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To,

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

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

Sub: Transcript of Investors' Conference Call for Dabur India Limited – Q4 FY 2020-21 Financial Results

Dear Sir,

Please find attached the Transcript of Investors' Conference Call organized on May 7, 2021 post declaration of Financial Results for the Quarter & Year ended March 31, 2021, for your information and records.

Thanking You,

Yours faithfully,

For **Dabur India Limited**

(A K Jain)
E V P (Finance) and Company Secretary

Encl: as above

“Dabur India Limited Q4 FY21 Results Investors Conference Call”

May 07, 2021

MANAGEMENT:

MR. MOHIT MALHOTRA - CHIEF EXECUTIVE OFFICER
MR. ANKUSH JAIN - CHIEF FINANCIAL OFFICER
MR. SHAHRUKH KHAN - EXECUTIVE DIRECTOR (OPERATIONS)
MR. ADARSH SHARMA - EXECUTIVE DIRECTOR (SALES)
MR. ASHOK JAIN - EVP (FINANCE) & COMPANY SECRETARY
MRS. GAGAN AHLUWALIA - VP (CORPORATE AFFAIRS)

Gagan Ahluwalia: Thank you. Good afternoon ladies and gentlemen. On behalf of the management of Dabur India Limited, I welcome you to this conference call pertaining to the results for the quarter and year ended 31st March 2021. Present with me on this call are, Mr. Mohit Malhotra – Chief Executive Officer, Mr. Ankush Jain – Chief Financial Officer, Mr. Shahrukh Khan – Executive Director (Operations), Mr. Adarsh Sharma – Executive Director (Sales) and Mr. Ashok Jain – EVP (Finance) and Company Secretary. Please note that due to the lockdown in Delhi NCR many of us are working from our respective homes, so kindly excuse if there are any connectivity issues during the call.

We will start with an overview of the company's performance by Mr. Mohit Malhotra, followed by a Q&A session. I now request Mr. Mohit Malhotra to start his presentation. Thank you. Over to you Mohit.

Mohit Malhotra: Thank you Gagan Ma'am. Good afternoon ladies and gentlemen. These are truly challenging times. I hope all of you and your families are safe and healthy. Just as our hearts go out to everyone affected by this second and more devastating wave of COVID pandemic, we are also eternally grateful to the frontline medical professionals and nursing staff who are risking their lives everyday to keep us safe. This is a time like no other in our lives. The pandemic is now striking us closer at home, affecting our families, communities, organizations and even our perspective and way of life.

At Dabur we are focused on how to best protect and support our families, employees, business partners, communities in the face of this unfolding crisis. I am equally inspired by the deep commitment and superlative efforts of each and every member of the Dabur family who have gone above and beyond the call of duty to sustain our manufacturing and supply chain operations. Together we have successfully converted the challenges into opportunities and have emerged as a more flexible agile and fearless organization. As a result, we have reported one of our best performances in a very tough COVID year.

In Financial Year 2021, Dabur achieved consolidated revenue from operations of 9,562 crores growing at 10% over the previous year. Our India FMCG business recorded a growth of 15% with volume going up by 12.4%. Profit after tax increased by 17.2% to touch Rs.1,693 crores. We have crossed several milestones in the process. We have crossed Rs.10,000 crores of gross sales for the first time in history of Dabur. Our operating profit exceeded to Rs. 2,000 crores. Our market capitalization touched Rs. 1 trillion mark. One of our flagship power brands, Dabur Red touched the Rs. 1,000 crore mark. We have added Rs. 500 crores to our Health Supplement portfolio which includes iconic brands of Dabur Honey and Dabur Chyawanprash in a single year.

Performance highlights:

Let me now touch upon our quarterly performance. During the quarter ended 31st March 2021, we have registered a growth of 25.3% in consolidated revenue from operations. Our standalone business recorded a growth of 30% backed by a robust volume growth of 25.4%. Consolidated operating profit increased by 25.6% ahead of topline and profit after tax grew by 34.4%.

Coming to category wise performance:

Our Healthcare portfolio recorded a growth of 23% in Q4 driven by creative contextual marketing campaigns, localized field activations and sustained investments behind our brands. Dabur Chyawanprash reported a strong performance, despite it being off season gaining market share of 170 basis points. Dabur Honey continued to do well and gained 230 basis points in share in the honey category. The Digestive portfolio posted a 20% growth on account of improvement in mobility and out of home consumption.

OTC business posted a very strong robust growth of 34% on back of good performance of Lal Tail, Shilajit and NPDs like Health Drops, Health Juices and other Ayurvedic products.

The ethical Ayurvedic business also performed exceedingly well growing by around 40% on back of strong demand for immunity boosting products, contextual activation and visibility drives in the chemist channel.

Within Home and Personal Care space, Oral care was a star performer recording a stellar 42% growth. Dabur Red paste continued with strong growth momentum with Meswak and Babool franchise also recording a strong double-digit growth. Our market share in the toothpaste category witnessed 120 basis points gain vis-à-vis last year. Recently launched NPDs like, Dabur Dant Rakshak and Dabur Herbal range of toothpaste continue to do well. Dabur Lal Dant Manjan also witnessed a growth of 23% during the quarter.

The Hair Oil portfolio had a good quarter reporting a growth of 25% on back of double-digit growth in perfumed oils and coconut oil portfolio. Our market share in Hair Oil improved by 70 bps. We will continue the strategy of supporting our core brands with flanker brands and also launched variants to cater to varied consumer needs.

The Shampoo portfolio recorded a growth of 33%. Our market share in shampoos continued to see an uptick, an increase by 70 basis points in the quarter to touch ever highest 6.5%.

Homecare marked a turnaround during the quarter, growing by 24% with all brands reporting a smart recovery in demand. Despite the Air Freshener category continuing to report contraction during the quarter, Odonil brand saw a 20% growth. Odomos and Sanifresh also witnessed strong double-digit growth. While Odonil registered a 90 basis points gain in market share, Odomos recorded 130 basis points improvement in market share.

Skincare portfolio witnessed a growth of 38% driven by strong growth across portfolio. Gulabari performed extremely well with a growth of more than 40%. There was a good revival in Fem and Oxy portfolio as well.

Our Food and Beverage business improved significantly, reporting a growth of 28%. In the Beverage business, both in-home businesses and out-of-home consumption reported a strong performance. Our market share in JNSD category saw increase of 80 basis points. In our pursuit to grow our Food segment, we continue to expand our business under the Hommade brand, which saw a growth of 36% in the quarter. The new products launched under the Food and Beverage portfolio like Real Mango Drink, Real Frappe Milkshake, Hommade Chutneys and Pickles range continue to see a very good traction in the market.

Among the channels, E-commerce continues to be outperformer with a growth of 2x. This channel now contributes around 5% to 6% of our sales. Focus on digital and e-commerce, which has increased considerably during the COVID crisis, we were able to build a closer connect with our customers and consumers among the rising preference for online purchases. Our recently launched e-commerce first innovations such as Apple Cider Vinegar, Baby Care range, Value-added Honey performed very well. During Q4, we introduced Vatika Select Shampoo range with new ingredients likeCoconut Milk, Moroccan Aargan, and Red Onion Seed. Innovations will continue to be a very strong driver of growth for the company, and we intend to continue to convert consumer insights into innovative and relevant products.

