Godrej Consumer Products Limited

Business Update Conference Call

September 02, 2026

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Moderator: Ladies and gentlemen, good day and welcome to the Godrej Consumer Products Limited Business Update Conference Call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vishal Kedia, Interim Chief Financial Officer. Thank you and over to you, sir.

Vishal Kedia: Good evening to all. We welcome you to the conference call for Godrej Consumer Products Limited. We have on the call Aasif Malbari, MD and CEO, and myself, Vishal Kedia, Interim CFO. We will start with a presentation by Aasif, where he will take you through his thoughts of the business going forward.

Post this, we will open the floor for questions. We will also have a menti link in the beginning of the presentation for participants to share their questions throughout the presentation. We will take these questions after the presentation is over. Now, I hand over to Aasif.

Aasif Malbari: Thanks, Vishal. Thanks, all, for joining in. It is a pleasure to connect with you all today. In case you all are wondering what is the t-shirt, which I'm wearing? We currently have our launch for Godrej Rizz, which is currently on. The launch conference is on, so I was with the team. For you all to know, we are launching Godrej Rizz in Maharashtra starting today. It is a wonderful mix. MRP of INR79. A product which beats most of the products in the market on grease cutting, viscosity, and fragrance. So, for people who are based in Maharashtra, in a few days, you should be able to see and get the product in your neighbourhood stores. That is a little bit of good news to start off with.

Again, that is how the last three weeks have been. I mean, fundamentally, I would have done this call with you all earlier on. It has been three weeks since we made the shift and I got appointed in this position. The thought in terms of where are we pivoting the strategy, where are we doubling up, where are we kind of changing course, we would have been able to come to you all way before. But it has been business as usual on many fronts, and we also had our new factory opening last week, for which one I was traveling.

Just to kind of outline this a little bit more. The announcement or the appointment came on Tuesday. The next three days, we had a global MC, where we looked at a very detailed, elaborate discussion. Where is it that we are doing well? Where is it that we are pacing down, and what are the interventions which we needed to do at a global level?

Post that, we have had multiple engagements within the organization, made the deep dive, and the leadership team, the rest of the organization are fully engaged to take the year plans and the long-range planning agenda forward.

So, we are in a business-as-usual mode on one side, while re-hammering and refreshing our longer-range plans. What I'm going to do today is spend a few minutes actually talking through how the last few years have been and the learnings from there in terms of what we have done well so that we can double up on that, where do we believe we haven't hit the ball out of the park and there is a scope to improve so that we can titrate the plans on that, and then give you a flavour of what the thinking going forward is.

A standard disclaimer. The Menti link, which Vishal mentioned, we will have both the options to post something here, at the same time, to kind of ask questions towards the end. Okay, just starting off as to why did I join GCPL? It is a simple, I would say, two-point which kind of came to my mind about joining GCPL. First is because it was part of the Godrej Group.

It offered an opportunity which was unique. And after I came in, I realized that one is getting the best of both, strong, strong values, legacy of being part of Godrej; at the same time, an aspiration to be an outperformer. And that -- in I would say, my career journey, both of these have been equally important to kind of work in an organization which has the highest standards of value.

Coincidentally, just as a fun fact, I mean, it was great when I saw this letter from Mahatma Gandhi. I also share his birthday. So there is a little bit of an extra emotional connect to this letter. When it comes to being an outperformer, to me, an outperformer is something which I have been obsessed with in all organizations, all teams which I have worked with.

And here, I saw an opportunity and a vision which were painted to kind of get there. And being an outperformer is a binary thing. I mean, there is either you are an outperformer or not, there is nothing like almost there. And hence, we keep asking ourselves, are we kind of there? If not, what do we need to get to being there?

And I'll make an attempt to kind of answer that today in terms of our thinking to actually live that dream, to ensure that GCPL becomes actually a sustained outperformer, where it's pretty much clear that we have kind of gone there.

In terms of the time which I've spent in GCPL, I think three things -- sorry for the -- three things have been on the plate. I think first has been to kind of ensure that we build the right financial guardrails. We have taken a good shot at ensuring that we get sharper on capital allocation.

We moved into a rhythm of dividend payout every quarter, and we've got the health of the business, both from a P&L perspective and the balance sheet, much stronger. In terms of Africa, I think we have touched upon it in the past. I think the numbers talk for themselves. I'm not going to kind of speak about it. We've got a structurally reset in the continent.

And the third one is about co-crafting the strategy. Have spent a lot of time in the last three years working with the leaders in terms of seeing what is it that we can do structurally, what is it that is solved for us where we should double up our effort, what is it that is an unsolved problem which we should work to solve for.

And we've also kind of worked with multiple people to ensure that the actions to convert the strategy into reality start falling in place. So, I think these have been the three pieces of effort, pretty much an equal allocation of time which has gone in. And looking forward to now ensuring that the strategy actually plays out as we are thinking from here on.

Okay, a deep dive into the last five years. And this is what we have kind of called out. It's been five years where we have kind of had a good performance, not great, and we acknowledge that. And again, looking back is more from a perspective of what's worked well. If something has worked well, how do you double up on that? And if something is not been working to full potential, how will you kind of pause that?

This is a slide which we shared in December '21. It was a simple strategy. Three things which we would kind of do. Double-digit volume growth, and the thinking was once we get to double-digit volume growth, automatically the profits will follow. And in the first few years, we went ahead by kind of making a lot of investments behind getting the volume growth going. It was supposed to be led by category development and funded through simplification.

An honest scorecard as to where we stand in the last five years on this: double-digit volume growth has been far away from what we delivered. Category development, we've had success, not holistically, but in a few pieces. And I would say we've done a very, very good job in terms of the simplification agenda, where we've simplified the organization to a great extent, and that definitely should be helping us as we go along.

So, a few things which I believe have worked really well for us. One is in terms of portfolio transformation. We've begun the journey quite well, entering categories of the future. We have a solid 2040 plan, and the first few entries have proven that we can make a fairly strong, quick vertical ramp-up when we enter into some of these categories of the future. So, I think it's been a good starting point on portfolio transformation.

We've also started thinking and incubating some of the white spaces outside of HPC. The example of that being Pet Care. In terms of globalization, we have actually kind of put building blocks in place. GCPL's global network has now expanded to close to 85 countries, and I'll touch upon it as to where I believe we've come in the journey and how can we accelerate that. But again, a very good starting point on simplifying and creating the globalization agenda.

Cost saving and simplification, I think we've done an extremely good job simplifying our operations, specially the international operations, and kind of ensuring that we release cost and release again bandwidth of the resources. Africa structural reset, which we have spoken about.

And on people and planet, again, we have moved multiple steps up, becoming the number one global organization when it came to DJSI in the Personal Products category, becoming a balanced organization when it comes to overall Godrejites, and moving up in terms of white-collars when it comes to diversity. So, yeah, these 5 pieces, we have started the journey well. In some of them, we have moved significantly up.

