



Hindustan Unilever Limited

Annual Investor Meet 2019

Question and Answer Session

Question: Sir, my first question is on the channels of future, generally in terms of distribution and specifically on Nykaa. Nykaa clocked Rs. 1,200 crore sales last year and is targeting Rs. 2,200 crores in FY20. They are also targeting 20% contribution from private label. So, my question is, in this channel, how is your market share versus pan India modern trade and overall e-commerce.

And the second question is, your margin improvement in this part of the business in FY19 has been lower than the other segments. So, is it partly because of the competitive intensity in this channel and maybe the other channels also?

Answer: Good Afternoon everyone. First of all, as you would have seen in the earlier quarters, our market shares in ecommerce are higher than our market shares in modern trade, and our shares in modern trade are higher than our shares in general trade. With regards to your specific question on Nykaa, it is predominantly cosmetics play for us. We continue to lead there as well, and we have a very strong position in the cosmetics segments versus our competition. So, we are one of the leading brands on Nykaa platform.

On your second question with respect to margins, you have to accept that it's not going to be a linear line of improvement. As you know, we've had a massive improvement over the last few years, and now it will not be at the same pace. The margins will keep improving, that's our stated goal: Profitable Growth. But, it would be wrong to expect that the last 4 years margin improvement will maintain the same kind of incremental improvement.

Question: When you say your market share is higher in Nykaa, could you please tell us whether it will be lower than your modern trade market share?

Answer: No. If you look at the total ecommerce, our market shares in ecommerce are higher than modern trade and shares in modern trade are higher than general trade.

Question: My second question is on laundry. So, mid-end has grown only at 0.5X, and over the past many years, we are seeing this segment lose shares within the laundry category. Do you see this continuing and if so, will it then essentially become only mass and premium market? And what is driving this? I understand, this is premiumization, but I would've expected mass to lose more and maybe the mid-end would've become higher.

Answer: So, I think what is happening in the market, like you rightly said, is that the middle end of the market is squeezed more, and the premium end is growing very fast. Simply, the data and the facts are exactly the way you've pointed out. I think it is a function of what's really happening in terms of the access. Even premium brands are now available in low unit price packs. So, if you ask a consumer today which brand they would like to use, they would like to use the best quality at the most accessible price. And when those are available to them, that's what they would like to use.

So, I think the market will reshape slowly. In the end, the big prize is for the mass market to move towards mid and premium. And that is the secular trend that market will see. Therefore, we are well

placed, like I said earlier, and that's how I expect to continue. I think we will see more upgradation from mass to mid and premium. And that's the secular trend of the LSM profile change, as Sanjiv has shared in his charts, and there's no reason why that won't continue.

Question: My last question is on coffee. We didn't get too much of longer term insights on Coffee today. You are No. 2 in this category. Can you throw some light on the competitive intensity in Coffee versus the No. 1?

Answer: Over a long period of time, coffee has been a very successful business. We've gained market share and we've been doing very well. I think the truth is that the coffee penetration in India is still only 20%. There's a long way to go in terms of penetration growth in coffee. The good thing in coffee is, our share in coffee is significantly higher than our shares in tea, and our margins in coffee are significantly higher than our margins in tea. So, as this category develops, we definitely stand to gain. However, as of now, to be honest, it's not developing much faster than tea. It's roughly at the same rate as tea.

Question: My first question is on foods. You mentioned that 35% of GDP is foods, out of which 20% is packaged and 10% is value added. You also mentioned a point that in the developed market, half of the market is packaged. However, with let's say the likes of Zomato and Swiggy pumping so much of money, do you think there is a possibility that actually we do not go to the developed market stage at all? The center of the plate might be more in favor of Zomato and Swiggy, and therefore packaged story may not go to the level that we have seen in the developed markets?

