our strategies accordingly. So with that, I end the opening remarks and open the session for questions. Thank you.

**Moderator:**

The first question is from the line of Percy Panthaki from IIFL Securities.

**Percy Panthaki:**

I wanted to know your extent of price increases, how much you have taken in Bajaj Almond over the last 12 months? I mean on a Y-o-Y basis, what is the price increase sitting in our results? And also, if you have actioned any price increases in the recent past, in the last two, three months and which are sort of there in the pipeline? Yes, that's my first question.

**Jaideep Nandi:** So if you look at in the last six quarters, we have taken about a 7% price increase. And in the last four quarters, we have -- that is about 4% overall. And in the last three months, we have not taken a price increase given the market conditions, given what we see in terms of demand conditions, especially in rural and that too in the HSM market, we have not been able to take price increase.

**Percy Panthaki:** And on the commodity cost front, since most base commodities are now stabilizing. Some are showing some downward trend also. Do you think that the EBITDA margin that we have posted this quarter is the trough and it will not go any below that in future?

**Jaideep Nandi:** See, in terms of mustard, if you look at, clearly, there has been some correction that we have seen. So mustard crop is a bumper crop. So we expect a downward price that we are seeing in mustard to go continue. LLP clearly is unfortunately not showing a similar trend. It has still been upward. It has corrected a slightly slight bit. In Q2, specifically, we faced the brunt of it because between Q1 and Q2, we had about a 18% increase in terms of our consumption price. In Q1, we had a lower inventory cost of LLP. In Q2, we had a higher inventory cost. That's how you see this gross margin difference. That will even out. But I think overall, unless LLP for us has a significant correction, there may not be a large impact, large change that you will see in the gross margins in the near future.

**Percy Panthaki:** But your overall input cost index, which is likely to come in for Q3, would be marginally lower than Q2, right? Because even if LLP is more or less flat sequentially, but mustard is down. So the overall cost index should be a little down, right?

**Jaideep Nandi:** RM-wise, yes. Packing material-wise, glass is on a little bit of an upward trend. So it will get a little bit offset. But in the overall, context of what you're saying is correct.

**Percy Panthaki:** And what really is the issue with the hair oils category if -- basically Nielsen is saying that it is declining by 5%. Light hair oil is declining even more than that. Is it that -- I understand there is a pressure on rural incomes, etc.. I fully understand that we are seeing that in many other companies also. But hair oils is definitely, at the higher end of the band in terms of the pressure. So, what do you read into this? Why do you think this is happening?

**Jaideep Nandi:** If you look at other than pure discretionary, most of these regular daily items that you are seeing, which are even essentials, have also gone down. So even if you're looking at all the other FMCG categories that we see, all of that basket has actually gone down in Q2. So that rural demand that we are talking about, especially in the HSM market, that is something that we have been talking about for quite some time has been clearly showing the same discount. In fact -- clearly showing the same kind of a decline.

If you look at just soaps, for example, while in the last quarter, it had an 8.6% value growth as per Nielsen. It has 11.2% in terms of negative, and YTD September was about nearly close to 10%, 9.4%. So hair oil is actually is tracking a little better than -- let's say, the largest category, which is soap, hair oil being the third largest category. In terms of volume terms, hair oil is a

little better off. Obviously, value-wise, the soap category has been able to take a price increase which we have not in toothpaste, for example, is another category where we have seen declines, which are higher than hair oil is concerned.

So it is across clearly that inflationary pressures eating into the disposable income has been very, very stark in the rural markets and especially the lower income rural markets of the northern and the eastern belts and some parts of, mainly the Northern Eastern and the central parts of the country.

**Percy Panthaki:** And my final question is again on the margin. Do you see a clear path to a 20% EBITDA margin? And if so, over what period of time do you think it will happen? And what will be the drivers for the same?

**Jaideep Nandi:** Two clear drivers. One is today, you see far higher elevated investments that we are making for the future as far as the brands are concerned. Just to give you a sense of the A&P spend that we are doing. Today, 50% of our spends are going into -- I'm talking about pure A&P spend. 50% of our spends are into ADHO and 50% are into the non-ADHO, both digital as well as the non-digital. Now these are the brands which have now started scaling up well, which is where we see the value growth coming from. So with that we expect over the next two, three years to start giving far stronger results than they have already started through.

So that will clearly be one driver, which will bring down overall cost pressure and hence the EBITDA margin. The other is, obviously, we'll have to wait for the LLP correction or the demand conditions to become better. One of the two, either we are able to take a price increase to offset the increasing raw material prices or expect the raw material prices to come down itself. So it will be a function of both. While the first one is more internal controlled by us, and we hope that we are able to achieve and we are already seeing traction in that. The second one will still be a function of how both the -- macroeconomic conditions.

**Percy Panthaki:** And on this ad spend as a percentage of sales, how much do you expect it to come down by how many basis points over the next two to three years?

