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.nestle.com
Website: www.nestle.in

PKR:SG:JK: 115:2024-25 **7th February 2025**

BSE Limited (BSE)
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai - 400 001

BSE Scrip Code: 500790

National Stock Exchange of India Limited (NSE)
Exchange Plaza, Plot No. C/1,
G Block, Bandra-Kurla Complex,
Bandra (East), Mumbai - 400 051

NSE Symbol: NESTLEIND

Subject: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'): Transcript of analyst and institutional investors meet held on 4th February 2025

Dear Madam/ Sir,

Further to our letter PKR:SG:JK: 106:2024-25 dated 17th January 2025 and letter PKR:SG:JK: 112:2024-25 and PKR:SG:JK: 113:2024-25 both dated 4th February 2025, and in terms of the Regulation 30 read with Part A of Schedule III of the Listing Regulations, please find enclosed transcript of analyst and institutional investors meet held on 4th February 2025. The same is being uploaded on the Company's website at https://www.nestle.in/investors/analystsmeet.

The above is for your information and record.

Thanking you,

Yours truly,

NESTLÉ INDIA LIMITED

PRAMOD KUMAR RAI
Digitally signed by PRAMOD KUMAR RAI
Date: 2025.02.07 18:39:50 +05'30'

PRAMOD KUMAR RAI
COMPANY SECRETARY AND COMPLIANCE OFFICER

Encl.: *as above*

Nestlé Good food, Good life

"Nestlé India Limited Analyst and Institutional Investors Meet" February 04, 2025 at 3:00 p.m.

Management:	Mr. Suresh Narayanan – Chairman & Managing Director Ms. Svetlana Boldina – Executive Director, Finance and Control and Chief Financial Officer Mr. Sanjay Khajuria – Head Corporate Affairs and Sustainability Mr. TS Venkateswaran – Head Legal Mr. Pramod Kumar Rai – Company Secretary and Compliance Officer Ms. Simar Preet Kahlon – Corporate Safety, Health and Environment Manager Mr. Ajay Bajaj – Head Investor Relations

Ajay Bajaj: Good afternoon, everyone. A warm welcome to all of you to the Nestlé India's analyst and institutional investors meet for 2025. It is a pleasure to host all of you that are in person and as well as online. I am Ajay Bajaj. I lead the Investor Relations for the company.

And before we begin, I will just share the agenda with you. We will start with the introductions first and then we will have a safety briefing from Ms. Simar Preet Kahlon who heads our Safety, Health and Environment portfolio before we move into the presentation from Mr. Suresh Narayanan. We will have Q&A. The Q&A will be both for persons who are present here as well as for online attendees and we hope that all of you who are present here can join us for a high tea as well. And the proceedings of this session will be recorded and will be uploaded on our website.

So I first of all will introduce you then to the people present here from our senior management team. We have Mr. Suresh Narayanan who is the Chairman Managing Director. He is there in the center you see. We also have Ms. Svetlana Boldina, the Executive Director for Finance and Control and the CFO. Mr. Sanjay Khajuria, who heads the Corporate Affairs and Sustainability. Mr. T.S. Venkateswaran, he heads our Legal and Mr. Pramod Rai, he is the Company Secretary and the Compliance Officer.

I invite now Simar Madam to just take us through a brief view on the safety.

Simar Preet Kahlon: Thank you Ajay. For those of you present in the room, I would like to give you a safety briefing. There are two emergency scenarios envisaged for this building. One is that of fire and the second is that of an earthquake since Gurgaon falls in the seismic zone. For the first fire scenario, this building is equipped with state-of-art fire detection and mitigation equipment. In the unlikely event of a fire, you will hear an automated message on the public address system. Please leave the room through the two doors that you can see there, as well as the door on this side. Walk through the cafeteria and go out of the front glass door through which you entered the building. Take a left and assemble on the front lawns, which is the designated assembly area. There is no fire drill planned for today so in case you hear a message then it is a real scenario. In the second case that is of an earthquake when you feel the tremors do not evacuate immediately.

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Please move out of the room and stand next to a column or take refuge under the furniture that is placed outside in the cafeteria. Once the tremors stop and you hear a message for evacuation, please follow the same process. Go out through the front doors which you entered the building and take the left and assemble at the assembly area and wait for next instructions from the emergency coordinator but I hope no such untoward incident happens today and all of you have a safe and fruitful visit. Thank you very much and back to you Ajay.

Ajay Bajaj: Thank you Simar Madam. So before we start with the main presentation, the standard disclaimer.

Except for the historical financial information contained herein, the presentation may contain statements which reflect Management's current views and estimates and could be constituted as forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements which holds only as of the date.

The future involves uncertainties and risks that could cause actual results to differ materially from the current views being expressed.

Potential uncertainties and risks include but are not limited to factors such as changes in general economic, political or market conditions, commodities and currency fluctuations, competitive product and pricing pressures, industrial relations, and regulatory developments.

Significant disruptions in the operations due to unforeseen events including spread of any disease.

Figures are on standalone basis and are regrouped, reclassified to make them comparable.

Calculations are based on non-rounded figures.

Analytical data are best estimates to facilitate an understanding of business and not meant to reconcile reported figures.

Answers to questions may be given based on generally available information in public domain.

No person is authorized to give any information or take any representation not contained in and not consistent with this presentation and if given or made such information presentation must not be relied upon as having been authorized by or on behalf of Nestlé India Limited.

The financial year of the Company changed from January 1st and December 31st cycle to April 1st and March 31st cycle. Accordingly, the financial year 2023-2024 covers a period of 15 months, commencing from January 1st 2023 to March 31st 2024.

Where CY is mentioned in the presentation, it stands for January-December calendar year.

And now I hand over to Mr. Narayanan on his presentation titled, "**A Path to Progress**."

Suresh Narayanan: Thank you Ajay. Thank you and good afternoon, ladies and gentlemen, and good afternoon to all those who also joined online.

It is a privilege and honour for me to yet again appear in front of you. Like one of those theatre actors, I guess you play the role to the hilt and this is one of those occasions where I come again to meet and to be amongst friends because over the years I have developed a friendship with many of you and respect you a lot for what you stand for and what you have done. I also have the privilege today like all good succession plannings to introduce my successor Manish Tiwari. Manish has just joined 48 hours ago and therefore while of course you are most welcome to ask him questions maybe on his perception on Nestlé and his own personal perceptions on the culture and the people in Nestlé, I would request you sincerely not to ask him business questions because it is a bit unfair. When I took on this mantle within 48 hours of the MAGGI crisis, nobody quite asked me too many questions on the business except to ask me whether we will survive or not, and we have survived. So thank you all once again for being here today.

What I will do is I will take you through, I call it again, 'Our Path to Progress'. This is a longer period of coverage. This is the last 8-9 years in terms of where we are, what we have done, what our pedigree is, what our DNA is, what are the challenges and what are the opportunities that lie ahead of the company.

So, therefore, I will talk about four aspects our consistent growth story, number one. The rising India opportunity, number two. Delivering on our strategy - Virtuous Circle and the five Ps that we always define as our own and the key takeaways. I will spend more time on point number one, point number three rather than so much on point number two, because that is something that is already in the domain of the coverage of companies that you do. And I will not be having anything more than what is already available to us in terms of the rising India opportunity.

Every organization begins with a purpose and I think our purpose is very well defined by what our founder, Henri Nestlé put forward in 1866, Unlocking the power of food to enhance the quality of life for everyone today and for generations to come. That is what we do. We do food and beverage for man, woman, boy, girl, dog, cat, across the world. And that is really what we specialize in.

What is our growth story? I think many people are, and especially you would be and I would be coloured by the recent quarters of growth and to think that this is in fact the matrix for growth for the country. I would offer you the thesis that actually this is probably coming out of a curve and getting into a better curve as we move ahead. And that is really the way I would define it because you would not have had a past, which has been good and without a blip unless you also look forward to a better future.

We are deeply entrenched in this country, you know the facts. We have been here for 113 years. It is an old company, 8,700 plus employees. The last time I presented to you shareholders was about 170,000 shareholders. We split the shares and the shareholding went from 170,000 to 547,000 plus. So, we have a number of shareholders today. Our societal initiatives have got about 14 million beneficiaries. We are, remember a company with a purpose, our purpose is to not only do good for the shareholder but to do good for society that is also an integral part of who we are. Our 10,000 plus distributors and re-distributors with whom we have a good relationship come hell or high water, 5.3 million outlets in terms of total reach, 280,000 farmers whose lives we touch and who make our products happen and finally, nine factories going on to the tenth one which I will come to.

There has been significant investment in India and at a time when people have been talking about capex, I think this is a company that has put its money where its mouth is and in fact invested between 2020 and 2025, we would be investing almost INR 5,800 Crores and that is a significant amount of money for a food processing company. The investment in the 10th factory in Odisha is to begin very soon and the capex levels you can see goes up from 1.8% in the calendar year 2015 to 7.7% in the financial year ending 2023-2024. Now, we have Sanand which has opened its doors to a third confectionery factory of ours after Ponda and Tahliwal we have now Sanand, which is also producing KITKAT and producing it quite well. The capacity expansion since 2020 has been significant. The capacities that we have added for MAGGI, coffee and chocolates is more than 35%. We would not put that up ladies and gentlemen unless we were confident about the future. So this is not a company that is going to be just putting up factories for keeping them idle. It is keeping them because there is a longer term horizon that we see. We do not get cowed down by a year or two years of blip. We look at it more in terms of the longer term.