Having said that, macros have been volatile, commodity prices have been fairly volatile and have been inflated in nature. Currencies have been volatile significantly, and we do have a sizable international business. At the same time, the business context and competition has been evolving.

The competition, the sector, the market is very different to what it was, say, a decade back. Moats are changing, new-age competition is in, the distribution models are changing, media is changing. So, there is multiple changes which are happening in the business environment. All of these 3 pretty much took us broadly off-plan to what we were aspiring to deliver.

But having said that, I think, as things stand, I don't see the next decade any of these actually kind of moving back. I mean, I don't expect commodities to be less volatile. I don't expect currencies to be less volatile, nor do I expect the business environment not to kind of become more and more complex as we go. And I think it's clear as a leadership team that our job is to deliver while accepting the changed business environment and the changed external environment. And that's what we would attempt to do.

Okay. This is really where we stacked up in terms of numbers. We've delivered an organic UVG of 4% in India, in standalone, and at a consolidated level. The USG has been 7% and 6%, and EBITDA has been 6%. We have definitely kind of come significant shades below where we wanted to be. The idea would be, how do we now sequentially step up the inputs, which results in the output matrices stepping up so that we can win and become a sustained outperformer.

Some of the things where we could have done a better job, I think the first biggest one is on the core category. Our core category revenue growth has been actually flattish with profits actually being under pressure. That has been one of the biggest, I would say, concerns in terms of our performance.

The second one has been in terms of the sliding down of the average profitability in India, Indonesia, which asked remaining on low profitability on LatAm and other clusters, which has put pressure on us to invest into some of the growth engines of the future. The third would be, while we have made improvements on digital capabilities when it comes to media, we are not in top percentile.

We definitely are in top percentile when it comes to the FMCG category spends, but when it comes to digital capabilities and being on the top edge in terms of reach, there is definitely a distance to cover. And I think what we've seen in the last couple of months is that people are doing it better than us, and there is a huge opportunity to kind of quickly ramp up capabilities in this area.

The fourth one would be on execution rigor, and this execution rigor is on 2 fronts. One is operational excellence in terms of day-to-day excellence, doing it right, really bottom-up, be it in the area of sales, be it in the area of PSO, be it in the area of planning, be it in the area of operations. The second one is ensuring that we execute strategy into action much better.

And the thing about strategy is most of the companies do have a great strategy. It's converting the strategy into action where things fail, and it's never a linear journey. You need to understand what things are not working and redefine the pathway to ensure you get to where you get to. So, I think these would be the 4 places which, again, when we deep-dived as a leadership team at a global MC and at external leadership team, came to our mind.

So, from here on, and again, I think you will see less of looking back going forward, but it was important for us to take the learnings from there. I believe where we stand today, we are a significantly stronger organization. We have built a lot of muscle. We have simplified in more ways than one. We've got a lot of our pilots proven, and hence it's now a good time for us to use these building blocks to move towards outperformance.

Let me start off with our Goodness Manifesto. We have been sharing our Goodness Manifesto over a period of time. Last when we connected face-to-face in May, we had made 2 big changes to the Goodness Manifesto. The first one was on our values in line with the journey which the Godrej Industries Group was having, where we had kind of come out with the Godrej Way for the Godrej Industries Group.

We had brought in Inspire Trust, Create Delight, and Be Bold as the 3 values which we will, as a group, build on as a foundation element. We have added that to the Goodness Manifesto, and we had added Drive Portfolio Transformation to the Goodness Manifesto. I'm making certain tweaks in the manifesto, and I'll kind of talk you through what's the thinking behind them.

I'll also kind of mention that the broad direction of the strategy remains the same. That's really not changing. We're just doubling up, and we are adding a few elements which we believe will allow us to get to a better performance going forward. So, let me talk through on the earlier elements which have been a core to our strategy and the new elements as to how do I see it play out in the next few years.

Let's start with category development. Our core categories have all the rights to win. I think 2 big elements, why I believe we can kind of ensure that we can have category development or market development on the core play out much, much better than what has played out in the recent past.

The first one being bringing innovation spark back into our core, and this had always, historically been GCPL's strength. I mean, if you just go back in history at whatever point of time, GCPL has been built on the back of a very, very strong innovation, I would say, foundation. And that's something which we have kind of used to kind of build on multiple category and brand journeys.

I think what did happen is that because we had moved on to doing a lot more, we did have to prioritize some of the new entries. And hence, our core portfolio did not get the full benefit of what we could do in terms of R&D and innovation onto them. What we are doing now, and this will be up and running in a couple of months, if not a few quarters, is doubling down onto our R&D capability.

We are actually setting up a state-of-the-art new R&D centre, which will double up the total capacity which we have as R&D. We believe this is GCPL's strength, and it's just important that we kind of ensure that we kind of create the bandwidth to ensure that we can give the best to our core, at the same time, continue with the strong momentum which we want to have on portfolio transformation.

So, it's a big investment of around close to INR150 crores, which we are putting in setting up this new state-of-the-art R&D facility. And this was and always has been GCPL's strength. We will only go to kind of take it further. I spoke about execution, both again on operational elements and on converting strategy into action.

I think there have been multiple elements where the strategy to grow the core has been clear, sharp, and is quite there. We did fail to convert it, and it's more about resilience to convert the strategy rather than, I would say, ideas to kind of come out in terms of strategy. Yes.

So, we will play both these very decisively onto our core. And I believe that with these two actions or these two umbrella of actions, we definitely should start seeing an uplift onto the performance of the core. Yes.

While that's more at a higher level, let me just step into each of these categories and touch upon what the thinking is. So, yes, most of you all know that actually the first six categories which have kind of called out here makes up to close to 90% of our revenue.

And it's super important if you have to get to outperformance that the core has to come to, I would say, industry-level growth, if not beyond, and then with the category expansion, we are able to get to a double-digit kind of growth zone. Let me talk through each one of them and give my thoughts at a high level as to how do we see the journey forward on these.

Let me start off with Household Insecticides. I think firstly on HI, how the industry has shaped up over the last 10 years is actually pretty exciting and I would say really interesting for us being market leaders of Household Insecticides. I mean, penetration moving up from close to 65% to 80%, and volumes growing at a CAGR of 15% in the last few years is actually really good news because it just means that the need from the consumer for this category is there.

The category is very vibrant, and now as market leader, it's our role to ensure that we kind of play this well. From a market construct, again, the penetration of this category is 80%. Obviously, significant scope to ensure that the usage goes up beyond the penetration levels of beyond -- I mean, in the same households beyond where it currently is.

