“Dabur India Limited Q4 FY2015-16 Financial Results Investor Conference Call”

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MANAGEMENT

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Gagan Ahluwalia: Thanks you. Good afternoon Ladies and Gentlemen. On behalf of the Management of Dabur India Limited I welcome you to the Conference Call pertaining to the results for the quarter and year-ended 31st March, 2016. We have here Mr. Sunil Duggal - CEO, Mr. Lalit Malik - Chief Financial Officer; Mr. Ashok Jain - Vice President (Finance) & Company Secretary and Mr. Saibal Sengupta - Vice President-Finance

We will now start with a brief overview of the company's performance by Mr. Duggal followed by a Q&A session. I now hand over to Mr. Duggal. Thank you.

Sunil Duggal: Thank you Gagan. Good afternoon Ladies and Gentlemen, Welcome to Dabur India Limited's Conference Call pertaining to the results for the quarter-ended March 31st, 2016.

During the quarter Dabur's consolidated sales increased by 10.9% to 2157 crores with EBITDA growing by 20.8% and profit after tax increasing by 16.6% to 332 crores. During the fiscal, the company achieved sales of Rs.8,436 crores and profit after tax of Rs.1253 crores.

The domestic FMCG business reported growth of 8.5% in Quarter 4 with volumes increasing by 7%. The Home and Personal Care segment posted a 10.3% growth led by good performance of the Oral Care, Home Care and Hair Oil categories. Supply of food beverages from Nepal resumed in the first week of February and consequently our Foods business grew by 11.7% this quarter.

The Toothpaste portfolio was a Star performer with 20.3% growth. Red Toothpaste and Meswak continue to grow in double-digit backed by good volumes. Herbal, Ayurvedic Toothpaste segment is gaining traction amongst consumers and the strong growth of our portfolio is a manifestation of this trend as well as reflects the strength of our brands. As a result, our market share in Toothpaste category went up by around 100 basis points in 2015-16 over last year.

Home Care portfolio grew by 19.3% with both Odonil and Odomos posting double-digit growths. Extensive use of Digital Media as a promotion tool has helped to create growth in this category. Premium variants like Odonil Gel and One Touch have performed well and going forward we will explore more formats in air care to continue building the consumer franchise. In fact, Odonil has crossed the Rs.200 crores mark this year reiterating its leadership position in the category. Increased awareness of prevention from Dengue and various sampling initiatives helped garner good growth in Odomos.

The Hair Oils portfolio registered a growth of 8.2% led by the Amla franchise which grew by around 10%. Anmol Hair Oil posted strong volume led growths on the back of focused investment and increase in penetration of the brand. Shampoo growth was subdued this quarter as a competitive intensity in the category remained high. However, we are continuing to invest behind our brands and re-launched Vatika range as Vatika Naturals Oil Balance portfolio. We believe that these initiatives would strengthen the brand equity and increase its appeal amongst consumers. In addition, Dabur Almond Shampoo has been launched during the year which is being rolled out across the country.

Skin Care category posted muted growth in Quarter 4 on account of high base effect in the Bleach segment as the category had posted over 20% growth in Quarter 4 of 2014-15. Gulabari brand recorded double-digit growth driven by digital initiatives and portfolio extensions. The Gulabari franchise crossed the 100 crores mark during the year. Going forward we will continue to add more formats in three brands to this portfolio, Gulabari, Fem and Oxy Bleach and drive the category through innovation and increased penetration into retail as well we salon channels.

Health Supplements category posted single-digit growth primarily due to some pressure in the Honey category on account of disruptive competition. However, we plan to counter this through launch of a number of premium and value-added honey based products which are set to be launched next month onwards. An attractive new squeezy bottle of Dabur Honey is already in the market offering higher convenience and ease of use to the consumers. The Glucose portfolio was extended with a launch of Aam Panna flavor with the summer season starting on strong note.

The OTC and Ethicals portfolio registered growth of around 7% during the quarter with Lal Tail crossing the 100 crores revenue mark. OTC products like Honitus, Janma Ghunti, Lal Tail and Shilajit clocked double-digit growths on the back of increased doctor coverage as part of the Medico Marketing initiative “Project Lead”. Honitus brand has also been extended with the launch of a fruit flavored variant. The recent changes in the regulatory landscape in the cough syrup segment will also benefit the brand. A number of new products are also planned in the OTC segment next fiscal.

In the Digestives category, Pudin Hara witnessed strong double-digit growths driven by continued investment behind the brand. A natural antacid has been introduced under the Pudin Hara brand in the medical detailing channel. Hajmola Yoodley are the range of tasty ethnic beverages which was test marketed last fiscal is being rolled out nationally this year.

The International business recorded growth of around 16% with Egypt, Bangladesh, Nepal, and African markets performing well. Namaste's non-US business recorded strong double-digit growth. Consistent innovation and investment in the business has helped sustain growth despite geopolitical disturbances and currency headwinds.

On the profitability side – gross margins for the consolidated business expanded by 133 basis points resulting in an increase of over 20% in operating profits during the quarter. Operating margin stood at all time high touching 19.3% during the quarter and 18% for the year. Consequently, profit after tax increased by 16.6% during the quarter and 17.5% for the year.

2015-16 was a challenging year in terms of sustaining volumes, mainly on account of growing demand scenario, tightening liquidity, heightened competition, and currency volatility in some of our overseas markets. We were even faced with an unprecedented situation of losing large part of our due sales during the 3rd Quarter on account of four months' long blockade of the Indo-Nepal border. However, the company was able to navigate the headwinds and sustain profitable growth in its business despite all these challenges.

Going forward, the company would focus on innovation led growth and continue to leverage its strong brand equity and depth of its portfolio to capture the opportunities. The Herbal and Natural space in FMCG is gaining traction with consumers converting from non-herbal to herbal products at an exponential pace. Given our legacy in science based Ayurveda, we are well-poised to capture the growth and leverage our products and brands strongly in this space.

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

Abneesh Roy of Edelweiss

Abneesh Roy: My first question is, Gulabari and Lal Tail have joined the 100 crores club, so among the products you have launched in the last two-three years where do you see the potential for reaching this club in the coming years?

Sunil Duggal: For other products reaching in this current year this milestone?

Abneesh Roy: Yes.