The growth and financial performance, I am very proud and this is an achievement of the entire team and therefore, this is not just me, but I have the proud privilege of giving out the roar when the team achieves something. Between 2015 and 2023-2024, the turnover of the company has gone up by about 134%. This adjusts for the 15-month period. 11.2% CAGR. A profit from operations of 15.1% CAGR and a market capitalization, in which also the return has gone up by 15.7%. And a market capitalization which is also up by 273%. So these are all the results of good work that has been done by the team, by the partners and also relevant resonance from the consumers in terms of the brands that we have marketed.

We consistently outperformed the peers. Nestlé is never used to be known for brandishing its results and wearing it on its sleeve, but I want to share this with you with all humility that in all this period we have outperformed the peers that we have, the listed peers that we have in our entity. The growth during this period since 2015, which is an eight-year period that has been taken is marginally ahead of the peers 10.5% is what the peer group organic growth is, 11.2% is what Nestlé has delivered. And PAT, profit after tax, is of course considerably better, 11.2% versus 23.2%. Not only we compare ourselves with what we do globally and what we do as an absolute entity, but how we compare ourselves to peer group as well.

The growth is based on a balanced portfolio. This in 2015 when I came on board, one of the accusations that was made is that this is a single product MAGGI company. I think we have moved on. It is not to say that it has become completely and totally dimensionalised change, but change has begun. And change has begun to show on the portfolio of the company as well. About 39% coming from Milk Products and Nutrition. It is a more mature category in terms of its size and heft with a 6% growth. Our Prepared Dishes and Cooking Aids, MAGGI, that came back from the dead literally in 2015 roaring to a 19% growth during this period with a 31% contribution. Out of Home, which I will talk briefly to you about is a significant opportunity and Nestlé is well placed in terms of portfolio, in terms of capability and in terms of commitment to play the game in out of home.

Our Confectionary what was relatively languishing business 10 years ago is now a roaring business doing well, 16% contribution, 14% is the growth that we have seen on this. And the Powdered and Liquid Beverages which captures our coffee business has grown significantly and continues to do well as you have seen in the latest quarter results as well. Coffee is an area of lot of happiness for us and considerable scope for future growth with a lot of other initiatives that is coming on.

What drives this? I think one of the things that we have talked about and which has been a consistent refrain of mine in strategic terms has been penetration-led growth strategy. Penetration-led, volume-led growth strategy is what our simple strategy is. There is nothing else, nothing more, nothing less than that. The first step in that is to reach as many outlets as you can. And I think that is something that we are very happy doing. I think the operational savviness and skill of the company is fairly strong. Execution skills are something that is at a premium at Nestlé. And in 2024, we reported 5.3 million outlets. Now you will say why only 5.3? Please remember that during the MAGGI crisis, we lost a million outlets. We were down from 5 to 4 and we had to rebuild the whole distribution back again.

In 2024, amongst the F&B companies added in percentage term, the maximum number of outlets close to 5% of outlets have been added and is the highest gain amongst peers in 2024. This is the manifestation of the RUrban strategy that you are seeing which I will come to very, very briefly and that is what is helping us to buffet some of the headwinds that we see in mega cities and metros being balanced with more greater opportunities in the smaller towns.

Bolstered by an aggressive digital approach, you would say why is not he talking about television commercials? They continue to be strong, but 51% of our media spends are today digital. They would have been less than half of this even five years ago. So there has been a considerable heft as far as digital spends are concerned. You all know the math, 1.1 billion mobile phone users, 25 million grocery shoppers and 86% socially influenced. It makes sense to fish where the fish are and that is really what we are doing. And since 2020, a 126% increase in the total digital media spend is what we report. This number is only going to accelerate as we move forward in the direction of new categories and new spends.

Strengthened by household penetration, penetration-led means households. We have to get to more number of households. This has also been a good story for us between 2016 and 2024, there has been a 50% increase in the number of households that consume MAGGI, 52% households do. Coffee consumption again two examples 2016 to 2024, 130% growth and about 30% of households. So more number of households, more number of packs, more number of outlets gives us the arithmetic of frequency of purchase and making the market shares happen for us.

This has led to robust volume growth. Volume growth is what you seek, is what we have sought always. And you see this number. I am giving you a longer perspective as we can easily get disheartened by what we have seen in the last couple of quarters. And I again believe that this is a chapter of a book, but the book itself is fairly interesting and robust. This growth for us has been 9.5% growth from 2015 to 2023. What I would like to leave you with is a simple message. This company knows how to generate volume growth. That is what is our DNA. There are some companies that chase turnovers. This company chases volumes, chases single units, eaches as we call it. And that is where the efficiency of the organization gets established over a period of time. So that has led to volume growth and it has further amplified our brand scores.

One of the characteristics of consumer companies are probably threefold. One strong brands with differentiated propositions, relatively strong margins which are capable of supporting the growth story and third, reach capabilities that are strong and fourth, execution capabilities which are unparalleled. If you have these four, by and large, you should be able to create a successful roster of brands and companies over a period of time. And that is what we are blessed with. MAGGI post the crisis has rolled back and come back to great strength. Not that everything is stitched and everything is done. There is still competition out there which we are cognizant of.

So those of you who might ask me the question saying, what are you doing with regional competition? Yes, we are there in the game to ensure that we get the fair share of our business. So we are not going to be sleeping at the wheel saying that look these are not important. They are important, they have to be respected, and some of them are pretty good. So therefore, that is the response mechanism we will have. KITKAT again has done very well. KITKAT was number 10 in the world 10 years ago in the Nestlé world. Today it is number two. It has come a long way. We are just fighting shy of getting the crown from the UK. So we may not get the Kohinoor, but one day we will get the title of being the largest KITKAT market. That is a dream that I'm sure Manish will requite in due course. NESCAFÉ again has done extremely well. This is a category of choice now for the youth. Earlier tea used to be the drink of social animals. Today coffee is the drink of choice, is a drink of social bonding and that is where Nestlé is very well placed in terms of its portfolio.

And category leading brands, ultimately all of this, the penetration, the volume, the outlet reach, the media and digital exposures, the differentiation that we do all leads to category leading brands. And I am proud of the fact that we have in many of our categories, category leading brands. NESCAFÉ very, very strong. MAGGI with four-and-a-half billion serves is by far the biggest. Between MUNCH and KITKAT, we cover almost six billion units that are being sold, 33 million tins of MILKMAID. And this is where it is interesting, is out of home. We have almost 940 plus one Nestlé kiosk, which are kiosk that sell the whole range of Nestlé that just relevant at tourist spots, at educational institutions and other places. And hey, this is incidentally bigger than many QSRs in terms of the number of outlets that we have. Of course, the size of each outlet is different, but I am just looking at the geographic footprint and the relevant consumer footprint. All this with 20 million 2 Crores people walking in and out, all target groups, all youngsters, all people who are interested in brands makes for a huge trial opportunity and penetration opportunity for our brands. So, this is something that we work on and all of this is a self-sustaining business model. So, this is not bleeding at the seams for us to take it down. This is a self-sustaining business model that has been worked. So, our Nestlé product reaches two out of three households in India. It reaches 80% of the urban households and as yet 60% of the rural households. That is where the challenge is, that is where the opportunity for the company is.

So the rising Indian opportunity, this you know it well, you know the GDP ranking. What is interesting here is that why is it exciting for packaged foods? It is exciting for packaged foods because even Philippines and Malaysia are at anywhere between three to four times in per capita terms the consumption of packaged food. Packaged food is the first food of choice when you uptrade from loose or from unbranded. This is therefore a significant opportunity for us going forward. Since we have a wide portfolio, since we are a packaged food and beverage company, this is where the opportunity for us comes. Now where do we go to, how do we unpeel the onion is something that strategy, time, execution, and resources will tell. But that there is an opportunity, I think is a no brainer as far as India is concerned. The consumer class is going up significantly. We have pressure points. I know I was the one who made the comment about a shrinking middle class right and some sense it has been answered in this budget.

I am so happy to hear that. But again, let us be very clear that companies like mine; we survive and thrive on the affordable population and the middle class. It is important. To us, the rich are important for what they buy, but it is the midstream that is important for us because that is the belly of the market. And there almost 60 million households are estimated to be added in the next 7 to 8 years at least till 2030. Those are the numbers that we have got.

Despite opportunities, challenges remain. So, I do not want to leave you with the picture as I have always done. I think credibility and trustworthiness have been some characteristic I have tried to and strive to develop in all these years. Is not to show that everything is rosy and pink and everything must click back again to huge growth. There are challenges. Some of the challenges in fact are opportunities. Evolving consumer trends, I will cover three premiumization and consumer experience, rising health consciousness and out of home. And the whole slowdown in consumption story. What do I see of it and where is it going, commodity inflation, urban rural consumption and there is a third piece on geopolitics that I will not talk about because that is a subject that is beyond my pale of competence. But you all know the consequences of geopolitics and how it is going to play with the supply chain and future output profiles of this country.

