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Scrip Code: NSE – DABUR & BSE – 500096

To,

Corporate Relation Department
BSE Ltd
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai – 400 001.

National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor
Plot No. C/1, G Block Bandra – Kurla Complex
Bandra (E)
Mumbai – 400 051.

Sub: Transcript of Investors' Conference Call for Dabur India Limited – Q3 FY 2019-20 Financial Results

Dear Sir,

Please find attached the Transcript of Investors' Conference Call organized on January 30, 2020 post declaration of Financial Results for the Quarter & Nine months ended December 31, 2019, 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 Q3 FY'20 Results Investor Conference Call"

January 30, 2020

MANAGEMENT:

MR. MOHIT MALHOTRA - CHIEF EXECUTIVE OFFICER
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)

Gagan Ahluwalia: Good afternoon, ladies and gentlemen. On behalf of the management of Dabur India Limited, I welcome you to the conference call pertaining to results for the quarter and 9-months ended 31st December 2019. We have here Mr. Mohit Malhotra - Chief Executive Officer, Mr. Lalit Malik - Chief Financial Officer; Mr. Ashok Jain - EVP (Finance) & Company Secretary and Mr. Ankush Jain - Head (Financial Planning & Analysis) besides me. We will be starting with an overview of the Company's performance by Mr. Malhotra followed by a Q&A session. I now hand over to Mohit. Thank you.

Mohit Malhotra: Thank you, Gagan. Good afternoon, ladies and gentlemen. Welcome to Dabur India Limited Conference Call pertaining to the results for the quarter and 9-months ended 31st December 2019. Demand for the FMCG products continued to see a sharp slowdown with further deceleration during the quarter. Despite the difficult environment, Dabur reported a healthy growth of 7% in consolidated revenue. India FMCG business grew by 5.6% both in value and volume terms. International business reported a growth of 12% on constant currency basis.

In India the healthcare portfolio grew by 10.7% driven by tropical marketing campaign, localized sales activation and sustained investments behind our power brands. Health supplements portfolio grew by 12.2% led by robust growth in Chyawanprash. Digestive category recorded a growth of 15.9% driven by strong performance of Hajmola and Pudin Hara. A new variant of Hajmola tablet was launched - Chatpati Hing, which has been received very well in the market place. Honitus, a part of our cough and cold portfolio reported a double digit growth in the quarter. While OTC and Ethical business witnessed a muted growth in primary terms. they continue to do well with double digit growth in secondary terms.

Within home and personal care portfolio, oral care recorded a growth of 8.5% despite sharp slowdown in the oral care category. Dabur Red, our flagship brand continued to perform well with 9.5% growth leading to an increase of 80 basis points in market share. Red Tooth Powder posted a growth of 10.4% driven by renewed marketing inputs. Babool franchise along with the newly launched Babool Ayurvedic saw a turnaround with a growth of 5%. Our overall market share in the tooth paste category continued to see an uptick with an increase of around 30 basis points in overall oral care category.

Hair Oils reported flattish growth on account of further slowdown in the category. Brahmi Amla and Sarson Amla posted a robust double digit growth. Our market share in Hair Oils increased by around 50 basis points. We continue to pursue a flanker brand strategy with investments behind our power brand Dabur Amla. Shampoo portfolio reported a 5.1% growth and witnessed an uptick of 60 basis points in market share to touch 5.6%. The bottle portfolio post revamp reported a strong double digit growth of 38% resulting in increase in salience of bottles.

Home and Skin care categories reported muted performance due to very high base of last year. Odomos recorded strong growth of 15% and saw a gain of more than 250 basis points in market share to touch 60%. New fragrances in Odonil Aerosols resulted in a strong growth of 50% in Aerosol portfolio.

Food business declined by 1.7%. This is mainly on account of sharp slowdown in overall juice category and early onset of festive season. Excluding Diwali Gift Packs, the beverage portfolio business saw a growth of around 5%. Real Activ saw a growth of 17% on back of strong growth in Activ Coconut Water and institutional business. We have introduced a new variant called Real Aloe Vera Kiwi at premium price point to tap into the value added juice segment. Our market share in juices and nectars category touched 62.4% showing an increase of 530 basis points. This is ever highest in the history of juices. Culinary business under Hommade brand posted a growth of 15%.

Coming to the channels now, E-commerce posted a strong growth of 93% taking its contribution to 2.9%. Modern trade grew at the rate of 10%.Driven by infrastructure investments, rural continue to perform very well growing 400 basis points ahead of urban. Our rural reach is now 51,511 villages, an increase of 17% over last year.

International business reported a constant currency growth of 12% with strong performance across regions. MENA market reported a growth of 10% in constant currency. Egypt business grew by 17%. Hobby had a strong quarter, growing at 32%. Namaste business reported a growth of 10% with strong performance in Africa business. Nepal business increased by 20%. Operating margins improved in international business by around 100 basis points on account of soft commodity prices and operating leverage.

Gross margin for consolidated business expanded by 80 basis on account of material deflation. Part of the savings from raw material was reinvested in A&P which went up by 14% during the quarter. Operating margin saw an improvement of 70 basis points to touch around 21%. Consolidated PAT increased by 8.7%. An exceptional provision of 20 crores was made during the quarter on account of impairment of treasury investments because of rating downgrade. Growth in consolidated PAT before the exceptional item was 12.8% in consolidated and 10.8% in standalone.

Although the demand situation continues to be worrying, we are staying the course in terms of our strategy to invest strongly behind our brands, expand our distribution footprint and enhance our competitiveness in the marketplace. This has enabled us to grow ahead of our categories and gain market share across our portfolio. We plan to continue on this path and ride out the consumption headwinds while they last.

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

Abneesh Roy from Edelweiss

Abneesh Roy: My first question is on Oral Care. What is driving the 10% growth in tooth powder? Is it because the down trading is being seen in rural market or you have taken specific activation there?

Mohit Malhotra: Abneesh, Oral Care saw a growth which was secular across all our brands. In terms of tooth powders, we had actually kind of over past couple of years stopped investing behind tooth powders, because we thought this category is declining and we started investing all the money in toothpaste saying that we will follow a portfolio approach and the tooth paste advertising will drive the tooth powder also because in a sense it is the same umbrella brand. But we very recently in the past one quarter taken a celebrity on Lal Dant Manjan and renewed our marketing focus on the tooth paste category also which happens to be the backbone for the Red franchise for us. So I think behind those initiatives it has actually grown. As far as down trading is concerned, down trading is definitely happening. But down trading is happening to low unit price points within the tooth paste category. I don't see any cross-category movements happening between paste and a powder. So powder is essentially a 400 crores-500 crores category which is declining in which there are essentially two big players, one is us and other is the market leader. So we also want to take share from the market leader, and we see a lot of headroom and opportunity of growth even in that segment.

