March 3, 2021

DCS-CRD BSE Limited First Floor, New Trade Wing Rotunda Building, Phiroze Jeejeebhoy Towers Dalal Street, Fort, Mumbai 400 023 Fax No.2272 3121/2037/2039 **Stock Code: 533229**	Listing Compliance National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor Plot No. C/1, 'G' Block Bandra- Kurla Complex Bandra East, Mumbai 400 051 Fax No.2659 8237/8238 **Stock Code: BAJAJCON**

Dear Sir/Madam,

Sub: Conference Call transcripts (Scrip Code: 533229)

Please find attached a copy of the Conference Call transcripts in respect of Bajaj Consumer Care Limited (Formerly Bajaj Corp Limited) dated February 4, 2021.

The same may please be taken on record and disseminated to all.

Thanking you,

Yours Sincerely,
For Bajaj Consumer Care Limited

Chandresh Chhaya
Company Secretary
Membership No.: FCS 4813

Encl: as above

"Bajaj Consumer
Q3 FY2021 Earnings Conference Call"

February 04, 2021

ANALYST: **MR. MANOJ MENON – ICICI SECURITIES**

MANAGEMENT: **MR. JAIDEEP NANDI – MANAGING DIRECTOR – BAJAJ CONSUMER**
MR. DILIP KUMAR MALOO – CHIEF FINANCIAL OFFICER – BAJAJ CONSUMER
MR. ROHIT SARAOGI – ASSISTANT VICE PRESIDENT – FINANCE – BAJAJ CONSUMER
MR. KUSHAL MAHESHWARI – HEAD TREASURY & IR – BAJAJ CONSUMER

Moderator: Ladies and gentlemen, good day and welcome to the Q3 FY2021 Earnings Conference Call of Bajaj Consumer hosted by ICICI Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note this conference is being recorded. I now hand the conference over to Mr. Manoj Menon from ICICI Securities. Thank you, and over to you, Sir!

Manoj Menon: Good morning everyone and in fact a good morning and good afternoon depending on wherever you are joining from. It is our absolute pleasure at I-Sec to host the management team of Bajaj Consumer for another results call this time for the Q3 FY2021. The company is represented by Mr. Jaideep Nandi, Managing Director. He is just about completing a year in the company, Mr. Dilip Kumar Maloo, Chief Financial Officer and Mr. Kushal Maheshwari, Head Treasury and IR. Before I hand over to the management for their opening remarks just wanted to highlight our view on the business and our view on the stock very quickly in 10 seconds. We have been longstanding believers of the Bajaj Consumer validation story and we reckon this quarter is a turning point for both fundamentals and the rest. Over to you Sir!

Jaideep Nandi: Thank you Manoj and thanks for those nice warm words and thanks for hosting this call as well and a warm welcome to all of you for attending our conference call. As Manoj said, I am joined by my colleagues, Mr. D. K. Maloo, our CFO, Mr. Rohit Saraogi our AVP, Finance, Mr. Kushal Maheshwari, our Head of Treasury and IR as well as some of my colleagues from our management committee.

As you are aware the company reported a sales turnover of Rs.242.8 Crores for the quarter with a growth of 18.2% over the same quarter of previous year. The company has recouped its sales loss of the Q1 and has been able to end the nine month period in FY2021 with a positive 1.1% value growth over the previous year. The EBITDA of the quarter was at Rs.64.5 Crores, which is a growth of 15.8% over the previous year. The EBITDA to sales ratio was at 26.6%. The PAT for the company was at Rs.58.2 Crores against Rs.50 Crores during the corresponding quarter of the previous year, which is a growth of 16.3%.

The Board of Directors of the company has approved an interim dividend of Rs.6 per share. During the quarter, the company registered a strong double-digit value growth in hair oils of 16.2% and a volume growth of 18% on the back of various urban and rural initiatives aided by improving consumer confidence and markets coming back to near normal. The secondary sales in hair oils having kept pace with the primary have also grown by over 17%

for hair oils only for the quarter and for the overall company the secondary sales growth was also higher than primary at 19%.

We have been consistently investing behind our brands as well as building capability around consumer centric innovation, market development and strengthening of systems and processes, which I have been talking about to drive profitable growth. This will continue to remain our focus area in the coming future. The gross margin of the company was 63.5% as against 66.7% in Q3 of 2020. Out of the 3.2% drop in gross margins, 1.1% was due to one-time sale of sanitizers, which we felt prudent to liquidate our stocks to institutions at a low gross margin. This would have contributed to about roughly a little more than 1% of our sales turnover for the quarter. So Out of the 3.2% drop in gross margins, 1.1% came due to this one time sale of sanitizers and 2.1% was due to inflationary impact of key RMs as well as change in product and SKU mix.

Inflation in the commodity prices have remained at elevated levels primarily in oils. LLP prices shot up due to supply constraint in base oils. Prices of refined mustard oil have also been increasing because of supply constraint and rise in demand of both soya and palm. To offset, the impact of increasing material cost, we have taken a price increase of approximately 1.5% in Q4 of FY2021.

We will continue to monitor both the price trends in RMs as well as the competitive landscape to take further steps, if required, to mitigate the impact. The hair oil category as per Nielsen data continued to recover with the total market having declined only by 1.4% in Q3. The growth in rural continues to outpace urban with growth of 4.5% in rural against a decline of 5.8% in urban in Q3. The YTD hair oil market also recovered to a decline of 9.4% by value and a decline of 6.3% by volume.

Now while the overall hair oil market data seems a little under indexed and for Q3 in particular; these continue to provide an overall perspective of competitive trends. As per Nielsen, there has been a month to month increase in market share in Q3 for us with an ever highest market share of 11.4% in total hair oils as reported in the data of December 2020 and a MAT December market share of 10.3% in total hair oils.

For the company, general trade grew steadily during the quarter by 17%. The heartening factor in this growth has been the all-round nature of it, with all zones across the country reporting mid teen growths. The rural registered a good growth of 37% and continues to outpace urban, which also grew by 7% having recovered significantly from the heavy decline of H1.

Wholesale across the country is showing signs of recovery while retail is coming back to its pre COVID levels. Our retail initiatives in key markets also seem to be bearing fruit. In the recent months, we observed that the consumers are gravitating towards value for money packs and products as a result we have seen a surge in demand of large packs as well as economy range of hair oils. In line with changing consumer preferences we have focused our efforts in marketing and distribution of both the larger packs of ADHO as well as overall sales of Bajaj Amla Hair Oil, which is in the economy range. The LUPs of ADHO were launched at the Rs.5 and Rs.20 price points to ensure that the entire price point range is completed and the consumer has a larger choice in terms of price.