But there is also a very, very big opportunity for upgrades, given that two-thirds of the business still, or two-thirds of the category is still in really low-cost burning formats on the access format, while only one-third is in the premium format. That's really on the mosquito side. But on the other pests, it's a massive untapped opportunity.

The real level of penetration, the spends are at extremely low levels, even when we compare it with other developing countries. So, very, very exciting in terms of how the category has shaped up, how the growth is happening in terms of penetration, and the current construct is significantly a better construct than having a category which wasn't kind of growing.

I think in terms of our jobs to be done, I think it's simple three jobs. One, ensure that we have strong share gains in the burning format. We have the mix, we have the product, we have a proven track record, the momentum is with us, and this is something which we'll sustain and build on. Yes. I mean, that's something which has, I would say, gone really well for us in the last couple of quarters, and we will sustain that.

I think when it comes to premium mosquito formats, again, if you see the history of this category, and if you see the history of what we've done, we have ensured that we've driven upgrades by innovating at the right price points and ensuring that we execute well to reach consumers both in terms of mental reach and physical reach. Yes.

We have plans which are extremely strong, and I'm super confident that with the right interventions, we should be able to start the upgrade journey to ensure that, you know, significant amount of consumption moves to these formats. And you should start seeing a lot more from us in the next couple of quarters and years to come on this.

Yes. So, I saying, unfortunately, we are unable to talk through the thinking in terms of exact plans, but definitely there will be a lot which will start rolling from our front, and you will start seeing a significantly better execution also on the plans as they come out.

I think the other portfolio in terms of the small portfolio beyond mosquitoes, this is a multi-decadal growth opportunity. You've seen that we've proven ourselves onto Roach. We've actually entered onto online with, you know, the rat repellent. Again, good initial success. This is something which we should be able to build in a real strong growth over, I would say, multi-decades from here on. Yes.

So, I think good category construct, good direction in terms of where it's moved in the last 3 years -- last 10 years. I think, as market leader, this is, I would say, again, India is premiumizing. There is no FMCG category where premiumization is not happening. As market leader, it's our job to kind of ensure that we are able to premiumize and upgrade, and definitely we will kind of do that.

Moving on to the next category, which is Air Care. I think this, I would say, is again a very, very strong TAM opportunity from an opportunity for the next multiple decades. India is still extremely low when it comes to spend per capita. It's very, very low when it comes to even urban penetration as of now in this category.

These are large categories as the country develops and evolves. And towards that, we've had, again, a superb track record on innovating at a regular interval, on ensuring that we scale up post-innovating, and we execute well post-bringing those mixes. Yes. Multi-year track record of building this category. We will continue to sustain that both in terms of innovation and in terms of growth.

I'll cover Home Care Liquids a little bit later when I talk about portfolio transformation. So, let me move to Skin Cleansing. Yes. When it comes to Skin Cleansing, this slide actually, again, is a slide which gives so much of confidence to me and to our teams here.

GCPL for like a decade has shown that it can win decisively in the soaps market. We have gained market share year-on-year for a longish period of time. We used to, I would say, out-execute, out-market competition and gain ruthlessly in each market. The last 3 years, we've seen our shares stabilize, but this is part of our DNA.

This is part of our legacy in terms of Godrej Soaps being made into Godrej Consumer Products. This is something which we know how to win in, and you will start seeing actions as to how do we get there.

I think I'll call out two big things here. I think one is on the product. I think there has been a significant shift in terms of the larger market, in terms of product offerings, in terms of consumer acceptance, in terms of product offerings, etcetera. What we need to do is go down into each consumption sector, each state, each segment in a state, and ensure that we have the right product-price-market fitment, which then ensures that our mixes keep gaining market share on a sustainable basis at the right profitability. Yes.

This is something which we need to kind of recalibrate and rebalance. We've started mildly this journey, and this is something which we should be able to kind of complete in a few quarters, post which I'm sure that we should get back to that share gain slide on a sustained basis.

I think the next one I would call out here is conquering at a micro-market level. Again, some of these businesses like soaps and detergents are businesses which run at a micro-market level. It's about daily executing well, it's about out beating, you know, the available other products, and doing it on a daily, weekly, monthly basis with hyper-local activations. Yes.

So, the right product-price,-market fitment with the right execution in each market is something which, you know, we've done for decades. As a company, we know very well how to do it. I'm hoping that we get there, hopefully, very soon.

I think the next big strategic play is to look at skin cleansing as a larger space beyond soaps. This is a journey which we have begun a while back. It started off with handwash, and over the last year and a half, we moved multiple steps forward in terms of acquisition of Muuchstac on facewash and Cinthol foam bodywash.

When we look at the total skin cleansing space, again, it's a very interesting space because skin cleansing at large grows at high single-digit over a period of time and is expected to kind of grow at high single-digit for the next couple of years or for the decade or more. We've made good starts here.

We will have to complete the journey on filling these white spaces. We will do it in a sensible manner. We've proven ourselves, or we've proven the ability to kind of make some of these entries, but we'll complete filling the white spaces and, over a period of time, take more than our fair share, which we have in soaps, in these other segments.

Moving to hair colour. Again, starting off with the market construct, you broadly have three segments in hair colour. One is the traditional format, almost two-thirds of consumers still use the traditional format; the modern formats, which is broadly crème and shampoo hair colour, a third of the consumers are there; and then it's premium hair colour, which is a small segment, but again, a huge opportunity from a long-term play to kind of grow. So, that's the market construct.

I think, in terms of our strategy, it's going to be a three-pronged strategy. The first one is upgrading consumers from traditional format to modern format. Here, we've done, I would say, a really good job in the way we've driven our business over the last couple of years.

We will continue to sustain that and continue to ensure that the upgradation journey from, on consumers moving to this happens. We're in the midst of the crème renovation or relaunch. So, quite excited with kind of taking this journey forward in a more, I would say, aggressive way from here on.

We will be entering the premium hair colour market, and I'll talk about it in the later slides. We're launching Godrej Hair Lab. It's a very, very unique product, and I'll touch upon it. We'll build our portfolio in premium hair colours as we go along. Professional is a place where we've entered a couple of years back. We've now kind of stabilized the business. This is a place where, again, we should be able to see strong growth going forward.

Moving on to hair fashion. Again, this is a business where we've structurally solved a couple of things, and we've touched upon this in the past. We've got the portfolio strategy right. We've moved now one step forward where we've kind of got in a concept called where we've now kind of got countries at a local, regional level incubating within guardrails. And once we get to certain scale, then we kind of really explode the mix across the continent.

We've moved the media model to social and influencers, and really dialed down the television spends, and we're kind of seeing the benefit of that playing out in sales. Significant simplification on operations, and moved the entire GTM onto offtakes. So, we've kind of done the structural solve. We should be able to now sustain broad-based profitable growth across the continent for a while.

