

## Nestlé India Limited

(CIN : L15202DL1959PLC003786)  
Nestlé House  
Jacaranda Marg  
'M'Block, DLF City, Phase – II  
Gurugram – 122002, Haryana  
Phone 0124 - 3940000  
E-mail: investor@IN.Nestlé.com  
Website www.nestle.in



BM:PKR:42:22

03.08.2022

BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street, Fort,  
Mumbai – 400 001

**BSE Scrip Code: 500790**

**Subject : Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”): Transcript Earnings Call with Analysts/ Investors on Unaudited Financial Results for the second quarter and half year ended 30<sup>th</sup> June 2022 held on 28<sup>th</sup> July 2022**

Dear Madam/ Sir,

Further to our letter BM:PKR:41:22 dated 28<sup>th</sup> July 2022, submitting presentation made to the Analysts/ Investors at the Earnings Call held on 28<sup>th</sup> July 2022 and intimating uploading of presentation, audio/video recording and transcript of the Earnings Call on the website of the Company, please find enclosed transcript of the Earnings Call on Unaudited Financial Results for the second quarter and half year ended 30<sup>th</sup> June 2022 held on 28<sup>th</sup> July 2022, in terms of Regulation 30 of the Listing Regulations, for your information and records.

The transcript is also being uploaded on the website of the Company at the weblink:<https://www.nestle.in/investors/analystsmeet>

This is for your information and further dissemination.

Thanking you,

Yours very truly,  
**NESTLÉ INDIA LIMITED**

**B. MURLI**  
**GENERAL COUNSEL & COMPANY SECRETARY**

Encl.: as above



**Nestlé** Good food, Good life

## **Nestlé India Half-Year Earnings Call**

**July 28, 2022**

**Nestlé India Speakers/Participants:**

**Mr. Suresh Narayanan: Chairman & Managing Director**

**Mr. David McDaniel: Executive Director - Finance & Control and Chief Financial Officer**

**Mr. B Murli: Director - Legal and Company Secretary**

**Mr. Sanjay Khajuria: Director - Corporate Affairs**

**Mr. Shashank Kumar Nair, Senior Manager – Corporate Communications**

**Shashank Nair:** Hello, everyone. Welcome to the Nestlé India Half-Year Earnings Call. I am Shashank Kumar Nair, Senior Manager – Corporate Communications, Nestlé India.

I have with me today my senior colleagues from the Nestlé India Management Team:

- Mr. Suresh Narayanan: Chairman & Managing Director
- Mr. David McDaniel: Executive Director - Finance & Control and Chief Financial Officer
- Mr. B Murli: Director - Legal and Company Secretary
- Mr. Sanjay Khajuria: Director - Corporate Affairs

Now, before we get started, let me first read out the standard disclaimer:

1. Except for the historical financial information contained herein, this presentation may contain statements which reflect Management's current views and estimates and could be construed as forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements, which holds only as of the date.
2. The future involves uncertainties and risks that could cause actual results to differ materially from the current views being expressed.
3. Potential uncertainties and risks include but are not limited to factors such as change in general economic, political, or market conditions, commodities and currency fluctuations, competitive product and pricing pressures, industrial relations, and regulatory developments.
4. Significant disruptions in the operations due to unforeseen events (including as a result of the spread of the disease)
5. Volume and Mix and Organic Growth (OG) are basis Nestlé Internal Reporting Standards.
6. Figures are regrouped / reclassified to make them comparable.
7. Calculations are based on non-rounded figures.
8. 'Analytical data' are best estimates to facilitate understanding of business and NOT meant to reconcile reported figures.
9. Answers to Questions may be given basis generally available information in public domain.
10. No person is authorised to give any information or to make any representation not contained in and not consistent with this presentation and, if given or made, such information or presentation must not be relied upon as having been authorised by or on behalf of Nestlé India Limited.

As per the agenda today, we will have a presentation followed by the question-and-answer session.

Once the presentation is complete, I would invite you to exercise the "raise hands" option on MS teams. Once you have raised hands during the Q&A session my team will enable your mic when you are first in queue. I would request you to please then unmute yourself and state your name and organization before proceeding with your question. In the interest of accommodating as many questions as possible, we would be grateful if your questions are brief in nature.

As per practice, the entire proceedings are being recorded and will be uploaded on our website [www.nestlé.in](http://www.nestlé.in).

I will now request Mr. Narayanan to please take over and make his presentation.

**Suresh Narayanan:** Thank you, Shashank, and good afternoon, ladies and gentlemen, good evening to those of you joining from different parts of the world. I do hope that this finds you all safe and secure at this time and in good health. The title of what I will be sharing with you today is in some sense reflecting of what the organization stands for – unwavering commitment; a commitment to India, to the consumer and to the future. Resilient journey; we have been through a lot, seen a lot and are prepared to also see more in the future. Promising horizons; there are initiatives, there are changes and there are welcome steps that are being taken by the organization in order to embrace the future more secularly and more dynamically.

So, without much ado, let me take you through some of the key takeaways last time, just to keep to the manner in which we've had conversations in the past. Sustainable volume led growth, remember that 7 years ago the strategy that was enunciated by the Company was the 'penetration led volume growth'. If there is no penetration there is no volume, there is no growth, there is no sustainability of the future results of the Company. That was the simple mantra and the simple motto that we took. This really meant one clear philosophy of the Company, that we will not be sitting on the hubris of the market shares, but we will be looking at the humility of the penetration task ahead and that's what will define us as a Company, and that's really what we have been trying to pursue in all these years. Secondly, strong value growth across both rural and urban India. This has led to a sustainable performance in terms of top line and bottom line despite the vagaries and despite the circumstances that face us. Innovation continues to be an engine of growth because this Company is all about multiple brands, multiple offerings and multiple stages of life and really giving a bouquet of variety, nutrition, and salience at different points of time.

We implemented the future ready plans for our people, we talked about it last time and implications of that, we are strongly committed to, and we shared the transformation using data & analytics in our

journey forward to make ourselves a more professional, a more agile, a more adaptive and a more anticipatory organization, that is quick in taking decisions based on professional information and data at all points in time.

Sustainable initiatives at the core of being the force for good - For us sustainability is not a fashion, it is not a board room conversation, it is an intrinsic part of our business. Note, that I do not talk here about the term ESG, I talk about the term sustainability which is more all-encompassing, and which is more meaningful in the manner we conduct our businesses. And finally, we talked about then, which has exacerbated now immediate concerns in inflation while the long-term looked promising. So, these were the 8 messages that I left you with the last time. What is it that we will be talking about today? We will be talking about the financial highlights of the first half performance and the results have just been declared a couple of hours back today, as you know. I will be talking about the *Purina* pet care business and what is it that is exciting and what is it that is welcomed about this business and also on the horizon, some other initiatives that hopefully will power the engine as we go forward.

