UNITED BREWERIES LIMITED

October 31, 2023

1. Department of Corporate Services,
   BSE Limited,
   Floor 25, P J Towers,
   Dalal Street,
   Mumbai - 400 001
   Scrip Code: 532478

2. Department of Corporate Services,
   National Stock Exchange of India Ltd.,
   Exchange Plaza, Bandra Kurla Complex,
   Bandra (East),
   Mumbai – 400 051
   Scrip Code: UBL

Subject: **Transcript of Earning Conference call on Q2 FY24 results**

Dear Sir/Madam,

This is in further to our letter dated October 20, 2023, whereby the Company had submitted the link to the audio recording of Earning Call held post announcement of Financial Results for the quarter ended September 30,2023.

Pursuant to the regulation 30(6) read with Para A of schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Transcript of the Quarter2 FY24 Financial Results Earning conference call held on Friday, October 20, 2023 @ 04.00 p.m. IST with Investors and analyst.

The transcript of the earnings call is also available on the Company's website at:
https://www.unitedbreweries.com/pdf/presentations/Transcript%20of%20United%20Breweries%20Limited%20Q2%20FY23-24%20Earning%20Conference%20Call%20on%20October%2020,%202023.pdf

We make an apology for delayed in submission of Transcript. In future, we will take utmost care to submit, within in the prescribed time.

Kindly take the same on record.

Thanking you, we remain,

Yours faithfully,
For UNITED BREWERIES LIMITED

Amit Khera — Digitally signed by Amit Khera Date: 2023.10.31 10:09:26 +05'30'

AMIT KHERA
Company Secretary & Compliance Officer

Encl: As above

"United Breweries Limited Q2 FY-24 Earnings Conference Call"

October 20, 2023

MANAGEMENT: **MR. RADOVAN SIKORSKY-DIRECTOR & CFO**
MR. VIVEK GUPTA-MANAGING DIRECTOR & CEO
MR. ROBIN ACHTEN-BUSINESS CONTROL & INVESTOR RELATIONS
(AUTHORISED REPRESENTATIVES - UNITED BREWERIES LIMITED)

MODERATOR: **MR. HARIT KAPOOR – INVESTEC CAPITAL SERVICES**

Moderator: Ladies and gentlemen, good day and welcome to United Breweries Q2 FY24 Earnings Conference Call hosted by Investec Capital Services.

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 any assistance during the conference call, please signal the operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand over the conference over to Mr. Harit – Investec Capital Services. Thank you and over to you Mr. Harit.

Harit Kapoor: Thanks, Malcolm. On behalf of Investec, I would like to welcome all the participants and the Management Team of United Breweries for the second quarter FY24 Earnings Call. From the management team I have Mr. Radovan Sikorsky – Director and CFO, and Mr. Robin Achten – Business Control and Investor Relations.

I will now hand the call over to Mr. Radovan for his opening comments, post which we will take the Q&A. Over to you, Rado.

Radovan Sikorsky: Yes. Good afternoon, everybody. I am glad to be here. Also, one more thing, we also have our new CEO on the line Vivek Gupta, we have managed to connect to him. He will just join us to just mention a few words of introduction from himself. And then I will just take over with going through the results. So, can we try and connect through to him?

Vivek Gupta: Hi, I'm on the line Rado. Can you hear me?

Radovan Sikorsky: Yes. Good, Vivek.

Vivek Gupta: Thanks, Rado and good afternoon, everyone. First of all, thank you for joining me on this call, just to introduce I have almost 25 years of work experience before I joined UB. But I'm only 25 days old today in UB, but it has been a very exciting 25 days, my focus has been to really understand our operations, understand our people, understand our business.

So, I've been out to almost three breweries, six markets, also in our head office right now I am in Europe, where we came to see our operations for the company in Amsterdam. I can only share that, I'm very excited I see huge opportunities, our brand power is very strong. Which is one very pleasant surprise that every consumer you meet they know about our brand, they have a view about our brands. We have a very, very strong innovation portfolio, at the same time there is enough work to be done on fixing our fundamentals and continue to grow the business.

