Ref: SEC/SE/2022-23  
Date: October 31, 2022

To,
Corporate Relation Department  
BSE Ltd.  
Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai- 400001

National Stock Exchange of India Ltd.  
Exchange Plaza, 5th Floor  
Plot No. C/1, G Block, Bandra Kurla Complex  
Bandra (E), Mumbai – 400051

BSE Scrip Code: 500096  
NSE Scrip Symbol: DABUR

Sub: Transcript of Investors’ Conference Call for Dabur India Limited –  
Q2 FY 2022-23 Financial Results

Dear Sir/Madam,

Pursuant to the provisions of Regulation 30 of SEBI (Listing Obligations and Disclosure  
Requirements) Regulations, 2015, please find enclosed herewith the Transcript of Investors’  
Conference Call organized on 27th October 2022 post declaration of Financial Results for the  
quarter and half year ended 30th September 2022. The said transcript is also available on the  

This is for your information and records.

Thanking You,

Yours faithfully,

For Dabur India Limited

ASHOK KUMAR JAIN  
EVP (Finance) and Company Secretary

Encl: as above
“Dabur India Limited
Q2 FY23 Results
Investor Conference Call”

October 27, 2022

DABUR INDIA LTD. - MANAGEMENT:

MR. MOHIT MALHOTRA – CEO
MR. ADARSH SHARMA – COO
MR. ANKUSH JAIN – CFO
MR. ASHOK JAIN – EVP (FINANCE) & COMPANY SECRETARY
MS. GAGAN AHLUWALIA – VP (CORPORATE AFFAIRS)
MR. MAYANK KUMAR – HEAD OF MARKETING, FOODS & BEVERAGES
MR. N. KRISHNAN - DGM (FINANCE)
Good morning, ladies and gentlemen. On behalf of the Management of Dabur India Limited, I welcome you to the conference call pertaining to results for the Quarter and Half Year Ended 30th September 2022.

Present here with me are Mr. Mohit Malhotra - Chief Executive Officer, Dabur India Limited; Mr. Adarsh Sharma – Chief Operating Officer; Mr. Ankush Jain - Chief Financial Officer; Mr. N. Krishnan - DGM (Finance); Mr. Ashok Jain – EVP (Finance) and Company Secretary; Mr. Mayank Kumar – Head of Marketing, Food & Beverages. We will start with an overview of the company's performance by Mr. Mohit Malhotra, followed by a Q&A session. Over to you, Mohit.

Mohit Malhotra: Good morning to everyone. A very Happy Diwali and Seasons Greetings to Everyone! Thank you for joining us today amidst the festive season.

The operating environment continues to be challenging. We are seeing unprecedented inflation across the world, with 40-year highs in U.S., UK and other markets. India is also reeling under pressure of inflation which is visible in the CPI being higher than the MPC comfort levels target of around 6% for the 9th month in a row. Central Banks across the world are raising interest rates to curb inflation but this is impacting consumption and also leading to currency devaluations across the world and geographies. As a result, we are seeing GDP growth cuts across the board.

In such an environment Dabur’s consolidated revenue from operations grew by 6% with a constant currency growth of 8.5%. India Business grew by 7%. The 3-year CAGR for revenue of India Business is at around 12% backed by double digit 3-year CAGR in all the three verticals of business, which is Healthcare, HPC and Foods. On account of continued unprecedented material inflation, our gross margins contracted by 300 bps plus, but this was partially offset by price increases and saving initiatives. This led to operating margins declining by around 190 bps to touch 20.1% in Q2 FY23. Consolidated profit after tax registered a decline of 2.8% to touch INR 490 crores during the quarter.

In terms of the categories Food & Beverage business posted a stellar growth of 30%. The beverage business was on a strong trajectory and outperformed the industry significantly with a market share in J&N category increasing by 410 bps. This was further bolstered by strong traction in our food drinks and milkshake portfolio which has helped us to expand our total addressable market substantially.

The Food business also performed well with the growth of 21%. It is also my pleasure to inform you that we have signed a definitive agreement to acquire 51% shareholding of Badshah Masala Private Limited. Badshah is one of the leading players in the spices and condiments category with major presence in Gujarat, Maharashtra and Telangana. The acquisition is in line with our
strategic intent to expand our Foods business to INR Rs. 500 crores in three years’ time and to
expand into adjacent categories. It also enables our entry into Rs. 25,000 crore branded spices
and seasonings market in India. We intend to leverage our market presence in both domestic and
international markets to provide a further fillip to our Foods business.

Coming to the HPC portfolio, we recorded a 6.3% growth on a high base of 17%, leading to a
3-year CAGR of 11%. Toothpaste portfolio grew by 11.2% during the quarter. And our market
share in toothpaste segment increased by 10 bps. Homecare reported a growth of 21% driven by
robust double digit growth across Odonil and Sanifresh franchises. Odonil recorded an increase
of 350 bps in market share in liquid air freshner category and Odomos increased its market share
by 330 bps. Shampoo also recorded a 9% growth in an increase in market share of 40 bps. Hair
Oil posted a 2% growth in the quarter impacted by category declining by 5.7% in volume. That
said our 3-year CAGR, a healthy 7% in the Hair Oils category. Our market share in Hair Oils
improved by 20 bps.

The Healthcare portfolio is lapping over a two-year base of exponential growth due to COVID
onset. On the 3-year CAGR basis, Healthcare continues to be on trend of around 10% CAGR.
Our market share in Chyawanprash increased by 120 bps and in Honey increased by 40 bps. The
new entrants in Honey category saw a significant shrinkage in market share by around 200 bps
across both traditional trades and modern trades. Digestive category saw a flat growth on high
base of 22.7%. Under OTC and Ethicals business Honitus and Shilajit reported strong growth.

Among channels eCommerce was a standout performer with a growth of 50% and now
contributes to around 9% of our revenue. Modern trade also saw double digit growth during the
quarter.

International Business reported a constant currency growth of 12% and a high base of 23% last
year. Sub-Sahara Africa business grew by 18% and SAARC business clogged a double-digit
growth. While Egypt and Turkey businesses reported robust double digit growth in constant
currency terms they were impacted by severe currency devaluations leading to loss in
translations.

Overall, in spite of weak macroeconomic environment, we continue to drive our business
aggressively and have gained market share across 95% of our portfolio. Going forward, we
expect the quantum of inflation to moderate on account of high inflation in the bases. While
current demand remains weak a strong festive season, near normal monsoon, a good harvest,
and MSP increases should enable recovery in rural in the near term. Urban recovery will continue
to be driven by a revival of economy, softening of inflation and buoyancy in new age channels.
As for Dabur, we will continue to focus on gaining market share. Growing ahead of the industry on back of strong strength of our power brands, distribution coverage, innovation, cost optimization, efficiency enhancement initiatives.

With this, I bring my address to a close and open the session to Q&A. Thank you very much.

