

Nestlé India Limited

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PKR:SG: 75:23

31st October 2023

BSE Limited

Phiroze Jeejeebhoy Towers,

Dalal Street, Fort,

Mumbai – 400001

BSE Scrip Code: 500790

National Stock Exchange of India Limited

Exchange Plaza, Plot No. C/1,

G Block, Bandra-Kurla Complex,

Bandra (East), Mumbai - 400 051

NSE Symbol: NESTLEIND

Subject: Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”): Transcript of analysts and institutional investors meet on the unaudited financial results and business performance for the period ended 30th September 2023

Dear Madam/ Sir,

Further to our letter PKR:SG: 72:23 and PKR:SG: 73:23 dated 25th October 2023 and 26th October 2023, respectively, please find enclosed transcript of the analysts and institutional investors meet on the unaudited financial results and business performance for the period ended 30th September 2023. The same is also being uploaded on the website of the Company at <https://www.nestle.in/investors/analystsmeet>.

This is for your information and record.

Thanking you,

Yours truly,

NESTLÉ INDIA LIMITED

PRAMOD KUMAR RAI

COMPANY SECRETARY AND COMPLIANCE OFFICER

Encl.: as above



Nestlé Good food, Good life

“Nestlé India Limited”

October 25, 2023

- Speakers:**
- Mr. Suresh Narayanan, Chairman and Managing Director
 - Ms. Svetlana Boldina, Executive Director, Finance and Control and Chief Financial Officer
 - Mr. Sanjay Khajuria, Head of Corporate Affairs and Sustainability
 - Mr. T.S. Venkateswaran, Head of Legal
 - Mr. Pramod Kumar Rai, Company Secretary and Compliance Officer
 - Ms. Simar Kahlon, Market Safety Head and Environment Sustainability Manager
 - Ms. Ambereen Ali Shah, Head of Media Relations.
- Special Invitee:**
- Mr. Jagdeep Marahar, Head of Nestlé R&D Centre India Private Limited (a wholly owned subsidiary of Societe des Produits, Nestlé SA)

Ambereen Ali Shah: Good afternoon everyone. A warm welcome to Nestlé India's Analysts and Institutional Investors Meet 2023, this time in a hybrid format. We are excited to host in our Head Office after a gap of over three years and happy to see many of you join in virtually.

I am Ambereen Ali Shah, Head Media Relations.

Today I have with me senior colleagues from Nestlé India's Management team,

Mr. Suresh Narayanan, Chairman and Managing Director

Ms. Svetlana Boldina, Executive Director, Finance and Control and Chief Financial Officer

Mr. Sanjay Khajuria, Head Corporate Affairs and Sustainability

Mr. T.S. Venkateswaran, Head Legal

Mr. Pramod Rai, Company Secretary and Compliance Officer.

We also have a special invitee, Mr. Jagdeep Marahar, Head of Nestlé R&D Centre India Private Limited (a wholly owned subsidiary of Societe des Produits, Nestlé SA)

I would now like to invite my colleague, Ms. Simar Kahlon, Market Safety Head and Environment Sustainability Manager, to deliver the safety briefing.

Simar Kahlon: Thank you, Ambereen. Good afternoon to all the guests. I'm here to give you the safety briefing regarding two emergency scenarios that we envisage for this building. The first one is that of fire and the second one is that of an earthquake.

Our head office building is equipped with the state-of-the-art detection and mitigating measures for the fire. Therefore, in case any fire is detected on any floor, you will hear a public announcement to kindly evacuate the building. Please use the two emergency exits. One is at the back of the room that you can see and one is here in the front. Please take the same route that you took

to come inside the building, which is the main entrance and assemble at the front lawns and you will be further guided by a crisis manager at the moment.

The second emergency is that of an earthquake. In case we feel any tremors, do not evacuate immediately. Please wait for the tremors to stop, and when you hear the public announcement to evacuate the building, then kindly take the same route and assemble on the front lawns. So there's no fire drill plan for today and we hope there is no untoward happening in the building today. I wish you a very safe meeting. Thank you.

Ambereen Ali Shah: Thank you, Simar. Before we begin, I will read out our disclaimer. This presentation may contain statements that reflect the management's current views and estimates that could be construed as forward-looking. You are cautioned not to place undue reliance on these forward-looking statements. The future involves uncertainties and risks that could cause actual results to differ materially from the current views being expressed.

Volume and mix and organic growth are on the basis of Nestlé's internal reporting standard. Figures are regrouped and reclassified to make them compatible. Calculations are based on non-rounded figures. Analytical data are best estimates to facilitate understanding of business and not meant to reconcile reported figures. I would like request the team to show the disclaimer please for a minute.

I will now request Mr. Narayanan to please take over and make his presentation themed **"Growing together consistently today and tomorrow"**.

Suresh Narayanan: Good afternoon, ladies and gentlemen. And as always, it's a privilege for me to talk to all of you. You are part of my extended family, and since you have seen me for some years now, you kind of know the tone of music and you can kind of predict the scores. But I think this time around, I thought I'll do it a little bit differently. Typically, you're all very seasoned analysts and investors and you attend two kinds of investor meetings.

The first investor meeting is when you're bazookaed with loads of information, loads of data, very difficult charts that you can barely read and you have to decipher it only after the meeting is over to see what exactly has been said. So, that is called management by data. The other set is where there are a lot of homilies and truths and promises, but devoid of too much of on the ground content in terms of what really is happening.

I do realize your predicament because you have to make your judgments, your calls on not just the Company and its performance, but also in the management and ethos and how the organization is going to evolve over a period of time. And therefore, this time around, what I thought I would really title my presentation, and I hope I live up to this as we go forward, is to talk about growing together consistently today and tomorrow.

So it's not really about what we have done, but what is it that we do. So why do we do what we do and what makes us who we are? I think those for me are more compelling questions that you need to ask as investors, because data only shows you one part of it. It shows you only the facade that you would like to see of what performance is. But what is under the bonnet and how the engine operates is something that can be quite different. And that's really what we would like to focus on.

So therefore, my heartiest welcome to all 30 of you here. I think this is the post-COVID, the first meeting that we have had in the dual form of having it both personal and also online. And I believe there are about 113, 114 people who already joined online. A hearty welcome to each one of them as well from different parts of India and indeed from different parts of the world as well.

So today for the next hour or so, I will take you through this journey. This journey is full of what we look at as opportunities, what is it that we've achieved as an organization, as a team. And I am like the sutradhar, like the person who tells you the story about what Nestlé is. And there are many, many, many people who are behind it. And that's what makes the story that much more interesting.

At the end of it all, I do hope to leave you with a certain set of messages or mantras as it were to define how is it that we would like to continue our journey and a journey in these times where we have at least two full-blown wars if not three full-blown wars across the world. The Russia-Ukraine one is now become a little bit old hat. It has been around for about two years. And the latest conflagration in the Middle East and its manifestations of what can happen to geopolitics is anybody's guess.

And I do not think it is my role as the Chairman of this Company to even prognosticate on that. But all of this is clearly going to have its own challenges as far as the organization and society and India is concerned, which is something that we have to factor in as we look at the further course of our business. So, what is it that I will be talking about in brief? Firstly, I will take you on a five-year journey.

You have been seeing me from 2015 when we had the burning deck of MAGGI and many of you I remember attended the analyst meet with some amount of trepidation saying what will this Company be able to do with itself? Can it really come out of the quagmire in which it finds itself and can it put itself on the path of growth, profitability, performance and contribution over a period of time?

So I'm really chasing it back from 2018, which is when we were kind of getting back on our feet because 2016 was when we, 2015 end is when we came back with MAGGI and then 2016 was a little bit of a buildup to it. And there was also the base effect, so it wasn't really the most appropriate time to make a prognostication for the future.

2017 is when the engine started and 2018 is when a lot of the initiatives that we will be talking of today really got kicked off. So looking back what we promised and what we delivered, emerging, exciting, aspiring India, our business is all about consumer marketing. We are a brand marketing Company with its core of brands that have been around for a long time, establishing certain propositions that have stood the test of time.

That's who we are. And we operate in the consumer context, which is rapidly changing. And I think it's important for us to understand the context of the change, the rise of the new consumer cohort. And the third element is really our heartbeat five P's. I've always believed that an organization is more than the numbers that it manifests.

For us, it is purpose, people, planet, partnerships, and performance. All of it comes together. That's what makes Nestlé. And that's how I would hope and pray that we continue to be as an organization as a healthy amalgam of these five elements that goes to make corporate performance. And last but not the least, the key takeaways. What is it that I would have said, you would be definitely having many more takeaways than what I have said, but at least what I've articulated would be encompassed in terms of the key takeaways that I will be talking to you about.

So what did we say in 2018? Firstly, we were coming out of a situation where we were bruised, we were hurt as an organization. I think it was an existential crisis that we faced as a Company. So we came out of it with a clear indication, with a clear path, that we need to be a much larger footprint than who we are in terms of the brand that we have and in terms of the categories and promise that we have got.

So innovation at the core, improvise but act. A perfection is not the journey we sought, improvisation is the journey that we sought. Because it is very easy to go on the perfect path and launch something after 20 years when it is too late. It is another thing to improvise and to be able to use the benefit of science, technology and data to be able to improvise as we go along and make whatever will happen.

And today my colleague Jagdeep Marahar will tell you the other side of what we are as a Company, the R&D side and the global footprint and how we operate in the Indian context. Managed for market shares, our growth should be greater than category growth. We are blessed to have poll positions in many categories, but these are all highly competitive categories.

I don't think anybody, ladies and gentlemen, has given Nestlé a free lunch. We have had to earn and we have had to sweat and we have had to bury our heads in order to get whatever points of market share that we have got in order to make ourselves worthy of the consumer choice.

Third, key efficiency enhancement through Nestlé Business Excellence, that was the start of the business excellence journey as we came out of this bouldering deck to see how we were able to resurrect the organization in terms of efficiencies and in terms of costs to be able to make a better contribution as we went along. Speed, sharpness, and sustainability. Speed became a mantra for us.

Speed over perfection. Being fast, focused and flexible is something that I've been talking about for eight years now, nine years going. The reason is because the world is not waiting for you to change. It's changing dynamically. And organizations and leaderships that are caught up in the time warp of the past or assuming that things are going to be their way, I think are making a fatal mistake. And that means that you get some things right and some things wrong.

And I'm open enough to say that at Nestlé, we got some things right and some things not so right, but that's part of the journey. If you're not tried at all, I don't think you have any reason to count yourself as being successful. So speed, sharpness and sustainability. A growth dimension, we came out of a bruising crisis where we said to ourselves, we will thrive and not survive.

It's a mindset issue. The mindset is important in an organization of 8,000-9,000 people. If everybody is looking at survival as an instinct, being able to make my next week's sale, if that is going to be the only survival instinct that you have, you cannot think three years on, five years on. So the task of leadership is to get the mindset into a thriving mode and to look at opportunities rather than survival mode.

And that's something that we've been working on. I would not say it is to perfection. There are still parts of the journey that we are still traversing but I think by and large we are where we are. The recognition that India is diverse

and that there is no spray and pray model as we have applied in the past which is fundamentally to take a mix and to throw it at some part of the country open pray that it sticks there. And thereby we'll be able to make a stronger proposition as we move forward is a thing of the past.

So today, using the power of digital analytics and investment in infrastructure, we have had clusters, micro-targeting and resourcing for action. This was a dream then, a thought then. And that thought has later on got action. Action engagements with the environment and issues thereof. Environment not only means the environment as we understand it, climate and the issues around it and sustainability that is around it, but also environment in being able to be proactive in terms of what is changing around us.

And I think that also involves a degree of proactivity and action that is deliberate and that is conscious and not something that is unconscious. And finally, something that I am very, very passionate about is people, passion, progress as a way of life. I fundamentally believe that the history of companies will be written on the achievements of the talent that they have got.

Companies can come with a great amount of investments, great factories, huge offices and tremendous infrastructural capabilities and data capabilities. But they do not, if they do not have 500 people or 100 people to make that difference, it's going to go kaput. Any industry and the consumer goods industry is especially prone to it. There are companies which have moved on the digital path and forgotten that there is a road that has to be walked called the bazaar.

There is a relationship that has to be built with a retailer. There is somebody called a distributor who has been around for donkey's years. And there is also a retailer who decides when to buy and how to buy apart from the consumer who is for him the ultimate person that he is catering to. That relationship between what would be digital data analytics and feet on the ground, dust and grime is the difference that people make to the organization.