What is our strategy? Our strategy globally and this is a globally articulated strategy by Laurent Freixe our new CEO is a very simple strategy. It seeks to achieve three things, achieve efficiencies, deploy the resources in investing in key brands and growth platforms, drive market shares and thereby drive profitable growth. So, it is a Virtuous Circle of seeking efficiencies, brands, investment, market shares, and growth. Enabled by four platforms, Nestlé continuous excellence, which I will give you a brief example in this presentation. Good for the planet, data and AI is becoming an important element of who we are, good for you, which is the whole piece on upgrading the value of nutrition and the competitive advantage of our products. Inspired by three pieces, creating shared value, quality or values and safety and at the core are our consumer people and teams. So, it is a simple straightforward strategy that pivots itself on three vectors, gets inspired by four enablers, gets cemented by four platforms and of course is executed by the team across the organization and across the world. This is indeed the same strategy that we had put together called Grow to Win which was similar, Grow to Win using consumer innovation using investments, using penetration, and using simplification as part of the platform.

So what are the evolving consumer trends which are the two or three big trends that gives us hope for the future? Number one is premiumisation and consumer experience. I put here and these are all approximate numbers. So please, please do not hold me to the math on this, but this is the overall opportunity.

The overall premiumization opportunity we see in our categories is roughly 7,500 Crores. Today the growth of this portfolio is about 16% on a CAGR basis since 2015. Premium products are outpacing the category growth. That is what you hear from most companies and that is what we also report. Nestlé has a brand portfolio to deliver. So, that is an important part that we are not here seeking to build a premium portfolio. We already have a premium portfolio which we can leverage and grow to fruition. Premiumization trend is universal across urban and rural. So it is no longer true to say that only urban India and the urban rich or the urban middle class consume premium products, even rural India is also having a taste for premium products. And as part of the RUrban strategy, this is what is being tapped into for the future. So, some of the premiumization trends, prepared dishes and cooking aids that are different. What is being sought here is taste and variety. The consumers are seeking taste and variety and different platforms of consumption. So we have our products that are ready there. Milk products and nutrition seeks nutrition as its key pivot and also differentiation in terms of what we can offer. The recent reintroduction of ready to drink or relaunch of ready to drink has met with an encouraging response in the market and that is something that is part of the RTD revolution that is taking place in the country. Powdered and Liquid Beverages, premium coffees including NESPRESSO that I will come to is defining the coffee experience and does offer a greater opportunity for growth. Confectionery, again premium confectionery which is still a small part of our portfolio is powering ahead quite well and will give us incremental growth and profitability for the future. And finally, of course, Pet Care. Pet Care is a relatively small category for us, but it is a category that offers considerable promise because we have global competence here and the ambitions on this are also fairly significant.

So, this is what we are talking about in Pet Care. What gives me the confidence you would say look why is he suddenly talking about Pet Care? There are three things in pet care that gives us the confidence as a company. One deep consumer insights, probably one of the best marketed categories in this company is Pet Care.

The degree of depth and knowledge and understanding of pet consumers and pets themselves is pretty strong. The portfolio covers the consumer landscape. So, there is a wider landscape that we talk about and world-class R&D. I think the R&D facilities that we have access to is truly world class with a possibility of customization to a context as well, which is important. And India is very well placed because we are the fifth largest in terms of pet population, almost 30 million pets, more dogs and less cats. But the cat population is also growing at a fairly nifty pace. So the power of pets, the power of Purina and the power of Nestlé is what we are bringing together. So therefore this is an area of incremental investment and incremental growth. NESPRESSO you all know it and I think it is a category that even though it was not formally launched in this country still had a lot of salience. I think it is the premium coffee consumption and the fact that we deal with a 150,000 coffee farmers and some of the farmers are in India as well, almost 2,000 of these farmers are in India supplying them premium coffees, premium arabicas and robustas in order to make the coffee happen. Delighting consumers with the original and also with a professional range of machines, some of them have already been introduced in the country. The NESPRESSO website is now live. We will be opening shortly a boutique in Delhi to begin with and then it will go to Bombay and to various other places as we go. And to just break the monotony, I thought I will share with you the latest commercial of NESPRESSO, which is quite an interesting one. George Clooney, any other way is just as sweet. So this is something that we are very excited about. Clearly this is a domain competence for the Company and as you know with the rich in India splurging on various premium products, NESPRESSO offers that opportunity as well. So, we look forward to accelerating the journey with NESPRESSO.

Rising health consciousness, I think this is becoming one of the truisms of the country today and what do we have to offer? I think this is intrinsically a strong nutrition based company. The size of the price here in just the nutrition and the prepared dishes area is about INR 3,400 Crores that is how big the market is. In milk products and nutrition, I think both for toddler nutrition and for a chilled dairy, there are numerous initiatives that are being looked at in order to enhance the quality of the nutrition that we seek to offer. And in fact, that extends itself to prepare dishes and cooking aids as well. I mean, we have Veg Atta there. We have besan noodles. We have millets and we have oat and we have different offerings that are on the anvil.

Quite a few of the projects are on the anvil for enhancing the nutrition quotient of the brands as we move forward. The other one of course, is a joint venture with Dr. Reddy's I will come to that a little bit later, INR24,000 Crores is the opportunity I think it brings together the best of Dr. Reddy's and Nestlé Health Science and I will report on it a little bit later in my presentation on what we think are the big opportunities there. What is above all important in nutrition is R&D, science, technology, and facts. And that is something that we are privileged to have as a company of unimpeachable quality. Almost 1.8 billion is R&D costs in the calendar year 2023, more than 4,000 employees, 23 sites, and we have access to them, to the throughput of these R&D centres. And this is what will flow into some of the categories that we are talking about. The Nestlé Health Science products that will be part of the Dr. Reddy's portfolio will be by and large manufactured locally, which really means that we will be getting some of the expertise from the R&D facilities to be able to do that as we move forward.

Out of home, I think this is a very, very exciting market. It is a very exciting proposition. It is expected to double by 2030. There are estimates anywhere between 25 to 30 billion dollars of business. The food service market is getting more organized in the coming years. I think post COVID, one of the phenomenona that we have seen is that people are a lot more careful today about what they consume and where they consume it. And hygiene and safety and reliability is an important part of that consumption profile. Cafes are driving coffee culture and that gives us also the opportunity. And Gen Z and millennials are seeking new food experiences. So, some of the vending opportunities that we have got and some of them are outside here, there is a Compatto machine there which you might like to try in after the Meet gets over which has for the first time freshly brewed tea. Normally you get, the tea bag wala chai, but this is freshly brewed tea and freshly brewed coffee. And the freshly brewed tea has got other flavours that you can add to it, which is like an adhrak, like a tulsi, like a masala and various other things that really makes it even more exciting and it is relatively inexpensive. So, it is not a really expensive proposition either. So these kind of solutions you will be happy to note are developed by Nestlé India. So, these are solutions developed here, customized here, manufactured here and rolled out here, customized to Indian standards and also with digital payment facilities.

So therefore, you do not have to look for change in any of the digital profiles can help you in order to make the payments. And this is an interesting area together with of course, food solutions which has also been an important part of the journey. Food solutions especially using coconut milk powder and others is becoming important. Chef, the abilities to conjure up new recipes and to try out new food habits is also becoming an important part and parcel of the out of home experience. And that is where we find our portfolio to be rich and to be relevant for this. So some of it I talked about Compatto, I talked about NESPRESSO. We have expanded into branded collaboration with marquee customers. So whether it is Social or Chai Point or 711 or any of the others, I think there has been a lot of collaboration that has taken place. In fact, even in the recent Kumbh Mela, we made inroads with Chai Point and others in terms of the RTD and the chocolates portfolio to make it available in large gatherings. Now you may say that maybe not all of the people who come there are our target consumers, but literally creating the awareness for the brands and availability of the brand itself is a starting process. And of course, the retail one outlets have now for example not just NESCAFÉ zones, but also KITKAT break zones. So KITKAT recipes are being tried out there, curated KITKAT menus are being tried there in order to expand the usage of the brand. So, there is multiple touch points and we have a lot of expertise and investment that is being put into competence building in this part of the business, which has rules of the game which are quite different from the retail part of the business. I mean the way in which a Nestlé Professional guy will talk to you is quite different from the way in which a retail guy will talk to you, because the drivers and motivators of business are quite different. Innovation you would ask about innovation. Innovation has moved up quite niftily, quite smartly for the company. It was at about 1.5% in 2016, it has moved up to about 6.5% now in the nine months of 2024-2025. About 150 new products have been launched in the last nine years. What was different is that the pace of innovation has gone up almost three times and failing to succeed has now become an accepted mantra at least of this organization. So, there are numerous experiments which have failed, but I am happy to support it because unless you support failure, you will never see success. Today, they contribute 6.5% to sales. I would like to see this ambition go to at least to 10%, which would be a good number to have as far as innovation is concerned.