**Abneesh Roy from Nuvama Institutional Equities**

*Abneesh Roy:* My first question is on Skin and Salon on a YoY basis; I understand high base was there because of sanitizer. On a three-year basis 1.1% is one of the lowest growth within your own categories. So, is there any shift in consumer behavior towards other products, other brands? See Nielsen market share data we know doesn't always capture the true trends.

And second related question is on sanitary napkins. Will this be more of an eCommerce play, because this is a very tough category and we all already have entrenched brands also here.

*Mohit Malhotra:* Right so Abneesh, first thing on Skin and Salon we were lapping over very high base. That's the reason why the growth of Skin and Salon is it’s -5%, which is there and it contains Sanitizer piece like you rightly noted. And I don't think there's anything structurally which is wrong in Skin and Salon except for that discretionary products consumption it has still not reached the pre-COVID level so it is taking some time. That said we are on an agenda to taking market share from local players. Local players are actually very strong. We have seen high price increases in the skincare to a tune of roughly around 8% to 9% whereas some local players have not taken those price increases. So, there is a little pushback coming from the consumer in terms of offtake. But I think as the advertising begins in Skin, I think the business should trend well.

Just to tell you the initiatives that we have taken in Skincare we have revamped our entire Gulabari portfolio. And with the onset of winters, there will be a little bit pipelining also that we have put in place and in winter, we should see very good growth coming on Gulabari on the back of consumer promotions and new packaging revamp that we have done. Even in the Fem business there is a big revamp which is happening.

On the Sanitary Napkin case this is essentially going to be an eCommerce place. We will test the market as to how it fares before we roll it out to modern trade like we do with most of our new products.

*Abneesh Roy:* Related question, in last three years Dabur has hugely diversified its portfolio with a lot of the products on eCommerce. So, which ones are successful and when you say eCommerce is 9% of your sales, how much is coming from the products which have been launched in the last three years?
Mohit Malhotra: Yes so eCommerce is doing very well for us, as in the current quarter also, we’ve grown by roughly around 50% in eCommerce. Earlier we had some structural issues with Amazon etc., changing their partner and supply chain Cloudtail getting shifted to multiple other partners, but I think that is all behind us. And all the different verticals of eCommerce are doing well, whether it’s a marketplace or it’s the grocery verticals, or it is the pharmacy verticals all of them are doing exceedingly well. Plus, we have put in a separate infrastructure and businesses for eCommerce, and we are monitoring the business. And Quarter-on-Quarter our business is trending up as you can see that it’s already 9% around four years back this used to be around 2% to 3%. Now, this has become a cradle for all the innovations for us. So, whenever we are launching a new concept or a new product, we are first testing it out on eCommerce because the cost of entry is very low and not significant investments are required on eCommerce. And we use digital marketing to create demand and also on platform demand generation is pretty economical as compared to the mass market.

The products which have done really well for us in eCommerce, our baby care range has done exceedingly well for us. And Apple Cider Vinegar, which is done very well. Most of the other products and juices and drinks have done exceedingly well for us. Our edible oils are doing well. Shilajit, new launches and variants have done very well. The new product contribution on eCommerce is already 11% for us. So, I think most of the products which we have launched on eCommerce are doing quite well.

And under the Real Chia Seeds and the Flaxseed both of them are doing well. As a matter of fact, the new launch of Peanut Butter is now trending among top sellers on eCommerce ahead of Pintola and other established players.

Abneesh Roy: One question I grapple with is, you mentioned in Chyawanprash, the new entrant has lost market share on eCommerce etc. and modern trade. So, that same question I had is because you are also entering late in most of these categories, initial sales is there because of either advertising or just consumers just wanting to sample or the pricing whatever. You have confidence on these scaling up over three to four years? And will these be taken to the general trade also?

Mohit Malhotra: Yes, so let me first address your first question. The new entrant when I meant was not Chyawanprash, it was Honey. In Honey, there was a quick scale up happen to around 5% to 6% market share levels in modern trade. But there, there has been a drastic fall in market share that we have seen of 200 to 300 basis points. And moreover, the NMR claim on back of which they had actually gained market share and so much of euphoria was created in the marketplace, as all died down now. The NMR claim is also gone and now they have launched a new variant with the sub-branding of Active and no more claiming NMR. So, I am suspicious on some optimization of the formulation also would have happened by the new player.
So, I think it is the competency and the core competency not being there in these categories and that’s why the entrants have come in. As far as we are concerned on eCommerce, we launched a NPDs wherever we have a right to win. So, when I say we have a right to win, we have a core capability and a competency to create those products and we do not compete with established and a very big, organized players. We generally compete with the digital first players. And digital first players, don't have the wherewithal to scale the business in the general trade or in the brick-and-mortar channels where we have our strengths and we can scale up. And we are not launching in the areas where we have that strength. We are launching it on their turf, which is digitally first. And if we do well in that digitally first space, then the chances of our success in a turf where we are strong is very positive, which is modern trade and in GT, which will come later for us.

So, I don't think there is a problem. That said, Baby Care range is being scaled up to a modern trade and the other variants like Apple Cider Vinegar also being scaled up to modern trade. In modern trade also, we are not going to mass-modern trade, we are going through very selective modern trade chains and taking promoters to ensure that the progress of our NPD is very slow and gradual. And it is not that we give a target of doing a Rs. 10 crore or Rs. 20 crores, 2% market share targets to our team. We are talking about a share of shelf and share of market in the outlets that we are putting in. So, it's micro marketing that we guys are doing with our NPDs. So, that way I don't think we are actually worried because it is a very channel wise and segmented launch that we guys are following.

Abneesh Roy: My second question is on Badshah Masala so after 60 years this brand is around Rs. 200 to Rs. 250 crore size. So, which means in branded masala it's around 1% market share. So, what is the expectation of scale up here over a three to four years’ timeframe, given in 60 years it is around Rs. 200 crores?

Second is of course a lot of the listed players are also having very aggressive plans here. And if you could talk about the margin profile versus your standalone margin and when you say cash EPS neutral in first year and EPS accretive in second year, what do you mean by that?

Mohit Malhotra: Okay, I will answer the first question. So, it's a very old brand. So, I think the answer lies in your question, I think there is so much of legacy and heritage in this brand, 64 years old brand, it's almost like Dabur which is 138-year-old entity which establishes a lot of trust and faith in the consumer franchise which is buying. Your point on market share yes they are around 4% to 5% market share in the core markets, they are basically present in Gujarat, Maharashtra and Telangana, where they are the good #2 player in the market with four to five share. And if you look at this whole masala and the condiment market the size of the market is very scalable and sizable around Rs. 25,000 crores as compared to categories like Oral Care or Hair Oil where we
operate in the Rs. 10,000 crore market sizes and Juices where we operate around Rs. 1500 to Rs. 2000 crore market sizes, it’s a very lucrative large market.

