TATA CONSUMER PRODUCTS LIMITED
(Formerly known as Tata Global Beverages Limited)

# "Tata Consumer Products Limited Q4 FY2021 Earnings Conference Call"

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TATA CONSUMER PRODUCTS LIMITED
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ICICI Securities

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**Moderator**: Ladies and gentlemen good day and welcome to the Tata Consumer Q4 FY2021 Earnings Conference Call hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Manoj Menon, Head of Research from ICICI Securities Limited. Thank you and over to you Sir!

**Manoj Menon**: Hi everyone, it is our absolute pleasure at ISEC to host Tata Consumer management for the Q4 FY2021 results conference call. Without further ado I would just hand over to Ms. Nidhi Verma from Tata Consumer for further proceeding.

**Nidhi Verma**: Thanks Manoj. Good evening everybody. I hope you and your loved ones are all safe and keeping well in these trying times. For today's call, I am joined by Mr. Sunil D'Souza, Managing Director & CEO, Mr. L. Krishnakumar, Executive Director & Group CFO, Mr. Ajit Krishnakumar, COO and Mr. Rakesh Sony, Global Head - Strategy & M&A. For today's call we spend about 20 minutes taking you through some of the key updates and then we open the floor for Q&A. Over to you Sunil!

**Sunil D'Souza**: Thanks Nidhi. Rakesh if I can move the slide, now this time around I think we have staggered the analyst call to make sure that everyone gets the copy of the deck, the numbers and thereby we spend more time discussing the details and answering questions, so in that light I will run through some of the highlights very quickly and then we will come down to Q&A. If I come to the executive summary for this quarter and in effect for the full year, the India business topline accelerated for this quarter as you would have seen the numbers while international business was soft due to primarily cycling pantry loading in the base quarter. Our EBITDA growth for the quarter was impacted by tea inflation in India and increased A&P investment that more than offset the strong EBITDA growth in India food and international business. During the year, our consolidated revenue grew 20%, group net profit was up 102%, we added about 2000 Crores to the topline this year, overall the India business grew 29% with India beverages up 12% on volume and India foods up 11% on volume. International business excluding food service and the reason why we say excluding food service is because we have now divested most of our food service businesses grew 12% with an underlying constant currency growth of 5%.

Consolidated EBITDA for the year is also up 20%, due to the strong margin expansion in international and India foods. India beverages face margin pressure due to unprecedented inflation in raw tea prices. We have strong free cash flow conversion - FCF to EBITDA was up to 101% versus 81% from the last year. We have gained market share in both core categories of tea and salt for the full year and our share gain continues to accelerate. India business integration is now complete. We have done the basic foundation work and now we need to start building on that and we will continue to build on S&D infrastructure, digital, A&P promotions, and innovation. In line with our strategic priority of exploring new opportunities we acquired the RTD business of NourishCo early in the year and we also expanded our foods portfolio through the acquisition of Soulfull, which is now we have renamed it into Tata soulfull. We have rationalized our international business and we have exited coffee businesses in Australia and in the US. As on date we have no loss making international businesses on our portfolio as we speak.

For Q4 the highlights are India Beverages volume growth of 23%, India Foods 21%, US Coffee was negative 2% in line with cycling the pantry loading. International tea was negative 7%, food service this is just for this quarter alone because as I said we divested it at the end of quarter of March 2021, Tata Coffee was up 31%, overall we have generated 3037 Crores of revenue, on a constant basis 24% growth including forex 26% and for the full year 11600 Crores of consolidated 18% underlying 20% including forex, strong revenue growth across businesses India beverages 12%, India Foods 11%, US Coffee 7%, International Tea grew 1% and Tata Coffee grew 9%.

Overall group performance for the quarter 3037 Crores, EBITDA of 317, PBT 262, group net profit 74 and net cash of 2421 Crores, 26% growth on revenue, 1% on EBITDA primarily driven by India Beverages and to a small extent international, PBT up 6%, group net profit up 161. Margin we did see a dip in margins for this quarter 260 basis points in EBITDA, which flow through to the PBT negative 170, but group net profit primarily driven by the fact that we had write offs last year same quarter is up by 750 basis points. Overall EPS of 0.58, which was up 170% year-on-year, so for the full year 11600 Crores of revenue up 20%, 1569 Crores of EBITDA up 20%, 1342 Crores of PBT up 24% and group net profit 930 Crores up 102%, so in effect we are seeing flow through despite the pressures that we face on tea prices through the year. Margins more or less there, no significant movements whether it is EBITDA, PBT was slightly up, group net profit in line with the quarter on full year up 320, 86% growth on EPS year-on-year.

Take a minute or two talking about the strategic priorities, which we have detailed, accelerate strengthening and accelerating core, driving digital and innovation to jump shift our capabilities, unlocking synergies and focus on cost creating a future ready organization, which can deliver into the future, exploring new opportunities both organic and inorganic while ensuring that our sustainability credentials keep going from strength to strength. Expanding our reach we are now at about 2.4 million outlets in terms of total reach numeric as measured by Nielsen, which is up 15% for tea and up 11% for salt. We had made a commitment of doubling our direct reach in 12 months and doubling numeric reach in 36 months, so while I did talk about numeric reach up by 20% for the year and direct coverage we are up by 30% and we are on track to deliver our commitment of 1 million outlets by September 2021. We have started expanding our rural, which was the last phase of the integrated S&D system. We had already deployed the 3 times TSOs on the field and we are up by about 2000 rural distributors. E-commerce, the other big point that we wanted to drive we have more than doubled our contribution as percentage of sales and for March was about 6%, so we continue to accelerate even beyond big numbers and all this is primarily the result of having very focused S&D system, we have got dedicated teams for e-commerce, modern trade, institution and GT, which is focused on execution while the strategizing and planning is done by the shopper marketing team, so working in tandem we are delivering numbers and all the staffs have shown results because on tea (market share) we are up by 190 basis points quarter versus same quarter last year and on salt we are up by 160 basis points for the same quarter year-on-year. Modern trade is up 31% and e-commerce is up 130% year-on-year (for the year), so you are seeing the actual results of all the integrated work that has gone in over the last 12 months.

We had committed to start powering up our brands. We have upped our A&P by about 18% for the quarter and put money behind our brands Kanan Devan had a relaunch during the quarter, at the left hand bottom if you look at it we have started accelerating our game on coffee and coffee again we are seeing acceleration every quarter as we move forward, on the right hand bottom in line with our hyper-local campaigns we have seen the activation on Tata Tea Premium and right hand top is where we have started to power up our Agni brand, which primarily placed in the March segment, distribution and pricing in place and now we are starting to fire up A&P behind this.