Sunil Duggal: Well, Odomos is pretty close and there should be quite a few other products, Anmol Coconut Oil which is already pretty much there. Odomos which is not far away and quite a few other products which are in the +50 crores range which should hit the 100 crores mark in the next one, two, or three years. So there is a lot of depth in the portfolio. The headline products are highly visible but there is a whole lot of stuff. If you see a brand like Honitus which can become a 100 crores in a couple of years' time which perhaps is not as visible but are very scalable.

Abneesh Roy: Sir in Oral Care you continue to outgrow the overall category growth and have gained the 100 bps market share. So is Patanjali's aggressive advertising on the herbal, is that really helping you because you are established player already? But if you see now they are coming out with premium products whose pricing is even 120% premium to the existing toothpaste, so can that potentially derail this very high growth which you have sustained?

Sunil Duggal: I think these premium products come on the specialist domain and we really do not have any products in that domain. Ours is a broad spectrum toothpaste for everyday dental problems, so I do not think that will impact us. And whether Patanjali's coming in has helped us or not, it is hard to say. We were growing at this pace earlier and we will continue to grow at this space. So obviously there has been no attrition from our brand into Patanjali. Whatever market he has created for himself is obviously from the mainstream players, our business continues to grow and this is not true just for Oral Care but also Hair Oils and every other category other than Honey in which we compete.

Abneesh Roy: Sir, Shampoo Business you have been facing pressure and now if you see Procter & Gamble is de-focusing on quite a few categories in India. So in that context in your different segments in which you compete with them, how do you see things panning out? In shampoo especially do you see your Oil Balance and Almond Shampoo helping you recover back to healthy growth?

Sunil Duggal: Well, I think the competitive intensity in shampoo will definitely reduce with I would not say the exit but with one of the lead players focusing a little bit less here. So the pricing wars which has erupted at Rs.1 sachet points particularly, also in the bottles should abate a bit. So that would definitely help us tremendously. And the Herbal segment again, I think like other categories it would grow ahead of the mainstream, so that again should be a source of support for us. So I think outlook for shampoos going forward, especially with repositioning it under the Oil Balance effect proposition as well as launch of Almond Shampoo is something very positive for us. So I am pretty optimistic about outlook for shampoos.

Abneesh Roy: One segment which has disappointed in the past few quarters – Skin Care. Skin Care, this quarter I understand high base of 16% but I see last eight quarters most of the quarters it has been low-single or mid-single digits. I understand one quarter, two quarters but eight quarters only one quarter you have managed double-digit growth, so what is really happening there because in most other segments you are doing well. So if let's say rural slowdown I understand that but then your other segments continue to do well.

Sunil Duggal: Yes, it has underperformed for sure but there have been quarters where we have grown double-digits. I think one year ago we grew double-digits and since then it has been either in mid-to high-single-digit, so it has not been as bad as it is made out to be. But within I think the whole portfolio Gulabari has done extremely well. It has grown consistently and the new product introduction with Gulabari, the Cold Cream and Moisturizers have all performed exceedingly well. I think the Bleach segment has been a little soft. It is more of a discretionary in nature and with discretionary spends cooling off in urban and rural so there has been some impact on the Bleach segment. So that is the reason I do not think there is anything structural here. It was also aided by the fact that the winter was not very strong one so Skin Care in general was an underperformer as a category. But we should get things back. I think Fem, Oxy, and Gulabari all put together should enable us to grow in double-digits if the demand cycle revives because as you know Skin Care is the first victim of a demand down cycle and perhaps benefits strongly if there is an uptick.

Abneesh Roy: And sir last question, you are seeing a very good recovery in volumes, of course your one-off problems have also been resolved. So could you take us through rural, urban, online, and modern trade, these four buckets how the things are because you are spending disproportionately on the online through your special website and then through tie-up with Snapdeal. So if you could take us through how that is shaping up?

Sunil Duggal: I think we are using internet more as a medium of dissemination of information about our brands and not as a sales tool. So the sales of our products online through market places, etc., is comparatively low, it is just around 1% and I do not expect it to grow spectacularly given the nature of these products and high attended shipping cost given the low value. But as a medium to communicate with the consumer, particularly the young consumer, it is absolutely essential now. It is gaining huge traction and will make up a significant part of our spends in the very near future. So that is the answer to your internet issues. Modern trade has done extremely well. We have grown at around 20% and that has been a big support. The underperformer really has been urban general trade. Rural also has been reasonably good, the volume growth has been around something about 6% to 7% or thereabout. Modern trade has been more in the region of 15% to 20%. Internet is not consequential. So urban general trade is really where the slack is and that is what has to revive.

Abneesh Roy: So how much is urban general trade?

Sunil Duggal: The growth there would be around 4% to 5% in terms of volumes.

<u>Prakash Kapadia of Anived Portfolio Management</u>

Prakash Pakadia: Sir, given the normal monsoon forecast, 7th Pay Commission, what are the kind of rural growth rates we are looking at in FY17, should growth rate be slightly better than urban?

Sunil Duggal: I believe so but I think we first have to see the monsoon and there is no guarantee that will be a great monsoon or even a good one, we hope that will be the case. Therefore, I think the 1st Quarter is likely to be subdued. There would not any huge uptick in consumption, people would be waiting and watching. The stimulus and the Pay Commissions still has not really got into the bank accounts, earliest will happen will be 2nd Quarter. I do not expect anything great to happen in the 1st Quarter. There will be significant consumption headwinds which will enable lack of performance perhaps in terms of volume growth in the 1st Quarter. Going forward, the scenario looks much brighter. If there is a good monsoon and all the stimulus which we just spoke about, the 2nd Quarter onwards should be good, the 3rd Quarter should be great on the back of a low base, etc., and then I think the momentum would build up.

Prakash Pakadia: So for the year as a whole we seem to be fairly optimistic?

Sunil Duggal: Yes, I think the volume growth certainly should be ahead of last year. Now there is no guarantee that will happen but we are see volume growth in high single-digits for the full year and hopefully in the low double-digits perhaps in the second half of the year.

Prakash Pakadia: And sir on health supplements, can you throw some light, in your opening remarks you mentioned some of the newer value added products, so flavored honey, anything in Chyawanprash, Ratnaprash? And thirdly on glucose, what is the outlook given the harsh summer?