So, let us go with the financial highlights of the first half. The sales in overall terms, the consolidated sales have improved by 12.7 percent and double-digit growth, definitely. If you look at the last 22 quarters for which you have the information on Domestic sales 17 out of the 22 quarters have been double digit. Four quarters have been very high single digit almost double digit. And only one quarter which is quarter 2 of 2020 when we were struck by the first blow of the pandemic, we recorded a growth of 2.6 percent. So, growth has remained an intrinsic mantra of this Company and that is what you see with this 12.7%. However as I'll come to it little bit later to give you more granularity, the forces of inflation have clearly been much larger than what we are normally used to. I dare say quite extra ordinary in the last couple of months and that clearly has made a small dent as far as profits are concerned. So, our profit from operations have come down in the first half by about 2.9 percent, net profit by 2.7 percent and therefore, as a consequence, earnings per share by 2.7 percent. This is not to despair the business model, but this is to highlight what is it that we have done during this quarter in order to protect our engine of growth.

One thing that all of you know from experience and since you have been tracking businesses for a long, long time, growth is what ensures a sustainable result. Anything multiplied by zero is zero. So, if you have zero growth, you can have the highest margins and yet you will have a rather putrid result. And that is the belief we have got in inflationary times, it is most important for an organization, for a corporation to protect its engine for growth. It is not managing for the quarter, it is

managing for the long term and as you know very well Nestlé is a long-term company, we are not a short-term company we are not here for a quarter, we have been here for over a hundred years. So, sustained volume and mix-led growth in a steep inflationary context is the result that has been achieved so far. The CAGR in the last five years has been 8.1 percent in terms of volume and mix, you can see the volume evolution on the right, on a quarter-to-quarter basis also positive. And the core objective of the organization was to protect the engine of growth so that penetration-led volume growth continues to happen in our business. The day this stops ladies and gentlemen is the day we will have trouble with our growth model.

The first half have seen a value growth of 13.3 percent. This 13.3 percent has a consumer price impact of 6.3 percent, which means that the volume growth has been about 7 percent. In CAGR terms this has given us the result in the 2017 to 2022 period of 9.7 percent. I do reiterate the point clearly, if the growth engine is weakened, the future is compromised. That is the result and that is the lesson we have learnt over years. I draw your attention to the right-hand side of the chart that tells you the quarter-on-quarter performance. Quarter 1 2022, on domestic sales and quarter 1 for 2022 on domestic sales on a sequential basis. You will see that going up from 10.2 percent to 16.4 percent.

What's heartening is to know not just that the human being is healthy overall but how strong is his ECG and ECG is measured in our business by the texture of sales across different markets and across different income segments and across different populations. If you take mega cities, which are over 4 million in population, these were adversely affected as you can see from the graph in 2021 because of the pandemic having a serious impact an adverse impact in terms of markets, distribution, and various other aspects. We see that normalising today. In fact, the Google measures and other measures of mobility are showing that despite the fact that the pandemic may not be entirely out of the country we still have learnt a mechanism to cope with it and certainly in mega cities that is happening, and you see that playing out in terms of growth as well. You see our growth is on the uptake in mega cities. The same is happening in metros, that is those cities between a 1 million to 4 million population. Once again, the growth numbers are in double-digit. Once again, there is an uptake in the last couple of months. What is even more heartening and I remember last time I talked about our 'Rurban' strategy: the question that you asked me was - that this company is an urban company what it is doing in semi-urban & rural markets, and we said that market is getting prepared because the aspiration and availability had to match. Those are bearing fruits for us, you see the town class 1 which is those towns with less than 10 lakhs population, they are growing also handsomely by double-digit.

The town class 2, which is below 6 lakhs population, small-town India, or Bharat as we call it, is also growing handsomely in double digits. And what is most heartening, and I know that I speak of a base in the rural markets – for us, ladies and gentlemen, the rural markets are also doing well. Villages and the villages that we cover, remember the objective of this Company is to cover a hundred and twenty thousand villages with more than 2000 population. We have covered 70,000 – 80,000 of these villages. We are seeing uptick happening in terms of our sales 9 percent, 15 percent, 30.7 percent. There has been an engine of growth, and if we continue with good monsoon, as is the hope, then we can look forward to some exacerbation of some of the commodity cost hopefully, but also a demand generation that will be fairly encouraging for the Company. So, the overall growth 13.3 percent first half, 6.3 percent on pricing, 7 percent on volume. Town category wise - mega, metro, town class 1, 2 to 6 and villages, all on double digit growth. That is the bottom line for our quarter 2 performance and that is the reason we talk about securing the growth each year.

Part of the headwinds that we have faced – I want to keep this chart very simple, because the most volatile situations are explained by the simplest of charts. 2018 to 2020 – if we look at the CAGR commodity inflation-3%. In 2021, it stands at 5% and in 2022, it stands at 15% - 5X of the CAGR than the preceding two.

Now there are two ways in which a company can tackle. One way is to take indiscriminate price increases and yes, remember that in eight out of the 10 categories, Nestlé is a market leader. The hubris of market shares starts to work against you, spending indiscriminately, take price increases in order to mitigate the situation. Wiser counsel and a wiser management call towards balancing pricing, balancing margin expectations, and retaining the kernel of growth that is required for the future. So out of this 16%, if you look at the second quarter about 8.5% was the kind of pricing impact that we took. Second quarter, if you recall, has a growth of 16.4%: 8.5% of pricing, 7.9% of volume. Volume is still growing extremely well. That is the bottom line. The day we start having volume declines that are sharp, irrespective of the value growth that I will show, irrespective of the profit growth that I will show, I will be having a system that is getting hollowed out and is getting eaten from within. And that is not a good situation. So therefore, if you look at the 5X impact on commodities, clearly it has had a short-term impact on our profit from operations. This, despite the fact that in the 5 years period it has grown by 11.2%. Despite that, there has been a short-term impact. And yes, those are the numbers you are seeing. If you look at it on a sequential basis, from 21% to 18.2% in terms of profit from operations. However, what is heartening at this stage, and these are early signs, and therefore I have put a caveat to it, that these are early

signs, there is some softening as far as the edible oil complex is concerned and packaging materials are concerned. Nevertheless, fresh milk, fuels, wheat, grains, and green coffee are expected to remain firm. And as you saw in the papers today, wheat is reaching all time high prices because of the low stocks that we are keeping as a country. And also because of the 'as yet' question mark on the quality of the monsoons. This has been a short-term impact that we are facing. Net profit, consequence of that, percentage is slightly lower because of the tax impact. For the CAGR basis, still very encouraging at 14.2%. 10% on top-line, 14.2% on bottom-line. Despite the vagaries that we have faced.