Abneesh Roy: And sir one follow-up here, how is the profitability in Oral Care because all the players are very high on advertising and promotion and you also mentioned LUPs are growing faster. So will the margins be sharply lower than the last 3 years average in this category?

Mohit Malhotra: I don't look at category wise breakup in the margins. If I look at the total Dabur portfolio, Oral Care is definitely accretive in terms of margins because we got a juice portfolio also which drags down the margin and which is little dilutive. So if our oral care portfolio grows at around 8.4%, it is surging the average gross margins and operating margins of the company and it is across all brands if you look at. Within the portfolio, Babool is little muted in terms of margins, but Red is very high in terms of margins.

Abneesh Roy: The second question is on Hair Oil strategy. So when I see your other categories like Honey and Chyawanprash, you have regained most of the lost market share. Now in Hair Oil over the last few years the other large player had gained lot of market share and now when I see clearly you are doing well, you have gained 50 bps market share and you have grown flat on a two year very strong numbers of 23% and 16%, you are flat which is a good number from a 3 years perspective. So do you want to regain all the lost market share in Hair Oil over the last many years. Is that the long term goal and strategy?

Mohit Malhotra: A long term strategy, while you are right, past one year, one and a half year we renewed our focus on Hair Oils and we feel there is lot of headroom and opportunity of growth in Hair Oils.

We, at the moment, if you look at total Hair Oil portfolio, 80% of our Hair Oil portfolio is restricted to only perfumed oils. There is another part of coconut oils where we are very small marginal player. So a huge headroom in coconut oils is available for us to capitalize on along with perfumed Hair Oils. Here we have lost significant amount of market share to low-priced players where we want to regain back the lost share. That is why we have embarked on a flanker brand strategy. We have got cheaper brand in terms of Brahmi Amla and Sarson Amla which flank the mother brand which is where we have the premium. So we will defend our market shares in terms of Dabur Amla, gain market shares in Brahmi Amla and Sarson Amla and also we will have a market share gaining strategy in coconut oils going forward. So I find this category very exciting, attractive but also very competitive. I hope I have answered your question.

Abneesh Roy: Yes. And sir last question on foods. So in the last 6 quarters, 5 quarters have seen flat or negative growth. Now when I see in terms of the category you have said 11% dip as per Nielsen number. But my question is, FMCG slowdown is more there from the last 3 quarters while this category or your category is facing issue for the last 5 of the 6 quarters. So why here the customer is either going to LUP or maybe going out of the category. You mentioned in oral care that is not happening. Why in this category that should happen and what are you doing proactively at the LUP level or at the lower priced alternative? What are you doing?

Mohit Malhotra: Right. So I think there is an impact of a slowdown definitely and therefore the category growth further accentuated. The declines in the category growths have accentuated because of the slowdown but here the slowdown was more prolonged for over 5 quarters to your point. Now one reason here is because there are substitutes available in beverages. There is a juice available, there is a 100% juice available, there is a nectar available, there is a drink available and there are flavored waters available. So there are options to the consumers to down trade rather than just moving to a LUP and the price points are, if it is a Rs. 100 juice, there is a Rs. 120 for a 100% pure juice and there is a Rs. 50 drink and there is a Rs. 20 milk based beverage also. So there are multiple options available to the consumer for quenching their thirst. So they down trade with a little stress on the pocket. That is what is actually happening without compromising on the taste or without compromising on the thirst quenching ability of a particular beverage. They don’t see too much of difference between the juice or a nectar or a drink. Now that is the reason why this category has seen down trading much sharper as compared to oral care or for that matter Hair Oils. Now what are we guys doing, we think we have got a brilliant brand here which is not really leveraged, and it can really straddle the drinks portfolio also. As we communicated earlier, we have extended Real to the drinks portfolio. We launched a Rs. 10 price point Real Koolerz which is doing very well in the market place. The growth is ahead of some 20%-30% there and it is doing reasonably well. We are now planning to extend it across India. That is one initiative. The second initiative is that we are getting into PET bottles which will spur out-of-home consumption. As of now we are present in Tetra Pak, one liter and 200 ml pack. So we will be getting into PET bottles also. That I think will again spur consumption, that is at the LUP end or the popular end to capitalize on 6,000 crores drinks market where we are not present. We also want to premiumize this portfolio because getting into drinks and getting into LUPs can also become margin dilutive, so we are getting into premium juices also. Last quarter we have launched Real Aloe Vera premium juice at Rs. 110 price point. So we want to upgrade the consumers in urban India and we want to capitalize on drinks in the rural India and also use our distribution network to distribute those drinks.

Abneesh Roy: One followup here. So are you prepared to take some cannibalization here? So are you differentiating in terms of distribution, in terms of the Real Koolerz etc. or you are prepared to take cannibalization hit because you want to take more share of the category?

Mohit Malhotra: See, there is no cannibalization here because the pool where we want to fish going forward is 6,000 crores and the pool where we are present in is only around 1,700 crores. So we will gain much more. The question of cannibalization arises if the pool is restricted. Here the pool is not restricted at all. There is a huge headroom available for us to get into the drinks market or carbonated juice market or carbonated drinks market, so I don't think it will cannibalize. Overall we will only gain on quantum basis, we would only increase the profitability as the volume growths come in because we will get into the drinks market.

Abneesh Roy: But sir when will the growth come? Your base becomes quite favorable next 4 quarters, so will that drive the growth, or all these initiatives will actually bring incremental growth?

Mohit Malhotra: I think in another one quarter, we are getting into the season. So as the season starts in the end of the next quarter, I think we should come back on the growth. If you see the current quarter also, I think we already turned the bend on juices. If I ignore my Diwali gift packs, my juice portfolio has grown by around 5.4%. What happened in Diwali is that Diwali got preponed, last year it was in the month of November, this year it was in October. So the preseason loading which invariably happened in the quarter 3 this time happened in quarter 2. So we lost out a little bit on that. If I ignore that, then our growth is around 5.4% and that is also getting reflected in our market share gains. We have gained more than 500 basis points of market share and now we did a 62.4% in Real. So it is a very strong franchise that now we will extend into drinks. So I think it is only a matter of time before the innovations hit the market and the volume growth should start back, we are very hopeful. And plus, we have got distribution footprint in rural India which we are not capitalizing. With Real Koolerz at least it started driving that rural infrastructure and we have been able to reach out to the rural consumer. Rural contributes to about 45%-46% of our business.

Aditya Soman from Goldman Sachs

Aditya Soman: Sir, couple of questions. Firstly, can you talk a little more about strong performance in the healthcare brands, particularly Chyawanprash, Hajmola and Pudin Hara and what drove this?