Sunil Duggal: Glucose is doing fine. I think we will have a much better year than last year which was not a good one. The flavors should pick up a lot of momentum, the Aam Panna flavor is doing well, it has just been launched into the market. So I think glucose it should be a good season so far so good and the rest of course would depend upon how the consumption space pans out 2nd Quarter onwards. Keep in mind one thing that as we speak the consumption and the demand situation is probably the worst we have seen for many years, it trended down from the 2nd Quarter of last year, sort of bottomed out in the 3rd and has remained pretty much at that level. It was seriously down in the 3rd Quarter, the 1st Quarter was pretty good actually and then it trended down after the failed monsoons perhaps. So on the back of this kind of demand situation, even growing the volumes at 5% - 7% it is a challenge and therefore I am a little bit cautious about the near-term outlook. But like I said given the macros looking better in the second half and starting with the 2nd Quarter we should have a better year.

Prakash Pakadia: And sir on the value-added or newer products if you can give us some insights?

Sunil Duggal: I think there will be a lot of that because I think we need to premiumize our portfolio, particularly the Ayurvedic portfolio much more than what we have been doing. So far let's put it this way, perhaps like honey we were pretty much in a monopolistic space, Chyawanprash, etc., and that no longer holds true. So we have to do some things differently, we just do not want to cut prices because that is not the way we look at business. So we want to get into more valued options. Squeezy bottle is a classic example, a very high-priced product which offers amazing value in terms of convenience to the consumer and there you will be seeing a lot more in terms of honey offerings, spreads and honey with additives, spices, slightly more therapeutic honey, flavored honey, etc. You will see a lot of that in the next six months or so, starting next month perhaps. And in Chyawanprash obviously we also need to do more than what we have been doing, so the emphasis on Ratanprash will be much higher, flavored Chyawanprash will be much higher and we are exploring different formats in terms of milk additives in the

Chyawanprash type of format. A lot of these things unfortunately we cannot put under the Chyawanprash name because the formats are so different regulators do not allow it. But even if we cannot, given the fact that the herbal space is not looking far more enticing than ever before this may be a good time to introduce these products.

Prakash Pakadia: And sir on Oral Care wanted to get some of your thoughts, efficacy of Dabur Red was always good, so is it that acceptance of Dabur Red as a family toothpaste has helped us really do well and gain market share?

Sunil Duggal: Yes, I think that made entry by one person in the household consuming Red and the other ones pretty much sticking to what they were doing earlier and we are finding now increasingly that Red is a single brand in the household, which means that it has gained momentum and traction against entire family members, youngsters included and that is big win. I think that happens once people try it a few times and we get over that taste issue which some people have. And then they see the effect and they stick to it. There is a lot of stickiness here, there is lot of loyalty. The brand is doing well, we do not see any great need to fragment it and offer specialized variants. It is supposed to take care of all your common ailments.

Prakash Pakadia: And sir lastly on the international side, some outlook on the Middle East business given whatever volatile oil prices we are witnessing, so what is happening on the ground in terms of consumption specifically in the Middle East?

Sunil Duggal: There are two issues here and both are in the form of headwinds – one is that in the far currency markets such as GCC you have a whole lot of economic issues now coming up with regard to oil prices and also political issues with regard to ISIS and other such elements. And then in other parts of MENA which is North Africa particularly, Levant, etc., we are faced with the currency headwinds, sharp currency depreciations which impact overall profitability and growth. So the MENA region will be a challenge this year and I think if GCC revives which is a key profit driver then we do not have much to worry about, we can handle the currency part comparatively easier. But I think Saudi Arabia holds the key, how well that economy behaves, how well the consumption in that economy pan out. At the moment it is still depressed and that is seen by the much slower growth in these markets as compared to last year.

Prakash Pakadia: Mid-single-digits?

Sunil Duggal: Well, I would look at high single-digits maybe in the region of at least 10% or so which is again lower than what we used to do. We used to do 17%, I do not see those growth happening at least in the near-term. But we can hang on to around 10% growth that is fine, that is pretty good by any yardstick.

Ajay Thakur of Anand Rathi

Ajay Thakur: I had two questions, one is, if you were to look at the competition in the Hair Oil segment and Shampoos vis-à-vis the new entrant Patanjali, can you just give some color on that because there were some recent media articles which state that they have roughly about 350 crores coming from these segments?

Sunil Duggal: My suspicion is, and this is basically anecdotal and not validated by the numbers because Patanjali numbers are very hard to get by, Nielsen does not capture them properly, etc., is that a lot of its source of business will be coming from therapeutic hair oils and value-added hair oils which are in the higher price brackets and perhaps not so much from Amla and other brands. Because they do not seem to be impacted at all by Patanjali. So keep in mind that the Patanjali Kesh Kanti is actually much higher priced than Amla Hair Oil, so therefore he is more in tune with the therapeutic hair oil such as offered by Emami, etc. And I think that is where his business is coming from, it is very impressive that he is done 350 crores on hair oils because the source of the business can only be guessed at. Perhaps it will be visible when companies share their results, I think one company's hair oil numbers are looking a little soft, so perhaps there is some attrition from there. But the other hair oil businesses numbers when they come we will probably be able to drill down into the source of their business. But it is certainly not our hair oil brands because they seem to be doing much better than they were doing earlier.

Ajay Thakur: And sir secondly, if you were to look at the commodity price increases the sugar price have seen some kind of inflation, also you have a price inflation in case of palm oil. Given the scenario what kind of price increase can we expect for FY17 and outlook on the gross margin?

Sunil Duggal: Price increases will be almost negligible in the 1st Quarter, maybe even in the first half. I think second half will present opportunities in terms of price increase. So we are not really budgeting any significant price increase but I suspect that 2% to 3% top-line growth on the back of price increases is possible during the course of this year.

Ajay Thakur: And generally what would be our gross margin kind of scenario that we are building in right now given the fact that we have seen some kind of a softening in the gross margin expansion in Q4 versus the earlier quarters.

Sunil Duggal: Our endeavor really is, if you take the operating margin line, is to hang on to the current ratios. I do not think the possibility of increasing them exists unless you are willing to compromise with your top-line. So since the pressure is still going to be on top-line at least in the earlier part of this year I think it is better to invest whatever gains you have in the gross margins back into the brands and not really look at the EBITDA line beyond what we have been currently delivering because it is already at historical highs. But when the demand side comes back there would be opportunity to expand the margins once again but that is in the realm possible only as we speak, maybe in the second half of the year there would be some scope to improve margins. I suspect we will be improving margins in the second half of the year, but typically in the 3rd Quarter when we had a lot of one-time losses, etc. But the first half we will have to be very cautious, very conservative in terms of our pricing decisions.

Nillai Shah of Morgan Stanley

Nillai Shah: Thank you. Sir, have you sliced your business this quarter in terms of volume growth ex-Foods business?