**Jaideep Nandi:** So at this moment, as I said, we'll keep at that 18%, 18.5% closer to 19%, that kind of numbers. We expect it to come down over time. I mean very difficult to speak of exact numbers, but we expect it to come down to that average 15%, 16%. So we expect at least 2.5% clear gain in terms of margin from that aspect as well as expecting another 3%, 3.5% from our gross margin aspect. So these are the two areas where we feel that, that 6% or the 5%, 6% bridge that we require basically.

**Moderator:** The next question is from the line of Abneesh Roy from Nuvama Institutional Equities.

**Abneesh Roy:** My question is essentially on the digital in terms of ad mix since you have taken over, what is the transition here? What was it -- at what level when you joined? And where do you see over the next three years in terms of digital as a mix of the total ad spend.



**Jaideep Nandi:**

At this moment, we are at 20% in terms of the digital spend that we are there. If you're saying about 2.5 years, it was lower than 5%, and that has gone up to 20%. So that time, obviously, the entire digital spend was basically only on ADHO. Now it is a broad-based spend. So it is not only on the product, it is also on the promotion of almond drops for super food for Super hair. So that thing that we want to extend the almond drops beyond just Almond drops hair oil. So that is also where we are spending as well as on the digital first brand as well as some campaign going on Natyv Soul and 100% pure.

So that has taken the number at this moment to 20%, and we expect that to keep on going further up. I really wouldn't be able to put an exact number as to how much we will take it, take it to. But clearly, the direction is that, that number is expected to go up as a percentage.

**Abneesh Roy:**

My second question is on the larger peers investing in the D2C website startups or doing on their own also. Now because of the overall liquidity drying up, start-up capital is going to be scarce. So a lot of deals, a lot of M&A will happen. Are we also on the lookout or you want to essentially ride on the third party only rather than investing in that comp?

**Jaideep Nandi:**

So two aspects. One is, obviously, D2C itself, which is basically our own website, where you get better control on your consumer data. That will be a function of -- that is obviously initially a cost burner, because for acquisition of the customer for the billing size that you have, initially, it may not add into your bottom line. So at this moment, with the pressures that we have as far as inflationary pressures, as well as demand pressure is concerned, we would rather invest in our brands rather than get into a D2C straightaway. D2C is clearly something in our horizon. We are doing our math for that. But at this moment, we would prefer to invest more in the brands and taking third-party through third parties rather than have our own D2C, but that is clearly a direction that we'll take as and when the market conditions.

The other aspect is obviously of having a larger footprint as far as digital is concerned. And as you rightly said, the valuations today are far more benign than there because of the drying of the capital that was available free capital that was available. So we are also actively tracking that and as we had already told you that in the last quarter itself here, we are engaged with an investment banker. So we are exploring options. And if anything fructifies, we'll obviously get that

**Abneesh Roy:**

My last question is back on the volume growth. So your previous company, Asian Paint, reported double-digit volume growth and not just on Y-o-Y basis. Even if you see three year, four year, they have reported a very good set of numbers multiple quarters. In Q2, if you see the two food companies, Britannia, reported around 4%, 5% volume growth. Nestle reported around 8% volume growth.

So when you see the high single-digit kind of a dip in hair oil, would you say that hair oil as a habit is now structurally changing because in some of the Southeast Asian countries, we did see many years back that hair oil as a habit for the millennials is coming down. So is that a risk

because of the slowdown in India also it can happen because two, three years back, no one was expecting that. But when you see such a big gap in terms of growth between paints and hair oil and more importantly, in FMCG between foods and hair oil, are you getting a bit concerned?

**Jaideep Nandi:**

I'm not sure how paint is related, so I'll keep that completely out because I'm not able to see the sheer linkage. Foods, I can understand where you're coming from. What I just mentioned, I was just talking about the categories in Personal Care, which are the large categories in personal care the largest category Soap where you have seen a volume decline higher than hair oils. We talked of toothpaste where we saw volume decline higher than hair oil. So I don't think hair oil is being completely different. Yes, you're absolutely right, newer forms of hair oils are coming in with Onion oil, etc., newer ingredients, actives are coming in. There are newer formats, which are coming in, in terms of Serum, etc., which we are also actively tracking as you have seen, we have launched Serum etc..

So usage of hair oil, which is so far ingrained, I don't think it's going anywhere. It's a INR 13,500 crore category, highly penetrated at more than 90% households. I don't see that is going anywhere. It is more of the current demand situation. So we will still remain very, very balance about hair oils, where in spite of so many down phase for a long time, hair oils are really gone nowhere. If you look at a long-term trend Hair Oils while has not had stellar growth, it has neither declined heavily, except for this current period where everybody else is also in a same pattern

**Abneesh Roy:**

But sir, no industry studies there on the youth in the metro cities because what happens in the metro cities and the youth may happen eventually in the other markets also. But any study has been done by any industry player or any third party on how is the youth usage in terms of hair oil across the board, not just in your case, but-- because we do see anecdotal evidence that in the big cities, it is definitely changing.