And that's something that I'll also be briefly talking to you about. Let me take the first piece, emerging, exciting, aspiring India is the rise of the new consumer

cohort. Those of us who are sitting in the world believing that consumers are by and large homogenous, by and large consistent in behavior, by and large conscious of the decisions that they take, and by and large coherent in terms of the path that they take, I think are making a fatal mistake. Because the consumer journey has undergone a tremendous change.

This change is spawning not only new consumption platforms and new startups that are in the space of ensuring that they are able to make the link with the consumer. At the same time, some of the older companies have worked to rethink their own strategies as to how to approach this consumer and how to make things happen. And I think that's really the excitement in this journey. There is a data that all of you are aware of, the fifth largest global economy getting to be the fourth, hopefully by 2030, when we might overtake Japan.

That's the hope that we have got. 1.4 billion consumers which is the better part of the world put together. So, I do not think there is ever going to be a consumption problem. The problem in India is going to be how do you trigger that consumption. And in fact, there are enough articles that have been written that the problem is not on consumption, the problem is really going to be on supply. That seems to be the theory that is also doing the rounds. Whatever it is, I think it's a fairly significant opportunity.

I would rather be in a country which has got an opportunity of a billion people than sit in a country which has got opportunity of 400,000 people. And that's also declining as the years go by, even though they are extremely wealthy and they have a lot of money in their pockets and willingness in their hearts.

The last one, the addressable population. And this is the addressable population as far as Nestlé is concerned. So this is not the addressable population if you were talking to other companies, maybe the size of the price is different. I want to define to you that the 487 million is basically what we call the striving and the middle class of the country.

This 487 million is likely to go to about 700 odd million in the next couple of years, probably by 2030 there is enough estimate to say that this will become

the consuming class. This consuming class is our focus. It is not to say that we have no interest in the rest of the population. It is just to say that the primary bread and butter of this Company would come from the 487 million people who habit this particular class.

It is therefore, the rising middle class and consumption driven growth. If you look at India itself, whatever statistics that has been published that is of some reliability shows that the total food and beverage market, all categories put together, loose and package is about \$800 billion, \$790 billion to \$800 billion.

If you look at the packaged food and beverage, it is about a \$100 billion, it is about one eighth. If you look at the branded packaged F&B, it is about \$40 billion. So, you can see that the play between \$40 billion and \$800 billion is still allowing us tremendous room for innovation, for growth, for channels, for aspirations, for categories, for brands.

That is what makes the food market that much more exciting. Penetration levels are still and I will come to that relatively modest, not to say they are low, but they are modest and I think there is still an opportunity. So, therefore, whether we call it the bird of gold which was a McKinsey report or whether we call it the rise of India's new middle class or whether we call it creating the \$6 trillion opportunity, all of this is pointing to the fact that there is a larger number that is there that still is leaving a lot of room, headroom for growth.

And that is really the opportunity that consumers and that consumers are looking for and that players like us, players like Nestlé need to play up to over a period of time. So, while I know that everyone gets concerned about consumptions and demands and volume growths in the last quarter, in the last two quarters, last three quarters, ladies and gentlemen, here's the proposition.

The proposition is the fact that these data points will be blips in the curve. If you really were to look at the opportunity that companies and organizations can leverage into the future, can leverage, whether they do it or not, time will tell, but at least they can leverage into the future. And that is the mindset that we have at Nestlé.

I have never once, and having been the business head here for a long time, I've never once told my people, please correlate GDP growth with your growth. It's meaningless. Whether the GDP grows at 6% or 60%, my penetration levels remain at 40% to 50% to maybe 80% on an annual basis. I still have enough headroom and I play with the math 800 billion total market, 41 billion packaged branded package F&B, 1:20 is the play that we've got.

So therefore, that is the kind of approach that you would like to take as far as our own market is concerned. Rise of new India, I think this is something that is really helping. It's helping in more ways than one. The first of course is the digital India, which is 1.2 billion mobile users. I know this data is fairly common, so therefore kindly excuse my sharing this data with you, but it is to prove a certain, build a certain context of where we see the consumption evolving.

20 GB per capita data consumption per month. It is huge. I know most of it is videos, but nevertheless, it is still a significant consumption of data that we've got. Infrastructure will rise 29 kilometers of road built per day for the last eight, 10 years. This has tangible impact on the Rurbanisation plan of the Company.

Tangible impact. I'm able to make distribution happen. I am able to make availability happen, I am able to reduce the cost of distribution, I am able to make access possible, I am able to make sustainability possible. So, this is not just nice to know stuff facts of India, this is leading to economic growth and development as I see it on the ground.

100% rural electrification, I think we all know the benefit of getting some amount of electricity and light into your lives. 470 million Gen Z population, we have the largest Gen Z population in the world. This Gen Z population is a very different kettle of fish as compared to all of us. I'm very happy that this office here that you have come to is 80% millennials and Gen Z. The office is made in a particular way, right? It is not my gen. It is the next, next gen that's here.

Their aspirations and their ways of thinking on brands is quite different. And that's really what we look at as a Company. UPI transactions, 10 billion. This

data is also a little bit dated. It's probably closer to 12 billion now and INR1.5 trillion of transactions.

Interesting to note that when I traveled to a village close to Patna and I asked the retailer, how much of your payment is done through cash? He says, 20%. 80% is done through either a PhonePe or one of the other Paytm or one of the other apps. And he says, sir, the biggest advantage is I don't have to handle cash anymore.

I'm scared because here people will come and rob me of my cash if I'm not careful. That is the transformation that is taking place. So issues of pricing, coinage, INR5.95 paisa, INR4.75 paisa getting out gradually. Yes, still cash is king and cash is still important, but these issues are becoming a little bit more things of the past.

Entrepreneurial rise I think this is fueling also a lot of positive energy. I look at it positively, I think there are statements being made that look there is enough of local competition and therefore, we have to fear local competition, I do not. Local competition helps all of us to redefine and recalibrate ourselves even better than what we are.

And I think in their development is the development of the category. Imagine if there are 200 more of these unicorns that enter the food space. The entire food ecosystem can go dramatically up from that 40 odd billion, right, to 70, 80, 100 billion. That's good for the country, it's good for the consumer, it's good for all of us, because all of us will wake up and do things that we have not done before.

Competition is the biggest elixir to make competitiveness happen. If you're all sitting in that, in a space where nobody comes and touches us, we will do exactly what we feel like. And that's what was the situation of the consumer 30, 40 years ago. So, that is I think becoming different and of course, annual FDI which is also fairly significant.

The iron truth about India, I think this is the other one which is interesting. Urban 35% population, rural 65% population we all know it, we all know it pretty well.

What is more interesting is the premiumization of India. Today in the nutrition category for example, 30% is the nutrition, premium nutrition contribution and yet affordable snacks below INR10 is 72% of the market.

Premium is important, price point is also important. A Company that is looking at a pure premium strategy will have a niche play, but a larger Company would definitely look at all these price points. Penetration monthly category penetration I made the point earlier to you, anywhere between 10% to 50% monthly, annual penetration 80%.

Penetration defined as the number of times that a consumer has bought a brand during the last 1 year. Buys it once, gets counted in 80. Buys it once a month, it gets counted in the 10 to 50. That is the difference. Therefore, the strategy that we have had as a Company which has been initiated and I know you are all bored of listening to this is penetration led volume growth.

I keep telling my people that we sell cases, we sell eaches, we sell packs, we do not sell rupees, we get rupees. So it is important that that perspective be taken care of because again on a per capita package food consumption, we are much smaller than China which is about 4.2x, much smaller than Philippines which is 3.3x.

There is a huge headroom here, I am not saying this as a promise, I am saying this as something that we need to remember in this sector. It is not going to be easy, it is not going to be all achieved in 1 year or 2 years, but the light at the end of the tunnel in a category that is large, in a category that is under represented, in a category that is decent is far better than in a category that is plotted, clogged and completely bereft of any growth opportunities.

And that's really where we are as far as food and beverage is concerned. Connected, I think we talked about mobile usership and internet users. I think we see it every day. The less I belabor on this, the better. And yet we have the traditional media as well, 892 million people who are television viewers. That's an important dimension of what we are as a country.

Lifestyle trends. So I talked about the economy, I talked about the infrastructure, I talked about consumption, urban, rural, premiumization. Here I am zeroing in on the lifestyle trends of the Gen Zs and millennials. Why is this important? Because this is the consumption of the future. Any Company that tells you that I am looking at consumers amorphously and I am really not bothered, I know what age, what gender, what background they are, I'm making a fatal mistake.

Because this is where the market is going with 470 million people who hopefully will have pockets, money in their pockets one day soon enough. Many of them spend, even if they don't have money in their pockets right now, right? They happen to be our kids, right? Still will be on these behaviors that we are talking about.

First, natural, fresh, sustainable, 90 million out of that 400 odd million is health conscious individuals and that is the finding of Redseer Consulting, Kantar. So, these are all data that we have put together. Realization, who says people watch television extensively? Today it's all about Facebook Reels. 22% more engagement, Instagram Reels gets more engagement than other Instagram posts.

So communication has to be pretty frequent and catchy. It has to catch the eye. That puts the enormous pressure on the creative consumer insight capabilities and data capabilities of companies. But I should know what I'm talking about. And for that, I have to measure, for which I have to go to real-time data, capability of the organization to absorb real-time data, to be able to take those decisions.

It's not just an algorithm that throws up something to you. Somebody has to sit there and figure it out. That's why the talent piece is so very important because you have the right people, you can make that happen. Experiences, identity and personalization, 70% are seeking personalized services and products.

It's an opportunity and a challenge. How can companies get, and for example, the D2C channel for us is a channel where experiences and personalization will be something that will be pursuing to. Because that is where I can give it. Today

at scale, I am not able to do it. I can't have a MAGGI just made for you. I still have not reached that stage.

But hopefully I will be able to carry some of my brands on D2C to be able to customize it to consumers and see how that works. How to customize services? I want to have a nutrition feedback. I want to have some counseling done. I go to the D2C site, I fix up with a doctor of my choice or whoever is available on the panel or a personalized advice to me on lifestyle, nutrition and anything else that I want to ask. That's the first beginning.

The Company of the future is going to be a Company that is going to be not just brand marketing, but brand marketing with a very strong service arm. Today we have brands first digital following companies. Very soon it's going to be digital first brands following companies. The digital first will become a more important imperative for brand choice than the brand itself. That's how this industry is evolving as we look forward.

Experimentation I think this is the reason we as on the earth or why we as a Company exist because we are capable of giving that experimentation mode to consumers over a period of time. 43% of consumers in this segment are saying that they are open to experiment with new categories and that I think is healthy. Because sometimes you got consumers who are stuck on particular values and particular segments and particular products.

It also puts a lot of pressure on brands like us. Because we have brands as old as the hills. We stand for something. We have to constantly keep, you know, we have to keep changing as was said once before by a great business leader, changing the wheels of the car while in motion. That's really what we have to do in consumer marketing terms.

So it's an exciting space, but nevertheless a fairly daunting space. Trust is important. Nothing has become more important post COVID than trust. Consumers trusted brands during COVID, said these are the brands that we trust and they tend to remain with it over a period of time. Even this generation,

the Gen Zs, which are considered to be a flibbertigibbet, they move from one to the other, not really so.

They stick to what they believe represents them. Now it could be product related, could be service related, platform related, environment related, whatever be the reason for it, but they still stick to it. And that element of trust is very, very important. Indulgence, mindful indulgence is a fairly high component. 68% taste is the most important driver.

That's where a Company like Nestlé, that is where an R&D center like what we have in Manesar comes in. If I give you a distasteful product and say this is fantastic nutrition, you would not even buy it. If you taste it, you say yuck, this is not for me. To provide taste and to provide nutrition, that is a trick. And therefore, that makes it for this generation an important imperative and that's really what we place into the strengths that we have as a Company.

Snacking and variety, I think it's on the earlier chart that we talked about in terms of mindful indulgence, seven in ten snack more than pre-COVID. Again, this whole snacking and healthy snacking territory is becoming more and more important. Health, wellness and hygiene. 78% consider themselves as more conscious eaters now. So combination of better for you, good nutrition, good taste, experimentation, a bit of indulgence and trust.

Along with value seeking are behaviors that are going to go and cement the consumer choices that are going to be made in the future. Why do I talk about this? Because while this might in some extent reflect on the performance of the Company in the recent past, it is more a precursor of what is to follow.

But these are the consumer trends. I don't talk in the air of stuff that I believe. This is what the consumer believes. And whatever the consumer believes is what we should be believing as organizations. So our purpose, this is Henri Nestlé, the only picture that has not changed, right. Henri Nestlé still remains the same and he put out the purpose of the organization is unlocking the power of food to enhance the quality of life for everyone today and for generations to come.

