August 23, 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 dated August 6, 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 & Compliance Officer
Membership No.: FCS 4813

Encl: as above

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"Bajaj Consumer Care Q1 FY2022 Earnings Conference Call"

August 06, 2021

ANALYST: **MR. ANIKET SETHI - ICICI SECURITIES**

MANAGEMENT: **MR. JAIDEEP NANDI - MANAGING DIRECTOR - BAJAJ CONSUMER CARE**
MR. DILIP KUMAR MALOO - CHIEF FINANCIAL OFFICER - BAJAJ CONSUMER CARE
MR. KUSHAL MAHESHWARI - HEAD, TREASURY & INVESTOR RELATIONS - BAJAJ CONSUMER CARE

Moderator: Ladies and gentlemen, good day and welcome to the Bajaj Consumer Care Q1 FY2022 Earnings Conference Call 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 telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Aniket Sethi from ICICI Securities. Thank you and over to you Sir!

Aniket Sethi: Thanks Farina. Good morning everyone. Thank you for joining. It is our absolute pleasure at ISEC to host the management team of Bajaj Consumer for Q1 FY2022 results call. The company is represented by Mr. Jaideep Nandi - Managing Director, Mr. Dilip Kumar Maloo - Chief Financial Officer and Mr. Kushal Maheshwari - Head, Treasury & Investor Relations. Before I hand over to the management for their opening remarks, just wanted to highlight our view on the business very quickly. So we have been longstanding believers of the Bajaj Consumer validation story and like its brand building and distribution expansion effort along with intend to have comprehensive portfolio of hair oils in the medium term. With that I hand over to the management. Thank you and over to you Sir.

Jaideep Nandi: Thanks Aniket for hosting this call and good morning everyone. My name is Jaideep Nandi and I am joined by some of my colleagues from the management committee over and above Mr. D K Maloo, the CFO and Kushal Maheshwari, Head of Treasury & IR. I hope all of you are keeping safe which is very important at this stage. Let me take you through the performance of the company during the first quarter before I open the house for questions. As the quarter started, we saw disruption due to the second wave of COVID-19, which led to the lockdown in the month of April and May. The impact was very severe for us in April when our sales dipped, however by May the normalcy in operations had resumed. We witnessed very good recovery in sales when the lockdown restrictions were eased, sales rebounded in the month of June with our company witnessing highest ever monthly sales in the month of June. Fortunately, July month seems to be continuing the same sales momentum.

The company reported a sales turnover of Rs.211.99 Crores for the quarter with the growth of 10.7% over the same quarter of previous year. The total value growth for the company for the quarter excluding sanitizer was 20.4%, the contribution of sanitizers has gone down from 9% last year to about a percentage in Q1 2021. The total volume growth for the company was 16.2% and excluding sanitizer was 24.3%. The EBITDA for the quarter was 53.67 crores which is a decline of Rs. 7.2% against the same period last year. The EBITDA to sales ratio was at 25.3% for this quarter. The gross margins were at 58.66% a decline of 4.9% over the corresponding quarter previous year.

The drop in gross margin was primarily due to sharp price increases in LLP and RMO over the quarter. The commodity prices still remain inflationary during the quarter with strong uptrend in global edible oil prices, which is impacting RMO prices. The MRP increase of about 2.5% that we took has partially offset the impact of raw material price and packing material inflation. We will keep a close watch on the commodity prices in the coming quarters and take corrective actions if and as necessary.

PAT for the company was at Rs.48.87 Crores against Rs.54.19 Crores for Q1 last year. There has been recovery in hair oils category as per Nielsen's data in the month of May and June with 25% value growth in Q1 and June MAT growth of 5.4%. The rural markets continued a strong growth momentum reflected in June MAT growth of 10% while urban markets have also recovered sequentially posting 22.1% growth over last year though on a low base.

For BCCL both urban and rural markets have shown healthy growth reflecting in share buoyancy in both, rural markets continued to outperform urban markets for the fourth successive quarter for the company. As per Nielsen data, there has been a sequential increase in total market share by value for BCCL to about 10.8% for Q1FY22 120-basis point increase over the corresponding period last year and all time high MAT June market share of 10.7% on the total overall hair oil. There has been also a 124-basis point market share increase in volume terms as well in Q1.

The van operations for the company were very badly affected in April as well as a bit in May due to this extensive lockdown in rural markets as well as in urban markets. In June, they have recovered to the previous lockdown levels. In July, we are now back to the normal levels Q4. While we continue to increase our van equipment and optimize our operations, we expect a non-ADHO portfolio to help improve efficiencies. While we expect our ADHO to remain where it is, we expect the non-ADHO portfolio to have a little more of the share in the van route.

There has been good growth registered across all zones in the country, except central zone which bore the brunt of the lockdowns, in the states of central Rajasthan, Madhya Pradesh and Chhattisgarh and this caused a delay in their recovery and central was the only zone, which had a negative growth in the entire quarter against last year and as central is the large component of our business comparatively that also impacted our overall business. ADHO, our flagship brand continues to do well recording a sales growth of 20% in the quarter and increasing its market share in the total hair oil category of about 100-basis points.

AHO on the other hand double its turnover in the quarter albeit on a low base. There has been a preference for large packs in general trade, which will help drive both ADHO as well as Amla Aloe Vera Hair Oil. While wholesale business has been a challenge as most of the wholesale markets were disrupted in the first quarter, our focus retail initiative which we had talked about and wanted to take over as our key initiative for the next two, three quarters has been doing well and this has helped our retail grew by over 40% in the quarter. This will continue to remain a key initiative for the company for the remaining part of the year.

Despite most of the modern trade stores has been partially or fully closed during the months of April and May, the channel has delivered high teen growth for company, most of the stores had resumed normal operations in the month of June and outlook for modern trade at this moment looks optimistic. We continue to increase our visibility in modern retail outlets with shelf space display for our product and promotion of consumer office. E-commerce continues with its triple digit growth figures in the quarter, our products are now available with more online retailers while there has been increase in assortments with existing retailers. E-commerce will continue to remain a thrust area for the company as we gear up for escalation of management team with the senior resource joining the team to spearhead the business while we prepare for next space of digital first brand launches in the coming quarter while strengthening our presence of our existing range with the dealers.