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Salt again we have put money behind the base salt, which is the picture that you see in the middle, but more than that we have also focused as I had mentioned in earlier calls we are focusing on opportunities below Tata salt as well as the premium opportunities above Tata salt base brand. The premium salt is now growing about 70% in the quarter, so efforts bearing fruit. Tata Sampann on the right you would see us very, very active and you will see that activation starting to increase. Right hand bottom we see opportunity for share gain in very specific regional markets and now we are adapting our TVCs to regional as we focus on both execution as well as giving air cover to the brand in those specific geographies. Broadly driving premiumization was the other lever across, on beverages you would see our new launches in line with that, whether it is relaunch of Tetley with Vitamin C, Tulsi Green which was launched and is now being scaled up across the country. We have done a pilot for Tata Tea Gold Care in very specific cities in the south, having seen success, now we are rolling it out nationally. On foods again salt, premium salt I talked about the 75% growth (during the year) and during the quarter we had launched two brands on our direct to consumer model, Tata Coffee Sonnets, which is both on D2C website as well as listed on the Amazon and at the end of the quarter we have launched Tata Tea 1868, which is a range of gourmet tea and we will now start expanding this.

The other point that I would want to make is all the efforts that you are seeing on whether it is on distribution, innovation, A&P are starting to show preliminary results. We have shown distinct difference in trajectory both in beverages and foods in India, so on beverages you would see in the last 3 years CAGR was 7.1% and I am talking volume not value because I do realize there has been a lot of pricing actions this year and that is why I am talking of base volume. We have almost gone up on our run rate by 50%. India Foods similarly from a 3.4% CAGR we have gone to 11.4% in volumes.

Digital transformation is the next piece that I wanted to talk about, so we have done the basic plumbing work putting up the distributor management system and sales force automation, 100% of our distributors are now online on both these tools. We have gone live with S/4HANA, which is our base ERP system. We have got our new CDO on Board and now we will get down to work on making sure we are leveraging all these tools, firing them up with analytics, etc., to make sure that we delivered improved sales outcomes, lowering cost to serve, working capital, service levels and lowering supply chain cost. Innovation, which is the other big story, you would see innovation across all our different businesses out here, on the left hand top you would see the foods innovations, we extended our poha range to a thin poha, this quarter launched the Haldi Doodh for the quarter and expanded our range of Nutri mixes. On beverages we had a range of products. I already talked about the Tetley Gold Care and Tulsi Green in addition Quick Chai, which is our ready to make instant tea, we had piloted this, saw good response and now we are expanding this nationally. On the right hand top, you will see launches from the international businesses starting with the British blends in the US, the speciality teas in Canada, the Good Earth launch that we have done in the UK, which we have done as an exclusive on Sainsbury and now we are expanding it to another outlet. We have expanded that into Kombucha, which you see out there and taken the range extension into Australia. Apart from that Fruski was the brand that we have relaunched. In the NourishCo system we have given it a whole new avatar and a whole new set of flavors. Good response in the pilot markets of Hyderabad and Vijayawada, which we will now expand across the system. Ajit can I ask you to talk about the business integration a bit?

**Ajit Krishnakumar**: Sure Sunil. I think ever since the merger was closed in February last year we have been giving regular updates in terms of how it is going. The last of such update - the process is substantially complete, similarly related to various actions or various outcomes of the integration process I think I will refer to very briefly where I think the organization changeover towards S&D probably the most significant in terms of volume of actions we have seen the impact of that we talked in previous page, but other areas of the company have also been transformed due to the number of synergies in the India supply chain and the few points that Sunil has mentioned. I think the critical point from your perspective is that we have started realizing the synergies earlier than what we thought we would. When we announced this transaction in May 2019 we said that we would generate approximately 100

Crores to 150 Crores of EBIT level synergies in 18 to 24 months. We are currently realizing between 5 Crores and 7 Crores of monthly run rates cost synergies alone excluding revenue and related synergies in the combined and updated India distribution, which means that we remain on track to deliver what we promised to deliver probably a little bit ahead of schedule because we acted above the range that we promised two years ago.

The other thing that we have also learned as part of integration of the the CPB business is to integrate new acquisitions relatively quickly. For Soulfull we were able to start billing through TCP system within 45 days and we are on track to complete the integration within about 90 to 100 days, range based on COVID, but we are broadly on track. Our target is to grow from at least Q2, the outlet number to 3 times and integrate the innovation process into our asset realization model, but very much on track. I hand back to Sunil for the next slide.

**Sunil D'Souza**: Thanks. Then if I can talk about the other big pillar of capitalizing on organic and inorganic, organic we talked about already and in inorganic there were two big pieces that we did for the year, one was NourishCo, which is a platform for significant growth for the future with portfolio in geographic expansion and Soulfull, which again we see a great strategic fit for us both from health and wellness portfolio from a consumer occasions or a categories play, we have got integration on track and well on our way. Next is in terms of a future ready organization we are focused on four big pillars. We had integrated org structure, identified capabilities, which we needed to build muscles, which we needed to build very quickly, harmonize systems and processes across the organizations and build a purpose led organization. Some glimpses of this at the bottom, we have now got a flatter and more focused R&D structure and resources. Three distant verticals in the R&D team clearly focused on new product development, scientific regulatory affairs and strategic projects, shopper marketing which is the strategy and planning piece behind the entire sales execution. We built out our e-commerce vertical and you have seen the results there and that is the result of bringing in talent specialized on e-commerce. Ajit talked about the integration management office, which is to create a repeatable model where we can absorb and move on any acquisitions that we do. We have the new CDO on board and they will now detail the organization below and focus on the digital aspects going forward. Revenue management is a muscle, which we did not have, we have just recruited people on Board and now we will start moving on revenue management, which can add to the topline and we have got a dedicated investor relations person so that we are focused on answering all your queries. Continued focus on sustainability, we are part of climate change management, we have participated in the circular economy, plastics recycling, etc. We are focused on water management through various pieces in our businesses, sustainable sourcing remains a high priority and we have put out our GRI sustainability report.