I think the first pivot of our winning is, that the market sizes where we enter should be scalable enough and there should be enough room for us to grow. And with that kind of a market size there is room for multiple organized players to come in and gain market shares. And this market is essentially unorganized. So, there's a lot of room to get converted from unorganized to organized from organized also to big, branded player. So, enough room for everybody to play. And this is a very should I say state-by-state market growth which one needs to follow. So, we are starting from Maharashtra and Gujarat and then we will extend this portfolio going forward. And we feel that there's a brand equity here which can be harnessed and can be ploughed.

As far as the growth not being there in past decade or so around 4% or 5% of CAGR, I think there were issues within the family and that's why the growth was not there. The family was a little divided on the investments to be put behind the brand. And there hardly was any investment put behind the brand. But the jingle of Badshah it still resonates very well.

As far as margins are concerned to your second point Abneesh, the margins are accretive whether it's a gross margin or operating margin it’s accretive to our foods portfolio margin and this will only add on and improve our margins in the food segment where we guys operate with essentially Beverage portfolio. We have a vision to extend our Beverage portfolio to a Food & Beverage portfolio. And this is an attempt in that direction to become a Food & Beverage company rather than being only a Beverage play. We have a 70% market share in the Beverage play. But we want to extend this to the Food segment.

Ankush Jain: What we mean by this is that profit after tax, net of the interest opportunity cost will be accretive within the first two years. And without taking into account the brand amortization, which will come subsequently but cash EPS will definitely be accretive as such in two years and going forward.

Abneesh Roy: And Mohit on the question of the distribution scale up because you said only few states Badshah is present, will your plan be to first focus on these key states or you want to first take PAN India presence?

Mohit Malhotra: No, not really. So, we have a very focused strategy on this. So, in first stage we will focus on Gujarat, Maharashtra and Telangana that is the key core states. In the second phase, we will focus on the adjoining state which is Rajasthan. And subsequently, we will look at scaling it up to all India where Dabur has a presence. So, first that is the geography wise play.

As far as the distribution play is concerned, Badshah have got a distribution to roughly around 80,000 outlets so Dabur has a much huger scale of distribution, whether it's direct or indirect in
both urban and rural. I think that distribution within the current states will be strengthen before we move on to the adjacent states and then subsequently to the rest of India. But for rest of India as you know, this is very specific to the palate, likings and preference driven category. So, we will have to create a back end and create flavors, which are in tune with the preferences and the pace of the consumers in other geographies also. So, that scale up will happen in due course of time.

Shirish Pardeshi from Centrum Broking

Shirish Pardeshi: Just two questions which are burning in my mind. During the COVID period, our Healthcare business has moved from almost 23% to 24% to almost 40% when I look at Quarter 3 last year. Now, clearly Healthcare tailwinds are not there and the product decline is already there. So, just wanted your thought that how should we look at this business the rest of the year?

Mohit Malhotra: So, Shirish pre-COVID, the business was roughly around 30% contribution to our overall business in Healthcare. So, Healthcare obviously got a growth spurt of around 70% during the two years of COVID, year 1 and year 2, post that there has been a rebalancing of portfolio which was expected to happen and which is happening. One thing is very heartening for us is that the penetration levels of these Healthcare categories has gone up vs the pre-COVID levels. So, if you look at the business, and this is the off season that you are looking at. Now in season, we will be back to 30% contribution in this business. If you look at the Foods business also that went down to something like around 15% or even lesser than that and it's back to 20% level, even the HPC business which was the more discretionary in nature and that went down to around 40% levels is back to 50% level. So, the rebalancing of portfolio mix which has happened and it's going to be back to the pre-COVID levels, so which will be 30% of Healthcare, Foods being around 20%, HPC is around 50%. And that's what we expected to be going forward also.

The good thing is because of the catalytic impact of COVID now some penetration levels in these categories have kind of stabilized and they are higher than the pre-COVID levels. And during the COVID period, we have actually gained sustainable market share. If you look at Chyawanprash I think year-on-year in past three years, we have gained something like around more than 1500 bps overall in these three years. So, we have actually strengthened our market leadership in Chyawanprash. We have strengthened our market leadership in Honey. In Honey, pre-COVID, we lost to Patanjali. But post-COVID we have regained the entire ground and our market share in the range of about 50% in Honey also despite newer players coming in because the whole market opened up and there was a growth we have not seen any slack in terms of our market share. And as a leader, we are growing this category as a leader and continuously launching newer format, newer innovations, packaging revamps etc. like you have seen in Honey. We have extended ourselves into Organic Honey, we have extended ourselves into squeezy pack. Now we are launching PET bottles where we have gone into Honey Tasties, we
will be launching a Honey Tea and Honey for Cough and Cold. So, there are separate, multiple pivots and opportunities of growth which actually opened up post-COVID for us. And so is the case in Chyawanprash. In Chyawanprash also we see Chyawanprash in powder form coming in, Chyawanprash Diabetic scaling up, Chyawanprash Gud based coming in. And so therefore it just opened up the whole market for us.

Shirish Pardeshi: My second question on the Beverages part. Now we have a very strong strategy and we are now expanding and representing a larger market. So, if you can give me some data points that when we had only one brand, which is Real, and now we have Beverages, so what kind of distribution leg up which we have seen and what leg up will still continue next two to three years, because I clearly see that the Dairy Beverages is growing upward of 25%. So, in that context, what we should estimate I mean this is purely from the modeling purposes I am asking the question?

Mayank Kumar: So, in Beverages, we were playing in Juices & Nectar category, and we had around 80% to 85%, Numeric Distribution (ND) with 90% Weighted Distribution (WD). We have been able to expand and add about one and a half lakh outlets from the pre-COVID level. Actually during COVID the distribution went down because of people staying indoor, and with the Drinks portfolio coming in what is really happening is giving us legs to expand Real into rural areas, into areas where we were not there because earlier Juices & Nectar was primarily urban centric and a town class one centric brand. Now with the right price point and with the right packaging, we are really expanding our distribution into rural. We have created a whole suite of stockiest network; we are going out to about 18,000 sub-stockists now. And on back of that network even the price points of Rs. 20 which is the Real Juices & Nectar price point that is also finding a lot of headroom for distribution expansion. We are already there in about three lakh outlets as far as the drink business is concerned which we have created. We are poised to be above Rs. 200 crore portfolio in Drinks which was launched a couple of years back.

So, there is a huge distribution opportunity for us. Earlier, when we were playing in the Juices & Nectar category which is a premium category, we were limited to urban centers. Now we are expanding into new geographies, be it beyond North to other geographies, like East, Central, Western and South, or be it beyond Metros and Class I towns to other town classes and rural markets. So, that's what the strategy is.

Shirish Pardeshi: Mohit my last question on Badshah, in terms of channel mix, if you can help me what is the channel mix in terms of modern trade, general trade?