Mohit Malhotra: Right. So Health Care portfolio has really done well, and it is aligned with our strategy. We said that we will focus on our power brands and majority of power brands happen to be in the Health Care area and we have disproportionately invested behind Health Care. We have done customized, topical, marketing initiatives on Chyawanprash. And Chyawanprash, our market share has surged to around 300 basis points and we have reached around 64% market share in Chyawanprash. We have also premiumized Chyawanprash in the segment while launching Ratnaprash, now that is available in our Ethical segment and we are selling it and doing advocacy among our medical practitioners. As and when it scales up in volume, we will be making it mainstream. We also introduced, I think last year, the sugar free variant of Chyawanprash, that also is doing, maybe two years back, as relatively new. So that also doesn't have that kind of a distribution with as our regular Chyawanprash. So that is also riding the Chyawanprash distribution and doing very well. Competitive intensity is also very low. We have got a headroom in terms of taking price increases which is what we have done. The slowdown doesn't impact the Health Care portfolio as much as it impacts the discretionary portfolio of HPC. That helped us a bit and plus the winter has been good for us. So that has been an icing on the cake, and we capitalized it reasonably well. So just not Chyawanprash which grew by 25%, we saw growth in our Honitus brand also which is a cough & cold portfolio. We saw growth in our digestive portfolio also on the back of Hajmola which has grown by around 21%. All the innovation initiatives that we have taken on Hajmola seem to be firing. Chatcola which was launched last year is also doing very well. Already, I think 10% to 15% of the brand sales is coming from Chatcola. We introduced a new variant called Chatpati Hing. It has been received very well in the market place and the brand is doing well with competitive intensity being low. So I think across the portfolio of Health Care all our efforts are paying off here and we are doing reasonably well.

Aditya Soman: Very clear. And just on that line, I mean given that Hair Oil is almost an extension of hair care, is there more brand launches that we would like to see there or product launches we are likely to see there to see a sort of a pickup in volume and just on Hair Oil, is there a big difference in the volume and value growth there for the category?

Mohit Malhotra: For the category, as I told you, the category is declining by -0.8 in terms volume. Volume is what we track very closely. If we look at volume shares and we track the volume which is basically a measure of the health and robustness of the way we guys are doing. The value growth in the category is around 1.2% and volume growth is -0.8%, that is the difference in the value. Not very significant but little bit is there. As far as our innovation agenda is concerned in Hair

Oil, we are embarking on innovation. You will see a slew of brand launches in the Hair Oils, both at the top end and the bottom end by the company. In the bottom end we already introduced a Rs. 10-Rs. 20 price point which is doing exceedingly well for us because people are down trading. On the premium end I can't talk of those initiatives right now, but we have got a slew of launches planned at the premium end also for the Hair Oils and we feel there is a huge headroom, like I told you we are only scratching the surface in terms of only perfumed oils being 80% of our portfolio. We are not there in coconut; we are not really a marginal player in value added coconut. We are again marginal players in light coconut and coconut is a big category which can be sub-segmented into various subsegments. And also in the perfumed also, in Almond Oil. So we see a lot of headroom across different subsegments of Hair Oil category which is in excess of 10,000 crores and our turnover in the Hair Oil is only in the range of around 1,200 odd crores.

Percy Panthaki from IIFL

Percy Panthaki: My first question is on the international business. You have done quite well there growing at about 12% constant currency terms which is a significant pick up I think from Q2 where you have done just about 3% growth. So if you can give some idea on what is driving this growth, which regions are driving the growth and also within those regions what is the reason for the growth going up? Is it general economic situation improving or is it something that you have done and also the international margins have expanded quite a lot, in fact most of the EBITDA margin expansion on a consol basis, there is a very large contribution in that of the international business, if I sort of got my calculation right. So can you throw some light on that as well?

Mohit Malhotra: Right. So Percy, international business clearly has done pretty well across different geographies. If I keep talking about geographies in terms of percentage contribution, the largest geography with highest contribution is MENA markets. Our MENA markets have grown by 10% followed by Egypt. Egypt in constant currency terms is grown by around 17%. Then we have a Nigeria market that also has grown by around 17% and Nepal business has clocked a growth of around 20%. Then sub-Sahara Africa business of Namaste also grown by 20%. The overall Namaste business has grown by 10%. Turkey business has grown by around 32% for us. So across all geographies the business has done well. Partially, I should not take the entire credit of activities, it is also coming off a low base of last year wherein we corrected the business and it is some sort of pipeline corrections last year. So it is coming off a low base. That being said, mid to high single digits growth trajectory is what we expect to sustain in the international business also. The only outlier is the Bangladesh business which also has it's internal issues which we are in the course of correcting which I think also by next quarter or quarter after next we should be in a situation to correct. As far as operating margins are concerned, they have gone up in international business on the back of benign raw material, packaging material costs being low. Our international business is entirely personal care and in which our petroleum basket is very big and because of benign petroleum prices we had an upside in terms of our gross margins. We have invested some gross margin upside on our advertising and that is really led to our growth. Apart from this raw material prices we also got a leverage, we managed our cost very well in international business. Our indirect overheads have gone down, our S&M costs have gone down and that all has provided operating leverage in the business which is flowing down to the operating margins for us.

Percy Panthaki: Right sir. Secondly, just if you could give for the next 12 to 15 months kind of horizon, what is your view on the margins in India? Do we look at sort of margin expansion in FY21 over FY20 or do you think that you would rather invest whatever extra you have in terms of the expansion into the business and just grow the volume or do you think that you can manage a little bit of both?

Mohit Malhotra: Yes, so one is the intent and one is the reality. As we go into the fourth quarter, we are covered for the fourth quarter in terms of RM/PM impact which happened to be benign. So I think next quarter there is no issue. So I think we should expand our margins or maintain our margin or whatever upside that we get in gross margin because of RM/PM impact, we will invest back into the business and that has been our strategy and that is what we will continue to do. If there is any favorable upside on margins because of RM/PM in prices, then we will invest back into the business. So we want to maintain the margin. We don't want to expand the margins going forward also. That said, we already are witnessing some surge in the commodity prices now especially our agri commodity basket is seeing inflation. So we will have to wait and see if that upside will be available in margin for us going forward because during slowdown we also been very calibrated in terms of taking price increases and we will have to watch the competitive intensity in every category before we are able to take it. If the table of prices goes up, then it is great for the whole category and for everyone. But we will have to watch, we are committed to increasing our market share in the market, that too tonnage and volume market share. If the table of prices goes up, we will take a price increase and if at all there is upside in gross margins because of those prices it will be invested back into brand building. We broadly want to maintain our margins. I can't give you too much of guidance into what the volume growths next 12 months to 14 months would be. We are in the process of making our budgets and also awaiting the union budget which is on the anvil and see what it brings to the table and how the business can leverage on that.