Answer: There is, of course, a revolution happening in food tech, but one has to differentiate between in-home and out-of-home. The out-of-home market is growing and it will continue to explode. And as I mentioned, we have a very strong play with Unilever Food Solutions in the out-of-home market segment. In the in-home segment, we will have two parallel dynamics - Swiggy or Zomato might take a large share in out-of-home, but the in-home secular dynamic is likely to continue. I mean, the movement of people in India eating from in-home moving to out-of-home will happen, but it's likely to be a much slower rate than actually people moving from loose to package to value added. So, both are very large untapped segments and we have a play in both of them.

Question: Okay. The second question is to Srini. I was going through your annual report. Can you please elaborate on Ind AS 116 that's been mentioned? Does it mean that the EBITDA margins are automatically 100 bps higher and EBITDA is therefore 5% higher? Or is there something more to it?

Answer: What we are really doing is that we'll be capitalizing about Rs. 600 crores of assets in our books. These typically belong to the dedicated third parties who work for us. And therefore, from an accounting standard point of view, you need to get them on to your books. So, there will be a bit of a reclassification.

At the end of the day, from a PBT point of view, there is no change. What you will see is step up in EBITDA margins and a higher interest cost. So broadly put together, when it comes to the PBT level, there will be absolutely no change in terms of the numbers.

Question: But, at EBITDA level, there will be a change. So, to that extent, there is a comparison related issue?

Answer: What we will do is that, we will set up a call with the investor community in about a couple of weeks' time to walk them through the details of Ind AS 116 and its impact. But your answer is right.

Question: Okay. And my last question is to Sanjiv. Sorry for being short term; but now that the new government is in place and there is a strong mandate, what do you think about FY20 industry growth? I know the monsoon is an important thing. But the commentary just after the quarterly call was 'let's wait for the monsoon', 'let's wait for the elections'. So, what are the key parameters you are looking out for in FY20? And are you more positive with the new government at the center? Thank you very much.

Answer: As far as the state of the economy is concerned, I think you guys know as much as we do. And it is very clear that from what the scenario used to be, there is a level of softness which has crept in. But, just like a business, the economy also never goes in a linear fashion. There will be times when there will be stress. Then it's a government which is very conscious. If you look at the cabinet committees they have made, they are clearly focused that they have to rev up the growth rate. There is no question about that. So, just like, when a quarter is brilliant, we don't get very exuberant. Similarly, when there is a bit of softness, we don't feel very depressed. That would be my urge to you guys as well. Look at India's story from a mid to long term, and that is where the potential of India is. I certainly feel that in a couple of quarters, you would see the results of the actions that the government takes, starting to impact the consumption story again because there's so much of headroom to grow. And I think it is India's century. We are at the cusp of greatness. It is good that the government has got a decisive mandate and things should start looking up.

Question: My first question is specifically on the soaps category, because that's one category where I think you've faced bit of a challenge last year. So, if you could slightly more granulate and tell us what are the headwinds? What are the issues there? Is it a competitive issue or a market growth issue, and how are you looking at getting the growths back in that category?

Answer: Firstly, the headroom in soaps to grow is a lot, because even if I look at just soap bars itself and if I compare them to Indonesia, the per capita consumption of soap bars in India should be 1.6 times more to get at par with the per capita consumption of Indonesia. So, there's a huge room to grow. We have a very strong portfolio, both in the popular and now even in the premium segment. Earlier, in the premium segment our growth used to be a bit under-indexed, but now we've caught up a lot. In our premium

segment, we've got Dove, Pears and now Hamam, which are really driving the growth, in fact being ahead of the growth in the premium segment. In the popular segment, when there is softness in the oil prices, a lot of discount players come in, who get some short-term gains which impact our growth rates and to some extent our shares.

In previous calls, we've also spoken about our performance of Lux and Lifebuoy. We have seen that there is work in progress and we are doing a host of actions to address that. You have seen revised communication; you're going to see a bit of formulation changes. So that's a space where we are okay from a growth point of view, but definitely, there is a bigger opportunity that we need to capture, and you will continue to see series of actions in the next quarter or so on how we're addressing some of them.