Let us look at the texture of performance. So, I have talked about the ECG of performance, now we look at the other vital indicators of growth. Our four product groups: Milk Products and Nutrition, Prepared Dishes and Cooking Aids, Confectionery and Powdered and Liquid Beverages. First half growth, as I have mentioned, 13.3%. Milk Products and Nutrition has grown by 7.2%. Once again, we have had examples of brands that are as old as the hills. *Milkmaid* is 156 years old and has had one of the fastest growths in the first half of this year. Prepared Dishes and Cooking Aids, and yes as I do recall that many years ago, I was told that the only product that Nestlé has is *Maggi*. Today, while we have many more products, *Maggi* continues to be strong, showing 13.9% growth. Confectionery, displaying super strong growth at 24.4%. The 80-year-old brand *KitKat* is growing strong – double digits, as is *Munch*, as is rest of the portfolio. *Nescafe* and associated brands are growing very strongly at 21.7%. So, the texture of growth is also showing that across product groups we are having strength.

Innovation continues to be an important element of our growth. If you look at the products launched since 2015 and track them as a percentage of sales, today we are at about 5.6% in the first half and that comes from innovations and renovations that we have seen during this period. However, I would like to add that during this period the focus has been on the core. It is important that when you secure the growth engine of the company, that you secure the core of the company. There is no point in the tendency to expand the portfolio significantly when you are unable to protect the core of the organization – and these four product groups are the core of the organization. So, therefore we have protected the core, and we have also done innovation. Over 100 new products have been launched in the last 5 years.

All this has been creating significant value for investors, if you look at the comparative period of last 21 years and you take the closing price as of the 26th of July 2022, not of today's price, you would see that our



annual return is close to 20%. We have outperformed the FMCG benchmark index quite significantly and today enjoy the market capitalization of almost 23 to 24 billion dollars. I would like to thank you all for the confidence you have posed in the Company.

We have always talked about finding new growth engines for the Company, and premiumization is one of the growth engines that we have talked about. Today I want to talk to you about two specific engines that we are looking at for the future acceleration of this Company. The first one of *Purina* pet care. Many of you would be having pets, some of you might own them in the future and one thing we all know about pets is that they are like our children. The very best of nutrition and the very best of care is what keeps a happy home. You might be unhappy with the colour of your shirt, but you are even more unhappy when your dog does not wag its tail and come to you with happiness and joy. And we know that a lot of times that has not only to do with the way you treat the pet but also the kind of food you give the pet.

Here is a happy dog – it is a happy dog face because pet care has an exciting future for us. The category is worth about INR 4000 crores today – that is the estimate we have got. It is a category growing at about 25% - it is probably one of the highest growing categories amongst consumer core, considering pets are also consumers for us. Pet adoption is on the rise, especially post the pandemic. I think the vagaries of the pandemic, the emotional disconnects that have happened have led to an increase in pet adoption. Today we are, an estimated, 30 million pets, growing at about 11% per annum. So, there are about 3 million pets getting added each year. Out of this dry dog food, dogs being the main ownership in this country, 75% of it is dry dog food and is therefore the biggest segment. What is interesting is that wet cat food is also a strong opportunity. Pet cat food is growing at 35%. So, this is a category of INR 4000 cr growing at 25%, pet ownership growing at 11% across town classes – owning pets is no longer a metropolitan phenomenon, it is a phenomenon across the country. Dry dog food being impressive at 75%, and wet cat food also growing significantly by 35%.

What have been the strategy and learnings for *Purina* in India? This is something I will now briefly talk to you about. Pet Speciality Distribution network has been built in 46 towns. The business began in pet speciality stores, and that is why a view was taken at that stage that this was not an area of expertise for the Company because we do not sell anything to pet shops. None of our brands, mainstream brands go to pet shops. But this is where the market was, and the market has evolved. This category has been nurtured with expertise: 70% of the sales team have got pet care sales experience or marketing or supply

chain experience of 4+ years. So, cadre of people has been built, who understand pet care. The growth has accelerated from 68% in 2021 to 51% in H1 of 2022. The channel, and this is one of the consequences of evolution of the category and also the pandemic, has evolved from a focus on specialist channels to omni-channel with e-commerce today contributing to about 14% of sales. So, there is a multi-channel or omni-channel approach coming in pet care that is quite significant. Nestlé are market leaders in pet care, worldwide. It is one of our strongest businesses. And *Purina* has invested for about 90 years an army of over 500 scientists, nutritionists and pioneered some of the firsts in the category – including the first extruded pet food. Why do I say this? Like all our categories, there is a domain expertise in this category. This is not a category we thought “oh! it as a nice idea”. We have got experience and market leadership in this. We have got science, technology, heft, R&D centres, factories, and people who are focussed in this area. And it is a growing category and promising category. Global investment in *Purina* pet care – remember, the first entry was done by Nestlé SA’s wholly owned subsidiary *Purina* Petcare India. Because of the uncertainties we had on the business, we said “let the parent invest in this business – in order to get it started”. And that is what they did – invested about INR 126 cr in this business. And finally, we notice a lot of opportunity, synergy and leveraging the heft of the Company, the Nestlé India network would further accelerate growth in organized trade, quick commerce, and Tier 1 & 2 towns. This has been the evolution in the last four years.

What has been the strategy? I agree, if you look at it, quite simply the *Purina* business has performed very strongly, registering high double-digit growth. What is important in this category is not just the quality but the salience of the product as well. And I am delighted to inform you that *Supercoat*, which is a lead brand of pet food (pet dry dog food, that we sell), has been voted the 2021 Product of the Year – which means that it has received the accolade of the consumers in terms of the quality, nutrition, reliability, and trust for this brand. Portfolio expansion in fast growing segments like wet cat food - that is the other opportunity that we talked about. A new route to market opportunities have also emerged in the last couple of years. Expansion to Tier 1 towns and e-commerce is playing a big role in the expansion of the pet care business in this country. And finally, there is scope to unleash the business potential in smaller towns, and what better heft to use than the heft of Nestlé India and the infrastructure of Nestlé India. So, it makes sense for Nestlé India to take on the business at a stage when the establishment has been done using the Nestlé SA investment and expertise in India, in order to build this business as a future arm of growth and progress for Nestlé.

