

# Investor and Analyst Q4 FY15 Conference Call

April 29, 2015



**Moderator:**

Ladies and gentlemen good day and welcome to the Godrej Consumer Products Limited Q4 FY15 Earnings Conference Call hosted by IDFC Securities Limited. As a remainder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '\*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Harit Kapoor from IDFC Securities. Thank you and over to you Mr. Kapoor.

**Harit Kapoor:**

Thank you Margaret. On behalf of IDFC securities we would like to welcome you all to the Q4 FY15 earnings call of Godrej Consumer Products. We have with us the senior management team at Godrej Consumer. I will hand over to the team for opening remarks and we can then open the floor for Q&A. Over to you Mr. Godrej.

**Adi Godrej:**

Thank you Harit and good afternoon. I welcome you to the Godrej Consumer Products Limited conference call to discuss the performance for the fourth quarter of fiscal year 2014-15.

Joining me are Vivek Gambhir (Managing Director), Nisaba Godrej (Executive Director), Omar Momin (Head, Africa cluster and M&A), V. Srinivasan (CFO and Company Secretary) and Sameer Shah (CFO, India cluster and Head, Investor Relations).

As I had shared with you earlier, our performance in the second half of fiscal year 2015 has been much better than that in the first half. On a constant currency basis, sales in second half grew by 14%, whereas profits after tax grew by 26%. Our strong performance is on the back of gradual improvement we are seeing in the FMCG growth in India, aided by our continued focus on innovations, brand building, and supported by competitive marketing investments and enhancements in our go-to-market infrastructure. We have continued to consistently grow ahead of the market and have gained share in our core categories.

In the quarter gone by, we delivered a strong operational performance. Our India branded net sales grew by 12% led by volume growth of around 8%. Our international business grew by a healthy 14% (in constant currency terms), in spite of the temporary challenges in our Indonesian business. Organic constant currency EBTIDA grew by 15% on a consolidated basis; while our international business EBITDA grew at 20%. In this quarter, we also increased our marketing investments significantly to capitalise on the gradual recovery seen in the Indian FMCG market. We believe that this investment will strengthen our brands and enable us to drive further growth in the quarters ahead.



EBITDA plus A&P growth on a constant currency basis was 30%. Our reported results were impacted by adverse impact of translation due to depreciation of several emerging market currencies.

I will now recap our six key business imperatives and assess how we have performed on these priorities during the quarter. After this, I will discuss the highlights of our financial performance during the quarter. We will then be happy to answer your questions.

One of our most important imperatives is to sustain leading positions in the three core categories that we participate in - home care, personal wash and hair care. Our focus remains on growing ahead of the market, driving consumption and penetration, and strengthening our portfolio. In our India business, we have outperformed reported category growth rates, across categories. For the quarter, our India business branded net sales growth of around 12% has been nearly 1.4 times the overall household and personal care category growth. Volumes contributed to nearly two thirds of this growth.

Our Household Insecticides business continued its strong momentum with a growth of 11%. We continued to gain market share across formats and exited the fiscal year 2015 with our highest ever market share. We will continue to make efforts to widen this market share gap versus our competitors and sustain our double-digit growth in the quarters ahead. Good knight Fast Card continues to see strong demand and add new customers, while expanding its category reach, especially in rural. Similarly, our other innovations like the Good knight Xpress liquid vapouriser also continue to be well received by consumers. I am pleased to share with you that our Good knight brand recently crossed the INR 1,500 crore milestone.

Soaps category growth during the quarter improved to high single digits. We continued our strong double-digit growth momentum and delivered a healthy volume and product mix led value growth of 15%. Our volume and value growths were well ahead of the category. Godrej No. 1 and Cinthol delivered double-digit growth, led by well executed tactical strategies involving focused activation programmes, consumer offers and marketing campaigns. Gross margins during the quarter benefitted from reduced duties and lower palm oil prices and have improved significantly. Our Godrej No. 1 brand has crossed the INR 1,000 crore milestone and our Cinthol brand, has crossed the INR 500 crore milestone.

In Hair Colours, we maintained our strong performance and delivered a volume led sales growth of 12%. We continued to outperform the category and gain further market share. The salience of the crème segment in the overall Hair Colour category continues to increase. Godrej Expert Rich Crème is the fastest growing brand in this segment. It also featured on Nielsen's list of breakthrough innovations launched in 2012. Our focus overall, will be on driving initiatives to increase penetration as well as consumption in the category.