The company has been investing significantly in rural markets to increase penetration and drive range selling through van operations, which has helped increase direct distribution and partially offset the loss of wholesale from urban cities. Through van operations, we are now directly reaching more than 4 lakh retail outlets covering nearly all villages having population of more than 2000. In certain states, the coverage is up to villages over 1500 population. We will continue to scale up penetration in the rural markets through van in medium to low market share geographies as well.

Modern trade channel has seen recovery of business in the quarter with return of footfalls to the stores though this channel still remains the most affected compared to the others. To leverage the consumer preference towards larger share SKUs the company has launched a modern trade only ADHO 650 ml pack for the channel in December. Placement of brands like Zero Grey and Amla Hair Oils with more national retailers has also been the focus for the quarter and will continue to be a thrust area going forward.

Ecommerce business continues with its growth momentum growing 3x during the quarter and now contributing to 2.5% of the revenue for the quarter with an increasing contribution month on month. Still under leveraged, ecommerce will remain one of our growth drivers and we will continue to heavily invest behind this channel through consumer-centric product innovations, digital marketing, infrastructure, and people capability to support the growing demand.

International business has grown by 17.6% during the quarter. We have invested in shop product visibility and shop and social media campaigns to drive traction across key markets, but as you are aware this business remains pretty small for us.

During the quarter, we continued the integrated multimedia campaign for ADHO, which has been restaged in September through the new TV commercials, which has been launched during the quarter to focus on the improved formulation of 6x and Vitamin E nourishment for the hair. The product is being advertised across different mediums of TV, print, social media and Youtube with visibility across modern trade and general trade outlets. The company is engaging actively with influencers and bloggers on various social media platforms especially Instagram. This has helped us communicate with youngsters the benefit of hair oil and Bajaj Almond Drops in particular.

Amla Hair Oil has also seen good traction in focus markets with concerted sales and marketing efforts. The company has supported the brands in print media and consumer offers to drive sales in rural markets of key focus states. We have seen an increase in market share of Bajaj Amla Hair Oils to 2.3% in the Amla category in Q3 up from 1.2% last year and 1.6% in the previous quarter of Q2.

Bajaj Anti-Grey, Zero Grey hair oil our digital first brand has been seeing good consumer demand, which has been steadily growing over the last three quarters. The product has been listed with major online retailers and was supported with digital and online search marketing in Q3. To build further awareness and trials for the brand, the brand will now be supported with an influencer led campaign on social media in Q4.

The company will continue to continue its journey to strengthen its processes, systems, controls and governance across various functions and overall in the organization and is building a strong management team with clear focus to dial up execution capabilities. The direction for the business will continue to remain on driving profitable and sustainable topline growth consistently building on the various growth periods as mentioned above.

With that I end my opening remarks and open the session for questions.

Moderator: Thank you very much. We will now begin the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. We have our first question from the line of Percy Panthaki from IIFL. Please go ahead.

Percy Panthaki: Good morning team. My first question is on your margin. This quarter you have done about 25.5% kind of EBITDA margins and there is cost inflation? In your presentation, you have mentioned 17% inflation was on a sequential basis and the price increase you have taken 1.5% is not enough to counter this, so just wanted your sense on how you look at EBITDA margins and EBITDA growth not necessarily from one quarter perspective, but if I look at FY2022 as a whole over FY2021 how do you sort of plan to deliver margins and growth at the EBITDA level?

Jaideep Nandi: Good question Percy, a long question but some part of the question I have already answered in the opening remark. So first and foremost as you rightly said that we are not looking at EBITDA on quarter by quarter basis. Obviously we monitor EBITDA quite sharply, but more as a target, as we have been discussing during our interactions. Our aim is to ensure that we have a profitable sustainable growth and ensure that we have the topline drivers necessary for driving topline, which would mean that we can support ADHO, other hair oil brands like Bajaj Amla Oils and some of the brands which might come up during the year. We should be able to invest sustainably in these brands consistently and remain with the brands, and not repeat some of the historical mistakes where we have done i.e. to get in but not really sustain these new brands. So with this kind of a thought process, we would want to consistently and aggressively grow the top line while on the other side ensure that EBITDA as an overall absolute number keeps growing. While in Q4 itself, we will still monitor our EBITDA percentages and ensure that it does not go quite haywire either from a Q3 perspective or on the overall perspective itself, but on a little longer perspective we are looking at an aggressive growth on top line with a EBITDA growth remaining positive year-on-year on a consistent basis.

Percy Panthaki: Right that is very helpful. Second question I wanted to ask was on the top line growth so while the top line growth looks extremely robust at 18% if I look at point to point Q3 FY2021 versus let us say Q3 FY2019 that growth is about 9% and if I look at the same thing for Q2, Q2 FY2021 versus Q2 FY2021 that growth is also 8% to 9% so on a two year CAGR basis, the growth is the same as we have delivered in Q2 so is there actually any significant pickup in the industry or is this just a base effect?

Jaideep Nandi: Analytics wise you can obviously take specific data and analyze it whichever way you want and it is absolutely fair to do that but before you assume 2020 as the year that went down or even 2019, first and foremost let us look at what were the growth drivers for the years of 2018 and 2019. So a lot of the products that we introduced such as NoMarks and Cool Almond Drops, etc., could not really sustain the secondary growths. So by 2020, there were not many products left when you were actually evaluating products beyond ADHO. Even with all the Bain initiatives in the states of UP and West Bengal the growth rates had actually gone down. So at that time, we had reached a situation that it was more of protection of ADHO brand equity rather than growth initiatives. Now as we speak, we have come out of that situation and we are evaluating as to which year should be taken as basis for analysis to make the five year CAGR and compare the same with our peers. But at the same time, the fact remains that we did go down till the year 2020 and we just have to look back at it and keep working to recover from thereon. However, we can keep doing this analysis which will really not help us. We have to pick ourselves up and look forward to making our growth story which is what we are doing. Now there are two or three things which we are planning in terms of future growth areas. One of which being, that we would like to continuously dial up ADHO brand and make it available across all price points and this has been completed with launch of new SKUs at three different price points in last 2 quarters.

Additionally, we would like to increase the distribution of ADHO brand, so we have dialed up through our normal natural distribution process as well as through van sales which is helping us get more coverage in rural hinterlands. By using social media we are trying to influence newer customers. So all in all, ADHO gets ring fenced and then we want to ensure that we keep adding certain products to the product portfolio. At the same time we have to accept that we would not be able to support plethora of product launches however as the same time we would rather stay invested in some of the brands we would launch in next year sequentially. It may so happen that one or two brands we might not be able to stay with, but our objective would be to look at the EBITDA and the margins that we are generating for each of these new launches and how they are fitting with the ADHO overall margin wise, whether they fit up into our financial planning, etc., so whether our top line deliveries come through that, whether our EBITDA numbers that we expect come out of that on a year two year basis, on a quarter to quarter basis and then rationalize and basically sequentially launch these products. So our direction is very clear i.e. to deliver top lin growth by targeting at least a double-digit on quarter-by-quarter basis. That would be in a nutshell the attempt of the organization.