He began his life as you know as a serial entrepreneur, tried various businesses and finally decided with the goodness of heart to save the lives of children in what was then poor Switzerland. That gave rise to the Company with his first product which still exists in the market called CERELAC, but also gave the DNA of the Company which is food quality and safety that's what we are about.

Because his statement was, if the closest relationship to humankind between a mother and child is nurtured by Nestlé, then we have to be the standards of quality and safety. And that's really has been the single-minded focus of the Company ever since. So our heartbeat, as I said, the five P's purpose, people, planet, partnerships and performance, I will take you very quickly to this in the same order.

What is our road map? What have we said or what are we doing? I want to put it as simply as possible. I can show you a pretty complicated chart with all kinds of arrows flying across in different directions. That is not my style. I would rather explain to you very simply that the two calibrations of our strategy is focus and growth.

Focus on purpose, planet, partnerships, people and performance. That is how we really look at each element of our business model. And in terms of growth penetration led growth. So in all the turmoil that we are going through and that we will go through penetration led growth will not fall off even for a day, I want to assure you that.

This Company is not just seeking a unidimensional path we all know that volumes lead to organic growth not the other way around. So penetration led value volume growth, strong cost and efficiency management because in the context in which we are I think this is going to play an important role.

Brand salience, investing behind the equity of brands, not diluting it, not playing with it, not distracting with it, not trying new experiments with it that is going to take us from the essence of the brand. These are important disciplines. I mean, unfortunately, sometimes we forget it, but these are important disciplines.

Competitive advantage through R&D and that is where my friend Jagdeep will talk about the global context and the local context. Investing and innovating. Investing consistently in infrastructure, in supply chain, in logistics, in various parts of the chain in order to make us into a more competitive Company. That is the whole core.

Whatever we focus on are these wheels, these five wheels that we really focus on and it's called our growth model. This model incidentally is a model that is clear to even the frontline sales force of the Company. I've always believed that a model that is only understood by 10 people in the office or by 20 analysts is a waste of time.

It needs to be understood by every salesman in this Company saying penetration led volume growth is what this Company is seeking. I have to sell more, I have to sell wider, I have to sell deep. Remember these three principles and the rest of it follows. So, it is ladies and gentlemen as simple as that, but we choose to make it even more complicated and make everything else, therefore a little bit intractable for us.

What is our story? Let me very quickly go through this. It's, I think it's a story that you're all aware of. It's a legacy of 110 years of safe quality nutrition. We are a made in India story, a make in India story. 98% of what we sell in India is made in India. So we are embedded in the society of this country.

Happen to have Swiss parentage, but everything else about us is very much Indian in terms of who we are. India is one of the fastest growing markets for Nestlé. We've had the pride of position for some time now, 8,000 plus employees, 194,000 plus shareholders. Now with the share split that has been announced, that number will probably go up, right?

Over a period of time. 10th factory to be set up in Odisha. And this factory is going to be special. There are six factories across the world that have been identified as factories of the future by the Company. These are factories, you know, some in Latin America and America, some in Europe and some in Asia, Oceania and Africa, which will have all the infrastructure capabilities, digital

technologies, environmental management procedures, processes, etc., which will be showcasing the best that food processing in the world has to offer.

Nestlé is the world's biggest food Company and therefore, this is the promise that we have taken on and what has been the kind of expectation of India to put up the factory of the future as far as Odisha is concerned. So, there is at the moment about INR 800-900 crores of investment is going behind it, much more will follow and I think it will be rigid into being what we want to be which is the factory of the future.

A 10,000 plus distributors and redistributors, 5.2 million plus outlets, 108% return on equity. I like to put this number down there because there are not too many companies that are able to meet that number. And what is a matter of great pride for me is, it's one thing to be a profitable growing Company. What is important to the employees of this Company is the impact that we can have. I think that is important.

That is what sometimes corporate India does not measure. You look at all the matrices of financial performance, which is important, but that I make an impact on society is equally important if not more. And there again about 10 million plus as far as the societal initiatives of the Company are concerned.

What is our brand footprint? Just a few examples. 12 billion cups of NESCAFÉ is what gets consumed in a year. 5 billion serves of noodles. 3.3 billion fingers of KITKAT . 2.2 billion fingers of MUNCH , 29 million tins of MILKMAID and 700 One Nestlé kiosks dotted across the country which attract more than 1.2 crores people each year to visit it.

In all 12 billion packs reaching homes, serving families, touching lives and yes in the 300 million households that dot this country, Nestlé covers almost 200 million households as of now. Our urban presence in households is definitely much higher, rural penetrations also started to pick up.

So we are at about 200 million households today out of 300 million households. But the journey is upward in terms of the progress that we are making. Bringing

purpose to life through powerful brands, I think world-class safety and quality is guaranteed. Why do I emphasize this? Because this will define for you any short-term trade-offs that the Company might or might not make. And the one thing that this Company will not make is a compromise on quality and safety. There's no way.

You buy a Nestlé brand because it's a Nestlé and you trust that brand. Our trust scores are amongst the highest of any food brand in this country. And that's because of the quality and safety. Even during the worst times that we had, the consumer feedback on the brand was this Company cannot be what it is said to be.

There must be something that's happening out there. And I think that's something that we stick to. Innovation, remember I talked about in the 2018 first slide on innovation being a driver of growth, 125 new products launched in the last seven years, contributes to date about 6% of sales. This is again going in the upward direction. Some of them are worth, some of them are not necessarily worth.

And there are at least 10 new important projects which are in the pipeline, which is something that will be out between this year and next year to really cement the growth that we are enjoying. Bringing purpose to life by recalibrating innovation. So, one thing is to have innovations, the other thing is to look at the science of nutrition and that is where we have domain knowledge and expertise

We spend close to \$2 billion on R&D investment globally each year. And that is the purpose. The purpose is to really enhance the nutritional profile of the products that we launch. So we have into three categories what is called good for you, good for farmers and good for environment.

Good for you is high in fiber, low in calories, high on nutrients. There are some examples here. And one of the proud examples, the latest one is of course a+ Masala Millets that really has been done in collaboration with one of the leading government institutions, the Indian Institute of Millet Research. We have an ongoing collaboration that Jagdeep will talk about.

But really that this is a foray that has been done and I think today's newspapers if you see is got a big prominent ad on millets right, that we are looking at the next phase of grain technologies into coming into the Nestlé products. Good for farmers, I think this is something that benefits everyone, benefits society. So, climate resistant crops plus also using less water and more resistant to pests and finally requiring less water and less carbon footprint.

So, these are some of the millet products that have been launched. There will be more to come, but the reason why I put this up is that because these are stuff that is already there in the market that we are proud of. There is more to follow. Some of those 10 projects that we are talking about is in the same space of better nutrition.

This is really the societal impact. Why do I talk about this at this stage? Because ultimately, our goal as a Company is to do, is to be a force for good. And being a force for good is not just lining the wallets of investors, but also to contribute to society at a larger scale. This is what our programs do. We touch about 10 million lives across 25 states and union territories on primarily five areas, nutrition awareness, water sanitation and hygiene, education, environment and rural development. I am not going into details because this is an area that we have covered in the past. So therefore, I would not like to take the time again to go through this. If it is of interest, maybe in a subsequent conversation, we can always talk about it.

People, the soul of our business. I think this is something that is central to who we are as a Company. And here again, I think we look at diversity. Yes, we have good people. Yes, we have good talent. Yes, we have committed talent. But what are we looking at for the future?

Diversity is something that is important to us. I'm very proud of the fact that in the recent Economic Times article, the only large listed Company that had the maximum number of on diversity of directors was Nestlé. We have 50% of our board members who are women who sit on the board of Nestlé including Svetlana who is my finance director and CFO. And I think it's made a huge

difference to the way the Company is governed. It is something that is very enriching as far as the organization itself is concerned.

Multi-generational workforce, and over 25% of our workforce today, of our employees today are women. And the direction is again upwards. Women are a key part of management, a key resource of the Company. It's something that we have looked at very strongly in terms of making our policies more female friendly, more mother friendly, more employee friendly, in order to make ourselves a more competitive and a more coherent organization.

Today, the picture that you see on your left, be a force for good, as is our journey into the LGBTQ space. We have started to now look at how we can employ LGBTs in the organization, which part of the organization can we have them. And the starting point, of course, was to sponsor a large artwork done by one of the foundations on art that is run by LGBTs. It's only a start of the journey, but I believe that we are committed to it.

Sanand, which is 95% of the workforce are less than 40 years of age. This is our ninth factory. More than 60% of the workforce are women. Here again, we are doing something that's different. A dozen people with disabilities work on the production line and they're all hearing impaired. The beauty is that the rest of the workers are now learning sign language to be able to communicate with the hearing impaired people. Why do I do this and why do I share it with you? A sensitive, empathetic, compassionate, coherent organization delivers consistently better results than a fiercely competitive but a less compassionate organization.

It's probably a theory that I've got and you may choose to disagree with it, but that is a theory that at least has worked as far as my own career is concerned. And I believe that that is an important part. How do you foster and engender this into the Company and make this into a more enriched place can lead to also better performances as we come to.

So, let me share with you a video on Sanand.

[Video Presentation]

Okay. So, this is a glimpse of Sanand. I think this is now getting into Phase 2 and Phase 3 now being expanded considerably and will become in the next couple of years our largest factory probably in the country and majority women factory. So, that is what we are very happy about.

A committed to a sustainable future as far as the planet is concerned, why are we talking about this? Because for us the sustainability journey is an irrevocable part of our journey. There are companies that look at it from the point of view of an ESG kind of lens. For us, this has been an intrinsic part of who we are. I think because of our parentage in Switzerland, ecology, environment and protecting has been something that has been part of our DNA. How well we have done it over the period of years is still something that is evolving, but four elements to it climate, packaging, water and responsible sourcing.

What have we done here? Our investments have gone up 6 times between 2020 to 2023 in terms of sustainability. We have 60 people now who are engaged either full-time or part-time on sustainability related projects. There is a sustainability governance council which I head as the Chairman of the Company and there are different projects and different business leaders who co-opt their time and the times of the people behind these projects.

These are all monitored, these are all resourced, and these are all measured, so that this doesn't just become something that I have to put in the BRSR report, but something that is an intrinsic part of who we are as a Company. And we work here with 10 Direct and Indirect Partners, because fundamentally as a Company, as I said, we are brand marketers. We are not sustainability experts. So, this is a journey that we are also still learning and making part of our way of working.

Our ambitious ambition is to make sustainable choices. So, we will be coal free manufacturing locations by mid-2024, not a single kilogram of coal will be used anywhere. It will be fossil fuel free also hopefully by mid-2025 not earlier and therefore, move completely to renewable sources. And one of the things that I

am very proud about and being in this part of the country is a stubble briquettes are being used in the Moga factory to build the biomass facility to reduce the stubble burning.

Almost 4% of the stubble burning in the district and about 17% in the area is going to happen because of this facility, biomass facility. Hopefully, we will be coming up by the first quarter of next year and it will be to whatever extent giving us one extra breath of oxygen I hope and maybe one year more of life as far as the people are concerned.

Plastic, people will say, yeah, you guys talk about sustainability, what about plastic? Plastic is definitely an important part of who we are. About 23,300 tons in 2022 were collected by us as part of EPR. All our brands are plastic neutral for the past three years. This is measurable established. So, there is no green washing, white washing, pink washing here. This is all measured and established as to how we have recycled this plastic.

The methods are not always the very best, there are still a lot of contemporary work that we are doing. And therefore, we have chosen to and you will hear of this in the coming future to invest behind recycling capability people, we are going to put up these facilities to recycle some of our stuff, so that we have a certain iron in the fire as far as these capabilities are concerned.

Our brand-led initiatives to address plastic waste, I think all of the brands are involved in it, MAGGI is involved in it. You see here a picture of GERBER, which is really to ensure that young kids are equally sensitized to plastic as they grow up. So, this is something that is an important part of our journey.

Sustainable agriculture as you know that we have got a dairy fitment thanks to our milk and nutrition business, 100,000 dairy farmers are engaged with us, 340 million kilograms of milk collected last year, multiple interventions to reduce the GHGE in dairy value chain. And I will just show you one example of this in the next video.

[Video Presentation]

Why do I show you this? I show you this because this is work on the ground. This is not an intention on sustainability and greenhouse gases. This is work that is being done. It is being done by my team, a young group of people. It takes a huge effort village-by-village, farm-by-farm, farmer-by-farmer to make this conversion happen because in greenhouse gases, dairy is one of the significant parts of it and unless we start making the change, this has to be a national movement, but at least we are saying as a player in this industry, let us invest behind it.