Sunil Duggal: I mean Foods grew by around 12% and the pricing component there would be around 3% or so roughly, we are just giving some broad numbers. So the volume growths are obviously little bit ahead in Foods but not significantly so. If what you are trying to say is that Foods has propped up volume growth significantly, the answer is no. There will be a small increment to our volumes consequent to Foods, but not significant amount. Certainly not like say two years ago when Foods was going at 15% - 20% and obviously contributing significantly more in terms of volumes.

Nillai Shah: Actually quite the contrary, because if you had a full quarter for the Foods business you could have actually grown ahead of what you have actually delivered, right?

Sunil Duggal: Possibly, yes.

Nillai Shah: So in that context your comments for the first half of the year in terms of volume growth sound a little cautious.

Sunil Duggal: Well, yes maybe so but I think my caution is moderated by the fact that the Nielsen numbers which show category growths are looking not very aggressive. So if you see the table plateauing at current levels or even dropping down further in terms of overall growth it is better to be cautious and conservative.

Nillai Shah: And in terms of input cost, just a flavor of what is the cover that you have into the first half of this fiscal?

Sunil Duggal: We have not built any significant covers because we really do not know what direction many of these commodities would move. So we are sitting on I think just our normal consumption, three, four weeks or one month or thereabout so that switch is normal. I do not think anybody is taking his neck out in terms of protecting oil prices for example, I think it is a very volatile scenario, every day the prices move up and down. So in this kind of situation we are not commodity experts, so better to not cover anything other than the strategic stuff which we do where any drought, etc., can wipe out a whole crop, so that is in the realm of herbs, etc., where we grew six months to one year, sometimes even more of cover.

Nillai Shah: And finally on Hajmola, this is the second consecutive quarter where you have called out a soft growth because of competitive intensity, etc. You have launched Yoodley national launch out there.

Sunil Duggal: That was this quarter, that was not last quarter, that also in the month of May we will be rolling Yoodley full. Last quarter there was really no movement of Yoodley, we did not launch it at all.

Nillai Shah: But given that launch now do you expect double-digit growth again for fiscal 2017, is that what you are budgeting for the Hajmola franchise?

Sunil Duggal: Well, we really put Yoodley more under the beverage portfolio and not under the Hajmola even though the brand is Hajmola, but then that is nomenclature issue. So I would not really say that Yoodley will accelerate growth of Hajmola, Hajmola should stand on its own feet with these two offerings, the Chooran and the Candy. And yes it is not easy place to work, confectionary is a hard market and the confectionary segment has not been growing at any significant pace. So I think the growth perhaps will be a little bit muted maybe in the mid-single-digits and then we will have to find another driver of growth which we are looking at in terms of other offerings, etc., under the Hajmola franchise.

Amit Sachdeva of HSBC

Amit Sachdeva: Sir first all coming to oral again, so congratulations on a very strong oral performance at this level. My question is where beyond the consumer franchise where you may say it may be growing, but have you sort of taken a cut in your own analysis here that whether this is coming from a lot of penetration gains or some channels. Because like you said that urban general trade is very soft and modern trade is growing at 20%, so have you taken a cut where this is coming from a particular channel where it is strong at or it is same across? Have you done any bit of analysis of how much is coming from penetration and how much it is coming from other aspects of consumer equity?

Sunil Duggal: No, I think one is geographic expansion, it has got a very strong franchise in the south and a lot of growth over the last few years has come from south. There is still a lot of headroom to grow in the south. Modern trade is now increasingly accepting the red toothpaste space, we did not sell much a couple of years ago but now it has become integral to any planogram in modern trade. So these are perhaps the two key drivers of growth and general trade has been, obviously the growth there would still because double-digits but perhaps not as much as modern trade and geographical expansion. So that is something broadly where Red is and I think we now seek to reinforce its franchise in the markets in the north particularly where it is actually comparatively week surprisingly enough. There is a huge amount of headroom to grow in the north once we get our act right there.

Amit Sachdeva: So in terms of south, you said that geographical expansion, could you take us through what sort of expansion was this and when it was started and where we are and how we are expanding it further in the south?

Sunil Duggal: Well, Andhra is very established, it is a very big market, perhaps it is the largest state in terms of consumption of Red toothpaste. We are making very strong inroads in Tamil Nadu, we still have a lot of room to grow in Karnataka where we have not done too much so far. Orissa, Red toothpaste is the number one toothpaste by the way, it is bigger than any of the competitive brand, so that has been a big win. And also I think the other parts of east, West Bengal, etc., we have been getting very strong traction. There is a lot of headroom to grow in the north and the west, particularly in the north where I think the brand has actually underperformed given the strong Dabur equity which exists there we should be doing much better. But then in established red toothpowder market and there are huge pockets in UP and parts of Bihar where people refuse to give away their Red tooth powder even in favor of Red toothpaste, but I think change will happen over time.

Amit Sachdeva: And you see then this base, this penetration led gains can still continue for a while, I mean considering there is a lot of gap still.

Sunil Duggal: I mean we still have around 6.5% - 7% share and the headroom is huge. But having said that I think the horizon for expansion of Red Toothpaste or any other of herbal product has now widened because first we all kind of had assumption that maybe the herbal franchise can become 15%, 20% of toothpaste to give an example, but now I think the windows have opened wider, we are now thinking why cannot it become 50% of the Oral Care business because the traction here is so strong in favor of these products.

Amit Sachdeva: So looks like Patanjali is really helping you grow rather than…

Sunil Duggal: In many ways yes, I think in areas where they do not compete on price but on similar value propositions we are able to pretty much hold our own and in areas like Oral Care of hair care where there is so much headroom for growth. So I think the impact is really in the honey and to some extent maybe Chyawanprash, much less in Chyawanprash but honey where we are so dominant that anybody who comes in and does well has to take share away from us, there is no other way, I am not saying that all its business is come from us, no way, it is not a zero sum game, part of it has come from us. In Chyawanprash I believe that he will actually play the role of accelerator in terms of category growth because Chyawanprash franchise has remained very static over the last many-many years and it requires something which is disruptive in nature to grow the franchise much ahead. So if you talk to people, most of the people who are consuming Patanjali Chyawanprash actually were non users of Chyawanprash, so he has recruited either the lapse users or non-user. And I think that is overall positive for us because he is broadening the franchise.