But having said that, there are quite a few projects on the anvil, there are at least 16 to 20 more projects that are on the anvil. The question is, when do we launch them, how do we support them and how do we prioritize them? I think those are the idea machine in Nestlé or the development machine in Nestlé is never idle. The question is how much can you afford in the context of the inflationary circumstance that you are on and the need to support some of the core brands are concerned. So, that is the primary motivator of investing behind these brands.

A slowdown in consumption growth I think really what we see is a food inflation that continues to hurt. It is impacting budgets in research after research the consumer is feeding back to us. We are buying more expensive but consuming less. That is a simple answer that is coming. Hopefully some of the changes that have been made will mitigate the situation but clearly, headline inflation is moderating, but high prices persist on select agri commodities. And to just give you an idea, I think milk is being relatively stable, coffee has been a complete super inflation, almost a chaotic curve to follow. Point to point between this year and last year, the coffee prices are up

75%. It is very difficult for any company to survive with 75% increases and still manage growth. And so, that is where it is. Our exposure is relatively lower to cocoa, but nevertheless I think the price of cocoa has been significantly impacted and continues to rise dramatically again in the 40-50% kind of range of increase. Wheat was relatively stable but with the winter sowing being a little bit impacted and with the increase in the procurement price that has been announced, there will be some increase in the price of wheat as well. Packaging relatively stable so far. Edible oils also have met with some increase in the recent past. We do hope that this stabilizes, but the worry factors here are really coming in from coffee and to a certain extent from cocoa and wheat, which would be the things that we have to watch out for. So, this clearly then means that we have to find ways of mitigating it and this is really what we have done. I come back to this Nestlé continuous excellence which is translated into our company as project Shark. We have been doing it for many years. So it has really been about three vectors, buying efficiencies, manufacturing and conversion cost efficiencies, distribution cost and only the final element left to pricing. This has now, I am proud to say, become a part of the DNA of the company. In fact, everything from photocopying costs to large capex costs are being monitored.

And something like 7,700 projects have been on since 2016 to generate anywhere between 1% of sales to now almost 2% of sales. So, that helps us to mitigate some of the costs that happen. Only after this, because we are a penetration led volume growth company, remember that is what our core strategy is, only after we have exhausted the opportunities of procurement economies of material usage and of the cost dynamics of buying smart, do we even touch pricing. So pricing is the last element that we would like to touch. Unfortunately, we have had to touch a fair bit of it because the increases have been extremely sharp in the last couple of years.

Growth, where is it today, what do we see? This is exactly the information that you have that we also see. Urban growth has tapered downwards. Rural growth is looking upwards, but yet I think the cause for concern on growth continues to remain. It is not something that we are completely out of the woods. Urban unemployment, tepid real wage growth and post COVID moderation are what we see as the three big reasons. But having said this, I think some of the steps that have been taken in the budget especially the putting on the table 100,000 crores of consumption expenditure, part of it I hope does come into consumption. Some of it might go into savings and paring down debt that can happen and that probably will happen. But even if some of it comes into consumption, it will be a positive flip as far as many of the companies; especially the midstream companies are concerned. The top end companies only way the premium segment will not feel the pinch either way, but those in the PPP segment or in the belly of the market will certainly feel some positive impact I do hope as we move forward.

Outlet expansion, I think this is clearly something that we are very proud of, that we have done under the circumstances. And what have we done here? The RUrban strategy just to refresh your memories involves four pieces, infrastructure, visibility, portfolio and consumer connect. There is a lot of data and database that is being used and Nesmitra is one of our data analytic platforms. It is an application that helps us to track at an outlet level what to sell, when to sell, how much to sell, and what not to sell. So, it is a powerful tool that we have got that helps us to potentially cover a million and a half outlets if not more. The RD-DMS is redistributor, so, below the 2,000 odd distributors there are about 10,000 odd redistributors. We are one of the few companies that has got a data plug into the redistributors as well. So we know the demand and off-take patterns.

And this as I will come to will help us in terms of the use of AI for predictive models of demand generation, which will be a little bit more granular and accurate simply because we have been able to track data and analytics at the ground level, at the base level.

So the village coverage, it was quite modest. In 2020, we were covering just about 70,000 villages. Today, we are covering more than 200,000 villages. The distribution touch points, so it is a classic distribution gauge. So there is, this is not application based that you can just wish away and wish in outlets. You have to do it on the ground. So on the ground there are people, there are structures, there are organizations, there are brands, there are portfolios making it happen. Distribution touch points have gone up from about 12,000 to about 21,000, 7,400 towns are covered, but the question that is relevant fact for you is that more than 200,000 villages are covered. Again, in terms of activation, India, there are multiple flywheels in India. There is One India which is digital, which is quick commerce, which is e-commerce, which is ordering on app. There is a considerable part of India which depends on heart activation and rural and village fares. We have not forgotten that India because that India is at the core of our consumption. So the number of activation points and the number of activation activities have gone up considerably. Feet on the street, we still are a company that believes in the power of the distributor salesman to make productivity, and portfolio representation happen. It is not yet ripe for purely an app to do that. Maybe in some of the urban centres, in large metros and mini metros, you can do that. But in the smaller RUrban markets, it is still a question of a distributor salesman taking a call, going there, but fully enabled with a package and I will come to that. Today we have a powerful package that helps him on call on each outlet without doing any guesswork, what to sell, when to sell, what to promote, what not to promote and what outcome to expect. This is all the power of analytics and artificial intelligence that we are able to put in. And RUrban smart stores again I think opening up the number of visible and dedicated stores is also something that is part of this journey.

Increasing competitive intensity in RUrban. I said we take regional competition seriously and therefore there are campaigns, which are building awareness of taste and quality at a granular local level. There are digital interventions, but there are also other media interventions. There are price point strategies that are there. So we had Rs.5 pack which we had to discontinue and make it 7.

So we launched a Rs.10 pack and offering value at the Rs.7 price point as well in order to ensure that there is no serious long term consumption loss for the organization.

Accelerating our e-commerce footprint, I think this has been a great story. We have a portfolio that is tailored to the shopper needs, a portfolio that is focused on the e-commerce and quick commerce. And one of the advantages we are getting, sometimes what happens is what your customer does helps you to improve your own efficiencies. I think one of the advantages of quick commerce has been that our capability, our supply chain management has dramatically improved. We have to challenge ourselves because the consumer challenges us. Blinkit asks us a question saying I deliver in eight minutes, why should you take two days? Good question. So, Nestlé puts its hat on it, works, puts systems, puts practices and ensures that at least we get it down to one day and hopefully now we will get it down to a couple of hours. The increasing name of the game in this country is going to be enhanced efficiency and effectiveness and the use of AI for predicting the future rather than just having brands and differentiation. And that is really the name and that is what the third part holistic supply chain approach for quick commerce is the exciting journey. And since we have a young supply chain team, they are also excited because it is using a lot of analytics data and an exploratory approach. It is almost a moon shot in some cases in supply chain that is being taken which is starting to bear results, but more of course has to be done. Today 8.5% contribution and growth of course 33% so the growth is good, but as a company we always balance our channels. So I do not want you to get the impression that it will be quick commerce and quick commerce all the way. We know we have quick commerce. We know we have got other traditional e-commerce. We know we got traditional trade. We know we got modern trade. We know we got pharmacies. We know we got other outlets. We have to balance the terms of trade between all of this on the principle of fairness, salience, and sustainability. And therefore, if you notice that Nestlé is not in the name in terms of fracas with distributor associations or retail associations, it is because of that. It is because we balance it out and we do not go one way or the other after a short term phenomenon because we believe that going forward there will be a balancing out that will take place and none of the channels will entirely vanish or none of the channels will entirely dominate the outlet tapestry.

So, this brings us to the virtuous circle to our lives which is really the five P's purpose, people, planet, partnerships, and performance. And again I will come to the performance part of it creating value for all shareholders, the volume growth that you have seen; the organic growth which has been consistent. The reason past has not been as strong, but what I want to point out to you is that the company that has a DNA and a pedigree of strong growth can have a temporary bout of flu, but does not mean that it is going to be in the ICU very soon.

So there is a question of coming out of it, which is what we are seeing. Accelerating profit from operations, I think I am very happy to see that in the last decade almost 500 basis points of operating margins have been improved as a company. If you look at it in terms of EBITDA, it is about the same. The EBITDA margins being little higher, but almost about 500 basis points there too. And about a 15.1% CAGR in terms of 2015 to 2023. So double digit on growth and double digit on profits as well. Again you will see that the nine month of course, has been a little bit impacted and that is impacted really because of the overall slowdown and the commodity inflation that has forced us to take some price increases that we would have not liked to, but which we are compelled to in order to balance the equation. Best in class return on equity, I think I say this without boasting that we are probably the highest return on equity in amongst listed companies, much higher than our competitors. This in itself is not a reason to valorize us, but it is a reason to assure yourself that the company is reasonably well managed to be able to deliver equity levels and returns which are fairly strong. Value creation journey continues. If you look at the combination of stock price appreciation, dividends put together which is the total shareholder return up by 314% in 2015 to 2023, 17.1% annualized return and about a 3.1 times operating cash flow that has been generated. So I feel a bit satisfied that it has been a path of progress, progress that has been fairly strong and in fact the market cap is up by 3.7 times which is 1.4 times ahead of the FMCG benchmark index at least during this period. Of course, the recent past is a different story. So, I am not trying to justify it, but to just tell you that the longer term has been much stronger than what the immediate short term indicates.