Also, I'm very excited about the work which is ahead of us from a category development in this market, also in terms of working with regulators. In fact, we have also already started meeting a lot of the key stakeholders in the government, and various state governments to really understand how we can meet some of the barriers of doing business. And there is a lot of work to be done as an industry, but also as a market leader, as a UB we play a significant role in that. Also, I would say that my focus over the next couple of months is to put together next three to five year strategic plan. And hopefully, when we are in the next earing call, I would like to take you through the snippets of the plan. And in between, would like to also engage some of you to get your input, your thoughts. But in short, I see significant opportunity on the business, on the category, on the portfolio. At the same time, I also want to thank Rado and team because as we know UB there was leadership transition. And one of the strengths of the management team is, they were able to hold the fort and continue to deliver strong results which you saw in the results which we declared last night about the second quarter. But at the same time, we are very humble that, we have a lot of ground to cover. And we are actually putting fundamentals in place. So, with this I will hand over to Rado, but look forward to working with all of you.

Radovan Sikorsky: Thank you, Vivek. Yes, it's great we are now a full team, full management team and as Vivek said there is much opportunity ahead of us. So, I will start with the highlights for Q2. So, volumes were up 7% in the quarter, driven by strong underlying demand so, a very nice recovery versus quarter one for the three months in this quarter. The premium segment grew 10% in the quarter for us, with growth in the Ultra Max showing promising results and gaining traction, and also some good results for Heineken Silver. That's, coming through of course we will soon start production of Heineken Silver as well in Karnataka so we will be gaining some more traction there as well. And in terms of net sales, net sales were up 12% fueled by the volume growth that I mentioned. And solid price increases across the multiple of states, such as Rajasthan, Uttar Pradesh, Karnataka, to mention a few Maharashtra as well.

The gross margins were down slightly in the quarter versus the prior year around 213 basis points. So, the core inflation is still there yet, you all would have seen that there has been softening in this quarter, as we've always mentioned in our previous calls. And that's good to see, but volatility remains on cost of goods sold, we can see that as well. But the softening is of course helping our gross margins.

In terms of the year-to-date results, it is still down year-to-date 4% with a tough quarter one. And that was impacted by some of the route to market changes that we did, we had in some of the supply chain challenges that we encountered. We also focused a lot on managing interstate profitability. And therefore, we also had some volume pullback in those areas where we felt that some of the interstate sales were not profitable for us.

Our EBIT margin was around 8% down around 180 basis points, but primarily impacted by inflation but you could also see that in quarter two we also stepped up a little bit our commercial spend behind our brands. And I'm sure you've seen that also now during the current Cricket World Cup where we have been making some investments behind Kingfisher. And finally, on the outlook, we continue to be focused on the category growth of course, that is key, but also on premium, driving premium through Heineken Silver, Kingfisher Ultra brand family. So, we continue focusing on that. Like I mentioned the inflationary softening has been seen in quarter two. But also, in our outlook statement we feel that volatility will remain. We continue to focus on revenue management, SKU management, be it pricing, that is a key lever for our top line growth, but also focus on the cost initiatives that we have spoken about.

We remain optimistic on the long-term growth, and you saw a lot of positive coming out also from Vivek's short discussion he mentioned. So, we remain optimistic on the long-term growth of the business. And with that, we can go to the Q&A.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Abneesh Roy from Nuvama Institutional Equities.

Abneesh Roy: My first question is on the impact of route to market. So, if I see the impact of route to market is around 2% in terms of overall volumes, but there is no impact in terms of the premium. So, wanted to understand why there is a divergence and when do you see the route to market further reducing in terms of the impact, it has already reduced for the Q1, but when do you see it fully going away?