In addition to sustaining our leadership positions in our core categories, we are also strengthening our presence in our emerging categories.

Our Air Freshener brand, Godrej Aer, continues its strong sales and distribution ramp up, aided by our innovative gel format technology and consumer engagement initiatives. Aer is now number three player in home sprays and the number two player in car air care. We continue to strengthen our portfolio by introducing new fragrance variants.

Our portfolio of Godrej Protekt hand washes, sanitisers, and anti-mosquito spray – a foray into the Health and Wellness space – continues to be well received in modern trade. We believe that the hand wash and sanitiser categories have a lot more room to grow, given changing consumer needs and increased awareness of hygiene levels.

Our recently launched BBLUNT range of hair care and styling products also continue to be well received by consumers.

The second pillar of our strategy is to drive growth in our international business, guided by our three by three strategy, of focusing on three core categories of home care, personal wash and hair care in the emerging geographies in Asia, Africa and Latin America.

Our biggest international business, Megasari in Indonesia, saw a relatively moderate constant currency sales growth of 6%. This was due to a one-off de-stocking by leading modern trade retailers, floods that impacted our Household Insecticides growth and overall challenging environment. If you exclude the impact of our now discontinued foods business from the base quarter, our growth was much stronger at 12%. This is well ahead of the overall FMCG growth in Indonesia. Our EBITDA margin of 19%, which is before the payment of a technical and business support fee, was higher by 200 basis points year-on-year. This was driven by price hikes and cost efficiencies, which helped offset the adverse impacts of IDR depreciation and increase in utility costs. Hit and Stella continue to deliver competitive performance and maintain their leadership positions.

Our African operations delivered another strong quarter with 23% constant currency sales growth. This was mainly led by our Darling business, which grew very strongly in constant currency terms. Steep currency depreciation, which caused a temporary drop in margins by 340 basis points, is also creating opportunities for market share gains.

Our Latin American operations in Argentina and Chile continued the strong momentum seen over the last few quarters. Revenues grew by 27% in constant currency terms, led by the success of new launches, market share gains and strong execution. Moreover, our EBITDA margin improved significantly to 21%, which is an increase of 130 basis points year-on-year. This improvement was due to the implementation of Project Iceberg, price hikes and scale benefits.

Our UK business saw strong recovery, with constant currency sales growth improving to 7%. This was led by the competitive performance of our owned brands, along with some



improvement in the sales of distributed brands. Operating margins however, declined by 80 basis points year-on-year due to higher brand investments.

Our third strategic pillar is to accelerate the pace of innovation and strengthen our brand portfolio. The last few quarters have seen many innovations and new launches across categories and across geographies. We launched new formats in aer air fresheners, new shades and packs in Godrej Expert Rich Crème Hair Colour, Good knight Fast Card and Good knight Xpress, new Godrej No. 1 and Cinthol soap variants, a new range of Protekt handwashes, sanitisers, and anti-mosquito spray. In India, we also made a foray into premium hair care with BBLUNT, skin-cleansing, with a Godrej No. 1 face wash. In our international business too, we had several new launches such as an ammonia free hair colour for the Illicit brand, Pamela Grant make up range extension in Chile, new variants for Stella air fresheners and Hit household insecticides in Indonesia and new range of Soft & Gentle deodorants. We also have a robust pipeline of innovative products to be launched during fiscal year 2016, which will aid stronger growth and market share gains.

One of our other key imperatives is to create a future ready sales organization for our India business. We are overhauling our entire go-to-market strategy and intensifying our efforts to expand our distribution reach in rural and urban areas. We are also transitioning to a split line model to drive wider range selling in urban India, while enhancing the service frequency and reach of our rural distribution with higher focus on relatively big size rural markets. Our rural growth continues to be ahead of urban growth. We are gearing up to tap opportunities in e-commerce and have tied-up with leading e-commerce players to enable this.

Our fifth pillar is to build a global best-in-class supply chain. We have taken strong steps in this area by establishing centres of excellence in TPM, lean, six sigma and low cost automation. We have set up a strategic sourcing team to leverage scale and reduce our procurement costs. We also introduced an advanced technology solution to improve our supply chain planning and execution capabilities.

We have made good progress on 'Project PI', our cost transformation project, and we expect to see positive impact over the coming quarters.

Finally, we continue to execute different initiatives to foster an agile and high performance culture. GCPL was ranked the number one FMCG company to work for in India and one of the best workplaces in Asia by the Great Place to Work Institute. GCPL has featured on the list of Best Companies To Work For, for 11 years in a row. Recently, GCPL has also been ranked among the Best Employers in India for 2015 by Aon Hewitt. Our rankings in these people surveys reinforce our commitment to creating an outstanding workplace that attracts and retains talented team members and delivers superior value to our consumers.