This is the progress. It started as a small business in 2018 at about INR 11.5 cr and has closed in 2021 at INR 31.2 Cr and will hopefully close in 2022 at INR 46.3 cr, if not a little bit higher.

In this time what has been built are 46 towns with 50 distributors as far as the specialist channel is concerned, with 185 suppliers spread all across the country. So, the infrastructure, bedrock, ecosystem, has been created for this business. Today we depend on imports, but a lot will depend on the evolution of this business going forward. Two factories – Amata in Thailand, that supplies *Supercoat* and *Friskies*, and Blayney in Australia that supplies the brand *ProPlan*.

What are some of the products? Premium dry dog food which is *Supercoat*. *ProPlan* which is super premium dry dog food – and yes! It has got a product made for puppies with colostrum which is the best and most celebrated product in the *ProPlan* range. It is a super-premium product but it is the best for your puppies. So those of you who are planning to own puppies, here is a product that is guaranteed to work for puppies and work for itself.

Premium dry cat food under *Friskies*, as you know the brand and super premium under wet cat food under *Fancy Feast*. So, these are the products that we will be marketing and we will be supporting in the country.

You would say that, you know, you said something in 2018 and you are saying something in 2022. Let me put it, I will be transparent with you all. I am not hiding anything from what we thought and what we are doing today. And I think a hallmark of trust and transparency of organization is the capability and the shedding of its ego to revisit the assumptions of its original business case. And that is what we're doing today.

In 2018, we had said that pet care is a category is still evolving in India, little realizing that it will accelerate the way it has accelerated. Today it has become an exciting future with adoption on the rise post pandemic. Clearly there is an opportunity here and there is a bend in the Ganges that has happened here which is significant.

We looked at it as a “no synergy” with Nestlé India’s business because it was largely being sold at pet shops There are far greater synergies with evolution in channel strategies today. Leveraging Nestlé India network would accelerate the growth even further. And finally, limited route to market and category marketing expertise, which we have now invested and built. Remember the money that Nestlé SA has put behind this business is to build this expertise in the context of the market. So

today we see significant competitive advantage and expertise to leverage.

Some of you might say “most welcome”, some of you might say “I told you so”. Whichever way it is, I think it is important that this business becomes the growth driver in the future of Nestlé India. That is really what is being proposed. You are seeing the other elements of the announcement in terms of the price, in terms of the valuation, in terms of the of the governance that has been used in this entire deal that all the executive directors, me and my two colleagues - David McDaniel and Matthias C. Lohner, have abstained from voting on this proposition completely because that is what the board governance is all about. So, we have kept it completely and totally transparent and clear in terms of the direction that we want to take on this business.

That is one part of the business. That is the exciting part. I am sure the dogs and cats will say ‘Hip Hip Hurray!’ today. And the fact is that we are definitely excited about this because this is an opportunity that we see for the future.

On the horizon, what do we have? I have been a little bit tongue-and-cheek, I know this. But I take this liberty with you all because I have known you for a long time. And always, one of the phrases, that has been quoted to me has been “nutrition is not a mature business! It is a boring business.”

I just want to tell you ladies and gentlemen; the endeavour of Nestlé India has been to find new avenues for growth in this business. It is a powerhouse. And it is a great business, and it is a business that deserves even more attention. And that is really what you are looking at today. Remember, the kids grow up, they become toddlers, and then they become young adults. And then they run away, and they go to college and university and take on their lives. But they are toddlers between the age of two and six. Many of them have got mothers who read; who understand nutrition; who read labels; who participate in parenting blogs; who consult multiple sources and ensure that their child gets not only the best tasting products, but most importantly the cleanest products and the most nutritious products. The mother is herself, self-assured. She is a young achiever and constantly strives to upgrade her and her family’s life. This product is designed for the uncompromising mother – who has choices but still will choose the choice that is the best for her child.

How big is the segment? We estimate it is about INR 3500 crores in this country and growing. Because nutrition, post pandemic has become front and center. Nutrition, Health, Immunity and Wellness are 4 words that have become most common in usage, post pandemic and I think it

is becoming more and more important as you go forward. So, this is announcing the launch of *Gerber*.

It was a brand discovered by a mother in 1928. So, it is an old brand. The first *Gerber* cereal was launched in 1931 - so, 90 years ago. The First *Gerber* Television commercial was aired in 1950, 75 years ago. The first *Gerber* glass jar came 62 years ago. The *Gerber* range of Graduates began in 2002. *Gerber* joined the Nestlé family in 2007 as an acquisition. In 2009, well before the word digital and the world well before the personalization of services was becoming an essential element of brands and compositions, Dotti had been put by *Gerber* as a personalized expert. And of course, in 2022 we launch *Gerber* in India. So, announcing to you the launch of *Gerber*!

What is the promise of *Gerber*? The promise of *Gerber* is that it is a 90-year experienced brand globally, that understands your needs and reassures you of the best nutrition for your toddlers. So, it is meant for your toddlers. Our range of power blend cereal has been developed for Indian toddlers, combining the benefits of four diverse groups, cereals, legumes, milk, fruits, and vegetables with age-appropriate fortification to offer. It is a nutritious, healthy, and tasty product. *Gerber* cereals with power blend anything for your little ones. Because remember that for us, our children are extremely important, and their health and well-being is the center of our lives.

This is what it is. It is a 'made in India' and 'made for India'. 'Made in India' because it is made at one of our nutrition factories. And 'made for India' because this is not just an imported product that's been put on the shelf. This is customized. This product is developed and customized to the nutrition needs of Indian toddlers, as understood by the science of nutrition; as imparted in Nestlé, which incidentally is one of the world's leading players in nutrition.

So, this is the brand that has got 'purity' at its center. What is the promise that it offers? It talks about communities and not communication. This is not just a brand that puts out pieces of communication and television commercials and digital pieces. We seek to build communities around it because we are talking of cohorts of mothers who are interested in and involved in nutrition, the efficacy of nutrition, and the health and well-being of their children.

We are also having the ambition in this brand for co-creation. So, this is not just a unilateral brand that goes one way, saying "here is a flavour. Take it or leave it." This will have cohorts in co-creating this brand. Because co-creation, communities, and services are going to be the center of what makes this brand a success.

It is also, incidentally, the brand *Gerber*, that is being made at a factory that recycles up to 30% water. Will tell you in a bit about sustainability. We promise to collect and responsibly manage equivalent quantity of plastic created by our products.