Radovan Sikorsky: So, on the route to market, we remain cautious on the route to market of course, we are seeing good traction coming back. In markets like Tamil Nadu, we really start cycling the main impacts of the route to market changes in November, December and into January. So, we'll be really cycling that. So, then we would see less impact from those RTM changes. Your question on premium, the premium category for us was also impacted by the route to market challenges. So, there is some impact in there and we expect this 10% premium growth to accelerate going forward in our portfolio.

Abneesh Roy: Sure. My second question is on the region wise volume growth which you have given, very heartening to see East and South both grow in double digit volume. So, here my question is more on Delhi and Haryana where still volumes are declining. So, when do you see this reversing and in terms of East and South is it a market share gain also, or is the industry also growing in similar doubled eight volumes in East and South?

Radovan Sikorsky: So, in Haryana, yes we've had some declines although at the end of the quarter we've seen recovery again so that's good to see. We have been looking at some of our commercial terms in Haryana. So, we've been working through that with our customers so there was a bit of impact on that, but we remain quite positive on Haryana. In terms of Delhi, as you may know there hasn't really been a change in the excise policy going forward. So, we still remain cautious on volume development in Delhi, going forward. So, it's still currently for us a difficult market. In terms of the 11% growth so we've seen some nice share gains in certain states. So, there we have seen that we have been doing well, states like Orissa as well. And also, in the states of Telangana and in Andhra Pradesh, we've gained share.

Abneesh Roy: So, thanks and last question is on margin so sequentially quarter-on-quarter there is a gain of around 400 bps in terms of margins. Unfortunately, that's not going to be the EBITDA and EBITDA level which is sequentially at the same level. So, want to understand when do you see the gross margin expansion flowing towards EBITDA and EBIT, and staff cost is up sharply, 18%, quarter-on-quarter and 8% Y-o-Y, so if you could elaborate why such a sharp increase here?

Radovan Sikorsky: So, if you look at the year-to-date results, the costs are growing around 4% and employee cost is up 8% and on the year-to-date within the quarter we had a couple of one-offs and also some provisions we are cycling from the previous quarter, which has an impact on the percentage growth quarter-on-quarter. So, it's a couple of one-offs there, but the trending line of year-to-date is a reflection of our cost side at the moment, and therefore that should come through to the operating profit margins going forward.

Moderator: Thank you very much. The next question is from the line of Jay Doshi from Kotak. Please go ahead.

Jay Doshi: I've got a couple of questions. The first one is just a quick follow up on the previous question. So, if I understand correctly, what you indicated is that there was some one-offs employee cost in this quarter, one should look at first half employee cost as a more normalized run rate from a full year perspective, is that understanding correct?

Radovan Sikorsky: Yes, so well. But I understand that you are referring back to the previous questions in terms of in the Q2 where there is some one-off cost in personnel cost and any other expenses and that's correct, yes, we are cycling some from quarter two 2022 and also one-off cost in quarter two of this year.

Jay Doshi: But what is the normalized run rate of personal cost, what is the quarterly run rate that we should model?

Radovan Sikorsky: The trend of the year-to-date results is a bit more in line with what we are seeing going forward.

Jay Doshi: Understood. The second one is, was there any spillover of volume from first quarter to second quarter because you had called out some supply chain challenges last quarter that impacted volume. So, is this 7% growth looking more sustainable in nature, or this is consequence of 12% decline that you saw and so we shouldn't expect this to sustain?

Radovan Sikorsky: Yes, so like I mentioned in the first quarter that we had some supply issues which impacted volumes. And we also were still facing a little bit more volume pressure from the route to market, which recovered more and more as the year progressed. So, the quarter two is a good reflection of the volume growth in the industry, but we are we still cautious on going forward and have the volumes develop, we remain optimistic for the long term like I've said, but on a quarter-by-quarter we can have some pressure.