Partnerships I think I would like to focus on distributors, on suppliers, on farmers, on retail outlets, on direct and indirect sustainability partners and of course on the joint venture. I will take just two examples here for you.

One is this partnership you would say that we got into it. This is the first of its kind in India for Nestlé, a joint venture partnership with Dr. Reddy's. And I think it is combining the synergies of product portfolio and distribution reach.

We are a consumer product company with a more limited health care exposure as compared to Dr. Reddy's which is a health care company. And therefore, the coming together of the portfolio in the 49-51 combination that you see over there, the integration has been successful. I happen to be involved with the Board of that company as well. The integration has been successful. The teams are working well together. They came together only in July of last year, but I think the integration has been strong and solid. They have shown double digit growth, which is also encouraging. And there are new launches on the anvil from some of the Nestlé Health Science portfolio and some of the Dr. Reddy portfolio as well. So this offers us and you will see that one of the biggest challenges for the country is efficacious healthcare products. And that is a large opportunity. I talked there about INR 24,000 Crores, that is just a number. But it is a large opportunity. It is an opportunity that also does good for the company and does good for society. So this is something that we are quite enthused by and I would like to thank my colleagues at Dr. Reddy's for enabling the support to make this partnership work.

Logistics excellence, I think one of the things post GST, we have looked at upgrading our supply chain networks and looking at distribution centres and redefining the levels of technology and capability in the distribution centres. We have effectively transformed about 13 distribution centres. That means, ladies and gentlemen, 26 moves because each one is a move in itself. Almost more than half of the sales have been covered. And there has been a lot of new technology, new initiatives that have been put into the supply chain space, including creating digital twins at our distribution centre in Bhiwandi, which helps us in terms of the planning mechanism and the resource allocation mechanism for the future. So, these are new developments which I am very happy to report.

People, this is a subject that is very close to my heart and I am very proud of the fact that we have nurtured an inclusive and a diverse work culture. I think diversity and inclusivity are alive and well, irrespective of what they might seem to ESG trackers, but for us, it is an important part of who we are. And encouraging gender diversity is a key part of the management philosophy of the company.

Happy to report and you know it already that 50% of my Board consists of leading women independent directors. We have amongst the highest representation in the field force in FMCG at 21% and we have about a fourth of our white collar which consists of women. So there is a strong focus here. There is also of course the factory at Sanand, which is majority women. The factory in Odisha when it comes up will also be majority women. And making ourselves more salient, making ourselves more relevant and making ourselves more robust as far as talent is concerned is one of the important tasks that management has. In fact, if there is going to be one differentiating factor for most companies in the war of talent that will take place, it is the quality of the talent and we focus a lot on it. And yes, despite having Gen Z's, you know, Gen Z's and millennials constitute about 80% of this office. So I am the oldest guy on the block and I too will be gone soon. So therefore the average age will fall down quite dramatically. And you think that Gen Z's run away very quickly and they get bored. We have an attrition of 10% or less. So there must be some good reason why they stay where they stay. And we are not the highest paymasters, we are not the guys who give the most moolah in the system. But there is a way in which we conduct our work and a way in which we go about our job, which probably makes them stay in the company. And sustained industrial relations, happy to report that there'll be no strikes, no lockouts, no hartal, no bund of any kind in this company in the last couple of years, which I am happy because I think we live in stressful times and it is important to run operations, which are also relatively stress free.

Planet I think four elements, I will not dwell more on it because it is something that I have shared with you before, but some parts I might cover with you. Four areas where we work on climate action, sustainable packaging, caring for water, and responsible sourcing. Dairy and dairy interventions on climate change has been one of the important interventions of the company. We are one of the pioneers in the use of biodigesters on farms. In our farms in Moga almost 5,000 plus biodigesters have been installed. That makes a circular economy as far as the manure is concerned. It is used for biogas and also used for fertilizers. Also makes for a reduced carbon emission as far as the farm itself is concerned. GHG emissions down by 61%, this is from the period 2008, it is a 15-year reporting cycle that we have, consistent with our sustainability report.

Energy usage down by 29%, water usage down by half, generation of waste water down by 60%. And what I am proud about is that we are plastic neutral since 2020, which means that the amount of plastic that we use in our products is neutralized by the amount of plastics that we collect and recycle. So that is a positive note as far as sustainability is concerned. Again to boost sustainability, we are looking at ways and means of how we can contribute to the environment. And one of the projects that we worked on is a biomass facility in Moga, which you know is in Punjab and reducing the reliance on fossil fuels has been one of the key drivers of our company. We are kind of zero coal as of now and hopefully we will be HSD free as well in the foreseeable future. But what is exciting in the Moga facility is that we collect the stubble and make that into briquettes and use it for the biomass facility. So, almost 4% of stubble in Moga district is collected by the company and made into briquettes and used in the biomass facility. So, it is a start. We do hope that this becomes an example in Punjab to be able to build larger facilities, but reduction in GHG emissions and to create an additional farmers income, because the farmer sells the stubble, it is not free. They sell the stubble. They make some money and also hopefully to whatever extent it reduces the polluted atmosphere here even by a micron that will be an important contribution. I think I will just share with you the method that has been used for this.

So, the attempt is to create such circular economy wherever we are. The initial experiment has been in Moga. Wherever possible a similar setup would be created. We are working in close partnership with Thermax, they are the ones who do this for us and I think a couple of plants have already been made by them, which are all working quite well for us in reducing our carbon footprint. Sustainable sourcing for coffee, I think this has been a highlight of the coffee plan. What I want you to note is the fact that every kilogram of coffee that we procure in a sustainable manner has got an on charge of anywhere between Rs.3 and Rs.4 per kilogram following the sustainable practices. So when you drink a cup of NESCAFÉ, you are drinking a sustainable cup of coffee where the farmer has been rewarded. So, it is not that it comes to us gratis. About 55% of the coffee is procured sustainably, it takes time to convert farmers into a sustainable way because they have to trade off the price with the yield.

Now price is not an issue, but there was a time when price was an issue and they would trade off the price realization vis-a-vis the yield that they were doing. And regenerative agricultural practices to address GHG emissions, I believe we have a short video on this as well. Again both for KITKAT and for MAGGI there are recycling plants that are in place that make it happen. I will share with you the MAGGI story and the NESCAFÉ story in brief.

So this is the NESCAFÉ plan run very successfully and I believe is also a very valuable contribution to the local society. It spreads by word of mouth more farmers come to us and that is how we expand the scope for sustainable coffee in this country.

Purpose, I think staying true to our purpose is clearly something that we are very, very proud of. So, this is something that we do beyond the scope of just the business activities. And I will share with you some initiatives here that we have done. There are about 14 million beneficiaries that are impacted as a result of what Nestlé does. About 13 million has been through Project Jagriti, which is an adolescent and young adult programme centered around nutrition, around healthy habits, about preventing early marriages and of really trying to ensure that people lead healthy lives. Water and sanitation, I think you all know it, that one of the major reasons for school dropouts in rural areas is because there is no drinking water and there is no sanitation in most of the places. So therefore around our factories we have done a fair amount of work. Livelihood, the projects Serve Safe Food which is to train street hawkers on hygienic selling and hygienic preparation of dishes that they serve consumers. And in fact, we have an established model that shows that the income of these trained hawkers actually goes up as a result of the intervention. Almost 70,000 of them are there. Project Jigyasa, it is what started off as an ambition to inculcate science in schools. Today, we have about 20 schools where we have simple experiments in science that are being done amongst secondary school children in order to enhance their understanding of scientific principles. Hopefully some of them will go on to become science students in their lives as well. Project Hilldaari, which is in seven hill stations largely, looking at plastic or waste collection, segregation. And I think that is something that we have been doing for almost 10 years now.

And so much so that the municipalities, they do not want us to walk away because they do not have any other sort of agency that can do the job for them. But it is important that as a result of this, the identity and the self-worth of the garbage segregators and their own health facilities have improved as a result of our intervention. And finally, rural development, which I will share with you a short video. One of the objectives we took on as a company and in fact, as a team was what happens when a company goes directly to a village and improve some of the issues that are plaguing, education, drinking water, sanitation, rural pond, digital education, agrarian practices. So, we went just 60 kilometers to Nuh district which is amongst the least aspirational districts in this country and adopted initially one village. Today it is 14 villages and 18,000 people to see what impact happens on their lives. I believe we have a short video that gives you that detail.