So, we are in a sense having a kind of a pioneering role in this, because this will be an essential element of mitigating some of the carbon emissions and the carbon footprint as you go forward. But this is an ongoing task and also something that keeps us going as a Company.

Coffee I think this is fantastic, I mean we have a terrific NESCAFÉ business. Today we are celebrating 10 years-plus of the NESCAFÉ plan, again a labor of love on farming, on practices, on sustainability. More than 5000 coffee farmers engaged, we have a NESCAFÉ Coffee Training Center in a place called Kushalnagar. 55% of the coffee procured is sustainably. And what is interesting for you to note is that about half of the sustainable robusta coffee in this country, been in this country is sourced through the Nestlé system. So that's the kind of footprint that we have set as far as the sustainability is concerned.

A short video on this to show you again work on the ground.

[Video Presentation]

The farmer talked about premium. Nestlé pays for every kilogram of sustainably sourced coffee over INR3 per kilogram extra to the farmer. So every time you drink a cup of NESCAFÉ, this is my brand pitch. You are supporting sustainability. That's really what is being done. So it takes a lot of effort, but I think we have a fantastic team and a huge ecosystem that works on this. Again, farmer-by-farmer, it has taken us 10 years to get to 5,000 farmers. Somebody will say why not 500,000 farmers, why not 5 million farmers? But you have to

convert farmer-by-farmer to this practice and make them understand and look at the benefit of it and this is really what we are working with.

Spice similar, spice as you know is an essential part of our culinary business and 1,250 farmers across eight states are working with us focusing on people, planet and profitability and we are ensuring a 100% traceability of cumin, coriander, chili and turmeric as far as our products are concerned. This is the ask of the consumer as we move forward and this is the journey that we are also taking as a Company.

Sustainable manufacturing is not just sustainability in terms of farms procurement, but also in terms of manufacturing. In the last 15 years, the greenhouse gas emissions have dropped by 52%, the water usage has dropped by 51%, the waste water generation has dropped by 38% and the energy usage has dropped by 36%. 15 years, far well before any of the ESG issues have become important. Why? Because these have been targets set for the Company for a long time.

I have been with the Company for 24 years and I can tell you ever since I joined this Company, I remember to have seen these targets coming up at every management and leadership meeting, saying, how are we doing on this and what are we doing about this? But a variety of technologies have been put behind the extraction of groundwater and really trying to ensure that we deplete as little of the groundwater as possible.

Again, on sustainable logistics, I think we moved in the use of railways. I think during COVID, we had the first rail breakthrough. It was one of necessity, but it translated also into a very efficient system, better payload utilization, LNG fleet reducing CO₂ emissions and higher usage of CNG in electric vehicles. Some of this others also have done, but we are also proud to be part of that bandwagon.

Partnerships, I think this is something that's essential part of our business. We have more than 2,000 distributors, 470, so almost 25% of them have been for more than 10 years, and almost 80% of them have been for more than 20 years with the Company. This is the ground that we talked about. This is the people

who make things happen. If our market shares happen, if our growth happens, if you revel at our organic growths and whatever else we do, please thank these guys because these are the fellows who are making it happen.

I just take an example of Mr. Balasubramaniam, who's the third generation of VG Rajamani and Company, over our distributors in Coimbatore. For the last 60 years, they've been doing our business. Their business has grown from INR3.6 lakhs to INR40 crores per annum. And yet, Mr. Balasubramaniam, who's standing there in the blue shirt, still starts the day with the sales call. He can be a rich businessman sitting in his office and getting people to do it, but he sits it. That's the Nestlé way. That's the way that I'm very proud of because that's the way in which business is to be done.

Again, Mrs. Sharma of the Swabhimaan Network. This is something that we started two years back. It's a rural entrepreneurship program. Other companies also have done it, but we have now, since we have got a RURBAN strategy, we have started this program. Almost 1,600 women entrepreneurs in small villages across 14 states, generating a business of about INR8 crores at the moment. But nevertheless, it is playing into the penetration of these brands and also creating some amount of self-sufficiency in the women entrepreneurs in terms of earning some extra income.

The RURBAN story, therefore, has also carried forward into more than 18,000 heart activities. You might have seen the recent coverage in Mint of India's, of Nestlé's venture into Bharat, which is really covering some of what we are doing in RURBAN, India. More than 16,000 distribution touch points, I have come to that, and coverage across 7,405 towns.

Supplier networks, I think Empire Packaging has been with the Company for 45 years. 45 years he has been with the Company, he is one of the big suppliers and Mr. Kannan, there on the right, who supplies seals as far as our Cuppa packs are concerned. His family has been with us also for over 40 years. So, this is a network that we have got of almost 4,500 suppliers who have been with us for a long time.

Why do I mention this to you? Because continuity and sustainability and trustworthiness of relationships is established over a period of time. These are the same people who stayed with the Company during its worst crisis. So today as the sun shines, they are still with us and they will continue to be with us. And I think that is really the ecosystem, the reason why the Company does what it does.

Paras again, Mr. Vinay started by supplying 2 kilograms of turmeric on his cycle. Today he has worked with us for 40 years. He has a turnover of INR650 crores and he exports to a lot of countries, right? So these are the partners who built themselves and also built the organization over all these years. That's the second generation of Mr. Budhiraja that you see there.

What have we done using all of this? We have been using our data and analytics framework. I am not going to talk much about it because we spoke about it at some length last time. Simplification and consolidation, that is one of the things that we are doing. Looking at ways and means of consolidating the number of touch points, number of distributors, viability of distributors, using technology and using matrices, marketing and consumer insights using our MIDAS platform.

And we have now started rolling out NESmitra, which is a retailer self-order application. But this is not going to substitute in-shop contact of the salesman. That is still important for this Company. You still need to get your line calls. You still need to get your merchandising. You still need to get your bag goods collected. You still need to have your range selling done. All of which is now enabled using MIDAS analytics.

So when a salesman gets into an outlet, he knows exactly what outlets got SKU to sell, what promotions to drive, and what kind of issues there are with the particular retail outlet. All the part of data analytics, but he still has to go there. This is not substituting for that. And that's something that we are very particular about.

A quick look at performance, which is the last element, consistent, collaborative and committed. This is our track record 10 years of strong domestic sales growth. The numbers have been very consistent. Nine months '22, nine months 2023, 15%, 15.1%. So, the growth journey still continues. I will come to why this growth journey has happened. This growth journey is predicated on volume growth. So, roughly 7% CAGR between 2018 and 2022.

Last year has been a bit lower clearly because of the inflation. The numbers before this 2022 were much higher because of the overall context in which in, but I am confident that we will come back to the growth sooner than later because the intrinsic power of the brands and the force that we are using within the organization continues to be strong.

Value growth, therefore, CAGR 11.3% in the last five years. This is the 2018 to 2023 period that we are talking about. The fortunes of India have also evolved, I am giving you town class wise sales, so I can tell you 15% sales, but if it is in a particular corner of the country, it is not very representative. Mega cities, which is the last city is more than 40 lakhs population. Our growth three-year CAGR has been 15.4%. Our metro CAGR has been 21%. Our town class one, the CAGR has been 10.2%.

It would have been higher because we've had a couple of impacts on volumes because of the price changes that have taken place in the small packs. But this is again, going to come back. TC2 to TC6, 11.2% and yes, I do admit I have a lower footprint on rural, but my growth is pretty neat, 26.6%. And even in the last quarter, it was a growth that was fairly significant.

So, this is where we are. So, there is a granularity in this and the RURBAN journey that we have taken is a logical journey. There is nothing illogical in what we have done. So, if you look at our route to market and distribution, we were at about 4 million outlets in 2016. This was post the MAGGI crisis, where distribution had actually shrunk. We have built it back brick-by-brick, outlet-by-outlet, geography-by-geography, channel-by-channel to 5.2 million today out of which 3.6 million is indirect, 1.6 million is direct.

How has this been done? We have also deepened the rural reach. Again actual data that is being shared with you here. 120,000 is what is the ambition we have said that we will cover by 2024. Villages with the population greater than 2,000. We are sitting at about 108,000 now and total number of villages we are sitting at about 191,000.

What have we done here? This is stuff that is on the ground. This is not stuff that we think is should be part of a presentation. This is actual statistics that stand on the ground. Point number one, strengthen the distribution infrastructure in terms of touch points. We had about 8,500 prior to 2020, today we have got more than 18,000. So, there is a more than doubling of the number of distribution touch points that really helps because that is the way in which distribution capillarity happens.

Feet on the street. Yes, expanded number of touch points, but cringe on the number of people. No, you can't do that. You can't get a distribution system out of thin air. You know, the NESmitra app is not going to get people attracted towards your brand unless somebody goes and meets them. So salesmen are up by almost 50%, 2,200 to 3,100 and going up over a period of time.

In-shop visibility, we do all the basic things. These are the basic things that still need to be done. In-shop visibility from less than 4,000 outlets in 2020 to about 19,300 outlets today. So that we ensure that our key brands are visible, present at all points in time.

HAAT activation, no point just putting the brand there if consumers don't know what to do with it. Today, if consumers ask for KITKAT and NESCAFÉ is because somebody has done an activation. Somebody has gone to a rural HAAT and set up a stall and said, this is a KITKAT this is a NESCAFÉ, we do this with this, we eat this with the MAGGI. It has to be taught. It's not going to happen by just magic. So the heart activation has gone up significantly. 2,500 in 2021, 18,000 till now, and last year was 20,000. So this year again, the full year figure will be definitely higher than what we did last year.

And behind all this consistent media support, as I have reported in the last quarter results as well, significant monies have been put behind investing, behind the growth pillars, using efficiencies in the purchasing media, targeted consumer and leveraging consumer clusters using both digital medias and the capabilities that we have, accelerated digital spend, which in some categories and some brands today is as high as 40% to 50% of all expenses, and investing in building brand equity versus short-term promotion.

One of the things we have issued as a Company, there was a time seven, eight years ago, when on NESCAFÉ, 25% to 30% of our money used to go behind consumer promotions, short-term incentives. Today, less than 10%. We said, we'll build the equity of the brand. That's really important. It takes time, it takes effort, it takes a bit of courage because you get knocked on the head in the short term, but longer term, it is better.

And what has been the result? The result is in the last five years, NESCAFÉ has added more cups, more cups to consumption than in the previous 50 years. That's the part of equity building. And that's what we are following. And that's the reason why we do well on these businesses because of that. And that is really led all this, today you see the RURBAN phenomenon, the phenomenon of portfolio management, of category management. Again, that has given us the results that you see.

Milk products and nutrition. Some of you keep scoffing at it saying, yeah, yeah, but you know, this one is a little bit of a doubt, 15.3%. Not bad? Prepared dishes and cooking aids, 10.7%. Out of home, 30%-plus. Confectionery, 21%. And powder and liquid beverages, which is a coffee business 18.6%. So these growths have come because of kindling consumption, kindling demand, getting into RURBAN, supporting RURBAN, monies were put, investments were put, equity building was done, cost efficiencies were got, and that's something that I'll come to a little bit later.

All of this, of course, has been on the strength of e-commerce which has grown by about 20%. year-on-year continues to be a powerhouse. In some of the

brands, it's as high as 25%, 30%. In some brands, it's as low as about 10%, 15%. But again, something that's been in quick commerce in this has been the fastest growth. 50% of our e-commerce business is today quick commerce and growing faster.

So Blinkit is becoming as important as Amazon. That's the reality of the business. Innovations contribute about 6% of sales over 125 new products launched, as I mentioned earlier. 10 new projects in the pipeline. Why you say, why only 10? There are more than 10, but these are the ones that are scheduled for launch in the next couple of months.

Sustained profit for operations, we are a growth and profitability Company. We are not just a growth Company. You give us our valuations because we are a growth and profitability Company. If you were just a growth Company, you would give us the PEs that we deserve. You give us that because of the sustained profitability. The CAGR on this has been about 9.4%.

There has been a smart improvement in the last year from 19.7% to 21.4%. That is a reported number that you know 170 business points. What are the four key pillars that have been buying efficiencies and economies of scale, recipe efficiencies looking at how we can optimize and how we can make changes without compromising on the food quality, nutritional content or safety, portfolio management and appropriate pricing.

Net profits grown by 10.4%, again there has been a steady performance here. I bring your attention to the consistency of the performance, there is not too much of up and down of a significant nature in this and this is something that we would like to keep it this way. And that is what gives us the valuation that you give us right? In 2001, we were a \$1 billion Company in terms of market cap. 2023, as of 30th September 2023, we were a \$26 billion Company. The return that we have given over the benchmark index, which has grown by 20 times in the last 20 years, has been 43.6 times. And this, I've checked the records, puts us in the Top 3 FMCGs in the country. So, this is the result of all the efforts that have been put in.

