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Date: November 6, 2018

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To,  
Corporate Relation Department  
BSE Ltd  
Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai- 400001

National Stock Exchange of India Ltd.  
Exchange Plaza, 5th Floor  
Plot No. C/1, G Block Bandra – Kurla Complex  
Bandra (E), Mumbai – 400051

**Sub: Transcript of Investors' Conference Call for Dabur India Limited – Q2 FY 2018-19 – Results**

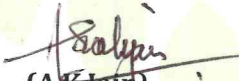
Dear Sir(s),

Please find attached the transcript of Investors' Conference Call organized on October 31, 2018 post declaration of Financial Results for the quarter & half year ended on September 30, 2018, for your information and records.

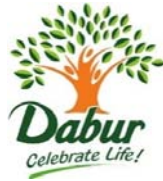
Thanking You,

Yours faithfully,

For **Dabur India Limited**

  
(A K Jain)  
EVP (Finance) and Company Secretary

Encl: as above



**“Dabur India Limited Q2 2018-19 Results Investor  
Conference Call”**

**October 31, 2018**

**MANAGEMENT:**

**MR. SUNIL DUGGAL - CEO**

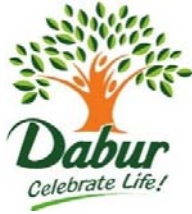
**MR. MOHIT MALHOTRA – CEO-INDIA BUSINESS**

**MR. LALIT MALIK- CHIEF FINANCIAL OFFICER**

**MR. ASHOK JAIN - EVP (FINANCE) & COMPANY SECRETARY**

**MR. ANKUSH JAIN - HEAD-FINANCIAL PLANNING & ANALYSIS**

**MS. GAGAN AHLUWALIA - SR. GENERAL MANAGER-CORPORATE  
AFFAIRS**



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**Gagan Ahluwalia:**

On behalf of the management of Dabur India Limited, I welcome you to this conference call pertaining to the results for the quarter ended 30<sup>th</sup> September 2018. We have present here Mr. Sunil Duggal - CEO, Mr. Mohit Malhotra-CEO-India Business; Mr. Lalit Malik-Chief Financial Officer, Mr. Ashok Jain-EVP (Finance) & Company Secretary and Mr. Ankush Jain-Head, Financial Planning & Analysis.

Now we will start with an overview of the company's performance by Mr. Duggal followed by a Q&A session. I hand over to Mr. Duggal.

**Sunil Duggal:**

Thank you, Gagan. And good afternoon, ladies and gentlemen. Welcome to Dabur India Limited's conference call pertaining to the results for the quarter and half year ended 30<sup>th</sup> September 2018.

Consolidated revenue from operations grew at 8.5%. Domestic FMCG business recorded growth of 8.6% on the back of volume growth of 8.1%. Sales growth ex Foods was 10.2%.

Healthcare vertical reported growth of 10.6%. Health supplements grew by 12.3% led by double-digit growth in both Chyawanprash and Honey. Digestives category recorded growth of 10.8% on the back of good growth in Hajmola tablets and Pudina Hara. New Variants, focus marketing inputs and distribution expansion contributed to driving this growth. OTC and Ethical grew by 7.7%. OTC products such as Honey, Madhuvaani, Lal Tail and Mahabhringaraj Oil posted good growth backed by marketing initiatives and activation.

HPC vertical posted growth of 10.2% led by strong performance in Hair Care, Home Care and Skin Care. Hair oils category registered growth of 11.1%. Volume market share in hair oils moved up by 120 basis points vis-à-vis same quarter last year. Shampoos posted a robust performance growing by 49%. This is the fourth consecutive quarter in which the shampoo category has grown at 30% plus.

Oral Care category grew by 3.9% with growth of 6.2% in Toothpaste. Red franchise continued to perform well driven by increasing penetration, aggressive marketing and visibility initiatives. Babool had a weak quarter due to high competitive intensity. However, our overall value market share in Toothpaste category continued to increase with 50 basis points gain over the last year.

Home Care category grew by 10.9% in this quarter backed by strong performance of Odonil and Sanifresh. Odonil posted strong double-digit growth with Odonil Zipper adding to the momentum of the brand. Skin Care registered growth of 11.9% driven by strong performance of the Gulabari and Oxy Bleach portfolio.

Foods business recorded a growth of 1.4% primarily impacted by the shifting of the festive season to Q2 due to which sales of Diwali gift packs got delayed. Profitability in foods continue



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to see improvement on account of network optimization and lowering input cost. Media spends, tactical consumer promotions, modern trade focus, e-commerce and new products continue to drive the sector. Driven by these initiatives, our market share in the J&N category increased to 56%, an increase of 400 basis points over the previous quarter.

International business reported a growth of 8.9% during the quarter. Egypt market continued to perform well with constant currency growth of 27%. Sub Saharan African business posted constant currency growth of 16% while SAARC markets grew by 13%. Turkey reported growth of 16% in constant currency, although devaluation of the Lira impacted the translated INR growth. GCC markets had a soft quarter on account of consumption pressure and sharp decline in categories in the region. Operating margins in international declined by around 160 basis points on the account of increased BTL and adverse currency impact.

Consolidated operating profit increased by 7.4% and operating margin was steady at 21.2% which is near peak levels in the history of the company. While media spends in this quarter were lower due to the shifting of festive season, the overall marketing spends including promotional expenditure increased by 11%.

Indirect overhead showed some increase due to increase in sales, infrastructure and higher ESOP charges as new ESOP cycle started from April 2018. Standalone operating profits posted growth of 10.3% while operating margins improved by around 40 basis points. PAT increased by 8.4% in standalone and 4.1% in consolidated. While the quarter was a little soft on account of festive season timing and margin pressure in international, overall the margin trends appear to be steady.

In spite of inflationary pressures on account of higher crude and weakening rupee, we have been able to hold on to peak operating margins. Going forward, we will continue to invest strongly in our brands, push in on infrastructure, and enhance our visibility, penetration and market shares.

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

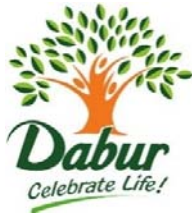
**Abneesh Roy from Edelweiss**

**Abneesh Roy:**

Sir, my first question is on the shampoo business, 30% growth in previous year and 49% in Q2. So, how is the profitability here because you had mentioned strong activations and visibility drives. My sense is there is some inflationary pressure also here. So, is this strong growth largely because of base effect and promotions and is this sustainable? Who are you gaining market share from?