So, this is not a curiosum, this is not something that has been done because somebody decided that it is a good idea. I think it also develops the social sensitivities of the marketers and people who work in this company because whether you like it or you do not like it, most of India lives in there. And I think it is also to develop the programme and there are a lot of youngsters who are actually excited by this and saying that we would like to be involved in this, because the Gen Z certainly has a greater social consciousness than what many of us have. We squirm and look away, but these youngsters want to be involved in it. So, this is something that we are very happy to support.

And plastic waste management as I talked about, I think again there are about 1,100 waste workers that we are addressing. That lady there is with her identity card. She never had an identity card, never had a health insurance and was kind of the dregs of society that they were considered to be the ones who were the least important.

Our digital, I will just come to it very quickly. In all this, the reason why results happen, the reason why strategy, execution, operations, and outcomes happen is because there is a data and analytic pipeline that integrates all the four. That is why it happens. So the digital transformation of this company is underway. So I will not say that it is complete. It is underway. It is in four areas, a consumer using PII data in terms of sharpening our marketing capabilities. A customer that is what I talked about in terms of different modules, whether it is Nesmitra or whether it is a project called RACE, which is really to try and prioritize you know for every salesman in this country of Nestlé to be able to prioritize the activities, the targets, the tools, the outcomes and what not to do in each of the outlets. We are able to generate this activity by outlet for the salesman, which I believe we were not able to do a couple of years ago. So today that is the part of data that we got.

On value chain, we have not only what I talked about, but also digital manufacturing operations across our factories to digitally monitor and to make paperless and to make real time efficiency and effectiveness monitoring across our factories and of course, employees in terms of the everyday AI. So, this is what I have talked to you about accelerated engagement with RD-DMS, the redistributor distributor management services, integrating the sub-distributors now with the supply chain of the company. The RACE model, which is real time activity planning and execution and of course, we use it in our nutrition business in terms of training, because nutrition and milks part of the business needs a lot of scientific data and simulation. So, therefore, there is a lot of simulation that is done on the type of the portfolio, the type of the healthcare professional and the kind of issues that need to be addressed to each of them. That is really part of it. And that brings me to the AI journey of the company that started in 2019 when we set up MIDAS, which is our multi-analytic system that we put together, moved into the must sell list as far as AI was concerned, which was more a prescriptive model, we moved to in 2021 to month end forecast. It is one thing to know what is there at the beginning of the month, but one thing to know what will be at the end of the month. And for a company as wide and with a portfolio that we have got, I think the predictive models were becoming extremely important. So, the predictive part of it started. And then in 2022, the demand forecast models were put in place, category growth models were put in place and retailer segmentation, which was on a prescriptive basis on how to segment retailer types for different promotions and the race was one of the outcomes of that. Then for distribution planning we have the geo-hash model that we are able to optimize now resources at a sub pin code level to be able to identify which outlets, which localities, which brand, which SKUs and which promotions are made to work there. How does it help us? It helps us to optimize on the resources because we do not land up spraying and praying and putting budgets all across. We are able to target it much better. And then of course, AI to manage the workarounds as well.

Today we have an interesting project called MROI, which is return on investment of marketing support that will give us a simulation using AI of all that you have done in the past in terms of activities, budgets, returns and outcomes. And simulate for you if you were to do this for the future, what are you likely to generate and what could be alternate solutions. So, this gives us a more granular rather than do it and then learn. We can learn and then do it. And that is what is the advantage of this and onwards to 2025. So, therefore, AI is becoming now increasingly an important part of our journey and we will be incorporating it wherever we find the usage. Currently it is done in a very pragmatic way, in a very measured manner, but going forward there will be an acceleration to this as we see forward. So, let me conclude now and leave you with a couple of messages.

Number one is core strategies and consistent results. This company will still be focused on getting things right, penetration-led volume growth, RUrban opportunities, premiumization opportunities, up-trading opportunities, digital opportunities, channel opportunities, and geography opportunities. That is where we are and that is where we will remain consistent. Competence building in a changing context, I think increasingly we are becoming more of a complex society and the skill levels of the organization also are being increased as we move forward. That is linked to the third point which is technology plus, digital and more. But we are pragmatic. We are realistic. We know that there is an absorptive capacity. We know that AI is not AI unless change management is managed. Therefore, we do it in modules, we do it in parts and then see how the transition works before we jump into the whole part. Otherwise, we can be putting in a lot of money on AI and on digital and not having too much of return as a company. Premiumization and growing the core as key strategies, the core is still important to us, 60% of the growth will come from the core. So, we are not walking away from the core five or six categories for the company, but we are looking at increasing premiumization opportunities therein to increase the share of the market share and also to of course to make the portfolio more growth resilient and more profitable. Sustainable partnerships and sustainable environment, I think this is what we believe in. We believe in not because it has to be fashionable, we believe in it because we think it is an essential element of a corporate operating in an environment like us. And finally, people bias and execution focus. This company has succeeded because of its focus on people and its focus on execution.

There are other companies with also brands and infrastructure which can match us, but in terms of consistency we always come a little bit ahead because we have that little bit extra effort that we put at all levels in the organization. And that is what really makes us what we are. So that is really what I wanted to share. And in closing, of course, consistency, collaboration and commitment is what we promise. I want to take this opportunity. This is my eighth investor meet. So,aathvi baar lagatar, as they say. I want to thank you all for patiently putting up with me, listening to me. And I hope in all of this journey, I have been professionally honest with you, transparent, respectful, and trustworthy. I think those are important values that I attach to myself and I do hope that I have been able to live up to that to all of you. So thank you all very much and I think next question and answers. Thank you.

Ajay Bajaj: Thank you Sir for that detailed presentation on our journey and our strategy going forward. We will take question and answers now. We will take it from both people who are present here as well as online. We will start with the people present here. Those who are online, they will be seeing instructions on display on the screen right now on how to ask the questions. So we can start here.

Mihir: Hi, Sir. Good morning. Good afternoon. Sorry. This is Mihir from Nomura. Thank you for taking my question. So firstly, given the lack of data that we have in the recent quarters, we have seen milk and nutrition category seems to have declined probably versus one was expecting it to be quite resilient. What is ailing the category? Is it competition? Is it consumption due to high prices? And if you can share any steps that you are taking to tackle it, any insights will be helpful, Sir.

Suresh Narayanan: I think it is a very good question. Look, milk and nutrition as a category has been probably one of those that has been hit very strongly by inflation. And as you know that our portfolio there, have also had the impact of price increases that clearly has restricted the volume growth. The segment is also open to competition from a lot of cooperatives and that also puts pressure in terms of the volumes and prices because we have an objective of sustainable growth with profits and not just growth without profits.

And I think because of these two reasons, there has been a short-term, we believe, impact on the business. We have also taken steps now, I think very quickly and very effectively to stem some of the nutritional requirements that the consumers were urging us for. Therefore, for example, in baby food, we have come out with no refined sugar, so cutting down the levels of sugar. Not that we were ever violative of the local laws. In fact, we were below 40% of the maximum that was allowed. But we took this as a project that we wanted to implement. So this, together with greater focus and energy around addressing some of the portfolio issues is really where we are today. But also as a category, it is a more mature category. There is the lead time of consumers coming in and out is very short. So to that extent, it is not like a MAGGI or not like a KITKAT or NESCAFÉ that has an extended life usage. It has got a short window. And during that short window, if you have issues like inflation and price point pressures, you can have some impact. But we are confident that this will start to come back once again.

Mihir: Thank you for that Sir. My second question is on price hikes. It appears that the price hikes in the recent past quarters have been quite modest, maybe a function of low volume growth and to avoid further pressure. If you can share, what is a quantum of price hike that is still required to protect margins or maintain margins? And how should one think about pricing growth going forward? Should one expect pricing growth momentum to increase from here on, given the benefits that we have got from the budget and maybe anniversarizing or one should expect pricing growth to be limited given the volume pressures may take some more time?

Suresh Narayanan: Look, I think pricing will be a function of various categories that we are in. The categories like for example coffee, if I told you point to point price up by 75% is very difficult despite all the project Sharks that I can do and optimization that I can do for me to absorb 75% of a coffee price increase. So if the coffee prices are unrelenting, then there will be a little bit more of pricing. We will try and reduce it as much as possible through efficiencies. We have doubled our coffee capacities now in Nanjangud. And hopefully that will lead to better efficiencies in coffee manufacture. Some of it will flow into the value chain.

But I think on coffees where you can expect some amount of pricing pressure to be there. Other categories by and large, the pressures would be less. They would be there. I cannot tell you that there will be no price increase, but they will be of a much lower order as compared to what they were in 2022 and 2023.

Abneesh: Hi Sir, Abneesh here from Nuvama. Three questions from my side. First will be on the channels of distribution. You mentioned that the balance in your case is much higher. There is no fight between the different. When I see every FMCG company tries to do that and they do that through two means. One is basically SKUs different being there and less of discounting. So every company does that. How you are able to differentiate there, because when I see the noodles discounting for example, I see very high discounting on e-commerce. So clearly that is common to you and, say, other companies. So if you could talk about that. And a few specifics here is, how is the profit margin in this part of the business? Is it superior to the kirana part of the business second is in terms of mix if you can talk about or say in terms of larger packs if you can talk about. And finally, in terms of working capital, obviously, it will not be as good as the kirana, but if you could give us some sense on that that is the first question.