**Jaideep Nandi:**

So if you ask me in terms of hair oil usage, we don't see too much of a difference. It's not that the millennials are getting away there. Yes, they are experiment with newer ingredients, they are experimenting they are requiring more functional. Earlier, the story, that styling, glamor, etc., I mean that no longer sells with a new age customer. It is more the actual ingredient that you are talking about actually delivery that you were talking about. That's how today, if you look at our campaign is also move towards nourishment, towards hair fall, reduction of hair fall and not so much as style and glamor.

Clearly, that is something that is pushing through. And that's how you see even almonds drops in spite of this kind of difficult conditions, Almond Drops did register a growth. So in fact, in spite of a double-digit decline as far as the market is concerned, we had a value growth as far as Almond Drops is concerned. So almond drops continues to do, I will not say stellarly well, but continues to do well. And I think overall, hair oil is we don't see a big trend that is coming in. Yes, down trading has happened. Most of the impact that you see is more in the rural. The urban markets sustained as well. In fact, our urban sale has been double-digit positive. Our retail is

actually high teens positive even in this quarter. So I don't see that too much of a concern. Yes, there has been experimenting going on from the youth. They are trying out new formats, but hair oil is also not moving anywhere.

**Moderator:** The next question is from the line of Prakash Kapadia from Anived Portfolio Managers.

**Prakash Kapadia:** A couple of questions from my end. How much is LUP to our rural sales? And Jaideep, you mentioned about down trading. So what is happening? People are moving to Copra, are they buying lose oil on the rural side? What is happening?

**Jaideep Nandi:** So if you look at the low unit packs, and I would include even given the sachet pack inside that in that because our contribution in the INR 10, INR 20 as far as ADHO is concerned, is very low. Our own contribution to our portfolio. But if you were to include the sachet, then it becomes about close to about 15%, 18%. So that is the kind of contribution that I have. But for us, if you look at the bigger chunk of it has happened in the mid pack. The larger packs are doing well because the urban markets are doing well. in terms of modern trade e-commerce have been doing well.

So the larger packs have done well. The lower packs, because of down-trading also has done better plus also our bases are much smaller. So those are done well. It's where the mid-packs which is our core rural customers, which is where we are getting hit. And that is a substantial chunk of our portfolio more than 14%. So that's where it is today.

**Prakash Kapadia:** These would be what, INR 40, INR 50 price point packs?

**Jaideep Nandi:** Yes, it would be about INR 40 to INR 70, INR 35 to INR 70 price packs.

**Prakash Kapadia:** For the EBITDA margin, if I look at there, they are even lower at 13.3% lower than the COVID quarter. You did mention about two drivers for improvement. One is LLP prices coming down or demand going up. So which do you think is likely to happen first? Because the -- on the rural side, the base is now getting pretty low. So do we see demand coming back in second half? Is there some confidence or visibility of rural doing better in the second half because of the low base and maybe elections and government getting into some spending mode. Is that likely to happen? Or we have to wait for LLP prices to cool off?

**Jaideep Nandi:** I think both will be going hand in hand. I don't think it be either or one before the other. I think it will be -- because if you look at overall, all of it is finally related back to the overall price and the availability and the demand conditions. I mean that is where the entire story will still play out. So unless the inflationary pressures on the economy goes down, I mean we can all talk of a much better season, much better the things.

So those will have obviously marginal impact. But if it has to grossly correct, then inflationary pressures on the system has to go down. And if that does not go down, rural is not going to bounce back. Yes, it will be better than as you rightly said, because the bases have come down,

obviously, it will be a little more benign as far as base is concerned. But I think if you look at the structural correction, that can only happen when the inflation pressure on the system comes down. And that will have an impact both on LLP. RMO is not really so much directly impacted, but LLP definitely and as well as demand conditions.

Having said that, Urban is still continuing to do much better than rural. I mean, we see quite good hope as far as urban concerned. And then as far as we are concerned as a company, I see there is enough opportunity for us even in these market conditions to do well. Yes. I mean, obviously, the raw material pressures were better, the EBITDA margins would have looked much rosier. But clearly, in terms of penetration, in terms of building our brands, I mean, getting them into situation where other than ADHO, we have a portfolio to bat with. So when the demand conditions revised, there will be multiple brands to bat with. That has clearly already started to happen.

Today, ADHO seems in spite of a growth failing fear has gone down or let's put it other way out nearly 12% of our contribution is now coming from our new products, which is a pretty substantial improvement from where we were. And this is something that we would like to keep on growing because ADHO will remain restricted and limited in terms of growth by the nature of the market and nature of how the hair oils market behave, but we have enough engines to grow with, and that is what we'll continue to push.

**Prakash Kapadia:**

And lastly, on the inventory side and packing cost, how are we managing in these volatile times. So demand continues to remain muted. So is it like lead time being less, are we taking like shorter calls, taking one month call? How are we managing the input side?

**Jaideep Nandi:**

We'll keep inventories -- inventories will remain at a lower level, we will be taking shorter calls because it's unless in this kind of a volatile this thing, it can go both ways. Just as I was talking about in Q4 of last year, six months back, we clearly realized that LLP is going up, so we stocked up on LLP. That was a tactical call. We took advantage of that in Q1.