Coming to Perfumes and Deos. I touched base upon it on the call which we had two and a half weeks back. Fragrances is a huge opportunity. This is one of the big categories when it comes to 2040. We like the two brands which we've acquired. We like the category a lot. We are really very happy with the potential it offers. We definitely didn't get the execution right when it came to acquiring Playgard, AXE and integrating it. Over the next few quarters, we will solve for that, but we remain super excited about the potential of this category.

So, that was a bit in terms of the category development and the thinking. Let me move on to portfolio transformation. I think portfolio transformation is broadly broken in two parts: portfolio transformation in India and portfolio transformation globally.

In India, I would actually kind of divide it in three parts. One is new category entries, again, the large 2040 opportunities, how do we enter it and decisively kind of build scale and win. The second one is what we're calling internally as G Labs. This is a new thinking, it's a futuristic thinking, and I'll just touch base upon it.

The third one is white spaces beyond HPC. How do we kind of start and, in an entrepreneurial way, build a business beyond HPC? And fourth is, when we come to international business, how do we ensure that we kind of really multiply with speed? Let me talk through each one of these individually.

Coming to new categories, the opportunity onto new categories is large. Some of these are very, very large TAM opportunities. We've shared with this to you earlier. One, I mean, example of liquid detergents, where currently it's half a billion dollars, expected to kind of grow at a 15% CAGR, or 10% CAGR, or 12% CAGR, that we don't know, but definitely likely to kind of get to a 3 billion to 4 billion opportunity in terms of market over the next 15 years. That's a trajectory which we've seen in multiple countries.

So, as the washing machine usage comes in, as urbanization happens, as people enter more and more into the workspace, definitely the need for these products is going to be there. Home Care liquids is just one example.

These are categories where we believe we have a strong moat. Again, there are two, three call-outs which I would do from a moat perspective. We have a unique advantage of the Godrej Masterbrand. When we launch products under the Godrej Masterbrand, the acceptance and the time for acceptance is significantly better. We are able to get conversions much, much faster because of the trust associated when it comes to the Godrej brand.

Our own capabilities from an R&D perspective, and not only as a company, but at a group level, we are India's largest oleochemical manufacturer at a group level. Working collaboratively at a group level does give us the ability to come out with products which are market-beating products.

We've done that for the three products which we've launched. FAB is unique in terms of how it's formulated. Spic is unique in terms of the five-day protection it gives us. Rizz, which we're actually hitting to the market in terms of primary today as we speak, is unique in terms of the grease-cutting ability amongst other things.

So, we have a good track record. We have a strong pipeline in Home Care liquids and beyond, and we will ensure that we will decisively build a very, very large business when it comes to the new category creation.

It's pretty obvious that when you do this at scale, the first few years means it's an investment. We're committed to make those investments. It does put an extra pressure in terms of the short-term and slightly medium-term, you know, profit delivery. But the size of the prize and what we can create in this and the payoff which you get from a value creation in the medium to long run is extremely large.

What we are ensuring that we get healthy unit economics, so we are creating businesses which, as they scale up and become large, will kind of get to healthy EBITDA levels. But, yeah, it will mean investing behind these mixes at an EBITDA level for a few more years.

So, again, three weeks back, we kind of spoken about Rizz. Today, I would want to share one more launch which is going out in the next few days. We're launching Godrej Zap. Godrej Zap is a stain remover. It's an online launch. It's a digital-only launch to start off with. The category is interesting. It's growing strong. It's a small category, but a high-growth category. This mix is a mix which we had in Indonesia. It's a mix which is a strong mix under ProClean which we had in Indonesia. The learnings of that we've brought in, and launching a really good product online.

We're quite excited by one more entry which we are coming with to ensure that the Indian dream of fabulous homes gets met in a more comprehensive manner. So, again, this will be available online in a few days. I'm sure you all kind of be able to buy it there.

Moving to the next concept which I spoke about, which is G Labs. G Labs is more like a company within a company. It's important that we disrupt ourselves when we are thinking of the next wave of growth. The idea is to kind of ensure that as we spot the new opportunities with consumers, we are able to quickly take them back into the R&D lab, ensure that we create top-end products which are on the back of strong science-led products, and crunch the time, the effort, and the cost of taking them back to the consumers.

This is about replicating, I think, some of the successes which some few entrepreneurs have had. Hence, the entire model is going to be more entrepreneurial. It's going to be a model which is going to be backed and based on, I would say, lower resources, but strong ambition and aspiration. Agile teams working with end-to-end, I would say, authority, scope to kind of course-correct. This, again, is super important, not from a year perspective, but when it comes to the medium term, this actually will become a big funnel for the GCPL.

I would say, core business or the main business, because suddenly we will be having a funnel of proven mixes which G Labs will kind of have would have taken it in a digital way and then start feeding it into the larger business. So, again, we are really super excited with the way we are going to be creating GLab and accelerating it. We will have this as a really, I would say, separate pod or separate company within a company. It's not going to be a separate legal entity, but a very, very exciting space where you will see a very different shade of GCP.

As part of this, we are launching our first product. I touched upon it. This is a premium hair coloring product. It's going to be only available from a B2C perspective. It's a patented formulation. It's a superb product. It's a single-step easy application, no gloves, no mixing. So, some of the shampoo hair colors which you kind of find in the market, they have actually a partition in between. When it's pressed, it comes out, people need to take it in gloves, mix it, and then use it.

This actually doesn't require all of that. It's taking hair coloring to an ease-of-application to a very, very different level. So, all of us are super excited as to the journey which hair color can have with this product. Again, this is our first product coming in from G Labs, and we'll both build our organization muscle on G Labs and the product pipeline in terms of getting many, many more unique, innovative products like this to consumers in a faster and quicker manner.

Coming to the white spaces. I think, again, when we touched upon it last time, we did mention that it's been a tough journey. It is a category outside of HPC. There were a lot of learnings which we had. As we look at the business now, it's got an ARR of around INR10 crores, so the annual run rate of the business is at INR10 crores. We have come to a stage where we feel confident now about the product-market fitment, product-market and price fitment of the mix. We are also kind of have worked in the last few months in terms of the new mix, which is moving beyond dog to cat.

In the next six months to nine months, we will now scale up this business, be more entrepreneurial in the way we scale it up. So, the business which was starting in TN, is now scaling to South, will scale up nationally. We do feel that we can take the ARRs of this business to close to INR50 crores by the end of this financial year. And we do stay committed to scaling this business to a INR500 crores business somewhere by FY30.

We may get a year or two ahead or later, but we definitely feel that we've kind of got the product, we've got the unit, we've made the learnings whatever we needed to, and we will kind of be resilient here. We will ensure that we also scale it up in a manner in which it can be done with less of cost and less of resources.