What are some of the looming challenges that I would like to bring your attention to? Commodities, some parts of it are still a little bit worrying. If you look at the pace, 2020-2021 inflation put together was less than 2022. That is the kind of impact that we have faced in the recent 12 months to 15 months.

If you look at here milk prices between 2018 and 2023, 60% up, SMP 72% up, edible oils 89% up and the same numbers you are seeing across most of the categories. Which are the ones of concern today? The ones of concern today are really green coffee that is an area of concern because it still is not stabilized. Packaging is stable, but it is up in the air in terms of the Middle East issue and what happens to oil and it is an oil derivative in any case. Wheat is so far stable, there has been a 7% escalation in the minimum support price that has been announced that will be get factored in, but hopefully that is something that the Company can absorb, it is not something that will kill us. Everything else seems to be otherwise okay.

What have we learnt from navigating the challenges? I think this is an ongoing lesson for the Company. Number one is accelerated economies of scale and sharp procurement strategies because of scale, because of size, because of information access, we are able to do that. Sharp saving program which is the cost effectiveness program that is delivered anywhere between 1% to 1.5%, or roughly INR1.5 billion to INR2 billion of saving each year for the last 10 years.

This is something that has been an ongoing program of the Company and the first thing we look at is efficiencies and effectiveness of buying and also cost efficiency that we can build in. If both of these are not able to match the numbers looking at portfolio, then we look at pricing finally. So, that is the one that we do not want to touch because penetration led volume growth remember is a strategy. So, we do not want to touch that because that can be shaded.

There are over 10,000 projects that have been done since 2011. This is the DNA of the Company. I do not have to keep telling people that please look for cost efficiency parameter, they will look for it themselves. They look for it for the last 12 years and they have generated 11,000 projects small, some saving

INR100,000, some saving INR10 million, some saying INR20 million, INR50 million. All put together, this is something that helps us in terms of enhanced efficiency and speed of and cost reduction.

Calibrated consumer insight based pricing, all the pricing decisions that have been taken have been pre-tested in terms of consumer validation. Seeing what is the kind of impact that it can have and what is the kind of mitigation that we have to do as a Company. We have to take it, that's a reality, but how can we mitigate some of it? So a lot of the equity building work has been around that, so that the brand equities are strong enough. And of course, alignment, courage, and exceptional teamwork.

Please remember that except for me and Mr. Sanjay Khajuria, everybody else on the management committee has changed in the last eight years to 10 years. And I have some very young people on the management committee. They are not bruised old leaders like me, who have been hit on the chin many times. There are people who come on to these jobs as the first move into general management. For them to take big decisions on pricing, takes a lot of courage because they get wrong. It could be fatal in terms of their own perception of themselves as professionals. And I think that's what I pay tribute to because they have been able to do that consistently over a period of time.

So what are the 10 mantras that will define our future? What is it that I've been talking about all along and given you a flavor in terms of the five Ps? Number one, consistent balance between growth and profitability. This is what we will do. This is what has made us successful. This is what will drive us over a period of time.

Number two, expanding the opportunities with the new consumer cohort. This for us is exciting because this plays into the importance that Nestlé gives to portfolio development. You know, they always say that the time and place for an individual has to come in his life. I believe the time for Nestlé has come. This is the new India where consumers' aspirations are high for good brands.

Availability and access is something that we have to make happen and of course, creating the infrastructure for that.

Third, strong investments in manufacturing and supply chain. Between 2020 and 2023, the Company has spent almost INR2,600 crores in capital investments, INR2,480 crores to be exact till end of September. So, that balance will get spent during the course of this year for sure. 2023 to 2025, they have committed INR5,000 crores. Out of that INR 900 crores to INR1,000 crores already in the Odisha factory has been committed and more to follow.

This is the faith and this is what we see as a track record of the faith of the parent in Nestlé India to be able to have this investment along with the Board of Nestlé India which has said that we need to put in this investment. So, investments behind manufacturing, investment behind distribution chains, investment behind logistics all of this are part of this investment. Investment in long-term partnerships, this Company will still be the Company that will put its head down, its shoulders to the wheel and work.

We believe in delivering what we promise, talking a little bit less is fine, but doing a reliable consistent job, what I call boring consistency over a period of time, rather than erratic brilliance at particular stages. I think that is what has defined the Company and that's what you would look at in the long term.

Expanding and accelerating RURBAN thrust, I've shown you in all granularity what we have done. So there's no fluff stuff there. There's nothing there that says, this is the intention. This is there on the ground and this is what we see growing for us as we move forward. Embracing the part of analytics and digitization. I think we've invested in it. We are seeing the progress, we are seeing the results of it, and there is an acceleration of the journey as far as this is concerned.

Accelerating our sustainability journey, we are on that train, and we're not going to get off the train in a hurry. This is what makes us Nestlé, and we will continue that journey. Focus on people, diversity, talent, and managing the generational shift. As I speak to you, there are two, three of our factories where the original

pioneers are now in the phase of retirement. Factories like Moga and Samalkha and to a certain extent, factories like Nanjangud have got workers who are now retiring. They've all spent 30 years, 35 years in the Company. So the next generation is coming in. And that is the transition that is refreshing. That is the challenge that we have as an organization.

In the leadership team, the transition has almost happened. Barring a few of us, the rest of us are all fresh and rearing to go and of a generation that is appropriate to take forward the journey of this Company. Nutrition as a platform for innovation, I think that is something that we have put on the table and you have seen some of the results of that. And finally, enabling strong impact on communities, that is something that is important to the Company and that is something that we will certainly be focusing on.

So, what is our promise? Consistency, collaboration and commitment. That is really who we are as a Company. That is really what will define us. I do hope that I have been able to in this little over an hour give you an idea of why we do what we do and what is it that makes us tick. Thank you very much.

Suresh Narayanan: May I take the opportunity of inviting Mr Jagdeep Marahar to now come and take us take the audience through the R&D piece.

Jagdeep Marahar: Thank you very much Mr. Narayanan. It is a privilege for me to be here representing Nestlé global R&D to share with you the exciting world of what we bring in. And I think, I mean, there could not have been a better theme set than the theme of growth and growing together consistently, but not only for today and R&D talks about tomorrow.

Innovation in Nestlé has been something that has been at the core ever since its inception and whether it is with a cup of coffee you drink or a KITKAT you break in, there is some sort of a part of science and technology that we all bring across to you.

The part of the presentation today for me, I will bring in the two aspects, the global context and the local part of how do we contribute to the businesses that

we support. What I will also look at is in terms of how we have been working on driving meaningful innovations across, how we've been speeding up innovations to bring our products at speed to the markets, but also our role in differentiating the product propositions across.

R&D has been the cornerstone of Nestlé across and we run probably the largest R&D network across in the food and beverage space with approximately 2% of our global turnover, a bit over \$2 billion that we spend globally in this particular part. There are 25 centers, it is a very diverse portfolio of products that we manage, which are done at the different parts of our centers globally. And I will cover this in a bit of detail. I think what is unique for Nestlé is the way we are structured.

We have a three-tier structure, which ranges from a very centralized part in terms of where we have scale of driving innovation that on the left what you see are the core institutes which give us the science behind food, behind the different parts linking to whether it is food safety or analytics but moving all the way into the basic construct of the food and its role in health and nutrition.

Two important roles that we have also picked up recently is institutes on packaging sciences and on agriculture sciences which work on a very important part on sustainability. How do we look at novel materials? How do we future-proof ourselves moving head into that? The second tier for us is very much related to converting the science into technologies.

And technologies, as you would appreciate, are very much driven by individual categories. The categories that we operate in are very diverse. So there are 10 centers which are linked to individual categories across and there is an 11th one which works on the systems. So systems means the coffee machines and the setups that we look at also in our Nestlé Professional space.

The third part where we sit in are the regional centers which look at implementing the global technologies are the competence centers of also the products or the ingredients that we build up. There are six of them across different regions of the world. What this brings us is very close to the local

cuisines, the local consumers that we then pick up and convert our products into the right areas.

We are located around 20 kilometers from here. So, Nestlé R&D for South Asia region is located out of Manesar. We are a fully owned subsidiary of Nestlé SA with which we look at the different parts in terms of the priorities of what we work in and then support the regions. This is the center of expertise on South Asian cuisine.

This is where we have got a very diverse group of well-qualified experts ranging from chefs to product developers to engineers who look at converting the product propositions into industrializable products around that get in into scale once we move them to the relevant markets.

There are three core areas that we focus on. The first one is as a global category lead for noodles and spices. Why noodles and spices? Noodles again is one of the big businesses for Nestlé. We do around half a million tons of noodles. The region here is one of the core drivers there. Intel inside why noodles work well, why we are able to deliver is what comes from the seasoning or the spices. And India being the core region where Nestlé sources almost half of its spices from, therefore becomes key for us to develop expertise in this part that we can then roll out to all the markets that we work with.

The second important area, which is also one of the big challenges with food, is to look at the food safety aspects. And this is about anticipating what the future challenges on contaminants or future challenges with the adulterants and other areas can bring in. What we do here, we are a part of the Nestlé Global Food Safety Hubs. There are three of them in our center in Lausanne. There is a hub in India, there is a hub in China.

What we look at is one, preempting any potential challenges. Secondly, developing new rapid analytical methods that we can analyze and pre-empt and build these into the repertoire in terms of really putting barriers in before they become an issue. We work very closely with the government agencies, we work

with the academia here and an example that I would want to share across is the work that we had done in terms of building capabilities on food safety.

This is one area where we feel that there is a forward-looking need to reassess and reinforce the part there and we recently with the NIFTEM, we had around 500 graduates who went through the screening process and 25 of them passed through the All India Food Safety Cadre across to get in, not only in Nestlé, but also to other industries and in government bodies around with a proper knowledge on what food safety brings in.

The third part for us is about accelerating innovation. And this is something which we have started a couple of years back, is to build competencies and expertise to fast track innovation processes, looking at new white spaces. We call it as Nestlé Accelerator, where we review what potential opportunities, what consumer trends? I think what we heard earlier was about how the consumer behaviors are shifting.

What are those new spaces that could be relevant that we could seed and then bring this in? All of this is done by a group of experts where more than half of our team, and this is a very young team, are either masters or PhD holders and they are PhDs in a field which are as diverse as analytical sciences to noodles.

On our global part, the R&D fuels what the global purpose of the Company is in terms of really making products which are high on nutrition, which are good for you and also which are sustainable for people and pets that we serve in. The fundamentals what you see on the top are common and they are uncommon across the different streams of the organization.

These are about delivering tasty, nutritious products, which are of high quality and safe, but also affordable and can be produced in a way which is sustainable across. And I'll cover this in a little bit more detail moving forward.

There are four core focus areas that we have identified at the global level which are common themes to drive growth. The first one is on alternate grains and

proteins and you saw some examples and I will elaborate a little bit more on the work that we are doing with millets and other parts there.

The second area is about coffee and how do we process coffee, how do we select the beans. What you heard from Mr. Narayanan before is the work that we do with the farmers, with the NESCAFÉ plant, how do we translate this with cutting edge technologies to translate them into products which are winning propositions, but also how do we leverage systems like the NESPRESSO NESCAFÉ machines that can be much more efficient there.

The other area for us is on nutrition and this is covering the whole scope of early life moving across the ages into medical nutrition but also covering what is a little bit of an.. you know changing demographics with aging population space, what are the needs that we build in there. And finally, the science-based nutrition for pets, which is equally important for our global portfolio.

How do we do this? It's a complicated slide, but these are our global platforms. There are 12 platforms. And just to simplify this, the first platform is by driving products which are nutritious and which are healthy. We look at platforms like alternate proteins here, but also working on the reduction of ingredients like salt, sugar and fat.

And these are the spaces where across the centers all of us play a role. There is a centralized team which supports, but then out of the different product categories we build this in. What we also work on, and then this is a little bit more central here is on the areas like cellular nutrition, microbiomes on how food is ingested in the body, what is it that we can look at, but also on to what is the role that food plays in addressing different diseases. And this is the complex word you will read here, multi-omics, is a profiling of what, how we can bring in and then translate it into personalized nutrition.

Coffee and beverage systems we have spoken about. On the right side, it's an important pillar, which is a pillar on developing technologies, on packaging, on technologies which are much more energy efficient, but also technologies which are looking at the entire agricultural value chain of the products coming right

from crop plant breeding to the part on how they are grown and how can we mitigate the challenges on GHG emissions, whether it is with crops or with dairy part.