Our international business recorded a growth of 21% in constant currency during the quarter. In terms of regions, Middle East North Africa (MENA) region posted a growth of 24%. Egypt grew by 22% and Muscat business saw a growth of 12%. SAARC business performed well with growth of 21% in Nepal and 47% in Bangladesh. International business also reported an increase in operating margin aided by favorable country-mix and cost saving initiatives.

With the emergence of this more devastating second COVID wave, the operating environment has become very challenging. While there is not a nationwide lockdown till now unlike last year, the localized restrictions are leading to some last mile disruptions in supply chain. That said, we are better prepared as a team to handle the pandemic as compared to last year. We are also applying learnings from last year on streamlining the supply chain to ensure minimal disruption in supplies. While this remains a developing situation, our factories continue to operate on relatively normal basis.

Going forward, we anticipate that there may be an impact on the discretionary product portfolio as people are staying home and outdoor activity is restricted. However, our Healthcare portfolio, especially the immunity building Ayurvedic products is already witnessing an uptick in the second part of April and should make up for any loss in the discretionary product business.

The second wave has posed a greater humanitarian crisis. Safeguarding the health and safety of our employees remains our topmost priority. In the past few weeks, we have tied-up with local hospitals and organized vaccination drives for our employees and their families. At the time when access to physical medical support is becoming increasingly difficult, we have been helping our employees and the immediate family members gain access to trained medical experts, doctor consultations online, COVID testing facilities, and home isolation programs. We have converted our guest houses into COVID isolation facilities equipped with oxygen concentrators, cylinders, nursing staff, ICU kits, etc. We are planning to set up an oxygen generation plant and isolation facilities near our manufacturing units to help out our employees, not only just our employees, but also the community members. We have also extended a special insurance cover to our 3,200 frontline salesforce who were not on our payrolls and to 650 C&FA employees. I understand these are difficult times and many of our friends and families are struggling with health issues and other concerns. But I am confident that we will all emerge from this much stronger and much more resilient in the future. Please take care of yourself and your loved ones, stay safe and protected.

I now open the Q&A and invite your questions. Thank you.

Aditya Soman from Goldman Sachs

Aditya Soman: The first question is in terms of seasonality that we are now seeing in 4Q. So, before let's say FY20, 3Q and 4Q were pretty similar in terms of revenue, maybe less than 100 crore difference, but we are seeing last two years the gap in 3Q and 4Q especially in domestic FMCG is quite significant. Any reasons for this?

Mohit Malhotra: Aditya, if you actually see, our Healthcare salience has actually significantly enhanced over the past couple of years. And our Healthcare portfolio is more winter centric, especially the sub category of Health Supplements is pretty winter centric. Therefore, Quarter 2 and Quarter 3 assumes a higher saliency. Quarter 2 on account of buildup for the Quarter 3 and Quarter 3 because a seasonal consumption happens in the business. As we enter Quarter 4 it's actually the HPC which becomes more salient and there is a moderation or a tapering in the Healthcare business which starts on. That's the way the business has been, but I think, because Healthcare saliency has gone up, that's why you see a little marked difference in the seasonality now. Moreover, what's happened, in the last quarter last year we saw a little moderation or tapering off in the growth rates of our Honey and Chyawanprash business on account of it being off season. And there was a tailwind earlier in Quarter 2 and Quarter 3. That's why the difference may be there in terms of CAGR that you must be seeing.

Aditya Soman: In terms of going forward, you had indicated that in April you have seen some escalation towards the end on Health Supplements, but you also lap a very tough year. What sort of growth rates would you expect to deliver on sort of a fairly high number?

Mohit Malhotra: Before this COVID second wave actually hit us, we were always targeting to hit a double-digit growth and we were pretty well prepared with it. But with this COVID second wave, now things have become a little more dynamic and fluid and one doesn't know where this will land up in. As far as April was concerned, I think we had the momentum of March and it carried forward in the April. So, we did not see any impact. But I think whatever lost ground that we may have on account of lockdowns and if this wave is limited to June and May end, I think we should be covering it up in the balance part of the year. That said, we have a high base in Quarter 3 especially when we lap over the season. But I think we are pretty much prepared with a lot of innovations and price increases, etc., to ensure that our trajectory goes up. That said, we are hardly 8,000 crores and we have competitors who are 45,000- 46,000 crores. I think there's a huge headroom to grow, especially in Healthcare which is a low penetrated category. I think it's just not the base that we need to see, it is the opportunity ahead of us that we need to see if we have to really leapfrog in terms of growth. So, I don't think there is any lack of opportunity out there. And as you know in Foods business, we have entered the Drinks category, regeared the business from a market size of Rs. 1,800 crores to now Rs. 7,000 crores. We are getting into food business with a Hommade brand. Foods category is essentially unbranded in the country. Huge opportunity to grow. Hair Oils, its Rs. 10,000 crores and we are hardly a 15%-16% market share. Oral Care another Rs. 10,000 crores. We are only 16% market share. Homecare we are scratching the surface. Skincare we have not done much. So, I think the opportunity is huge on account of diversified portfolio of Dabur. We are very small. So, I have no doubt that we should have a good year provided the COVID situation improves a bit.

Aditya Soman: And lastly on this Health Supplement business. This quarter there was no impact because more consumers started getting out, do you think the impact was just a seasonality?

Mohit Malhotra: The impact of seasonality, the tapering off or the moderation in the Healthcare peak growth that you saw in Quarter 3 that came down on account of seasonality for sure. And Honey as a category because the competitive intensity became very high in Quarter 2 and Quarter 3, the category actually shrunk and because of shrinking of the category, we saw the growth rates mute a bit, but as the STRs go down and the consumption starts, with the new wave of COVID coming in, I think the categories would come back again and with competition coming in it will expand by going forward. I think it was pretty short-term and that should come around.

<u>Arnab Mitra from Credit Suisse</u>

Arnab Mitra: My first question was on the 4th Quarter, if you look at the growth over the 4th Quarter of FY19 because last year there was a disrupted base. If you look at the two years CAGR of this quarter on the India business, it looks like a 4% growth CAGR at 4Q 2019 to 4Q 2021 and while last two quarters you were clearly doing double digits pretty comfortably. I think the framework you had in mind was that there will be some slowdown in Health Supplements, but you would make it up through let's say Foods and some of the other out of home discretionary categories. So, that equation doesn't seem to have worked, in the sense that there is a sequential moderation in the two-year CAGR. So, is that something that worries you, when you look at FY22 lens of how you will deliver that double digit ambition?