Mohit Malhotra: Mohit my last question on Badshah, in terms of channel mix, if you can help me what is the channel mix in terms of modern trade, general trade?

And second, if you can give me some broad saliency, how much Gujarat and Maharashtra market contributes to the overall sales?

Mohit Malhotra: So, Shirish, second question first, that's the easier one. So, around 80% to 90% of the business comes from Gujarat, Maharashtra and some places that are adjacent to Maharashtra and Andhra
Pradesh and Telangana, so now 80% to 90% of the business happens from there. So, it's very focused sort of the play which is there. In terms of channel mix, majority of the business is happening from GT which is around 95%. eCommerce is almost zero, and for Dabur eCommerce it's around 9%. So, I think this gives us a huge opportunity to make eCommerce at least 5% in a couple of years to come. Modern trade again, it's 3% for them, and for us Modern trade is roughly around 10%. So, we will scale up 3% to 10% and stage it up. So, there will be a lot of leverage, which will happen with the Dabur’s infrastructure for Badshah.

Arnab Mitra from Goldman Sachs

Arnab Mitra: My first question is on the acquisition itself that you have given some FY'23 estimates of revenue and EBITDA if you were to derive it, which shows a reasonably strong growth in FY'23 versus what best we did in '22. So, how confident are you that the '23 numbers are reasonable and not very aggressive, because you will probably not have much inputs to put in '23 itself. And the second was on the margins, once it comes into Dabur’s fold, will the cost structure increase in the sense that you will have more overheads, and may have to put advertising? And will you be able to hold this 23% kind of EBITDA margin that you have.

Mohit Malhotra: So, as far as the numbers for the current year is concerned, we are well on the way to achieve those numbers. So, six months have already elapsed, and we have already done more than around 50% of the numbers. So, I don't think there is any issue in terms of achieving those numbers. And Arnab as I have told you before that there was a little rift between the family and that's why the investments were actually stopped before the whole sell out, and this deal has actually happened. And that's why the growths were muted in the past. But I think now leveraging Dabur’s infrastructure etc., I don't think there is any impediment in terms of growing this business to the numbers that we have taken. And we really think that we should grow this business at a 20% plus CAGR over the next 4 to 5 years. And that is what is there as a game plan.

And the whole strategy has been created around achieving those numbers, whether it's a distribution strategy, or its investments or it is a channel mix, or it is price pack architecture, or it is introducing new brands or variants or extending geographies or creating new formulations so all that blueprint already has been created. And I think there will be huge synergies. I don't think we will bolt on, we will take Badshah as a standalone entity, because we only acquired a 51% stake and the promoters of the Company are still there. And the promoter will be the Managing Director of the Company and we will want to get a lot of learnings from the promoters. So, they will not be the overheads of Dabur which will be saddled onto Badshah, they will be running the Company independently. And as with a Board doing the governance of the Company and on the Board, Dabur will have a majority stake and we will be running the Company very prudently and judiciously. I don't think there will be any overhead which will come in, because
Dabur is acquiring that Company but then -- professional talent will be actually seeded in the Board, and that we will do and in due course of time that we will let you know as to who will be from the Dabur side.

So, most probably the finance and marketing and sales distribution will be people from the Dabur’s side and owner will also be there to help us and guide us with the entire relationships which are existing there. And also, on the purchasing prowess that they have, 50% of the raw materials that we purchase in Herbs and Spices is common to Badshah. So, there will be a lot of leverage and the scale benefits that we will get in terms of procurement also.

Arnab Mitra: And there is one add-on question to that this acquisition of the balance 49% stake, 5 years down the line, is it a option that you have and is there a valuation that has already been decided on which that transaction will happen?

Mohit Malhotra: Yes, it is not an option. It's a compulsory acquisition that we will have to do at the end of 5 years. And that's the part of the SPA that we have signed and it will be at the same multiple of revenue and EBITDA that we have acquired 51% stake at the end of 5 years, it will be on the same multiple of EBITDA and revenue.

Arnab Mitra: And just last question on this also brand amortization, which I think you briefly mentioned, would you be amortizing the entire brand over a period of time, or if you could help us understand how much of amortization comes in from this?

Ankush Jain: I think this brand amortization will be valued. And a fair value of the brand will be established at the time of acquisition. We expect this to be obviously amortized over a period of 10 years, which is in line with our accounting policy. And the share of that will be approximately Rs. 40 crores to Rs. 50 crores which will come to our P&L, which is a non-cash item.

Arnab Mitra: For the overall Dabur consolidated business, how do you see it in the second half given how commodities in your mix are trending right now?

Mohit Malhotra: Right, so therefore the inflation in the current quarter has been around 10%. And we expect the inflation to abate a little bit to 6% levels as we are navigating a high base of last year inflation. So, we expect inflation to be around 6% and the price increase benefit of 6% kicks in now so we expect the inflation to moderate in the coming quarters. With that sequentially, our margins should be better. But there will be some amount of margin erosion, which can't be ruled out in this quarter and also in the next quarter. Only in the next fiscal year we will have a benefit but sequentially, the margins will continuously become better as we go into the 3rd quarter, and the 4th quarter.
Harit Kapoor from Investec

Harit Kapoor: Just had two questions. Firstly, was on the gross margin again, how much of these 300 bps decline that happened in the first half would you or 350 odd bps declined has happened in the first half in India, would you attribute to the inflation impact? And how much would you kind of attribute it to mix because you have also seen health supplements in Healthcare category actually decline and Foods actually grow at a faster pace.

Ankush Jain: Yes, Harit, out of this 350 odd bps, 200 bps could be purely because of inflation, rest 100 bps would be basically because of mix, and 50 bps would be basically because of some rebalancing in consumer promotions since we had to cut in the spends, so broadly these three factors..

Mohit Malhotra: But that said, we actually mitigated this 350 bps erosion in the gross margin, when it comes to operating margin. Operating margin falls only on 190 bps. So, I think that has come on back of some saving initiatives that we did in the first half, roughly around Rs. 40 crores. And there has been obviously price increases, which have happened. And leverage coming from S&M also has helped us to bridge this gap between 300 to 190.

Harit Kapoor: Second question is on these new product launches. So, it seems like the mode of launches are going to be starting from eCommerce, then moving to select Modern trade. And then depending on the performance of the launches, once you kind of, if they meet your action standards, then it goes into GT. So, is this typically going to be the template that you use and it seems like you have over the last couple of years, but is this typically a template you want to use across new launches? And if there are any exceptions if you could kind of mentioned in the last two years, if you have done anything different, whether you started with GT or started with MT, so just wanted your sense on that?