International business has shown good growth for this quarter, the travel restrictions continue to hamper the growth in the GCC markets and despite the strict lockdown in Nepal and Bangladesh, these markets have managed to deliver healthy double-digit growth. The contribution from export to other parts of the world have also gone up. During the quarter, we continued to invest in our flagship ADHO brand across all mediums of TV, social media, and print media. While taking a break in May, we came back to normal levels in June as a market condition normalized. The new commercial on TV has been doing well on message communication and other key parameters of likability, relevance and purchase intent. Digital marketing for ADHO has been continuously dialled up and we are now actively using new edge influencers to reach out to younger consumers.

Bajaj Amla Aloe Vera Hair Oil relaunched in the last quarter continues to gain market share in key Amla markets despite lockdowns impacting rural sales. The new TV campaign for rural market is already on air and has been positively providing additional marketing support for accelerating trials of Bajaj Amla Aloe Vera Hair Oils with advertisement locally. As a part of our initiative to expand our portfolio, we have just launched a Bajaj pure coconut oil in the last week of July, we believe there is sufficient scope for all branded coconut oils to grow in this category and gain share from unorganized players. Our strategy in pure coconut oil is to offer a reasonably price premium product with 100% pure coconut of the highest grade.

As a part of the initiative to reduce the overall carbon footprint in the value chain, we have reduced the consumption of glass by 16% by optimization of specification of bottles and paper by 7%.

Further initiatives are being taken to optimize the consumption of laminates. We are also taking initiatives to explore the usage of recycled PCR as well as recyclable laminates. As part of extended producer responsibility, we will be collecting and disposing 100% of our consumption of plastic material. In Q1 we have started collecting and disposed 13% of this.

One of our primary objective is also to build an efficient and a capable team in BCCL, a variety of initiatives have been embarked on the company towards its objective. We have also been inducting crucial talents to create a strong management team for the future. The company has received accreditation from GPTW with strong numbers in areas of management, credibility, business achievement, and training and development. The company has also launched Bajaj Care program to assist our employees. We launched it during the second phase of COVID-19 pandemic, both for employees and families and has had good feedback from the employees on that.

Now with the market conditions normalizing and having had a good start for Q2, we are optimistic of performance for the rest of the year with the planned brand launches that we have for the next two, three quarters. So with that I end my opening remarks and open the session for questions. Thank you.

Moderator: Thank you very much Sir. Ladies and gentlemen we will now begin the question and answer session. The first question is from the line of Vishal from Phillip Capital. Please go ahead.

Vishal: Just two questions. What is the combine price hike that you have taken during Q4 FY2021 and Q1 FY2022?

Jaideep Nandi: The total price hike is close to about 3%, we have taken close to a percent in last quarter and about little more than 2% in this quarter, so total comes to about 3%.

Vishal: Okay and Sir you have taken a lot of cost saving initiatives I think that has been mentioned in the PPT, can you just highlight that what kind of benefit that we are expecting in the coming years from those initiatives?

Jaideep Nandi: So typically we are looking at about 20 odd initiatives that we have taken as far as supply chain is concerned, in terms of raw materials, in terms of logistics, in terms of looking at alternate raw materials etc. We are looking at roughly about Rs.5 Crores to Rs.6 Crores of pure cost benefit coming out of these initiatives. This is the direction we want to take going forward in the future and we want to make it an integral part of our entire efficiency system.

Vishal: Last question is that you made a lot of senior management hires, new head of e-commerce for international modern trade has come, so any more areas left or most of the hiring is done now?

Jaideep Nandi: We did not have anybody who is specifically looking at e-commerce and we are betting big on e-commerce along with new brand launches in e-commerce which will happen by the end of this quarter, so we wanted to be geared up for that. Our backend has already geared up in terms of digital marketing etc., in terms of sourcing efficiencies, all that work had already happened in the last two quarters or so. We have had two hires which is the head of international business, modern trade and e-commerce, who is a senior resource who has come from a very large organization and a specific person who will head e-commerce under him as well as some other team members we have already acquired, so this is what we are now going to dial up and there will be little more hiring happening in e-commerce itself, but more as junior resources, more so for the launches that we have planned.

Vishal: Last question from my side on coconut hair oil, so I think in past have you launched, I am not aware, whether you launched coconut hair oil or not in past, I case you have launched, so how different at this time the proposition is going to be versus in the past?

Jaideep Nandi: We had launched in the past and in fact the issues were that offtake for the product could not take place and we had to take back lot of material at that point of time, which has happened for some of the other products also that we had in the past. Now, how this is different etc., will be a difficult question to answer, all I can say is that at this stage this launch has been planned for quite some time. We wanted to look at specific market. The objective of this launch are two folds. One is obviously, this is the large market and we do not want to completely remain out of it. We understand there will be challenges as far as gross margins are concerned however we are clear on our objectives related to distribution network for major markets of Coconut hair oil which are these two markets of west and south. If you look at west, we already have a limited distribution network not as strong as the north, but we do have some distribution network and we feel with our learning from what we got from our van initiatives happening even in north, while we were pushing Amla as the part of the assortment, which was going in, first the ADHO gained as a result of that. We feel that in some of these western markets where just Amla itself will not be able to add onto ADHO. We think that coconut can help us generate a little bit of assortment in terms of market penetration. In the south, it is clearly a distribution gain, in fact with the planned launches that we have for the general trade may be coming up somewhere around Q4, we would like to have distribution network as far as south is concerned, as on today we have nothing. So this will help us have a distribution network to start with and not only ADHO itself which we will try and push, but there will be also a set of launches we would like to use that channel, so west and south two different strategy as far as our coconut is concerned at this stage.

Vishal: Thank you Sir and all the best for the future.

Moderator: Thank you. The next question is from the line of Aditya Malpani from Bryanston. Please go ahead.

Aditya Malpani: Thank you for the opportunity. My question is related to coconut launch only. Sir, historically you have always talked about launching the hair oil variant or a product wherein some value addition can be made or which can be different shaded with the existing competitors product, so what really changed, so I just wanted to understand the rationale behind getting into me too hair oil category and secondly what would be the strategy to compete with the key players like Dabur and Marico?