**Sunil Duggal:**

I think 49% growth is obviously not a sustainable one. It is comparatively a soft base. Fortunately, the margins from shampoos are reasonably constant. We have been able to get some operational efficiencies to mitigate the margin pressures, input inflation and consumer



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promotion. So, not much of an issue there. Having said that, obviously 49% will not happen quarter after quarter, but still we are looking at double-digit growth coming from shampoo for a long period of time. I think the distribution initiatives are really impacting the growth of this portfolio. Our reach now is above 5 million outlets in shampoos which is incredibly higher and we are the dominant player in the rural markets and many parts of North India.

**Abneesh Roy:** So, who would you be gaining share from?

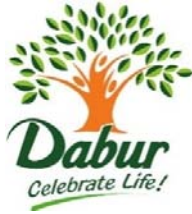
**Sunil Duggal:** I can't say where because the share gains actually are not reflected in Nielsen, but there is always a lag and always think that the sachet market shares are not fully reflected in Nielsen because much of this business come from the rural heartlands which is not really the Nielsen territory. We are at around 5% volume shares and I do not know where we are gaining it from, but the shares are moving up in volume terms gradually and steadily.

**Abneesh Roy:** Sir now coming to the overall volume growth in the domestic business. Post the results when you had met the broader group of analysts, you had said optimism has improved and every quarter in FY19 should be a double-digit volume growth. Now, in the first quarter itself it is a 8% volume growth. The base in December quarter is 13%, so that is a high base. So, in that context, do you still maintain your commentary that it will be a double-digit volume growth in every quarter?

**Sunil Duggal:** Let's put it this way. We did an 8.1% volume growth in Q2 on a base of around 8%-9% in the base quarter. So, now having said that, we did do (+10%) growth in both our core HPC and HC portfolios. In beverages, we actually grew by around 2%. Now if you see the whole change in the purchasing pattern from Q2 to Q3, you will see an underlying growth even in the Foods business above 10% in double-digits. So, the portfolio as a whole accounting for that seasonality shift, the impact of which will be felt in the third quarter is actually still in double-digits. So, I am actually reasonably satisfied with the performance of the domestic consumer business and I am still very optimistic that this year we will be recording double-digit volume growths.

**Abneesh Roy:** In the past years that whenever liquidity crunch happens in the broader economy, there is some impact on the distributors. This time in fact it is quite extreme. It is as bad as maybe 6 years back, so are you seeing some impact of that especially in the wholesale and rural markets? Any slowdown because of that?

**Sunil Duggal:** Well, I think it is beginning to be felt. The liquidity crunch has happened only in the recent past. The impact of which may be felt going forward but having said that, we have also reduced our pipeline stocks and distributor investments through the last one year by a huge amount. So, I do not think our distributors are stressed. If our distributor pipelines have been at one-year-old levels, then there would have been a problem. So, we would have to cut down pipelines but we



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have already preempted that. So, I do not think the liquidity issues would hamper business as long as the underlying demand is strong. Liquidity will not play a major role.

**Abneesh Roy:**

Sir, my next question is on the Toothpaste. You have done well in the Red Toothpaste. So, what percentage broadly will be the Red Toothpaste of your total Toothpaste category. Second is your DNA as a company has changed in the last few quarters, you want to be as aggressive versus any of the other companies in other segments. You have seen that in Juice, Honey, Hair Oil and other segments, but in Babool, we see many quarters that there is a high-competitive intensity from the other player. There, you do not respond. So, what is the reason in Babool that the DNA change has not happened?

**Sunil Duggal:**

Well, it is easy to defend high margin brands and obviously there is some reluctance to defend low margin brands as Babool is. Having said that, this competitive intensity which has happened over the last quarter or two caught us a little bit by surprise because everybody is moving aggressively into this Rs. 10 price back which earlier on was really the domain of Cibaca and Babool. Now everybody including Vedshakti, including Patanjali, henceforth have gone into that. So, Rs. 10 has too much froth and I am not too surprised that we are losing some ground at price point. Now, what is the recourse which we are doing. We are completely reinventing Babool and the process will start on a pilot scale from this quarter and perhaps we will roll it out on a national level by the end of the year. So, that will help in at least regaining some of the lost ground in Babool. Ultimately, the focus has to be on the profitable brands and Red has continued to grow and we will further invest in Red to make it grow even faster. We will be looking at other higher margin options and not just focus on Rs. 10 point. We can sell unlimited amounts of Red toothpaste at Rs. 10, but that is not really a choice which we want to exercise because that will in a sense destroy some of the brand profitability. So, Babool will be still at Rs. 10 economy offering, but I think we will rework the value proposition in a much more meaningful manner in the quarter ahead to make it more appealing to the customer.

**Gagan Ahluwalia:**

And to answer your question on the contribution of Red portfolio, it is around 65% of the total Oral Care.

**Sunil Duggal:**

Two-third is Red. So, the margin profile which are emerging from Oral Care are actually very good now.

**Abneesh Roy:**

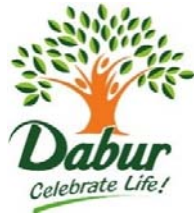
And volume, it will be around 50%?

**Sunil Duggal:**

Yeah, around that much.

**Abneesh Roy:**

And sir last question, how has Odomos done? There is no mention of that in the presentation..



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**Sunil Duggal:** It has not done particularly well. I think the insecticide piece this year, as we all know, has not been very good. There has been very few of the outbreaks and epidemics and the mosquito incidents have been low. If I am not mistaken, the Odomos declined marginally. That is really an outcome of the mosquito infestation.

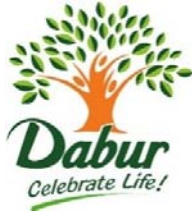
**Abneesh Roy:** Sir, my question was is that essentially the disruptive innovation which has come there - incense stick which has pesticide...

**Sunil Duggal:** I read your note on incense stick. I do not think Odomos and incense sticks really converge. This is a very urban franchise and more affluent targeted school going kids. The incense franchise is very rural and perhaps mosquito coils are really the victims of incense sticks more than anything else and maybe the oils. Now there is a mosquito repellent oils, they could also be a victim. But I do not think pluggies and Odomos really converge with that. I have not seen a single urban household using incense stick, everyone pretty much knows that they are very toxic.