Percy Panthaki: Right. And last question sir, if I may, what you think over the next 12 months to 18 months will be the main driver for growth? Is it going to be innovation, new products etc. or is it going to be mainly distribution expansion, big data analysis and improving supply chain efficiencies etc. Which of the two is going to be, in any business you will have all the things contributing but which one of these two will be the bigger driver of growth?

Mohit Malhotra: So again, multiple areas per se. Multiple vectors to growth that we have identified and our strategy is yielding great dividends for us and we are growing ahead of our peers ahead of the market and taking market shares across all categories. So no reason why we should change the gear on which we are actually moving. So the different pillars identified in the beginning which is what we will be doing and first of all is our power brand architecture. We have got 8 power brands. We continue to invest behind our power brands and increase advertising investments behind our power brands, that is one, to increase market shares.. Second is not to lose focus on our market share status. So I think we are very focused on our market share that too volume market share increases across categories for which we will have to be very competitive and if it calls for lubricating trade and giving higher consumer promotions that is what we have been doing in past couple of quarters and that is what we will continue to do. So that is going to be long term sustainable growth for us, that is volume shares. So if it calls for giving tactical trade schemes and consumer schemes during slowdown, we will continue to do that. Then third is innovation. It is going to be one of the hallmarks of our future growth. Around all the power brands and capitalizing or capturing the adjacencies within the categories, we will be doing a lot of innovation. That again, at both premium and also to leverage our rural infrastructure also in terms of LUPs and accessible price points. Now, fourth is the go-to-market strategy. Go-to-market strategy has some four-five legs to it. The first of all is a rural leg, which is very important for us. We will continue to invest on improving our rural infrastructure and rural reach to number of villages. We have already gone up to around 51,511 villages. We are committed to go up to 60,000 villages end of next fiscal year which is what we would be doing. Then we are committed to on E-commerce space. Our E-commerce is growing by 93%. We have created a whole organization vertical and innovation structure to leverage this E-commerce growth which is happening. Third is the urban GT which is the pain point for us because there is a lot of distributor attrition happening here. I think this is where we have to correct and we will be embarking on a strategy to correct this GT piece where we are facing severe head wins in terms of price equilibrium etc. The fourth lever is the MT, modern trade. We are underleveraged on MT. Our market shares in MT are lower than our market share in GT. I think this is where we need to stage up and do investments behind it. Our feet on street are also less. So therefore that also calls for an investment. We have done some investment in S&M expenses but I think we will continue to do that. Then there is the digitalization focus. We have created an entire infrastructure for digital growth in terms of SAP moving to SAP HANA, in terms of IBP for supply chain, in terms of upgrading our handheld terminals with the sales force. Now that we put these basics in place which were missing, now we will get into next level of analytics and AI and predictive for cross sell, upsell etc. But first was to put this basic infrastructure in place which is what we have done. By end of the year we will complete that and then we will embark on that analytics. And this analytics will happen on for cost optimization, for consumer promotion optimization, trade optimization, so multiple levers here of analytics that we will reach. And last is organization restructure. We are gradually slowly restructuring organization also. If you see the headcount in terms of company, our costs are very high as compared to our peers. We are doing best in class benchmarking. We will work on organization structure also for getting a cost leverage in the business as we see inflation picking up. So cost optimization will also become a big lever going forward for us in terms of maintaining our margins or increasing our margins.

Prakash Kapadia from Anived PMS

Prakash Kapadia: Could you give us some sense what has been the growth for Honey this quarter and year-to-date?

Mohit Malhotra: Honey has been a soft patch in the business and Honey has actually marginally declined in this current quarter. It came of a very high base of last year and we have grown by around 20% in Honey last year, this quarter. So that is why it has come off a high base. We are not overtly worried because Patanjali competition is kind of abated a little bit. But there are smaller regional players which are shipping away our shelf share. Our market share continues to surge in Honey. Our market share has gone up by think 400 basis points in modern trade. So it is not getting reflected in the market share. But in terms of what we hear from the market and what we see in the market, smaller players which are very regional in nature, they are chipping away our shelf share. So while we are doing tactical consumer promotions and trade schemes, but it is not enough for us. We have to structurally do something to protect our market share in Honey, the way we have done in Dabur Amla, we will have to do something in Honey. Still the plants are not concretized yet. So as and when the plants are concrete, then I will be able to talk about it. But that said we are looking at premium variants of Honey. Honey is a very under evolved market and under penetrated market in India and there is a huge headroom for growth in terms of both penetration and introducing newer premium variants with E-commerce now presenting a platform to test out the NPDs, I think we will be leveraging that and coming back. So Honey doesn't worry me. It is only a base issue that is where the shoe is pinching.

Prakash Kapadia: Sure, that helps. On Babool, how has been the reach and distribution. So now with growth coming back, what is the target in terms of reaching, in terms of outlets going forward for Babool and if you could comment on Meswak growth, what has that been?

Mohit Malhotra: So Meswak after many quarters is back on the growth path again. We have registered a growth of around 2.5% on Meswak. Babool franchise, with Babool main brand and Babool Ayurvedic, has grown by more than 5%, after many quarters of sequential decline that we saw in Babool. That is on back of newly launched mega campaign, taking a celebrity, so across the board Babool sentiment is really improved and it is at a price point. Earlier it was essentially a price warrior brand, but we have now embarked on market share gain strategy on Babool also. Therefore we are positioning it as more herbal tooth paste which is better and more efficacious than a regular calcium carbonate tooth paste. So that campaign has worked well for us. We have done some high impact, media inputs, that also seem to be working and also the low base of last year. We kind of overlaid, that is also working in our favor. In terms of distribution, we have a huge headroom in Babool. If we compare Babool to Dabur Red, Babool will not be even half of what our direct reach on Dabur Red would be. So there is a huge headroom for growth. Exact numbers, I would not remember on Babool. So there is a huge headroom for growth, both in direct reach and also indirect reach for us. So, as the demand perks up, the indirect reach and wholesale channel will also fire and also our direct reach will also go up and our ECOs will also improve which is the direct reach basically.

Prakash Kapadia: And lastly you know, on the food business, Mohit, you gave a very good perspective, I had couple of more things. Is a case for higher contribution from Real Activ also a driver to sales because you know that has been a much lower contribution as compared to the Real brand and we would also targeting higher growth from south of India. So if you can comment on these would be helpful.