Suresh Narayanan: Okay, I think good question Abneesh. As far as the managing the channel itself is concerned, I think a combination of what you said, portfolio pricing, sort of curated promotions and also kind of calibrating the size of the price that we look at for each of the channels. So, we do not go unbridled and say look this month will be only quick commerce or this month will be only traditional. We have a certain internal kind of cap that we set for ourselves saying, not beyond this do we go. Yet of course, there is a fierce war out there. And sometimes people could use us as a loss leader. That phenomenon is not without merit in the context of the market shares that the quick commerce wants to do. But this is the way in which we try and control. So we also try and see that the traditional trade gets packs and gets activities as a countervailing balance wherever possible. So that we see that there is no direct conflict at all points in time. In some SKUs there will be, but in many SKUs there will not be.

I think going forward I see the conflict becoming more if the price inflations really catches on. If the price inflation becomes high, then the degree of play that will be between channels will start to increase. But as of now, I think we have managed to mitigate as best as possible. Of course, there will be pockets of the country where there will be some kind of feedback saying that there is extra discounting taking place. I can assure you that most of the discounting is being done by the players themselves and not by us. We have fairly strong trading terms. As of now, the net returns are not adversarial as far as the other channels are concerned. So we are not bleeding, neither are we making more. So it is leveling off, we take an equation between salience, between the trading terms and between the sustainability that equation if it is in a particular space, we are okay with it. So but we will not allow the space to be bled in terms of the fact that we are going to give extra terms simply to get an extra pound of sale, which is going to upset the apple cart for the other channels because we still have a situation where 75% to 80% of our sales do come out of traditional trade. It is in the mega cities and metros where the equation is slightly different, but in the smaller towns, we still have a lot of traditional trade to back up.

Abneesh: Sir my second question is on the popular price point of Rs.10. So we do see that bhujia and namkeen and biscuits seem to be growing faster than your noodles growth. We do not have data but it seems that is happening. And second is you have vacated Rs.10 price point in the big cities, urban areas. So would you need Rs.10 price point to come back? And second is in cocoa where there is very high inflation, again in terms of your confectionery, the Rs.10 price point is there. So have you cut grammage in that part?

Suresh Narayanan: I think we have kept the value delivery relatively stable in terms of price point, Rs.10 is certainly an emerging price point for us because as you know that we had Rs.5 and Rs.12 rupee earlier which became then Rs.14 and then the Rs.15 price point. So, Rs.10 has been more put in as a value pack. In the geographies in which it has been introduced where the single packs are relatively not as salient, it is giving us good results. But unlike the bhujias who have been around for a while for Rs.10 for us Rs.10 has been a relatively recent introduction.

So it is more geographic specific and more channel specific. It is not ubiquitous as yet, because we still have a single pack at 15 bucks. So we do not want a situation where there will be significant down trading taking place at some stage.

Abneesh: Sir, last quick question, you spoke a lot on out of home. So if you can talk about the 940 Nestlé Kiosk so in this largely is this franchise route and secondly in terms of growth you did mention that this will double as a category not for you by 2030. So which segments will be benefiting more? If you could talk more about this because I think it is very important from marketing angle, but from a sales and profits also is it significant for the company?

Suresh Narayanan: The 940 are all; we do not run any outlets ourselves. So these are franchised outlets but however the model is little bit different that there are larger franchises who will have 5-10 of these per franchise. It will not be like one person running one franchise, some geography there could be, but very few numbers. So, it is more people who are running larger franchises. These are all self-sustaining. So, the P&L is managed by the franchisee, but we manage the rest of the equation, which is the design, the quality, the produce, the recipes, the hygiene, all of that is managed by us. I think the channel itself has been growing quite fast. We have added in the last two, three years, we have almost doubled the number of retail one outlets that we have added. There is still more scope in terms of tourism sites. And because the tourism and the travel sector is doing well, we can also do well in this. It is still not a significant because our realization is only the price to trade, because the franchisee needs the margin to make his money. I would not say it is a significant contributor to revenue, but it is a significant contributor to the trials and marketing activities of the company. And I think that 20 million people coming in each year is a good number, especially of the right generation, which is Gen Z students, tourists, and those kind of things. So these are the benefits of it. But will it be a revenue driver for me? Answer is no. I do not think, let us say, sometime from now Manish will report that the retail one outlets have now become like 2% or 5% of sales. That I think is a little far away.

Latika: Hi, Suresh. So my first question was around market shares and competitive dynamics, particularly in your core categories of noodles, chocolates and baby foods. If you can give us some flavour of what are the developments there. Clearly in noodles we had come across intensified competition from regional and local players. So if you could throw some light on how market shares for your brands are trending across at least these three key categories.

Suresh Narayanan: Market shares I think noodles have been fairly stable. There can be a little bit of quarterly blips up and down but it is in the region of about 60 odd percent, which is where it was. So it has not dramatically gone up, it has not dramatically come down. The next you asked for was for?

Latika: Chocolates and baby foods.

Suresh Narayanan: Baby foods has been stable. The category itself again has its own dynamics. Because of inflation, it could have shrunk a bit in some quarters, but our shares continue to be strong because we have a leadership profile there. And chocolates actually, we are of course distinct number two to Mondelez. So that equation has not changed but the share of our wafer-based chocolates, KITKAT and MUNCH have actually gone up. And in coffee, we're clearly now the market leader.

Latika: Sure. The second question was on innovation. You talked about, 60% of the growth should come for core brands. And we have clearly seen a lot of innovation in your core portfolio, right? So we have seen all the new formats on coffee that you have done. Trying to gather your thoughts on coffee that you have done trying to gather your thoughts on how do you think about scaling our presence in some of the new subsegments. We had done breakfast cereals a couple of years ago. Pet care is definitely a new segment. And what do you think about inorganic growth, specific to India? Is there a mindset to explore that considering now we are seeing a lot of these, new age brands cropping up, some of the companies have acquired them, they are, kind of exploring and experimenting in these spaces?

Suresh Narayanan: Look, I think, Latika, the appetite for inorganic growth continues.

Though you may say you have not made anything happen, and unfortunately nothing has fructified so far. But I think that interest in that space continues. And that is something that we will be working on as we move forward. I think there are opportunities in innovation as well across categories. Reason why we have focused on the core so far and not looked at adjacencies very dramatically is because we have been trying to grapple with the forces of a consumption slowdown and huge commodity inflation. And therefore, the view that we have taken is protecting the core at this stage is extremely important rather than getting into a lot of new things. Incidentally, the breakfast cereals category has also done quite well. It is a small business, but I am happy to report that in small packs, which is a single serve packs, we are now number two to Kellogg's. So it is not as small as you think it is. But we do not put it on the map as yet because we have got other priorities that we need to tackle.

Latika: Okay. And the last one was, on your distribution reach, you have covered quite a ground, five-and-a-half million outlets, 3.6 million in RUrban. So, from here on, should we anticipate that you will focus more on throughput in these newly acquired outlets and probably, expand more products rather than numeric expansion? Is it more feasible from here?

Suresh Narayanan: I think it is still feasible, Latika. I think the outlet expansion, I would reckon, ballpark till about 6 million outlets is what we should be looking at in the coming years. But you are absolutely right. I think depth of penetration is going to be the name of the game. So increasing the frequency, the variety of the portfolio and the price points will be the name of the game as we go. That will give us substantially more heft to the whole strategy and that is the RUrban strategy to reach an optimal number of outlets and then to be able to increase the depth of penetration through portfolio, through price points and through frequency of purchase.

Arnab: Arnab from Goldman Sachs. So Suresh, in the last 7-8 years, one consistent growth driver for you has been MAGGI, which consistently grew double digits through good and bad cycles, where there seems to have been some slowdown last year. Now, one way to look at it is probably macro has been bad, but wanted to understand if you think there is any other issue like are other forms of snacking taking over from noodles? Are there regional competitors coming in quick commerce and those kind of areas or anything else that you can think of or the penetration is too high now, and therefore we should not expect that kind of growth going ahead. So just tell your thoughts on MAGGI's revival from this weak growth this year.

Suresh Narayanan: I think it is all of the above as far as the MAGGI story is concerned. Yes, MAGGI continues to be a strong, robust and relevant brand. That is the truth and you see the indices moving. I think the price inflation clearly has played a role because we ourselves had to take up the price from five to seven. We could not digest that anymore. And that took a little bit of a toll in terms of the volume evolution of the brand. It was obvious, there is nothing new about it. Also, the whole snacking space has exploded. The fact is earlier it was biscuits and noodles, now it is biscuits, chips, other snack forms, liquid and solid snack forms and noodles that gets included. There have been different forms and noodles that have been introduced in the marketplace. And while we are cognizant of it and we make our own innovation platforms, but on a regional basis, if somebody were to hit first, the impact will be on MAGGI. It won't be on anything else because we are the biggest player in the market. So we are cognizant of it. We are taking steps in terms of innovation, activation, penetration, geographic strategies, state strategies, clusterization in terms of addressing this. We are not phased by it because this is the hard reality and we will not do anything foolish. Because one thing is to panic in this situation and say, look, all of this is happening. Yes, this is going to happen. The space is going to become more exciting. The space is going to become more chaotic but that is when clarity of thinking and application of mind, focus and direction is so very important in this category. And that is what we are doing. So therefore, we are turning back to growth and turning back to better days.