Very quickly I will not comment too much about the GDP growth rates because especially for India that keeps moving as a forecast, but overall in perspective while the developed markets are starting to trend positively on GDP growth, India is still negative, but expected to rebound quickly bar the 60 to 90 days or whatever it takes for this phase to move on. I will just spend a bit on the commodity price trend on tea while you would see the tea prices trending downwards from Q2 coming down and down in Q4 two or three salient points I would like to highlight out here, that Rs.158 per kg is still about 50% above the same quarter for last year so that is point number one while it has been coming down it is still 50% above where it was the same quarter last year. The second point that is whereas we carry about 60 to 90 days of inventory in our system and therefore for the tea prices to start seeping into our systems and translating into margins it takes about that much time. That said, as the new crop comes in we do expect to see some moderation of the tea prices as we go forward and therefore the entire pressure on margins in the India tea business because of the tea prices should start alleviating. If we do not see this moderation happening through this more of last two quarters if I may we have taken graduated price increases to walk the thin line between volume, margin, and momentum. We will continue to look at those as an option to make sure that by FY2022 our margins come back on track on India beverages. Coffee prices we are seeing a bit of uptick on the right and that bodes well for a subsidiary Tata Coffee.

Very quickly to run you through snapshots of very specific businesses, India Beverages and here I am talking full year numbers and I will give you also a snapshot of Q4. India Beverages I talked about 12% volume growth, 32% revenue, but most importantly 100 basis points of share gain, which are ahead of almost all branded competitors in the market for the full year as well as for Q4, so we are gaining share in line with our execution. Now for the quarter alone 23% volume growth and revenue of 33%, margins impacted because of inflation, but we have continued running in to make sure that we are well positioned for the future as we go ahead. The biggest news out here is working capital of the business is 48 days versus 78 days of last year despite pricing on inventory, which has gone up led by raw tea inflation.

On the food business, 11% volume, 18% revenue, 180 basis points of share gain and we continue to maintain that share gain momentum as we move ahead. Salt revenue grew 26% for the quarter overall bringing the full year up to 17%. Tata Sampann was a bit slow in this quarter, but that was a conscious decision because of the volatility of especially the pulses pricing out there given what was happening in the macroenvironment, but overall for the full year we have grown 26%.

NourishCo revenue up by 4%, 188 Crores of full year revenue and if you look at the left hand top graph, as the economy opened up NourishCo has delivered stellar results, yes, we will see a little bit of impact with this wave 2, but we do expect to see NourishCo on a stronger and stronger footing as we go ahead.

Tata Coffee, overall 24% plantation, overall revenue growth of 14%, overall extraction grew by 12% led by Vietnam, which is now running close to 95% to 97% utilization. On plantations we had value growth in tea and coffee plantations also grew on the back of a higher crop this year.

Tata Starbucks we continue to invest for the future and the business continue to execute to the T, so if we look at it March is an aberration because we are cycling one almost a week to 10 days of lockdown, but for February we had come to 98% year-on-year, same stores about 90%, so very strong execution by the team now we are in 18 cities to 221 stores and 94% of stores were operating (as of 31 March ) that is it that has changed as the country has gone into lockdown in various locations. We have continued to add stores as we said because we are focused on the longer term, so we have added 39 new stores in 7 new cities through the year.

UK 2% revenue, but the good news was we put all our 3 brands together now. We have created one front end for Tetley, Good Earth and Teapigs. Teapigs has performed very well during the year and we expect to accelerate this as we go forward, and we more or less held on to our share in the UK during the year. The revenue for the quarter declined 10% owing to pantry stock up (in base quarter), which was not unexpected.

US for the year, overall growth of 9% on coffee, 16% on tea, this is a very good result, we more or less held on share on coffee bags. For the quarter revenue grew by 3% constant currency due to pantry loading in the base quarter.

Canada star performer for us 15% revenue growth, 35% growth in speciality tea, for the year, as we have maintained our opportunity in the international market is to accelerate our play in speciality and fruit and herbals. All the businesses are doing it, but Canada the reason we have called it out because we are now in touching distance of market leadership even on speciality and fruit and herbals by volume terms. Canada also has moved up its market shares slightly during the year and that is a big callout, even for the quarter revenue grew 6% despite the high base that is of pantry loading last year and we do think this business will go from strength to strength. LK can I request you to take the financials?

**L. Krishnakumar**: Yes, thanks Sunil and good evening everyone. I will walk you through highlights for the quarter, I will start with the consolidated revenue of 3037 Crores up by 26%. It was a strong performance by India Beverages which grew by 60%, over 20% in volume, India foods powered by 22%. We also had non-branded business growing by 20% in the quarter. International business excluding food service grew by 3%, but as Sunil mentioned earlier in the same period in the previous year we had stocking up because of COVID, so overall very strong quarter of volume growth and value growth and the implications of the sales transformation effects are flowing through. As far as the operating profit is concerned up by 1% to 317 Crores again a function of the increase in material cost in India and also some additional investments on A&P and also some one time cost as well as restructuring and capability building cost.

I will talk about it more specifically in the next slide. On talking about performance on the standalone basis, standalone turnover 1850 Crores compared to 1335 Crores increase of 39% largely reflects the growth in India food and beverage businesses, operating profit lowered because of the tea cost inflation in India. So, moving on to the next slide, if you look at the performance for the quarter and I am not going to repeat the numbers, but coming straight to the EBIT margin 8.3% versus 10.3% there is the impact of commodity cost. If you look at the SEBI format you will find that actually the commodity costs have been slightly better than the earlier quarter, but there has been an increase in employee cost as well as other expenses. Combination of investing in people for capacity and capability building, there are some onetime redundancy costs as well as in other expenses there are cost of integration in some cases double running as we restructure the organization.

We do not expect this cost to continue quarter-on-quarter, but just wanted to draw your attention to pre empt any questions in that area. Overall net profit 74 Crores it is a strong quarter. Going to the consolidated results for the full year 20% increase in revenues, EBIT margin 11.3% compared to 11.1% not withstanding the tea cost increase in India, we have improved operating margins during the year because of the strong performance by the foods business and also by the international business, so group net profit 930 Crores higher by 102%. There is no separate line we are showing here on the profits from JVs and associates, but we would see that in the SEBI format. The changes that have taken place there are strong performance by the tea businesses, the North India and South India plantations because of higher tea cost and food crop in South India but are mostly impacted by Starbucks because of the underlying change in out of home business.

Moving on to the next slide, we will skip this, we have talked about the standalone performance. Just a comment on the segment performance, if you look at India beverages this is for the full year increase of 36%, segment results up by 7%, impact of higher A&P spends and a more pronounced increase in tea cost. India foods 18% growth in revenue, but 46% growth in results driven by improved mix and driven also by cost measures. International beverages had a good start to the year and also had the benefit of good cost control, so overall 8% revenue growth and 27% growth in segment results. Non-branded business came out with 15% revenue growth and 63% growth in profits, so it has been a year of strong performance. In the proportion of different elements of businesses - India Beverages 44% of revenues, 23% India Food and 23% international beverages. In terms of the segment EBITDA India Beverages 37% slightly lower than the normal, India foods 29% and international beverages 34%, so with that I am going to hand it back to Sunil.