Percy Panthaki: Got you Sir. Just one small clarification on the first question basically you said that you will sort of focus on top line and also make sure that the EBITDA sort of see the growth on a Y-O-Y basis, but would I be right in assuming that the EBITDA growth would probably be lower than the growth in the top line?

Jaideep Nandi: There are two aspects of it – short term and long term. Short term aspect of it is the impact of the raw material inflationary trend. Now as we understand most of the increase that is happening both in prices of LLP as well as in RMO is because of the shortage in supplies constraint. Though Mustard has not seen a shortage, but edible oils have got a shortage globally and hence the prices of RMO have also risen in line. However as we are expecting a bumper crop in mustard, we expect that the RMO prices might soften a bit. We will monitor LLP prices and see its behavior going forward. So as far as the RMs are concerned, going forward we will monitor how competition is reacting because we are in a competitive market space so we will keep monitoring them as well as ourselves and to see how we can neutralize price impact. The EBITDA may go down a percentage or more because we would want to invest in some of the other brands more for the longer term and that is where we would do calibrated investments as we invest in the brands. We also do not want to go haywire on investments because we would have a very, very sharp eye on the EBITDA itself, which would mean that over the next two three years the EBITDA might see a few percentage points drop, but definitely as an absolute it should it should be much higher than it is now.

Percy Panthaki: Sir I will come back in the queue for more questions.

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

Tejas Shah: Good afternoon. Thanks for the opportunity and congrats on a decent set of numbers and also to the board on addressing concerns of investors on dividend policy. Sir first question is on the demand trend so if we see the trend across consumption basket and this is beyond FMCG also in the first nine months of this year, rural oriented categories have done very well and mainly at home, but even out of home categories have done well, which are rural oriented? Now if you see hair oil YTD growth is still in negative category at territory on YTD basis value terms also and then even in 3Q growth is lesser than 2Q growth where opening up has actually started picking up? Sir any sense you can share there that what is your read on the category growth first and then perhaps on our alignment to the category?

Jaideep Nandi: First and foremost we would like to see is that the numbers which come out from the various organizations with a lag period have a sense of match with the kind of numbers that come out of Nielsen data. Clearly we see that the Nielsen numbers are little lagging behind as far as some of the results observed from the various companies. I clearly see that the trends which Nielsen shows seems to be making sense as far as we are concerned. Whether we look at the overall market, or whether we look at the light hair oils market, etc., we think what is coming out seems to be in order. The absolute numbers may not be robust since the agencies may have not been able to visit these retailers to get the exact data out etc. However, we still think that the trends are good enough for us. The numbers coming out from the results from the various companies show that the category growth might have been a little higher, which might get tracked in future as corrections in Nielsen data keeps happening. This is the first part of the question. Now if you look at urban versus rural, clearly rural growth story is coming out across everywhere, not only FMCG but even consumer goods in most of the places and also in the recently presented government budget clearly shows the focus to drive rural growth. We thought the rural has already had a large growth and urban has actually been starved in terms of base. The base correction has happened in urban so next year urban growth will at least be equal if not more than rural growth. Now clearly it seems that both these engines will be running. So next year it looks to be a pretty good rural demand because there will be money coming into the economy in rural. We believe that rural demand will continue to be robust while urban would require a base correction itself as the pandemic goes off and which is already happening. We will still keep our bets. Last year as a company our urban to rural ratio was 56 to 44. Now it is 50:50. That is the kind of change that has happened and going forward I would assume that for one or two years so it might remain very similar to that.

Tejas Shah: Sir second on gross margins, you elaborated at length on the pressure points there, but the proportion of traded product is still very high and trending higher despite falling saliency of sanitizer so if you can give some insight there on is there any change in sourcing policy?

Jaideep Nandi: Sorry you are asking why traded products are higher is that the question.

Tejas Shah: Yes.

Jaideep Nandi: Our budgetary supports in terms of Dehradun and Ponta Sahib both have gone off right. Dehradun went off in May of 2019 and Ponta Sahib went off in March of 2018. Now we have a plant where we are getting the budgetary support, which is at Guwahati, that is physically far away from the markets that we service in the Western part or in the Northwestern part of the country, which is that entire built of Gujarat, Rajasthan, Madhya Pradesh and so on and so forth. We thought that it would be prudent to have a facility, which is closer to these parts. So we have now put up a facility in Baroda, which we have scaled up in the last quarter where ADHO is also being produced other than AHO, which is getting scaled up by third party. So these are all B2C business which makes financial sense for us in terms of manufacturing.

Tejas Shah: Sir lastly on dividend policy so it has increased Y-O-Y, but it is still lower than our long term average so if you can give some sense or guidance on where would we like our dividend payout to settle at?

Jaideep Nandi: So first and foremost, as you would be aware there is no actual formal dividend policy for the company while there was guidance given much earlier i.e. a little more than five years back, that about one third of the profit would be shared. That was roughly the guidance. Then it went up to Rs.11 to Rs.14 per share so obviously numbers went up. Last year, it was an aberration. I had said that it was an aberration and I have also been taking views from all of you guys who have spoken to me during the various conferences. I have taken it up to the board and the board has come back with a Rs.6 dividend. Please understand this is an interim dividend and it is not a final dividend as well. So I would suggest that let us wait for the entire year to go by and let us see how the dividend comes out for the year. As a policy, I think we will still not want to put down a policy there, but the cash utilization would be for some of the future growth opportunities whether it be in terms of setting up our own robust manufacturing plants, which is for the little more forward looking in that sense or whether it may be for looking at opportunistic M&A options etc., and some of the other growth drivers that we might have. However, we would still look at a chunk to come out as a dividend. So let us wait for the year end to come up.

Tejas Shah: Very helpful Sir. Thanks and all the best to the team.

Moderator: Thank you. The next question is from the line of Abneesh Roy from Edelweiss. Please go ahead.

Abneesh Roy: Sir congrats on good numbers. My first question is on ecommerce, so you yourself said that your 2.5% percent is lower than other companies, so wanted to understand for hair oil category also will you be under indexed versus your peers and what are you proactively doing and any update on just ecommerce only products?