Jay Doshi: Understood. One last one if I may, your gross margin recovery of 400 odd basis point on sequential basis, does it fully capture the benefit of low-cost barley and how should we think about further improvement in gross margins from these levels, what is required for you to move up from the current level?

Radovan Sikorsky: So, we are already starting to cycle some of the improved barley prices and therefore, there is an improvement on margins. And it's also a combination of some of the cost initiatives we are running which I mentioned, within the breweries, and it's also helping us in terms of our efficiencies. volatility remains going forward. So, we will endeavor to drive up the gross margins and that's not just through better variable cost, but also like I mentioned through revenue management activities to drive top line so it should be a combination of end-to-end. But we need to just be cautious on the variable cost going forward still, I believe.

Moderator: Thank you very much. We have from the line of Karan Taurani from Elara Capital for the next question. Please go ahead.

Karan Taurani: My first question was pertaining to the festive. So, you mentioned that you are cautiously optimistic about the demand, don't you foresee that the World Cup and festive as a combination coming together will lead to much stronger volume growth in the next quarter or this quarter rather?

Radovan Sikorsky: So, I'm not going to give forecasts on volumes for the next quarter. We don't do that, actually. But, quarter two was strong and hopefully that sort of momentum can remain, but let's see how the volumes pan out going forward.

Karan Taurani: Got it. Just a secondly on the premium beer front, you mentioned that you will see acceleration in the premium beer growth as well. Currently, the growth is about 10% odd. And the market average growth for the premium beer is far higher. So, when do you start to see growth which is more than 15% or probably higher than that number because your base of premium is far smaller as compared to peers, basically when do we see potential market share gains in the premium beer segment for you?

Radovan Sikorsky: So, you're 100%, right we are not 10% premium growth sounds like a nice number, but it's by far not where we should be in terms of premium growth, and we are not doing as well as the market is doing. So, we are working strongly to have stronger plans in place. It's one of also the priorities that Vivek is looking at, he sees the importance of premium beer as one of the pillars of growth. Let's just be clear about that, it's not just about premium, premium is an extremely important pillar, but it's also growing the category and it's also about like we always mentioned that we need to focus on Kingfisher, our mainstream brand. But we will work strongly on the premium and we are working on strong plans to grow that and we need to then execute on us.

Karan Taurani: Got it. Just one little thing if I may squeeze in, whatever changes from your end in terms of route to market, in terms of profitability was because Kingfisher or regular beer is low margin in nature. So, any change in stance now that you are going to focus more on Kingfisher also, and not just the premium beer segment?

Radovan Sikorsky: Sorry, can you just repeat that question a little bit slower.

Karan Taurani: Yes. None of the strategic initiatives over the last one year in terms of change in route to market and other things put together, was because of profitability and that is specifically more to the point of regular beer, which could be low margin in nature in this inflationary environment. So, any change in stance or strategy that you will try to focus more on Kingfisher also now with the inflationary environment kind of cooling off or stabilizing?

Radovan Sikorsky: Look we continue focusing on Kingfisher if I understood your question correctly. Kingfisher is for us the icon of the business, make no mistake it's an extremely important brand for us. And we believe we need to just work on the Kingfisher brand, so it's a beer for all demographics and that's key for us, for our younger consumers, for our older consumers. And through the commercial team, we are working on some exciting things around Kingfisher. And we remain very optimistic about the brand going forward.

Moderator: Thank you very much. The next question is from the line of Ajay Thakur from Anand Rathi Securities. Please go ahead.

Ajay Thakur: I just want to understand in terms of the market share losses, last time we had indicated around 150 basis point kind of an underlying share loss for us on an ongoing basis. Can you just elaborate what kind of market share gains or losses we have during current quarter?

Radovan Sikorsky: Yes, so in quarter one we struggled with share. And that was reflected, with a 12% volume decline. But we see some nice share recovery in quarter two in quite a few markets, and there are some markets that we believe we still do have a lot of work ahead of us But we continue hovering close to the 50% mark. And the nice recovery in quarter two versus quarter one.