Mohit Malhotra: I think, the primary sales is what you look at, in which you look at 4.8% CAGR as compared to the previous quarter wherein we saw a double digit or 8% CAGR which was happening. If I look at secondaries, secondaries are pretty much in-line with what was there in Quarter 2 and Quarter 3also. What we did is, we implemented CRS, which is Continuous Replenishment System in our sales system. If you look at our previous quarters, year before last Quarter 4, we used to do pre-season loading because the season used to happen, the consumption used to happen in Quarter 1 and loading happened in Quarter 4 of the previous year. Now this year we did not do that kind of a loading on account of the CRS implementation and wherein we fixed the inventories at the stockist levels. And whatever secondaries happened is what primaries we take in. So there has been a little bit of correction in pipeline which has happened in the business. That's why the delta growth that you saw has got shaved off in the Quarter 4. And that's the way we want to see the business. So, I am not overtly worried because I think secondary sales is pretty much in-line, off takes are pretty much in line, market shares are growing across all categories and we are growing ahead of category growth numbers. So, there is no worry here. As far as the Food business is concerned that has also come around the bend for us, Beverage business has grown by 37%. And if I take out the institutional business, this business would be growing at around 40% for us. Apart from beverages, the Culinary business has grown by 36%. We already have a shortage of coconut water as we speak in the market and we are wanting to augment capacities, which is not very easy. So, I don't think it worries me quite a bit, but yes, the base is there. And I think we will lap over the base. But that's a problem that we have. I hope I have answered your question.

Arnab Mitra: That is very helpful, Mohit. Just a follow-up on that, any sense of how much could be the shaving off of primary versus secondary gap, and is it like a change which has happened once and now there is no incremental, let's say high impact going ahead or is there like a process where there could be some impact even in the subsequent quarters where you need to further kind of reduce the pipeline.

Mohit Malhotra: Not really. If you look at the pipeline, earlier we had to have 25 days of pipeline, that pipelines got corrected in the current year. We ended at around 17 days of pipeline. So, there has been a 6 to 7 days of correction in the pipeline on account of the pre-season loading. We want it to be like that, Arnab, but one doesn't know how the season pans out to be. With this kind of uncertainty, one would definitely notwant to load, but what's happened is that, because we know that now COVIselecivetivelyD situation is going to hit us, there are selective lockdowns. We are increasing inventory levels in the trade as we speak. In the month of April, we have increased inventory levels so that STRs do not dry at the retail level and we increase. So, it is a very dynamic situation. But that said, we have already implemented this system and it's very virtuous to implement this system so that by default we don't increase, only by design, if we want to increase the inventory, then we increase it to safeguard the future businesses. That's the way this is. But I don't think this is going to be the case going forward. This is one-off implementation where we corrected these inventories by around 6-7 days to maintain a better hygiene of the distributor. Because we got a better ROI, we have also been able to save the margins of distribute.

Arab Mitra: Any quantification on how much could be the gap, primary, secondary for the 4Q itself, any kind of broad range?

Mohit Malhotra: The difference I told you in terms of the number of days, that's the difference broadly. And I will not be in a position to quantify this difference, but the growth difference will be, we see a growth of around 4.8% and if secondary is in the range of roughly around 8.4%, there should be a difference of around Rs. 70 to 75 crores of difference. That is ballpark I am giving you a number.

Abneesh Roy from Edelweiss

Abneesh Roy: My first question is on the standalone gross margin, so there is almost 250 bps compression. So, wanted to understand which parts of the product portfolio you are taking price hike and which quarter you expect this kind of a gap to be reduced?

Mohit Malhotra: So Abneesh rightly noted. We have a compression in the domestic business because we have seen an unprecedented kind of inflation and this inflation is in tune of around 5% to 6% in the overall business and spanning across the entire product portfolio. First of all, Agri commodities have gone up and we have Herbs and Spices in Agri commodities where there has been a huge inflation whether it is an amla, fruit or it's vegetable oils. The second bucket is hydrocarbon link with the fossil fuel link - packaging material, raw material where we have seen a huge spike because petroleum rates are much higher as compared to last year. Third is specialty chemical is also higher for us. So, across the board there has been an inflation, and this is unprecedented. We have tried to pass on this inflation to the consumers by way of 3% price increase. The 3% price increase is not good enough for us to mitigate this entire impact of inflation. So going forward, we will be taking second round of price increases that may happen and the follow-through impact of previous price increases will come in the Quarter 1 as we sail through the quarter. There will be some margin pressure in the 1st Quarter.. But we expect the commodity prices to cool off in the second half of the year. And therefore, we should be able to compensate the margin loss in the 1st Quarter or 2nd Quarter in the second half of the year. So that's what my take is. And another point is mitigation. We have also embarked on cost optimization projects. I have already alluded to in my previous calls, we have got Samriddhi project. This year we have accrued a gain of around Rs. 50 crores on account of cost-saving in Samriddhi. Next year, another Rs. 100 crores is planned to come out of the Samriddhi cost saving initiative as a company. So, half of mitigation will be through price increases and hopefully half will come through cost saving.

Abneesh Roy: Related question is, A&P spend last two quarters also your A&P spend was quite high and in the Q3 concall you said that it in Q4 likely that it will come down. It hasn't come down. In fact, 30% standalone sales growth, 69% A&P cost growth. So, what has led to that not panning out?

Mohit Malhotra: Yes, we are committed to be increasing our demand related activities and advertising is a very important part of building demand, not just for our power brands to gain market share. That's what we are committed to internal volume growth and also for new products. That said, advertising is most important. But if you look at year-on-year trajectory of percentages spent on advertising. I think we are pretty low. If you look at Quarter 2 and Quarter 3 our advertising spend was roughly around 8% or even higher of the total topline. But in the current quarter, which you just talked to, it's still 6.8% odd and which is higher than last year of 5.2%. But last year we had cut back on advertising because of the lockdown situation which we saw. So therefore, we are committed to increasing our advertising spends. And the margin shrinkage that you saw is only in the Quarter 4. But if you look at the full year, our margins have remained the same and that is what the guidance that we had given, that we will maintain our margins and anything excess coming in the P&L, we will invest behind the business. So, for the full year we have almost maintained the margins. The little delta shrinkage that you are seeing in the margin, which is only around a double digit, I think it's around 10 or 15 bps in operating profit down in the overall business, that is on account of last year bonus reversal. Otherwise, our margins would have been at the absolute same levels and any incremental profit has been deployed back into advertising. That said, going forward in the year, if the inflation cannot be mitigated by way of price increase or by cost mitigation measures, then we may have to moderate some amount of advertising. But that will be our last priority. That said, we wouldn't want to do it, but if push comes to shove, then we will have to re-gear or recalibrate our entire media strategy and focus on lesser channels, etc.

Abneesh Roy: My second question is on Hair Oil. All the three companies which have got Hair Oil they are claiming a market share expansion. I wanted to understand who is losing market share and is there any slicing or dicing of data, how can all three companies see markets share expansion?