**Sunil D'Souza**: Thanks LK. So in terms of the outlook right now the second wave is creating a bit of uncertainty. We are seeing sporadic lockdowns across the country more or less. We are also seeing unlike last time around a more widespread infection rate and impact on people in supply chain and sales. Right now as we have said we make sure that we have covered our entire frontline whether it is in the sales or in our 3P factories or even our packaging centers we have covered everyone with COVID insurance. On top of that we are paying for vaccinations across the whole supply chain and sales network but coming out of this it is going to be critical 60 to 90 days, I am not very sure, but we are making sure that we are staying close to the ground as we come out of this. On the international markets we are seeing the completely different picture, as the current phase of vaccination improves the outlook there is more optimistic, out of home is beginning to open up and people are beginning to move around so that is the good news.

On the business side, as I said the safety and wellbeing of our employees and business partners continues to be a top priority, we are making sure that we are following or we are ramping up COVID protocol in all our factory locations, etc., our offices and salesforce are work from home. As we speak we are taking a call on that every 15 days by geography to make sure we are not putting people in harm's way unnecessarily. With regional lockdowns I think the very critical piece is the irritations on the supply chain as people get impacted, transport gets impacted we have got to make sure we stayed nimble-footed. Tea inflation in India I talked about is expected to moderate with the new crop. I just wanted to add that we had a very easy option during this quarter of taking up prices and therefore making sure the margins look healthy, but if you step back and look at it from a strategic viewpoint I think market share is more important to maintain because getting that back will turn out to be much more expensive. Given where we are we feel confident of executing and given the fact that we are seeing tea prices moderate, we opted to stay the course and continue to build our distribution and power up our brands with A&P and we will continue to drive competitive volume growth. Just a point that I would like to make out here is that it is not that we have bought market share - it is in fact the (opposite) price indices have narrowed with regard to competition if I may if anything or it is execution in brands, which have powered our market share during the year and the quarter. With ongoing distribution expansion and our accelerating funnel on new product development, our funnel is significantly higher going into this year than what it was coming into the last year and with the increased A&P plans because as we drive innovation and drive execution in the field of distribution we need to give extra air cover for the brands and that is what brings about a stronger business. We do expect momentum in India business will continue.

Integration of Soulfull and consequent distribution gains just to highlight Soulfull was present in 15000 outlets our total numeric reach is now up to about 2.4 to 2.5 million outlets, so as we expand distribution we do see disproportionate growth out in that business. International business started lapping COVID induced pantry loading starting I would say March for some businesses and April for some, we will see a bit of pressure on that but our focus will be to continue our expansion beyond black tea. So that brings me I think to the end of the presentation. Nidhi back to you!

**Nidhi Verma**: Thanks, Sunil. So we can open up the floor for Q&A. We will first take the questions from the call and then we can go through the webcast, so over to you moderator please.

**Moderator**: Thank you very much. We will now begin the question and answer session. The first question is from the line of Jaykumar Doshi from Kotak AMC. Please go ahead.

**Jaykumar Doshi**: Good evening and thanks for the opportunity, 26% growth in salt and 23% volume growth for tea both are quite impressive just want to understand that does this quarter capture full benefit of S&D integration or should we expect more in the coming quarters, I am aware that you are expanding your distribution so there will be benefits associated with it and associated in salt who you are gaining market share from because if I understand correctly you have about 60% to 70% market share in the organized salt space already so that is first question and I have one more, but I will wait for that?

**Sunil D'Souza**: Thanks for the question, so I would say that you will see strong double digit growth continue across both the portfolios as we move forward, as I said we started our integration journey in September and by the time we bolted on the distributors, harmonized them, and got common field force, etc., sometime about January, we are now focused on outlet addition and that will continue to give us good growth. Apart from the fact that rural is the entirely new journey and we have got a long way to go out there so distribution expansion and thereby volume growth that is one piece that will continue to happen. The second piece is the whole innovation and building brand power as we go through the year that is the other piece that we would expect to continue to see growth so do we see strong growth continuing we do. To the second question of salt per se remember we are about 30 to 35 share points in the total salt market. Now salt there is decent portion, which is big brands there are about 4 to 5 brands, which are I would say mid single digit share per se, but then there is a large tail below that of largely local unorganized players, so as we are expanding our distribution, as we are powering up our brand, as we are expanding our portfolio on salt we are seeing share gains coming out, small portion coming out of the other big branded players and this is a related number like I just mentioned, but we are seeing significant gains coming out of other local and organized and again this is not across the country because in some geographies even if you look at total salt we had had 50 to 60 shares per se so it is going to be difficult to climb share in those geographies, but we have geographies in the country, which are still low double digits, some high single digit share so we have major focus geography by geography, going after very specific markets with the entire marketing mix to make sure we are gaining share out there.

**Jaykumar Doshi**: Thank you very helpful and second one f I may, on Tata Sampann you started the year with 55% to 60% growth, but then subsequently during the course of the next three quarters it has decelerated, and I am aware about volatility in pulses in Q4, but what should be the normalized growth expectation from that business we were earlier thinking 50% to 60% growth on the current base is easily achievable?

**Sunil D'Souza**: Let me take that question, I think Sampann, and I have maintained this earlier has got a huge runway, I have earlier made the statement that it is our diamond in the rough and we just need to polish it a bit and it will yield fantastic result so you are absolutely right, Sampann growth should be significantly ahead of our total growth if not total food growth per se so that is the intent. It is just that in Q3 and Q4 and I alluded to macro issues outside issues where there was huge amount of volatility as there were specific interventions in the commodity markets, which prompted this volatility. Now we want to be a big branded player converting from unbranded to branded, so we do not want to play the trading game and playing around with inventories moving up and down, so that is why we took probably a step back, but that said probably the biggest focus that you will see for this year in the foods business because the salt formula is more or less proven now, we have seen that in the volume and revenue results, which has come in, I think you will see the Sampann formula getting fine tuned and executed as you move ahead so you could see significant acceleration from here on.