Moving to the global portfolio transformation model. This is something which we have spoken to you all about in the past. There was a strategy in terms of 3x3. We always had the aspiration to kind of ensure that, we kind of win at a global level with on some of the categories. In the last five years, and if I had to kind of see where we were, I think our fundamentals in quite a few of these markets was broken. We were struggling in terms of operations; we're struggling in terms of profitability.

Our businesses were complex. We had multiple kind of products, multiple kind of factories, and resources were limited, because a lot of time and effort was going on in managing the legacy businesses. I think we are at a very, very exciting milestone as we speak now. Fundamentals have been fixed across, I would say, the entire Africa continent, the Middle East continent -- I mean, Middle East region, the entire Americas region, Latin and North America.

And we've created over and above that because of Godrej International, a segue into many more countries than which we have flag operations. So, I think a lot of the hard work in terms of getting to where we are today has been done, and it's been difficult hard work. But, yes, I think we created now what we see as the tunnel to the world. The tunnel's ready. Now, it's our job to kind of ensure that we kind of now put the funnel onto this, and that's what we will kind of attempt to do.

We've also proven the tunnel with Air Care. We've taken it into countries, we've kind of piloted it, we've seen initial consumer feedback. It's been a good initial, I would say, pilot journey in terms of where we've got to as of now. So, as we go along in the next few years, this is something which we will drive with passion and energy not seen before. We will scale up Air Care, HI, hair color, and a few more winning mixes, which currently we have as part of a portfolio, and new mixes which we kind of come out with.

And, yes, you definitely should be seeing a step-up onto our international business performance as a result of both sustained profitable growth on our core legacy portfolio, but a significant step-up onto a portfolio transformation. So, let me, yes, I think, again, some of these don't happen unless you kind of put in the right investments, put in the right resources. This needs to be kind of invested a little bit ahead of time.

I spoke about R&D. We're making a INR150 crores investment on R&D. We are building significantly the GTM across the world. This is in multiple countries, where we are kind of building a strong sales team, to ensure that our mixes can be kind of taken forward. We've done a little bit of the trials in the last few quarters. We've got the initial success, we've perfected the model. So, in the next few quarters, we will significantly step up our international GTM.

And the third one is in terms of digital marketing. We've scaled this up in terms of resourcing and investment almost 10x in terms of resourcing, and then you start seeing investments in terms of tech and really reallocation of the funds also happening.

All of this put together, just from an investment of costs and resources, it is likely to be close to INR200 crores per annum in the fullness of time, which is likely to be around 12 months, we should be able to complete this journey. So, we're talking of really sizable investments which we are putting onto this journey.

Before moving on, the other areas, if I had to kind of just summarize and call out which are some of the starred priorities for me. I think on category development, ensuring that we kind of win on the larger HI journey by ensuring that we kind of get the innovation spark and execute better is definitely a starred personal priority. Ensuring that we get this portfolio transformation done in a big, big way globally is a second starred priority.

Creating G Labs, so that we are ready for the next wave of growth and we've transformed ourselves as a new-age FMCG company is the third starred priority. I think the fourth one, which we've kind of now got a track record in a few places, which is say, Air India, Africa outperformance, so we know that we have certain sustained outperformers, to ensure that the sustained outperformers stay that way, I would call it as the fourth priority.

Obviously, starred priorities means that the others are also equally important and we will kind of, as a team, put what we need to do. The additional plus one will be on culture and values. We've had a good, I would say, huddling, deep dives, ECDs over the last two and a half weeks, both as a leadership level and as a team.

And we believe that we can significantly step up, I mean, Candor collaboration, zeal to deliver strategic outcomes and consumer centricity in the organization. As we do that, that definitely will have a lift-up on performance both top-line and bottom-line. So, just a little bit in terms of summarizing what I've spoken till now.

In terms of capabilities, embedding AI is something which will touch all of us. We are embedding AI with really open arms and in areas which are our core business areas, be it operational areas like demand forecasting or be it core areas like planning media, looking at pricing models.

All of those are ones which we believe AI can become great tools to bring us from a particular level, which is A to B and then we come in as teams to then refine it and taking forward. It's trying to use the right combination of AI tools and management expertise to make an impact in that. So, we'll use that approach to drive AI in the organization, starting off with large business areas and then moving on to others.

We continue the journey of simplification. I think we are around 70%, 80% there. There is still work to be done in a few places. I believe that in a year and a half or two from now, we should be able to complete our actions in terms of simplifications, getting to simpler processes, use of tech and digital on that, getting to significantly higher productivity.

We've made all the investments in terms of new automated lines and factories. We need to now kind of ensure that we raise the utilization of those assets, getting to fewer operations, where we kind of covered a lot of distance, but there is still a little bit more to be done. So, we'll complete this journey in the next two years.

Coming to the culture. This is again a reasonable shift from where we've talked about. We had an old operating philosophy. We believe the AND culture is a better articulation of the culture we want to build in the organization. So, we kind of changing operating philosophy to an AND culture. I'll touch upon each one of them very quickly.

So, I think the first one is about values and valuation, and this is something which is core to the group. We've spoken about values and valuation at a GIG group level, and again, it's core to how we would win. Valuation is important. We will definitely kind of ensure that we create the right business impact, but we do it ensuring that we build onto the Godrej values.

The strategy and execution, again, is super important. I think it's important for any company. You can outsource creating a strategy, you can kind of have great strategies in place, but if you don't convert the strategy into action, really it's a task only 20% done. So, ensuring that both work hand in hand, as management teams, as leaders, as a larger organization.

We put in zeal on outcomes, we put in zeal to ensure that the strategic outcomes fall in place and if things are not happening, recalibrate strategy to get there and ensure that we kind of build this, I would say, the flywheel to get there is something which we will do. Again, there are multiple examples where we've kind of done a great job on values and valuation.

We've done a great job in terms of ensuring that we convert the same strategy. At the same time, there are examples which we've not done, so we exactly know as a team what's worked, what are the missing sauce, how do we kind of bring the missing sauce and at least raise some of these from possibly a level of X to Y and continuously keep raising the bar on this.

Today and tomorrow, again, is important. I think when we take actions, the actions should benefit not only tomorrow but also today. I mean, the environment keeps changing. There is an

AND culture which we need to build. At the same time, I mean, it's not that we're going to compromise anything about tomorrow. Sometimes certain things do come with a cost.

Some of the pieces which I spoke to you about strategy are significant cost and are significant investment in terms of margin for us, but we will do it without blinking an eyelid because we know there's a right thing to do for tomorrow. But when it comes to certain operational elements, when it comes to running businesses, getting efficiencies out, it's important that we do today and tomorrow. And, yes, that's the fine balance which we'll keep.