Our approach to innovation and I think this is an approach which we have been driving for last four to five years is about making the process much more agile and nimble so that we are future ready. And this is based on three pillars. The first one is about simplification of the processes where we have cut our idea to launch process from around six steps to three steps, which makes it much more nimble and faster. And I'll share some of the results which come in.

We have put in R&D accelerators that I briefly covered before, which help to fast track some of these ideas, getting in into a proposition of a minimum viable product in six months to nine months sort of time, but also equipping ourselves with pilot equipment so that we can rapidly prototype. We can get the concepts in, because unless you put it on the table, it does not really mean much.

We have been working externally with the partnerships. You read on Indian Institute of Millets Research where we have done our first launch. So these are the institutes which are also helping us to synergize, not only in terms of developing products, but also in building up the future maps of where we would want to work towards in terms of really identifying and defining new varieties or new processing methods that can give us a competitive advantage moving forward.

The second part of driving innovation is really leveraging our internal and the external ecosystem. And the first one for us here has been with the employees where you have all heard about the Shark Tank. So this is almost like an internal Shark Tank that we run.

Examples on millets what you saw as products, some of them have been launched within nine months. When the whole proposition came in, our teams came up with more than 25 ideas within a month's time, and we could put it on table, and we could see which propositions make sense and in which geographies can we deploy and work this in.

We work closely with the startups. We have globally more than 60 startups that are part of our R&D accelerator. We have completed cohorts with four of them. The picture you see is one of the startups which is now working with us here on maternal nutrition within our R&D center. We leverage AI and I'll share in a little bit more detail in the next slide, which helps us to be nimble and then really cut down the time for concept generation, especially in the new spaces across.

And one big shift that we have also moved in is about differentiating our propositions through intellectual property protection. And this is where the patenting part has seen quite a significant increase. The job of a product developer today is quite complex. We need a product which tastes well, we need it at the right cost, we need something which is nutritious, we need what is also sustainable.

And this is where the data mining and the artificial intelligence comes in to help us out. And then this is something that we have pioneered in, in terms of not only looking at the clinical studies, but also looking at the consumer trends. How do we translate these? How do we pick up certain trends, get them into AI driven concept development, recipe formalization, but also in some cases, where we work with the grains and plants, the feed in into the plant breeding side. What is it that we can shift?

Within the R&D space, we don't restrict ourselves only to product development. The bottom theme is more about applications of AIs into our operations. How do we use it for early identification, not only of potential issues, whether it is food safety or it is about certain parts on the equipment performance? How can we have a better surveillance on our materials that we receive? But more so about advanced process controls. And I will pick up an example of what we have used locally here where we have deployed technologies on our nodal lines there.

What this also helps us is on assessing the health of the machines. When can we predict either a breakdown or how can we do preventive maintenance much better so which makes our lines much more efficient but also much more sustainable across. So just as a scorecard what it has meant and this is at a

global level, our speed of innovation has increased significantly with all these steps.

So if a normal project in 2016 used to take around 33 months from the time of a concept generation to industrialization, the average today is around 12 months. And when I say 12 months, some of the parts we do implement within six months to nine months. We are faster than startups. Some of the startups in this particular part. Some others where there are new, there is new science and new technologies involved. Obviously, it takes a little bit longer, and 12 months is a broad average across.

On the theme of innovation, what this has also meant is the number of innovations driven by R&D have moved up. You saw, the increased innovation focus here in the region. This is also where we step in and we support across different categories to drive innovations there.

The global increase in the total launches has been 23% and from our side, there has been almost a 3x increase of innovations that we are bringing into the region. The second part for us is about increasing the differentiation. As I mentioned before, it is the quality of our projects that bring in. So we have now, 10% more contribution that is coming in from the innovation projects. So just as a broad nutshell, around 30% of incremental contribution to Nestlé's portfolio, which is coming in through innovation and renovation, is there. And around 20% of this would be about differentiated product propositions that bring in and create new consumption occasions.

The number of patents, we file more than 500 patents annually globally and this has been around a 90% jump in terms of new innovative technologies and solutions that we have brought into the table. Just a quick snapshot of recent launches and these are all the global ones where more than 150 new products come in into the market every year.

What you see on the right is an example of where R&D has helped them to deliver a winning proposition, whether it is about a better aroma in coffee or a better taste profile in a noodle or noodles with millets or even products like, the

a+Masala Millets. So this is where we step in and we play a role of driving innovations through.

And just picking up on to one of the examples here, what Mr. Narayanan spoke before is leveraging millets across our products. And millets, as you would know, are not the easiest of the grains to be consumed or even to be processed. There are challenges with taste. There are challenges because there are 13 types of millets and each millet is different in size, in hardness, in the way that we process these in. And they have in their inherent form, very low shelf life, which keeps the consumers away.

They're not very convenient to use. And we had to really translate these with the know-how, both from our global teams and the local teams here, with partners like IMR, but also using our culinary expertise around to convert them into tasty nutritious propositions.

Very happy to say that this is not only an offer that has come in in the form of masala millets. This is the first time in the country probably where we have managed to transform bajra or pearl millet which is one of the most difficult millets to stabilize into this product and this product contains more than 70%, 75% of grains, it is rich in fiber and therefore offers a much more meaningful advantage to our products.

This one is the platform that has then also been moved to spaces like Noodle, but also our other brand, and there are a few more which will come in. Last but not the least, R&D is not only about driving new product launches and innovations, it is more about making sure that we also have propositions which are affordable and sustainable.

And here, some of the areas that we work in on the packaging side is on the new generation of papers. And an example what I will take here is the paper straws. More than 5 billion paper straws globally have been introduced in place of the plastic straws and the Nestlé was a pioneer in taking these steps.

We work on quite a few other areas which we keep on testing across our brands. It's a sensitive part because a lot of application is also determined by what the local environment and the climatic conditions are, but this is an area that we put quite a bit of research efforts on.

The second part is evaluating the biodegradable plastics. How can we move in there? And one of the first launches here, which has been locally developed, is about, a biodegradable folk, a plastic folk, which has already been introduced in our Cuppa noodles and which decomposes or degrades both in industrial composting but also in the home compostable setups there.

What we have been also taking this journey is a step forward on regenerative agriculture. There is a pilot that we picked up in terms of restoring barren land. It's a future challenge that the country is facing with approximately 30% of the soils under stress today because of the way we have had the cultivation done.

And the pilot that we have picked up is to restore a land in our spice plant region to see how can we bring the fertility back on the land. So this is the land in Andhra Pradesh in Sri Sathyasai district which we are now looking at converting. It was barren for approximately five years. There are 15 farmers involved around 32 acres, which now has been planted.

What you see on the right is the first plantation. And we intend to use this crop back into our products, just as a model to see how can we make a meaningful difference across and then expand it, not only in India, but also beyond India as an example.

We are collaborating on this, not only with the Nestlé global teams on the agricultural sciences part, but also with Rainforest Alliance and TraceX, which is one of the startups that also came in one of our R&D cohorts, which is helping us to map the entire land scenario that we are building in.

The second important role that we play is on manufacturing process optimization. And this is an important area because this is also where energy and affordability comes in. And two or three examples which I would want to

bring in is on energy reduction. Through a proper redesign of the technologies and equipments with the computational fluid dynamics, we have been able to now reduce the steam usage in our noodles process by around 30%.

Now, this not only saves around 30,000 tons of the CO₂ emissions, but it also helps to avoid the costs which were going in as waste. And similarly, using process analytical technologies into our processes, now we have closed the loop systems. And these are working on our KITKAT lines where we are able to control the entire critical parameters on moisture in vapors. But we have moved it now to noodles where all the key parameters get controlled in line, giving a much more consistent product, but with – but much lower waste.

Again, we spoke about a little bit how Odisha would be the, when the factory of future. So we as R&D constantly work on what are the new technologies? What would shape this future manufacturing line? What would be the new capabilities, the level of automation that we would bring in and therefore make a tangible difference to what we are looking at building moving forward.

So there have been quite a few recognitions. On the packaging work that our team did, we were recognized with the Asia and the World Star Awards and just a couple of weeks back on the sustainability part, both in terms of restoring the agricultural land but also on energy reduction we had the UBS Sustainability Awards for the initiatives of the year.

So just in a nutshell, key takeaways. So it's again, the global R&D network offers a strong competitive advantage to drive growth, to support growth across markets. And as you heard, with India being one of the core growth pillars, we really see this as a big opportunity to unlock future opportunities.

The focus of R&D is on driving not only new products, but also on the more nutritious, healthy products which will be needed for the future consumer requirements with the changing demographics and also from a perspective of innovative technologies and solutions which make it much more sustainable.

Increasing speed to market for us through differentiated, intellectual property, differentiated technologies is going to be the core, which will give us the winning edge as we move forward. And this is where the speed over perfection mindset has moved in and enabled us to really pursue this end. And last but not the least, with this strong involvement and support to the local business here, we are able to deliver the ambition to drive growth moving forward. Thank you.

Ambereen Ali Shah: Thank you, Mr. Marahar. With that, we move to the Q&A session. For those who are present here, please raise your hand so that we can take the mic towards you, pass on to you. Participants who have joined virtually, the instructions will appear on your screen to ask questions. In the interest of time, I would like to request all of you to limit your questions to two per person.

We will start with participants present here, take three questions from three people, and then move on virtually and come back again. Sir, could you introduce yourself and mention the name of your organization and ask your question?

Abneesh Roy: Yes, thanks sir, very good presentation, two questions. Sir, first question is, we have seen few categories of other companies, for example, biscuits, we have seen in tea, local players have come. In your category say in noodles and coffee, we have seen some regional players, some start-up companies also come. So, in terms of volume growth, would you have lost some share in these in the last few quarters?

I am not talking about the Nestlé market share, I am talking about the data which you get from the ground, is there any loss in terms of volume versus the industry growth which you must be getting because we are seeing that downgrading, down trading those are happening?

Suresh Narayanan: Thank you, Abneesh. Thank you for your question. I think look, we do have the local competition. Let me take coffee for example. There have been players who have come in. But one of the things in coffee is that when the prices of coffee beans are as high as they are, it does not really give much play for the local player to come in with a cut price and hope to make a deal.

Because the fact is that, you will be incurring serious losses if you were to do that. So in the coffee category, honestly there has not been, there has been some competitors that have come in, but they have been more muted during this serious price increase on coffee beans that have taken place.

In the area of the MAGGI portfolio, there have been some entrants as far as the Masala-e- Magic type of products are concerned. I must say that again there has not been too much of a -- in our own estimates, there has not been too much of a traction that they have got. Only where there is acute price competition, there has been some loss of volume, but this is a category, which is fairly sensitive in terms of quality and safety. So, consumers also are pretty careful not to just try any masala simply because it is there in the market.

In noodles, when we took up the small pack prices, there were a few people who entered the market. At the fringe in particular geographies, there was some impact. But once we did a specific RURBAN package and part of it was to really tailor the portfolio also in terms of the INR10 price point, we are seeing volumes to come back. So, yes, there is local competition, but we are at least as of now trying to respond fast enough to mitigate any losses that we might have.

Abneesh Roy:

My second and last question, slightly related, is you shared a lot of data points, 10 billion UPI transactions. You also shared your Patna visit. My question is, five years back and now, or say eight years back when you joined Nestlé India and now, is the INR2, INR5, INR10 issue for the FMCG, is that now well under control? But when I see your own MAGGI price increase from five to seven and then I think 10 etc.

There has been a big grammage impact and you mentioned that last nine month volume growth for the Company has been below initial expectation or below the three year average. When I see that, then UPI does not seem to be benefiting. So, where are we in terms of the coinage issue and why is the UPI thing not benefiting in terms of vacating popular price points?

Suresh Narayanan:

Look, I think it is fair to say that still cash is a predominant part of the transaction. So, while UPI is definitely making progress, but it has not completely obliterated

the medium of exchange as far as the detail trade is concerned. I think the issue is one of the things, I think we have to remember Abneesh, price point is still important. If you look at the Nestlé portfolio, almost a third of Nestlé portfolio is price point and about 15, 20 odd percent is premium and the rest of it is mainstream.

On the price point, I still have to be careful. I have to make trade-offs. I have to make trade-offs saying, okay, I have, I am not able to mitigate the current initiatives to be able to take care of inflation in particular categories. And therefore, I consciously take the step to take change the prices. But price point will continue to be important because two forces are happening Abneesh in this market, premiumization and down trading.