Question: Sir, the second question is on the GSK business. I think Sudhir mentioned that you see the low penetration as a growth opportunity. My question is that, this is a very old category in India with 100 years of presence and your brands are very well known. So, is low penetration a sign that the category relevance is dropping? Because it's not a well-known category. And it has very low consumption outside South Asia, which I think is the major geography where this category is present. So, your thoughts on the overall penetration levels?

Answer: I think it's a good question. If you look at the GSK numbers, which I'm sure you guys would have, the company grew a CAGR of 13% between 2005 and 2014. Penetrations in the category went up from 17% to 25%. So, in the recent history, there is a very strong evidence of rapid growth in the category. And you know, it happened at a certain point in time with India's income going beyond a certain extent and milk consumption going up. So, it's not too long ago that this category was firing in terms of penetration and growth. Given this and the fact that penetrations are only 25%, we see HUL's strength in rural distribution and our knowledge of how to handle a sachet business materializing strong results. To give you a perspective, most of parts of HUL have about 50% of our turnover coming from low unit packs priced at Rs. 10 or below. In the case of many other companies that don't have our kind of rural distribution, this number is between 10% and 20%, as it is in the case of GSK. Give the number of villages that we go to and we can get a sachet of Horlicks into; only time will tell the growth potential. We think we are definitely into some big penetration games here.

Question: My first question is on GST. In the last 2 years, what are the benefits which a player like you has seen vis-à-vis the unorganized players and even some of smaller organized players. And now, with the continuity of the government again maintained, what are the things which you are looking forward to, especially on the GST part? We understand that a lot of reforms were deferred et cetera. So, is the journey going to be positive or are most of the gains already achieved?

Answer: Let's try and split the GST opportunity into two counts. One is from a growth side and second is from a cost savings, efficiency and margin side.

When you look at it from the growth side, you are able to capture the benefits in terms of servicing. With no tax borders, you're able to meet consumers' requirements, service them within certain timelines, take

out the costs and inefficiencies in the distribution process. Have we seen a full translation of shift of business from the unorganized to the organized? Not really because, in a manner, we went through series of changes to the legislation. Even today, it's not that there's a complete physical lock between the physical supply chain and the financial supply chain. The returns have been changed. Some of the aspects like e-way bill has also not been implemented in its totality. I think on that count, we are reasonably confident it is a job to be done. I think the government has streamlined and stabilized the systems. Now they're running well. So, going into future, we definitely see that interlock coming through. And when that happens, we will see a much better level playing field and then, clearly there will a bigger opportunity to grow. So, I think that equation is something which will get played out over the next 8, 12, 24 months.

On the cost and servicing side, we have seen significant benefits. The supply chain team is doing a fabulous job in terms of consolidating our distribution centers. We are consolidating from about 42 distribution centers to just 18 to 21 centers. We are already halfway on this journey. There is a significant step up that you've seen on Project Samadhan and the others. Today, we are able to leverage on the network of changes that have happened and that's going to land well. We are working with our extended partners in terms of procurement of materials; unlocking a lot of value, and there is more to come. As we speak, we're also re-looking at our total manufacturing footprint. The consolidation and reshaping of this footprint will start to give us a lot of benefits. So, as we look at it collectively over the next two to three years, there is a lot of value to unlock from a cost savings and a servicing point of view.

Question: A question on the laundry business again. If I look at your market share in the last six years, the mass segment has maintained the market share. That effectively means that there would have been a significant growth even in the mass segment. So, the question is, are you seeing more recruitment at that level? Is the mass segment recruiting from the unorganized or is there higher frequency led growth in that particular segment?

Answer: Firstly, the mass segment has lost share. That's the data and facts I presented. It's a percent but when you look at it, it goes up and then it comes down. Just to re-iterate, the mass segment has lost about a percent in terms of value. I think two things are happening in the market. The first, as you rightly said, there are unorganized players who enter the market. And all of it is good because the organized players gain and therefore, there is a huge opportunity for us as HUL as we straddle the pyramid of the market. So, we have brands present across the price value segment. But the secular trend in the market is that of premiumization. More consumers want access to better quality, more benefits. It is the secular trend we're seeing, and we're very well placed to really get the lion share of that trend.