UVG and profit, again, I think it's important that we kind of deliver both. And it's easy to deliver one at the cost of the other, but that's not really outperformance. Again, I mean, everybody understands that in FMCG, the best way or the best model to grow is ensuring that it is volume-based growth, which then drives the profits to come in.

There is no other way to kind of get profit growth in FMCG. It has to be on the back of volumes. Volumes results in revenue, revenue gives us not only leverage, but then profits. While you do that, you ensure that you also play the right efficiencies, you play the right kind of mix gains. So, we will kind of drive both.

Core and new. Yes, I mean, we definitely are super excited on both. Excited on the core because the core is, again, in places where we have a very, very dominant position. We have a strong moat. We have had historically a very, very strong track record, and hence to kind of ensure that the core delivers and becomes an outperformer.

While at the same time, we ensure that we build the new both in India and overseas and we build that portfolio transformation. So, yes, I think it's both. Wherever we feel that we are unable to kind of meet both the pieces, we are happy to kind of ensure that we scale up the resources to kind of ensure that both these objectives get their fair share of resources.

India and international, again, we're at a stage where we believe that both these businesses are at a good inflection point in terms of growth. We have struggled overseas, but now we've kind of got this tunnel right, we've kind of changed our base fundamentals in place, so we will kind of continue to kind of focus on both. And ensuring that people and planet, including sustainability, safety, health, along with profits, is where we get to leading edge. We've done that in the last few years and beyond. We will continue to do that.

Coming to our measures. Again, we had spoken about our double-digit UVG and profit five years back. I shared with you December '21. I think as we moved on, because of the changing market context, we kind of then moved to calling out saying that we'll get to market-beating UVG and profit growth.

We then kind of talked about saying that, yes, in India, we'll get to high single-digit UVG and we will kind of move to that journey. I'm putting my neck out there and saying that listen, actually the one thing which will kind of define us being an outperformer is a double-digit UVG and profit.

If we have to aspire to get to being an outperformer, this is really what is the measure of that. It's the simplest and the cleanest measure to kind of show that we are an outperformer. And this is not a simple number for a call-out. We have structured plans, we're making the investments. I'm reasonably confident that we will get to being an outperformer by delivering double-digit UVG and profit. The question will be when and not if.

In terms of summarizing it in terms of an ambition, I've talked about it. I mean, as we get to delivering a double-digit UVG, I mean, we should definitely get to a teens revenue growth and that follows with a teens profit growth. The question is when rather than whether. We will work our way to a gradual scale-up and sequential improvement to get to our ambition.

When it comes to FY27 and we've touched base upon FY27 a few times in the last couple of months. We've given this guidance in May '26 saying that we'll deliver a high single-digit UVG for on standalone, and on a consolidated basis, we will deliver a double-digit UVG. That that was really what we had kind of said as plans for this year, for FY27.

We are committed to ensuring that we kind of meet this guidance and in a few places, like revenue, kind of exceed them. What we also calling out is that we will do this while sharpening the trade inventory in India. Our total trade inventory in India is higher than what we would want it to be. We will correct around close to INR125 crores to INR150 crores of trade inventory with in GT with distributors over the next three quarters.

So, you will see that correction happen, which broadly kind of translates to close to 1.5% and in some quarters might be 2% in terms of correction of inventory. Yeah, we will do that in a manner in which we kind of hold the guidance and we don't kind of redeliver this guidance. This correction is required because things are significantly more evolved now.

We can operate with better SNOP, we can operate with better planning, and the way the channels are evolving in terms of the OT channels and the growth in OT being higher than that in GT, we believe it's important to correct dealer ROI, and that's good for the medium to long-term health of the business. We have to go through the short-term pain, and we will kind of take it and correct it in FY27.

In terms of capital allocation, we've spoken about the dividend policy, we're committed to it. We will pay a minimum of 50% broadly on any year in terms of PAT. As of now, we've been paying 100%. Unless there is a large M&A, we will continue to possibly pay 100% for a while. On M&A, we are open to M&As.

We'll acquire if it is a high-conviction idea. Our primarily look at M&A will be in India, unless it's a very, very tempting M&A outside India. We will kind of focus energies on M&A in India. Look at something which is strategic in nature, look at the unit economics in terms of profitability, and do it if there's a multiplier effect.

We're unlikely to kind of take on something which is going to be a 10%, 15% growth. That's something which doesn't really excite us. If it is a multiplier where we can kind of acquire an asset and make it 3x, 4x in a defined period of time, we would be more than happy to kind of pick it up if it is a strategic category for us and if it kind of gives us an EPS break-even soon.

On capex, we've finished the big capex cycles, and most of them will get complete in this year. Post FY28, we'll get into a maintenance capex where capex should kind of come down to the levels of depreciation which we have. Yeah, so that's all I had to share. Open to kind of take on questions.

Moderator: Thank you very much. We would now like to hand the -- yeah.

Vishal Kedia: So, we will...

Moderator: Sir Vishal Kedia, please go ahead.

Vishal Kedia: Yeah. So, we will start with the online questions that we have received, and post that, we will go to the other questions that people have asked. Aasif, the first question that comes is, and I'm merging a few of the questions which have come, is we have recently launched a few years back RNF in the HI category, but despite that, performance has not really improved. What now changes for us to believe that HI category will improve performance?

Aasif Malbari: Yeah. No, good question and that's something which we kind of ask ourselves pretty much every day. We've been asking that question to us for a while internally. And I think the answer to that is pretty simple. We've done a great job in terms of introducing RNF. That's one of the vectors in terms of, I would say, product-price fitment.

There are multiple more levers to kind of recalibrate in terms of taking to consumers in from an innovation angle. Yeah, we you will see some of those play out in the next couple of quarters. At the same time, we believe that we definitely can execute much better in terms of the mix which we've already placed in the market.

It comes on to better communication, better reach, and kind of sharing the real impact of what the existing products in the market deliver. Yeah, we know the strength of the product. We need to kind of execute that better, along with bringing in, as I said, the innovation spark to the portfolio.

Vishal Kedia: Yeah. The second question we have, and I'm merging a few questions, is in May, we talked about speedboats, but in this presentation, we have not really spoken about speedboats. Is there a change in thinking on that front?

Aasif Malbari: No, I think I covered that. The thinking has changed to the AND culture. We love the mothership and the speedboats equally. The mothership can go faster than what it has been kind of feeling at. And, yeah, we don't want to get constrained into our aspiration either on the mothership or on the speedboats.

We are unlocking the resourcing to ensure that both get its fair share of resourcing, passion, energy to dial up. We love portfolio transformation. We know that in a lot of places, we have a right to win. We've got a proven track record there. We've got a very strong funnel, so we will do significantly more onto the portfolio transformation, but we remain as energetic, as excited about what our core portfolio offers.

Vishal Kedia: The final question online comes is what is the sudden inventory correction that we are talking about? Why is it so sudden that we are taking it in the middle of the year?