Mohit Malhotra: Now this is a difficult question that you have actually asked me. I think a lot of smaller players and more expensive Hair Oils are the ones which are actually losing market shares this time. As far as Dabur is concerned, we have gained 70 basis points and sequentially we have been gaining our position in market share. We had lost market share, but that was in the 4th Quarter of last year, which is the COVID quarter, which is where we had lost some share. But this time we have grown ahead of the market. Just to let you know market is growing at around 2% or 3% volume growth and we have registered a 24% volume growth in the Hair Oil, so we are bound to increase market share. As per Nielsen also, we have increased our absolute numbers. Our volumes are at 9.3% as compared to 2% of the category in the Hair Oil, as per Nielsen. And across sub segments of Hair Oil, be it coconut oil where our growth is around (+) 40%. In Perfumed Hair Oils, our business is grown by (+) 20% across the board. I can't comment upon other companies gaining share. Maybe smaller fringe players have lost, but we can perhaps get back to you after scanning the entire data as to who has lost out there.

Abneesh Roy: This is my last question on OTC and a Health portfolio. In Sanitizers, consumer behavior changed dramatically. In Q4 when COVID was not much of an issue, at least for the first 2-2 ½ months, how was the repeat for sales you saw in Chyawanprash, Honey and your Ethical portfolio of Health Drops and Juice? And did you see a big dip and is the big dip now reversing?

Mohit Malhotra: As I told you, the Healthcare portfolio was more winter centric for us, as far as Chyawanprash and Honey definitely. So, there was a moderation from the peak levels of Quarter 3 that we saw and that was bound to happen because of off season and in season, there is a difference between the two. The pace of businesses are different and the growth levels are different. But that said, we saw growth of 150% in Chyawanprash also and a double-digit growth that we saw in Honey business also. And we have gained market share in Chyawanprash to an extent of 170 basis points. And in Honey we have gained market share of 220 basis points. So, we have strengthened and consolidated our position as far as both these markets are concerned. As well as Ayurvedic medicines are concerned our Ethical division that continues to surge ahead because it was not related to COVID and the people had started moving out and as far as the penetration of Ayurvedic Healthcare has improved in the country since the first phase of COVID situation. So, we are in a good position and we are launching a slew of NPDs to complete our portfolio in the Ayurvedic medicine business, launching value added products in our Health Supplement business, and in OTC business we launched our Health Drops and our Health Juices and Single Herb and Poly Herbal range. And all those ranges are actually doing exceedingly well for us. And because we didn't have a base, so the growth was there, but some amount of seasonality for sure is there in this business. And as far as the second wave of COVID is concerned, we are definitely seeing a tailwind again. If I have to separate April first fortnight and second fortnight, we find that our Healthcare business has really got a spurt in the second fortnight of April on account of the COVID cases surging. But that said, the HPC portfolio would not suffer as much because there is no complete lockdown. People are still going out in the market and doing purchases unlike last year. So, we are more confident in the current year of the portfolio doing well on account of HPC and not being completely shut out to consumer because retail outlets were not there. Now, retail outlets are open, people are delivering at home, they have got used to e-commerce sales. So, things should be much better as compared to last year and we will be able to control them much better. The repeat purchase at the trade level is showing positive trend as far as our distribution billing software is concerned even for Healthcare. So, we are seeing a positive trajectory now in the Healthcare business on account of COVID.

Abneesh Roy: One last follow-up, in one of the earlier quarters, Health portfolio demand was so much that you were not able to supply. Currently again demand you said has gone up but because of the restrictions in kirana shops and other challenges, is there any stockout or loss of demand you are not able to meet in the current scenario, any significant stockout?

Mohit Malhotra: Yes, there is a stockout in the Foods business. Our coconut water business is completely stocked-out now. We are not able to service the demand in our coconut water business. There are some variants in Juices where we are facing stock out, Amla, etc., we are facing a stockout situation. In some medicines we are facing some stockout situation. That said for the big power brands, we are not facing any stockout, because we are pretty well prepared after last year. And as far as CAPEX of the current year is concerned, we will be investing 550 crores in next 4 to 5 years to set up a Greenfield facility in central India to cater to our South region, East region, West region, and also the North region and that preparation has already started. We have already taken up a 50-acre land near Indore to spruce up and augment our capacities and which essentially will be for the Healthcare business, Chyawanprash business and also our HPC business. So that is what we are doing long-term to augment the capacity because penetration of Healthcare are going up in the country. In long-term we have to be prepared. In short term and medium term, we are not facing any shortage as of now in the key product categories whether be it honey or be it Chyawanprash or be it all our key products.

Percy Panthaki from IIFL

Percy Panthaki: My first question is on the margins. I understand you did speak about the inflation and input costs and your price increases. First round you have taken, second round you are contemplating, etc. And you have also spoken about your need of investing in A&P. So, I just wanted to understand the interplay of all these elements at an EBITDA margin level next year. Do you see a YoY compression for the full year FY22 versus the full year of FY21?

Mohit Malhotra: Percy, at no cost we will let our margins shrink for the full year. We are completely committed as I told you, the guardrail is margin protection and we will use different media mixes or different advertising mix elements to ensure that the demand doesn't suffer and we commit to a high-single digit volume growth. So that we will do, because it could be interplay of trade, consumer promotions, advertising, digital. So, there's lot of interplay which is possible and different strategies can be adopted. But we will not allow our margins to shrink. And for that to happen, I told you we have undertaken Samriddhi and there is cost saving on Samriddhi which is planned and that's in international business also and in the India business is what we have a fearless approach to cost savings and we are extremely committed to protecting our margins.

Percy Panthaki: Second question and I am sorry to belabor this point. Everyone has asked this in some way or the other. I am going to ask it again. If I look at, again your two-year CAGR, so as to remove two things, one is to remove the effect of the low base in Q4 FY20 and secondly it will remove the seasonal aspect of sales being seasonal between Q3 and Q4. If I look at the two-year CAGR for 4Q FY21 for something like Health Supplements, it is only 3%. But if I look at the same number in 3Q FY21. So, 3Q FY21 versus 3Q FY19 that is 23%. As I said 4Q FY21 versus 4Q FY19 that has slowed down to 3% only. Similar numbers respectively if I tell you for your OTC and ethical segment it has slowed down from 16% to 4%. So, our earlier assumptions or the guardrails that we were working with is, that the COVID tailwind have resulted in a new normal level of sales growth and after this on this new normal the future growth will be a normal 8% to 10% kind of growth. But what we are seeing is that the two-year CAGR once the number of cases in Q4 has come down, the two-year CAGR has gone down fairly materially. And here you will not even have the CRS pipeline correction because Q1 will be a very off season for things like Chyawanprash, etc. In any case, no question of a higher number of inventory days here. This fairly sharp reduction in the two-year CAGR in these two Healthcare related categories on the back of cases coming down, that really worries me, the initial assumption that this is a new normal level of sales. And on top of this, we will now have further normal sales growth. Is that assumption correct?