Mohit Malhotra: Yes. So Activ portfolio has done very well in the current quarter. We have grown by around 17% on back of Real Activ Coconut Water which has done well. So you have noted it well that Activ has got a huge potential as compared to the Real brand, although it is expensive, but the coconut water is not expensive. We have got coconut water which is priced at 40 bucks. Going forward, we will be introducing a lower price point of coconut water also in the range of around 25-30 bucks, so that will become very affordable. That will also blow up the market and we feel coconut water has got a huge potential. That said, the Real Activ portfolio of 100% juice is also under exploited. We are underway in terms of improving our packaging on our entire Activ portfolio and Activ portfolio continues to do very well on e-commerce for us, but the point very well noted that there is a huge headroom for growth here. We are in the process of putting a new premium variance in Activ also. As I have told you, we have launched Aloe Vera variant on the Real and we will be launching multiple other premium variants in the Activ portfolio too.

Prakash Kapadia: And South of India, is it on track?

Mohit Malhotra: In terms of South, you are right, again a huge potential available. We have divided our distribution now for food separately. Earlier, it was all combined, CCT and foods were combined, so we started recruiting people and creating a separate vertical of distribution for foods because foods goes to more E&D, eating and drinking outlets than really the regular grocery. To leverage that, we have put up a separate team of distribution in South that should help our distribution. That said, our Koolerz is doing exceedingly well in the South.

Prakash Kapadia: And as of date, the Rs. 20 or the lower price point would be what percentage towards sales if you can just share our number?

Mohit Malhotra: Our Rs. 20 portfolio which is Tetra Paks, around 40% of the portfolio will be Rs. 20 price point for us and Rs. 10 price point is too small for us to talk about percentages yet. We have just increased our capacities, but it is growing more than 50% year-on-year and we are increasing capacities there.

Mohit Khanna from Future General Life Insurance

Mohit Khanna: I just wanted to know the issues that FMCG companies are facing on the distribution side, I mean the wholesale continues to struggle which makes the direct reach important but there is additional cost related to it. On the other hand, the companies have increased discounting to the modern trade, what do you think Mohit is the solution to this issue and what is your approach with the whole issue over here?

Mohit Malhotra: Mohit, structurally I think going forward, wholesale as a channel will come down and in India this is a new ecosystem, I talked about this before also called E-butors and organized wholesale which is picking up, which is eating into the shares of wholesale. Also, there is a cash and carry which is also replacing the wholesale channel, so therefore to your point direct reach becomes very important and that is what we are working towards to our direct reach to the retail and not go through the wholesale and that is happening at one end and one is working towards it both in rural and also urban to improve our direct reach. We are not facing any issue in terms of appointing distributors in the rural India. The struggle that we are facing in urban India, these distributors are not really viable, so therefore I talked earlier also, we are embarking on a strategy to see how we handle this whole urban direct reach piece and making the distributors more viable, so that is but long term we are very clear that we have to reach directly and we are looking in means and ways, how we can avoid the price discussion. In that sense, we cannot avoid these new organized wholesalers who are coming up like Jumbotail and ShopKirana and many others who have actually gone up, so we are engaging with them very closely and we are making sure that we are making our products available to them also, so that they are able to go to the remote corners where even wholesale is not able to reach and neither our direct distribution is able to reach. We are very conscious in terms of price equilibrium. Our prices to them are very closely monitored and if we find that they are undercutting the prices, then it is taken up very strongly with them because a lot of such players were also private equity funded and that is where the money coming from. Gradually, slowly is a matter of time because so many players in this market will stabilize over a period of time, so I think it is a wait and watch. It is engaging with them very closely ensuring that they are not able to undercut your products from one channel to the other and we don't lose in the bargain there as far as the wholesale is concerned. The second part is modern trade is growing in a very fast pace in the country and we have seen evolution happened in other parts of the world where gradually and slowly modern trade will engulf the general trade. And if you look at general trade also, most of the general trade which used to be counter sales, this is also converting from counter sales into self-service.

So when a consumer is growing, bigger groceries which is in the range of 500 to 1000 square feet, they are converting their layouts and becoming more quasi modern trade and the big organized modern trades are acquiring these quasi mom-and-pop who converted into modern trade, so there will be consolidation happening but modern trade will grow at a very fast pace, that is why our focus on modern trade will continue. While you are right, consumer schemes and trade schemes are higher in modern trade, but that is the part of day-to-day business that one has to manage reasonably well, so we are focused on e-commerce, we are focused on modern trade, we are focused on very clearly to go direct, we are feeding wholesale and we are trying to avoid if any price inequilibrium is there between wholesale and new E-butors or these organized wholesale which is coming and also we are working very closely with cash and carry channel. What happens today is that a lot of KVI brands that we give to cash and carry, they undercut in the marketplace, they were compromising on the profitability of the GT. So we are trying to create a portfolio which is very unique to cash and carry, so that this undercutting can stop and there will be a different set of KVI brands for cash and carry and different set of KVI brands for wholesale, so it is all work in progress and as I told you, we will be working on a GTM project which will anchor all these for us.

Mohit Khanna: And one followup over here that when you say that the next 4 quarters is difficult for you, how much would you attribute to the demand and how much would you attribute that to the supply side issues?

Mohit Malhotra: I never said that 4 quarters are going to be difficult for us. I said near term there is a challenge and we are facing severe headwinds in terms of categories declining. So I said there will be a pain in a couple, it could be one quarter or it could be two quarters, it is a matter of time because we will also have a low base going forward because the whole slowdown actually started off from quarter 2, so quarter 2 there should be a recovery definitely to a certain extent because we will be on a low base for business. If you see this quarter, I am sitting on a base of 15% growth for me and on a 15% growth, I have grown by around 5.5%. So while the categories are not showing any green shoots, which is worrying for us for at least immediate next quarter and may be a quarter after next. After that, I think things should start at least picking up for us. What was the second part of your question?

Mohit Khanna: I was just trying to see that the slowdown that you said was actually referring to the demand side issues or the supply side issues, I mean?

Mohit Malhotra: So demand side issues remain as I told you people are down trading and there is no money in the hands of the consumer to buy that is why people are down trading from Rs. 40 to Rs. 10 and that is visible. There is also a liquidity crunch in the market place which we are feeling in the sub stockist and the super stockist network and therefore we have extended credits. Earlier, our credit used to be in the range of about 6 days, now it has gone up to 15 days, so there is 2 days of DSOs which actually increased over our last quarter, but this is not very material to impact our overall profitability and we are selectively extending this credit to our stockist network and working along with them. So slowdown is demand going down, liquidity crunch and all the categories are not showing any green shoot, so we are waiting for the union budget and the Commerce and the Finance Ministry to give us some good news as far as consumption is concerned, so let us see what it has.