Ajay Thakur: Okay, quite helpful thanks. The second question that I had was more on the input price, if I were to look at the glass cost, can you just share some bit of your understanding of how the glass prices actually kind of moving. And if we were to look at the current prices on both glass and the barley at the current level, can we expect further improvement in margins going ahead or we need to take further price increases to offset the current price?

Radovan Sikorsky: So, on the glass as you know, glass is a combination of the actual price of the bottle but also on the returnability of the bottle. And the combination of those two has an impact on the variable cost per case. In terms of the actual cost of bottle pricing we haven't seen any real movement there. So, we are still under pressure in terms of bottle pricing, and we need to work through that with our suppliers. On the return ability so on that we feel we need to get still a stronger grip on that, our return rates were good and as we spoke about this before, but not at the level that we would like them to be at, to be honest. And that's as a team and as a business we need to work through with our partners across India to improve on that. Definitely, and this is such an important thing also from a sustainability agenda in terms of all packaging, returnable bottles, right number one in terms of sustainability, and therefore it's a key point from us not only from a profitability point of view, but also from a sustainability point of view.

Ajay Thakur: Thanks for that, just that last part of the question if you can just address also if the current prices of both barley and glass, can we expect the margins to improve in the coming quarters or we have to take further price increases to offset the cost?

Radovan Sikorsky: So, like I mentioned previously I have said that we continue working on the gross margins and thinking going forward we want to see improvement in those margins. But like I said, it's a combination of top line and variable cost so pricing, revenue management and working on the variable cost base, but we remain optimistic that we can grow these gross margins going forward. But like I said, as well volatility remains and as you all know we can be surprised with certain commodity prices be it sharp increases in aluminum prices, et cetera which has been, if you have price adjustment formulas that can impact your variable cost.

Moderator: Thank you very much. The next question is from the line of Nillai Shah from Moon Capital. Please go ahead.

Nillai Shah: Last time on the call, I had asked this question about the fact that given that the volumes were rather weak, over the past few quarters, you would possibly be running extra barley inventory into 2Q versus what you normally would, you kind of said yes to that question. So, now can you quantify as to the fact that this quarter the lower barley inventory, which you have the new barley inventory, was it utilized for half the quarter, less than half the quarter, some positive comments around that to help us understand the gross margin trends going forward?

Radovan Sikorsky: So, we discussed it and I commented to you that, that was a good question. So, of course the consumption was slower than what we expected in our forecasting because of the 12% decline in quarter one. But then we have good recovery in quarter two, have we consumed all the barley from the old prices, I can say it's close to being that. So, we are now cycling with the improving margins, the new pricing. And, that's of course helping the gross margins. It was a good barley crop and we have made sure we have secured the barley for going into the next season, and then for the new crop. And we took a bit of reserve on that, because we felt the pricing was good.

Nillai Shah: Okay, got it. So, when I come back to all these questions that were asked on margins, we have a situation today where barley is back to the pre-COVID levels, aluminum and non-glass packaging is pretty much back to pre-COVID levels. And UBs margins pre-COVID used to be upwards of 50%. So, without getting into the specifics timing of this, with the anchoring of the management be to try and get to gross margins at some point in time, which are next, or basically just back to the pre-COVID levels, in terms of gross margins?