Amit Sachdeva: Just one more on Oral Sunil, if I were to construct were Patanjali is strong and where it is not, Patanjali I would guess two-thirds revenue would come from, this is obviously news flow which floats around and we hear from them is that two-third of revenue comes from still center and sort of north and they are not yet there as much as they would like to be in south and west and other parts of the market, east well.

Sunil Duggal: They have pretty entrenched in west, they are net so in the east and south but north and west, west is a very strong market for them.

Amit Sachdeva: Sir Maharashtra is I guess.

Sunil Duggal: Maharashtra, MP, Gujarat, all three are very strong markets.

Amit Sachdeva: So what I am worrying is that is there something that since south is so strong for you and they are not yet there, because it is a product centric company with Dant Kanti apparently the product feedback is very good, so are you not sort of preparing more product innovation in that space or you are still happy. Like you said that Red is good as it is and we do not need to change any positioning or anything in product side of it. Won't you like to reinvent it again and again like others do?

Sunil Duggal: I think keep couple of things in mind, one is that south still is less than 50% of our national business, so we still have lot of headroom in terms of expansion of our business there. Secondly, I think appeal of Patanjali perhaps has been a little bit less in non-Hindi speaking areas, I think that is intuitively correct because his television channels and evangelism is more concentrated in the Hindi speaking areas. So that is how it is likely to play out, I do not think in the east, in the non-Hindi speaking part of East, Bengal, Orissa, Assam his appeal is likely to be as much as it has been in the cow belt area.

Amit Sachdeva: And sir on the premiumization journey you sort of panned out for product, I would assume that this would be centered more around food like more herbal and these areas, is it like journey that you think, envisage for whole product as well but I would see you talk about premiumization only in Honey and couple of other products. But is it like, so how do you see that journey panning out?

Sunil Duggal: I think premiumization will be integral to our strategy across different portfolios which is not to say that we will certainly make our base Chyawanprash very premium, we will rather do it in the form of variants, this would remain at the center of the market and seek to gain maximum traction there. So the premiumization would be through varianting and through other formats, I mean Honey Squeeze is such example where we stick the same honey into a very superior dispensing instrument and premiumize it because of convenience of usage, if we use honey through a squeeze pack you will probably never like to go back to the regular bottle. So this is one example of premiumization, in Ratanprash and other and we seek to do it during through this route rather than to just take the pricing table up because I think that would perhaps risk consumer attrition.

Amit Sachdeva: And just last bit, you talked about basically having Ayurvedic legacy and claiming back of it and building on it, so can you share some of the initiatives we are doing there because as far as I know and what I read about is Patanjali is making huge investments in vertical space and R&D and growing their own medicines and acquiring lands to do so in Manipur and all those places. So they are making a big headway and at least asserting that they are the ayurveda champion. So in that sense having that legacy what sort of R&D and sort of other investments you make in this space to counter as a product centric and R&D intensive company on Ayurveda?

Sunil Duggal: See, we have been investing in the terms of cultivation and farm extension for the last 25 years, it is actually a very big business, it is not visible because everything what we make is consumed internally. But a very substantial part of our herbal requirements are through our own sources and no longer through the mandi, etc. and then that will only accelerate. We are also putting up large CAPEXs which will happen next year in the northeast, etc., to take advantage of the benefits really exist there. So there is a lot of investment which is going on into our domestic business, perhaps unprecedentedly high levels of investment both in terms of CAPEX as well as in OPEX like advertising, etc. And we believe that we are far more confident of doing that because now I think our conviction that the herbal franchise is really the best place to be in is higher than ever before.

Amit Sachdeva: And very last one, on the Hair Oils, Hair Oil grew at 8.5% something like that and if I look at Amla it did grew in double-digits and so has Anmol Coconut and strong Almond as well which means the Vatika was the one who is bringing it down to single-digits?

Sunil Duggal: Yes, I think Vatika was flattish in terms of growth, yes low single-digit, so that did bring down. And Vatika I think the issue was really that the low prices of coconut oil meant that we got better profits but lower revenues. So that was a little bit of a drag but I think again we have got plans in the anvil to get Vatika back on track. But the perfumed hair oil segment is behaving very well and we are quite happy with the last two, three, four quarters of performance in hair oil. This used to be a drag if you remember a year or two before, but it is no longer.

Latika Chopra of J P Morgan

Latika Chopra: My first question is on the overseas business, would be helpful if you could share the growth and margins how they behave for both Namaste and Hobby during fiscal year FY16. And what is your growth outlook there and also if you could let us know on how the revenue split for Namaste is now looking like and how is the competitive scenario and any update on localization of manufacturing facilities there?

Sunil Duggal: Yes, the North American business was a bit of a drag last quarter but that is nothing structural, I think it was just a episodical thing. The overseas business is doing well and exceedingly well if we take local currency. So the Namaste business grew around 12-odd%, the Turkish business around close to 10%. So overall I think I think it has been fine, the profit pressure still remains because the overseas business is not profitable since the supply chain issues are still being worked in terms of localization. And the Turkish currency has behaved so badly that the input cost have risen to very high levels, our gross margin squeeze has been very acute there. But I think the growth in terms of volume on ground is good which augers well for the future because when we will be able to rejig the whole value chain by localizing the supply chain the profits would come back. So it is a mix bag, it is still not as good as what our organic business is, nowhere near that but it has every possibility of becoming that given some level of currency stability.

Latika Chopra: So you would expect the profitability to behave better in fiscal FY17?

Sunil Duggal: Let's put it this way, let's say Turkey, if the Turkish Lira does not depreciate with the pace which it did last year which was 18% - 20% we do expect it to be fairly stable this year, but it is anybody's guess how it will behave. The Turkish profitability would substantially enhance because a lot of input cost in euros and we sell in the local currency and the competitive environment did not allow us to do any significant price increases. So Hobby really is dependent on the performance of the Turkish Lira. As far as Namaste is concerned, the African business almost certainly will improve because our localization component would be much higher than what was last year. As far as the North American business is concerned, it is still a little bit hazy in terms of what the margin profile would emerge, a lot depends on the sale which we get because that is when the leverage will kick in. So we should still be getting overall in the Namaste business whatever the currency moves are, much better profitability than we did last year. But in Turkey like I said it will be contingent upon the behavior of the local currency.

Latika Chopra: And the revenue split for Namaste in terms of North America is still 70% - 75% coming from there?

Sunil Duggal: Yes, it is around 70-odd%, it has not changed significantly because while we are shipping a lot more tonnage into Africa, in terms of dollar realization it is not really going up to that extent.