Down trading is also a phenomenon. I think some of the other companies that you cover are seeing that also significantly happening because there is an economic pressure in terms of budgets and discretionary budgets definitely if inflationary trends continue will be under pressure. So, we are conscious of it and therefore, we are trying to put in bridging price packs to be able to take care of it. But walking away from the INR2, INR5, I think or maybe INR2 you still could, but a INR5, INR10 price point is still little bit fraught with risk or trade-offs that you might have to make.

Harith:

Sir? Yeah, good evening. This is Harith from Investec. Just two questions. First was on the input cost chart that you showed. It seems like with green coffee and now Cocoa over the last few weeks, we're also hearing, that is a significant inflation. So, if you look at your pricing actions and your pricing actions have been fairly significant over the last year or so. Do you feel you're at the end of does those pricing actions now at a portfolio level? Or you still feel there are certain areas where you will have to take significant pricing to still mitigate some of the margin pressure? This in context of the fact that the last two quarters actually gross margins have stepped up at a portfolio level?

Suresh Narayanan:

Good question, Harith. I think, look, as I said, the pricing option is the last option as far as the Company is concerned because the core strategy is penetration

led volume growth. So, I would hope unless there is something that goes dramatically wrong as far as coffee prices are concerned that I will be towards the end of the price cycle. I don't, I don't anticipate, but there has been obviously impact in Vietnam and that is leading to a synchronous enhancement of prices in India.

Even though the coffee exports have come down, but nevertheless the coffee bean prices are very much on the uptick. If it continues at the current level without dramatic changes coming up in the next couple of months, I think I should be able to hold the line as far as the prices are concerned. On cocoa, I think, yes, there has been a secular trend upwards, but I would like to keep to the current strategy of keeping prices as much as possible. But again, it is a wish Harith at the moment. I feel difficult to predict, but hopefully I should be able to try and at least the intention of the Company is to avoid as much as possible. That much I can tell you.

Harith:

Great. And the second question was on innovation. So, if you look at the last three years set, you had two years of COVID and then you had last few quarters of significant inflation. You yourself mentioned, when the house is on fire you're not going to do new things. In the context that in the next one or two quarters, hopefully things, you normalize on the inflation side. You did mention 10 projects in the pipeline, but do you see a material step up in terms of new things that you're going to do over the next 12 to 18 months versus the last three years that you've seen from a portfolio perspective?

Suresh Narayanan:

Relatively speaking, Harith, there will be a step up. I mean, because let me be very honest with you and I've shared this with you as well. During the COVID times was not the time to keep the house without catching fire. And at that time to launch new innovations that there was no marketplace and there was no nothing happening would have been a little bit foolish at that stage. So we did mute our innovation cycle. Now that is being unleashed.

And yes, in a calibrated manner, I mean, these 10 projects that I'm talking about are the most powerful that we would like to put out into the market. But I think

innovation itself needs to be now calibrated because we are move into an era where we are supporting our brands fairly strongly in terms of building equity. So, there'll be that much that I will be able to absorb in terms of being able to launch. Also, the gastric capacity of the organization. Remember, I'm going in for a major RURBAN drive. I can't tell my sales fellows, launch this and find more of this and find more of this. He says, boss, you tell me, which one sold first? I mean, as an old salesman, I can tell you that prioritization is a big task. So, that's the other thing I have to calibrate, the drastic capacity of the Company to absorb that much more of innovations. But you will see an uptake for sure.

Harith: Got it. Thank you.

Moderator: We now move to Manoj for his next question and we'll come back to you.

Manoj Menon: Hi, this is Manoj Menon from ICICI Securities, that's for the record. Suresh, brilliant work on the driving growth through the sales vector, which I think a very few companies have actually executed on the ground in the last five and 10 years. Of the 7% volume growth which has come, would you be able to quantify what sort of growth came through the sales vector? That's one.

Second, given the, that you have somewhere 80% 90% of the numeric footprint where you want to be at this point in time, how much more headroom is there with the three four medium-term view?

Suresh Narayanan: Good question, Manoj. If I would to look at it, I think the sales vector has played a strong role in the growth that you have got. I would estimate that all of the 7% odd that we have got, at least 3% would be attributable to the sales vector. And really, sales vector plus digitization plus analytics, sharper focusing on geographies, at least 3%. Maybe our upper reach, maybe 3.5%, 4% would come from that. That's an area of thrust, Manoj, that will continue. I mean, I'm not in a hurry. I'm not in a hurry to come here and tell you guys that I've digitized my whole Company and forgotten the basics. I mean, that's something that will, under my watch, will not happen because that's what has built the Company. Your second question was on?

Manoj Menon: Basically, can, first of all, thanks for the disclosure. Can we expect a similar run rate or higher, lower, because you will have now line selling and productivity improvements and more digitization, etc. Is it fair to assume that you will actually get a similar growth rate also into the medium term?

Suresh Narayanan: I would probably not get as high as what we have got in the past, but definitely fairly significant as the build-up happens. Because as, the distribution reach that we are looking at now is kind of getting there in terms of number of villages over 2,000 and number of distribution points, etc. Now, it is a question of sweating assets even more. And in sweating, I think in certain categories, it will give us disproportionate growth. In some categories, it will be marginal. On balance, I think best case scenario would be as strong, worst-case scenario would be slightly lower, but still significant.

Manoj Menon: Let me, I have one question, but I just kind of, let us say part A and part B, I do not think I will get another chance. Suresh, some comments about pet care would be helpful. How are you thinking about ramping up that, with the medium-term view? And the other one unrelated, is it fair to say that the Nestlé of 2023 looks at M&A as a growth vector, let us say very different versus what it was 10 or 20 years back?

Suresh Narayanan: Good, good questions Manoj. I mean, let me put the M&A question to rest first. I think M&A continues to be a area of interest for the Company because as you know, whatever we are hitting, INR16,000, INR17,000 crores that we have hit last year and a higher number this year is 100% organic growth. There is nothing inorganic in what we have done.

So, I think that the quest for acquisitions continues, but obviously, I think the criteria that we use is on fit, is on capability to add value and also on the kind of valuations that we get. And so, the eyes and ears are open and I think that is something that we will continue and hopefully god willing something should come up sometime in the future.

On pet care, I think the integration process with Nestlé India is complete. And now we are trying to, we are really revving up the engines in terms of expanding

the scope of distribution and also utilizing some of the obvious synergies that we have as a Company. I mean, I'm able to give Pet care a much wider access than what they ever had as an independent entity.

And that's work in progress. So, it's still a very promising category for us. In fact, some of the early leads on the cat food segment is very positive and that gives us room and gives us hope that we will be able to accelerate this business quite well in the coming years. Thank you.

Ambereen Ali Shah: We will now move virtually and request the participants to ask questions in over to you to take questions from our participants present there.

Moderator: Thank you very much. We invite a speaker member, Mr. Siddharth Dhand from Goodwill. Please unmute your audio and go ahead with your question.

Siddharth Dhand: So, we bought into the pet care business into Nestlé India. One of the businesses that Nestlé hasn't entered in India is the NESPRESSO business. So, any thoughts about entering via Nestlé India? Because every time we travel abroad, people will always ask me to get a NESPRESSO machine or pods back to India.

Suresh Narayanan: I know the discomfort that you feel when you have to pay a little bit more than what you should be paying. But look, let me put it fair and square. NESPRESSO is definitely a business that is of interest to us. I think there are a few regulatory and duty related issues on that, that need to be navigated and represented, which is what we are in the process of. I think once we are able to clear the decks on that, then the decision would be taken on direct involvement of Nestlé India in the business or otherwise, if there is at all any other route that can be taken.

But at the moment, I think we are trying to first get over the first leg, which is really some of the regulatory and duty related issues that pertain to the import of pods into the capsules into the country. Once we do that, I think the road will be much clearer as far as our entry into the business is concerned.

Pet care, as I just mentioned to the question of Manoj, I think continues to be an area of serious interest. One thing about Nestlé that I'm sure you have observed, we don't give up on categories so easily. So, there is a pet care, which is obviously a core category of the Company. It's a category where we have global expertise and it is a category where we will have the full play in the coming months and years as far as the category itself is concerned. So I can assure you that there will be a continuing thrust as far as building this business is concerned. In the first stage, using the synergies that Nestlé India brings to the table, that alone will be quite significant for the business.

Siddharth Dhand: Thank you so much. Thank you.

Moderator: Thank you. Our next question is from Sirish Pardeshi from Centrum. Please unmute your mic and go ahead with your question. There seems to be no response from this participant's connection. We will therefore move to our next question. That is from Chintan Chheda of Quest Investments. Please go ahead with your question, sir. There seems to be no response from this connection as well. We take our next question from Dhiraj Mistry of Antique Stock Broking. Please unmute your microphone and go ahead with your question. As there is no response, Ms Shah, back to you. You may take questions present from in-person participants.

Ambereen Ali Shah: Yeah, please go ahead and ask your question.

Vivek Maheshwari: Hi, good evening, Suresh and team. Suresh, while under your regime, we have seen a definitive pickup in growth, but philosophically speaking, when you talk about, let's say, \$40 billion of market on a denominator of \$800 billion, do you not think, and two parts to this question, the first part is, do you not see a sense, when you look at 6.5% volume growth number, and I know inflation pandemic, but if you take a next five, 10 year view, you shouldn't, let's say for a Company like Nestlé, growth should be, significantly higher than where we are.

That's first part and second part again, it's an apple to mango comparison. But let's say PepsiCo launched still Sting as a product and within three years that brand became INR1,000 crores is running over INR2,000 crores. Is there a case

to launch something which is very disruptive? So let's say Red Bull was selling at INR120 and Sting came at about INR20 makes, its margin apparent took to the Company, but has taken the size to a different level. What are your thoughts on both these aspects?

Suresh Narayanan: I think it's a good question that you're asking. As far as growth is concerned, as I said, the Company's philosophy has been and is unlikely to change between the balance between growth and profitability. So, that's something that we cannot walk away from. So, while yes, I think the future I would like us to grow faster than 7%, I mean it is not an impossibility, but launching products or getting into categories which are going to be deeply dilutive as far as margin deliveries even in the short to medium term is concerned without a distinct competitive advantage would not really be a reality as far as Nestlé is concerned.

I think the empty calorie growth which some organizations might find acceptable at relatively modest EBIT's is not a philosophy that we believe in. Having said that, I think I fully take your point and in fact, that is also the roadmap, in building all the infrastructure and creating all the ecosystems for growth is to really plan and target a higher growth than what we have done in the past. But on which categories and which, I mean, for example, things like nutrition, wider definition of nutrition or health science would be areas that we will focus in, where the volume may be relatively small, but the values and the impacts and the competitive modes that it builds will be definitely far more significant for the Company.

Vivek Maheshwari: Got it. And the second question, again, one of the slides on lifestyle trends for millennials and Gen Z, if I look at one of the, I would just love to know your views, but one of the things that you mentioned, trust is important and it's 59% important for Gen Z. If I look at the other side, which means that 41% of the users are okay to go for brands which are so to speak not trustworthy. Does that not worry you? Because 9% point, I mean, it's literally half and half and then you are 9% point higher on the trust side. But that also means that 41% should can go for anything, that is available. Does that worry you from a competition standpoint?

Suresh Narayanan: Look, I think the word trust has two meanings here in the research. One trust is the ability and the proclivity to stick to a brand for all times to come. And the other one is a little bit experimental or flirtatious as far as the brand is concerned. It captures both these trends. And one of the things I think we have to be very clear is that no Company is owed market share. No Company is entitled to market share. You have to set and struggle for every point owed market share.

So, I look at it, yes, in a perverse way it should worry me a bit saying that 41% of people might leave my brand, but then it should keep me awake saying, have I got the right consumer proposition, the compelling experience and the value delivery sustainably over a period of time to justify the market shares that I have got? So I don't subscribe to the negative part of it. It only tells me that the consumer, you cannot take the consumer for granted. And that is when, and that's the, that you would know even without looking at the research is the hard reality of the marketplace. Yesterday's hero is today's zero, right? Or vice versa.

Vivek Maheshwari: Thank you very much. I'm Vivek Maheshwari from Jefferies.

Ajay: This is Ajay from Anand Rathi Securities. I just one question in one of the, your speech you had mentioned about, premium products only contributing roughly about 10% of your sales. I would have assumed that it is much higher for Nestlé India. Can you just talk of what is your categorization of premium products first? And secondly, also, if you can just throw some light on how you are looking at, minimizing a portfolio to a greater extent. Thanks.