**Jaykumar Doshi**: Understood. Thank you so much.

**Moderator**: Thank you. The next question is from the line of Arnab Mitra from Credit Suisse. Please go ahead.

**Arnab Mitra**: Thanks for taking my question. My first question was on the India tea margins you did explain the large effect of 60 to 90 days of inventory, but I am still finding it actually very hard to understand with the commodity having peaked 6 months back coming down and you have also hiked prices in the middle why the bottom of the margin seems to have come in the Q4, if you could just help understand this kind of a lag despite the pricing going up and secondly related question is that as you rightly said assume that the commodity does not fall for whatever reason is there a path to get back to the pre-commodity rise margins or at these levels of commodity it is very hard to fully pass on the prices even if they were to sustain at these levels?

**Sunil D'Souza**: Thanks Arnab. Let me answer your question in two or three different parts right. We do expect a question on India beverages what is happening, so if I just take a step back and if you look at A have we delivered solid volume growth across food and beverage we have right, so when you see that for the full year and you look at the P&L and you look at the different lines and LK talked about it, but including all those elements, which are moving if you take out raw material cost and if you take out A&P there is about 300 basis points of improvement in cost on the P&L lines over the full year. Now, therefore if I come back to this quarter so it is then an execution issue, now we have combined sales and distribution system for food and beverage so it cannot be that we executed well for foods and not for beverages and that shows because the foods business has delivered very strong volume and value and the beverage business has delivered strong volume, so therefore the issue is only of very specific pricing behind it. I did make a statement we have not bought share during the quarter and we have gained share, which means we have executed better than other players in the market so one is this whole inventory piece that is coming into the picture. The second piece is not all the cost has got translated into consumer price, remember it is a competitive market out there and we will stay competitively positioned in the market. We will not let our brands become uncompetitive so a significant portion or a decent portion of the price increases had not got passed on to the consumer and that is where you see the impact. That said I think now everyone is expecting tea price to moderate, if tea prices do not moderate I did make a statement saying we have taken graduated price increases in line with the way the industry has moved and we will continue to take the graduated price increases, objective is to get back to the margins with entire hyperinflation of tea if I may call it. LK would you want to add anything?

**L. Krishnakumar**: I think you have covered ground I think what is important to note is again I would say that the platform is a little varying and to address some of the other questions, synergies have started to be realized, there is more that will happen next year in terms of run rate and we still believe that overall growth opportunities for Sampann and Soulfull are pretty significant right and when we think of Sampann we do not think only pulses is the only additional statement I made and we have vision for Sampann, which is way beyond pulses and there are many other innovations in products that you will see over time, so I would only urge you to look at it from a medium term perspective.

**Arnab Mitra**: Thank Sunil for the detailed response. My second question was from salt, the volume growths obviously are very strong I was actually under an impression that there is a constraint and how much volume growth we can deliver in salt due to the production constrains of Tata Chemicals at their end, but you seem to be obviously delivering high volume growth much more than 8% to 9% CAGR that we thought is a constraint so is that a constraint on production or if the demand is there and the distribution is expanding we could actually overshoot that kind of a product?

**Sunil D'Souza**: So, on salt remember we play with Tata Salt, which comes out of Tata Chemicals and then we also have various other variants coming out of solar salt, so it is a mix of both. Solar salt it is up to us to go out and make sure that we secure supplies year-on-year and the team is doing a good job on that. On Tata Chemicals itself we are working very closely with them because we give them regular forecast on where we think we are headed and believe me we are quite in line with the bullishness that you see out here and their capacity is coming on line as quickly as we want it, so while you do see if you do the maths for today there might be a capacity constraint that you could see, but Tata Chemicals is adding capacity in line with our growth ambitions.

**Arnab Mitra**: Thanks, that is it from my side and all the best.

**Moderator**: Thank you. The next question is from the line of Tejas Shah from Spark Capital. Please go ahead.

**Tejas Shah**: Thanks for the opportunity. Sir, first question is on tea market share gain, which you have mentioned, you and market leader both have registered market share gains in the quarter so is this market share gain coming from regional organized players or unorganized or both are ceding market share to national players?

**Sunil D'Souza**: You are absolutely right Tejas both us and other player in the market both are gaining market share, both of us are gaining it from local and regional players and just the point that I would like to make is on a MAT basis I think we have gained about 100 basis points, I know that they also gained, but significantly lower. On a quarter-on-quarter (vs same quarter last year) we have gained 190 basis points and I know they have gained significantly lower, so both of us are gaining, but we are gaining far ahead of them from the regionals and locals.

**Tejas Shah**: Fair enough. Sir secondly you spoke about tea prices coming down, but globally several agri and otherwise commodities are also showing strong inflationary trends and hypothetically if tea prices have to follow the trend again then how should we think about this margin versus market share dynamics playing out in coming year?

**Sunil D'Souza**: I would just give you some dynamics on the tea market, the reason why the tea hyperinflation happened is because primarily during the lockdown in the early part of the year and then inclement weather in the month of July-August the tea production in India was significantly lower and what has happened through the year is because of the shortage it has been a hand to mouth game and that is why tea prices went up, but starting September-October when the production started catching up with the same levels of the year before I think you saw the moderation happened. I do think as the new crop comes in if all goes well then in the initial phases there will be some inventory building but overall I think you would see a tea price moderating, but as I mentioned if we do not see tea crop come up and therefore tea prices moderate we will start seeing a graduated price increases. Tejas ultimately I do think everyone will be rationale and start moving up prices to make sure margins are in line with what the expectations are.

**Tejas Shah**: Thanks. Sir just last one on supply chain, so we have just I believe completed this digital transformation supply chain project with Blue Yonder and Accenture, so how should we see as an analyst how should be these changes surfacing in financials would it be in margins, working capital because working capital improvement is very much visible or is it too ambitious to think on that line at this point?

**Sunil D'Souza**: So, Tejas, you will see that impact in four or five different metrics as we move forward. Number one is for the topline per se I think good supply chain gives you good fill rates and fill rates will translate into increased topline growth so even if I close about 4% or 5% gap on fill rates I think it will translate to about 0.5% to 1% on topline that is the reason why we are now monitoring our OTIFs very, very closely and if we move up our OTIF line we know that the topline will go up because there is better availability into market that is one on the topline. On the back end and the bottomline I think it is primarily a function of making sure the inventory is very tight and therefore the whole translation into cash and the bottomline. Now we have seen our focus on inventories, our total working capital days has moved as a company from 59 to 42 (from FY20 to FY21) and you have seen India beverage move from 78 to 48 (from FY20 to FY21), which is a significant expansion. We do think there is still more opportunity to go there, but we need a laser pointed focus on that and that is where the whole IBP (Integrated Business Planning) project comes in. Apart from that making sure that our efficiencies that are planned, etc., ramped up in line with what the sales system wants that is the other big piece, which you will start seeing going through bottomline per se. LK would you want to add anything more?