Latika Chopra: And my second question was on the OTC ethical portfolio which has delivered close to low double-digit growth for the full year despite significant investments that we have seen in distribution over the past year or so, so do you think there is a case for upside to these growth numbers going forward in the backdrop of this whole Ayurveda herbal traction that you spoke about?

Sunil Duggal: Pretty much, I think we grew by around high single-digits in OTC and ethical, the capability is to do much more. OTC and ethical was also impacted by unfavorable winter, it is very winter centric, so many of these products, Honitus for example didn't grow as well as they ought to have grown in the winter season. So overall I think there is nothing wrong which we are doing in project lead and the overall management of the ethical portfolio, we just want to be patient. And again the revival of interest in herbal remedies in OTC space augers very well for this portfolio. So we are saying that of course we are continuing to invest significantly higher amounts in terms of project lead, the whole Direct Outreach Program is going to be totally reinvigorated through our own people rather than outsource people, so we should be driving very strong growths I think in the current year.

Latika Chopra: And by strong you would mean close to mid-teens?

Sunil Duggal: I think yes, low teens or low double-digits is really what I would pitch it at and there is every possibility of doing better than that if the winter is strong.

Latika Chopra: And just last one housekeeping question, just on the juice portfolio what would have been the impact from this not operating in the month of January, what would the growth rates would have been if not for…?

Sunil Duggal: I think you can take January as obviously not the greatest of month for sale but another couple of percent growth we could have had. It was also around 10 crores to 12 crores profit impact this quarter on account of…that is all in the international business, not in the domestic business, on account of demurrage. It is a little bit on account of less than optimal network, we were sourcing from 3Ps, cost, etc., etc. So in addition to 20-odd crores we lost in Q3 we lost another 10 crores - 11 crores which obviously would not reoccur.

Latika Chopra: And this is sort of other expenses for you?

Sunil Duggal: Yes, it will be in other expenses. Not fully in other, part will be material but mostly it is other expenses.

Ankit Babel of Shubkam Ventures

Ankit Babel: I have two questions. First is, sir in the press release you have mentioned that we had set the course for further growth and will continue to win and gain share across our businesses, now just wanted to understand, in spite of a high competition with Patanjali you believe that you will gain market share in your categories?

Sunil Duggal: Let us put it this way that market share is not the only way to grow, we can grow honey perhaps even better than what we did last time, even if we lose market share if the category expansion happens. And I think this is actually very true for Chyawanprash more than even Honey because there is no point in gaining share when you are 70% - 80% of category which is growing at 2%. I would rather lose some share and have higher growth on the back of a much bigger pond. So I think where perhaps Patanjali comes in some of the categories that he has ability to grow the size of the market. And even if we take a share which is in a sense our share is down but our overall business grows then I would much rather have it that way. See, we have been struggling with growing Chyawanprash over the last many years, we have tried a lot of things, I think we have been moderately successful but we have not really got into that exponential level of growth which we desire, a part of it is of course are seasonal, winters are weakening over the years etc. But partly it perhaps requires some disruptive influence, some evangelist or whatever to preach to the people who are not yet converted. So I think that is where many of these categories will happen, the size of the herbal pie will grow, our share of the herbal pie might reduce in some areas but overall consumption if it increases then it is certainly for the betterment of our business.

Ankit Babel: So Patanjali is increasing the size of the market for Chyawanprash but is it not increasing in case of Honey?

Sunil Duggal: Hard to say, I think it is but it is very hard to measure that because the data on honey is almost not available at all. So why I am not really trying to say that he is growing the category because there has been some loss in terms of business for us, so in honey perhaps he has taken some business from us to start with. But it is early days and I think if he grows the category and I think he will, just take a category like Ghee, single handedly he has grown the category by having people who were not consuming Ghee consuming Ghee, I mean that is a big change. So it is not that the Ghee category is taking share away or it may be taking some share away but the growth of other competitors in Ghee are coming down substantially, they probably are not, there are news reports which say that Amul, etc., doing pretty well. So what is happening, the people who were not consuming ghee are now consummated, he is got a slice of the market. Nobody else is suffering, the canvas becomes bigger, everybody can benefit from it, at least all the players can benefit from it. So that is what we hope will happen in categories like

Chyawanprash and Honey and in the case of toothpaste, etc., again he will grow the size of the herbal pie at the expense of the mainstream players and we can partake in that whole growth.

Ankit Babel: So you believe that till date it is only Honey which you people have been got negatively impacted, marginally by Patanjali and no other categories are negatively impacted till date?

Sunil Duggal: No, all evidence suggest that the impact has been concentrated in Honey because there is a pricing differential there. So there is a reason for people who are perhaps not very affluent to go into a product which has also got endorsement and which is half our price, so I can understand that logic.

Ankit Babel: And secondly sir, for the company as a whole you have delivered around 18% operating margins last year, I mean in FY16, now can you at least maintain this in FY17?

Sunil Duggal: I am pretty sure we can.

Ankit Babel: That is possible, right?

Sunil Duggal: Yes. I do not think there is much scope for increasing them but maintaining them that is what our internal targets are and I am pretty confident that barring something which is totally unforeseen we will.

<u>Abhishek Banerjee of UBS</u>

Abhishek Banerjee: Yes, my first question would be the advertisement by sales has come down pretty drastically in this quarter.

Sunil Duggal: Not drastically.

Abhishek Banerjee: It has come down a little bit.

Sunil Duggal: But it is not that we have taken the plug off our advertising spends, there has been…

Abhishek Banerjee: Yes, half a percent.

Sunil Duggal: I think 46 bps decrease which is not much and perhaps the media spreads which are captured under the ratio have come down a little bit but more than compensated by higher level of consumer promotions. So overall advertising has not come down and will not come down next year that is for sure. So whatever improvement of profitability or maintenance of profitability which I spoke about will not come by reducing advertisement spends.

Abhishek Banerjee: So sir let me get this right, so the reduction in the ad spend line has gone down to your other expenditure line, it has gone BTL.

Sunil Duggal: A part of it has, overall there would be some shrinkage in the ad ratio on a YOY basis but it will be at best 0.5%.

Management: And annual basis actually there is an increase.

Sunil Duggal: So don't read too much into the A&P spends of last quarter, I think we will be spending large sum of money next year because I think with the demand cycle likely to revise we would be far more aggressive in our new product launches. Also the premiumization agenda which I spoke about will demand a lot of money. So our advertisement spends will probably grow ahead of our top-line, so there will be some deleverage on that line which I believe we can compensate by leverage in the other SG&A expenses, etc., to deliver double-digit EBITDA growth at least in sync with our top-line.