Question: Sir, my question is on personal products, more from a longer-term point of view. I remember when I was here in 2009, which is like 10 years back, Mr. Manwani had mentioned that there is a huge opportunity in personal products especially skincare. He mentioned that Thailand's per capita consumption of skincare is 25 times that of India. And we are very close to an inflection point where we will see certain acceleration in growth in personal products. However, the fact is that over the last 10 years, we haven't seen any acceleration and even compared to soaps and detergents, the personal

products growth has been more or less at the same level. So, what actually went wrong versus the expectations and what are we doing to plug that?

Answer: Firstly, I think what the growth rate should be is anybody's guess. But if you look at market growth rate in skincare segment, in particular, over the last four or five years, CAGR has been in double digit; which I think is healthy from the point of view of the market getting consumers in and consumers getting premiumized. How can we grow it faster? I think we can grow it faster if we have better market development activities where we are able to get more consumers into skin-care regimen. For example, people use four to six products on a daily basis on one occasion in Thailand or Japan. We are getting there. I think that's where we see the market growing. If you ask my perspective, I don't think there'll be a sudden spurt of 15% or 20% kind of growth coming in suddenly, there will be years where it will grow faster or slower. But over a five-year period, it has been double digit.

Question: Within personal products, it's a very wide basket - you have skin, hair, oral and even within that you have sub segments. And I know that certain parts of the portfolio are growing much faster than the base variants; but if you have to look forward, let's say next 5 or 10 years into the future, which are the sub-segments, that are probably very small or not relevant right now but you believe can power the growth and become relevant at some point in time?

Answer: I think that the sizable part of the Beauty and Personal Care market today is in Skin Cleansing, Skin Care, Hair Care and Oral Care also. If you look at the past three or five year data, the trend remains the same, which is that Skin Care and Hair Care are leading the growth in Beauty and Personal Care market. I expect that to continue. And as I had mentioned earlier, I think the growth will come from more consumers entering the segment and faster level of premiumization continuing. So, I think those are the two very broad buckets of trend.

Question: Would you expect new formats to emerge and drive the growth? For example, in skin cleansing, do you think that liquids can really become a big play over the next 5 to 10 years? Or do you still think that bars is going to drive the growth?

Answer: It's always good to have some benchmark. That's why I mentioned Indonesia. Again, if you look at the skin cleansing market in Indonesia, about 40% of the market is in liquids and 60% is in bars. There is no reason why India should also not get there. So, I do see that happening. The market will move more and more towards liquids. And then you need to have, of course, brands in all benefits spaces to do that conversion. So, with the Dove, Pears, Lifebuoy, Lux at different price points for different beauty benefits or health benefits, I think we will be playing our role in that conversion.

Just to add, we have to look at the shape of the Indian economy in many cases. 25% of the population accounts for more than 60% of the total consumption. Our per capita is a shade above \$2,000. Now over the next few years, when the benefit of compounding starts coming, if we can maintain the growth rate to reach \$10 trillion, we would be what Thailand's per capita income is today. And during this journey, you

will see many of the categories reaching a point of inflection. For India, inclusive growth is very vital and important and so it is for FMCG because the consumption today is skewed.

Question: Though we have done phenomenally well, on many counts in last four years; if I look at your employee cost, it has shown CAGR of just around 2% in an era where inflation would have been around mid-single digit. So how do you manage to keep your team motivated with this kind of raise every year?

Answer: Firstly, we pay very competitively. And we benchmark ourselves to 75 percentiles of the market. But you have to remember that productivity improvements also come in. So, the number of people we employ doesn't move in tandem with the growth rate. As productivity improvement kicks in, we ensure to get a leverage on fixed cost that allows us to pay our people competitively.

Question: So, should we expect this number to move up as we go along? Or you believe you can sustain this?