In Q2 obviously, that advantage did not remain. So at this moment, with the elevated levels and with RMO prices expected to go down, we will not take long calls at this stage. We'll take short calls. And once we see some trends coming up where we can take some punts, then we will be taking in. Otherwise, we'll operate with much lower inventories than the normal.

**Operator:**

The next question is from the line of Samir Rachh from Nippon India Mutual Fund.

**Samir Rachh:**

First of all, congratulations on decent volume growth despite of time. And also very happy to see that you're continuing our investment in A&P despite such a tough time. So sir, one question on new products. So new products in first half were around INR 58 crores, roughly 12% of sales. So I just want to understand from you where do you see this contribution of new products going over a period of time? That's number one. And secondly, as a portfolio, this entire new product, do they have higher gross margin than there were average portfolio gross margin or they are lower gross margin?

**Jaideep Nandi:**

So Samir, as I said, at this moment, we stand at 12%, and our expectation over a longer-term period is to take this number to about 40%, about 40% or even higher depending upon what kind of portfolio we build, while ADHO continues to deliver the growth. We'll continue to invest in ADHO. We'll continue to push all the pillars to exploit ADHO as much as possible. But on the other side, we want to develop a portfolio, which goes to about 40% in terms of. So we are just about started on that journey. Some of the products have started tracking well. And our objective was to build about three, four brands which are -- which become some substantial products in.

And in that, I think we are tracking pretty well. The Amla portfolio has started to come out well. In fact, Q3, Q4 would be good time for that portfolio to be taken up. The soaps have started adding to our portfolio and the entire almond drop extension portfolio, which is with the Serum and the Argan oil added this year and two more products, which will come up next year. And as we keep building the almond extension portfolio, we feel that portfolio as such, not a specific product, but that overall portfolio our portfolio itself will keep us giving good gains.

And the coconut portfolio with value-added coconut, as well as pure coconut, has also started tracking there. So overall, in this year of overall hair oil as well as in terms of the almond drop extensions, which is where we get to -- get into some of the categories in Personal Care, where we are able to -- not available -- with some rights to win, actually started working well, and we feel confident that this is somewhere we can push it further.

As far as margins and the digital first brands have already started. We obviously have some more strategy plans as far as digital is concerned. That is something that we obviously want to scale up because in spite of these difficult conditions, we see that digital spend, digital trend, etc., still in the upside, while valuations of companies are down as far as the digital brands are concerned, clearly, that has already taken traction, and that's not going to get reversed in the near time. So digital portfolio and digital footprint is something that will continue to push.

Having said that, coming back to your other question about gross margins, ADHO has a good gross margin. Some of the brands that in our portfolio have better gross margins than ADHO some of the brands are a little lower. Our objective would be to look at EBITDA positive kind of numbers in most of these brands. So some of these brands may not be supported through media spend. There will be more a trade-led brand where the gross margins may be lower, but our costs in terms of investments, in terms of media, etc., will also be low, and there will be some brands which we would like to develop as brands, which were big margins will be higher. And where we'll be spending in terms of ad spend. So that mix of trade led as well as brand-led products is how we would like to balance our portfolio.

**Samir Rachh:**

And just my second question is on this overall demand environment in rural India kind of. So post this monsoon post this festive season are there some early signs of recovery? Or you still think that slowdown will still prices for some more months?

**Jaideep Nandi:**

So frankly speaking, if you ask me, frankly, whether we can see a recovery in rural, not in our category, but any other category, there is no clear indication of this thing. Urban clearly has been doing well. In fact, very happy that urban continues to do well across the country. Rural is under pressure. It's HSM markets more severe than the thing and that has been the trend, not this quarter, I've been consistent in that, Where HSM markets. So we see that HSM markets are more severely impacted. The bases are also coming down.

But what we are taking this opportunity on the other side to do is, strengthen our basic core capabilities as far as general trade is concerned. So lot of work which is happening at the backend is developing capabilities as far as general trade is concerned, that we are able to sell a multi-brand portfolio through retail channel, etc.. So a lot of work is happening in terms of the retail initiatives, a lot of work is happening in terms of training our own people, execution capabilities, etc.. And we hope that when the demand conditions revise, we should be able to take benefit out of that.

**Moderator:**

The next question is from the line of Naysar Parekh from Native Capital.

**Naysar Parekh:**

First question is on modern trade. Obviously, remaining good growth or increasing as a percentage of sales. Can you talk about which brand is kind of driving this growth? And secondly, are there any other white spaces which we can target to kind of increase this even further?

**Jaideep Nandi:**

So modern trade is obviously led by ADHO and the entire growth that you see is led by ADHO. So one of the good things that we see, both in e-commerce as well as in modern trade because of our sheer contribution of our ADHO to all our channel salience. ADHO has been what has given us this growth. It would not have been possible without ADHO to give this growth.

Other brands, fortunately for us, both in modern trade as well as the e-commerce or other brands are also tracking the result. Some of the brands in GT are also tracking well. But in modern trade and e-commerce specifically, It's fair to say all the brands that we talked about in terms of launches have been tracking pretty well.