Harit Kapoor from Investec

Harit Kapoor: I just have 2 questions. Firstly I was picking up on your comments from your media interview as well as what you said so far, I was just trying to understand why you are so negative on the near term because your base significantly reduces, you have a quarter 4 base of only 5-6% growth as well as the fact that juices has picked up ex the Diwali pack piece and the fact that at an industry level, at least some of the industry guys like Nielsen expect quarter 4 to be marginally better than Q3. So category growths possibly could pick up a little bit, so I just wanted to understand a little bit as to what you are seeing here that is making you more cautious?

Mohit Malhotra: Harit, if you see the overall FMCG value growth is sitting at around 6.6% as we see the average of the quarter. If you look at the 6.6% growth and you break it up into the months, we find 6.6% growth has come down to around 5.3% growth in the month of December and this growth used to be 8% in the month of October and 8% came after around 7.3%, so there was an instant surge we saw in the month of October and we thought this is a green shoot and it will sustain over the quarter but that 8% has fallen down to around 5.3%. Now this is the value status and this is in the month of December. So if 6.6 is an average and 5.3 is December and we had a tough December and going forward, now we are almost one month into the next quarter also and I am not seeing any green shoots at least in terms of the secondary business, so it makes me a worried man. So that is why and most company results are also not great, so this is a weak consumption story which is getting reflected in the numbers. If you look at the volume numbers, volume numbers are down to 3%. Now this is for the FMCG market now and in this, there is food also. Now if I break there, food is what is driving this growth. If I do a further microanalysis of the 3%, I find in our respective categories which is Oral Care, Hair Oil, Shampoo, Shampoo growth in volume terms is 1.7, Hair Oils is -0.8 and Toothpaste is -3.2. So this is actually worrisome until this is revised, and J&N juice category is -11.6. So while we would have geared ourselves up, we have got everything in place, our strategy, but these strenuous factors definitely have the bearing on the performance of the organization, and we can't isolate them and say that we will grow irrespective of what the market is because at the end of the day it is consumer. That said, our rural growth in the market terms is almost stable, urban growth which is actually going down. So this is why there is this tone and spirit of little pessimism is coming from for us. That said, we are embarking on a lot of innovation and we feel our juice business should be reviving but then categories where we are market leaders and we have to grow the category as the leaders, there they could be some pressure. Where we have market share gains, there also competitive intensity will go up and everybody will fight for that shrunk share of wallet of the consumer in the FMCG.

Harit Kapoor: Second question was on the liquidity side. So given that you have a strong presence in rural, I just wanted to understand going from quarter 1 to quarter 2 to quarter 3, have you seen any signs of an easing liquidity environment in the channel incrementally, I am saying all it is more of the same really?

Lalit Malik: I think we have not seen any improvement as far as the liquidity is concerned, I think it continues to remain tight. Also, having said that, I think it was also a festival season and during Diwali and now it happens to be winter season for Chyawanprash where a lot of stocks are kept by the distributors. So keeping that in mind, I think the liquidity pressure continues as of now as we speak.

Shirish Pardeshi from Centrum

Shirish Pardeshi: Just extending the numbers, you said that you have taken measures for providing liquidity and in the last part we heard that you have pushed inventory, while your commentary is bit different and worried, you are saying that we have done whatever is required, but are you worried that the inventory pile up which has happened and that is why the demand may not come and then your sales would be affected. That is what the condition is you are trying to see or is there anything else?

Mohit Malhotra: No, I don’t think it is an inventory issue, we are maintaining inventory, so we are very cautious. So inventory is not the issue, neither have we given any guidance or our inventory actually going up or anything like that. I don’t think that is the case with us, maybe with the couple of our peer companies, this is a genuine issue and therefore it is leading to stockist attrition etc. So I don’t think it is inventory pile up. As a matter of fact, wherever the inventories are high, we want to correct, and we keep correcting the inventories secondaries it happened because our portfolio is such. We do pre-season loading and then the offtake happen in the season, so at times what happens is then inventory remains that is not liquidated, so then we take conscious effort to liquidate inventories, even if at the cost of giving some extra schemes etc. if it has to be liquidated from our stockist. We want to maintain the discipline of keeping 20-21 days of inventory with the stockist. I think you are may be referring to the inventories in our C&FA and the factory which is what is getting reflected in our working capital number, perhaps that has marginally gone up because of the slowdown and the projections were aggressive and we anticipated a higher secondary and if the higher secondary did not happen, there is a little bit of pile up of the inventory which happens, but which in subsequent months and subsequent quarters gets liquidated, so that does block the working capital for some time but that is momentary and is a part of doing business, especially if you have a seasonal portfolio.

Shirish Pardeshi: My next question is on categories which are highly penetrated such as Hair Oil and Toothpaste and both these categories you mentioned that either they are flat or they have degrown, what could be the reason? I believe that we would not stop using the products, maybe LUP might be the thing, but how can be possible that even Hair Oil and even Toothpaste also this kind of decline we are seeing especially when all the players in the categories are spending so much in terms of advertising and promotions?

Mohit Malhotra: I don't think I have a clear answer on this also. I also don't have an answer because Hair Oil definitely, I think that is clear because it is a little discretionary category. If a consumer was using hair oil, now the periodicity or the frequency of hair oil usage would come down, so is the case in shampoo because in winter, what happens the frequency of usage of shampoo goes down, everyday using, now a guy would use once in a week, so therefore shampoo consumption also definitely can come down especially in a slowdown where LUP consumption goes up which is sachets and the bottles and that happens. In Hair Oils also, people down trade to a Rs. 10, use lesser. Oral Care, it beats me a bit because our Oral Care if you see, it is almost 80-90% penetrated category, and everybody has got Rs. 10 price point, now that going down by around 3.2% is something that beats me also. That said, we are not overtly worried on that end because majority of the market is a white markets here. We operate in the natural and the healthcare segment which is around 20-25% and that is growing at a rate double the growth rate. Now when I say double also, the growth rate is about 2-3%, there is nothing to rave and rant, but when the market is going down by 3.2, even 2-3% is good, so that has become the tailwind for companies like us who are almost market leaders in the natural toothpaste segment. So that was what we are concerned, but I really can't put my finger on the pulse and say this is the reason why toothpaste consumption is coming down.

Shirish Pardeshi: From the result, I noticed that you have done fantastic on digestive, but I see that OTC and Ethicals has not done well, so what is the difference in this quarter we have seen?

Mohit Malhotra: Yes, I think it is only optically what you see the primary growth which was actually down. The real barometer of performance is the secondary growth and secondary growth has gone up in the OTC portfolio by around 12% and also in the Ethical portfolio by around 12%, actually is the base effect of last year and this year which is what is impacting the primary growth for us. So if you look at the breakup of our OTC portfolio, all the brands have done well, Pudin Hara has done well, Hajmola has done well, Lal Tail has grown by around 5-8%, Honitus has registered growth of around 14%, so all the power brands have done well. Some marginal brands where we have not focused, they are the ones who have not done well especially Ashokarishta and

Dashmularishta, they are the ones who are not firing which are classified in the OTC portfolio for us. Ethical business also continues to do well in terms of secondaries.