**Percy Panthaki from India Infoline**

**Percy Panthaki:** This is Percy here. Sir, this quarter the difference between your volume and value growth is only half percentage point. So, the implied price increase post promotions etc., at the same time your overall portfolio mix has actually sort of improved because foods which is a low margin product has sold less. Babool which is a low margin product has sold less etc. and despite that, we have gross margin hit probably because the pricing has not come through. And the third thing I observe is that advertisement has gone down. Now, of course this is seasonal to some extent the reason which you gave, but the whole picture seems to be as if that there are higher promotions than expected and lower ad spends than expected that is affecting sort of gross margins. But you are saving the EBITDA margins to some extent because the ad spend is lower. So, my question is how do we see this going ahead into let us say Q3 when your ad spend actually will increase on account of seasonality. I do not know if the implied price growth is going to move up significantly from the current half a percentage point you have. So, Q3 actually I have a lot of concerns on whether you will be able to deliver a good EBIT margin in Q3 or not in this context?

**Sunil Duggal:** It will be a challenge and the gross margin pressures will start emerging from this quarter. Having said that, I think the operational efficiencies should mitigate part of those and the mix improvement like you see in the Oral Care portfolio should also mean that we deliver better than usual gross margin, but there is every possibility of some small shrinkage in gross margin which will mean that some of it will travel into the EBIT line. Now again the challenge before us is that, do we defend volumes and see growth in double-digits at the topline, I am talking about volume growth here or do we defend the operating margins. My choice always has been topline, but without incurring any significant bleed in terms of margins. So, that is how we will play, we will see the situation, we will try to trim some of our promotions as much as possible. For



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example, in Honey we have trimmed our consumer promotion from 30% free to 20% free and every possibility that will be take it out further. Juices of course has been area where huge amount of promotional intensity has been there consequent to the challengers, but having said that we have been able to defend shares. We have grown share by 200 bps in one year. So, now that has come at a cost, but I think this is the virtuous price to pay. But I do not see any big implosion in EBIT margins. There will be pressures in the next quarter or two. And after that we will see the situation, but it is critically important to grow topline in double-digits.

**Percy Panthaki:** Sir, would you be able to give us an idea how much is the actual price increase on a portfolio level on a YoY basis this quarter?

**Sunil Duggal:** In the region of 1.5%.

**Percy Panthaki:** So, 1.5% is price increase and 100 basis points is probably the promotions being higher Y-o-Y?

**Sunil Duggal:** Yeah, mix related and promotions.

**Percy Panthaki:** Sir in this kind of environment where we are seeing input costs driven by crude and currency inflating and typically if I look at the history of Dabur over the last decade or so, we have been very easily been able to take 3 to 4% price increase on an average on an annual basis and especially in this inflationary environment, why are we tracking much below the average as far as price increases are concerned?

**Sunil Duggal:** This quarter may not be indicative. I think price increases or the price increase proxys which are promotion reductions will begin to happen. Now how much they happen, it is very hard to say because we also have to defend and improve share. So, we will see how it goes. Like I said I do not think there will be any unpleasant surprises or anything on this front, but you may not see any strengthening of that either, but we hopefully will be able to deliver good volume growth.

**Percy Panthaki:** And last question sir if I might. The Foods portfolio which you said grows at only 1-1.5%, is it purely due to seasonality. Would you be able to give an idea what was the growth in July plus August put together?

**Sunil Duggal:** I do not think you should see July-August. You should see the spillover of September sales last year and that has gone into October. And we estimated it to be around 25 odd crores. So, now if you do the maths, you will see that Foods portfolio would have grown in double-digit had that sale happened in September. This is all very conjectural, but since this is Diwali gift packs, so it is little bit easier to measure the impact. As I said earlier, the underlying growth in our Foods business is at this point in time tracking double-digits and hopefully you will see validation of that in the third quarter.





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**Amit Sinha of Macquarie**

**Amit Sinha:** Sir, just wanted to understand the higher competitive intensity remark which you have made in the press release. Is the intensity higher and restricted only for Oral Care and the Foods business or is it across your categories?

**Sunil Duggal:** Well, it is concentrated substantially in Foods and Oral Care but of course it splits over into hair oils also, but not to the same level. Hair oil has been there for a while, Foods emerged around 3 to 4 quarters ago, Oral Care has emerged in the last 1 or 2 quarters, so there has been overall higher presence of this level and it is all the LUP. Whether it is hair oil where Rs. 10 is really being invested in by most companies, Oral Care where Rs. 10 is really again the area of focus for everybody. And in Juices, of course there are massive promotions in modern trade, buy one get one by the challenger brands. So we have to deal with that. I think we have dealt with that quite satisfactory in all three categories whether it is Juices, whether it is Oral Care, whether it is Hair oils, we have defended our share and improved it substantially in Hair oils and Juices, but it is obviously come at some margin cost. I think that is the virtuous thing to defend market shares and we will continue to do, but I don't see any major issues with regard to our operating margin and we will be able to deal with it. There may be some contraction or some reduction, but it would be within the limits of what we think of normal.

**Amit Sinha:** Sir, in the analyst meet you had mentioned that if the overall growth in the Juices segment has been phenomenal because may be the number till July or mid of August, how has that progressed in the last 2 to 3 months?

**Sunil Duggal:** I think the growth may have moderated little bit based upon triangulation from various sources, but the Nielsen shows strong double-digit growth. It shows by the way strong double-digit growth for us too because as per the Nielsen numbers we are growing shares, we are growing ahead of category. Of course, those numbers don't converge with our actual sales now but there is always a lag and then there is fact that we tell you primary sales and Nielsen tells us tertiary sales, not even secondary and sometime there is a big disconnect between the two. But yes I think the Beverage category is going well. I don't see any slackening of demand at this side, but let us see going forward how it goes.

**Amit Sinha:** Lastly on the Oral Care business, again 2 to 3 quarters back, the commentary was that the naturals and Ayurvedic formats will continue to gain significant market share, how has that progressed in the last 2 quarters because our growth rates have come down a bit even though Red has done well, but the overall portfolio has tapered down in terms of the growth rate. Do you think that the aggressive competition from some of the players will slow down the process of conversion?



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**Sunil Duggal:** I don't think so. I think the actual disruption has actually come from the Ayurvedic players and whether it is Colgate or whether it is Patanjali, everybody is investing aggressively in the Ayurvedic space at Rs. 10 price points and that has caused some damage. So, we have to now see how do we react to that and how do we reengineer Babool. Now, we have not come down and moved into the Rs. 10 price point in any aggressive kind of way in the very high margin product and we intend that it continues to fuel the profitability of this portfolio and like I said the Babool will deal with it, we have plans for that.