In line with our human capital strategy of rotating talent within the Godrej Group, V. Srinivasan, has taken over as Chief Financial Officer for GCPL. Srinu has nearly two and half decades of experience across the Godrej Group. Given our growth aspirations in India, we have now created an India cluster. Sunil Kataria will be elevated to Business Head of India and SAARC. In his earlier role, Sunil was overseeing the sales and marketing organisation for our India business and was also the SAARC Business Head.

I will now cover the highlights of our financial performance.

For the quarter ended March 31, 2015, our organic consolidated constant currency net sales growth was 12%, led by strong performances across our India, Africa and Latin America businesses.

Our India business reported sales increased by 10% on a year-on-year basis. This was adversely impacted by temporary challenges in our unbranded business. India's branded business net sales increased 12% on a year-on-year basis, led by strong double-digit growth across categories.

Our international operations, which accounted for little less than half of our consolidated turnover during the quarter, recorded an organic constant currency sales growth of 14%.

Our consolidated gross margins expanded by around 330 basis points, aided by benign input costs, cost saving initiatives, mix and calibrated price increases. Our consolidated EBITDA margins of 18.4%, which excludes Darling's trademark licensing fees, expanded by 70 basis points. This was due to better margins in our India, Indonesia and Latin America businesses. In India, EBITDA increased by 13% and margins expanded by 60 basis points year-on-year. In our international operations, organic EBITDA margins of around 14%, expanded by 70 basis points year-on-year. Overall, our consolidated net profit plus A&P (adjusted for tax) increased by 27% year-over-year.

Earnings per share (non-annualised) stood at INR 7.80 for the quarter. The Board of Directors has declared an interim dividend of 250%, which translates into INR 2.50 per share.

We expect gradual recovery in the environment and expect the Indian economy to gather pace in fiscal year 2016. While the macro-economic environment in some of our international markets remains challenging, we are confident of continuing our strong sales and profitability growth momentum. We will continue to focus on sustaining and extending leadership in our core categories. We will also accelerate the pace of new product launches as the macro-economic environment improves and capitalise on the uptick in demand. Overall, we will strive to deliver a stronger performance in fiscal year 2016, led by innovation and benign input costs.



The medium and long-term growth prospects in India and our other emerging markets remain robust. We believe that there is still a lot of headroom for growth, given the low penetration and consumption rates in our core categories across markets.

I am confident that with our clear strategic focus, differentiated product portfolio, superior execution and top-notch team, we will continue to deliver industry-leading results in the future.

I now conclude my opening remarks on the quarter's performance and open the floor for questions.

*Continue: - Q&A...*



## Questions and Answers:

### Moderator:

The first question is from the line of Percy Panthaki from IIFL.

### Percy Panthaki:

Can you give me the split in A&Ps between consumer offers and media spends for Q4FY15 and Q4FY14?

### Sameer Shah:

A&P split in standalone business for Q4FY15 was around 85% towards media expenses and 15% towards consumer offers and in Q4FY14, 90 to 92% was for media expenses and 7 to 8% was for consumer offers.

### Percy Panthaki:

Can you give the split for volume, price and mix for Africa's 23% growth?

### Sameer Shah:

Roughly, out of 23%, 4-5% would be price led growth and the rest would be volume led growth.

### Percy Panthaki:

We are still digesting the Darling acquisition and we are not aggressively looking at Africa for new acquisitions. Recently according to a newspaper report, you said that you want to grow your turnover six times in the next five years and would also be looking out for a lot of acquisitions in Africa to drive this kind of growth. Can you throw some light on that strategy and the kind of acquisitions you are looking at and in what time frames?

### Vivek Gambhir:

The bulk of focus in Africa will be organic, and if you look at the three main categories that we play in are Dry Hair, Wet Hair and Household Insecticides, collectively the addressable market size in our target geographies of about \$3.3 billion as of today and if you factor in a reasonable growth over the next five years, the addressable market size actually become over \$4 billion just in these three categories and certainly we can consider launching other categories over time as well. While the bulk of the focus is going to be organic, we expect opportunities such as Frika to present itself which could be a very interesting bolt-on acquisition. If it makes strategic and financial sense to us, we would be open to looking at these kinds of bolt on acquisitions while ensuring that the trajectory for organic growth in all categories remains robust.