Jaideep Nandi: Good question Abneesh. I mean that is a favorite subject of ours though I personally think at my age we do not understand ecommerce well, but clearly this is the area of growth and it is an area where we need to heavily invest. Ecommerce on a like to like period, we were at about 0.5%, which has now gone up to 2.5% sequentially. Quarter by quarter, it has been growing and at this moment if you look at ecommerce it would be more or less in terms of just hair oils at par with some of the other more illustrious competitors. Overall our portfolio anyway is mainly hair oils and maybe going forward you might see a little bit of change in that. So two things will happen, one is clearly in terms of ecommerce, we have been talking of a portfolio coming up in play looking at little beyond just adjacencies around the hair oil space, etc., so these are all in the pipeline. I still cannot talk of them because we want to go a little slow so that we get it right as much as possible in the first time itself. So that is why we are going through a little more of a detailed consumer research in some of the products that we want to launch and then we would want to stay with the products. So we would not want to come out of them without having stayed as much as possible and provided as much support it needs from us. Some of the products that are coming up in the next two quarters might be purely for the ecommerce channel itself. Secondly in ecommerce we are building up a team, which might be a completely separate team working on ecommerce, in terms of age of the people, the way we think and look at the product, distribution, the way we market, the way we influence the customers, etc., looking at that category. So that is the attempt we are doing. Some decent work has happened. I would not say great work, but decent work has started and that is something we would like to dial up for the next two years or so.

Abneesh Roy: But in terms of ecommerce only products, it would be essentially hair care only right and that too adjacent to the current core? You will go too much beyond that right?

Jaideep Nandi: Frankly speaking the only consideration that we have put for ourselves, which itself will put a lot of constraints for us is what is our right to win. We would not like to launch products, even though there is enough pressure on us, without seeing whether we have a right to win in that. So most of the extensive consumer work that is happening at this stage in terms of understanding consumers is mainly to understand whether we have rights to win in the categories or the formats that we want to launch. By that logic itself we become a hair care player. So that is typically where we are restricted unless we feel that we have an enough innovative product, which we can dial up, again only restricted to just beyond hair care and just about very close to that, close to core where we feel we have enough expertise. That is where we will focus on.

Moderator: Thank you. The next question is from the line of Amit from CARE PMS. Please go ahead.

Amit: Thank you. Sir one of the slide mentions that you know the demand is more of the value for money packs and value for money products, so I think a lot of work has been done in this quarter on the value of pack side, so I think in the participant discussion you mentioned about new products being launched in couple of quarters or whatever so do you believe that will be on the value for money products segment?

Jaideep Nandi: No. We are looking at two parallel tracks of launches. One will be a little nearer that would be more on the ecommerce digital only space, which will be the extreme premium range of products that we would want to launch. Now whether it is super premium or just premium that I would not be able to state which would be more for the consumer to decide, but that is the category that we would be looking at. We should be able to support those products because of the high margins on these premium exclusive ecommerce products. So maybe they will not bring in huge value volume revenue to start with, but we would like to stay invested in for some time to come. So that is one range that we are working on. Little later coming up maybe is a range, which would be a little more mass, which will be more GT led but which again where we have rights to win either as a brand or as products that we launch. So this is the area where it will be a little more mass market, but preferably on the higher price in terms of gross margins because we would like to invest in the brands and ideally speaking the way we are looking at is where we do not compromise on the gross margins, and we keep enough money to be spent as advertising and selling promotion to build a brand. So that is where the launches will happen and there is also a set of consumer studies happening on range of products to launch but that might take a little longer as far as launches are concerned. Again it is very, very sequential, so will not launch a plethora of products together. It will be one at a time because we would like to nurture and care those brands so that we can keep investing in them for some time while we keep launching others.

Amit: Got it. So in terms of like you know new brands and new products would require a lot of investment as you mentioned so any cap that you have kept for the ad spend as a percentage of sales that you currently have around 20% to 21%?

Jaideep Nandi: Again that is a good question. That is a good question. We are approaching it in two-fold ways. One is we are looking at some of these digital only first where obviously the large chunk of your money that goes into TV advertising, etc., will not be there. It is more an approach, which is different, that is selling through the digital media, advertising through the digital media, going through social media such as Insta, bloggers, etc. Our aspiration will be to become like one of the good ecommerce companies which have been established not the FMCG ones. That is what we would want to try. That may not take a large amount of money as far as in terms of absolute numbers and in terms of ASP cost. In the other range that we are talking about there will be investment, which will be required both in terms of selling costs as well as in terms of advertising cost. We would like to have gross margin, which are higher. Not all of them will have higher than ADHO. The ecommerce ones may be obviously higher than ADHO, but the regular ones may not be higher than ADHO, so as a percentage, you will see some kind of an add on that may happen as far as the ASP is concerned that is 18% moving towards 21%, etc., on a long term basis only when the sales keep supporting. This will not happen overnight but it will have a gradual shift. If we continue to see traction in sales, we will keep investing. So that is how we will keep monitoring on a quarter to quarter basis.

Amit: So ecommerce and this generated modern trend the margins are significantly different? I mean for ecommerce, it is quite more beneficial?

Jaideep Nandi: So ecommerce is again is very, very predominantly ADHO driven because that is basically the only product we have. Now we have started with what we have , but ecommerce will overall grow because of the distribution cost, etc., does tend to give you better margins. Over time, it will give better margin so even if we discount these products with discount offers to the customer, it will give better margins because of the way it is structured in terms of distribution, etc. and going forward some of the products we will keep launching and keep working on investments behind the brands and we should be able to make it. I mean Zero Grey had a margin of about 80% odd so we would try to take it further up so this is where we will be looking at as far as ecommerce is concerned.

Amit: Fair and the last question is you mentioned about the rural you know ratio continuously changing and probably for one or more year it looks like that ratio would remain as such so the micro strategy, which we had thought about a one and a half year back you know focusing on region and particular state so do you plan to continue that or anything on that you would want to share?

Jaideep Nandi: You have to look at more comprehensive strategy rather than look at these state level breakups because that is what we realized that even though you broke states up or even within states where the strategies are implemented, clearly these were more things that was really known to us as an overall hair oil player so be it with UP or Maharashtra these were all known and so not too much of change in terms of product assortments, etc. What really helped us was in terms of the initiatives and some of the directional pushes in rural penetration through vans, etc., by the price points and gaps that were there. These initiatives have been taken, but most of them have been national in nature and not so much state level.

Amit: Got it fine. Thank you so much and any anything on the value added hair oil industry you know how do you see that growing because of course it has not been growing for quite some time now? So as an industry value added hair oil like ADHO, etc., the premium or the semi premium kind of a segment?

Jaideep Nandi: So that is again an interesting point so how you want to classify. Each company would classify the way it works for their portfolio. For us historically we have always taken (Light hair Oil) LHO as the market. I mean even this year for example just to give you just a cut on how the market shares look. Our market shares in LHO have moved from 63% to 65% percent, but we would not be saying this at all in any of our discussion or even in our internal discussions because we have moved from that LHO concept to the (Total Hair Oil) THO concept, which is the total hair oils. Finally, we are playing in the Hair oils market, which is a 13,000 Crores market and not really that Rs.1500 Crores of LHO. So we have never really looked at value added hair oil as a category as such which has LHO, LHO, coconut, Amla and some of the other oil ayurvedic. So in that sense we have grown in LHO. Going forward, we see the growth for the next year at least to remain robust due to the impetus happening in the marketplace.