Radovan Sikorsky: Yes, so of course you are pushing me here again into forecasting going forward. And like I said, we are definitely, the ambition of this company is to improve margins. And that's the bottom-line margin as well. So, it's not just gross margin, but also operating profit margin. We see that trend, are we yet to pre-COVID levels, No. Do we aim to get there, 100% -Yes. And like I said again, working on our pricing, working on our state mix, working on things like interstate sales, working on efficiencies in the breweries in terms of material consumptions. And we remain cautious on the volatility again, yes, we all see that there is a pricing in the markets, but when you listen to some of the commentary about what can happen going forward, it's still an unknown and we still remain to have pressure on bottle pricing. And like I said, the bottle pricing is again a combination of the price of the bottle and the returnability of the bottle. So, certain things are in our control, like returnability, and therefore we have to focus and execute on it. Some things are not fully in our control our pricing of bottling, bottles, and other end commodities like aluminium, and therefore we have to use other levers like pricing

Nillai Shah: On the glass bit, isn't it true that the glass bottle, for new bottles, is now linked in a way to the commercial aspects of production, which is to say that energy prices, coal prices, in particular have dropped quite dramatically. So, the bottle manufacturers, essentially as per your terms need to pass on those benefits to you?

Radovan Sikorsky: So, I'm not going to go into the details of our contracts. But, there is a normal negotiation process with a supplier of course, it's a combination of that and it's a combination of supply and demand in the market of glass and the capacities available of glass production in the country. So, there's a couple of factors there.

Nillai Shah: Got it. And just a last quick bit, can you just throw some light again, some positive comments on Karnataka, I see we are still losing market share out there, the rate of loss has come down, but we are still losing some amount of market share out there. So, any thoughts, any comments on what we are doing to reverse that change that. Thanks.

Radovan Sikorsky: So, in the state of Karnataka we had some supply issues in quarter one, and of course that causes us share loss. And when you lose share, to recover share back is of course, more difficult. But we are working on strong plans to get back to share growth in Karnataka, across the category segmentation, be it premium, be it the mainstream, be it the economy segment. So, yes, we are working through that, but we are not happy with the fact that we have lost market share in Karnataka 100%, not.

Moderator: Thank you very much. The next question is from the line of Ed Mundy from Jefferies. Please go ahead.

Ed Mundy: Appreciate, there's been quite a lot of change in the business recently, both at the Board level and also in the management team. But what I would really love to understand better is, over the next three to five years what is the dream for this business, what are you really looking to, achieve and what are the key things you have to get right, as you go on that journey?

Radovan Sikorsky: Well, I would love to give Vivek a bit of time in the business, and to share that with all of you in the next couple of months, from my side what I can say, and therefore, I will hold back on that a little bit, because that would be a perfect flow for Vivek, in terms of answering that question. But still, I don't want to leave it just hanging there. It's really nice that we are now a full-strength team. And having Vivek onboard with all his experience that he has; I really see so much opportunity for us as a business. In terms of the Board, yes, we have a great array of experience on the Board, there have been a couple of changes like you rightly said and we can really go forward as a team now to really grow our category going forward. As a leader in the market, that is key that we take leadership of this category, much more to grow the category, to premiumize the category. And that is something that is our responsibility as a leader. So, I would end it there and likely they are setting his call, we are going to be working through some longer-term plans going forward. And then that would be a great opportunity for Vivek to come back to that question, which is a great question.

Ed Mundy: Thank you, I will try to follow up with the regulatory environment, clearly there's beer is quite expensive relative to some of the other forms of alcohol. Can you talk about any sort of recent wins for beer, relative to broader alcohol when it comes to trying to make beer more affordable?

Radovan Sikorsky: Yes, so in terms of that, Karnataka is a nice example where we see that the playing field has become a bit more fearful beer versus spirits. And we can see that, and we believe that there will be category growth for beer, which is a low alcoholic beverage and that is very important that as a beer category we are a low alcoholic beverage and therefore we strive for moderation. But there's a lot of other states that we are working through, with various regulatory stakeholders that we want to have a more level playing field in other states as well as a category.

Moderator: Thank you very much. The next question is from Harit Kapoor from Investec Capital Services. Please go ahead.

Harit Kapoor: One was on the route to the market. So, you had spoken about Telangana in some issues which you had in quarter one, even from operations perspective. Would it be safe to assume that some of those things in terms of shift, et cetera are now kind of behind you and you don't see a recurrence of those issues again?