Jaideep Nandi: Good question, so there are two ways to look at products. One is obviously you look at differentiated product where even if it is a me-too category, you look at a differentiated product and see where you can have strategic advantages as far as the product is concerned. The other is obviously when you are looking at a very, very large and well-established product category where you had not only me too is coming from one company, this is more a generic category, not a branded category. If you are talking of Bajaj Almond Drops and somebody were to copy it that is actually a me too because there is no existing category as such, but if you are talking of an Amla, or coconut, these are traditional existing category. So while it will be seen as a me too brand with an established player, but we are entering a category which hitherto we were not present. Second part is obviously which I answered. The biggest challenge as far as this category is concerned is the gross margins and while competing with a large player in that category we will have to be a little smart in terms of maneuvering the product. In our case, we see potential in the product, in the south in terms of having a distribution presence, which we are not able to have a foothold today.

We require a foothold not only for coconut but also for all the other brand launches we have planned. Today, we do not have any operations in the South. This will allow us enter into the south as well as in some of the other key markets. So our coconut story is not completely over, this is more a starting launch. We will see how it works and then finetune out plans as far as coconut is concerned may be in the next three to four months, it will slowly get unveiled.

Aditya Malpani: Okay and second question is with respect to market share, now in this quarter in terms of value growth, we have under performed both industry as well as the key players like Marico and Dabur and despite of that if we see slide #6 over the Q3 and Q4 shows All India market share of 11% and 11.1%, but the graph above shows little different numbers. I just wanted to understand, so have you loss the market share or have you gain the market share?

Jaideep Nandi: What you saw is quarterly numbers and these are basically the MAT numbers, the graph above is the moving average for 12 months. Now as you are aware Almond Drops typically peaks during Q3, Q4 the winter month, hence Q3, Q4 market shares going up and then Q1 again drop, Q2 being the lowest and again Q3, Q4 going up, so the bottom graph does not really tally to the top graph, the top graph is a 12 month continuous MAT market share, because that is how you will look at the market share. Now, I completely take your point about our under performance, but I think you will have to look at it a little more broader aspect, one is obviously with our 20% growth in hair oil, which is lower than that you see in the other company, but you will have to see that in terms of the primaries versus secondaries. Our secondaries have picked up in June, in July etc, which will soon reflect in our primary sales going forward. If we consider an example about Central zone, even though we had 20% growth in hair oil, central zone was single digit negative. As far as we are concerned and given that our impact of central zone is high, it had an impact on the market. Now this is getting stabilized, June has been very good, July has been even better, but April, May was completely shattered in the second impact. While retail has had 40% plus growth, wholesale product has been negative and as you again are aware wholesale product has a larger contribution for us than most of the other companies and we have had a deep negative in April and May, which is started into getting normalized in June and again in July, so really speaking I am not very concerned about those numbers of getting negative, because in terms of where we wanted to grow, whether be it in retail, whether be it in companies etc., those markets have been doing pretty well, so this temporary degrowth I will see by Q2 it will all get neutralized, so not really concerned, so central and wholesale markets clearly are the two big temporary Q1 drops that I see.

Aditya Malpani: Thank you so much Sir.

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

Abneesh: My first question is on D2C and digital sub, I know your company size is much smaller than many of your peers, who are investing in the D2C companies in the startup taking up stake, but what would be your thought process you do have lot of cash in the book, so any thought process on that or you want to do it to the own organic group?

Jaideep Nandi: It is actually a nuanced question in that way, because these are multiple layered questions, so let us first take this cash in books is there but whether needs to be utilized or whether we borrow and leverage ourselves, the business parameters will not really change, you will not take a decision based on cash on the balance sheet for taking a business call, so as you asked whether we will go for readymade M&A for a smaller e-commerce brand, whether we develop it ourselves etc, we will have to also look for opportunity. Yes, we will keep scouting for opportunities in the e-commerce space if such opportunity does arise, but on the other hand we will also look at what we want to do ourselves. As far as D2C is concerned, let me take you through the journey of our own e-commerce etc. So for e-commerce we have started late, but then e-commerce is the more of a democratic world, so you can quickly catch up and ramp up and that is exactly what we are trying to do, our results are quite better from 0.5%, now we are close to about 3.5% to 4% of our turnover which is still lower than some of our competitors, but I think the direction seems to be correct and now we want to really place a pedal on that. So, what we are planning to do at this stage is launch our own brand and it will be our own digital first brand with plethora of products which are coming in, so that is something that will go on and we will also scout for in the market for any M&A opportunity. As far as D2C is concerned that is something I think it is a little more evolved and where we have been already discussing that, we have been having our internal discussions on that. I think we would first want to have a portfolio ready, because the moment you get into D2C, as a consumer, I will be looking at what kind of assortment and what kind of portfolio having to offer and unless you have a portfolio really speaking D2C will not happen, so D2C is something it is not a question of if, it is only a question of when, so it will happen, but it may be few quarters away.

Abneesh: That is helpful. My second question is on the broader leadership level, so you had joined the company around 18 months back from extremely large formidable company like Asian Paints, so when you had joined and now if you see versus initial expectation, how has been the journey and where still there is room to improve and in terms of the second line leadership or the leadership at the top, are there more hiring which will be required?

Jaideep Nandi: As far as the second rung is concerned, if you look at individual level of, like my direct report is you will see them they are absolutely topnotch resources and comparable to any other company, today at least I am proud that we have a management committee, which can actually sit shoulder to shoulder with any of the best in class and that is what we had aim to do and 18 months later at least we have that, across all functions whether be it in sales, marketing any of that. Now, what we are moving towards is N-2, basically their direct reportees because two things that we want to address, which is basically not only the strategic thinking at the company level, but also operational excellence, while that has been dialed up through system process, we also require to strengthen people so that is something that we are focusing and may be in the next five, six months it will happen. So I think as far as manpower is concerned, I think good progress and now team has started working towards in terms of what they want to do strategically and so that is more or less in place. What we are now also started doing in the earlier stages like system processes, governance etc, lot of good work has happened in that, but I think that is the longer journey, so whether we are talking of a manufacturing footprint, supply chain footprint, IT footprint etc., that is more of a journey where good start has happened but I would still think we had still two years away from the final end result that we would want to have and I would also not want to fast track it too much because we would rather want to keep investing slowly and start building strength rather than want to jump into something absolutely five star overnight, so slow and steady is how we would want to go there, but yes all of them seems to be on track at least in terms of our benchmarks that we have put in place.

Abneesh: That is very helpful. Last question, lot of questions on coconut has happened, but I will be very specific here, so one is does sourcing advantage the economy or sale matter here because the number one player sources almost 10% of the coconut in the country, so does that matter. Second, your packaging and color is exactly similar to the market leader, so does it make sense to do that and third is in terms of pricing, are you differentiating or is it just that you just want to be there on the shelf, it helps the distribution, will there be any marketing support for this from a medium long term?