Abhishek Banerjee: Just one more, sir what about food margins, why have they fallen?

Sunil Duggal: It has come up very sharply in the last two quarters, but a lot of it is due to the Nepal problem. Structurally I do not think, correct me if I am right, I do not think there is anything wrong with the food margin, other than that two quarters or growth because of that one-time expenditure. If you were to have the food margin visible if you see in segment report they would be topped by I think 300 - 400 bps compared to what we were doing earlier, but do not take that all that seriously and a lot of it is due to the Nepal issue, almost all of it is due to the Nepal issue.

Abhishek Banerjee: Sir, a question regarding this, so you say you had found some new sources, you were sourcing from Sri Lanka an all, so is that causing the gross margins to reduce sourcing from Sri Lanka?

Sunil Duggal: Yes, we get certain level of sourcing from Sri Lanka for which we build the plant for which was basically feeding into South India where the margin delivery is around the same as Nepal. But the moment you shift from Sri Lanka into the north then the margins come up because of the freight cost and because Nepal was shut down we shipped a lot of product from Sri Lanka into the north which obviously impacted our gross margins and the operating margins.

Abhishek Banerjee: And just one final thing, sir you mentioned something about Pudin Hara, some launch, I did not catch that, could you please repeat that?

Sunil Duggal: It is an antacid which has been done through the medico marketing, it is under Project Lead. It is a very interesting herbal antacid, a first of its type which if it evokes good response during the medico marketing program we will take it over the counter. I think it is a great product, it is a first kind of remedy which is available in India which is non-chemical in terms of acidity, relief and other such elements. So very promising product.

Abhishek Banerjee: And just last one, I also missed the decimal point of the toothpaste growth rate, that would be around 20% right?

Sunil Duggal: In the region yes.

Management: Toothpaste, yes it is around 20%.

Abhishek Banerjee: So this is volume, right?

Sunil Duggal: No, it is value, volume could be little bit lower than that.

Prashant Kutty of Emkay Global

Prashant Kutty: Sir, firstly if you look at, you highlighted in your comment that you are looking at the consumption cycle being probably at its slowest point, that one being the factor. And if we look at it the base for the volume growth in the last quarter last year was about 8% and you have still have managed to go above 7% growth rate number, and this is despite the fact that you had about one, one and half months of Foods not being there. Obviously if we look ahead we have got a favorable base in terms of volumes coming up in the next couple of quarters as well.

Sunil Duggal: We don't unfortunately, 1st Quarter base is as high as the fourth quarter. I think we grew volume that 8% to 9% last year, 8.6% in the 1st Quarter, so there will be a headwind in terms of the high base of last year.

Prashant Kutty: That will be for Q1 but if I go ahead towards Q2 and Q3 I obviously have a much favorable base. So what I am referring to you is that obviously in such an heightened competitive intensity period and also because the overall market sentiments have been weak we still manage to about 7% to 8% kind of volume growth number. Obviously with things likely to improve over here can't we be anticipating at a double-digit kind of a volume growth number, or if you could just give your thoughts for the same?

Sunil Duggal: No, I did mention earlier on this discussion that a double-digit volume growth is possible in the second half of the year given favorable macros, monsoon, etc., etc. I do not see that happening in the first half because the base in the 1st Quarter in particular is high, even the 2nd Quarter is not all that low. Of course it tapers down very sharply in the third because of the reasons we know. So double-digit it is possible in the second half, I do not think it is really in the realm of the possibility in the first. But if we can hang on to this 5% to 7% growth so I would be reasonably happy. Anything about 10% to 12% we come to a blended growth in the high single-digits which is not a bad way in the context of what we did in 2015-16. And of course the profit growths would be strong, the margins would continue to remains strong. So we will be able to hang on to those margins and if you grow volumes in the high single-digits, not a bad performance at all.

Prashant Kutty: Secondly, as far as the gross margin part is concerned, obviously if you look at it sequentially we would have seen a bit of a decline on the gross margin front, now you have highlighted one of the reasons being that shift from Sri Lanka to the…

Sunil Duggal: No, do not look at margins sequentially, never do that, they will give you completely wrong information. The Q3 margins are typically the highest, in this year they were actually probably the lowest because of Nepal, etc. But then like I said do not read too much into it. Our margin profile is typically highest in the winters and lowest in the summers, Q3 is the highest, so you should see it YoY.

Prashant Kutty: I get that point, but if I have to probably look at it going forward, apart from these issues being resolved are there any other raw material something which probably behaving firmly which would make us believe that the gross margin expansion may not be there, maybe gross may not be sustaining in this level?

Sunil Duggal: No, on a YoY basis like I mentioned we do not see much scope for GM expansion, because there are pockets of inflation, there are pockets of deflation and I think they kind of net themselves out. So we should be able to hang on to the margins which we generated last year, with the exception of Q3 where the margins should be higher on account of lack of those one time losses. So therefore the whole game is that how much volume growths do we get. If we get say 8% volume growth, just to give a number, and we get 2% to 3% pricing headroom we get 10% to 11% growth and if we are able to hang on to the EBITDA ratios or the operating margin ratios which we just saw last year, perhaps we should do a little bit better in Q3. Then that is one scenario which is not a bad one. But like I said it is very early days, there is a whole lot of moving parts here, a lot depends upon macros, rural stimuli, OROP, monsoon most importantly, I would not like to stick my neck out and create any firm outlook for the year. What we hope and expect will happen at the least could be better or could be worse.

Prashant Kutty: And just to clarify one point over here, you said the rural growth was about 67% volume growth whereas the GT urban was just about 4% - 5%.

Sunil Duggal: Yes, broadly, these are not very hard numbers.

Prashant Kutty: No, the reason as to why I asked specifically that is because we were earlier talking about urban should be actually leading the recovery but however that has not been the case for the last few quarters. Is it that we are actually trying to expand our rural base now or we are probably focusing a lot on the rural given the fact that there has been a bit of rural stimuli which has been happening?

Sunil Duggal: I think rural actually behaves a little bit better than what is actually normally suspected, getting 6% - 7% growth in rural is not all that bad because the rural distress has been very high. But I think it is really nothing but the fact that rural growth has tapered down very sharply from 12%, 13%, 14% down to 7% or 6%, there is a big drop, whereas they did not drop as dramatically in urban markets. And I think perhaps now with modern trade coming back into the game I think many accounts are showing 20%-odd growth, there seems to be a little bit shift away from GT to MT once again happening which had slowed down in the last few years. But perhaps MP is reviving now, again the numbers seen to integrate, if you see some of the numbers of some of the big chains they all are showing (+20%) growth. So it is obviously coming at expense of GT.