Answer: We'll keep leveraging it. My personal philosophy is 6-8-10. Employ six, pay them the salary of eight and get the work of 10.

Question: Most of us are glad we are not working here. So, a second question, looking at Nykaa's success, and today, we were excited to see what you are doing with data and AI. There's also a flip side to this. This is the disruption that a brand like Nykaa can come from nowhere and can create this kind of franchise overnight leveraging that platform. So, do you think that the brand loyalty that we enjoy today will be challenged as we go along, leveraging the same platform?

Answer: You know, from our perspective, we have been very clear that we would want to have a fair share on whatever channel the consumer wants to shop. India is not a zero-sum game. I explained this to you when the natural competitor was growing. Guys, it's not a zero-sum game, we can still grow. And so, it's a massive opportunity for us. Leveraging data and enhancing the customer and consumer experience is pivotal. Whether it is a pure play, whether it is an omni-channel, whether it's a wide up store in GT, we would like to continue to have a fair share, if not increase our shares in each of the engagement with the consumers and shoppers. For us, Nykaa is a very strategic relationship. We are one of the biggest suppliers to Nykaa.

Question: Hi, I just want to make a point on you know, on one of the comments that that came from Sudhir's presentation, where he mentioned that for Kissan or rather ketchups, I think 4/5th of the category entrants are through Kissan, but your market share is 30%. So, what happens between this, you know, this 80% entering through the category, but your market share being only 30%.

Answer: That is quite simple. I'm saying if you get 100 bps of penetration gain for the category a year, what we're saying is 80 bps comes to us. It simply means that what is new into the category, 80% of that is coming to us, it doesn't mean that our share is 80%. Hopefully, you know, they will converge at some point. But it's just the difference between base share and share of new users.

Question: Okay, so it's just that your incremental share is higher than your existing market share?

Answer: Yes, which is a very good leading indicator, because if your share of new users is 80%, and your share of current share is 30%, it only tells you where your share is going to go as it's been going in ketchups for many years now.

Question: Okay, got that. Thanks. And can I get your comment on what do you think is going on with regards to what Reliance Retail is trying to do to the distribution or retailing landscape. Thank you for that one-hour presentation where we walked around to see what all you are going to do, but do you fear that there's going to be a large guy who's going to try to upset the applecart? I know you are the largest consumer goods company, so there'll be a lot of interdependence on you et cetera but do you see some sort of a change in dynamics even if a little bit with this guy coming on board?

Answer: First, we have to accept that for the general trade to survive they have to bring in technology, and they have to bring in science of retailing. There's no question about that. And the wonderful bit is that by wiring them up and by bringing them science of retailing, we will be able to help them with two critical things. If I may call it the challenges that the GT store has, one is the space constraint and second is the amount of money. You would be able to help them with both and help them with the ROI. Now, there will be different models opening up. There would be what Amazon is talking about, what Flipkart is talking about to the business B2B, what Reliance is taking about. And then, there are many small players opening in different cities who are looking at how do you do it and how do you do it in a manner which can be scaled up. Now, we are exploring different options including partnering with many of the players that we have spoken about. Now what we bring in to a retailer, first, is relationship. We go to millions of stores, there is a trust element, they know us for decades. The second important bit is we know our categories better than most of the people. So, we help the retailer by upgrading the categories, by getting more ROI for the cubic feet of space that they have with the science of retailing. We firmly believe that the science of retailing that we have and the way we are customizing our assortment, we will be able to customize an assortment for a store based on the locality and the kind shoppers that exist in the vicinity. So, that is the kind of science we bring in; but see for instance, even today there is no one single route to a general trade. There is one which you cover directly, one which we cover through Shakti, one which we cover through the wholesale, one which we cover through the cash and carry. So, there are different routes to a general trade. Now, many of the channels will evolve, many of the routes to general trade will evolve and we are looking at this space very closely. We are looking at collaborating, we are looking at partnerships and also, looking at developing our own ecosystem which will benefit the trade and also give us significant advantage.