Mohit Malhotra: I don't think so. Percy, you have to look at it practically in my view. I understand that you are saying there has been a slight moderation which has actually happened, but first on the inventory levels. If you look at Healthcare and segment, your first question was Health Supplement. There are three brands in Health Supplements we have. We have Glucose as a brand here which is very salient in our summer season wherein, we used to do summer loading. There's glucose, there is Chyawanprash and there is Honey. We have seen a growth of 150% on Chyawanprash. Now this is brand-wise. We have seen a growth of near double digit in terms of Honey, but in Glucose is what we have seen a compression of around 16%-17% which is where we used to do pipeline filling and pre-season loading. On account of that is the difference that you see, because out-of-home consumption was impacted in Quarter 4 also. Kids were not going to school and Glucose is very school kids usage product. So, that has somewhere impacted that business. And Quarter 4 not being a season for these. So, that is where that impact has been. And number three, is that portfolio mix that a salesforce plays with. When a salesforce is going out to the market you suddenly have the HPC range also firing now, and you have to sell Dabur Amla also. At the end of the day, a sales guy has to sell around 5 to 6 SKUs in a retail outlet. So, when he sells that, if he's got a 20%-25% growth rate, so something takes a beating out there. I am not saying it is not, and while we have 4 different verticals, so that also somewhere gets overshadowed because rest of the vertical starts selling. Suddenly Juices become very salient, and we saw a 40% growth outside of institutions happening. So, salesforce energy, bandwidth, time also goes away in the other part of the portfolio and its generally a habit of selling more HPCs and HCs in that. So, that's the reason in my view could be. And there is a pipeline issue which is there.

Gagan Ahluwalia: Just to add to that Mohit, there's also some pipeline of Juices which we used to fill. It's not only a pipeline of Healthcare. But in the 4th Quarter the Juice loading used to happen which didn't happen last year, and this year also it was low. And therefore, the CAGR on that front also has come down.

Percy Panthaki: And haircare also if I look at your 3Q FY21 two-year CAGR it is 7.3 and 4Q FY21 it is 0.3. So, any reason for this two-year CAGR dropping by 700 basis points?

Mohit Malhotra: No, I don't think there is a reason. It is just a growth rate that is getting registered and market share gain, the category was flat. On top of that category, we have actually grown our market shares. And I must tell you that in the Healthcare, first that question, that the STRs were very high in the trade because COVID was going down in the beginning of the quarter. More STRs were build up in Honey and Chyawanprash. So, that also in a way takes time for the STRs to get released before the new filling actually happens, which also must have impacted the secondary. But I think, it takes time for the business to build whatever is lost in the 1st Quarter, which is what the case happened in Quarter 1, 2 and 3 on the discretionary portfolio. So, I think building is happening, we simply can't gain in one quarter. And we are seeing traction in Hair Oil now building momentum. But for this COVID situation now come in, otherwise there was a momentum which was actually coming in. So, it's not very mathematical the way we are seeing it. It is also the way the sales guy does the business out there.

Percy Panthaki : I understand Mohit. And one quarter by itself doesn't really worry me. Anything can happen in one quarter, but I just wanted to understand whether this is sort of signaling something, and we need to relook at our assumptions that whatever COVID related gain, they are a new normal or not. That is what I wanted to understand. So, if you can basically just let me know what your confidence level is in terms of clocking a double-digit growth in OTC, ethical as well as Health Supplements for the full year of FY22.

Mohit Malhotra: I don't think we will be able to register a double digit in the Health Supplement business. I said we are targeting a double-digit growth rate for the overall business in the beginning when the COVID situation wasn't there. And we wanted to do double-digit on that. But Health Supplement on a higher base will not be double digit. Health Supplement will be low single digits for us because the base is higher. But OTC will come in and ethical business will definitely have a double-digit growth. That I have no doubt in mind.

Percy Panthaki: So, basically what you are saying is that for Health Supplements, it will be low single digit growth, OTC, ethical should be double digit and for the company as a whole pre-COVID you were gunning for double digit, but now it is not so sure. Is my understanding correct?

Mohit Malhotra: Yes, that's right. But with the second wave of COVID, Health Supplement has got a tailwind once again. And while we were assuming that it will be low double digit, but things could turn anyway because again Chyawanprash and Honey and all those products have started firing again. And there could be a little headwind on the discretionary portfolio, but a tailwind on the Healthcare portfolio back again. But that comes on a higher base. But we are pretty confident. I think if the situation is going to improve in the month of June, then I think this problem of the first quarter should be compensated in the other quarters. If not, then we'll have to recalibrate our numbers going forward. But I am very hopeful that with the fiscal stimulus, etc., if at all the government announces rural will continue to trend up and urban recovery will also be V-shaped and on back of all we should be able to do that very high single digitvolume growth and on top of that price increase which would lead us to a double digit value growth.

Percy Panthaki: Thanks a lot, Mohit for the detailed answers and apologies for the probing. But I thought it was an important point.

Mohit Malhotra: We always await your probing. So, I think this is always expected and we love it when you ask us these questions. Thank you.

Hitesh Kapadia from Anived PMS

Hitesh Kapadia: Last 6-7 years if I look, Mohit, we have seen the best debtor and inventory days. Are the current level sustainable because of the CRS which you talked about?

Mohit Malhotra: So, I think it's not a question of inventory days, it's a question of return of investment of a stockist, and we need to give him an inventory which he can quickly offload in our secondary. So, CRS is a very seamless way of keeping the stock norm of SKU by SKU and then giving the ordering basis whatever secondary is happening in the market. We don't want to load a stockist with an inventory which he can't sell, and which is very subjective, and people based. We want to have a very system automated and digital way of inventory management. That's why CRS has been implemented. And if the situation warrants, then we relax the inventory norms which are there. CRS doesn't mean that we have a fixed inventory and that will perpetuate forever. And if we want, we can relax inventory norms in the system, like which is the case which is happening in the month of April. We know that shutdowns are going to be sequential and therefore we relax inventory norms and we have extended credit lines and we are increasing the inventory for our Healthcare because we are anticipating lockdowns.

Hitesh Kapadia: On the Juice segment, given what has happened in the Juice segment specifically over the last 4-5 years, now the Juice being targeted as a much broader play because what we have done over the last couple of quarters, Hommade couple of products are launched, Vedic tea has come in. **I**s there a Non-Juice portfolio which they are looking at over the next 2-3 years like a much broader food and beverage play rather than just Juices?

Mohit Malhotra: If you have heard in my commentary, this time we separated the business into food and beverage, and therefore there's a special focus on food for scaling up the Hommade brand. This year we are committed to be making Hommade, we will breach the 100-core milestone and that's a target that we have taken ourselves for Hommade in the current year. We are running at 70 crores this year and we want to make it up to around 100 crores and in next four years' time we want to breach it to 500 crores and that's what we plan, our number of SKUs and product categories under the Hommade brand. And I think we are got an underleveraged brand here which is what we want to scale up and scale up to a level that it also becomes a power brand for us. So, there will be a focus definitely on Hommade plus there is a tailwind which is supporting us for ready-to-cook and ready-to-eat now as people are not moving out. So, there could be no better time than now to scale up this business. Also, we want to get into the sauces and the condiment segment. And also, you have seen that we have gone into spices segment which is a very big segment. So, we have ushered into the spices. So, we are only taking 2-3 sub-segments of foods and trying to make that play, which is not very competitive and where we have a right to win and in line with our Healthcare initiatives of improving health of consumer. Therefore, spices is an area where we think we will have a right to win here.