Amit: Thank you and congratulations completing one year. We hope more energy and more enthusiasm gets into Bajaj Consumer with you being on the head. Thank you.

Jaideep Nandi: So I have actually completed more than 13 months.

Amit: That is why I said that more than one year I mean.

Moderator: Thank you. The next question is from the line of Rahul Ranade from GSAM. Please go ahead.

Rahul Ranade: Thanks for the opportunity. I just wanted a few data points. So what would be the Amla share for us currently out of the overall turnover?

Jaideep Nandi: For Amla share in terms of percentage sales a rough cut number is close to little more than 3% of our turnover i.e 3% to 4% of our turnover.

Rahul Ranade: And how much of it would this grow up to? I guess this is also coming more from your description where it is increasing in terms of number of outlets where online available so how much does it go to just with the distribution in place? Can this be more like a 6% to 7%?

Jaideep Nandi: We have just relaunched Amla in the last two quarters or so and this quarter you will see a major shift happening as far as our Amla category itself is concerned. As we speak, we have restaged Amla. So the product now will look different and it will have some more focus from ourside in terms of getting into media a bit etc. It will hit the market maybe by the end of this month. So there will be a little bit of push as far as Amla is concerned. We think going forward this will be one of our growth drivers.

Rahul Ranade: Okay understood and just on the purchase line item so just to clarify? So this facility in Baroda is more of a third party manufacturer from the sourcing is it?

Jaideep Nandi: Yes, that is correct.

Rahul Ranade: Okay understood and just lastly on the RM pressure so the LLP and the mustard oil prices that you give out are they for the consumption during the quarter or is some part of it supposed to hit us?

Jaideep Nandi: It is a moving average purchase price.

Rahul Ranade: Okay so it is the cost of consumption is it?

Jaideep Nandi: No it is more or less very similar, but we would rather shift to this cost of purchase rather than consumption.

Rahul Ranade: Because I believe you used to also carry some bit of inventory also so generally we used to kind of feel the pressure with some kind of a lag so just wanted to understand from a Q4 perspective?

Jaideep Nandi: In that sense we are a little better off because Q4 LLP prices have hardened. We have a little bit of a buffer standing out from ending of Q3 which is a little bit of a good thing, but this is a transient thing. So really speaking I will not worry about it too much. It is more the trends that I will worry about rather than on inventory holding and how the gross margin will get affected etc,

Rahul Ranade: Understand. Okay Sir thank you.

Moderator: Thank you. The next question is from the line of Yogesh Singhvi from SKY Investment. Please go ahead. As there is no response from this line, we will move to the next question, which is from the line of Deepan Sankara Narayanan from Trustline PMS. Please go ahead.

Deepan S Narayanan: Good afternoon everyone and thanks a lot for the opportunity and congrats for a good set of numbers. I just wanted to understand we have seen that ADHO has been as a category grown by 14%, so which are the other product segments, which has grown at a higher level for us?

Jaideep Nandi: So as far as hair oils are concerned basically, it is mainly Amla hair oils, Zero Grey and some of the lesser hair oils that we sell such as Brahmi Amla, Jasmine, etc., So ADHO has grown at 14% by value and 16% by volume and Amla hair oil has the balance with the difference that you see between that 14% and 16.2%, which is the overall growth of hair oils in terms of value, it has contributed by mainly the growth in Amla as well as in terms of the other hair oils, which have also contributed a bit like Zero Grey .

Deepan S Narayanan: Okay and in terms of overall demand let us say so we are seeing urban growing at 7% currently so now with Q4 being more markets getting opened up are we seeing early trends of urban segments coming back into growth mode as more people are started going outside?

Jaideep Nandi: Absolutely right. That l rural demand still continues to be much, much more robust. January has been a good month for us. Overall, we have seen good demand sustain across markets. The biggest heartening thing again is that secondary continues to remain at par or more than primary. Distributor days have gone down from 28 days earlier to 26 days for corresponding period. So in those terms, the numbers look pretty good. There is no built up of inventory at the distributor. In fact, there is a negative in terms of distributor inventory. So we clearly see demand coming up. Now urban is also looking up. Wholesale may not have still picked up the way we would want to, but we see green shoots happening in retail and rural continues to be very robust.

Deepan S Narayanan: Okay so in terms of if we say urban modern traits will be involved, but only general and the wholesale is not doing well for urban segment?

Jaideep Nandi: Modern trade is still not as per what we had estimated to be. Modern trade has definitely recovered, but it is still not like the trend in GT. So that is something that we would still look to see how we can grow to outpace the market and what are all the levers that we need to drive so that at least we can out pace the market. We are looking at our internal targets closely to ensure that we achieve the numbers irrespective of the pace of market growth. If the market grows faster obviously we would like to grow faster, but at least we have our own growth stories wherever possible even if the markets growth are lower. So that is how the retail growth came up. The marketing and sales teams have done good initiatives as far as retail markets in GT, which is where we see nice growth happening in some of the key markets where we wanted to focus. Modern trade is something that we have dialed up last quarter. Maybe at the end of the quarter, we will see how it plays out in the next two quarters or so. I really do not go by so much by the quarter to quarter numbers but more by the trends that are happening and see whether there is enough traction coming up

Deepan S Narayanan: Thank you and all the best.

Moderator: Thank you. The next question is from the line of Shirish Pardesi from Centrum Capital. Please go ahead.

Shirish Pardesi: Good afternoon Jaideep. Thanks for the opportunity and heartiest congratulations. At least I can go back our discussion five to six months before and truly you have delivered that. So there is no doubt about your execution capability and the building up the organization? I have few questions? You mentioned that Amla is roughly about 3% of sales is that correct?

Jaideep Nandi: A little more than that.

Shirish Pardesi: So I just wanted to understand which all states we have now rolled out Amla Franchise or rather which new pack you are planning to roll out?

Jaideep Nandi: Fair enough, so I will not get into a detail of which all states we are looking at, but if you look at the overall Amla markets there are 10 states in the country, which are topping in Amla starting with UP and markets of Rajasthan, MP, etc., etc., So one of the biggest advantage that we have is that fortunately for us except for one or two markets of Andhra Pradesh, the northern part of Andhra Pradesh, which is Vizag belt i.e. Rajahmundry further up or so except for some of these markets and some parts of Maharashtra, other than that most of the places is basically completely coinciding with where we are strong as far as ADHO is concerned. That clearly gives us some advantage because we have a ready made distribution channel and consumers know us as a company. So that is one of the advantages that we also want to basically leverage on and the fact that we have been able to dial up our vans consistently. In the initial stages we did the cost benefit analysis at root level just to see where we are making money as far as vans are concerned. Now it is far more optimized, and that is giving us an advantage. So these are the states we are focusing on the states exactly where we are strong in ADHO similar states as far as AMLA franchise is concerned.