Jaideep Nandi: First is the easiest question, so obviously it helps. I do not think even I need to answer that question, does sourcing an economy does help, being a large player being for such a long time invested in this with the kind of backward integration, you cannot even dream of questioning that, so obviously it does help but as I keep saying that it is such a large market there is always space for some other here also and we have to give credence to Bajaj as a brand and its strength and that is what we want to ride on, lot of questions are also is the me too going to erode the Bajaj brand or not, really speaking no, because finally at the end of it Bajaj Almond Drops is the own equity stand, because Bajaj itself is a much more of a conglomerate brand because of family lineage and so on and so forth, so that and hair oil is something that people really relate to and our initial responses from the retail thing is also the same, even a little bit of consumer study that we have done overall clearly says that yes, we have right to also play in this market, whether right to win or not may be a too much of statement to make at this stage, right to play definitely, but as I said we also have strategic intent for launching the coconut. This is also to not only establish the brand, but also get some headway into some of the markets where either we are under-represented or not represented at all or may be suboptimally represented, because with the larger portfolio that we have in mind we require vehicles and we think that coconut will help us as a vehicle. As far as pricing, etc., are we differentiated, yes we are differentiated. In terms of consumers, we are offering a price which is obviously more attractive for the consumer for a trial etc., so this product is given at that. In terms of whether the brand looks deceptively similar or not if you were to look at that actual packaging, there are lot of differences and really speaking I do not think there is too much of comparative between the two brands as far as physical looks, feel etc., is concerned, yes, the only thing that you can talk of with the blue color, yes obviously if you look at all the coconuts which are there except for the eastern part of the world, all the rest of the pan India, all of them are in blue color because that is how the leader is. If you look at let us say Almond Oil all of them are in that golden yellow, which is the typical golden yellow, you can make Almond Oil in any color if you wish, but then Almond Oil is the golden color in a transparent bottle, so I think leader does have an impact in terms of influencing what happen so that is how it does tend to, so I will agree to that point yes, are we in the blue color, but so is everybody else.

Abneesh: That is really helpful, that is all from my side. Thank you.

Moderator: Thank you. The next question is from the line of Prakash Kapadia from Anived Portfolio Managers. Please go ahead.

Prakash Kapadia: Thanks. I had two questions. You mentioned the rural is better than urban in terms of growth, is it just the COVID impact being lower in rural in the second wave as compared to urban, is that the only reason or anything else you can attribute to?

Jaideep Nandi: This year rural was also very badly impacted. Last year though urban was absolutely impacted, rural was not impacted at all, so last year we grew in rural and if you look at our urban-rural balance the positive tilt towards urban actually got neutralized. This year you see our rural has gone ahead of urban, so now we are looking at rural having a higher share than urban as far as markets are concerned. Last year, we increased our penetration in terms of distribution with our van drive initiative. So in spite of muted than sales in the month of April and May, where rural actually also suffered, we recovered strongly moment lockdown restrictions were eased in the month of June and we see the momentum sustain in July. This gives me a lot of confidence and comfort to say that as the market stabilizes, we can get our growth back in rural markets to the levels like last year.

Prakash Kapadia: And if I look at the gross margins, they are almost at a seven to eight year low, basically there are unprecedented times in terms of inflation and input cost, so near term what should be the focus, will it be driving growth at slightly lower margins then what we have been doing over the last two, three years or would you want to balance of margin also bouncing back and volume grid being lower, so this is more from a midterm perspective, because these cost could remain high in the near term also?

Jaideep Nandi: That is a very good question. In fact there we will not deviate from our stated objective, while one side we are driving two things. One is assortment of portfolio because we want to actually ensure that Almond Drops is also supported by few other brands. We will continue to invest heavily on Almond Drops that is our only cash cow at this stage, so obviously it is no-brainer that Almond Drops will always take our lion share of everything, but we would also like to give it some more support by the sides, so Amla is one of the products, coconut is more a strategic launch, there will be some more products which will come in, so that effort will always continue. On the other side, because some of these will be gross margin burners or EBITDA burners, we will also try and ensure that we put a guard rail on the total EBITDA that we make, so in terms of a long term or at least in the midterm, the two, three years period, we would want to ensure that the EBITDA remains as an absolute positive. Even if the EBITDA margin drops by a percentage point, I really not be worried as long as I can ensure that the EBITDA absolute number keeps growing. In this process while maintaining the EBITDA if I am able to establish some of these brands, then we are good to go for the next few years.

Prakash Kapadia: That is helpful. Thank you. All the best.

Moderator: Thank you. The next question is from the line of Pathanjali from Mirabilis. Please go ahead.

Pathanjali: Sir, my first question what is our margin for ADHO on a year-on-year basis and if my understanding is right, our rough ADHO percentage of our revenue is around 91%, 92%, is that right?

Jaideep Nandi: That is correct. I would not want to get into the exact percentage of ADHO, as you can understand with 90% contribution, obviously ADHO's percentage contribution is higher than the overall contribution of the company, whereas Amla, coconut any way is not there in Q1, but these products will not really have a higher or lower gross margin than ADHO, but more importantly at this stage their contribution is much lower, it does not really impact the overall contribution of the company. So you can take roughly the contribution of the company, add a few percentage points and that would be the gross margin as far as ADHO is concerned, you do the math 90% so you can get it.

Pathanjali: Okay Sir and with respect to the newer category launches, you had mentioned that pharma store present is something you were looking at increasing, as it showed any good benefit?

Jaideep Nandi: Sorry, I missed that question, pharma what?

Pathanjali: Product placement at pharmacy that kind of a strategy?

Jaideep Nandi: Pharmacy, last year we did two experiments on pharma as well as institutions, but those are not our growth drivers, those are more tactical operative things that we will keep trying on. The two drivers as far as new products are concerned other than hair oils where we would want to complete our portfolio, I mean not only with coconut with few more launches in hair oils. The two other large areas that we are focusing on is this entire e-commerce digital first launch, which will take it on a complete separate track and basically the general trade launches, I would say some part of it is the Bajaj drop extension into hair care personal care format and some of them will be in the relevant hair oils etc. We will see where we fit into the hair oil. So, these are the two mainlines products that will be launched. The e-commerce products will obviously go through e-commerce and may be some of them may come through the modern trade format stores. The general trade product will be through general trade and modern trade, so these are the main two approaches that will take, the pharma etc., we will see as it goes not really big revenue generator plan for the next quarters.