Mohit Malhotra: So, I think this is a good standard playbook that we have actually established for NPD. And this is also helping us conserve the investment which is going behind establishing a new product, because eCommerce is a little more economical channel wherein the investments are not huge. And if you launch it lock stock barrel in GT, the investments on the mass media, especially in the Hindi satellite are very heavy, and it burns a hole in our pocket, especially with inflation being there we can't afford that to do. So, eCommerce is a great platform to fly a test balloon, and it establishes. And moreover, the consumers who are shopping on eCommerce are also the ones who are early adopters. And these early adopters want to try the new brand. So, it's working out well. And then we roll it out in MT and then followed by GT.

I don't remember any exceptions, which has actually happened. If at all, there are some exceptions, like in the MFD category, we have launched Vita there. But that's also in selective open format outlets of GT where we had actually rolled that out. Otherwise, we are following this playbook, which is kind of working well for us.
Harit Kapoor: One last housekeeping question if I may, you mentioned 9% in eCommerce so what could be MT now in terms of share?

Mohit Malhotra: Around 10% for us.

Shrenik Bachchawat from LIC Mutual Fund

Shrenik Bachchawat: My first question is, could you share the state wise revenue share for Badshah as of now, Maharashtra, Gujarat and Telangana?

Mayank Kumar: Maharashtra is around 35%, Gujarat is 40%, and Telangana is around 10%.

Shrenik Bachchawat: And what is the outlook on the ad spend for FY'23 like how will ad spend span out for the second half.

Mohit Malhotra: See the advertising spends for us have been muted, we cut back on advertising spends by around 20% plus in the 2nd quarter, that is because the inflationary pressures were high. Some amount of optimization of advertising was required, but our overall advertising, ad pro spends which is advertising and promotion spent in the quarter has gone up by around 7%. So, that is in line with our top line. So, there hasn't been any cut in the advertising and promotional, it is just moving resources from one bucket to the other, we have not advertised, but it all depends upon the channel mix where we felt, it was for the competitive intensity and the demand situation.

So, as the demand situation improves, we will put our money into advertising. And if the demand situation is not improving, and the categories continue to decline, then we have to fight for market shares and sell shares in which the trade spends and the consumer spends become more important than the advertising spends. So, the situation is pretty in flux. So, it depends upon how we maneuver those spends depending upon what competitive intensity that we face. So, I can't comment, but that said around overall spends are in the range of around 15% for us and will remain that much.

Shrenik Bachchawat: From the new Indore plant, the new CAPEX that we are doing for Rs. 326 crore, what is the asset turn expected in that front?

Ankush Jain: Indore plant, the CAPEX which we are planning Rs. 325 crores. We are expecting around three times asset turnover, so Rs. 900 odd crores turnover will come at the peak of it. So, which will be roughly three times.

Shrenik Bachchawat: So, around Rs. 900 crores revenue should be achieved by FY'26 or FY'27?

Ankush Jain: I think in the peak around between FY'27 you can say.
Shrenik Bachchawat: And just to come back on Badshah and as you said that the market share is around 4% to 5% for Badshah Masala so that is in Maharashtra and Gujarat, right, Telangana would be much lesser.

Mohit Malhotra: That's right in the geographies where they are present, in Gujarat and Maharashtra.

Shrenik Bachchawat: Telangana would be around 1% to 2% --?

Mohit Malhotra: Telangana would be small around 5% market share, actually it’s 5% market share in the blended category.

Avi Mehta from Macquarie

Avi Mehta: Just wanted to kind of first understand on the rural recovery, you remain optimistic, would you say your confidence on rural recovery is higher versus what you saw in 1st quarter or and if yes, what could have driven that?

Mohit Malhotra: Yes, so I don't know if I have been very optimistic, not really. So, I think what's happening is Avi that rural for Dabur, as you know was for past six quarters always trending ahead of urban. And this is the 1st quarter where we have seen the rural lagging behind urban whereas the category indicators which are the early indicators that we get that rural was lagging. But Dabur has actually put in a lot of infrastructure in terms of appointing Yoddha, 10,000 Yoddha’s which is actually contributing to around Rs. 20 crores of our sales. And our village reach has actually gone up to 100,000. So, we did not see the telltale signs of a little slowdown happening in rural, while the FMCG category was all pointing to the the same thing.

This quarter, we have seen rural actually growing by only 1% and our urban business growing at around 6%. So, we have seen credit pressure, liquidity pressure coming in rural business and more so in the rural heartland of Dabur, which is more UP and Bihar. And UP and Bihar the problem actually got exacerbated by the monsoon also being a little patchy in those areas. While all India, the monsoon has been good. But in our specific areas where there is a huge reliance of rural, in Bihar and UP for us, there the monsoon has been a little patchy. And therefore, a little slowdown is what we are seeing and credit pressure, liquidity pressure is what we are seeing in these areas.

It's very difficult for me to give you a definitive answer as to when will the rural recovery start, but I think the festive season, it kind of brought in a little glimmer of hope. In terms of our pipeline filling for Healthcare product has been good in rural with Chyawanprash and Honey kind of kicking in. And in the month of September, we have actually seen some growth happening in our Healthcare business here. So, that is what gives us a little optimistic hope that rural might just come back around.
Avi Mehta: The second question was on the margin front, you did allude very clearly that sequentially, I think the worst of the gross margin pressures are behind us, because inflation eases off and price increases go through, would it be fair to argue that second half EBITDA margin performance should also kind of mirror this in that sense?

Mohit Malhotra: That's right, absolutely. So, we talked about EBITDA margins only. So, EBITDA margins sequentially are better, and they will get better in the second half. And we want to maintain our EBITDA operating margins in the range of 20% to 21% for the whole year, which is what the guidance also that we have given in the past.

Avi Mehta: And lastly, for Badshah, the acquisition, I understood the revenue synergies, you were kind of alluding to some synergies at the backend. But would you argue that the higher chunk of synergies is something that would be revenue driven? And margin is something that would not be the case? I mean, I guess that was the read through, but I just wanted to kind of understand it better from your perspective, was that understanding correct?

Mohit Malhotra: Yes, so the synergies are actually immense in the business. So, first is obviously the distribution muscle of Dabur, especially in the rural, that is huge for us in whether it’s a core market of Badshah or the non-core market of Badshah, I think rural village reach of Dabur is far better. And in rural, you sell small, low unit price point packs, and they don't have that so we are putting up CAPEXs and increasing capacity for them also, that's one area of the states in which we can expand.

Then the non-core urban markets, where they are not present and Dabur is present, that is a second lever of synergy that we will get. Then the third leg of synergy is alternative channels like Modern Trade and eCommerce where they are not present and we people are present in.

The fourth synergy is actually overheads because being a smaller business, their overheads are higher, as compared to a Dabur which will leverages existing infrastructure, and our marginal cost basis, we can just tag on this business to our business. That's the fourth.

The fifth is the procurement efficiency, which we buy on scale, and our systems processes enable us to get better deals as compared to the verbal negotiations which happen in their case.