Hitesh Kapadia: Lastly just one data keeping question. In the Juices segment if you could give some number of the current reach of your Real and Real Active in GT? And is there a leg of distribution available in rural for higher growth because all the actions we have taken over the last 4-6 quarters in terms of lower LUPs, PET bottle, the Rs. 10 packets seem to be heading in that direction. If you could share some numbers that will be helpful.

Mohit Malhotra: There is a huge headroom which we guys have got if I compare the distribution of Juices with the distribution of our entire HPC vertical and that is what we want to bridge by way of launching drink segment which is Rs. 10 and Rs. 20 price points. And that's why we got into a category of Rs. 10 so that we can activate our entire rural and semi-urban infrastructure. Because at the moment we are present in North and few metros and distribution is restricted to that because of a price point of Rs. 100 and Rs. 110. So, we have made now accessible price points and we have an entire infrastructure to ride on. So, that's why product bundles and infrastructure have to go on side by side. As far as Active is concerned, we are only available in something like around 70,000 outlets and Real is available in 4.5 lakh outlets, whereas Dabur is available in 60 lakh outlets. So, there's a huge head a room available here for us to bridge the gap.

Avi Mehta from Macquarie

Avi Mehta: Just two questions, one, which segment has seen the highest impact of the CRS implementations?

Mohit Malhotra: First of all, its Juices wherein we used to do pre-season loading. Then there is Glucose-D in our Health Supplements. Then there is a hair oil portfolio wherein pre-season loading happens for us because consumption of amla which is almost considered like a cooling oil happens in acute summers, that one. Plus, Pudin Hara which is also seen as…so these are the key segments where the maximum pre-season loading used to happen.

Avi Mehta: The second bit is essentially on the competitive situation. Is it now moving back to how it was in the first phase wherein consumer pull was relatively higher and hence marketing support was relatively lesser or is it different from there? If you could kind of give us some visibility over there?

Mohit Malhotra: Competitive scenario actually varies from segment to segment in the business. As far as Healthcare is concerned, I think the demand is going to outstrip the supply. So, therefore competitive situation will be very favorable to the company where I think we have to augment capacities like I was telling you, we are putting up a plant in Indore. So, I think that will be the case. Less competitive intensity, higher headroom, big price increases for us and we grow the category as a leader, increasing penetrations and less need of advertising and less competitive. As far as foods business is concerned, I think on the back of innovations, we will be able to handle competition very well and that's what we have done because we are hardly 1%-2% market share in drinks. And if I look at the larger space of JNSD, we are only 10% of market shares and huge headroom to grow there. So, that's also relatively less competitive except for the Juice segment. In HPC space, which is competitive in oral care we have got a very differentiated proposition. So, I think we manage competition reasonably well and that's why we have seen a growth of 42% in oral care. Hair Oil is pretty competitive because we have got a price player sitting there at a very low price who plays the game like a commodity and therefore competitive intensity is very high there and it provides the limitation for us to take a price increase. So, that is competitive. Shampoo's space is again a virgin territory where you compete with multinationals and there's no pricing problem. And that's a good space for us. Homecare is a fantastic space with low competitive intensity. Skincare is low competitive intensity. So barring Hair Oil, I think the rest of the spaces are relatively low competitive intensity and forward to increase pricing and manage the business reasonably well.

Avi Mehta: I meant it from a near term lens, essentially because that gives us the freedom. The competitive intensity would have come off that gives us the freedom to play with ad spends at least tactically to kind of look at margins. That is where I was coming from. Not from a long-term lens. That is what was the key question about.

Mohit Malhotra: In Healthcare, the demand has gone up so less need to advertise as much Healthcare as compared to what the need was when the market demand we have to create, otherwise rest we will have to do what we were doing earlier.

Avi Mehta: Just following up on what was asked by the earlier participant, would it be fair to look at Health Supplements as a single digit, mid-single digit, or high single digit growth category as we go into the future? Your thoughts on that? That's all for my side.

Mohit Malhotra: For Health Supplements because we will be overlapping a high base, we will see a low single digit growth rate and that's what we have targeted ourselves. On back of new product entry we have gone into teas and we have gone into single herbs,. so, they will see a growth. But Chyawanprash and Honey on a very high base we will see a little muted growth going forward.

Avi Mehta: But sir FY23 onwards is what I was talking about, not necessarily just in FY22, but would you kind of argue that this is more than double digit growth category when you look at from a medium-term lens, or would you still look at it from a high single digit growth category is where I was coming from.

Mohit Malhotra: I would see it as a double-digit growth with the penetration levels going up in Health Supplement and the kind of innovation that we are doing on supplements. We have introduced value added Honeys and we are introducing different variants of Chyawanprash. So, I would bet on a double-digit growth in the medium term, I think except for this current year which is a high base lap over. And the penetration levels are also low to an extent of 4%. So, there's a huge headroom to grow. And in Honey also penetration level is around 20% so headroom to grow. So, these categories should grow at a double-digit if we are able to do a good work in terms of growing the categories.

Prasad Deshmukh from Bank of America

Prasad Deshmukh: A couple of questions, one is, in the Healthcare portfolio now, how much is the contribution from the products which you have launched for post-COVID recovery? Mostly I can see Giloy and Ashwagandha.

Mohit Malhotra: The total new product contribution overall to the business is in the range of around 5% for us NPD. I think somebody asked a question. So, I am answering that question, it's around 5%. In Healthcare these NPDs that we have rolled out should be around 2%-3% only.

Prasad Deshmukh: Second, you also mentioned stockouts in some of the products. Could you give an idea as to what kind of impact this would have had in Q4?

Mohit Malhotra: Q4 there was no stockout, Prasad. It was completely okay. It's only in the April second week onwards, post the second wave of COVID is hit that we are facing stockouts situations. But not in Quarter 4. There is no impact of any stockouts in Quarter 4.

Shirish Pardeshi from Centrum

Shirish Pardeshi: Mohit, just a quick observation, when I look at the annual number, our Healthcare portfolio used to be about 34% in FY20 which has moved to 39%. While when I look at the margin profile, the EBITDA remains flat. I would tend to believe that Healthcare portfolio would have a higher gross margin and net margin. So, somewhere would you be able to help me understand what is it that we should be looking in FY22 as a contribution in margin profile.