Aasif Malbari: Yeah, I think it needs to be done. Now, the question is when do we do it? We believe that the way currently -- our SNOP practices, the ability to kind of re-forecast, etc., is there is absolutely no need to operate at these levels of inventory. We are broadly operating at 20 days in GT. We think we can operate with 10 days of inventory there by virtue of all the tools and the fact patterns which we have.

And hence, it's just better for the long run. It also kind of means that the focus then moves on to dialing up significantly more onto offtakes, not that we currently are focus on primaries. It's been an offtake-driven organization. But since we can do it, and it needs to be done, it just improves the dealer ROI better.

We might as well get done with it and have it behind us. It's an unnecessary distraction. We should just close it. Yeah, so it will be a short-term pain because, yeah, INR150 crores is not small. We'll do it in three quarters, but we might as well be done with and finish it off and be done.

Vishal Kedia: Those are the online questions. Now, we move to the next set of questions.

Aasif Malbari: So, Robin, can you kind of start taking the questions which are coming in on the call?

Moderator: Certainly. Certainly, sir. Our next, sorry, our first question comes from Mihir Shah. Please go ahead.

Mihir Shah: Hi, Aasif. Firstly, congratulations and thank you for taking my question. Just on the inventory correction, I just wanted to understand in which geography is this? Is it only in India or also in Indonesia? So, that's on the inventory correction. And which category -- or is it across the categories? So, that's my first question.

Aasif Malbari: Yeah. Thanks, thanks, Mihir. So, it's very clear. It's only in India. Our global inventory levels across Indonesia, Africa, and Americas is at the right level. It's only in India. It is only in GT, and it's across all categories. So, yeah, it'll kind of cut through all the categories. It's in India only. Just to kind of close the loop in terms of inventory correction, this is not something that we've kind of added as inventory in a quarter or two, so just so to clarify so that we don't kind of get any wrong messaging out.

It is not that we've added inventory in last quarter or in the last six months. We were -- we have been operating -- so there's nothing which has been kind of added, I would say, in the last year, year and a half. We were having operating over the last couple of quarters at higher level of inventory, believe we can bring it down and then we stay there.

Mihir Shah: Understood. And despite the inventory correction, you are maintaining your guidance that you had indicated earlier and you reiterated that guidance, right? I mean...

Aasif Malbari: Yes, Robin -- sorry, yes, Mihir, we are kind of sticking with the guidance. We will kind of hold the guidance for the year. It just puts a bit more pressure on us. What may happen is that there might be a little bit of an extra pressure on India, given that this correction also kind of impacts bottom-line and you lose the full throughput on this without any other plans kind of changing. But, yeah, we'll kind of balance it in some form or the other and ensure that the guidance is maintained.

Mihir Shah: Understood. Secondly, I wanted to understand on the brand and media investments. You highlighted that, while spends were better, the reach could have been even more better. So, can you talk a bit more on what you meant by that? We believe that GCPL's reach has always been superior, but so what is that? And on that INR200 crores that you mentioned, that includes R&D of INR150 crores on digital spends plus R&D. And this is again this including this expense and this is across how many years, and including the expense, you're maintaining your guidance? Just a clarification on that.

Aasif Malbari: Yeah. No, thanks. So, I think firstly on media, let me kind of first explain. We've done a superb job, Mihir, in terms of reach for the last two, two and a half years. We've been able to significantly kind of get reach up by in spite of reducing cost. So, the cost per reach has kind of gone up and, as we speak, even on a YTD basis, broadly we are kind of better in terms of reach than what we were same time last year. So, I think we're doing a great job on reach.

Some of you all would have picked up in the news that we are also moving to WPP globally in terms of our media agency. That's a great opportunity for us to ensure that our global spends in terms of television and connected TV kind of come in with one media house. That's going to kind of raise the bar in terms of significantly stronger reach at, again, lower cost, and there is a sizable benefit which you'll kind of start seeing in the next 12 months as we kind of complete this transition. So, I think that's really in terms of, I would say, TV and connected TV reach.

Having said that, I think in terms of new-age marketing, when it comes to social, when it comes to influencers, when it comes to digital, there is a world out there. This is moving quite fast, and we believe that we can actually kind of move significantly faster. We've seen that with multiple companies operating in multiple geographies.

We've seen that across the world. We have seen that in countries like America, we have seen that in places like Africa, we have seen that in India. We have also kind of got a good insight in terms of an entrepreneurial way of ensuring that we get reach much faster and larger with lower cost as we acquired Muuchstac. So, that became a capability acquisition also along with a business acquisition, and hence we are kind of scaling up that for some of our mainstream brands. Yeah, I think that's really on media.

When it comes to investments, actually the investments are happening in all three buckets in terms of scaling up resources in R&D, scaling up global GTM, and third is really scaling up resources in terms of our digital marketing and capability.

All of that put together is an annual cost which will kind of come to the extent of around INR200 crores. This will be a phased scale-up, so I see this becoming an annual recurring cost of INR200 crores per year within the next 12 months, starting with, I would say, starting with next few months. So, it will start off with, say, INR5 crores, INR10 crores and going up to, like, close to INR200 crores.

We are holding the guidance for the year, again. It means ensuring that as we invest, ensuring that the resources start kind of getting in a some in-year benefit. Again, it’s a tough one because, these investments actually take two to three years to kind of pay back in full, but it's absolutely the right thing to do.

We are fully convinced on each of these three buckets and we will invest it. It's the INR200 crores is spread across. The INR150 crores which I talked about was a capex investment in in the R&D facility. The INR200 crores which I am talking about is a P&L investment annually on the three years.

Mihir Shah: Understood. That is clear. Understood. Thank you, Aasif, and wishing you all the very best.

Aasif Malbari: Thanks. Thanks, Mihir.

Moderator: Thank you. Our next question comes from the line of Aditya Soman with CLSA. Please go ahead.

Aditya Soman: Hi, Aasif and team. And really thank you for the very frank sort of presentation. So, two questions. Firstly, when you sort of lay out your strategy on sort of double-digit volume growth and high teens EBITDA growth, the perspective here is if one has to sort of give up on one of those, which would it be and why?

And the reason I ask this is not to just to put you on the spot, but you talk about sort of increased digital spends, but if you look at some of the D2C players, they spend as much as sort of 30% of their revenue on marketing, right? And then you can the other thing is you also have new products entering the fray, which I suspect in in the beginning will be lower profitability than your core.

So, so balancing all this, would you be open to then sacrificing profitability to drive that double-digit volume growth? And would that be the North Star?

Aasif Malbari: Thanks, Aditya. I think perfect question, and again, this is a real question which comes to each one of us when we have to take and do and take on the decisions to invest both in terms of, I would say, new portfolio creation, both in terms of resources. And these do play out with a bit of a time. It just makes our job much more difficult to ensure that we kind of balance the two.