Question: Do you feel somebody you know powerful coming along the way in this process, somebody like Reliance?

Answer: See we, it's not a question of fearing. Just like 2-3 years back all of you sitting in the room used to talk about one of our competitors starting with the alphabet P, and I used to tell you guys that our obsession is with consumers, similarly our obsession is with customers. So long as we can create value for them at a cost equal to or lower than any other person can do, we will be in a great shape.

Question: Sir, two questions. First, very impressed with the initiative 'Re-Imagining HUL', particularly, the initiative on strengthening the GT Channel. What we would like to see here is some statistics on what the usage of Shikhar App is, how many monthly active users are on the app, what is the initiative on Humarashop, what is the user base and what are the activities there as those are the important data points to see how the company is progressing on those.

Answer: We are right now a bit circumspect in terms of sharing data for competitive reasons, which you can understand. At an appropriate time, we would be much more open about it. We can tell you about the kind of cities, the number of cities that we are rolling out to.

So if you look at it, two things you spoke about, Shikhar and Humarashop. We have been scaling up the Shikhar to stores. The number of stores getting enrolled are going up every day. What we are seeing is a very clear shift in the outlets who are really getting used to it. So, where ever the adoption is higher, we are seeing higher bills. In most adopted stores, we are seeing almost 8 to 9% of business is now coming through Shikhar. The numbers are still in an initial phase, and it's still nascent and we don't want to share information too much. We have already rolled it across almost 13 plus cities and across a set of outlets and we will continue to scale it up.

Question: Is the POS initiative still in Beta stage or is this in large scaling of plans now in this year?

Answer: The POS initiative is also gradually scaling up. We are seeing the benefits of it wherever the POS solutions are going. It is giving us a lot of data on how the entire journey of shoppers is happening. We are gradually scaling it up across cities. Again, we are now there in upwards of 10 cities for POS solutions as well across 3 sets of solutions including owned and partnered.

Question: There is a second different question here. AC Nielsen has been reporting for some time that the smaller FMCG companies are growing much faster than the large FMCG companies and they have been putting out this data consistently. Now, this is sort of counter intuitive in a GST environment which tends to benefit larger companies. So, your take and thought processes on that.

Answer: Firstly, what AC Nielsen categorizes as others is not something that you will see in all the categories. There are some categories where you will see it in a much more pronounced manner. Skin cleansing is one such category. And if you look at it, your question is absolutely right that with the advent of GST we should have seen the others go down. But GST has not been implemented in its pristine way, the way it was envisaged, especially when it comes to the physical movement of goods. And we believe that now that the government has come back with a big mandate, they would want to further reduce the tax evasion that is happening, and they would start plugging those holes. So, the 3 big benefits like Srini talked about, one is reduction of taxes and passing on the benefits to the consumers, that's happened. Second is the benefit that we will get across the supply chain of more efficiency that is in progress. We have been able to significantly reduce our fulfilment centers, but more reduction and optimization is still under way. The third one is the level playing field that is yet to take shape.

Questions: My question to you is the company has been making significant investments in technology, digital data and other aspects. How has this influenced the pace of innovation and renovation in the company you know vis-à-vis say last 3 years or 5 years? Where are you today vis-à-vis where you were 3 years or 5 years ago in terms of the innovation and renovation agenda?