Pathanjali: And directionally can you tell that the virtue behind us with respect to margins, because this quarter I think it is like one of the relatively like a lower performing quarters, so can we expect that we improve in July as in the next quarter?

Jaideep Nandi: That is an interesting question. If you ask me this question a year back, month back the answer would have been univocal yes, but if you see today and fortunately we may not be the only ones impacted because of that, while LLP prices, the crude prices have been going down but the exchange on the other side has been nullifying the impact, so in LLP, we do not think to get any immediate benefit, may be Q3 yes, Q4 yes, Q2 immediately we do not see it happen. Some softening, but not really major softening happening. As far as RMO is concerned on the other side, we see RMO prices have been on rocket high actually, because of the demand situation as far as edibles are concerned which is in shortage, RMO prices have remained high and we do not see that softening in the current quarter, so people who have products with mustard etc., they will have little more impact. We will monitor the market, we will see two things, one is in terms of consumer behavior whether we are able to take price increases further or not and obviously we will monitor a competitive landscape, we see that others are going that path we would also follow suit.

Pathanjali: Thank you Sir. That is it from my side.

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

Shirish Pardeshi: Thanks for the opportunity. I have three questions. The first question is that if I understand correctly and what we know for sure when I add Rajasthan and MP, these are roughly about 30%, 35% of our contribution and if I add UP this is a larger contribution. Now the question is specifically you said May and April was impacted in this market and June has started recovery, also there was an impact of vans and operations, could you talk something about how this market has performed in the second half of July, is it back to normal, ahead of normal or still there are some more room and just followup on that how many vans we have deployed in these markets?

Jaideep Nandi: That is the important question. You are right, these markets actually are about two-fifth of our business and that got impacted in April and May very badly, in fact April was actually a disaster for us, May recovered pretty well. In spite of Covid impact being more pronounced in May, we fared better in May than April. As I said, June was the best month we have ever had, that trend continues in July so all the pent up that got created were far higher in April and May in these markets, which got little neutralized in June not completely, and by July had already got neutralized and we see growths in both central as well as UP being much higher than the rest of the time. So that is not surprising to us because we knew that is a matter of time that the primary will catch up the secondary. While having said that I would still say that some of the wholesale market have not completely recovered as yet, so that is something that we also see as a trend so while our rural has been doing well, our retail has been doing well, wholesale somehow the markets are still not completely up. So our growth rates are good, but if wholesales were happening we will actually flying, so that has still not happened completely.

Shirish Pardeshi: So how many vans we are plying out of whatever number we have published last time 700 odd?

Jaideep Nandi: We are back to the Q4 numbers and now with some more assortment coming in we are looking at some of the zones where we would want to actually go beyond what we were doing in Q4, so one of the key things that has happened, even during the April, May and the June period is the throughput for the vans have been managed very well by the team, operational team has done a great job and we have had better throughputs in the Q1 than that we had in Q4, obviously the van numbers had gone down, so by June we were nearly close to what we were doing in Q4, July we are equal and August we are looking at exceeding that.

Shirish Pardeshi: Okay, wonderful. The second question again on the coconut hair oil, you did mention that you have right to participate, could you just tell me which market we have launched this product and in a medium to short term, what is that you are expecting, are you benchmarking the distribution to a certain level or you are expecting some contribution as a benchmark to overall something some more quantitative data points?

Jaideep Nandi: I will only be able to share with you the market that we have launched in, so we have launched in the west and the south as I told you with two clear objectives. We have also launched in a particular, one state in east which is in Jharkhand. Because it is blue coconut so that is where we think we have right to participate as I said and the objectives I just told you. In terms of numbers I think it is a little too early to discuss numbers, at this point I will refrain may be by another three months when we again talk we will have some numbers to share with you.

Shirish Pardeshi: Just one followup on the coconut again, you mentioned that MAT number says that it is Rs.4800 Crores categories, could you please help how much is the south contribution being this Rs.4800 in this?

Jaideep Nandi: 2100, so roughly about little less than half.

Shirish Pardeshi: That is south?

Jaideep Nandi: Yes.

Shirish Pardeshi: And the west?

Jaideep Nandi: If you look at I will tell you overall the top market, if you look at south as one market, the number two market will be Maharashtra and the third market will be West Bengal, the three put together will be about 70%.

Shirish Pardeshi: Okay, wonderful. My next question is on the international foray, you did do about 3% odd contribution in this quarter and medium to long term next four to five quarters, how are you seeing your international strategy and what is that we can expect in terms of participation in the markets or what are the product, which you are planning to get into?

Jaideep Nandi: One second Shirish if you recall, we had discussed that even four quarters back or three quarters back that e-commerce and international look remain two of our growth drivers where we have rights to win. We are also building capability to win and I think in my mind we are in the right direction as far as that is concerned. Anuj who has joined us to head international business is already working on the strategy, with a little bit of my experience in international, I am also lending my bit on that. I think in medium to short term you will not see anything, but in medium term which may be four to five quarters from now, you will see some results in international, because we want to go a little distant. We know the pitfalls that are there in International business, but we see there are some sweet spots which exist. We would like to make some progress, and then share that as we move forward, there is no point at this moment sharing what our strategic intent and what we want to do.

Shirish Pardeshi: My last question is on the e-commerce, you did mention that there is a team which is there, which is responsible, but could you talk something about the Zero Grey and how many products which we have now on e-commerce and some more color that how this business will look at and then which are the other platforms we are using for this e-commerce platform?