**L. Krishnakumar**: No, I think we have just implemented IBP so there is a lot of scope for optimization from where we are right and that benefits are not fully being realized and even on the receivable front while we made some changes I think there is further opportunity from where we are. The third lever is vendor financing and channel financing, which we started out and there is hope from where we are to do more, so all levers are there, but the big unlock still can happen in the inventory because it is early stages of implementing and we are also building digital capabilities, but increasing our digital capabilities on the tea front that in terms of optimizing both cost and obviously also working capital in that so that will give us some further benefits.

**Sunil D'Souza**: Tejas if I can just add to what LK said and this is a statement that I have made, our plumbing is in place on the digital piece whether it is DMS, SFA, IBP everything the plumbing is in place, but now leveraging that translating it to analytics and building that to action it is just about I would say very, very early days I think we have got a long way to go and we will start seeing those results coming.

**Tejas Shah**: Great. Thanks for very detailed answers, stay safe and all the best.

**Moderator**: Sure, Rakesh, you can go ahead and hit it.

**Rakesh Sony**: So, there is a question from Deepika Dasari, and the question is there has been drought in Assam and the crop loss is about 30%, what do you see the tea pricing going forward since the effect of this drought leading to low crop, will be felt in May and June as well?

**Sunil D'Souza**: Right now I think late April early May we did see a bit of drought like conditions in the north, but the expectation is that this month onwards the crop should normalize, the resultant of this drought like condition was that the tea price has remained in a narrow band from where they ended in Q4, but we do expect that the crop normalization should happen pretty quickly and the prices should start moving down, but like I said this is expectation, but we will make sure that we fine tune our movement depending on what happens on the crop prices finally.

L. Krishnakumar: We are not sure that it will extend into May and June as mentioned so I think that is the difference.

**Rakesh Sony**: The other question is from Harshil Sethia and the question is with the integration now being complete what kind of EBITDA margins for the India business can be expected in long-term?

**Sunil D'Souza**: We are targeting for double digit topline growth, very strong focus on cost especially with the synergies, etc., starting to flow through and that flow through coming into the EBITDA and PBT line.

**Rakesh Sony**: Over to you Nidhi!

**Nidhi Verma**: Okay, moderator, can we go back to the Q&A from the call, and may I please request the participants to limit their questions to one given the time constraints we have and if you want more questions you can come back in the queue please. Thank you.

**Moderator**: Thank you. The next question is from the line of Chanchal Khandelwal from Aditya Birla Capital. Please go ahead.

**Chanchal Khandelwal**: Thanks team. Thanks for the opportunity. Firstly, congrats Sunil on good set of numbers and good delivery in market share and topline growth both in the tea and salt business. Sunil my question is on the Tata Sampann and its pulses part of it, I know the team is geared to build this business over longer term, but if I were to step what is the right doing on Tata in this and what are the strategic steps you are taking or choosing to scale this business?

**Sunil D'Souza**: Thanks, Chanchal. I think in the pulses space I think number one is we are walking into an opportunity of Rs 150000 Crores market, which is significantly unbranded that is number one. Number two, the Tata brand very clearly brings in trust. Number three is we have chosen specific differentiated way to play, which is unpolished pulses. Number four is we are working on more differentiated plays in the pulses space I would just say watch this space, the team is currently working on it and we should be coming out with things pretty soon. Number five is as we get scale we will build our strength at the back end and therefore drive procurement synergies and by the way we are the only brand in pulses nationally with a strong S&D system, the ability to reach wide range of outlets and that will be the other big driver for us.

**Chanchal Khandelwal**: Sure, Sir, the time looks very good in the market, but finally as I see Reliance putting some corporates you are building up the retail business, the price differential may be the reason consumers may get attracted to them so are we seeing that you will build up a organic and give some differentiation where consumers will pay us or are we also looking to grow the value added food, which will give us right to the longer term, I am just trying to think out what are the reasons consumers will keep on coming back to Tata, one is the brand for sure it drives more trust than any other brand, but I am just trying to say within deeper reason for me to keep on buying pulses regularly from Tata?

**Sunil D'Souza**: You are absolutely right, Chanchal. That is why I mentioned one is the Tata brand name, but we have also got to look at consumer inwards right, so we have to make sure that the product that we have in the market that is something which the consumer values and is willing to pay the differential out there, work in progress with the team and like I said as we come out with products we will be unveiling them.

**Chanchal Khandelwal**: Sure, thanks, one more thing on the Big Basket if you I can ask you if this is the right platform if Tata has completed that acquisition how will that add up to the entire Tata Global or Tata Consumer story?

**Sunil D'Souza**: So the Big Basket acquisition is Tata Sons it is a group initiative, it does not fall under Tata Consumer that is retail business we are a consumer focused business, but what it does is within the group it gives us opportunity to leverage synergies and work closely to make sure we are putting win-win situation for both of us.

**Chanchal Khandelwal**: Sure, thanks and wish you all the best.

**Moderator**: Thank you. The next question is from the line of Percy Panthaki from IIFL Securities. Please go ahead.

**Percy Panthaki**: Good evening team, couple of questions from me. Firstly on pulses the quarter has been affected because of volatility in prices could you please explain that a little bit more, I am little unsure as to why volatility in prices should affect sales growth it can affect margins that I understand, but why should sales growth for a brand be affected by price volatility and secondly on the tea business while you are approximately 20% national market share that is of course not uniform throughout the states so if you could just throw light on which are your weak market share states and what is your focus in terms of growth if you could prioritize let us say four or five states there you think that a bulk of the growth are very fast growth can come from in the next 2 to 3 years?

**Sunil D'Souza**: Thanks, Percy. Now specifically answering your tea question first, there are very specific states, which are big tea markets either by volume or by profit, I think we have segmented that and decided where to go after with what marketing mix, for example the mix that we will employ in a volume but no profit market or low profit market will be different from high profit lower volume market, so I would just leave it at that, but each of our brands has been tagged by specific geography and they are playing to that formula and that is one of the reasons we are seeing the volume growth come up. Now on the pulses piece the critical piece is it is not a very high margin business per se it is a very high volume opportunity at a decent margin today, but as we built the business over a period of time I am sure we can build a high volume and a decent margin business, a decent to high margin business. The critical thing is when there is very high price volatility you do not want to be caught on the wrong end of your inventory and I am not a fan of building businesses, which go into negative margin so when we saw those specific scenarios happen during end of Q3, early Q4 we decided to take a step back, we did not move our pricing down in line with what was or go aggressively chasing after volumes at very, very, very low margin, we therefore we took a bit of foot off the accelerator if I may, ultimately businesses have to be sustainable, have to be profitable for the longer term and you would probably see that action coming through if we see too much volatility happening in the space. That said, I think what we saw in Q3 and Q4 was like I said it was a one off, which we do not expect to see repeating and that is why we remain confident of delivering Sampann trajectory as we move ahead.