Shirish Pardesi: So if I understand correctly we had the existing brand, which was Brahmi Amla, but you thought that it has got no relevance and that is why you are relaunching or rather relaunched Amla Focus or something more to do with it?

Jaideep Nandi: So that is an interesting point Shirish because Bajaj Amla Hair Oil was always there. It was there for a relative long time, I will not say always there. It is not a new product that we have launched. Brahmi Amla as we keep discussing the advantage of Brahmi really could not be established scientifically in marketing terms to be able to sell to a larger set of consumers so that brand still remains very, very focused in specific markets, which are basically specific channels like CSD, modern trade, etc., and very specific few markets within the country in GT. Other than that Amla hair oil has been there. What we are now doing is a focus work on the brand. We have changed the pack design and changed the brand itself, which you will see coming up maybe in the next quarter when we will put it up in the presentations as well and we have also launched the complete range itself. Earlier it was only available in the Rs.10, Rs.20 and Rs.40 packs. Now we have the 300 ml and the 500 ml. So it is an entire complete range.. As I said now with our distribution reach, etc., we are trying to utilize and push this product. At this moment, our entire effort has been through print media. Going forward, we will see some dialing up of that also.

Shirish Pardesi: My next question is on our van operation, which you have focused? So what has been changed? I mean earlier we did not have focus or we have added it in, more budgets or the related question is that how many states we have rolled out this van operation now?

Jaideep Nandi: We have actually rolled out van operations even to the southern states as well. Obviously as you can understand that we are not one of the best in southern states assortment wise. We are working out the assortments for Southern states system, but there are states where we have gone into especially the two states of combined Andhra and Karnataka. In the other states we have rolled out vans right from Northeast to Punjab to Himachal to Gujarat, Rajasthan and Maharashtra. we have basically optimized the routes in the last six to seven months . So one of the things that has happened is optimizing routes in terms of throughputs from van looking at a complete analysis at an absolute granular level. Being a smaller company maybe it gives us advantage that we are able to look at numbers far more granularly so that we can get execution excellence, which is what we keep talking about. We are able to build it in analysis at each van level how much money are we making, how much is the throughput, and is there a route change that is required. We are going into that level analysis month on month and that we have been able to optimize it in the last three to four months. So in the last two to three months continuously then business has been increasing as well as the EBITDA that we do as a marginal EBITDA on vans that has been very, very nicely in the mid teens in terms of percentage.

Shirish Pardesi: A followup I mean rather more clarification? You mentioned that your coverage is around 4 lakh and with this heightened focus on band coverage you expect this for like to change to what number in next one year?

Jaideep Nandi: So I will just qualify the 4 lakh number. In fact, our internal data shows a little more than that, but unfortunately still we do not have the entire van sales data computerized. So unless I have finite actual data, I would rather talk of numbers, which are a little more conservative rather than the numbers that I get from my sales teams. So by that logic the number will get automatically scaled up, but while scaling up so this is one part in terms of just sheer numbers that I would report next time as I gather more data when I computerize my system and get correct data on the van sales, number of outlets, etc. but on a structural basis or in a directional basis we would like to dial up van cells only to the extent where we do not see the throughputs going down So we would not like to go to any of the markets where the throughputs keep going down, which would have an impact on the EBITDA even if it means higher EBITDA. EBITDA for us will be ruthlessly monitored as far as van sales are considered in the system.

Shirish Pardesi: My last question on the ad spend this quarter has gone up substantially would you be able to help me to understand how we should look at this ad spend in 2022 or maybe 2023?

Jaideep Nandi: Sorry could you repeat that please?

Shirish Pardesi: I am saying as spends has gone up at 19.2% of net sales in this quarter what I am trying to understand whether this will be the benchmark for FY2022 or you are expecting a lower ad spend allocation?

Jaideep Nandi: So ideally speaking, we would like to offset the other expenses and keep the ad spends where we are at 18%. In the base data that, 21.7% of the quarter Q3 of last year is mainly because of a little bit of depressed sales, but more because of some cost that we had to incur because of the projects that were going on specific inputs that we were giving for the markets for the UP and West Bengal right which have got neutralized in this quarter. So on a like to like basis that 18% has gone up to 19%, but this is something that we would like to keep it there. As I said I would not really like to compromise on this component of the expense line item. All the other components are open for a reduction whether it be an employee cost, whether it be other expenses, admin., etc., manufacturing I really do not build any strength for the organization, but this aspect I would like to continue to support where there is investment in brands, investment in marketing efforts, and investment in sales even if it requires a little bit of a reduction in EBITDA. So this is something that we would continuously want to do.

Shirish Pardesi: Thank you and all the best Jaideep.

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

Percy Panthaki: Sir just a couple of followup questions. Firstly, could you share your thoughts on M&A over the next two to three years or whatever I mean your framework is how you would approach it if any?

Jaideep Nandi: Percy it is a good question, but my answer really would not change too much from the ones that I have been giving. So two aspects as far as the business is concerned, which is something that will remain in the anvil, but may not be a focus areain the year of 2021-2022 that is FY2022, which is basically the entire area of international operations. Clearly I see opportunity there. I do not have the bandwidth to go into it both in terms of financial capability as well as in terms of operations capability, but that is something that will always remain in the horizon. That is something that we will definitely get into. But at this moment I will not be able to share. M&A on the other hand is something that we will always keep an eye out for. There will be some amount of money, which will remain earmarked in our books to look at these opportunities. We will keep exploring, but it should makes sense as far as a clear addition to our portfolio, which can give a strategic benefit and more importantly from a return point of view.. One of the biggest problems with M&As within the country is that it is difficult to generate return on investment with the valuations in the market. So for a company like our size, which is a little smaller, we will only be a little more careful. If we do an M&A it needs to add strategic advantage to us and also make some kind of a return expected from the investment that we make. So if these two conditions are met, we will definitely look at it.

Percy Panthaki: What would be your preference for M&A in terms of sort of product categories? Would it be within the hair oils or would you look at outside the hair oils and secondly in terms of geography for M&A would you prefer India or overseas?

Jaideep Nandi: So again all good questions. I personally would say all these are open questions because unfortunately M&A options are not something that we are internally deciding or you can have a strategic call either decided on an excel sheet or on a PowerPoint. This is dependent upon what opportunities lies for us. If you ask me a little on the other side instead of which are your go areas and which are the no go areas maybe that answer is a little easier too for me to say. As far as markets are concerned both India as well as outside India are opportunities. Outside India very, very few restricted markets where we see valuations are okay and where we feel that we can add value. This itself will rule out most of the markets except for some markets in Africa and maybe some markets in South Asia. People really do not make money out of Middle East. So a lot of markets will get naturally ruled out as far as markets are concerned, but yes pockets geographies, etc., will be there. As far as categories are concerned, again we would like to go where we are strong. We would not like to have portfolios, which are diversified and where we do not have any value to add. Unless we can add value, we would not be looking at acquisition just for adding on to our top line. It needs to add some strategic value to us.