Jaideep Nandi: Zero Grey has been doing well, however it is not a large brand in terms of value market that it will make some huge, make a big difference to our topline or bottomline. It was supposed to be a statementthat has gone well, consumers have had a good liking for the product and the product has again grown well in this quarter. It is at the kind of levels whether it will move and shape, the answer is no, but then it is part of a larger portfolio. The other thing that has happened out of this Zero Grey launch, which is more qualitative than quantitative, basically lot of learnings for us, how do you manage a premium brand with a premium packaging, so lot of learnings which will help us may be with the launches that we are planning in the next quarter or so. As far as the next two quarters, as far as e-commerce is concerned, yes there will be number of products that we were launching in that, because as we discussed in earlier question that final end goal will be to have a D2C which is a credible sustainable D2C, we understand the value dynamics as far as this business model is concerned in terms of how much of cash burn etc., so we are also managing that kitty properly, so it will not be in the wow mama earth range as you can understand, but I think still there is a viable business model there, so this is something that we would support. As far as the existing range is concerned that all of it has been channelized through the e-commerce and as we are getting more and more listed with e-retailers, ADHO itself is showing good growth, but also some of the products like Brahmi Amla etc., which is basically on the higher end, we wanted to consciously push Brahmi Amla, because we see potential for that product and those have been doing pretty well, so Zero Grey, Almond Drops, Brahmi Amla, etc., has been on that platform, a bit of remarkable, but more importantly with the new range coming in I see good potential for that.

Shirish Pardeshi: Thank you Jaideep and all the best to you and the team.

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

Tejash Shah: Thanks for the opportunity. Sir, my first question pertains to margins and you spoke about the near term pressure, but I was coming from slightly longer term perspective, so if I see FY2016 we had 35% margin and then obviously there is **(inaudible) 49:13** also in between, we exited last year with somewhere around 25% margin in this quarter because of all the pressure that you spoke about, we are actually at one of the lowest, so some of this was designed based on the commentary that we have been hearing from the management for the last many years that they wanted to operate at the lower margin and to make the balance between growth and margins sustainable, so where do you see this point now because 25% is something which is not very high versus the rest of the industry and you believe that from at this margin you can actually balance the growth aspirations versus profitability aspirations of the company and the management or you believe that you want to take it back, meaning revert to 30% in due course of time.

Jaideep Nandi: That 30% is the nice number to have if you have as we did certainly, ADHO kind of products with that kind of equity and that kind of margin, ideally I would like to have that, but is that really plausible and feasible because ADHO, whatever turns we take, beyond the certain point growth in ADHO will have to mean that either the market itself booms, the hair oil markets which have been a matured market, there is a limit to which it can boom or the LHO as a category itself takes a large leap, which again sounds a little difficult to achieve, so you may reach 11% may be 13% if you have every single activity right, whether be it your assortment, whether be it your placements, everything your marketing strategy in terms of reaching out to the new edge customers. If you have larger aspiration than that , you will have to play in all the categories not only there are, but also in some of the other adjacent categories where Bajaj has a right to win, which is the strategy we are taking. Assuming that Bajaj Almond Drops cannot be attacked at all, which itself is a thought process, even though it is a best possible brand in hair oil with the best equity it can obviously and it had been attacked till we started some of the rearguard action. So given the situation that 30% is the nice utopian thought process, but may not be sustainable, may not be a realistic approach, so given the options that we have I think you will have to come to something where the top players are at in terms of EBITDA may be keep it yourself at a little higher because your starting point is a little higher, but then also build brand to ensure that keeps getting supported and I think we are now working towards that and I am confident that we will be able to build three brands, which are Rs.100 Crores plus for our size today which will keep supporting Almond Drops. The Almond Drops continues to grow at the pace that it has to keep gaining from few decimal percentage points, quarter by quarter while some of the other range has not, if that has to happen your margins will fall and I would like to stabilize at that 25% odd margin and with this kind of healthy growth, the board at least is comfortable with that strategic direction that we have.

Tejash Shah: Interestingly we have reached that 25% without making a lot of diversification or visible diversification in our revenue pool yet and if I see the 50% of erosion of margin actually came from one line item which was employed as a percentage of sales, so should we believe that as growth comes from new products or growth revives in core AD is also, this 5% erosion which happen from employee cost will actually shift to other expenditure to support new brands and hence 25% despite all the initiatives that will take in the new brands will remain at that level and there would not be further dilution because of those new launches?

Jaideep Nandi: If you do the math on Q1 and take that percentage on the lower base, yes, this percentage will look exactly like the way you put it, but you just shift the scale to let us say Q4, it is just more of a normal quarter right, you will look at the HR cost and you will see for yourself how many percentage basis point it is lower there and I think that is what you will have if the market situation remains normal and that will always be an assumption. If the market situation do not remain normal, then nobody can help it, but if you look at the market situations remaining normal, which was let us say Q4 of last year, your employee cost that you talked about was about 2.17% lower right and as it grows these percentage, this economy scale will follow. We are smaller company every single expense that happens the percentage goes haywire both positive as well negative, I accept it can also go positive as well, but I think as you build scale, these numbers will get little flatten down, so just to give an example the fact that sanitizers with the contribution we had about 9%. I am not sure whether many of the other SMG company who has just target sanitizers would have 9% contribution and hence the growth for us has a 10 point difference, 10% growth going to 20% growth, so as size increases these numbers will have lower impact and that is what we are planning and I am pretty comfortable that is the direction that happen.

Tejash Shah: My second question is you spoke about interventions that you made in last 12 months in the talent pool of the company and now we are ready for strategic interventions, so any one or two strategic measures you would like to talk about which you will pursue in this fiscal or next fiscal?

Jaideep Nandi: So these are the ones that we talked about in terms of three things. One is obviously in terms of the brand launches that we are looking at in terms of portfolio expansion both in e-commerce as well as GT. E-commerce has business itself, which we want to push through, this is I am talking from the business point of view and third is obviously in the area of basically international which we want to talk of, may be in the next fiscal you will see some things moving, this fiscal will be more scouting happening, unfortunately we are not able to make this visible which will be very, very necessary for making any international foray, but at least we seemed to have our thought process in order, which we are going in the right direction, so this is as far as the business, the front end side of it is concerned. As a backend there are lots of activities that are happening, which is not may be visible to the eye directly but in terms of ESG, there are lot of work that is happening in ESG initiatives, in terms of securing our manufacturing portfolio, making it far more robust, safety initiatives etc., I mean making efficiencies of scale in terms of IT infrastructure, which is not really very strong for this company, we have been making it as close to any of the best in practice, so those are the backend work that is happening just to strengthen this organizations of backbone infrastructure, so those are the work that is also happening again and these definitely would not have been possible without the talent pool that we have got.

Tejash Shah: Fair enough Sir. If I may try my luck, if we have to convert these measures and just some strategic numbers and not near term let's say slightly medium range planning, we have been stuck in Rs.800 Crores, Rs.900 Crores turnover range for last almost five years, so if let us say even in next seven years which is just 10% CAGR if we have to add Rs.800 Crores turnover more, what net composition be or what will be required from your side interventions to make that number achievable in next seven years also?