Seventh is automation in the factories, which today they are manual operations, we will automate and therefore reduce manpower there. So, that is another level of synergy. And then, obviously, the manning in the organization structure can also be leveraged.

But this will be reinvested back in advertising spends, that they have been cutting back on, and therefore creating margin. So, whatever synergies we get, we will plough it back into the
business, in advertising, because I think demand has to be created and this category is high
decibel advertising category, where we need to invest money in creating the demand.

Kunal Vora from BNP Paribas

Kunal Vora: First question on Badshah, what's the reason for buying only 51% and not 100% to start with?
And you said you expect strong growth in revenue as well as profitability. So, you will have to
share some benefits of that with the promoters for the remaining 49%. And also, the promoter
will continue to remain the MD. So, will you be able to drive all the changes you want to
implement with promoter still being in control?

Mohit Malhotra: First thing Kunal, I think, a good question. So, obviously these deals happen over a period of
time and we have been in discussions and in talks with them for over 5 years now. And the deal
has got consummated after a span of 5 years. So, there have been deliberations and discussions
which have been happening with the promoters over a period of time in which we have
established that chemistry connect also, so I don't think they being the Managing Director on the
Board will hamper, actually it will help us because we are getting into this new category. It is an
alien category for us. We have not done the business like this. And we need to get that
understanding onboard and with the promoters being there, I think they will only handhold us
because there are so many nuances that we will have to understand in this category. And there
is a stickiness in the relationships, which is there as far as distribution and the channels is
concerned. So, that stickiness of relationship also has to be harnessed. And with the Dabur’s
prowess in negotiations, so, that will come very handy.

Plus, creation of products involves a lot of understanding of the tastes and preferences of the
core markets, and the promoters are Gujarati they understand the taste palate so well of the
Gujarati consumer. So, therefore, extending the product, creating new variants, looking at the
market, so we can provide the analysis and they can provide the real culinary sense of the taste
of the local consumer.

So, a lot of learning has to come from them. And that's why (a) in a sense, the promoters would
not sell out a Company, if we were to acquire 100%. They would not agree to that, that's one,
(b) A lot of learning has to come from the promoter, and they will handhold us, plus, it will take
us that much of time to understand the Company. So, if a part of that benefit will go to the
promoters over a period of 5 years, we are okay with that. So, that's the way the deals happen,
which are more win-win relationships, rather than a one-way deal.

Gagan Ahluwalia: And just to add to that a professional team is going to manage the business along with the
Managing Director, and most of the members of that will be nominated by Dabur. So, we expect
that all the changes and synergies that we want to capture, we will not have any issues, taking
them forward.
Kunal Vora: My second and last question, I just wanted to understand how did the reduced advertisement spends impact the strength of the brands, like we have seen this happening across the board, all companies have lowered ad spends. So, like besides the gross margin pressure, is there anything structurally which has changed, like say television, digital dynamics, because of which as spends have been lowered? And how does it impact the business in the longer term, reduce advertisement spends?

Ankush Jain: So, the question is the reduced A&P spent, how did it impact demand in the long term, so this is specifically for Dabur, though in the short term, we understand that there are pressures and therefore A&P spend being reduced?

Mohit Malhotra: But you know, as far as we are concerned, the acid test of a brand’s growth is market share gain in volume and value and more so in volume and that's what we are trending. So, as you know, 95% of the portfolio, we guys are gaining market share, whether you gain market share, through advertising, pool creation or through pushing the product and the consumer actually uses it that's the acid test. And we have been gaining market share and strengthening our position in the marketplace.

So, as the situation warrants the investment moves into that particular sphere, depending upon how the demand is, competitive intensity is. So, that's the way things are. So, I don't think this is going to hamper the brand, but that said we are completely, for investing behind our power brands and new products that we guys are launching, as the situation becomes a little better, we will be back into investing behind the brand, the way we were used to doing it, and actually increasing our investments there in the brand. So, that philosophy is absolutely with us.

Kunal Vora: Earlier you were looking at ad spends to much higher levels like you wanted to go beyond 10% today we are at like 5.5%, so where does it settle, like would it settle somewhere in between? Do you want to go back to double digit ad spends or?

Mohit Malhotra: You know the intent is to go back to double digit ad spends as the situation demands. But at the moment because of the inflationary pressures being so high, I think temporarily we have actually got some efficiencies coming in on optimization of advertising which has actually happened, but that would not be a long term strategy. Long term is always to cut back on trade and consumer spending and put the money back into advertising.

Kunal Vora: On Middle East and Namaste, where you have seen declines in sales in on constant currency basis, what's happening there. And how do these markets look like for the coming quarters?

Mohit Malhotra: Again, inflation is the main culprit, there has been huge inflation. Like in India, we have seen a 10% inflation, in Middle East, we have seen a inflation of around 30%. And the 30% inflation is coming in because this entire portfolio is our HPC portfolio, which is Personal Care portfolio.
And which is very crude denominated in terms of the raw material prices. In addition to that we have seen Dollar actually strengthening. So, because of the inflation, we had to take price increases to an extent over 20% there, and because of the 20% price increase, we feel a little backlash coming from the marketplace and inventories also, reluctance of the distributors to pickup the high price stock. I think it's a momentary issue, which will get resolved.

So, it is because of that most of the categories while they are growing in terms of value, but volume wise, they are actually declining there. But I think it’s a momentary thing, which is happening, both in the U.S. and also in our MENA Markets.

**Mihir Shah from Nomura**

**Mihir Shah:** So, firstly, I wanted to just pick a little bit more, get some more thoughts on the overall demand environment. I mean, narrative for most companies has been that demand is expected to improve going forward. But the recent demand improvement that we have seen in urban and you did highlight on rural demand that you are witnessing for yourself. So, the recent urban demand can also largely be a festival linked uptick that is there and can easily fizzle away. Any data or trends that you are witnessing, that can give you some insights on how rural demand and urban demand is expected to shape up going forward from here?

**Mohit Malhotra:** Yes, see the demand environment is actually pretty lukewarm as far as the data, what the data tells us. If I look at the syndicated data of Nielsen, we have seen a growth in the market, which was roughly around 10.9% has come down to around 8.1%. And the volumes have actually gone down by around 2.2% which was in the range of around 0.9% in the last quarter. So, the volumes are going down, the growth that you are seeing in the syndicated data is all coming on back of the price increases. And because of inflation, price increases, the interest rates are going up, so therefore, there all efforts being made by the government not to revive the demand, but if you destruct the demand to reduce the inflation. So, therefore, the telltale signs are to destruct the demand so that the inflation actually comes down. And that's the pressure that we people are facing. And we are not seeing this actually going down.

So, the only recourse for companies like us is to consolidate our positions and maintain margins as much as we can, and gain market shares, and get to a trajectory of growth through gaining market shares and consolidating your position. That is what Dabur is doing.