Mohit Malhotra: So Shirish, while the Healthcare portfolio has gone up, you will see there's upside in the advertising investment also in the business. So, whatever upside on gross margin that we got, we have invested back into advertising. And also, the saving initiatives that we have done that has also been invested in advertising. In Quarter 4 you don't see that because there is a huge inflation which has actually hit us. But otherwise, we invested it behind advertising. So, going forward we will want to maintain our operating margins. And that's what our guidance was earlier also. Any upside that we get on account of price increases or savings or low advertising that will be invested and to maintain the margins. And also, what has happened in Quarter 4 is inflation has hit us in Healthcare with Honey, Amla and Herbs going through the roof because of multiple players who have entered, and the demand has gone up for Amla and Herbs, etc.

Shirish Pardeshi: So, would you be able to tell that FY22 Healthcare contribution will be in the range of about 39%-40% or will come down?

Mohit Malhotra: The Healthcare contribution should be in the range of around 34%-35%. It depends upon how our NPDs trend up and then the contributions will actually go up. But we expect the contributions to be in the range of 34%-35% for Healthcare.

Shirish Pardeshi: The reason why I am asking because I think about two quarters before you harped on that the company is working very closely with Ayush Ministry and you are looking forward some products getting listed, and distribution will go up with the Ayush outlets. So, any update on that where it is at this point of time?

Mohit Malhotra: We are still in the process of creating those products, but it depends upon the COVID situation, Shirish like you said. If the COVID situation remains the way it is and hence pandemic continues, Healthcare would definitely trend up as a business. That's what we saw in Quarter 2 and 3. But that said, lot of our innovations are happening in Healthcare and Foods also. So, here is no reason that we see the saliency there also going down.

Shirish Pardeshi: The reason why I am asking is that if I bake in a number say around 5%-6% of volume growth and you have already said that you have taken a bet at 3%, assume that 4%. Will FY22 look like 14%-15% growth?

Mohit Malhotra: It is difficult to comment, as I told you in the beginning, for us to give guidance at the moment. I don't know how this COVID situation will actually pan out to be. So, it all depends upon that. But I told you, we targeted ourselves to grow at a high single digit volume and on top of that price increase around a 3% on and therefore a double-digit value growth.

Shirish Pardeshi: Do you think you are confident that you will maintain NPD at 5% for FY22 also?

Mohit Malhotra: It depends upon how NPD fares actually. But last year was extremely contextual and favoring NPD. But we would want to peg it around 4%-5% for next year as well because now innovation has become an integral part of doing business for us. So, therefore all of our power brands are innovating.

Shirish Pardeshi: Just a last quick question on booking keeping. What is the tax rate we can keep in FY22-23?

Ankush Jain: First of all, all our major factories except Tezpur have reached sunset in terms of income tax exemptions timeline and hence we will move out of MAT. So, this year we closed at around 17.5%. And next year we expect at a consolidated level our tax rate would be around 21% to maximum 22% at a consolidated level.

Aditya Kondawar from JST

Aditya Kondawar: I had a similar question on the Foods business, and I believe you have answered it, thank you.

Krishna Murthy from Motilal Oswal

Krishna Murthy: While you elicited in great detail on the domestic part of the business, could you also highlight what's the outlook on the international business, particularly with a base of 3% growth in FY21, is the momentum that you have seen in the second half continuing?

Mohit Malhotra: Our international business is a good space. It's actually turned around for us. Like you saw in the current quarter our major markets in the overall international business registered a growth of 21% constant currencyand we will expect to sustain the momentum going forward in subsequent quarters in the next fiscal year. And I would have no doubt in mind that we will grow at double digits in international business. Our MENA business has grown by 24% on back of complete recovery in MENA. COVID cases going down and vaccination happening. Our US business has a rebound and growing at double digits with Dollar denominated and doing well with a better profitability. Our Nepal business is doing well, registering a growth of 21%. And Bangladesh business trended up 46% but there is a complete lockdown now in Bangladesh. So, we are hit by the Bangladesh business in this month of April and May. Our Myanmar business albeit very small is impacted because of the situation in Myanmar. Egypt business has grown by around 21%. That's doing exceedingly well for us. So, I think we are in a good space as far as international business is concerned with a margin upside also and cost cutting initiatives taken there. So, I don't think there's any doubt that we shouldn't grow at double digits in international business.

Krishna Murthy: Also, what's the proportion of any India based manufacturing in the international business. If so then, is there any disruption to export given the ongoing pandemic?

Mohit Malhotra: The percentage of India export is very minimal, extremely minimal to an extent of less than 1%-2%. Entirely it is manufactured abroad, the international product mix, and therefore it doesn't have any pushback.

Krishna Murthy: Finally, on direct reach, you were targeting to add about 1.2 million outlets by the end of FY21. Was it on target? And would you take a pause before expanding more?

Mohit Malhotra: In terms of direct reach, we targeted ourselves to achieve 1.3 million and that's what we have achieved. And next year going forward we want to achieve a number of 1.4 million and that's what we shall do. As far as rural coverage is concerned, we are committed to be building our infrastructure despite COVID situation. And we had targeted ourselves last year to reach up to 60,000 villages, we did. Now we have set ourselves a milestone of 80,000 villages in next two years’ time. That's what we should be doing. And we have created a separate vertical of e-commerce and modern trade. So that's also doing well for us.

Harit Kapoor from Investec

Harit Kapoor: I just have two questions. Firstly, on the hygiene space. The last time first wave hit you were very proactive in terms of taking the opportunity make some tactical innovations. Just wanted to understand this time around how are you looking at the opportunity?

Mohit Malhotra: Hygiene business has actually plateaued, Harit, over a period of time and as people stop going out and out of home consumption reduces, people have kind of stopped using sanitizing products. Now with the new wave of COVID again it will see a little inch up, but then there is a huge surplus capacity in the market and people are cutting prices left right center. I don't think it's a very profitable category for us to sustain business here. So, we did a business of around 100 crores last year of sanitizers, but I think that's completely moderated and tapered down and it's almost running out of favor as far as consumer is concerned. So, we are not vey hopeful on the sanitizing business to be doing well. Except the soap business is got a tailwind and that's where we will focus, which is our ingrained set category.

Harit Kapoor: You spoke about innovation in the earlier questions that were asked. But I just wanted to understand, you had an amazing FY21 in terms of innovation of new launches. Do you see 2022 being a much more moderated year in terms of new products given that you have this large base to continue investments in? And your investments overall also will be under pressure because of the inflation. So, how do you see that?

Mohit Malhotra: I's been a first year of so many NPDs getting launched. We don't want to create a complete rut of SKUs which people can't handle. So, we are going to build on the NPDs that we have created in last year, just to give you a perspective, we are going to scale up our Dant Rakshak franchise in oral care. We are going to scale up our Hair Oil franchise, premium Hair Oils that we have built. We are going to scale up products in Healthcare like Juices and drops and we consider them as NPDs going forward in next year also and scale up that business. So, that's the way we are looking at it. That said, new opportunities for e-commerce or in culinary, etc., we have already embarked on a program called RISE and the thoughts come in there, they will be feeding in 2021 for it to ramp up in subsequent years. It's a continuous process of building innovations and building them up in subsequent years. Some of them will fall off, but that's okay. Like drinks portfolio we build, we will only grow the drinks portfolio with theRs. 10 price point we created; we will only build on that. But that said, new variants in Real will still come up. We are looking at a category of fizz drinks in the current year. That's going to hit the market. So, all that will continue. It's a continuous process of building the pipeline of new products, launching them, nurturing them then again, going back. So, the process will not stop. It's now a part of the DNA of the company to innovate.