**Vivek Maheshwari from CLSA**

**Vivek Maheshwari:** My first question, sir is on the double-digit volume growth which you guided at the time of analyst meet. At that point of time, the understanding was that it is going to be pretty much every quarter for the next three quarters, now the seasonality bit which you just mentioned, did you not build that aspect when the guidance was given, number one and number two, you mentioned Foods will be double-digit in the next quarter, does that still means for 9 months, including first quarter you will obviously be in double-digit given first quarter was 21%, but 9 months do you still stick to double-digit volume growth guidance?

**Sunil Duggal:** No, I never indicated that we grew double-digit every quarter. That is the take out which should have never happened. I said that there will be volatility and I did caution you that our second quarter will be a little soft on account of the Diwali season, we saw it coming so it is not something which was unexpected at all. So, the delivery of volumes at (+8%) in this quarter is pretty much in line with what we thought, now we expected it to be 9% or 10% but these are very small numbers which we are talking about. I did say that 10% for the year is something which I am very certain of and we will attempt 10% for BOY when we discussed this matter at the end of Q1. Now, 10% in 9 months may or may not happen, if it happens, it is good but certainly double-digit volume growth for the year is something which we are recently certain of. I think the visibility this quarter looks to be good. Fourth quarter again it is very hard to predict because there is an underlying volatility in the market. There are issues with regard to consumption which may trend up, may trend down, may move sideways, it is very hard to predict. I think what has really changed is that a lot of this growth was predicated on the back of big-time stimulus happening prior to the elections by the government and that is even kind of tend to put a question mark on that. Does the government have the fiscal headroom and the appetite to stimulate the rural markets substantially because that might affect the fiscal? These are indicators which we have no control over, but there has been a little bit of tapering down of sentiment between today and the time we spoke last on account of the underlying demand. So, therefore while visibility is there to some extent that leads for this quarter, it becomes more blurred as we look into the future. Now demand could accelerate in the fourth quarter. It could taper down or anything in between, it is very hard to say.



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**Vivek Maheshwari:** Firstly, my apologies if the understanding gap was on my part. On your commentary about rural and whatever you described now, you are certainly less optimistic than what you were, let us say in August when we met you just around 1.5 months back?

**Sunil Duggal:** At that time, there was a very optimistic scenario which I said I did mention that this is a scenario, this may not happen but there is every likelihood of demand ramping up very strongly running into the election. I am a little bit more moderate on that front because of the economic situation today which has definitely worsened over the last 3 months or so and therefore the stimulus part comes under some question. Now even without any lack of huge stimulus, I think we can still move this year at double-digit volume growth and if the stimulus happens which may or may not, then the volume growth trajectory could trend up. Also, I think at that time which was in the month of July, the monsoon outlook was a little bit better than what it ultimately panned out to be. I think the monsoon issues have been sort of overhyped that it has been a great monsoon. Actually, it has been a patchy monsoon, so a little bit of rural stress may emerge out of that. So, yes, we have moderated our volume growth expectations, but we still remain I think significantly bullish at this point and I see no reason why we should be able to deliver what I have said.

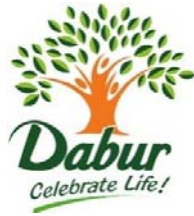
**Vivek Maheshwari:** And again at the analyst meet, you spoke about new launches initiatives that you are taking 15 clusters launches and all, everything from that perspective, anything because macro is let us say looking less bright compared to what it was or there will be some changes on your launch pipeline and what do you want to do at that point of time?

**Mohit Malhotra:** There are not really too many changes from what we had actually planned out. We rolled out the regionalization in Northeast by doing some localized activation, etc., and taking Northeast as a pilot and there we have seen a growth of around 30%-odd in terms of primary sales. While, it may be small to actually roll up to the Pan India number, but I think it is very successful roll out and we are planning to roll out the NPD initiatives also as planned at the time. We are not planning to mute them in any which way.

**Vivek Maheshwari:** And last question on advertisement because if that continues, would we see an increase in A&P spends as we go ahead into the second half?

**Sunil Duggal:** It depends upon how many products we launch and they require lot of investments as you all know. So I think lot of launches will be determined by the strength of underlying demand and if the demand is strong, then we will be more inclined to launch a large number of products. If it is not, then obviously lesser number but there would be a lot of activity on new products approximately in the end of third quarter and the fourth quarter.

**Prakash Kapadia of Anived PMS**



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**Prakash Kapadia:** Most of the questions have been answered. Just on the Hair Care segment, if you could throw some light which segment are we gaining market share, what is happening in the overall hair oil market that will be helpful?

**Sunil Duggal:** See, we are gaining share in both hair oils and shampoos.

**Prakash Kapadia:** Sir, shampoos you did mention about.

**Sunil Duggal:** Even hair oils, we have gained shares by around 120 basis points which is pretty significant for a very large category. So, I think our aggression in hair oils amongst the various flankers to Amla has paid a lot of dividends and we will continue that path. We in fact will accelerate the trajectory of growth and defend our volume shares. So, we are pretty optimistic, we have also now launched our major foray into the coconut oil space, both value-added and plain coconut oils. That is also contributing a lot to growth. So, this is a strategy which we have implemented over the last one year or so which is giving very good results.

**Naveen Trivedi of HDFC Securities**

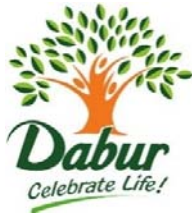
**Naveen Trivedi:** So, my first question is on the rural demand trend considering like you are mentioning that the stimulus is now relatively slower and weaker versus our expectation. Are you witnessing any significant gap which we were witnessing between rural and urban, how has been the difference right now is there between rural demand and urban?

**Sunil Duggal:** Rural sale is tracking ahead of urban and the demand is steady, I mean I don't think we should be too alarmed upon the demand situation. What we presented was a possible scenario of Q4 demand because we were tracking into the high-teens that is not happening. But the demand is still much better than what it was a year ago and I think that is something to be very grateful for. So, rural demand is ahead of urban, but we are seeing good demand in modern trade and E-commerce even in the urban centers. So overall, we totally don't have issues with the demand situation. It is not as good as what we would have liked it to be, but it is a lot better than what it was a year ago.

**Naveen Trivedi:** So, what is the difference right now between urban demand and rural demand?

**Sunil Duggal:** It is around 1.5%. It has tapered down a little bit, the gap between the rural and urban which was between 2 and 4 has come down to around 1.5 to 2%.

**Naveen Trivedi:** And my next question is now in the Colgate press release, they mentioned that they are also relaunching their flagship brand, so how do you see now the more competitive intensity in the Oral Care side?