Kunal Vora from BNP Paribas

Kunal Vora: On the December weakness, do you think the steep increase in telecom tariff is having an impact on consumer spending on staples and whether this could be a headwind for 4Q as well, your thoughts on the steep increase in telecom tariff?

Mohit Malhotra: While at the broader level definitely if the consumer has to pay a higher tariff for a mobile phone, it would tell on the disposable income somewhere because the priority would be that rather a hair oil or a toothpaste. So at a broader level, yes I can say this could have accentuated, but at the micro level, I don't have any fact to corroborate this particular hypothesis, it only remains at a hypothesis level. For us, this could be one of the reasons, we hear in media, but we have not heard this from any consumer or from any panel or from any Nielsen data. This is very broad conjecture.

Nillai Shah from Morgan Stanley

Nillai Shah: Basically, my question is on the channels that you spoke about, the channel mix you alluded to. Rough calculation seems to have suggested about 40-50% of your growth for this quarter instead have come from e-commerce and modern trade channel. If that is true, then do you think this is a structural story for Dabur as you go over the course of the next 3-4 quarters?

Mohit Malhotra: No, I didn't get the last part Nillai. Our e-commerce business has grown by around 90%, but e-commerce contribution to the business is insignificant, it is around 2.9%. So structurally e-commerce as a percentage to business will keep trending up because the growth will be 90% here, but this is not a 40% contributor to our growth to what you alluded. That is not the case, but e-commerce definitely is very important, doing very well in the company and it is providing a growth to our brands which are not distributed in the regular GT channel also. So that to us it is a very strategic channel and we are building our resources, building organization and doing all customized efforts for e-commerce as a business.

Nillai Shah: And you speak about the market share, there seems to be a divergence out there because you are saying that the toothpaste as per Nielsen, it was down 3.2%, but we know what Colgate has reported, we know what you reported, and we know that Patanjali has been stable in terms of market share or there. So who is really declining? In juices it is 11% but you are in a 60% of the market down just about low-single digit, so is there a problem within benchmarking the growth with Nielsen and then thinking about the market share gains versus absolute growth numbers?

Mohit Malhotra: Nillai, the way we look at market share, so I can comment on that. We look at volume market shares and we look at year before last. So if I am talking about last year market share, the growth over last year that what we would look at. Now, somebody might just comment on sequential. I am not commenting on sequential growth, I am commenting on growth year-on-year growth and that also volume growth. We have definitely gained here, and Nielsen data corroborates to what we are saying and we have market shares of all other companies. We know where the gain is coming from and where the loss is going to, but I don't want to comment upon my competitors but maybe they have got MAT number or YTD number or a monthly number or year-on-year number or a sequential number, but we are talking about year-on-year volume growth number to us. That is the bellwether of how the brand is actually doing here.

Krishnan Sambamoorthy from Motilal Oswal Securities

Krishnan Sambamoorthy: This is regarding your direct reach at 1.2-1.3 million outlets out of 6.7 million outlets, this is fairly low compared to some of your peers. Is there some worry that the efforts that you are doing on product development or the power brands as well as the stronger communication, some of that will be suboptimal because of the problems in the indirect distribution and particularly your wholesale reach?

Mohit Malhotra: Krishnan, you are right, this is suboptimal if we benchmark ourselves to the best in class in the industry and I think therefore there is a lot of headroom and that is why we are embarking on a special GT project to embark on this end. So I think we have to work on this and also not just on 1.2, now this includes urban and rural. In rural, we are talking about direct reach in terms of villages, a total number of around 6 lakh villages, we are targeting ourselves to only these to around 60,000 villages which is also by some standard of market best in class, maybe low but for us we gradually and slowly improve our reach and so in the case of urban also. But if you look at our portfolio, our portfolio is divided into the chemist outlet reach, the general grocery reach and E&D outlet reach also and Ethical reach also. All put together is 1.2. If I dive deeper, it could be, there is a headroom available. In each one of the subsegments, if I compare and contrast, the way we are looking at market shares in Nielsen data, we also look at the relative shares in terms of distribution in direct reach also. There also, we have a headroom, we acknowledge this and we have to work on this. Because of the diverse portfolio of the company, it becomes a little complicated because the scale of business has to be provided to the distributor for him to actually reach out directly to the outlet. For suboptimal brands and with the limited scale, it becomes not very ROI accretive for a distributor also, so we are working on this. Because of the diversity of portfolio, it becomes little complicated in our case.

Krishnan Sambamoorthy: If not for FY21, could you share your medium term expectations on what is your target over 3-year, 5-year period, in terms of direct reach to total reach?

Mohit Malhotra: Krishnan, we don't have the number. As I told you, we are in the process of making the budgets and in the budgets we will decide our target for the next fiscal year and going forward for next 3 years and we are also embarking on special GTM strategy project which will also get into the nitty-gritty details and then come out with our aspirational number. So premature for us to actually tell this number. As far as we are concerned, at the moment, we are 1.19, we are going up to around 1.2 in the current fiscal end, then we will be creating our budget for next year.

Rahul Maheshwari from TCG Asset Management

Rahul Maheshwari: I have just one question. Can you give some color on your ayurvedic products, what is the innovation pipeline? How can it be contributing in going forward the percentage of sales and how big can be the category where the homemade ayurvedic products which on R&D front which you were working on?

Mohit Malhotra: We have got Dabur ayurvedic specialty division that we have and we work on that. If I look at the total size of the category and our market share here, the total ayurvedic market should be in the range of around 3,000 to 4,000 crores in India, out of which we guys are not even scratching the surface here. Now, this market as compared to the allopathic market which is like 10x or 20x of the size. At one end, ayurvedic market has got a huge potential to take share from the allopathic market and government is providing a stimulus to do that with the creation of Ministry of Ayush and also giving us tax rebates of around 5% GST rates which is low on ayurvedic piece. That said, in the branded Ethical market, our market share is roughly around 20-25%. There are other players who are more regional and who have higher market share than Dabur. That presents us with a huge headroom for growth. Now, headroom for growth comes in first portfolio, so we have a very limited portfolio and we are in the process of expanding that portfolio. We have got a very robust pipeline already in place for next, I think 4 years to complete our portfolio. We want to be called the largest ayurvedic company, we are the largest ayurvedic company in India, but if you look at the total portfolio for all the ailments which are missing in our index, which we want to complete, while the volume will not scale and the value will not allow us to launch that but we will be launching them to be a one stop shop for all ayurvedic medicines in the country that should be Dabur. That is our long-term vision. If we work on that vision, then every year we should be launching something like 20 to 30 products every year to complete the portfolio. Now this portfolio can be Ghrits, it can be Bhasmas, it can be Avalehas, there are multiple subcategories in this portfolio which we have to complete going forward, so we have got a huge agenda on the portfolio completion. Second is the route to market. In the route to market, we today are only going to ayurvedic chemist outlets in majority but now in India, the way things have shaped up, even the regular chemist outlets is carrying a lot of ayurvedic products, so we have to increase our reach in the allopathic chemist outlets also, for him to carry our KVI branch of the Ethical portfolio. So we are working on the same. In the current year itself, we have added number of doctors that we are reaching out in terms of advocacy, we have increased number of chemist outlets, we have increased number of stockist salesmen, we have increased number of our product specialists and they have almost doubled in number and we are investing ahead of the curve in this portfolio and that is why you have seen this growth of around 7 odd percent YTD, 8% coming in the Ethical portfolio which should only strengthen going forward for us.