So, this is a brand that we are excited about because this is a brand that is premium; this is the brand that brings in the value of nutrition. And to just give you an idea, we have been talking about “premium”. Just to give you an idea if *Maggi* noodles’ index price is 100 per kilogram, average pet food is 140 and *Gerber* is 700. That is the kind of premiumization we are talking about this brand. So, there is a significant element of premiumization that we are talking about because this is what nutrition, science, technology, and expertise brings together in these products.

So, what are the key takeaways that I would like to leave you with this time? Firstly, we have not compromised the long term for the short term. We have not compromised the engine of growth because the engine of growth is an essential element of the future of the Company. Recording a 16.4% growth, recording a 13.3% growth are not small numbers in the context of the inflationary situation and the overall economic context that we have today. And remember, once again, we are talking about a high base, we are not talking about achieving it on a 2% base or 3% base. We are talking about achieving it on a 13% base.

So, the robustness of the growth engine is what we would like to continue securing. Growth patterns I have said this very clearly.

We have had commodity headwinds. The headwinds still persist in parts. We are hopeful that some of it might abate over a period. Time alone will tell how we perform against all this. But the intention is to keep the growth model secure, give us the benefit of the future.

Pet care offers vibrant opportunities. Remember that happy dog face? This is what we hope that we will also have on our faces when you look at the future of pet care within Nestlé India.

Confidence and capability of strong brands to withstand the kind of inflationary pressures that we have got. We are talking here of not insubstantial, but a balancing between volume and prices. Our brands are strong. Our brands are trustworthy. Customers and consumers bless our brands. I do not call this the brand’s pricing power. I call this the power of brand equity and it is our brand equity that is able to sustain us over the period of time.

And finally, *Gerber*. The entry of *Gerber* is not only a sign of our entry into premium toddlers’ food but also indicates the market potential

that we see and confidence that we see in India. So, I thank you all very much for your patient listening and I do hope that I have been able to, as clearly as possible, explain to you the context, the actions, the future and the perspectives. Thank you very much.

**Shashank Nair:** Thank you. Thank you, Mr. Narayanan. We now open the floor for questions. I would request you all to please exercise the raise hands options on MS Teams.  
We are starting to get the questions. We have the first question from Abneesh. Abneesh, please go ahead. You will need to unmute yourself first.

**Abneesh Roy:** Am I audible?

**Shashank Nair:** Yes, Abneesh. Please go ahead.

**Abneesh Roy:** Thanks. Firstly, Congrats on the numbers, *Purina*, and *Gerber*. So, my first question is on *Gerber*. So, you have mentioned 3500 crore market size. So, want to understand who are the key players here? Second, targeting 2-6 age bracket. Not easy given lot of alternatives are there. Recently the brand owner of Horlicks said because of the inflation and in general high pricing, clearly it is not easy, and we have seen Horlicks and Complan et cetera see growth challenges. Plus, the 700-index pricing versus *Maggi* at 100. Why not look at a more affordable option? So, these are the questions on the *Gerber*.

**Suresh Narayanan:** Thank you, Abneesh. Thank you as always, for your sharp questions. When I talk about the segment size being three and a half thousand crores, it is really a motley of different kind of product categories that come into this. So, there are snacks, there are healthy snacks, there are a bit of biscuits, there are a bit of cereals. All this put together in our estimate is about three and half thousand crores. There are a few players, a few small players, and a few credible players, in this space. What, however, is different and I am not here to either make the case or to decry the case, or what Horlicks might feel on a particular opportunity. This brings the power of nutrition, customization, clean labels, sustainability, and the highest quality that mothers can get for their toddlers in terms of nutrition.

For example, we have got a brand called *Ceregrow*, which is also a very powerful brand. It also gives the power of nutrition. It does extremely well. It has been one of fastest growing brands again in the toddler segment. The reason why it grows is because it has credible nutrition. It has perceptible performance or perceptible change as far as the mother sees in the overall health of the child.

So, we are not here talking about a milk modifier, or we are not talking here about another chocolate flavour or vanilla flavour or something else that we can offer. This is serious nutrition and serious nutrition is serious business. So that is the reason why we are confident about this. Now how this will evolve? Obviously, it is going to compete with a lot of other product categories. And remember Abneesh, I talked about discerning consumer, this is the mother who understands nutrition, who goes through nutrition blogs. There are number of women today, you will know Abneesh quite a few and I know quite a few, who are genuinely interested in the quality of nutrition. Would read every label and would figure out every ingredient that there is on the back. And that number is fairly significant in this country.

I am quite confident in the traction we can pick up. Because Nestlé is a very credible name in nutrition. I am launching efficient products.

**Shashank Nair:** Thank you, Abneesh. We have the next question from Shirish. Shirish, you may please go ahead.

**Shirish Jaisingh:** It was a very impressive presentation. Two questions from my side. One on the inflation part, if I recollect what you have shown, inflation is running at fifteen and half per cent, of that, you have passed on half through the price increases. In the current context, being a food company or largely it is non-FMCG, I mean I can say that it is more of a processed food company, do you think the consumers have reached a tipping point and it will start showing the consumption fatigue or the pricing will drive the lower consumption? Is that your understanding? And second, is a related question on prepared dishes. We have a good benefit from Sanand factory. So, this question is on Sanand – how much is the capacity utilization at this point of time and my second question on *Purina* – you have given a lot of data points, but I was more interested in terms of distribution. These 30 billion pets, that you have talked about, are being serviced by the local, then how many distribution touchpoints are there and what is the whole strategy on creating brand awareness and pushing into the trade?

**Suresh Narayanan:** Okay, good questions that you have got. Firstly, the question on the tipping point for consumers. In fact, my friend Shirish, the reason why we are taking a view to secure the engine of growth and not to go berserk or not to go even more aggressively on pricing is to secure that engine of growth. We do realize that during this time of heightened economic distress and also of budgets being fairly constrained. We should not trigger significant down trading or moving out of our brands by putting it completely out of whack, in terms of affordability. Therefore, in the pricing that has been done, we have tried to secure our price point or popularly priced portfolio which is not an insignificant part of our portfolio, in terms of the headwinds of commodity vagaries



that have been faced. So, we believe that the decisions that we have taken we have a reasonable chance of being able to sustain this. However, I mean there is no predictive model that says look taking a price of 6% could have been optimized at 8% or 10%. There is always a price to pay for this. What we have believed, we have got fairly sophisticated decision-making models within the company using the power of analytics to see what kind of elasticities and what kind of transaction losses really may be generated by what kind of price increases. We take a collective view of this and that is what really has led us to this situation of the current mix between pricing and volume. Roughly 50-50 is what we are operating at, which is probably the best-case scenario to be in. You can always have a little bit more on volume and a little bit less on prices, but the fact of the matter is that this is an optimum model. Time will tell but we are reasonably secure, and we have seen a growth of 16.4% on an earlier higher base growth as well which shows that there is some resilience as far as the brands are concerned.