Percy Panthaki: Right and secondly on Nomarks now what is the thought process of the company? Is it a focus brand for us? We have not had too much discussion on Nomarks in the last one or two quarters therefore asking?

Jaideep Nandi: Again I think a very good and a very relevant question. We are also evaluating as to what we can do with NOMARKS. The acquisition has not really turned out the way it was envisaged to be and now we have reached a stage where NOMARKS sales have got stabilized. Even this year NOMARKS actually grew in the quarter without any support. It has come to a base level where sales are coming from the regular customers whom we keep servicing. So there are two options as far as we are concerned. One is obviously to dial it up, which would mean the entire distribution network and sales strategies for NOMARKS. In addition to Marketing, even the entire sales, the go to market strategy itself of NOMARKS need to be corrected for us to invest for the next five years. At present we feel that there are some other things we can invest in. So in the current situation as far as NOMARKS is concerned there are only two ways out i.e. to keep it there and let it remain or look at a divestment. Now as far as divestment is concerned, we are not under tremendous pressure. If we get a worthwhile valuation for us to consider obviously we will exit, but if not, we are okay to sit with it. It is not taking much out of our infrastructure, manufacturing capability, people, etc., that we need to have some desperate desire to exit this brand. Whether we dial it up or not, I do not know at this stage. It has some potential, but at this moment because we are focused on other things so Nomarks is not a huge priority for maybe next one or two years.**Percy Panthaki:** Okay so just forgive me for this question. Maybe it is some misunderstanding on my part, but I am not able to reconcile two things. One is that you mentioned that basically you will invest in brands and therefore the EBITDA growth may be slower than the top line growth, but on the other hand you also mentioned that you do not want to get into too many launches? You want to concentrate on ADHO and Amla itself as of now and we have already a significant almost 18% to 20% kind of ad spend here so I do not understand why we would need to have a ad spend higher than the current level of ad spend that we have as a percentage of sales and if we do not then on the other hand why is it that EBITDA cannot grow faster especially because all companies are also having some cost efficiency plans, etc., etc., so even with the same ad spend to sales ratio, I am sure the EBITDA can actually grow faster than sales?

Jaideep Nandi: I think fair point except that your period of discussion and my period may be a little different and that is where there is a dichotomy. So, one is if you look at the very near future you are absolutely right. We are not really going to invest much beyond Amla. We have underinvested in Amla and it was more of distribution strategy in Amla till now. So, there will be some investments happening in Amla which will be commensurate with the sales growth that we are envisaging. Overall otherwise what you are saying is absolutely right, but maybe after the end of second quarter or Q3 starting, we will see some of the other launches coming in. This will keep happening continuously since the pipeline is now getting filled up. Currently we are at the stage of consumer research and we will finalize the brands to launch them with proper investments. We will not launch them and hope that distribution takes over and establishes these brands. In our mind, that is not our strength where we can just establish a brand through the distribution network. We will keep investing in the brands and hope that those give us the better realization.

Percy Panthaki: So these new launches, which are planned two to three quarters down the line they are all in the hair oil segment only?

Jaideep Nandi: That is what I said. Not all of them will be in hair oil segments because we are looking at beyond hair oils in the hair care space itself. As for ecommerce, etc., where we are increasing our presence, it will be more some of the newer formats in hair care itself as well as hair oils. We are looking at our brand strengths, the product matching that we can do and maybe some of the extensions of some of the existing brands. It may not all be in hair oils that we would look at launching. It is the next two three quarters. Beyond that is another ball game.

Percy Panthaki: That is all from me thanks.

Moderator: Thank you. The next question is from the line of Sarvesh Gupta from Maximal Capital. Please go ahead.

Sarvesh Gupta: Congratulations on a good set of numbers. Because we saw a very high growth rate in these revenues wanted to get some comments on the sustainability of this because you know the market has not grown much? Rural has done better than urban, but overall market has still remained subdued so you have obviously gained market share, but if you can comment on the sustainability of the same and if you have seen some pent up demand in some manner or some special pricing strategies, which has helped you and how sustainable will those be to continue this sort of revenue growth?

Jaideep Nandi: So first and foremost, pent up demand is not something we see in FMCG unlike consumer durables where there is a huge lot of pent up demand that gets served. So really speaking pent up demand is not fueling growth either for us or others in this category or in the overall FMCG category. I think there is general buoyancy due to the festive season spending, cases of COVID infection coming down, vaccines in market etc., all of these have been the factors contributing to rural growth in addition to whatever money government has been putting in the hands of the consumers, at least for this year. We expect the overall market to remain pretty buoyant with the kind of budget presented by government focus on rural markets. The growth may not be in the double-digit setup, but somewhere close by. On our side, we have looked at where our strengths lie and where we have opportunities to get into and if you look at overall we have been a very, very strong ADHO player, but in the years of 2019-2020 you would have seen that the scenes were bursting a bit as you saw competitive pressure coming up. So, one of the things that we want to do is dial up ADHO, ring fence ADHO and also have some other products so that at least we are able to play in the competitive space. So, while we play with competition in ADHO hair oil segment, we would also have some products that can play in other categories. So, this is both a defensive as well as the offensive strategy as far as ring fencing ADHO while working with the other products such as Amla or some of the other things that we might come up with. On the other side if you are looking at pure growth opportunities irrespective of competitive landscape then we clearly know what strengths we have which we have channeled into our innovation pipeline that has been dialed up for the last two years. So we have been continuously working to improve our R&D teams, etc. so that we have products which have some scope and play in the markets as far as other hair care formats, channels that are coming up and in terms of consumer preferences. So, these are the two platforms that we are working on. Though we are quite confident it is too early for us to say about growth sustainability. Maybe after four quarters or so we will get some sense whether there is stability or not in growth figures. So we can put the jury out in the open about our growth numbers, but we are quite confident that we are on the right track for future delivery.

Sarvesh Gupta: Yes, but going forward do you see at least a single digit high single digit growth or a low double digit growth any guidance on what visible?

Jaideep Nandi: For ourselves.

Sarvesh Gupta: Yes?

Jaideep Nandi: Well we would want to target a little more than that. It is very difficult to give guidance so let us see how it goes. Even if you give guidance it is walking the talk at the end of it so we can keep talking, but I think we would rather want to walk it and see how the numbers pan out. So we will have to wait for those numbers to come out.

Sarvesh Gupta: Okay Sir thank you and congratulations again for a good set of numbers

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

Tejas Shah: Sir a couple of followups from my side. Sir you in the last three quarters concall you have highlighted at some point that the operating margin at which we where was slightly higher than your comfort zone and now because of whatever reason gross margin pressure we have actually come down to 25% level in this quarter and then growth has actually responded well to that margin profile so would you try to protect margins at this level or would you intervene to go back to earlier levels and if the trade off is actually good growth and good market share gain would you prefer to operate business at the current margin level, which is itself a very profitable level?