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**Sunil Duggal:** No, we will have to deal with it, we dealt with competitive intensity in beverages, in hair oils and so many other things. So, it is nothing which is new or something which we can't deal with. We have dealt with competition in every area and come out on top in most, I see no one difference in Oral Care. We have our plans, we have our strategies, we have a pipeline of products and I am sure we will do much better than the category.

**Naveen Trivedi:** And my last question is if you could like share the how has been the Babool and Meswak revenue contraction this quarter?

**Sunil Duggal:** No, Meswak has just been a revenue expansion. In Babool, there has been contraction, we don't discuss that numbers, but there has been a fairly high contraction in Babool, reasonable increase in Meswak and a very good increase in Red.

**Nillai Shah from Morgan Stanley**

**Nillai Shah:** Sir, I heard your comments on the operating profit margin and the gross margin to the earlier person who asked the question, but I see that a large part of the margin contraction has actually come from the international business, not so much through the India business?

**Sunil Duggal:** See that in the context of standalone that there was a little bit of margin compression happening, but yes you are right, the substantial amount of margin contraction has come from issues with regarding currencies and the translation losses thereof.

**Nilay Shah:** So, could you throw some more light on that what is transpiring out there in terms of cost and how are you mitigating there going forward?

**Lalit Mallik:** I think as Mr. Duggal said that with regard to the exchange, we had seen a very steep devaluation in countries like Turkey, there is 30% devaluation happened and also in countries in Egypt and Pakistan, we saw devaluation. So, though in the local currency they have grown very well, but when we translate it into Indian rupees, the overall impact of the exchange is sitting into the margin that is number one. Number two is in the MENA region we have spent more on account of the BTL and the incentives in order to get the sales and move ahead on that. So, that has also had an impact on the margins and the price increase was not in line with the overall inflation arising out of currency. So, these three factors put together to have an impact in the international market on the margins.

**Nillai Shah:** Is the pricing be the temporary phenomena or is it more like to sustain giving the competitive intensity out there?



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**Lalit Mallik:** I think as far as the pricing is concerned, it will always have a lag between the cost to increase and the price increase that we take, so we will find that getting to some extent offset in the subsequent quarter.

**Sunil Duggal:** Now when we start lapping the currency devaluation A and b) when the demand revival begins in much of the MENA region, you will see a sharp turnaround in the performance of the international business. That could be 2 to 3 quarters away but it will happen. The categories are declining in double-digits and they have been doing so for the last year or so in most of MENA region and that ultimately will reverse because the governments are now starting to put in stimulus to prime the local economies to drive some consumption and I think we will turn a full circle in the next 2 or 3 quarters. We only hope there are no further toxic currency devaluation because those are something which we cannot handle, but if you start lapping the devalued currencies in the second quarter of next year, you will see vastly improved performance emerging. And structurally, we have been through this toxicity about 2 years ago when there was massive devaluation and obviously sharp compression in our margins because of that and we had recovered that almost fully. Our gross margins now back to 50% in Egypt, they were down to less than 40% when the currency issues were at the peak. So, we are just going to ride this out and hope that the currencies will remain reasonably stable. And the operating performance, I must highlight in practically every country which we are operating and is absolutely outstanding. We did our business reviews recently of international business and we found market share improvements in category after category, country after country. Egypt where the categories are declining by around 15%, our franchise is growing by around 25% and that is very significant. Pakistan likewise, Turkey we are growing at 18%. Now if temporarily you lose it through translation, well I think you have to just ride out the storm and make sure that your operating performance do not suffer because that is the one which will carry you forward over the long term.

**Nilay Shah:** The second question is on the Oral Care bit again, sorry to hop upon it but reviving or trying to improve the value proposition of Babool versus launching a new product which you had discussed few times in the past, what is your take on that now?

**Sunil Duggal:** We will do both. We may not do it simultaneously but I think the immediate task is to repair Babool because that is going to be a drag on the portfolio. Now that may not require the kind of investments which will be there for the new product, but it may tax the system to do both simultaneously, so we will begin with Babool and shortly after that take on the new product.

**Amit Sachdeva from HSBC**

**Amit Sachdeva:** One small question again going back to Oral Care. When I look at trajectory of Oral Care from 2016 first quarter FY16, it has been an exceptional performance barring just one or two quarters,



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one was Demon and second was perhaps destocking which we saw. For the first time, we have seen numbers come down so much, now obviously the problem is Babool which perhaps may have contracted 15% to 20%. I may not know exact number but there is a sharp contraction and we claim Red has done very well. So, when we look at next few quarters, as you said Babool will take time to fix or they are trying to solve this problem, do you see that given that rest of the piece of Oral Care has done really well, are you sort of implying that growth rate in Oral would we know were close to what you have been doing in the past, it would be more like 10%, now even if some improvement happens?

**Sunil Duggal:** No, over the next quarter or two it may be a little moderate. I would still expect double-digit growth happening in Oral Care, may not be at the peak levels, but then we are lapping a very high base of last year. Oral Care base never contracted with the exception of 1 or 2 quarters. Base quarter was very high, I don't remember the numbers, but I am sure there was 20% plus so we have got a steeper hill to climb here. Again, I am sticking my neck out I think you would see resumption of double-digit growth couple of quarters from now.

**Amit Sachdeva:** Got it and largely driven by Babool or you would expect some other new products?

**Sunil Duggal:** No, it will be driven by Red but Babool at least would stop shrinking. Our major task is to stop the contraction of Babool and then of course to resurrect it to the growth path but even if Babool does not grow at all, our overall portfolio does grow in double-digits very comfortably. So, that was the situation was over the last few quarters that Babool was in a sense flattish. This quarter because of high base of last year, it showed fairly high decline and in terms of the whole portfolio, I am not worried and especially since my other HPC brands are doing so well, whether it is Home Care or whether it is Skin Care or hair oils or shampoos, whatever, they lift up the whole portfolio growth. And keep in mind that too much attention has gone into Oral Care but our HPC portfolio grew by 10.2% and that is nothing to be sneezed at.

**Amit Sachdeva:** And any Red Gel has started contributing now or it is still very small baby in the pack?

**Sunil Duggal:** It is very small, I don't think it moves the needle on the numbers in any significant manner.

**Amit Sachdeva:** Just a small thing, once again when I look at the standalone performance, obviously the A&P spends were tad lower, but employee cost has swelled suddenly 22% and this is also from 16% last quarter as well. Is this something we are missing is your one-off or is it something that is the new normal?