Rahul Maheswari: So just a fall back that you mentioned that 20 to 30 products and it is a 4-year pipeline, how big that product can be in case if you execute well into your distribution channel and in terms of the size? And also second, how in terms of doctor advocacy and Ayushman that can you give little bit more colour that your product would be only restricted to Ethicals or it is across the category right from the foods and all those it would be launching?

Mohit Malhotra: Yes, these products will be very restricted to Ethicals only. I am only talking about the Ethical portfolio, I am not talking about OTC or health supplements here which behave more like FMCG. Under this Ethical portfolio goes through doctors, doctors prescribe, and the patient buy from the chemist outlet, so here the turnovers of the products will not be anywhere close to the FMCG turnovers that we are used to of 10 crores a year. At the best, the product in a year will give you around 2 crores-3 crores because it has to go through the doctor and the doctor will prescribe, for which we are putting a brigade of advocacy personnel. In the current year also, we have launched this brand. We launched a range of churnas, now range of churnas include around 7 to 8 churnas, so these are 7 to 8 NPDs. Just to give you an example, a range of churan will have a neem churan, it will have amla churan, it will have arjun churan, it will have giloy churan, turmeric churan, haritaki and brahmi churan. These are all used by consumers for some ailment or the other which are potential of becoming OTC after certain point of time which is 2-3 years once it is baked in the Ethical portfolio. We also launched something called Hridayasava, now it is a heart tonic that we have launched, but again prescribed by doctors. Then we launched a digestive tonic called Dadimavaleha. Then we launched the sugar cure called Vasant Meha Ras and in the current quarter we have launched Arshoghni Vati which is a great cure for piles. So we are understanding which are the key indications which will give us good turnovers and also plugging the portfolio gaps also. Today, we only reach out to around 20,000 odd chemist outlets. Our aim is to go up to around 1 lakh chemist outlets by end of next year in terms of allopathic chemist outlets. It is very difficult for me to summarize in this concall, but it is a whole different ecosystem here which behaves like pharma completely.

Rahul Maheshwari: And second question, right now looking at as you mentioned it is a challenging environment. What is more focused for you, is it volume growth or to sustain the margins because as you told that the agri inflation is picking up, so right now to maintain the volume growth is the core focus or to maintain the margins is the core focus for you?

Mohit Malhotra: Maintaining the volume growth is the main focus because for margins we have already got upside and we already covered for the balance of the year. So in the current fiscal year, margin doesn't seem to be an issue because we have already taken covers to last us till March. It is more volume growth driven by category growths and gaining market shares which is the key priority for the business.

Rahul Maheshwari: And volume growth remains intact mid to high single digit which you..?

Mohit Malhotra: Yes, we maintain a guidance of mid to high single digit for the whole year. Some quarters will be high, some quarter will be low. Overall that is the guidance that we had given in the beginning of the year and which is what we maintain.

Rahul Maheshwari: And for next year sir, FY21?

Mohit Malhotra: Next year still premature because we are in the process of making our budgets, so still premature for us to give you a number and with the budget on the anvil, we will observe what the sops and fiscal benefits in the budgets are and how the category growths pan out for the month of January, February, they all have to be taken into consideration, assumptions made and then budgets created, so still premature for me to give you a number.

Amit Sinha form Macquarie

Amit Sinha: My first question is on the urban GT viability part which you discussed, just wanted to understand is this a recent issue for you or this has been there for some time. The context here is that some of the other peers have been facing this issue for the last one to two years, just wanted to understand this part and how are you planning to resolve this issue?

Mohit Malhotra: This urban GT issue is not new, it has been continuing for 2-3 quarters, but I think the pain has actually accentuated with slowdown getting protracted because slowdown it becomes difficult for the stockist to actually do the secondary and what is happening is, with all these e-commerce players coming up which are private equity funded, they pay almost double the amount of salary and which increases the infrastructure cost for the stockist also and therefore they have pressure. So I think the solve for this in long term which is again at the stage of hypothesis for us, we are still thinking, is consolidation of distribution at least in the urban centers. If we have got 6 distributors, can we consolidate the 6 distributors into may be 2 distributors and therefore give him a scale and because of the scale, he will be able to afford that infrastructure which will carry my brands directly to the retailer. This is in the hypothesis stage for which we are embarking on the GTM project which will be putting in place and then we will be handling this structurally and market by market by market, so it will be difficult, arduous, slow and steady process in which we will be handling. With that said, our current business will continue the way it is and we have got now other wholesale channels like Udaan and Jumbotail, etc., who are carrying our products and we are building direct reach also, so I don't think there is immediate pain because of this. The price equilibrium has to be maintained which is what now we become very conscious of and we are working on the same.

Amit Sinha: Secondly, just an update on glucose D segment, how has been the performance last 9 months and have you been gaining market share in this particular segment after the M&A deal which happened for one of the competition?

Mohit Malhotra: Yes, glucose is one of the star brands that we had among that all, we have grown by around 52% in glucose in YTD because at the moment the season is not there, but we are now inching closer to the season as summers are approaching and majority consumption happens in summer, but YTD our growth rate has been 52% even ahead of what Chyawanprash growth has been for us. We have gained around 116 basis points of market share in the glucose category and essentially it is a duopoly with 2-player market and we, I think, have been able to capitalize quite a bit on the competitor transition here. We have also embarked on innovation in glucose, we introduced mango variant which did very well. Now in the coming season also we will be launching a couple of innovative formats in glucose to increase our margins and also make accessible price points to reach out to the rural consumer because of the huge headroom in terms of distribution expansion also.

Gagan Ahluwalia: Thank you. Thanks for participating in this conference call. Webcast recording of this call and transcript will be available on our website shortly. Thank you and have a nice evening ahead.

Mohit Malhotra: Thank you.