Jaideep Nandi: Good question Tejas. Yes, the way I look at it is how do we build strength sustainable strength for the organization in the long term. So in short term wise obviously I can always look at ADHO alone that is a growth driver for us. I can dial up ADHO further and further to an extent obviously. I will hit a ceiling at times where ADHO growth will not get pushed beyond a certain point. Not only competition launching products in Almond hair oil categories itself, which we need to keep a watch out for, etc., , but also if there are gaps in either through distribution reach or the price points you would have still hit some kind of a roadblock. So whether we would want to do an EBITDA management or not, etc., I think on the long term strategic thought process ADHO alone may not have be just a sustainable product. You would have seen that 2019-2020 year itself gave us enough cues as to how ADHO alone was doing for the company. So even if we forget the Q4 of 2020 and just analyze numbers of Q3 of 2020, the growth in Q3 of 2020 itself was not very robust. So if you are putting yourself in that kind of a precarious position where everything of yours is determined only by the market conditions and growth, then that is is a little bit of a weak strategy even though short term EBITDA numbers may look good etc. So my thought is how do we strengthen the organization, how do we build some new brands where ADHO continues to be a flagship brand and at least you have some more other brands, which have significant presence in the marketplace so not only do you have a portfolio play, but also have options to play around with the product categories. Just like we see in any other organization where they balance the portfolio between top line numbers and EBITDA numbers and not really concerned much about the middle numbers or gross margins etc..You as analysts will still analyze each of the line items, but as a business guy, I would be looking at my top line number delivering the way I would like to take it and the EBITDA numbers the way I would like to take it. I will have more room to to play between the EBITDA margins and advertising costs. So even if I have to compromise the EBITDA margins, I will keep in mind that the overall EBITDA does not keep going down because that would again structurally weaken the organization. This is a profitable organization and I would like to keep it profitable and yet have a a little more pragmatic approach as far as EBITDA as percentage to sale is concerned. It is very good to have a high EBITDA margins unfortunately, it may not be always possible to deliver it if you also want to expand your portfolio and strengthen the organization.

Tejas Shah: A very, very detailed answer Sir and Sir just last one on the Baroda resourcing point that you made if I remember correctly we also had purchased some land in Gujarat near Halol to set up our factory after around GST reforms game so are we not going ahead with it on our own plant and we are sourcing it from third party?

Jaideep Nandi: So we have a land parcel in Halolfor which we have a blueprint, but at this moment, we have kept it on a hold. We have gone with a third party as of now since it was more beneficial in terms of costing, etc. There are a number of factors we are evaluating such as our MAT benefit of approximate 17.5% which will remain for next four or five years due to our Guwahati manufacturing facility, government position on Jammu etc.. So Baroda land parcel at this point remains as such and if nothing else happens then maybe will we look at it going forward. Our manufacturing footprint for the next five years is under construction underour new Head of Supply chain, Operations and IT - Mr. Rajesh Menon who has vast experience in it and is currently working on it. So let us see how that pans out.

Tejas Shah: Thanks very helpful answers and all the best.

Moderator: Thank you. The next question is from the line of Amit Doshi from CARE PMS. Please go ahead.

Moderator: Thank you. The next question is from the line of Dixit Doshi from White Stone Financial Advisors. Please go ahead.

Dixit Doshi: Thanks for the opportunity. Most of my questions have been answered. Just one question so you talk about some new products in the hair care section so if you can elaborate a bit or in the long run let us say over five to seven years are we targeting more of a new product rather than only hair oil?

Jaideep Nandi: Well, first and foremost I would not be able to tell you the exact nature of the products. Some of the formats are getting finalizedwith what will be their product names, what are the USPs, etc., which is still under construction. So you will have to just wait for another four for five months for them to see the light of the day and believe me you will be the first ones to know as and when we launch them in the marketplaceby end of Q2 or beginning Q3 If you want to look at little longish term then the focus is not really limited to hair oils portfolio. That is not really how we would want to see ourselves however we would want to play in space that we are comfortable in, for example today it is the hair care space and some of the adjacencies where we are building capabilities to add value as far as the portfolio is concerned. So really speaking we would not bother about the kind of products or category as long as I am able to target the kind of numbers which we have in mind. Unfortunately, I may not want to share with you these internal numbers but as a perspective we would like value sales growing at a good consistent number so that we become a large player in marketplace. Going forward the percentage share of ADHO itself in our revenue will go down, though we would like to keep gaining share in the LHO market with all the investments that we do on ADHO. This will happen as we keep adding on more products to the portfolio, etc., so that overall as a percentage contribution of ADHO goes down while we become a little stronger as an organization.

Dixit Doshi: So historically what we have heard always is that the company's focus is always on a hair oil side, so we can now assume that we will be open for any category where we have the right to win and we have a good quality product and a good capability?

Jaideep Nandi: So that is a very qualified and a very broad base brush that you painted it with, so it is not any category that we would want to win. Any category and the right to win in it is something we feel is a very sacrosanct word. We do not feel that we have rights to win in most places so we would be very, very conservative in our thought process of where we want to get into. We would like to do an elaborate extensive consumer research in some of these categories, get some sense whether we have some rights to win in that and only go about launching products in that category. In spite of that you may see failure, but we would like to see as much as possible that the risks and failures are mitigated. After that, it is up to the market as well as our own internal execution and strategic planning and execution skills, which will determine our success.

Jaideep Nandi: Thanks Sir. That is it from my side.

Moderator: Thank you. As this was the last question for today, I would now like to hand the conference over to the management for closing comments

Jaideep Nandi: Thank you so much. It was really invigorating to hear the various questions from all of you all. It was very, very helpful for the kind of support that you have given us and the encouragement that all of you guys have given for a long period of time for this company and we would like to repay it back by looking at some of the things that we want to do, which is delivering on some of these growth drivers etc., Though these are all early days and we are not getting overexcited by that, but we are encouraged by the fact that some of the plans for the systems, processes and controls are making the organization internally strong. It may not have any value volume implication as far as the business is concerned, but for the long term to make a strong professionally run organization we need to really dial up systems and processes, governance, entire controls, etc., where we have spent a lot of energy and effort. So a lot of the initiatives and thought processes that are coming out, maybe a function of that so this is something that we will continue to dial up. The management teams has gone through a little bit of a transition which we would like to stabilize while we would like to focus on some of the new areas such as ecommerce, etc., where we will build up teams so that we are a future ready organization. That will be the attempt and hopefully if we are able to get our strategy right and the market is conducive; we would like to see these numbers continue to go forward. Thank you all for joining this call. Thank you so much.

Moderator: Thank you. On behalf of ICICI Securities that concludes this conference. Thank you for joining with us and you may now disconnect your lines.