So that gives us quite a -- we have not launched all the brands in modern trade as we have launched in e-commerce, but where whatever we have launched in modern trade whether be it soap, be it coco onion, whether be it some of the extensions that we are planning to get into some of the digital first brands that we have launched. So most of them have been tracking pretty well. We have also had some specific channel-specific SKUs, so that there is the interplay between general trade and modern trade is kept as minimum as possible, those seem to also be giving us good results.

**Naysar Parekh:**

And on the digital first brand, right, the 100% category of Natyv Soul, are there any metric result on the customer survey or the traction the number is something that you can share in terms of how those brands are performing and, how do you see that? How do you see performance of those two brands going forward?

**Jaideep Nandi:**

So we have some internal parameters of measures in terms of what is the average billing size. I mean how many customer acquisition, what are the number of, I mean, because we don't get unique customers, etc., because it's through a third party. But as much as possible, we try to what kind of overall sizes that we are getting in terms of billing sizes, etc.. And basically, in terms of brands, which brands are taking up because we are also -- what we also are realizing and basically trying to do at this stage, especially, for example, Natyv Soul is concerned.

We also realized that some of the SKUs, which are picking up well, which are tracking well, we're going to, as we also learn from some of the digital first brands that they are far faster in terms of churning products. So we are also trying to replicate some of the models. I would not say we are extremely as agile as they are, but at least we have come a long way from what we are maybe six to nine months back.

A lot of learnings that how we rationalize the portfolio so that the ones that sale so that we are more able to push that in. So that is the work that is happening. Matrices at this stage, we have some rudimentary matrices. I would not like to make that in a public forum. But yes, as time grows and as the business picks up volume, we should be able to share some farm kind of rudimentary matrices with you so that you can get a sense of what is happening with this then.

**Naysar Parekh:**

And just last question. Can you just, maybe you mentioned, I missed it. But what is the ADHO value and volume growth? And what percentage is ADHO share of revenue in this quarter?

**Jaideep Nandi:**

So ADHO's share of revenue, as I mentioned, was 83%, 17% comes out of non-ADHO. ADHO had a value growth both in this quarter as well as in H1. Volume was a slightly negative. But value had a growth of about 2% this quarter and by H1 about more than 3%

**Moderator:**

The next question is from the line of Rahul Ranade from Goldman Sachs Asset Management.

**Rahul Ranade:**

Yes. Just one question on the ad spend that you mentioned. You want to take it from 18%, 18.5% to 15%-odd or as a percentage of sales. Any time horizon that you mentioned? I probably missed that.

**Jaideep Nandi:**

So we have not mentioned the time line. Typically, it would be about a two year to three year time horizon. I don't think it will happen in very short duration. It's more the midterm that we are looking at going there. Where as the volumes keep tracking, as the volumes keep going up for some of these other brands, I mean, that 17% as that number keeps going up, you will see the spend as well ad spend going down as a percent. So it will be a graded drop to that 15%.

**Rahul Ranade:**

But it will be more a function of top line growing and percentage declining rather than those kind of earlier philosophy of spending behind brands, which started, let's say, two years ago, no change in that, right?

**Jaideep Nandi:**

So at this moment, see once we have started this journey and started to spend. And in spite of these difficult times, we continue to speed on the brand and we're seeing the green shoots coming

out, and we are seeing these brands develop. It will be, I think suicidal to take those off and just protect your EBITDA in the short term. So we do not intend doing that. We continue to invest for that at least in a two year horizon, we have a much stronger company for as the brands are concerned quite a few of the meaningful brands, which we can then keep supporting. And then we can take the tactical calls to which one to support and which one to not.

**Rahul Ranade:**

And this ADHO kind of value growth of around 2% in the quarter and a decline in terms of volume, what would that split say, between urban and rural? I remember you said that urban has been positive, but what would the number will be?

**Jaideep Nandi:**

Yes. Urban was double digits positive. Rural was double-digit negative. So this is the starting point of which, again, if you look at the quality of the sale in urban, retail was close to about 18% growth, 17%, 18% growth, while wholesale was clocking single digits. So that's how it is. So retail is where we have been pushing. So both I mean, we are clearly seeing traction happening as far as -- this is something that, as you are aware, we have been pushing for the last seven, eight quarters.

Our presence in retail as an organization that has been identified as a long time this thing and that is something that we'll continue to do. So overall, if you look at strategically, we are not changing any of our stances. Yes, the market conditions have become difficult, etc., but we have not been tactical and just withdrawn some of it because if we need to correct this, we require this long term, a little bit of a long-term position as to what all we want to do as a company. And if you look at the things that we have wanted to track, retail for us is going up.

As far as some of the markets where we are not strong going up, modern trade e-commerce going up, some of the non-ADHO portfolio is going up. Some of the SKUs in ADHO going up, most of them have been doing well. Exceptionally we have not been firing in all the states that we had wanted to beyond where we are strong. So these are things that we would want to take up. And the other thing that we had said that we will take up two years down the line, which is the international business, which you would have seen some kind of movement that is happening still the numbers are very low, but those are things that you will start starting to flow.

**Moderator:**

The next question is from the line of Shirish Pardeshi from Centrum Broking.