Answer: You know, who better than to have our R&D Director on the board talk to you about innovations. So, I think there are two parts to this. The first one is that we are constantly looking at ways by which we can upgrade our product quality and deliver much more superior benefits to our consumers. As consumers evolve, their demands, their premiumization and all of these things evolve. So, we are looking at how we can do that through formats, through new benefits that we deliver to the consumers and a very important part of it is what we are doing even in terms of sustainability. Because sustainability is really at the heart of what we are doing in terms of both innovation and renovation. Some of it you have already heard in terms of our plastic initiatives but there's a lot of other things we are doing in terms of sustainable sourcing of ingredients. We are looking at reducing our dependence on some of the materials. We are looking at ways by which our products will consume less of greenhouse gases as well as water and you have seen some of the innovations which have been launched as part of laundry. So, all of these are basically looking at ways by which we can transform our overall innovation basket. And we are looking at getting a lot of inputs and insights from consumers from their buying habits, from the way they are purchasing, as well as trends which really influence the way we are looking at our innovation and renovation portfolio. And, we are very digitally integrated in terms of how we do this. The second is the back end of it in terms of how we are looking at digital to speed up our rate of innovation. In the past we used to rely on a lot on actual data that we would generate on every single innovation in terms of stability, in terms of carrying out actual factory trials and so on. And what we have done there is that we now have upgraded our systems so that a lot of this is now predictive in nature. And consequently, it has significantly reduced the amount of time that we now take to land our innovation. Therefore, we are transforming both in terms of the quality and what we are delivering to the consumer as well as the speed and the agility with which we are doing it.

Just to give you an example, we indicated that I think in my presentation, our speed to the market has gone up by about 40% as compared to say about 3 years back.

Question: Just two questions. In your 1-hour presentation on data and technology, you spoke of various things like Shikhar, Humarashop, Jarvis, Live Wire as well as the distribution initiatives. I just wanted to understand that how far ahead of competition do we think we are? We are doing all these things which we don't hear from others. So, in your view, how far ahead are you? Probably it could be one year, 2 years or 5 years but then just your guesstimate because you know the market better than anybody.

Answer: You know, I don't want to gloat over it but if we benchmark with Unilever globally, India would be at the upper end compared even to many of the developed markets.

Question: And versus the Indian peers, how do you see that?

Answer: You are a better guy to do that. You attend more investor meets than I do. I think, you know, this is a journey, this is not a destination. Let's accept that we started 'Re-imagining HUL' about 3 years back. Many of our products have now been scaled up, adopted and they have been adopted across the developed world as well. Many of them we are refining, experimenting with it. I think where my confidence comes from is firstly the kind of talent we possess. Most of the works that you have seen, we have not engaged any consultants to do that, it's our own team. When we recruit the best possible talent, the best engineers, the best thinkers, the best marketers, they have amazing amount of talent to start thinking about the new world and that's what we have brought in. The second important bit is the culture of experimentation. I think that's a big shift. 85 experiments running in the company at different stages again will help us massively. Because it is a cultural shift that we have done. We have started thinking in a very different way, not as a traditional company, but as a tech driven company. Anish, our chief data officer and Javed, our Marketing Transformation Director, are permanent appointees to the management committee. That's the kind of importance and focus we have given to 'Re-imagining HUL'.

Question: Very clear sir! Second question was in the medium term, we are in an environment of slightly slower than average growth as well as benign inflation. Now, this is typically a recipe for the unorganized segment to start pushing in more in terms of promotional intensity, etc. because you have the benefit of lower costs as well. So just wanted to get your sense, are we seeing that action in the mass segments from the unorganized players? If not, do we expect it to go forward?

Answer: You know you are right, there would be some shift, but we are keeping a very close eye on the price value equation and wherever we feel there is a need for intervention, we will do it. We play for the long term. So, we won't hesitate to correct the price value equation if it warrants.

Again, just important to break it up. In cleansing, you have seen a bit of softness for some time because of oil basket. And you actually see, crude is anybody's guess. It's not easy for anyone to be able to manage it. Five weeks ago, we were talking of 70 upwards, today we are 60. And HUL can manage, can flex, but I'm not sure whether it is so easy for many others. If you now start to look at tea, we have started to know that the new crop will come in. Without getting ahead of ourselves, probably there is a bit of inflation there. So,

I don't think we can start to paint a picture that the whole basket is going into a bit of softness and therefore, you will see a lot of locals. Agility, responsiveness and capabilities will actually continue to serve us better than anyone else in the industry and on that one, I think we are fairly confident without actually even benchmarking who is where.

With that we will bring the Q and A session to a close. Thank you very much to the HUL management committee and thank you all of you for your presence and engagement today.