**Sunil Duggal:** I will tell you very clearly what has happened. The comp increases have been reasonable. I think there is not really deleverage in the whole P&L. We have added 200 people in as part of 'Project Buniyad' which has made a certain cost which was not there in the base so that has been one element. The larger element is actually stock options and we are entering into a new tranche of



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stock options from this year which was then granted at the rate of 350. In the base, those same stock options were given at 190, now there is no cash out here. While it is a P&L item under IOH, there is no cash out, but it does drag down margins by substantially swelling up our IOH. Again, this is not something which is structural. When we lap it next year, we will be lapping again current prices at which they have been exercised, then you will not see the same. So, I think we will be getting leverage from IOH from next year. So, there are many headwinds this year which are let us say lot of our creations, but something which are inbuilt into the business model and which will perhaps evaporate next year.

**Amit Sachdeva:** And sir, what was the quantum of Rs. 190 stock option getting invested and then getting recorded this quarter, what was the quantum here?

**Sunil Duggal:** I think overall differential cost price at a consolidated level is around 12 crores this quarter. If you take a 50 crores hit on ESOPs, that is quite a bit, now whether employees get the stock option which was totally performance driven, we still have to provide for them in the P&L. If the stock options are not granted as one-year last year then you reverse the provision, but then you reverse it only at the fourth year that is how the model works. This is the P&L item which is not a cash one but something which is part of the accounting standards.

**Amit Sachdeva:** So, would you expect that to still pan out over the next quarter, it was just one-off or there is still more significance?

**Sunil Duggal:** 12 crores approximately will happen over the next two quarters and then it will start tapering down over the next because we have a double whammy here. We have to give at this proportionately higher charge on this expense item in the first year, I think it is 29%, next year it will be 27%, then 25, then 23, like that. So, the problem is magnified in the first year, but I would urge you not to get too obsessed about it, it is very virtuous. If the company does well, the stock price climbs, you pay out a little bit to employees, that is all for a good cause.

**Amit Sachdeva:** That is perfect, we like stock options.

**Sunil Duggal:** I am glad, so do we.

**Siddharth Shah from Solidarity Investments**

**Siddharth Shah:** My question again is pertaining to Oral Care, I mean I know it has been asked a lot of times today, but what I am coming from is that you said that you have had the distinct shift from defending profit and now you are going towards defending your share. Now in the natural segment which we have seen a strong growth trend and acceptability in consumers in the last 4 to 5 years, Dabur always had in upper hand given that we had a strong natural's portfolio, but now competitors have started investing aggressively. They are innovating or giving out more





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offerings in a space which is also growing. So, what I am trying to understand is that how will Dabur be able to maintain and grow its share from this base in the coming medium to long term now?

**Sunil Duggal:**

See, we are far more aggressive. We are defending shares than what we were in the past. In Hair Oil it took us many years to begin to defend because we were trying to defend profitability and Oral Care probably could take us a couple of quarters to do it. You have to again that much of the minimum time required to reengineer your portfolio, so the attack which we will be doing from whichever will be far better and far more intense than what we did in the past and that is really the change we have done in terms of the way we work.

**Siddharth Shah:**

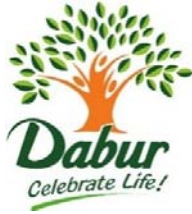
I am not looking for short term like 1 to 2 quarter kind of look out, but I am thinking let us say from the point of view of 3 years, 5 years, are we looking at adding to our product portfolio means getting more launches up ahead given that the competitors are already attacking from all sides?

**Sunil Duggal:**

We have plenty of very higher growth drivers which may be small but are growing, take our healthcare portfolio which nobody talks about, but much of that portfolio is growing very well. Our OTC business driven by the advertised brands like Honitus and Stresscom and Pudina Hara are growing well above 20%. These are all very virtuous innovations which we are doing and we are not a personal care company, we are broad spectrum FMCG group and we have to see which strategies work where and sometimes we may choose to reduce investment in certain categories and increase in the others and that is part of the plan. But Healthcare has been, I think extraordinary good performer in this quarter and we are looking at great growth coming from Healthcare in the future. I take a case in point honey which you have seen the numbers there, all at 20, 25, 30, 40% kind of growth because we have defended here. We met the challenge of competition, we improved the value proposition and we got our share back with interest. Juices again which nobody sees what we are doing. We increased our competitive intensity to all time high levels, still well below what our competitors are doing, but adequate because strength of our brand is there and we are back to 56 shares, we had dropped down to 51 to 52. So, the defend part is there, but we can't do it blindly and by dumping down our premium brands, we never do that, we do it in a circumspect manner and with lot of planning and thought and typically we win that back.

**Siddharth Shah:**

My second question was on the A&P spends, I am seeing a shift from the A&P as a percentage of revenues from let us say 12%, 11% to about 8 or 9 right now, so has that anything to do with the accounting standard shift to IndAS and getting promotion of revenues or our A&P as a percentage as a whole decreasing?



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**Lalit Mallik:** If you look at the reported, we do have decline that we have seen of 8.4 in consolidated and around 3.3 in standalone but when we look at all the components that is the media, the consumer promotion and trade promotion, we have actually grown by 11.2% in consolidation and 6% in India standalone. The reason primarily as you rightly pointed out is that the consumer promotion and trade promotion gets reduced from the topline now in accordance with the IndAS Accounting Standards. So, therefore what you see the visibility is primarily on account of the media expense which is declining in this quarter primarily because seasonality where we are going to have more kind of focus on the media going forward in the current quarter compared to what it was in previous quarter. But when we look at the mix, we have spent more on the consumer and sales promotion. So, therefore at an overall level at the basket, we have increased our spend at consolidated and standalone, but when you see only media as a line that you see, you see a decline there.

**Harit Kapoor from IDFC Securities**

**Harit Kapoor:** Just two questions. Firstly, on the pricing side, if you could just help with, you said 1.5% is what was the pricing in Q2. So have we taken any further price increases as we have got into Q3 to kind of adjust for the gross margin pressures likely going forward?

**Mohit Malhotra:** We have actually taken the price increases to the extent of 1.5% and a couple of price increase in the current quarter which the only impact will be seen in the next quarter. So you will see price increase of almost 1.5 to 2% coming in the coming quarters also.

**Sunil Duggal:** But carry forward impact also will be there, so should it be near than 1.5 to 2?

**Mohit Malhotra:** Yes, 2% broadly. It will accelerate from 1.5 to around 2.5, 2-2.5.

**Sunil Duggal:** And price increases are some time very tactical, so whenever we see an opportunity we take up prices even if they are unplanned and we are now on the lookout on the prowl for increasing prices whenever possible especially when the input costs are high.