Jaideep Nandi: Firstly our ambition is a little more than that, but I am already is very vary of making these number commitments because again as I keep saying that we need to work that out before you start believing us that these numbers are possible, so really speaking some of these measures that we see and whatever are common learnings and most of these peoples that we are talking about whose in the management committee, they come from very large successful organization, I come from one, but others also come from equally successful organizations anything as informative as well and most of the things that we see as to what we have also gone through this journey is getting the basics right first and having the strategic direction, initially we will be in the first gear, second gear and that in the third gear and fourth gear, it will not happen by magic and I am very comfortable not having the magic if we have these basic process in place and we have that belief and consistency. I think the numbers will be achieved and these little steps that I talked about is basically in that direction, I am pretty comfortable with that, so the numbers that you talked about or at least in terms of direction I think we have a little more ambition than that.

Tejash Shah: This is very helpful. Thanks and all the best.

Moderator: Thank you. The next question is from the line of Ekta Sanghvi from Vallum Capital. Please go ahead.

Ekta Sanghvi: Thank you for the opportunity. Sir, I just wanted to know that our rural growth has benefitted in the last few quarters because of the expansion of distribution and very good strategies like the van sales, so how sustainable is this rural growth and just wanted to know your view on the rural growth going forward?

Jaideep Nandi: That is again a good question, so rural growth as I said after the April, May or rather April fiasco that happen for us and May just was more consideration. June, July itself is telling us that that is clearly a sustainable thing because the way we were able to bounce back so quickly and come back to exactly the levels that we were at. As we ended April and as we were in the middle of May or ending of May, we are really worried as to how the quarter will look like, but the kind of recovery that happened and that continues in July even August looks like that seems pretty sustainable and now whatever also happened as a results of this van sale is the kind of learning that has happened as of that is letting us know even one mile further and that is why some of these launches that you are seeing happen because it makes us believe that if we have better assortment, I think this penetration can further go on, I think in terms of numbers, we are still not completely exploited as far as rural is concerned. Having said that also which were decided by the team here, which is basically that while our rural drive continues and rural will continue. I think in urban we had been more of wholesale dominated company and our retail presence has remained suboptimal which we have talked in the last two quarters, which is where the focus had started Delhi, Mumbai initially and now into 10 cities and that has been giving some fantastic results, as I said this 40% growth is achievable, yes I accept that retail was low, even wholesale was low, but this year wholesale is negative, retail has gone 40% positive and clearly those initiatives that has been taken as far as retail drive is concerned, it is gathering momentum and we are seeing positives, so both rural as well as urban retail will remain continuous focus for the company and I think the company GT strength will obviously accrue out of that as well as that assortment which will only help augmentable, so pretty sustainable in my mind.

Ekta Sanghvi: Thank you for that, also you had mentioned earlier that the ADHO premium portion will only be up for the gross margins to be at the existing levels or probably even above, so the other competitors have also launched premium product, so what is your outlook on the demand for such premium SKU?

Jaideep Nandi: There are two categories if you look at because of what ADHO has done in the last 15 years or so, I think it has created a new category of light hair oil, so I will still like to keep while light hair oil is premium, it is not like super premium, it is on the higher price of the normal oil so that category will keep existing and we will keep upping our tempo because we feel that if ADHO is to keep demanding the kind of premium, it has to name something extra for the consumer, whatever equity it has, we have to keep maintaining that equity and that is the drive that you will see continuously happening in ADHO, communication will change, our entire approach towards ADHO will change and it may be next year even the product will go through some kind of a revamp, because we want to keep making it continuously exciting. On the other side as you are saying is the resurgence or insurgence or whatever is the word you want to use for the premium hair oil, which you are seeing in through this entire drive on e-commerce etc., premiumness happening across all categories, so that niche category whether it will explore to more or not we do not know but that category clearly exist, there is one obviously large player which is pushing that category in the GT itself, but there is obviously a large number of e-commerce players who are there. So, that is the category we feel that we will happen for the niche, that is something that will always be there and you will see us also getting into that category as well, so I will still keep Almond category not really in the premium category, it is in the high priced category, but rather there is the premium category, both different, really speaking interplay between them may not be too much because the price difference will be quite high. There will be some bit of interplay, but that happens in across all categories.

Ekta Sanghvi: My last question is that so we recently launched lot of variants like Zero Grey and Amla Aloe and also coconut oil and all, so what will be the strategy to drive growth and to gain market share for these kind of products and also are we looking at acquiring any regional brand to gain market share?

Jaideep Nandi: Good question. So three products, three different strategies, Amla Aloe Vera I will start with that, that is clearly today our second flagship brand after ADHO, flagship may be too much of a word, but clearly something that we can drive, we feel that we have good right to win in that and it is not a right to participate as the pure right to win and whatever initial signs we have, we see that business has been going well, where July was highest ever sales of Amla by a fair distance and I am not saying that it coincides with the TV ads, which has started coming in, but we see that Amla has a great potential and it is doing well for us, so no worries about Amla is concerned. Zero Grey is the product which I said was out foray into premium end through a digital first rank, so lot of learning coming out of that, it has had good impact, but we were never expecting the kind of numbers that we are talking about as far as Amla or any other product is concerned, so we are pretty happy with the kind of learnings, kind of market understanding that we have got and kind of business that we have got in that, so we will keep it like that and then the other products that we launch we will have a lot of learning and help from that, so Zero Grey fulfills our strategic intent there as well. As far as coconut is concerned, I have highlighted why we want to get into coconuts, so that it helps us in distribution as well as also the backend, so we will play coconuts like that, so three different products with the three different strategies because we are looking more at the future and how these products sits in the future context rather than these products in isolation. Amla is an isolation but the other two is more for the future what we are looking at our basket and how these fulfill, so that is more for that.

Ekta Sanghvi: Thank you.

Moderator: Thank you. The next question is from the line of Abhijeet Kundu from Antique Stock Broking. Please go ahead.

Abhijeet Kundu: Thanks for the opportunity. My first question was on getting into a new category, you have entered into categories like coconut oil, the larger ones, coconut oil, Amla, Almond oils who are there, would you plan to get into the natural anti-hair fall category that is one, where in your geographies, your strength geographies that has got a good sale in so anything on that?

Jaideep Nandi: You are talking about anti-hair fall?