As far as urban and rural is concerned, we have seen rural decline at around from a category perspective decline by around 4.5% to 5%. And urban is just there, which is actually flat, which is also flat on back of the emerging channels like eCommerce and Modern trade, doing well, and they are all opening up after the huge backlog of COVID. So, but festive season is important, some glimmer of hope for us. And we hope that this will last and this will sustain.
Mihir Shah: And I hear your comments on ad spends that you mentioned and the promotion. But only on gross margins, again, you did mention that you are expecting gross margin, or you are expecting raw material inflation to ease, to about 6% and you have already taken 6% pricing. So, does that really mean that from next quarter onwards on a YoY basis, you will not have a material pressure on gross margins, I mean, is that understanding correct?

Mohit Malhotra: No, not really. We did sequentially. So, it's actually Quarter 2 has been relatively better than Quarter 1, and Quarter 3 will be better than the Quarter 2. But if you look at year-on-year there will be inflation of around 6% though. But if there is a price increase of 6% that's not good enough to offset the inflation of 6%, you need to take a price increase of roughly around 10% or 11% to offset in places of 6% material prices, because you operate at a gross margin levels of around 45% to 50%. So, that's how it is. So, there will be some pressure on the margin for year-on-year, but sequentially there will be operating margin improvement, definitely.

Ankush Jain: So, what we can say is the contraction in margins will come down significantly from currently 50 odd levels, the contraction will come down significantly, in gross margins on a YoY basis, at least by 50% or so, Yes.

Tejash Shah from Spark Capital

Tejash Shah: My first question pertains to rural demand. And if we see among FMCG players, for last almost eight to twelve quarters, there is no consensus on rural demand. And that has been missing for quite some time. Overall, it looks more reflexive and led by recency bias for each company. But by and large, it has been tepid for long. And when we see this in relation to discretionary categories, they have been talking about a lot of premiumization and rural penetration led growth. So, how should we actually try to marry these two trends where discretionary categories are coming with reasonably better commentary on rural demand and FMCG players? And are we seeing any such divergent trends within our basket in favor of discretionary portfolio, in rural?

Mohit Malhotra: So, I don't know, there is no right explanation. I don't know what you are saying, but as far as we are concerned, the way we feel that rural demand has been tepid, and we have been seeing downtrading which is actually happening in the rural areas and our LUPs are doing well. And the inflation impact in the rural areas has been more as compared to in the urban area. So, they see that cutting back of the pack sizes also which has happened in the rural areas, and those products are doing well for us. So, we have seen Rs. 10 price points and Rs. 20 price points actually doing well. Rs. 1 and Rs. 2 price points also doing well. Our shampoo sachets are performing better than the shampoo bottles.

As far as the premium products doing well in rural, we have not seen that happen as Dabur. But a theoretical explanation could be a case of recovery, which they say, but we have not seen that
pan out in the rural areas is basically for us. That is more evident, I think in urban but not in rural.

**Tejash Shah:** Second on broader capital allocation that we are seeing FMCG players across, there is a disproportionate thrust on putting money organically or inorganically both on food side of the portfolio. Many HPC guys are actually now acquiring assets on that side, including what we have done now. So, does it mean that HPC as a basket is not as attractive on inorganic route except some D2C initiatives. And broadly, we are seeing a lot of opportunities on the food side or how should we read or there is nothing to read on this?

**Mohit Malhotra:** No, no, I think very good point actually made. The way I see it in a inflationary environment like this when companies are all taking price increases, there are some categories which are more elastic and some categories are inelastic. The food market and the staple market in India because it's so unbranded in nature, that is very inelastic in nature. So, no matter how much of inflationary pressures are there, and the market passes on that inflationary pressure to the consumer, this is an inelastic demand so the demand will always be there whether its edible oil or it is a food, and that's why the food category is growing at a fast pace. And what happens is in a discretionary category, we see the pressure being too much and people cutting back on discretionary in an inflationary environment. And that's why the discretionary products don't do so well. And India is a large unbranded market so a lot of inorganic play will happen in India, and we will see a lot of consolidation from unorganized to organize which will happen in India. That's why you see a lot of deals happening in foods.

That said, I think the personal care market is also very low penetrated in this country. And if you look at examples of Southeast Asia or examples of Middle East, I think the penetration levels of personal care are low, and there is so much of catching up to be done in personal care. But I think the times are not great, these are inflationary time, these times are not great for us, or for any D2C player to scale up a premium product or a personal care product. But I think on a long-term basis personal care should also see a lot of deals, which will happen in relation to Foods, and in relation to Healthcare, which is becoming salient and which are the three buckets that we have of businesses. So, it's not that we are shifting our resources into Foods, we want our Foods to be about 20, and also the put thrust on our HPC portfolio and our Healthcare portfolio, which is a window to Dabur’s equity in the long term.

**Sheela Rathi from Morgan Stanley**

**Sheela Rathi:** My first question was, with respect to, you are talking about 95% market share gains across the category. And I think this is a very strong delivery. Just wanted to understand is there any category where we are seeing larger competitive intensity, both from large players, as well as D2C side?
Mohit Malhotra: Yes, that's right. So, there are a couple of categories, so that's 5% is where we are facing competitive intensity. So, for example, Hair Oils is somewhere that we are facing a huge competitive intensity and that comes from one of the larger players, and at a lower price point. So, as you know Dabur Amla is a high price player and we compete with the competitor, who is at half our price. And therefore we have a flanker brand strategy, we need to strengthen or invest money in our core brand and protected by creating boats with our flanker brands. So, that is the strategy which is intact, and that is to hedge the competition that we are facing from almost like a market leader in the Hair Oils category. Barring that, I don't think we have any competitor wherein we are really worried.

In the Healthcare portfolio we had a competitor make an entry, but I think it got washed away. And we have only strengthened our position. So, barring Hair Oils, I don't think anything else worries us. Except in our Skincare portfolio, we are facing some pressure from local, small players, which are very regional players which are undercutting us like in FEM bleaches we face some competition from very local players which are Punjab based, UP based etc. But that is something that we can easily counter reasonably well as we have deeper pockets, as compared to them as one can maneuver.

As far as D2C is concerned, not really, I don't think we are facing any pressure on D2C. As a matter of fact, any category in D2C where we are entering, we are seeing our market share gains are instantaneous in D2C because consumer sees that trust and legacy and especially in the Healthcare category, and in the HPC category much better with Dabur as compared to a smaller D2C player.

Sheela Rathi: Second question was with respect to the Food & Beverages category expansion, especially on the distribution side. So, where do we see the distribution network being in the next three years? And just a part to it is you talked about the playbook on the online side or the eCommerce side, which is working out very well. Do you think on the F&R portfolio, you think the same strategy will work out or you would need to be more aggressive on the GT side or the MT side?