Arnab: Thanks so much, Suresh. And just my second question was a slightly medium term question on milk and nutrition because not just this year, but over a period of time, volume growth has been challenging there. So what do you think needs to change over the next, let us say, four or five-year period for you to deliver volume growth in milk and nutrition from your side? And do you think something has to change in the environment for the growth to be faster there?

Suresh Narayanan: Look, I think, breast milk is the best for mothers. That is the established standard. So there is nothing against saying that. But as incomes rise and as the middle class incomes especially go up with an increasing participation of women in the workforce, and with hopefully an abatement of some of the inflation that we are seeing today, there will be a positive momentum created. Because nobody has anything against the category as such. The question is, is that when I have to balance my budgets; I do find that things are very expensive, so I cut some of them. And this could be one of the areas that could be cut. So, I see greater moderation comes in and improvement in participation, in employment, in wages, that is where the incomes are important. I think that the category will come back to volume growth. But would it be like a MAGGI or a chocolate volume growth? The answer is no, because it is a limited lifespan product for the consumer. So we have to calibrate that growth that 2% or 3% growth you get is during one-year period or a two-year period. Whereas a growth for a MAGGI comes over a much longer life cycle of the brand.

Arnab: Yeah, thanks so much.

Ajay Bajaj: We will move to now the questions from the online attendees. So over to you, moderator.

Moderator: Thank you Sir. Before we take our question, we would request participants to please limit their questions to one per party. Online participants, if you wish to rejoin the queue, you may rejoin from the panelist platform and click the raise hand icon. We will move to our next participant that is Awais Bakshi from Sundaram Mutual Fund. Mr. Bakshi, please go ahead with your question.

Awais Bakshi: Hi Sir. Thank you for taking my question. I just had one question on the milk nutrition portfolio point of view. So in terms of say the competitive intensity what we have been seeing over the year, the pressure which we have seen, would that also be the case for the incumbents in the category or given our positioning at a lower end of the overall category, we are seeing a higher level of competition versus them. Any sense on this piece would be really helpful. Thank you.

Suresh Narayanan: Look, it is a good question. Look, I think one of the things is in this category is that it is a highly regulated category and it is media dark and consumer dark in that sense. So anybody who were to come into this category is going to face probably greater challenges because of the fact that you are not able to and by law you will not be allowed to say anything or do anything in this category. But that does not mean that we have to rest on our laurels. We have leadership positions there. We are both in the mid price segment and in the in the premium priced nutrition segment. The mid price segment is where the challenges are the most. In the premium end of the milks and nutrition segment, the growths are encouraging, the growths are good and also there people understand the quality of nutrition that they are buying for their child. So to that extent I think I would still put this category as a category for growth, but I would only urge a calibration on the kind of volume growths that you will get in this category. There will be value growths that will be neat and significant, but the volume growths will not be like a noodle or a chocolate or any of those categories. I hope I answered your question.

Moderator: Thank you. Mr. Harit Kapoor, may we request you to unmute your connection and you may ask your question.

Harit Kapoor: Yes hi good evening and apologies for the earlier time. I just had one question on the margin band. So, if I look at your strategy or thought process of driving lower-packed units as well in urban, actually improving the throughput, etc. at a time also where there are inflationary challenges, albeit very, very gradually abating. Just wanted to get your sense on the margin dynamic expected over the next maybe 12 to 24 months. Should we believe that the current level of profitability is where we stabilize in a bid to improve the revenue growth or the volume growth? Some context on that would be great. Thank you.

Suresh Narayanan: I think good question, As you know, our operating margins, which were about 16.5% have gone up in the last 10 years to about 21-22%. The band between 20 and 21 is where we have been operating for a reasonably long time. The company's strategy itself is sustainable growth with sustainable profitability.

So, the objective is not to come up with a proposition of a 20% growth and a 10% profit. I do not think that will even justify the valuation that you give us in the market. So, I would say that I am no one and we do not give forward guidance in any case as far as the results are concerned. But the current profitability levels are kind of optimally placed in order to support the growth journey of the company. That is where I would be. If inflation exacerbates, then the equation changes dramatically. One does not know. One thought that the coffee prices would stabilize and the cocoa price would stabilize and the wheat price would stabilize, but it is not happening. So therefore, I think some play will have to come, but broadly speaking, where we are is where we would be. We should be unless there is a huge upheaval that takes place.

Moderator: Sir there is no response from this connection.

Ajay Bajaj: Thanks Inba. We will take one more question from people who are here. Just one question.

Questioner: So one about the sort of cocoa prices and coffee prices, which basically have moved up pretty significantly in the last few years. And that is probably one of the reasons why the growth probably is more from the pricing perspective. So, can we say that volume is sort of under pressure much more than the other categories? And historically, we have not seen this kind of a trend. But whenever there is a deflation in this kind of commodities, what would be your pricing strategy after that?

Suresh Narayanan: As I said, it is a good question. As I said, for us, pricing is the last. For us, astute buying, because we have economies of scale, material usage improvements through specifications and more effective or more efficient utilization of the assets that we have got is the primary scope that we would like to use. And pricing is a more add on or a derived component of it. I think today we have the capability to manage the four quite well. Yes, to answer your question, volumes have been dented because of the pricing that has been taken. There is no two ways about it. But I believe that if there is some stability that comes in into the marketplace for these two commodities, then there is some hope of being able to restore the dynamics of volume-led growth back or significant volume-led growth back. Remember our volume growth has been almost 9-9.5%.

So it has been in that 11.2% growth, about 9% has been volume, so 2% has been pricing. Now it is the other way around. So a lot will depend on how these commodities evolve, but I want to assure you that the model that we work with because the volume stickiness we realize, we understand, and we try and manage that as best as possible with residual pricing. But if the situation does not improve, then the whole dynamics of the market will change. We do not have a policy that every SKU of the category should make the same margins. There is no such thing. We try and see we ladder it, but if it does not work that way and if you have to take a hit in terms of margins for a particular category, so long as we know what period of time we have to take on, we are willing to take that.

Avi Mehta: Thanks, Sir. Just I will give it, just one question then. See, in your focus, in your entire presentation, two areas that came in is one is premiumization is an important category and innovation. Now that typically means a lot of smaller bets versus one large bet or a few larger bets. A is that understanding correct? And if it is, where are we in the journey to change the organization to handle the involved complexity that this poses?

Suresh Narayanan: Look, I think, the days of having single large bets, at least in consumer goods, are over. There was a time when you could have single large bets. Now I think there are multiple number of smaller bets, which we realize. It is unlike the tech space where you have one big algorithm that works and that gives you a couple of billion dollars. Here, that is not the case. We have small bits that contribute to it. I think the organization, the way it is currently structured and with the capacity, flexibilities that we have created is capable of taking the complexity. So, it is not that we are not capable of taking the complexity. However, we will have to manage it over a period of time. How much of complexity? So, let us say if I have innovation ideas of potentially 50-60, I will have to prune it down to 15-20 to be able to manage it. And within that, then to calibrate and see which are the big ticket items. So increasing complexity and use of tools to be able to de-complexify it is going to be the name of the game. But looking for that one large big bet, I am afraid maybe it happens, I do not know. I mean when MAGGI noodles started I do not think anybody looked at it as a big bet, but it became a big bet, right.

But as I see it with the consumer fragmentation and with the innovative capabilities now across the industry, probably such large bets are going to be fewer and smaller bets are going to be larger. And large companies need to be able to manage the small organization thinking rather than trying to look for that big economies of scale that they are used to.

Avi Mehta: And so this number of 15, you know, whatever that number is 15 or it is 30, that is constrained based on front end, or is it more supply chain manufacturing?

Suresh Narayanan: No, it is two ways. Not really, not really supply chain end. I think supply chain end we will be able to manage it. The question is what is the kind of sustainable level of investment and support that we can provide it. Because remember that in this day and age, all brands need certain threshold levels of support in order to justify the growth versus profitability equation. So if you have too many little ones that are coming in there, you tend to dilute. So within that, you have to calibrate and say this 5, 2025, this 10, 2026, this 5, 2027, in the overarching framework that 50 to 60% of your growth will still come from the core. Because I will be foolish if I were to divert investments from the core into the small ones and allow the core to collapse because the loss I am going to have there is going to be much more significant.

Avi Mehta: Got it Sir and thanks a lot for taking our questions and helping us and interacting with us for all these years. It is been a pleasure.

Suresh Narayanan: Thank you very much. Thank you.

Ajay Bajaj: Thank you, Sir. Thank you all the participants, attendees. We close the session now. And for the people who are here in the room, there is some high tea snacks just outside in the cafeteria. Thank you.

Suresh Narayanan: Thank you all very much. And those online, my sincere gratitude, my apologies that all of you could not ask your questions so I think we should get to the bottom of that.