Abhijeet Kundu: Yes.

Jaideep Nandi: If you look at one of the biggest claims for Almond Drops itself is anti-hair fall that is what we have been dialing up, if you look at your entire directional stance that we have taken on Almond Drops is to make it a more functional brand, one is make it a more funkier brand in terms of attracting, it is attractive to the newer edge customer, but also make it more functional, earlier it was more of aspirational brand, luxurious brand, so luxury, styling and so on and so forth, slowly we have taken the stance of it being a functional brand, because people saying that extra premium for a product need to see value add, so you see the new two ads that are coming up in terms of lab test coming up, showing how it is stronger, how it is reducing hair fall etc., so Almond Drops is clearly on the hair falls term that is why you see Amla where we have subtly changed the thing so that is talking of silky, luxury so on and so forth. If you were to look at both of our ads that is how it is very, very different, so this is what we are pushing as far as brands are concerned, but if you are looking at specific just only anti-hair oil, yes we might be looking at some of the premium range of products, not only the anti-hair fall, but there will be many other criteria as we are looking at whether you are talking of this argan oils or the onion hair oils etc., obviously we being a hair oil player we are also scanning those markets and also looking at where we feel we have some rights to win, but unlike let us say coconut where we look at how can you offer a differentiated product in a flattered market, so that at least we can have some consumer eye for the product so that is what we are looking and that will give a curated content as we go forward.

Abhijeet Kundu: Okay and just on data points, what could be your rural contribution to overall sales and rural contribution and also wholesale contribution to overall distribution and in terms of direct distribution, you have been penetrating markets or servicing markets better through your van operations, but are we also appointing sub-stockist or what could be the number in terms of distribution now versus one year back or whatever period you can tell?

Jaideep Nandi: The first question is rural to urban as I said rural have now overtaken urban, so it is a higher than 50% contribution, if you want the exact number, ~~just a little~~ where we are, so rural is at 52% and urban at 48%. The other question is far more important question to me. The distribution of retail and wholesale in the business, now out of that 50% in urban, we typically used to operate with 15%, 16% to about 30%, 32%, 33% kind of a thing which is really close to half of that and that in my mind is one of the key-area of improvement for a company, that retail needs to touch wholesale in terms of overall number because that is the base strength that you would want to put in as a company, because you will want to have control on the channel that you have and that is the right direction we have got into, that number is now up to 20% and 30%, so 20% and 30%, we are now having 20% coming out of retail and 30%, rather 40%, 60% if you want 100% being out of it, so 40%, 60% this thing which we now push for 50%, 50% this thing and not by reducing wholesale but by upping retail the way we are doing, so that has been going in absolutely the right direction. You asked the third question, what is the third question?

Abhijeet Kundu: In terms of pure direct distribution appointment of mainly sub-stockist, increasing sub-stockist or distributors now versus one year back or two year back?

Jaideep Nandi: Distributor number remain over 1100 or so, if you ask me as there may large increase in the number of distributors or not, the answer is no, but what we are looking at in terms of rationalizing some of the distributors, the underperforming distributors etc., those corrections have already been done, not major number change has happened, but yes we are looking at foot on ground increasing the number of sub-deals that is something that we are wanting to do as our brand sales have improved and our direct distribution went up from 5.5 lakhs to about 9 lakhs as far as numbers are concerned, now we are also looking at how we can have a better direct one then approach was there, so that strategy will keep on working, obviously situations like COVID in rural etc., does not help in that, but on the medium to long term that is what we would want to do, have more sub-deals directly for us, feet on ground so that we can control that network and not only through van sales, so this is the gradual upgradation that will keep happening and we are in the right direction for that as well.

Abhijeet Kundu: Any rewarding sense on expanding your penetration in your non-core developers like there are developers which are large volume, there are developers which are volatile, so have you found some promise in your geographies and where you have expanded your vision, I know the last one and one-and-a-half years has been really difficult scenario to really do that, but anything on that?

Jaideep Nandi: If you are looking at increasing distribution, there will be two parts to it. One is obviously where you are represented poorly or suboptimally, obviously the upside is high, but difficulty of entry is also high, so that is what we are trying to address with some of these launches that we just talked about, so at least we will be able to have some presence in this network, so south is where we are little less represented, but the other part of it is also while we are doing that it is also looking at also increasing penetration in places where you have high market share, because 20% is not high market share, when you have 50% market share then you can talk of high market share, so there we still see potential and that is what has come out, in places like Punjab etc., many other places I do not want to mention all of that, but all of these we have seen good growths happening because of just our ability to go further deep into the distribution into even lesser villages that we have been able to cover all those are advantage that is something that we will continue to exploit further and further with the SKUs that we had launched in ADHO in the smaller packs that Rs.20 pack etc., as well as on the other side Amla that has pushed, so it has helped in the northern belts where our market share was high, but still good distribution advantage, now we are pushing the ones which is with lower market share.

Abhijeet Kundu: Thanks a lot. All the best.

Moderator: Thank you. Ladies and gentlemen this was the last question for today. I now hand the conference over to the management for their closing comments. Over to you Sir.

Jaideep Nandi: Thank you so much. First of all thanks all of you for an engaging interaction, I would think little setback that by the kind of growth that we have had but as I said I am not really that concern because the reason why we saw this lower growths with central and wholesale etc., has all come back in June and July, so I will be more keen to see how our Q2 and Q3 goes and that seems to be right on place, also I am happy that all the plans that we have stated at the beginning of the year even though there was a two month impact, none of the timelines of any of the initiatives have changed, our initiatives exactly remain as per plan, so while April has been a disaster, the total overall in terms of keeping track of where we wanted to go as far as topline is concerned, it remains bottomline we knew would be under pressure, we will continue to monitor that. I do not think further bottoming out is possible, but we will have to come back a little bit as far as the bottomline is concerned, which is what we will try and do both in terms of looking at what kind of price increases if any possible and in terms of sourcing, but lot of this supply chain efficiency that we will start slowly building into the system which will have its own impact on the gross margin. So, overall more or less we sit in a comfortable position, the team is in place and we are just rearing to see what happens in Q2, the balance part of Q2 and Q3 let us see how the balance is going to happen. Thank you all for joining our meet and stay safe. Thank you.

Moderator: Thank you members of the management. Ladies and gentleman on behalf of ICICI Securities that concludes this conference call. Thank you for joining us and you may now disconnect your lines.