And secondly, as far as *Purina* Petcare is concerned, I think you asked a very good question. Today we are in 64 towns with about 50 distributors, and we have got a couple of thousand outlets, both the pet shops and also the modern stores. I think the acceleration will happen now. The acceleration, the opportunity is now. When we consolidate what we do at the pet shops, we have got 14-15% contribution coming from e-commerce, which is growing well, and which is an engine of our growth as well. In overall terms, Nestlé has 6.4% from e-commerce and this category has got 14%, which is almost twice, and I believe with our distribution muscle that we have across cities and taking it into tier 1 and tier 2 towns, we would be able to get much stronger growth. So, really it is leveraging what *Purina* Petcare has built up and leveraging the distribution heft that we enjoy as a Company, and you will agree Shirish that my distribution heft across modern outlets and across traditional trade, wherever relevant, is far more than what *Purina* Petcare India would be able to create in next 5 years for itself.

**Shirish Jaisingh:** Thank you, Suresh. That was wonderful. And all the best to you and the team.

**Shashank Nair:** Thank you, Shirish. We have the next question from Arnab. Arnab, please go ahead.  
Arnab you are not audible right now. I think we will circle back to Arnab. Mangalam why don't you go ahead with the question in the meantime.

**Mangalam Maloo:** Well, thank you so much for the opportunity. A couple of questions. One on the input inflation itself that you talked about earlier that there is some softening you have seen in a couple of commodities while a

few commodities are expected to remain firm in the near term. At the same time, you are also looking to premiumise your portfolio with the forays that you are making in both, pet care as well as nutrition. With all these things where is the margin trajectory of the company? What does the margin trajectory of the company look like in the near medium and the long term, that is question one. And secondly, a lot of categories where Nestlé would have the right to win, one of them would be adding nutrition to adults itself. We have heard ITC speak about looking at nutrition-based products, drinks in particular, Horlicks has been looking at adding protein etc to their products too. So, in light of that, is Nestlé looking at this health food sort of thing with snack bars, proteins etc. the additive nutrition snacking options?

**Suresh Narayanan:** Thank you, Mangalam for your questions. I would answer your second question first. Yes, we have a Nestlé Health Science portfolio that has got products that are specialized for adult nutrition both, for diabetics and protein supplementation and for obesity, etc. which we will dial up. I think there are opportunities there in core categories that we will be looking at. I think we have got expertise there, but we would like to start small because these categories take a while to build, and we have to choose which ones to invest in because we can't invest in 20 different categories at the same time. We will have to choose it and therefore we will have to decide on parts of the portfolio. The first question of yours, knowing you Mangalam, you are a young man and you need me to answer questions on the future – margin evolution by quarter and by category. My apologies, I would not be able to give you any forward indication. All I can tell you is that there is some softening as far as the edible oils is concerned, there is some softening on packaging material. But equally, there is still a fairly firm price structure as far as milk, coffee, milk and cereals are concerned. How this overall kind of mix will work out in the future, only time will tell. But the thing that I assure you is that we have a growth model in place that is reasonably secure for the time being. I think that is the point that Abneesh also made, the fact is that commodity headwinds have been here for a while so it does not mean that suddenly margins will become magical as you go forward. We have to live through this for a while. I can't tell you what percentage, but I can tell you that the growth model is secure for the Company, and we will take the tailwinds and the headwinds as it comes.

**Mangalam Maloo:** I will take that as an answer. But if you could give me sense of demand while you are speaking you did say that there was smart recovery in rural and unlike what the other peers have been saying. They say that rural has been lagging urban. Could you give us a sense of what exactly happened for your guys in rural? You have been increasing your presence there?

**Suresh Narayanan:** I think Mangalam let us be very clear, there is nothing kind of magical about the numbers that I talked about. I have a lower base in rural markets, and I think we have accelerated our rural strategy that is beginning to uptake and penetration is happening in those markets. But what you need to read in this is the acceptance of Nestlé in rural markets to accelerate the growth. Please do not get carried away by percentage numbers because I am speaking of a low base. If you compare me to an HUL or a Dabur. they have got a much higher rural market. Their plans have already been in rural India for a while and my brands are just getting into rural India. The good news for us is that our brands are getting accepted and that is why the last three-four quarters, together with infrastructure and together with orchestration of infrastructure, of investments, of brands and of communication we have been able to build traction on these.

**Mangalam Maloo:** Thank you so much.

**Shashank Nair:** Thank you, Mangalam. Tejas the next question is from you. Please go ahead.

**Tejash Shah:** Hi sir, thanks for the opportunity and a very detailed presentation as always. Couple of questions, first, in our last interaction you had mentioned about dialling up on exports as one more engine of growth and in catering to Indian diaspora also as a focused area. That was not part of our presentation today. So just wanted to understand any follow up comments on that.

**Suresh Narayanan:** Good questions, Tejas. I think that endeavour remains but let me make one thing clear. Export for us is a sourcing opportunity. We have got brands which are global, for us, the sourcing opportunity is on portfolio relevant to the Indian diaspora in different parts of the world and also of course sourcing opportunity serves brands to particular affiliates of ours across the world. So, these are the two components that we have got. We are seeing good traction as far as the third-party exports are concerned. About 10% growth during the second quarter and I think we would be dialling up also the exports of the relevant South Asian portfolio to the diaspora in some of our key markets. We are coming across reasonably good traction. The opportunities are primarily for the portfolio that is relevant to the Indian diaspora that we will be dialling up. For example, you can't expect me to export let's say Nescafe to the United States of America because in that case they already have many coffee brands so they don't need to buy my coffee but sending more of *Maggi* noodles and *Maggi* sauces would work because they have a number of Indian origin people who stay there in the US and they would be happy to consume these brands that we bring back from home.

**Tejas Shah:**

That is very helpful! This is my second and last question on the new categories we have entered today. So, we always had an option to enter in some of these categories in past also, but very rightly you would have waited for market also to be ready for this and you shared some of the category numbers. So, from your global experience, is there any per capita income threshold where the inflection points for some of these categories have actually come through and once they attend that inflection point, if you can give us a reference point where do they actually mature as a category in terms of size or relevance in terms of numbers?