**Shirish Pardeshi:**

I have one fundamental question. And if I go back five, six years before, you used to get about 50% plus sales from the wholesale, though I completely agree with your strategy expanding retail and giving more impetus to D2C brand and with time we have changed? Bit is it a good conscious strategy that we have cut the wholesale. And now you think we have become irrelevant to the wholesale, and that's why the wholesale has declined? Or you think there is a genuine rural demand, which is slackening for the kind of portfolio we are holding?

**Jaideep Nandi:**

So firstly, I would like to politely disagree with Shirish, that wholesale is not a focus area for us. Wholesale is very much a focus area for us. And in fact, if you for a large penetrated category for us, if wholesale is something that we defocus on or we were to ignore you will never be able



to make progress. Wholesale continues to be a very-very important area for us, but we are also doing things that we were not trying anyway. This is more a complementary thing that we are doing rather than an either of. So wholesale, if you look at in spite of these difficult conditions, we have had about a 6%, 7% growth as far as wholesale is concerned. So wholesale is clearly focused specific programs for wholesalers, loyalty programs, etc., for tying them long term. All these are in place, and this is something that we are driving clearly.

My point was that in retail, where we have the historically weak is something that we'll have to focus on because more than anything else with the strategy that we have to get into a larger portfolio, etc., you require the control on your distribution channel partner, which is where this entire effort towards retail went in about two years back and now it is fructifying with some of these new products that are coming in even in GT, they are doing well. It's also because we have that controlling retail, mainly in the Tier 1, Tier 2 cities, but that is what is happening, and that is what we like. So this is where it is. Where wholesale is definitely not something that is defocused. Wholesale is something that we'll continue to support because in our category, as well as in our country, without wholesale, it's very difficult to imagine that we will ever do well.

**Shirish Pardeshi:**

Another observation, about 10 years journey when we have seen since the time of listing, we always banked on the light hair oil, and that was the market change that millennial would not like to use the thick oil and the conversion will happen to the light hair oil. That was the history. But if I look at, say, five years, the market leader tried to garner the volume by cutting Amla prices and the HSM market grew very faster. In the current scenario, what is it that is not cyclosan and with the change in the market? Because I would see that even Amla has not grown. So maybe I'm trying to stretch your thought to find out what is exactly the problem?

**Jaideep Nandi:**

Again, very interesting the way behaviors have changed. During the COVID period, as you are aware, with people staying at home, a lot of self-experimentation happened with a lot of categories and also in hair oils. So one of the things which is easy to experiment is basically the coconut oil because that's a pure oil where you can do the experimentation. There's a lot of homemade remedies, etc., were being used by the by, let's say, the lady of the house, who typically be otherwise not had time to our own experience.

That has also structurally changed behaviors of people. So on one side with the NewGen brands have come in with active ingredients like onions, etc., vitamin C, so many other ingredients and people are taking notice so that. And that is coming fad on one side. The other side is also usage self-usage, self-home remedies, etc., coming in. So if you look at the patterns and behaviors are also changed, also are also changing based on how your consumer is also gravitating towards, etc.. So both of these factors are coming. While on one side, the demand pressures ensure that the premium oils suffered more than the cheaper oil.

Today, you see even the cheaper ones are also getting stressed. So this is on one side as far as pure demand situation is concerned. And at the micro level, as consumers play with the oils play with the products, etc.. They are also experimenting and migrating in migrating out of various

categories based on how to see the usage. So these dynamics will always continue. So really speaking, the earlier trend that we're talking about is no longer just think that only the cheaper oil if we just have more penetration, Amla will grow, etc.. That is a question, that is a theory now, Debunked a bit.

**Shirish Pardeshi:**

Though I agree with you, but just another observation having worked in the industry. The consumer will always have an a budget so is the price inflationary has cut the spend because this the perennial thing is that highly penetrated category, we have seen the consumption slackening, whether it is soaps or shampoos or even hair oil or even toothpaste also. So if the pricing is an issue and we'll have to wait the raw material prices will fall, we will cut the prices and then the consumer will come back, is that the trend which you are seeing? Or this is transitory?

**Jaideep Nandi:**

I think it is transitory. Today, again, it's a pure function of disposable income. So today, with this kind of inflation pressure, people are down trading, people are opting out, but finally at the end, usage patterns and usages are really not changing. Otherwise, we would have seen far sharper fall or sharper falls in specific categories. If you see most of these categories that I mentioned, the toothpaste, soap, hair oil, etc., all are showing similar trends. I mean soap going down further, but it is not that there's a huge mark difference in terms of behavior, in terms of the consumer. So it's just pure play inflationary pressure and the disposable income.

So I think this is transient. And as situations improve, I mean, this kind of keep bottoming out. You can't have a situation where demand is bottom down, inflation is at a all-time high this remaining as a constant that seems to be you will see some interventions coming from that. So that situation is anyway going to improve, and it is not going to impact our category more than any other category.

**Shirish Pardeshi:**

Just one last follow-up on this question. In your market with this or a sales meeting, what is the feedback you are getting there? Do you think another quarter or two, three, four, things will become normal or it's a structural issue, which will take a little longer time to settle.