Prashant Kutty: And lastly in terms of goods growth, now obviously you have seen some competitive intensity shaping up over there as well with Patanjali actually entering in to that space, while it is still early days for Patanjali in the beverage space over there, how do we anticipate our growth over there going forward? I mean can we expect the high double-digit kind of growth rates to sustain in that particular segment?

Sunil Duggal: I may be wrong here but I do not think Patanjali would be a significant player in the juices segment.

Prashant Kutty: As I said it is a very small player, it has just started actually.

Sunil Duggal: Because the fact of supply chain issues and shelf life issues, it is a very had business to manage. So I think the competition if you ask me would remain between Pepsi and us because this will be the two headline players and there would not be too much else which would happen. I could be wrong here but that is what the current outlook looks like, it will be pretty much the way it was, a little bit more intensity because of ITC and Patanjali and few others but it will largely be a two horse race.

Prashant Kutty: And typically in terms of growth?

Sunil Duggal: A lot depends upon summers but I think we could look at growth in the mid-teens here, maybe 12% to 15% is what is the realm of about what is possible. It could be higher too but you cannot say. Having said that, our Q3 should be a great one, so we should have sales of 20% - 25% in juices, that might just lift the table up. But if you were to exclude that I think going by current trends 12% odd growth is achievable and then a bump up because of low base of Q3.

Amnish Agrawal of Prabhudas Lilladher

Amnish Agrawal: Sir I have three questions precisely, first being that looking at the way the growth has been for first of all Kesh King which is now with Emami and now Kesh Kanti which is of Patanjali, Dabur is having a brand called Keratex which is priced around same and I do not think the formulation is also very different. So do you have any plans to reposition the brand, do some advertising, so what are your plans about Keratex?

Sunil Duggal: Keratex is still largely operating on the medico marketing front and it is being promoted through doctors, because at this point in time quite frankly we do not have the resources to invest the kind of money which our competitors are doing in Keratex. We have to prioritize and have got many other priorities, so I would rather incubate it and make it grow during the medico marketing space and then take it over the counter with big ticket investments at a point in the future. But I also think I would like to see how the therapeutic oil space is playing out, whether it is going to grow as it has been in the past or whether it is going to kind of taper down. We need to understand this category a little bit better, how much money people are willing to pay for therapeutic hair oils, what is the recruitment and attrition issues which are very live in this space before throwing down a serious money behind this brand.

Amnish Agrawal: Sir my second question is in the Shampoo category where we had launched your Almond Shampoo, so how is the product panning out, are we still selling it only in the large packs or we are going to have say sachets or even say 100 ml or smaller packs?

Sunil Duggal: At the moment the focus is on modern trade, it is almost entirely modern trade, we are again trying to build it through model trade before taking it aggressively in GT. And we do have a Rs.2 sachet which we are not at the moment promoting, we are really promoting the large pack because we believe that the sachets were in terms of trial, etc. We believe we have a great product, we need to grow the product on the back of consumption and it will generate a base of loyal users, then we can really take it big time through the mass market. Also we are trying to see how the shampoo category is evolving post some of the recent events and then decide our future strategy. But we believe we have a great product with a very strong proposition which has the potential to grow very large.

Amnish Agrawal: And sir do we have bottle of say 100 ml or so?

Sunil Duggal: We have 100 ml, we have 100 ml, 200 ml and the bigger pack.

Amnish Agrawal: Sir my final question is on the Namaste, sir can you tell us how were the margins in FY16 for this unit and what is the outlook for FY17 for Namaste on the whole?

Sunil Duggal: Very broadly the margins which we generated in 2016 were around mid-single-digits, we plan to take it to the high single-digits in FY17.

Amnish Agrawal: And sir where do you stand on your target of achieving double-digit margin in Namaste, so are you looking at say FY18 then to go to double-digits, any clarity in that?

Sunil Duggal: Let's put it this way, it is at the moment a $90 million business, we plan to take it to close to $100 million this year, we get into good double-digit growth at $110 million, it is really a top-line issue because there is a bunch of costs which you have to carry. The margin profile is attractive, you get $110 million you get good margins, you get $220 million you get probably better margins than what the rest of the businesses do. So we just have to be patient, build up scale, build up localization in terms of the African supply chain, the margins will come. You try to do too much too fast, try to prop up margins through price increases or whatever else for cutting cost, it could actually damage the business in the long-term.

Premal Kamdar of Religare Capital Market

Premal Kamdar: Actually wanted to understand is there any significant overlap in the suppliers for our products versus that for the Patanjali products, other sources of raw material which are being supplied to for our products are we seeing or are there supplies that are exclusively for Dabur?

Sunil Duggal: Well, in honey there is an overlap, the same supplier giving to both the businesses. We have a much broader sourcing because we source from the east and little bit from south, Bihar, etc., but the core collecting is from the north Punjab, Rajasthan, Haryana where both Patanjali and Dabur pickup most of the product. In terms of other houses, there is not too much overlap. In Amla there is enough supply in various parts of the country, again we are very spread out, we buy a lot of Amla from Rajasthan, I think he buys it more from MP, etc. So there is some overlap but I think to answer the question, there has been no hardening in terms of prices consequent to the arrival of Patanjali.

Premal Kamdar: And just another thing on the demand front, you mentioned that in second half everything comes up good on back on behalf of rural demand coming into play again because of good monsoons, generally historically how much has been the lag, I understand monsoon is obviously one variable in the rural demand to come back, how much there is a lag between rural monsoon coming out good and demand picking up in the rural space?

Sunil Duggal: I expect that lag will be very short this time because if you see rural consumption it has still remained reasonably robust, I mean it has fallen off but then struggle is expected, but even a 6%, 7%, 8% kind of rural growth is not to be sneezed at. So it shows that all the underlying triggers are there and if you have some extra income coming in it is really a question of the disposable household income and if it comes in through a good monsoon or through whatever else, the Jan Dhan Yojna, etc., it could really accelerate growth very quickly, the lag maybe very short.

Gagan Ahluwalia: Thank you everyone for your participation into this con-call. A webcast of the con-call and transcript is posted on the website for your reference. Any queries or feedback, you may contact us. Thank you and have a nice evening ahead.