Suresh Narayanan: Look, I think, premium for us is quite a rigorous definition because we have got a significant mainstream. And mainstream in many companies would be categorized as premium. Whereas for us it is mainstream. So, a price index of 10%, 20% below the mainstream would be considered to be PPP. And price about 30%, 40% higher than mainstream would be considered to be premium. Again, the premium split differs by category, in categories like milk and nutrition it is higher, in categories like foods, prepared dishes it is higher, in chocolates it is and for example, KITKAT and the normal parlance would be considered a premium, but we categorize it as mainstream.

So, therefore, the proportion is a little bit lower because of the categorization. But I can only tell you that I think the thrust on premiumization continues to be strong, the response is, has been strong. The growth rate of premium products in the Company is at least 2 to 2.5x of the rest of the organization. So, there is a very strong growth that we're seeing. And this is happening also in small town India. So the growth that I'm seeing for brands like KITKAT and some of the milks and nutrition is as strong in smaller markets. You saw the growth 15%, 21%, 26%, and 40%. This is the new India.

So I think the thrust is higher. The infrastructure will be -- is stronger. The route to market is going to be critical for us. So, I can't take the same route to market and expect all my products to go through the same hatchet. So, that's where work is happening today using the power of analytics, digital and on ground behavior to carve out separate distribution models for PPP. Can I do that in small town India is one of the questions we are asking. I don't have the answer, but it is an active question that we are asking.

Sheela Rathi: Hello, Mr. Narayanan. Three, four questions here, short-term as well as long-term. On the short-term side, my first question is that what percentage of our portfolio did we take price initiatives last year? And what percentage of them we may not require to roll back the prices because most of the consumer companies are cutting prices right now. But if you could give some idea there and which categories in specific.

Suresh Narayanan: Okay, as far as the portfolio is concerned, at least half the portfolio was touched in some form or the other in terms of pricing. As far as rolling back is concerned I mean, we have not seen a very significant decrease in prices of, the pace of increase has come down but that doesn't mean that it's a decrease. I mean milk prices are up, but the pace of increase of milk prices has come down.

Sheela Rathi: Sorry, if I may interrupt. My question was specific to price hikes that we took?

Suresh Narayanan: Yeah. Yeah. That's what I am saying. So, price hike that we took, about half the portfolio has been impacted by price are changes. Rolling back prices, I don't see that as an imminent issue that is happening at the moment because again

while the inflation has come down, right, but the prices of these commodities are at already at a fairly high level. So, it is, the differences are purely marginal to be talking about any distinct rollback that we see. Unlike some of the petrol-based ingredients where the decline has been quite sharp, there obviously people have had to do it and emergence of local competition has happened because of that also, because the raw material prices have come down significantly giving the play for local competition to enter. So, that's where we are.

Sheela Rathi: Second question is, you had a slide where you showed that media investments for us have gone up from 1x to 1.3x. If I do a rough math, the ad spend for us are circa 4% right now, or may be lower versus a pre-pandemic we were at 6%. So what are we doing here differently? Most of the consumer companies again have been taking up ad spend. Are we risking market share here by, being more, using our brand equity to, so just a question here on this?

Suresh Narayanan: Not really, we are not risking any brand equity, we are just spending more efficiently and more effectively. And the digital spend which gives you much longer kind of response with the consumers is today a fairly significant part of what we are spending. So, therefore, the percentage looks to you a little bit lower, but the digital spends as a proportion of spends have been significantly up as compared to what they were a couple of years back.

Sheela Rathi: So, what would be the share of digital spends for us?

Suresh Narayanan: It will depend.

Sheela Rathi: As a percentage of total?

Suresh Narayanan: It will depend on brand to brand. It will be anywhere between 20% to 60 to 70%.

Sheela Rathi: Understood. More on the long-term side now. First question is we are building such huge capacities, and it's a big journey we have embarked on. Someone asked the same question that should we think of higher growth trajectory for us going ahead because I believe that this capacity is being built for the next 10, 15 years. So, should we imagine Nestlé India's growth trajectory to be much,

much higher than where we are right now and any categories where you're most excited about?

Suresh Narayanan: I don't think, Sheela, it will you know the definition of much, much for you is different from the much, much for me. So we have to be very careful on this, but yes, I think the fact is that the capacities in supply chain and infrastructure is being created to enable higher growth. And the ambition, as Vivek was alluding to, is to get a volume growth, which is definitely comparable, if not better than what we have got in the past. So that intention continues to remain.

Sheela Rathi: And final bit is with respect to the distribution reach, we are at 5.2 million distribution reach. Where do we see the portfolio gaps right now? I would believe that noodles, MAGGI noodles would be at the peak, say five point I mean the highest. So, what is the opportunity for us in terms of categories where we need to take it up much more than the others?

Suresh Narayanan: Look, I think all categories are offering opportunities because distribution is not just a one-time act. It also depends on the kind of repeat purchase and the kind of activation that is being done. So, all the current categories of the Company, meals and nutrition, prepared dishes, coffee and also chocolates and confectionery, each of them are calibrated differently. So, the number of MAGGI noodle outlets will not necessarily be equal to the number of coffee outlets for example, because of the nature of the category.

But there is headroom across for all the brands. And that's why you're seeing that growth. That 21%, 25% growth is not coming out of one brand. It's coming out of a bouquet of brands. And that as we expand, as we penetrate better, as we do better activation, as we do better distribution, as we do better advertising and put more feet on the ground, we are seeing better results coming.

Sheela Rathi: Thank you, Mr. Narayanan.

Ambereen Ali Shah: The next question is from Percy, who has joined us virtually. His question is, June quarter gross margin is 200 BPS, higher than the June quarter gross margin. That is a big expansion in a quarter period of three months. What has

driven this? Is it raw material softening? If so, which ones? Product price increase and if so, which ones or any other reason?

Suresh Narayanan: Well, it is a combination. It is a combination of raw material softening and better realization both.

Arnab: Hi, Suresh. This is Arnab from Goldman. So, Suresh, on the innovation side, in the last few years, you showcased a few new categories you entered or brands you launched like CEREGROW, Milo, Nestléplus, GERBER given the size of your portfolio, you're totally a INR20,000 crores kind of turnover this year. Do any of these meet the bar of moving the needle for the overall business? Like, could they cost 1%, 2% of sales in a few year's time? Or is this a very slow burn and it'll take them many years to even reach a 1% of turnover on any of these new initiatives?

Suresh Narayanan: Look, I think it is a very good question. Some of them clearly are showing stronger promise than others. So, some of the initiatives that we got, like what we are doing in the noodles area will definitely start getting much higher traction. Some of the initiatives in the chocolates area will also start getting higher traction. Coffee will be giving higher traction, but some of the ones in the nutrition space will take some time.

It is not going to, you are not going to have the dial moving suddenly. I think the days of seeking out another MAGGI Noodles has sadly become a little bit of a mirage for many companies. You've got smaller number of strong opportunities but not one huge mega opportunity that's going to give you that kind of, unless you've got the stomach to continue in that race for 10, 15 years without making a cent and that is a very different philosophy.

Arnab: Got it. So, the 6.5% of revenues that you showed came from all the innovations in the last three to five years, that number you would not expect to dramatically move up given what you said that these are smaller opportunities.

Suresh Narayanan: My objective, longer term objective is to get to about 10%. If I get about 10% that will be a good number to look at in terms of innovation contribution to total

sales. And that will come from a combination of some base innovations in the core categories and some high value innovations in some of the niche categories. That put together should get us there. But I use, if I were to answer you saying, today is a 6%, 6.5% will next year be 10%, answer is no. It will take a bit of time.

Arnab: My last question is just on, margin improvement is not a, I would say, a stated target or objective that I've heard from you over the years. It's more about stable margins, higher growth. Now, since you've been on this growth path for a few years, there's typically some, virtuous cycle, you get operating leverage, your mix improves. So can things change on that front? Or would you still believe that, keeping margins stable, focusing on growth is that product goes that you would take?

Suresh Narayanan: I think the broad approach, as I said, growth with sustained profitability does not dramatically change. The objective might change in a particular part of the portfolio, given the nature of the cost benefit that you see. But broadly as a Company, I mean, if you were to say, if today I make what EBIT margins are 23%, 24% and suddenly you look at a growth model that will be 30% growth and 15% EBIT that will not be necessary. But within a category, I could look at parts of the portfolio making that switch sacrifice for the short to medium term that can happen. But overall, as a strategy for the Company, a bit difficult for me to comprehend.

Arnab: Thanks, sir.

Moderator: We will take the last question from Latika.

Latika: My questions have been answered, but one aspect I just wanted to clarify was on some of the color on, when is the agreement for royalty up for review? If you would clarify on that, and how should we think, if you are allowed to talk about it, the parents want to approach that? Thank you.

Suresh Narayanan: Look, I think it's a good question, Latika. I knew that somewhere it will come up. Look, at the moment, I think we are still in, it's still in front of the board of Nestlé

India in terms of discussing this, preparing because it's still, it's tenable till June next year, till June 2024. So, there is still a bit of time, but I think we are very conscious of the fact that brands, technology and operational excellence are what Nestlé brings to the table. And I think all these three would be evaluated fairly squarely before any decision is taken, but to clarify to you Latika as of now no decision has been taken.

Sanjay Khajuria: We can go for one more question.

Suresh Narayanan: One here.

Avi Mehta: Avi Mehta here from Macquarie, I just wanted to kind of, in the entire conversation, you started with saying that there are increasingly going to be more niche opportunities that are going to come in. But in the course of the discussion on innovation, you seem to suggest that I have a constraint on my distribution, which means I have, I cannot go in terms of number of packs, in terms of number of products.

Now, isn't this a dichotomy of sorts? Because you are saying that there are smaller opportunities, which probably need a lot more new launches, but you can't do them because you don't have the bandwidth. And where am I kind of not understanding?

Suresh Narayanan: No, Avi. I think, I'm sorry for not explaining myself very clearly. It's not that niche opportunities on a regional basis will not be exploited. I think the question for us is there are two levels. There's a gastric capacity for a Company should be able to handle new launches. There are some companies who show results by pipelining, right. Every quarter add 20 products and show 3% growth, show 5% growth, show 20% growth. We are not in that network, for pipelining led Company.

So, there is a certain gastric capacity for the system to be able to handle complexity. And this is overall complexity, not just distribution complexity, procurement complexity, manufacturing complexity, sourcing complexity, everything, right? All put together. That's one part of it. The other is, and this is

what to answer the question that has come up on route to market. Now, what we are looking at is how can we geo-target and sharp shoot on route to market to exploit these opportunities. That will give us a little bit more of tentacle like capabilities to be able to have a better and a more sustainable capital redistribution.

Avi Mehta: So, in a sense the portfolio in different geographies could be very, very different, but that still does not take care of the manufacturing complexity, right?

Suresh Narayanan: Look, the portfolio will not be dramatically different. I think the core essentials of the Company in the five, six categories it is wherein will remain broadly the same. Where will the differentiation come? There will be a few variants that will be particular to particular geographies and some SKUs that might or might not be part of that portfolio, right. Or there could be a category entry for the time being that could be in a particular geography. All of these require essentials in terms of either manufacturing or essentials in terms of being able to distribute it reasonably efficaciously into that geography. Those are the two capabilities that we need.

Manufacturing capabilities, I think we have a fair amount of flexibility now that we have got 10 odd factories and more than 10 odd co-manufacturers to be able to take care of that complexity. But where the rubber is going to hit the road is in terms of sizing, the size of these opportunities before we start to pursue them. So, which geography and what size of opportunity should I pursue? The trade-off is always between pursuing a small regional opportunity versus putting that resource behind a larger national opportunity and that is where the challenge really comes.

Avi Mehta: Correct sir. Okay, thanks a lot.

Suresh Narayanan: Okay, so may I take the opportunity firstly of thanking all those who are online. And I am sorry that some of you were not able to ask the questions, but please do send in your questions to Ambereen so that I am able to answer them as best as I can. I mean, this is typically the way I operate, even at AGMs I answer

every single question. So, I feel a little bit sad today that a couple of you have not been able to ask the question.

On those who are present in the room, thank you all very much for your attending, for your, for the respect and for the attention that I have always received from you. I'm deeply grateful for that, also for your support and your positive criticism from time to time. I really appreciate it because I think that's what keeps certainly me going and hopefully my team going. What I've reflected today is 100% team effort. I only play the role of the cheerleader and the sutradhar, but the story is, a story of thousands of people who come together to make this happen.

And I think the tribute is to this team that makes this performance happen quarter after quarter, year after year. So, thank you all very much. And please do join us for some snacks which includes some Company products, I believe. And those who are online some other time. Thank you.

Ambereen Ali Shah: Thank you, sir. The proceedings of today's session will be recorded and uploaded on our website www.nestle.in. Thank you very much once again for joining this call.