**Jaideep Nandi:**

I mean I have been visiting, I have visited the Eastern markets and the Northern markets extensively. And bit of the western market. South, I have not visited in the recent past. So I can't talk of the South. But the rest of the market that went into I see, most of them the same story coming out. So just repeating the same thing. If you took talk of any future optimism, etc., yes, there is a cautious optimism there. But everybody wants to wait and see that optimism play out. Really speaking, I don't see somebody, any part of the channel or in terms of people, etc., that there is an absolute huge **bouncy** or huge expectation, demand conditions will go up.

But I think in our team, etc., I see some kind of excitement because with so many products to play in there we still see that earlier the pressure that if ADHO I'm not able to push through, I'll not be able to cover up my business from anywhere else. That pressure is not there so much on them. They are able to now play and play with the range to try and see how they can scramble and do their targets. So that is very heartening for us. So as far as we are concerned, we still

feel that people feel to seem to have some options to play with, and this is something that we'll continue to push. So while we'll expect the demand conditions to improve and Hence, as a result of the other parameters will fall in place. We'll continue our work so that at least we can protect our business going forward not extending the external conditions.

**Shirish Pardeshi:** My second question on Slide 4, what you have mentioned the NPD contribution at 12% for first half and that number is INR 58 crores. What is the cash burn we have seeing in this business, especially on NPD..

**Jaideep Nandi:** See, if you look at overall, I mean if you look at pure ADHO itself on a absolute EBITDA basis, it will still be clocking more than 20% as far as the EBITDA is concerned. So ADHO, if you were to look at compared to the previous period versus now, ADHOs EBITDA will be more or less very similar. Maybe a little bit here and there, but otherwise, more or less static. So most of the most of the cost is today going in terms of A&P spend as well as, let's say, products like Coco Onion and products like Soap which are national brands. So hence, the investments are also a little higher. But we expect those brands to start slowly and that is what we are seeing already traction coming in. So those two start flowing in, and we'll also then start readjusting our investments. When you launch a brand, obviously, our investment intensity is also a little higher. So that will also regulate and basically taken. So that is how we see it going forward.

**Shirish Pardeshi:** So in this INR 58 crores, what could be the contribution from e-commerce and modern trade and GT?

**Jaideep Nandi:** INR 58 crores modern trade e-commerce, GT, I'll have to see, I have not split it up as a brand. So brand channel-wise, I'll have to do the math. But if you look at it will be -- in terms of modern trade and e-commerce, it will be quite a large component and -- but GT will also have a decent component to that because you have the Amla, you have the coconut. So GT will also have a large component. Is that the modern trade and e-commerce will be more broad-based in terms of GT will be restricted to fewer brands of, let's say, just the starting of the soap the coconut the Amla range that's why.

**Shirish Pardeshi:** So the reason why I'm asking is because you have fairly about four, five new products, which has given you this kind of momentum, INR 10 crores per month. I'm more keen that in the medium to long term, what is the, which is the segment, which is the product you think is promising?

**Jaideep Nandi:** I think that's what I replied. What are the products, that's why we don't want to go for a large range of products which we can't support. I mean we see companies where large range products are launched and maybe some of them they're supporting us different manners. We feel that with our company capability etc., we would like have restricted range of product introductions, which we can support most of them. Some of them may not take off as the way we would expect to, but at least we would want them to higher chances of success.

So we will still remain with the Coco Onion, will remain with the Soap, will remain with the coconut and Amla range as well as the almond drop extension and that first digital. That's where we would restrict us to. It will not be a play for launches. As we said, I mean, in terms of the almond drop extension into lots of formats we already have rights to win, etc., but we will do this in a graded manner. We will not launch all these products because we will require all of them to be supported. We'll just not launch them and just support them through trade spend or just on our platform spend.

We would also like to support them and build some equity for the brand. And that's why we would like to have a little more weightage. So as a result, all of them are tracking decently well as far as expected. Some may not be as per our internal numbers, some often may be exceeding the numbers, but that the stage we see all of them to be promising, and we don't have any plans of taking back any of product that we have launched in the last maybe 1 year, 1.5 year.

**Shirish Pardeshi:**

Sorry for stretching. I have last question. On Slide 14, you have mentioned that on the cost initiative in savings projects, 20 projects we are running in value engineering and alternative vendor development and transportation, can you quantify what kind of savings is the percentage of sales or maybe in terms of absolute number you would like to save in next quarter?

**Jaideep Nandi:**

So we would be looking at about a percentage coming in from there, about a percentage coming in from there. So these 20 projects that we saw is typically more supply chain driven there are other projects also running across the functions in terms of R&D, in terms of, and this is not only value engineering, but beyond value engineering as well, in terms of HR, in terms of rationalization, you would have seen from our graph that HR costs are in control in spite of our heavy investment in getting people in strong a large portfolio, a large team in marketing in terms of e-commerce modern trade in terms of digital marketing team, R&D teams, etc.. In spite of that, you will see that reduction in HR costs have happened because we have rationalized our people structure, etc.. So overall, the cost listing, we expect about a percentage or so other than manpower to come down overall from the quarter.