Having said that, I think what's absolutely clear is in the medium to long run, these investments are super important and that's the only way to get to a sustained performance in terms of top-line and bottom-line. Because if you do not kind of make these investments, you do not get into the flywheel. You do not get the flywheel of UVG, you are unable to kind of get a sustained profit growth. So, that's actually absolutely clear that we need to get there.

And, again, I think our business is such in FMCG that if you want to kind of grow on a sustained basis is like 5 years, 7 years, 10 years, 15 years -- you want to kind of get your profit growth going, you have to do it on the back of stepping up UVGs. Otherwise, it just won't happen. You will get a few years of profit growth at best, and then you will kind of start seeing a pressure which one will not be able to manage. So, that we are clear on.

I think it is a fair question saying that how do you kind of manage the short term? It means we have got to kind of work really hard to kind of pull on levers in terms of efficiency, and again, drive a bit more in terms of mix, a bit more in terms of core, because that's something which has kind of disappointed us in the past. And as we kind of drive that, that does give us some space or some degree to then make those investments. And that's going to be a little bit of a balancing which we will have to do to ensure that the funds come in.

But if you have to put a gun on my head and saying, choose one, I would kind of say, I will choose UVG because that is the only sustainable way of growing. I am confident that we will be able to pull both, having said that.

Aditya Soman: Very clear, Aasif, and thanks for that. And just maybe one follow-up on the core, on HI. We obviously have the new formulation and so far it's sort of come maybe lagged expectations. So to push the LV product, what do you think are the one or two things really that that GCPL needs to do to ensure that it becomes a driver of growth rather than something that pulls it?

Aasif Malbari: Sure. So I think there are there are two pieces here, Aditya, in terms of the overall premium HI growth. One is definitely we can do a lot more in terms of how we can kind of look at elements in the mix with which we go to consumers. And that we will kind of do. But when it comes to LV as a product and the journey which we had till now, we have clear evidence that the product is significantly superior and delivers significantly better than everything else which is in the market.

Fundamentally, once that's the case, it's only two things which matter. It's about mental and physical reach. We are kind of changing our advertisement as we speak. We believe a sharper communication will help that journey. And then there is a journey to be taken in terms of physical reach, which again, as we speak, we are kind of building plans on. Yeah. So we do believe that with both of this, we should start seeing a step-up onto LV, both in terms of share and in terms of the segment growth.

Aditya Soman: Very clear and thank you and all the best.

Aasif Malbari: Thanks. Thanks.

Moderator: Thank you. Our next question comes from the line of Avi Mehta with Macquarie. Please go ahead.

Avi Mehta: Thanks, Aasif. This is extremely detailed and gives a clear plan. I just had two questions. One, if you could just help us understand the next steps in form of whether process changes or organizational changes and the timeline for the same as you focus on execution improvement. So, if you could kind of give us that.

And second, just a clarification. Obviously, you are doing this sharpening of trade inventory in India, but would that mean that the composition of this FY27 target is probably higher than target volumes and profit growth in international and slightly lower than that in India? Is that understanding correct? Thank you.

Aasif Malbari: Sure. Avi, could you just clarify on the first part of the question? In terms of organization, what did you want me to kind of clarify?

Avi Mehta: So, I mean when you said, you will focus a lot more on execution, not just day-to-day operations, but also essentially converting better implementation of strategy into action essentially, what exactly would it involve? Would it involve processes, some changes in terms of org structure, and then when should we expect that?

Aasif Malbari: Sure. So, I think thanks for the two questions, Avi. I think in terms of the first one, as I said, I think execution we are seeing this in two parts. One is really operational excellence and I think second one is really converting strategy into action.

I think operational excellence is about a bit more of doubling down, a bit more of focus, defining it, ensuring that the larger organization, simply each person in the organization spends more time on the robustness of each of the processes. I mean, this is something which we understand. We just need to kind of get slightly better than doing it as we were doing tomorrow.

Towards that end, we are also kind of, I would say, streamlining the organization. We spoke about say, the India CEO coming in, with that kind of focus coming through, the operational rigor of the business goes up and I mean it's not really rocket science in terms of doing it, so I think we start doing that or we are doing that from day one and we will keep improving that and we will kind of get there in in a period of time.

When it comes to strategy into action, I think if you have possibly heard me, I think while our while our holding statement in terms of strategy is remain where it is, the nuances of how do we reach our aspiration have evolved. It is a more comprehensive strategy into action, and I think simply the math of it wasn't working in the past because if you have a flattish core and if you are really kind of building a few speedboats, the math of it doesn't stack up to where we wanted to get to.

I think we have more balanced plans and a more balanced strategy. We have gone to kind of defining a lot of it in the last few weeks with a level of detailing which is significantly which is like strong to the extent of a country, a category, a cell, and all of that has been kind of been done. What I have showed to you is really a very high-level direction, but we have done that. We have engaged within teams.

Over the next few months, we are kind of breaking this down into more micro-plans, and there are significant amount of workshops and engagements planned to ensure that we kind of translate that and create, I would say, the steps to kind of ensure that strategy kind of converts into action. So, that will start happening and, yeah, we then start should start seeing the benefit of that.

I think fair point in terms of inventory correction. Well, it's a reasonably large correction which we are doing. That does put a little bit of a pressure onto India profit growth, given the fact that we do not want to wobble anything in terms of investments, and also with where, I would say, global uncertainties stand today, both in terms of commodities and, commodities have over the last few days just kind of inched up again.

If that situation stays, we have to just be mindful that we do not do anything which is not in the interest of the business from a pricing point of view or from an investment point of view. And as I am saying, we are kind of taking all the investment calls also. While it is going to scale up sequentially, we are going behind them. They have been kind of aligned and we are already starting to kind of execute some of these investment calls.

You will see some bit of a pressure onto India profitability, but again, it's a little bit of an optics of the pressure. Yeah, we will make up at an overall level.

Avi Mehta: Got it, Aasif. Got it, sir. Thanks and wish you a lot Thanks a lot.

Aasif Malbari: Thank you. Thank you, Avi.

Moderator: Thank you. We will take that as our last question. Ladies and gentlemen, I would now like to hand the conference over to Mr. Vishal Kedia for closing comments. Over to you, sir.

Vishal Kedia: Thank you, everyone, for attending the conference call today. We hope we have been able to answer all your questions. In case of any further questions, please do reach out to us on our investor relations contact details. Thank you and good evening.

Aasif Malbari: Thank you everybody for joining us. You have a good day. Thank you.

Moderator: Thank you. On behalf of Godrej Consumer Products Limited, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.

Disclaimer - The transcript has been edited for language and grammar; it however may not be a verbatim representation of the call.