**Percy Panthaki**: Right, one small clarification this 23% growth in tea is there any pantry upstocking or trade upstocking impact in that 23%?

**Sunil D'Souza**: Percy we finished our distribution integration in December more or less, December-January we had all our distributors lined up and done, so therefore this is not the result of channels loading or a pantry loading per se this is I would say broad based impact of distribution gains in actual outlets per se and a bit of share in the same outlet. That said, will that 23%

continue I would think it will probably taper down, but a decent double digit growth is what we could expect to see from the India beverage business as we go ahead.

**Percy Panthaki**: In volume terms?

**Sunil D'Souza**: I would say volume and value.

**Percy Panthaki**: That is all from me Sir. Thanks and all the best.

**Moderator**: Thank you. The next question is from the line of Sumant Kumar from Motilal Oswal. Please go ahead.

**Sumant Kumar**: Sir, my question is regarding Fruski so we have launched in Hyderabad and Vizag and we are going to launch Pan India so can you discuss about the opportunity size and growth plan for this brand?

**Sunil D'Souza**: With Fruski we are taking a differentiated approach in I would say ethnic/hybrid juices per se so these are all Indianized juice variant and the whole thing is the street drinks if I may, so there is a twist on every single product that is out there in the market, in consumer research it has fared very well in the research that we have done both product as well as concept, so on a limited capacity that we had we did this pilot launch in Hyderabad and Vizag and the second wave of COVID has slowed our progress down because the out of home businesses have got impacted significantly with the lockdowns, but as out of home business opens up we remain confident that this is a business we would like, so remember we are building a base distribution system with the two brands that we have or rather three brands that we have Gluco Plus, Water Plus, and Himalayan and therefore the distribution platform is already there, as long as the product is differentiated, is at the right price and appealing to the consumer we do think that we can build momentum in this category.

**Sumant Kumar**: Last question is the employee cost in this quarter was higher is there any onetime cost?

**Sunil D'Souza**: So, LK can I request you to take that?

**L. Krishnakumar**: Yes, on the quarter I just mentioned there is onetime cost, but there is also cost to do with both capacity and capability, and we have to expand distribution as we increase the pace of innovation, but we are expanding capacities so there are no concerns. Revenue will not necessarily come in the same quarter so that is the way to look at it and there is also an element of Soulfull coming into the system in the Q4 and like we are doing we are also adding a little bit of distribution in the liquid business side, so you are seeing those costs show up but you are seeing volume growth and you will see that continue.

**Sumant Kumar**: Thank you Sir.

**Moderator**: Thank you. The next question is from the line of Alok from Ambit Capital. Please go ahead.

**Alok**: Congrats on the stellar topline growth and the market share gain and thank you for giving me an opportunity. I had one clarificatory question to Percy's question, so when we say on volatility in the prices, does it explicitly mean that the placement in the market we will prune it down if we are not able to manage the margins, if that is the case what would be the long-term back end arrangement in this product range that is number one and number two would be in light of the increase in coffee prices so while of course it is good for Tata Coffee, but can you give us some colour on its impact on the pricing and margin for the Eight O'clock coffee business?

**L. Krishnakumar**: So, I think it is good for Tata coffee and as far as Eight O'clock is concerned I think it is relatively hedged, there will be some impact that we have, and we have a fair amount of interest.

**Sunil D'Souza**: I made that statement earlier on I am a fan of growing volume at a decent margin and then building up margins later on, but I am not a fan of losing money and growing volumes so when you see this sharp spike happen, which you know are not logical and cannot continue therefore then I would not go around trying to micromanage on the margins, prices up, down, etc., so I would rather hold margins at a thin line and let volumes go that is what happened in the past more or less one-and-a-half quarter if I may. Like I said this was intervention and macros that we did not expect to see, and I do not think we can expect to see going forward and I would not go into detail beyond this but going forward since we do not expect this to happen again we do think we can deliver strong numbers in Sampann.

**Alok**: Got it. Thank you very much.

**Moderator**: Thank you. The next question is from the line of Avinash Singh from Mashreq Capital. Please go ahead.

**Avinash Singh**: Sir, I wanted to ask you regarding the dividend before you have declared a lower dividend as compared to the previous year?

**Sunil D'Souza**: LK, do you want to take that?

**L. Krishnakumar**: Can you repeat the question please?

**Avinash Singh**: It was regarding the dividend; you have declared a low dividend as compared to the previous year is their reason behind that?

**L. Krishnakumar**: We have increased dividend by 50% compared to last year, the dividend is 405% compared to 270% and notwithstanding, so I do not know what is the question?

**Avinash Singh**: Sorry about that, Sir and the second question was related to the working capital, so do you see that this working capital is sustainable in the longer term or you plan to invest more in the working capital going forward?

**L. Krishnakumar**: Yes, there will be obviously when we are growing there will be increase in working capital, but I think like we mentioned earlier in results we have just implemented in our operations and supply chain management system and we are just starting our journey on digitization so in absolute Rupees Crores as business is going up, working capital will go up, but our effort is to bring down the number of days of working capital through various initiatives.

**Sunil D'Souza**: If I can just add to what LK said, I think the correct way of looking at working capital in a significant growth business is number of days of sales and that is the metric we should track, like I said as a total we moved from 59 down to 42 and there is still opportunity to move it in down and we will continue to do that. Now the other piece that I would want you to remember is our focus on cash as I mentioned free cash flow to EBITDA percentage was 101% this year versus 81% last year, so we remain extremely focused on making sure that all avenues are tightened completely to make sure the cash flow generation remains strong in the business.

**Avinash Singh**: Thank you Sir.

**Moderator**: Thank you. The next question is from the line of Sanjeev Mohta from B&K Securities. Please go ahead.

**Sanjeev Mohta**: Good evening everyone and thanks for the opportunity. Just one small clarification type of question, what you are seeing in the modern trade especially last year you have seen future group it was a very large player having problem and now with COVID wave 2 I think modern trade is further impacted, does that give you any kind of disadvantage over let us say unbranded players and that is what the reason why Sampann the growth has been different?