**Moderator:**

The next question from the line of Vaibhav Badjatya from Honesty and Integrity.

**Vaibhav Badjatya:**

Sir, the ADHO that you mentioned, 83% of the revision, is it for the first half or the second quarter?

**Jaideep Nandi:**

The second quarter.

**Vaibhav Badjatya:**

And what would be that for the first half in Q2?

**Jaideep Nandi:**

First half is similar. I mean it is about 84%.

**Vaibhav Badjatya:**

And I mean, NPD. So when you mentioned it is 12% premium. So what is not included in NPD?

**Jaideep Nandi:**

What is not included in NPD, so let's put at what we take, what we define as NPD. NPD is what we define as, and that's a traditional definition, I would assume most companies follow, which is any product that has been launched in the last three years. So by that definition, what is covered NPD starting from the Amla, Aloevera that we started, and the Sarso Amla, the Bajaj coconut, the Coco Onion, the digital-first brands and the Almond drop extensions, which is soaps, Serum and Argan oils. On the non-NPD category, obviously, you have ADHO. Other than that, you have Brahmi Amla Hair Oil. You have the Nomark range. That's about mainly the other than the smaller ones black tooth powder etc., which are very-very small...

**Vaibhav Badjatya:**

And lastly on this. It is just a request on promoter front, we now are seeing increasing sign of stress because some of the promoter companies are facing defaults. And even the personal guarantee of the promoters have also been evoked in some cases, so like last time, when all these issues happened, promoter came on the call and clarified everything that there will be no more pressure -- nothing.

So this time, again, if you know either on this con call or press release or through separate meeting, this can be addressed that what are the plans? And whether the promoters continue to support this company. If that can be clarified that, that would be really great. And then there is just a suggestion, I'm not asking for any question, but this is important from the shareholders' perspective as to what is going to happen with the promoters holding?

**Jaideep Nandi:**

I respect your point. I'll obviously, the Chairman does not typically attend the investor call. He takes a transcript later. So I'll pass on this information to him, I'll pass both your suggestion as well as your recommendation to him. And finally, this is his derogative to address as a line. But at this stage, I can confirm that the promoter fully deeply involved with this business, he does a regular review with us, and he is very much actively involved with the business.

**Moderator:**

The next question is from the line of Abhijeet Kundu from Antique Stockbroking.

**Abhijeet Kundu:**

Essentially, I was just reconciling the revenue growth. So if we see that modern trade has a 9% of sales, general trade has 75%, again e-comm has 9% of sales, it has grown at about 180%. International business also has grown at 50% at. So my question is, firstly, what will be the contribution of international business in the current quarter? And we have seen the general trade has slightly declined. But when, if you have to do the math, then the general trade has been declined at a higher rate basis. I mean just where am I going wrong just to just need to get that detail?

**Jaideep Nandi:**

So I'll just help you with the numbers. So general trade is at about 73%, 74% of the saliency, organized trade as we call it, modern plus e-commerce plus canteen's business is about 22%, 23% and international business is at 4%. And general trade at this stage, at a half year level, has grown at about 2%, 2.5%. And in the quarter level, it has grown slightly a mid-single-digit number.

**Abhijeet Kundu:**

Because I was just, I mean, because general trade, modern trade and e-commerce....

- Jaideep Nandi:** These are reconciled numbers. You can add them up and this is exactly how they pan out.
- Moderator:** That was the last question. I now hand the conference over to the management for closing comments.
- Jaideep Nandi:** So thank you, everybody, and thank you for the incisive questions and your interest in the business. I mean, obviously, it's been quite a few quarters of challenging times. I remember two years back, when we were looking at exactly the strategy, two things we clearly had not anticipated, which is that unprecedented inflation that we saw as well as the demand conditions, which actually slumped. So if you ask me more than the inflation, I think we are more hurt by the demand condition slump that we saw because if the demand conditions were a little better off, we could have actually been able to support it.
- But we understand, obviously, one is the function of the others. So really speaking, you can't pick a pick and choose. We just feel comfortable with the fact that if you were still just on ADHO, while we might have reporting, as I said, if we are just doing ADHO even today, we would have reported positive EBITDA of more than 20%. But I think for the long term, this would have been very-very difficult and stressful time for us and a very risky proposition for us.
- We sit in a situation where most of the plans that we had put up for ourselves as far as internal plans are concerned, so both in terms of complete doing a revamp of our internal systems and processes, governance, etc., controls in place, getting the people, right people in place for the future ready organization, getting the IT systems that we wanted to do as well as in terms of our marketing strategy, portfolio strategy, etc.. All that has, all those engines have started running in.
- Yes, market conditions do remain difficult for a time, but at least the engines have started firing and when the market revises and so would it be true for all other companies. We feel that we are now in a position to really accelerate our growth engine. So with that, with this cautious optimism, I would like to end this call, and thank you all for being part of this call. Thank you.
- Moderator:** Thank you. On behalf of ICICI Securities, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.