Radovan Sikorsky: Yes, Telangana we had some shift issues in quarter one, so we had a strong quarter two for Telangana market. So, that was good to see. But we need to also still work on pricing in the Telangana market, we haven't captured the price increase in Telangana this year and Telangana is now going into elections. So, that's one area that we still need to work on is to get pricing in the states of Telangana.

Harit Kapoor: Got it. And the second thing was on, you spoke about certain, the Haryana is back on track, there was some disturbance. So, I just had a broader question on the route to market any further changes that we see currently, that are occurring in our route to market in terms of the way we do business, that potentially could have any kind of a volume impact going forward over the next few quarters?

Radovan Sikorsky: We continue assessing our strategy from state-to-state perspective, and it's always a game between volume and also value that we need to keep in mind. So, as a team now as we are also a full team, we are going to be working through that, to make sure that there's the right balance between volume and value, and what is our strategy state-by-state. So, at this stage, now I don't see anything, but I cannot say that we will not be doing some changes or adjustments to some of, our routine market strategies in different states. So, that's how I would put it.

Harit Kapoor: Got it. And the last thing was on competitive intensity. So, when you look at typically in businesses with when prices start to cool off moderate, you do see promotional intensity, media intensity go up, in your case it's more promotional and intensity. Have you started to see that in the market already with the barley prices softening the market promotional intensity for competitors that are going up?

Radovan Sikorsky: The competitive cost is the competitive intensity is going up. Is that the question?

Harit Kapoor: Yes, in terms of more promotions, more spent by competitors as they get some benefits of the lower costs.

Radovan Sikorsky: Well, no I haven't really seen that from certain competitors in certain states, I can see they have stepped up their commercial spent. So, I haven't seen a correlation of the price of variable cost to commercial spent, to be honest. But competition intensity remains strong and like I have always said competition is healthy and we just need to be better than our competition. But yes, we have stepped up our commercial spending, you saw that in quarter two. And we will also have some step up in the next quarter because we believe we need to invest behind our brands.

Harit Kapoor: Got it. And the last thing was on the CAPEX side, this quarter one obviously was weak and hence for this year we've not had to kind of invest as much But, if you look at the run rate, do you expect with volume growth normalizing over the next few quarters should the annual run rate for CAPEX now materially go up versus what it's been over the last three, four years, which have been impacted by COVID and the recovery and certain statewide issues?

Radovan Sikorsky: Yes, so we spoke last time we are looking at spending around 350 crores for the year. And going forward into next year, we will put potentially step up some of the commercial spend in our supply chain and also in commercial investments as well. So, there will be a bit of a step up in terms of that number. But that hasn't been yet agreed what that would be

Moderator: Thank you very much. As there are no further questions, I would now like to handle the conference over to Mr. Harit from Investec Capital Services. Please go-ahead sir.

Harit Kapoor: Thanks, Malcolm. On behalf of Investec, I would like to thank all the participants to join the call. And also, thanks to senior management for giving us this opportunity to host the call. I would now hand over to Rado for his closing comment.

Radovan Sikorsky: Thanks everyone for the questions, for this quarter two. So, like I said, we are cautiously optimistic about this quarter in terms of performance. And going further looking ahead, like I said it's all about continue to further grow the category across the segments be it economy mainstream and premium, for us some good questions around premium and like I said we need to really focus on that category and start to have grown to a fair share of that category, if I can put it that way. But not to take our eyes off Kingfisher and the other segments. Inflationary softening like I mentioned, but they will continue to be volatile, but now we are focused on the revenue management and cost initiatives. And we remain optimistic on the long-term growth potential. And in the coming course, we will give you some more insight into that with Vivek. So, that's all from my side. Thank you, everyone for joining.

Moderator: Thank you very much. On behalf of Investec Capital Services that concludes this conference. Thank you for joining us, and now you may disconnect your lines.

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