**Sunil D'Souza**: I would not try the second guess various pieces because remember two things, number one is modern trade is about 8% to 10% of the portfolio for us overall and I am talking about all beverages and fruits put together and it has come under severe stress through the year, so it is not that it was one quarter, two quarters, etc., etc., and we have delivered a Sampann growth of 26% for the year, it is just very specific quarters that it has got impacted so it is not that modern trade came back or was fantastic in Q1 and down in Q4 in fact it was completely a reverse, so if your theory holds true then we should have delivered solid

Sampann growth in Q4 rather than Q1, so that is one piece. The second piece I would want to point out is the opportunity for expansion of distribution, Sampann both pulses, spices and Nutri Mix is significantly under leveraged in the overall GT distribution system and very, very huge opportunity for us to grow the distribution there. We have just started on our journey I would say in about the end of Q3 early Q4 once we got the integrated system in play and I would say yes, are we playing at a premium to the locals or even the local store brands, but even at a small share per outlet we can grow volumes very significantly and that is the focus of the team, we are now moving to making sure availability is the big metric for Sampann, which should start driving up the volumes.

**L. Krishnakumar**: Just one small point to add to that in the short term is that the modern trade **(inaudible) 1:15:36** and share in E-comm also growing and we have this advantage compared to smaller players because of our supply chain and efficiency and being able to meet the challenge.

**Sanjeev Mohta**: Thank you very much Sir.

**Moderator**: Thank you. The next question is from the line of Viraj from Securities Investment Management. Please go ahead.

**Viraj**: Thanks for the opportunity. I just had two questions, one is on the synergies what I understood you said is we expect anything around 5 to 7 Crores of synergies and that we expect to accelerate, so correct me if I heard it wrong just a question on that is as we go into FY2022 would we looking to kind reinvest a bulk of that synergies in terms of investments behind the brands or we would kind of look to retain all the savings that is one and second is on the pulses part of the business when you see the India foods business if you can just share what is the kind of growth you have in pulses and except pulses in Q4 FY2021 the reason why I am asking is the kind of price volatility you mentioned 2 to 3 years back you see a similar kind of volatility and there was government intervention as well and we made some corrections in our business model and channel approach, so what changes the norm, which can lead to a more sustainable path in the growth and any growth I can see except pulses?

**Sunil D'Souza**: Let me say these are two distinct pieces, realizing synergies is a must do because we have brought two businesses together and if there are synergies that we had we should not leave them on the table, so we have taken synergies off the table and therefore we have set a target for the business that is part number one. Part number two is irrespective of the synergies you presented a business plan to the Board and like I said we need to invest in expanding our distribution, we need to invest in innovation and we need to invest in powering of our brands, so for all these three we provided enough of fuel as we move into FY2022 and do remain confident of delivering like I said double digit topline, very strong control on cost and the flow through coming down to EBITDA and therefore the bottomline, so that irrespective of synergies or not we will deliver good results and synergies are on track like Ajit mentioned and on track or slightly ahead of track both on timing as well as the quantum that is one piece. Specific in regard to your pulses question I think the issue 3 years back, which you are alluding to if I understand right it is slightly different to what it is today, 3 years back the prices movements up and down on pricing had caught us a bit unawares on inventory and the spikes had impacted the business. We are moving from that system into a much more structured distribution system that we have put in place today and therefore the chances of us being caught on the wrong foot are minimal today, so the thing is what are the costs that we are taking at a central level and there we are seeing the price movements grow and what is the impact that it will have on the margins and the bottomline unlike last time there it was a bit of scattered decision making all over the place, which had caught us slightly flat footed, so I do not think that is comparable, this time like I said interventions, etc., we saw movements up and down if it is one directional we can take a view and move up, but when you see these rapid movements up and down we are not very sure where it is landing and what it is happening and that is why we have stayed out.

**Viraj**: Any color you can provide except pulses what kind of growth rates we have seen, a low grades, but just we have some colour?

**Sunil D'Souza**: I think we have given the salt numbers separately and we have given you the full year Sampann growth numbers right?

**Viraj**: Thank you.

**Moderator**: Thank you. The next question is from the line of Sheela Rathi from Morgan Stanley. Please go ahead.

**Sheela Rathi**: Thank you Sunil. I have two questions, both are linked, my first question is with respect to the market share gains in the tea business, so if you could just tell us which are the markets where you have actually gained market share and the second bit is given there are issues with the regional players do you think there is an opportunity for any kind of acquisitions like you had done in FY2020 with respect to Dhunsheri**(inaudible) 1:21:13**, so these are my two questions?

**Sunil D'Souza**: Number one with regards to market share gains like I said we have plotted each state if I may and within states we have plotted clusters and each of them we have labeled out as a volume opportunity or a profit opportunity, there are markets in the country where we are lower share, and the profitability of the market is high, so we are going aggressively behind that. There are markets in the country where the profitability is decent, but it is a high volume opportunity, we are going behind that. There are markets where there is volume, but there is no profit opportunity we are probably soft peddling on that piece, so it is a mix and match scenario and we have gained almost across geographies but let me leave you with this we have gained in more profitable geographies per se so that is number one. Number two, on the very specific question about acquisition of locals, regional, I am not ruling it out, but remember as now Tata Consumer Products per se we have a whole different opportunity space if I may and therefore every M&A opportunity which comes along has to be evaluated with - is it the best use of money, first the M&A opportunity has to pass the strategic and financial filter but after that remember there are multiple opportunities that are juggling at any point of time even right now as we speak there are 4 or 5 points on discussion, there are 95% of what we have seen we have let it pass, but when these come up we have to weigh them up against which is the best use of money from a company perspective. We were acutely aware of the fact that we have goodwill sitting on our books for acquisitions made, etc., so as we go into acquisitions we got to make sure that they are ROCE accretive or transformative to the company that is what we are focused on so therefore we are not saying no to anything that is there on the table, but we will evaluate things on their merit per se.

**Sheela Rathi**: Thank you.

**Moderator**: Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference back to Ms. Nidhi Verma for closing comments. Over to you Madam!

**Nidhi Verma**: Thanks everyone for dialing in and we are mindful that we were not able to take some questions because of paucity of time, so you can reach out to me if you have any queries, and I would like to thank you all on behalf of the management for joining us today and stay safe and take care. Thank you.

**Moderator**: Thank you. On behalf of ICICI Securities Limited we conclude today's conference. Thank you all for joining. You may now disconnect your lines.