**Harit Kapoor:** Second question was on the OTC Ethical business. If you see the OTC Ethical growth had not been probably in over last few quarters as compared to what we were expecting and we have called out in the last quarter or so that we are doing a lot more in terms of new products and trying to push some of the smaller brands to probably become potentially larger, when do we see this starting to fructify in terms of growth and in terms of your plan over the next 2 to 3 quarters, when do you see that actually coming through?

**Sunil Duggal:** That's already happening. You know the branded OTC products, Honitus and Pudina Hara are showing a great growth as I mentioned earlier. These are the ones which we were investing in, we are not investing across the whole portfolio because we don't have bandwidth to do it all at



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one time, it will happen in stages. But wherever we are investing, we are seeing the fruits of the investment come up in a very meaningful manner and the prescriptive portfolio is something which is not growing very well, it is growing 5 to 6% but that is almost top of the pack for this prescriptive portfolio. The whole game is how many of these products to be changed from prescriptive to OTC, brand them and then advertise them and grow them and I think that trajectory is being followed quite well.

**Sanjeev P from Tamohara Investments**

**Sanjeev P:**

Sir, after listening all the commentary, just wanted to understand and with current scenario the priority of the firm would be to look at volume growth double-digit that you are looking at or to protect the margin in the next 1 to 2 years perspective. Second question would be if you can just again highlight issues with the MENA region that you said in the international front, the issues could it be for couple of quarters or it could be longer than that? And the third question is regarding the tax benefit that we have, if you can help me to understand how long and what are the kind of tax benefit, we will continue to have this lower tax benefit currently we have?

**Sunil Duggal:**

Let us come to the first two and then answer the third. The first one is that given a choice between defending market share and defending margins, the choice is very clearly in favour of market share but ultimately the management has to balance out the two that we improve our market share but do not let the margin sort of spiral out of control. So, there has to be some moderation in our margin outlook while they may trend lower but they cannot be in any catastrophic downfall here because it can be very hard to recover margins which are lost. I think margins will trend down sharply only when there is very high levels of inflation, otherwise they will either remain where they are or trend down in a smallish kind of manner which is controllable and if that happens, then the at cost of double-digit volume growth we are willing to make that sacrifice. Second the MENA piece I think is going to rebalance by either the first quarter or the second quarter of next year. I think this year we are going to face continued stress on account of the category slowdown and the currency lapping issues. But this will reverse early next year but even so I think while the margins of international business will remain under some pressure, I don't see huge stress at the topline because many parts of international business are actually doing very well. The Sub Sahara Africa business to give an example, the SAARC markets to give another. So, there are lot of moving parts here, many of them are moving very well but the margin issue overall is not looking too good in this year because the Turkish devaluation of 40% happened this year is really very disturbing. Recently, the Pakistan devaluation of 30% has also been very negative for the business. Smaller devaluations happening in many parts of geographies, but as I mentioned earlier, we take a long term view over this and what I am very carefully watching is the operating performance of the business. This is the business running on the ground because of the stresses or that is really performing well and driving the growth in volumes, driving improvement in market shares and in that situation actually we are doing pretty



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well. So, we are just going to ride out 2 to 3 quarters of pain and I think we should be back to strong growth in international unless of course the currencies take another pasting.

**Sanjeev P:** What are the elements or what are the triggers that we as an analyst would like to if at all to track the MENA development which you think will be the trigger to change the factors, the issues?

**Sunil Duggal:** I think you should watch out for currency and you should watch out for economic and political strife. Let us take Saudi Arabia, the situation there in the worst-case scenario may deteriorate and which will impact the economy because of the politics. You may have a situation with Egyptian currency, Egypt is a big market also falls which will again have a negative impact. So, these are possible scenarios, but on the other hand we will be definitely lapping weak currencies, so the drag will not be there in the next year. Lot of moving parts here and believe me it is hard to fully predict how things will happen.

**Sanjeev P:** As operational performance is what you are looking at as a key parameter, can we look at the volume growth, you have any targeted volume growth there?

**Sunil Duggal:** See in Turkey, we probably have 0% volume growth and 20% pricing because the inflation there is 35% and the categories are declining 20, 25%. Each of where we have a 25% growth, the volume was 10% or thereabouts and the balance will be priced, again inflationary pressures are very high. So, in an international we don't look at volume so much, we look at market share which again is derivative of volumes and we look at the revenue and the margins. So, that is why we never gave any numbers to you about international volumes because they cannot be aggregated in any meaningful manner.

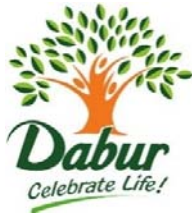
**Sanjeev P:** And the last question on the tax benefits?

**Lalit Malik:** As far as India is concerned, our effective tax rate will continue to remain lower which is currently around 21 to 22% for next 5 to 7 years. That is what we foresee as of now. We have the tax assumption that we are going to continue.

**Chanchal Khandelwal from Birla Mutual Fund**

**Chanchal Khandelwal:** Most of my questions have been answered, but coming onto the last thing when the Analyst Meet you highlighted that every year you will take 2 to 3 brands which get Rs. 100 crores and you would like to scale up the brand, so just if you can highlight which are the 2 to 3 brands you have taken this year or you are talking about taking it this year to scale it up?

**Mohit Malhotra:** We basically taken 3 brands, first is Honitus as a brand, second is Pudim Hara and third is Lal Tail; all the three brands. One operates in the cough and cold area, the other operates in the



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digestive area and the third in the baby care area. Thus, we are investing behind all the three brands to gain share ahead of the competitors. We have to drive through.

**Chanchal Khandelwal:** And also, direct distribution I can see it in your presentation that you have increased the direct distributions, so what is the target here and will it not help you to gain the volume growth over from a 2 to 3-year perspective?

**Mohit Malhotra:** We are talking about increasing our direct distribution from one million outlets to 1.2 million in the next two quarters. We already increased by around 60,000 which will definitely help us and that is why you will see our rural growth is ahead of the urban growth is on back of the distribution increase in the top stockist and the super stockist network also. So, definitely it will help us shore up our volume growth.

**Chanchal Khandelwal:** Given this context and given that you highlighted that rural will not be as buoyant as you are talking about.

**Sunil Duggal:** May not be, I think the jury is still out. We have to see how this stabilization happens going forward, so I don't have any huge clarity as to how rural volume growth will emerge. There may be actually better than expected you never know. If you take the Nielsen numbers, there has been slight trending down in the month of September of overall category growth whereas we were very buoyant in July and August. They tapered down a little bit, nothing to be alarmed about which gives little bit of room for caution that is this part of a trend, will they continue to taper down or will this is just a blip and will trend up again, very hard to predict.