**Suresh Narayanan:**

See, I think in India the per capita income becomes a little bit tenuous because the fact is Tejas, there are many Indias within India. There is the super-rich India. There is a rich India. There is a medium India. There is the middle-class India. There is the lower-middle-class India and there is the poor India. So, really, it's very difficult for me to put a per capita income and say, "look, this it is". What is actually happening in these categories? Pet care, the 30 billion pet ownership is largely amongst the middle and upper middle segments of the population, so you really do not have too many poor people owning a lot of pets or their pets are probably eating something else. So, the fact is that it is that segment, and that segment is growing pretty well. I mean, you know from your own experience Tejas, in today's time you could go to pet salons and pet care facilities and kennel facilities and various things are opening up across the country. Why is it opening up? Because people are interested in pets, people own pets and people want to own pets. Even though the nutrition coverage, the pet care nutrition coverage is relatively small. It is just about 5% because people still believe that the pets should be given the parantha from the table. But the fact of the matter is that there is an increasing consciousness that good quality balanced pet food is important for the life and for the sustenance of the pet. So, I think it is that segment that we that we appeal to, and which is a fairly large segment. I mean, for example in the city of Mumbai, I am told that cat ownership is going up quite significantly because cats are easier to maintain. I mean dog has to be taken out for a walk and you know and in small apartments that's very difficult. But cats kind of take care of themselves, I believe. Therefore, there is an opportunity there for people who own cats to give them not only *Friskies* but also the *Fancy Feast* as well. So that is on pet care.

On the toddler segment, again, remember what I talked about, Tejas. I talked about aware Mothers. I talked about achieving mothers. I talked about really speaking SEC A and maybe part of a SEC B kind of profile. I am not talking here about the mother who is struggling with her budget. I am talking about a mother who can afford to give her child the best nutrition she can buy. And therefore, in that context, it is that premiumization we are looking at and you see this across segments. I

mean some of our premium brands are doing extremely well. So, you think that “look! in a post pandemic context, you'll have all of these things doing, particularly miserably”, but they are not. They are doing fairly well. And it is that premiumization journey we talked about and Nestlé's capability to participate in it, because we have the means to do it. We have the capability, whether it is *Gerber* or whether it is pet care, there is a domain expertise that we have got in this. That is what we are known worldwide for. And yes, India is ready for it and therefore we have come out with it.

**Tejas Shah:** Very helpful, Sir. Thanks, and all the best, Sir.

**Suresh Narayanan:** Thanks.

**Shashank Nair:** Thank you Tejas. We have the next question from Avi.

**Avi Mehta:** Hi Sir, am I audible?

**Suresh Narayanan:** Yeah.

**Avi Mehta:** So, just wanted to understand a bit on the margin front. Would it be fair to argue that the return to the pre-pandemic EBITDA margins would need, you know, a moderation in inflation levels a lot more and hence, is likely to be a little more back ended? Is that a right read-through, or no? You think cost efficiencies can probably offset that, not from a timing perspective, but from a what can drive it now going forward? Thank you, Sir.

**Suresh Narayanan:** On a lighter note, Avi, you know, finding a different way of taking the butter out of the pot, as what Mangalam was saying. He was very direct to me. Know about whatever you are asking me, whether there is any back-end view of this. So, the fact of the matter is, I mean, I think the math works out very clearly. When I am sitting at 5X of inflation and when I believe as a business, I am kind of maxing out on the balance between margin and price increases, the only way in which I can increase the margins significantly is when prices also start to relent and not just by playing the cost efficiency game, which I am playing still today. I mean, you know, all that I am talking about still there is an unrelenting focus on what we call shark savings and what we call the operational efficiency savings. So, none of that has stopped. I think my CFO is on the call, I mean, he can tell you chapters and verse on the various steps that are being taken on the cost efficiency part of it. But when I am sitting on 5X my friend, it is very difficult. I cannot balance the books until there is a significant reduction in inflation that happens. One is seeing some signs of it and those are the categories that I pointed out. If that continues on a sustained basis, if we land up with good monsoons, as indeed the country has been blessed with the last

couple of years, that will have a salutary impact on milk, wheat and a couple of other crops. Then probably we will be able to return back to more normalcy. See, in fact a more sustainable growth model, that is all I can say.

**Avi Mehta:** Got it, Sir. And so just on the framework of growth that you have shared, I just wanted to you know check whether you need to revisit the brand architecture in any manner to introduce any recruiter brands or do you see the existing brand structure being enough. Because you know in a bid to get recruitment in, you also want to ensure that the brand positioning does not take a hit. So, I am just trying to get your thoughts on whether you see that need as of now?

**Suresh Narayanan:** Good question, Avi. I think our brands are fairly robust enough to embrace different categories of consumers. So therefore, I remember every new brand that I had means a new avenue of resourcing, not only revenue, but a new conduit for putting in additional investments to support it. So, I would rather leverage an architecture of brands that is little bit more all-encompassing looking at different bio-segments and looking at different purchasing power strengths rather than introducing intermediate plans or newer brands for recruitment and newer brands for training and stuff like that. So, I think that luxury we do not have in the context where there is a constraint in overall terms on trying to balance the sustainable growth today. I believe that our brands are robust enough and elastic enough to be able to take into account the different purchasing powers, income segments and opportunities. But if at any stage, at any category, if the opportunity comes of having a recruiter brand as such, maybe we look at it. But as of now, I think the existing architecture seems to be working quite well.

**Avi Mehta:** Thank you very much, Sir. That is all from my side.

**Suresh Narayanan:** Thank you

**Shashank Nair:** Thank you, Avi. We have the next question from Harit.

**Harit Kapoor:** Hi, Good Evening. Am I audible?

**Suresh Narayanan:** Yes

**Shashank Nair:** Please, go ahead.

**Harit Kapoor:** So just had three short questions. The first one was on the rural side, if you could just help us understand which are the hero products which seem to be part of your initial rural penetration drive, given that your portfolio is slightly more been urban centric. It would be good to know

what are the key products that you are driving through that? So that is my first question.

**Suresh Narayanan:** Good question, Harit. I think these are across categories. So, it is not just one category, but typically if you look at the *Maggi* brand and part of the *Maggi* franchise, nutrition, milks and also coffee and to a limited extent, chocolates and confectionary, would be the kind of main brands that are penetrating. Now, across geographies the mix could vary, in some the lead brand could be milk and nutrition and the follower could be *Maggi*. In some geographies it is *Maggi* which is the front lead and then the others follow. But typically, we try and see that we have a bouquet across the portfolio of the Company that gets represented rather than just focusing on one brand because then it is a very fickle distribution model. Something happens to that brand; something happens to that price point and suddenly you find that your distribution becomes unviable. So, it's really like having a human being standing on two legs or like a tripod being a little bit more firm on the ground. It is the same thing that we are doing in terms of putting in particular SKUs from categories to form a basket and taking that basket with the infrastructure, with the activation and with the distribution support into these geographies and that is what we are seeing is working for us.