<u>Sanjay Singh from PineBridge Investments</u>

Sanjay Singh: My first question is ESG related. As a shareholder in Dabur, we are very confident that the company is doing a good job on the ESG front, but we feel that the disclosures have some scope for improvement. Just to give an example, we do not disclose the absolute level of GHG. emissions, the Greenhouse Gas emissions. As you may be aware the European Union has come up with SFDR regulations that's put some guidelines for ESG disclosures. I would earnestly request the team to look into these regulations and see how we can comply with the same. As shareholders we would be happy to engage with the management for the same.

Mohit Malhotra: Sanjay, as far as disclosures are concerned, we do the disclosures in the Annual Report. If you happen to read the Annual Report you will have disclosures very clearly on carbon emission, on water, so all the disclosures are mentioned in the Annual Report. If you want Gagan Ma'am can link up with you separately and we can send you all the disclosures that we do. We are a public listed company we are doing all the disclosures in the Annual Report. An integrated report can be sent across to you as a shareholder.

Sanjay Singh: I am aware Mohit. It's just that if you go through and I can engage with you separately, there is this SFDR regulation which has come which puts out some 18 points in very details as what needs to be disclosed. And we have mapped point-by-point as to which company is disclosing what and what not. You may not be aware of all these emissions as of now. My earnest request is just go through them and I have seen what is not disclosed yet and if those need to be disclosed it is good for all of us.

Mohit Malhotra: That is a fantastic suggestion. If we are actually missing out on something, it will be great, to engage with you. And Gagan Ma'am is also here. So, I think we can engage with you offline and if there are any gaps in disclosure, we will definitely plug them.

Gagan Ahluwalia: Yes. Sure Sanjay, we will get in touch with you and in fact our ED Operations is also on the line, Mr. Shahrukh Khan. We have been trying to upgrade our disclosures definitely and we are engaging with different institutions who are also helping us in this direction. So, we will love to engage with you on this.

Sanjay Singh: Thank you very much. Really appreciate this Gagan. Second question Mohit is on the overall, Food front. When I step back from the quarter and look at last five years, our topline growth has been in mid-single digits around 4%- 5% which is slightly disappointing. But I understand we have gone through a lot as a country or as even a company. But the Foods part of it has been flat for almost 5-6 years now at around 1000 crores. I understand there's been a lot of initiatives around Drinks, around extending the Homemade brand into other categories. And this is a very under penetrated category, the whole Juice front at least, if not the Drinks. What has been really struggling here? Why have we have not been able to grow despite a very under penetrated category?

Mohit Malhotra: I think, we know the reasons, but I'll go over the reasons once again. First of all, hit by COVID. I think the near-term was COVID issue. People were reluctant to have cold beverages and therefore the entire inclination and penchant was to have hot beverages, etc. That's a near term reason. The medium-term reason was that the category was only declining. And the third reason is we were only restricted in our presence to Rs. 100 price point which could not penetrate beyond the urban areas. And we never breached that a high price point to get into Rs. 10 or Rs. 20 or more affordable price point. That's what we have been doing now. And now we are also getting into the Food space. So, I think were limited by our effort, if you ask me and our vision and the guardrails we set ourselves. We said that we will not get into the Drinks segment and restrict ourselves to a Rs. 1,500 crore market in which we are 70% or 60% market share. So, if you fish in a pond which is very limited fish, you can't complain about it. Now we are fishing in a pond which is much larger, it is Rs. 7,000 crores and if still we don't do well, then we'll have a reason to introspect. But I think we have got our strategy right now. And we have gone into market with opportunities. And we are looking towards that and we are sharing all the plans with you guys and if you have any other thought that you may want to share with us.

Sanjay Singh: And your Drinks rollout is now national?

Mohit Malhotra: Yes, Drinks is national now.

Abhishek Kundu from Antique Stock Broking

Abhijeet Kundu: My question was on Glucose and as well as Hair Oils loading that we were talking about, which didn’t happen this year because of the new CRS system in place. So, was it true last year also the loading was affected particularly in Glucose and in all those products where the loading starts from Q4, were these products not affected last year as well?

Mohit Malhotra: Last year they were affected that’s why the base was lower because the lockdown happened on 20th of March and therefore it was impacted last year as well. So, that was when it was impacted. And this year we did not backfill it again. So, had we back filled it that would have increased the inventories by around seven days. So, around 70 to 100 crores would have been filled up and then the growth would have looked optically larger.

Gagan Ahluwalia: Just to add to that Abhijeet, that’s why the CAGR is low because we are looking at two years CAGR. Because last year the chain space got eroded and this year, we have grown on that but not as much as to report a higher growth on FY19 onwards.

Abhijeet Kundu: I anyway don’t look at the two-year CAGR because we are not in a business where there is pent up demand. So, if someone has not consumed mid-term, he will not consume double of what he has consumed. So, obviously there is a recovery across categories which happen, hence there is no point in looking at that. So, I completely agree with that.

Shirish Pardeshi from Centrum

Shirish Pardeshi: We have a large rural portfolio and what I wanted to pick up your thoughts, as you mentioned that since last 15 days what's been challenging, and things are really looking bad to worse in the rural. And we also have a very large presence in the North, not per se in the South. But in your experience where do you see the market is behaving, especially in rural part of the business, because even rural is also one of the important piece to our business.

Mohit Malhotra: Shirish overall, I think big picture, I don't think rural will be impacted so much because I really believe that government will announce lot of fiscal stimulus the way they did last year. So, MSP has not been reversed. That will not be reversed. So, income will be good. MGNREGA hopefully might go up although the fiscal headroom is limited, but it may just go up. Then farm subsidies can be given to rural consumers because there's a big vote bank for the government and because of the COVID situation government is on a back foot. So, I think they should be giving in fiscal incentives. So, rural on back of all this should continue on a recovery path. While COVID is happening in pockets and it is not spread out because the population the way it is structured in rural, its structured in social distancing, so it will not be as much as a pandemic the way it is in urban India. So, may not be the case. Monsoon is predicted to be good. So, income levels overall, I think rural will trend up and it's had a V-shaped recovery. Now a little impact because of COVID, but it should be faring well. And urban recovery also was V-shaped after COVID, but now again COVID has impacted urban more than rural. And I think if further recovery is V-shaped then both urban and rural will trend up. So, I am pretty optimistic about the rural business in the country. And you are right, 45% to 47% of our business comes from rural. And we have got rural salient brands which will continue to keep grow

Gagan Ahluwalia: Dear friends, thank you for your participation in this conference call. The webcast recording and transcript of this call will be available on our website soon. Thank you and be safe and healthy in these difficult times. Wish you all the best.

Mohit Malhotra: Thank you**.**