Mayank Kumar: So, I just talked about some sort of fusion expansion strategy that we take with our Beverage portfolio, especially after getting into the Drinks portfolio. So, just to give you a flavor of the next three years since that’s what you are talking about, so we have started this journey from North and East, next season we will be expanding majorly in Central, West and South part of India. So, that's how it will play out in the next three years. So, we are slowly and steadily building up our rural network and creating our own rural footprint rather than riding on the CCD or the FMCG footprint. Earlier we used to ride on the FMCG footprint, but now with substantial business coming in, we are creating our own Foods footprint because the kind of outlets that we cater to, the kind of routes that will cater to, the kind of Beverage outlets that we cater to are very different from FMCG outlet. And we are also appointing people who have an experience
of Beverage category in terms of distribution and that is giving us a lot of synergies and that is really helping us scale the distribution very fast.

So, that's how, in the next 3 years this will pan out. We will reach out to newer town classes, rural markets, newer outlets, because E&D kind of outlets are very important. So, that's to answer your first part of the question.

As far as the second part of the question is concerned, because of the weight value ratio, Beverage portfolio is not so conducive for eCommerce. But what has happened really is Quick Commerce, which has now become very important for us, that has really helped Beverage portfolio. And I think as Quick Commerce goes up, it will really help the Beverage and the snacking portfolio, and that is what we are seeing. Our Quick Commerce used to contribute about 15% of the revenues for Beverages as far as last year is concerned, now it has gone up to 30% to 32%. So, Quick Commerce is really helping us. And I think that's the way forward for Beverage in the coming years.

Mohit Malhotra: But that said I think in the GT also distribution becomes significantly important to Mayank’s point, and therefore we are putting up a separate infrastructure in place in GT also, for ramping up our drinks business which is already hitting at Rs. 200 crores and in three years time we want to build it to a Rs. 500 crore portfolio in drinks.

Ajay Thakur from Anand Rathi

Ajay Thakur: So, first question was more on the celebrity led advertisement that we are witnessing from Dabur’s side. So, any thought process change over there? Or are we looking at, so for instance, we have already seen three brand endorsements by the likes of Amitabh Bachchan, Deepika Padukone, which we have brought in. So, what is the thought process change that we are trying to see over here? And would that be kind of catering to or trying to solve certain problems that we are witnessing in those brand or is it going to be addressing more of, few market share gain or some other kind of thought process over there, so that's the first question.

Mohit Malhotra: So, Ajay, Dabur has always been working on a template or playbook of celebrity advertising, and this has been working well for us, and it helps us to gain market share. But yes, this is also towards solving specific problems for us like in Red Toothpaste, we are very salient in the South of the country. And in South our market shares are much higher as compared to North of the country. In North Patanjali is a strong player. And Baba’s foothold is much higher as compared to Dabur’s foothold in UP, MP, Bihar, which is the Hindi heartland. And in Hindi heartland to fight that kind of followship that Patanjali has, we needed a bigger name, and that's why we signed up with Amitabh Bachchan to gain share in the North belt for us. And we have made some two, three creatives and all the creatives talk about taking shares from white or plain toothpaste and that's what.
And even in a Dabur Amla, we have signed up with Deepika Padukone but Amla has always been taking the top-notch celebrities. So, from Kareena Kapoor, we have moved on to now Deepika Padukone and that's also towards increasing our market shares.

**Vishal Punmiya from Nirmal Bang Institutional Equities**

**Vishal Punmiya:** So, first question is basically a clarification on the price increase. So, we had around 6% price increase for the quarter, any additional price hike that we took in 2Q FY’23? Or it is just the flow through of the previous price hikes?

**Ankush Jain:** There is actually a combination of both. So, these would be a flow through as well. And so our estimate is two-third is flow through and one-third would be the fresh price increases.

**Vishal Punmiya:** So, what is the weighted average price increase that we took in 2Q FY’23?

**Ankush Jain:** Weighted average price increase is 6% including the flow through.

**Vishal Punmiya:** So, additional price during this quarter would be around 2% to 3%.

**Ankush Jain:** Yes around 2%, 1/3rd of that, which will now come with full effect in subsequent quarters as well.

**Vishal Punmiya:** And secondly on Badshah, so based on the revenue mix that you have given, I am assuming that 15% is exports. So, if you can basically breakup the three years CAGR for the domestic business and export business? And any overlap of regions in exports for Dabur International business and Badshah business?

**Mohit Malhotra:** So, exports has been very marginal or miniscule for the Badshah business, roughly around 5% to 6% of their business. But I think exports holds a huge potential, especially in the areas where there is an Indian expat population which is essentially in Americas and in the UK. And we feel there is a huge opportunity and Dabur has got a massive infrastructure of distribution there, which can be leveraged for the Badshah business there. And we feel in due course of time this 5% of turnover will definitely go up to roughly around 10% in a shorter period of time, just by leveraging our distribution, because the huge expat population already holding. And expat population that too the from the region, which is Maharashtra and Gujarat, being more so in Middle East and the Americas.
Aditya Agarwal from Deloitte

Aditya Agarwal: In the current year, we have seen that the dairy beverage portfolio has been going good for the industry. And how on the same line is Real brand performing, and what's our outlook going forward for the same?

Mohit Malhotra: So, we are very optimistic and hopeful on the entire Beverage portfolio because our strategy is to build this for scale up the Real brand. And earlier we were only present in the Juices & Nectar category now we have expanded the total addressable market from roughly around Rs. 1,700 crores to Rs. 1,800 crores to moving out to around Rs. 8,000 crores to Rs. 9,000 crores and enter the drinks space. And if you look at the J&N category, Juices & Nectars where our market share is in the range of around 65% to 67% as compared to the drinks category, where our market share is pretty miniscule at 10%. So, therefore, the total addressable market has actually gone up for us. And we see the 10% market share only scaling up in due course of time. And therefore that 90% headroom of market share is still there with us. That's what we alluded to before in terms of infrastructure expansion and distribution reach, advertising, new SKUs being added, new variants being added and now we are also proposing to enter the fifth market which is a carbonated fruit beverage market. And we should be starting up production in the coming season in Jammu to harness that particular category.

Aditya Agarwal: I was seeing that in the current quarter on a standalone basis, we have seen for the Food & Beverage businesses, the profit margin has gone up to 16.6% from traditional 13.5% to 14%. So, are we envisaging to keep this at the same level? Or are we going to go back to the 14% level?

Mohit Malhotra: So, margins will keep increasing as the benefits of scale keep coming in. So, I think as we scale up the business we will be leveraging our S&M cost. And even if the investment is there, the indirect cost will be leveraged and also the fixed assets will be leveraged. And while it's CAPEX heavy and we are putting up investments, but I think the margins, the operating margin level will keep going up as we scale up the business.

Gagan Ahluwalia: Thank you everyone for your participation in this conference call. The webcast and transcript will be available on our website soon. Thanks, and have a nice day.