**Harit Kapoor:** Got it. Very clear, sir. The second thing was, you know, one of the reasons to keep pet care out was also that there was a scepticism about the same supply chain and distribution infrastructure for your existing portfolio versus pet care and you know the optics of it, etc. Do you think you know that has changed, also given the fact that this category is slightly more acceptable or if anything has changed on that side?

**Suresh Narayanan:** Look, I think it is the question of the perception at that point in time and there was of course some feedback saying that look, they would not like to keep it. But you know, we noticed today for example, in modern stores, you will have pet care products and next to that you will have other human products as well. I mean there is not any critical contamination nor any kind of issues on that. Therefore, we took a more pragmatic view. Apart from a sentiment issue and that sentiment issue will always be there. Somebody will say "look I like it" and somebody will say "I don't like it", but you cannot jump distribution opportunities and brand opportunities simply because there is a particular perception in a particular direction. So that is really what we have used. And to be honest you know, that is what we thought, and it's probably not true.

**Harit Kapoor:** Great. My last question was on dairy. So, you know this quarter you mentioned dairy nutrition has grown in double digits and in the last couple of discussions you had mentioned that dairy was having competitive pressures and that there was a slower growth on account

of that. So, is this growth looked at more in the context of price driven growth or is there any change in that that dynamic?

**Suresh Narayanan:** Look, I think the competitiveness in that category continues to remain. There is nothing that has changed dramatically. What has happened during the quarter, however, is that brand *Milkmaid* really took off. There are these rare opportunities of 150-year-old brands that clock at good double digits in difficult times and that's really what *Milkmaid* showed. I think the resilience of the brand, the opportunities that it was able to capitalize on the ecommerce salience that it was able to live up to and the overall kind of equity of the brand was something that was extremely heartening, and that's what really makes the Nestlé portfolio so exciting. You know we have we have old brands but still very robust brands.

**Harit Kapoor:** Got it. Thank you. Wish you all the best. Thanks.

**Suresh Narayanan:** Thank you.

**Shashank Nair:** Thank you, Harit. We have the next question from Sheela. Sheela can you unmute yourself and ask your question please.

**Sheela Rathi:** Thank you for taking my questions and congratulations for bringing *Gerber* to India. So, my first question was with respect to infant nutrition. I understand that is about 50% to 60% of your milk and nutrition business. Obviously in recent years, the growth has been a bit tepid in this particular category. But my question to you was that are you seeing that in the last two years, because of the pandemic, there is a change in consumer behaviour? Especially, you know, with respect to a flexibility to work from home for women. So, do you see this as a headwind which could emerge? That was my first question.

**Suresh Narayanan:** That is a good question, Sheela. Look, I think consumer behaviours evolve over a period of time and I think there are two circumstances. You are right in terms of the pandemic, flexibility to work from home, and the fact that mothers could breastfeed the child and that is something that Nestlé actively encourages. For us, breast milk is the best food for the child. If that has been enabled. But I think in a larger context that is not necessarily a headwind of sorts because the fact is that the mothers will choose, when they can breastfeed and whether they need to supplement the feed with any extras that they need to give. That's the choice that they can make, and they will make whether they work from home or whether they work from the office. So, I think that bit of flexibility is there. One has not seen this as a sustainable behaviour, so one has to watch and see as work practices settle and as workplaces of the future evolve, how this behaviour translates. So, at the moment I would not be unqualified in my assertion to you that it is



a headwind. I think it is something that the pandemic has seen happening, but we have to watch and see whether this is a sustained phenomenon over a period of time.

**Sheela Rathi:** Sure. And my second question was a similar to the previous one. My question was with respect to the rural strategy. So, with respect to your Rurban strategy, have you modified any of your offerings to center around the rural India demand? So, you said you have brought in bulk of your portfolio into rural India, but is there a modification with respect to your portfolio to make it more rural centric with respect to the offeree?

**Suresh Narayanan:** Yeah. At the moment what we have really done is three things. Number one, we have focused on particular geographies. Number two is the infrastructure and the sales organization, and the route to market organization has been put in place or is being put in place over a period of time. And the third one is that the whole activation model using 'haats' and using other rural activities have also been kickstarted. Number four is, in each of our portfolio that I am talking about, we have got starter packs, price points mid-sized price packs and larger packs. So, at the moment what we have done is really choosing the relevant pack sizes for the geographies under consideration and categories under consideration. As we move forward, there will be opportunities for customization in terms of pack sizes, which we will look at. But it is first best and prudent to work with the portfolio that you have got and then modify it over a period of time.

**Sheela Rathi:** Understood. Thank you. That is it for me.

**Suresh Narayanan:** Thank you.

**Shashank Nair:** Thank you, Sheela. So, while we are out of time, we still have one question from Shubhra. If we can accommodate.

**Suresh Narayanan:** One question we can take. I do not want to disappoint Shubhra.

**Shashank Nair:** Shubhra, if you can, please unmute yourself and go ahead with your question. Shubhra, I will have to request you to kindly unmute yourself. Unfortunately, Sir, it seems Shubhra is having some connection issues. We will circle back with her and get the details. We are out of time and no further questions, Sir. So, any closing remarks from you.

**Suresh Narayanan:** Firstly, let me thank you all for participating this afternoon today. It has been a pleasure talking to you. I am deeply grateful for the interest that you have in the organization, in the portfolio, in the initiatives. I am also very heartened to hear from some of you this afternoon on your welcoming both, the pet care acquisition and also the *Gerber*

acquisition, as far as Nestlé India is concerned. I also applaud your understanding of the overall business context and situation. As I said, two points is what I would like to leave you with. Number one is Nestlé is a long-term company. We are not a company that is purely governed by a short 'one quarter result phenomenon' that we want to show. Which means that we look at all the levers of growth on a sustainable basis and for us protecting the growth model, the engine of growth as I called it, is extremely important in an inflationary context because this is the growth model that will be starting to get leveraged once the inflation abates a bit. And that is really what we're looking at. The question is that there will be a few headwinds. We are confident of being able to face those headwinds and to come out of it victorious as we have indeed been for the last couple of years. So, thank you all very much for your time and attention. Stay safe and thank you for participating today.

**Shashank Nair:**

Thank you very much Mr. Narayanan! With this we conclude the session.

**\*\*ENDS\*\***