**Chanchal Khandelwal:** Just lastly if I were to look at from 2 to 3-year perspective, which is the category, Oral Care you say you will be doing well, which is the category which you can scale it up to become a bigger category and be the next growth driver for Dabur?

**Sunil Duggal:** The OTC category definitely, I think this is where visibility is very high in terms of the upsides, of course of a smaller base. But otherwise I think there is no reason why we can't grow reasonably well and in some cases very aggressively in every category if you assess. I don't see any category in which we have any structural disadvantage in terms of not growing and the reason why I say that is that one is of course our ability to execute which has improved over the years and also that our portfolio is all herbal and natural. Now 35% of personal care, I have seen some numbers recently is actually now herbal and natural and ayurvedic 35%. I mean this was never the case in the past. The healthcare is progressively moving into a herbal and natural space, of course the prescriptive will remain dominant there forever, but herbal and natural will beginning to be increasingly meaningful in an environment where people are seeking alternative solutions. Beverages, again the whole category is moving towards health providing beverages from the ones about any such benefits. So, we are at the right place and given our ability to



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execute, I think there is no reason why we shouldn't grow ahead of the pack for a long period of time.

**Chanchal Khandelwal:** I would more than agree to it but point is given that where you are placed and what you can do in the natural and herbal platform, I would think that you would have a more pricing power that what you highlight it because given the cost inflation, I tend to believe that even consumers are willing to pay for our herbal and natural platform, the pricing power should have been a little higher, but you are saying it will be difficult to pass on the entire cost?

**Sunil Duggal:** I think we are looking at quick gains in trajectory and quick gains in share. Once the share gains come, the pricing power can be unleashed, but sometime it is difficult to price products at a high premium price in the beginning, it will be more prudent to take it up gradually as we did with Red which started off with a discount to the market leader and now is emerging as a premium to the market leader because of the franchise which we built. So, these are all tactical things. We don't see pricing as a sort of strategic tool. It is a weapon which we would choose to build a franchise.

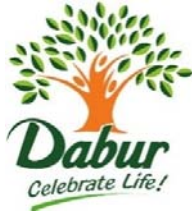
**Chanchal Khandelwal:** So, idea is to gain volume market share and then probably build up your margins?

**Sunil Duggal:** In many cases, not in all, in many cases that is often the strategy. So, for example, you have LUPs which are low margin, but you develop a franchise and when people start buying into the franchise and willing to trade up with the higher SKUs, more margin generative products, etc.

**Gaurav Jogani from ICICI Securities**

**Gaurav Jogani:** Sir my question again is on the pricing bit. Sir I do understand that we have taken a price increase of around 1.5% and there would be further price increase which would mean to 2.5% going ahead, but sir historically as we have seen that we have taken price increases in the range of 3 to 4% which is also not very meaningful and I think most of the problems that we are facing right now is may be due to those price increases, so why the conservatism on the price increase bit sir?

**Sunil Duggal:** I think it is significantly determined by the market forces also taking prices up in isolation of your competitors get often hurt the whole business So we do it whenever required and I think the price increases may happen again to the region of 4 to 5% this year at least at the exit levels. So, like I said pricing is not a strategic weapon for us, it is more an enabler to drive business growth. Again, you see despite the lack of pricing etc., we are sitting on 24% operating margins in the India business, I suppose you are referring to the India business. So, 23% operating margin close to all-time highs, it is not a bad state to be in. So, I think this margin of session should be moderated a little bit. You should be little bit cautious of margin erosion, but not seek margin enhancement in the current situation.



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**Kunal Vohra from BNP Paribas**

**Kunal Vohra:** Couple of questions, first is you had mentioned couple of quarters about white ayurvedic toothpaste like where are we on that?

**Sunil Duggal:** In progress. Mohit, you want to speak about it?

**Mohit Malhotra:** Actually we are doing a proof of concept for the couple of prototypes and some consumer tests are actually ongoing and we are fine tuning a mix to be tested in a couple of geographies. I cannot exactly disclose the timeline as to when we will be rolling it out in the market place, but definitely we are working on it and very soon we will be fructifying the final mix.

**Kunal Vohra:** Second one is can you talk about the trends in modern trade, E-commerce, canteen stores, how are things going there?

**Mohit Malhotra:** The modern trade and E-commerce are growing very well for us. I think modern trade growth is ahead of 25% for the business as compared to GT. It will be almost 3x of what the GT growths would be. Even in Cash 'n' Carry channel is doing very well for us and E-commerce is actually the star among all the channels and growing at the rate of around 140% vis-à-vis last year. So, we are seeing great traction in the new channels for us and that is the one which is actually driving the urban growth for the business.

**Kunal Vohra:** So, E-commerce will be what about 1.5% now?

**Mohit Malhotra:** Yeah, E-commerce will be in the range of around 1.2 to 1.3, we should be exiting the year at around 1.5.

**Sunil Duggal:** I think current quarter was 1.4 and the way the trajectory is growing, it should be closer to 2 at exit because they are growing 150% over last year. So, it is very exponential growth. So, we are a great believer in the future of eCom. I think it will be a big part of our business, 3 to 5 years from now.

**Kunal Vohra:** And lastly how is Patanjali doing in your categories, Oral Care, Honey, Chyawanprash?

**Sunil Duggal:** Honey, we got a share back with interest, so I don't think there is any stress from Patanjali in honey but he still remains a player clear in Oral Care and I think we should not see him as having faded away. He is doing a lot of work in terms of building a rural franchise with Rs. 10 SKU and to some extent he will succeed because there is a big rural franchise for Rs. 10 toothpaste. So, Oral Care, he still remains. In other categories frankly, we don't converge very much. So, I don't think there is much meaningful impact.



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- Kunal Vohra:** So, would they have shrunk in other categories like Honey, Chyawanprash meaningfully?
- Sunil Duggal:** No, we have actually done very well in Chyawanprash.
- Kunal Vohra:** No, I am asking Patanjali. Patanjali would have shrunk?
- Sunil Duggal:** Our shares have grown, they have shrunk in Chyawanprash. Honey of course and in other categories, there was not too much convergence.
- Gagan Ahluwalia:** Thank you everyone for your participation in this conference call. Webcast of this call and transcript will be posted on our website and we will be happy to address any further questions that you may have. Thank you and have a nice evening ahead.
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