**Percy Panthaki:**

According to my calculation, it works out to 43% CAGR on the top line, would you be able to deliver organic growth in mid-teens and 30% CAGR from inorganic acquisitions. Could you throw some light on the same please?

**Vivek Gambhir:**

Currently we have virtually no business in Wet Hair and Household Insecticides, so a lot depends on how successful we are over the next two years in these categories, this is more of an aspiration or a target at the stage. The potential is there but it depends on how quickly and how well we are able to grow in Dry Hair and expand into these adjacencies over the next two to three years. And regarding the 1 billion dollar number at this stage, it is a very good aspiration, but it depends on the next 2-3 years which will be critical in terms of how we progress on this journey.

**Percy Panthaki:**

You are making good progress on Project PI, can you share some details in terms of what is the annualized run rate that you have achieved, how much of it are you currently reinvesting versus passing it through the bottom line and which major line items have you seen contribution coming from?

**Vivek Gambhir:**

The goal for Project PI was to give an annualized saving of ~Rs. 200 crore by FY 16, out of this Rs. 80 crore in has been banked FY15. So we are still on course to get an annualized saving of about Rs. 200 crores for FY16. My expectation is that, we may end up banking incrementally ~Rs. 100 crore by FY16 and the remainder will flow into FY17, because some of the projects which got implemented in the later part of this year will take time to yield fruition. The savings have come from different sources, there has been some savings through strategic sourcing, some through better manufacturing and productivity improvement, some in MRP to net sales realization and some have also come from optimizing a few of our BTL and ATL spend. These projects are expected to continue and side by side the new projects that we are finding as well will continue through the year.

**Percy Panthaki:**

Will you have total savings of about Rs. 180 crore on Project PI by FY16?

**Sameer Shah:**

In FY15 we had savings of Rs. 80 crores which flew to the bottom line at the gross level, in FY16 we are looking at savings of Rs.100 crore over and above Rs. 80 crore, so cumulative savings in FY16 would be Rs.180 crores which will get banked in the P&L.



**Percy Panthaki:**

Is this Rs. 180 crore after reinvesting and does it have a positive impact on the PBT?

**Sameer Shah:**

Yes, it's at the gross level.

**Moderator:**

The next question is from the line of Abneesh Roy from Edelweiss.

**Abneesh Roy:**

On Megasari, de-stocking by the modern trade retailers was one of the issues, how does FY16 look because food will not be for the full year in the base and since you said de-stocking might be a temporary problem, how do you see FY16 in terms of growth?

**Sameer Shah:**

Yes, de-stocking was one of the two reasons what led to relatively lower revenue growth in Megasari. The other reason was due to floods, which lasted for 3-4 days in Jakarta and adversely impacted the performance of household insecticides. We discontinued food distribution somewhere in Q3FY15, but it will still continue to remain in the base till Q2 FY16.

**Abneesh Roy:**

When does the de-stocking and the flood issue get resolved?

**Sameer Shah:**

De-stocking is something which happens normally once in a calendar or a fiscal year according to our experience of the last 3 to 4 years, since it has just happened in the last quarter, hopefully it's behind us. The floods lasted for 3-4 days, we hope it doesn't happen again. The food business impact will continue to remain in the base till Q2FY16.

**Abneesh Roy:**

The LatAm numbers are very good this quarter after 3-4 quarters finally, is there any one-off which led to this? Growth in Latin America since last 5-6 quarters has been muted, prior to which LatAm used to see a very strong growth, are we going back to that growth and what are the actions that we have taken towards this reversal?

**Sameer Shah:**

FY15 was the best ever year in terms of margins for LatAm. In terms of revenue growth, the constant currency growth for Q4 was close to 23% which is more or less the kind of



growth rate which we have seen even in the last 7 to 8 quarters, sharp currency depreciation is the reason why the constant currency growth moved down to mid-single-digit or even low single-digit in rupee terms, but in term of the operating performance and margins which can be measured through constant currency growth we can say that both are looking up since the last 3 to 4 quarters.

**Abneesh Roy:**

In Africa business, the volume growth seems to very good, it's close to 17%-18% in Q4FY15 and the margins have dipped. Currency fluctuation led to a share gain? How sustainable it is? Could give the number of countries and the situation there for insecticides?

**Omar Momin:**

In terms of volume growth and margin, the currencies in this quarter have seen a ~10% depreciation both in the Naira and ZAR and therefore the immediate impact for price increases to kick in and to cover for that we will have some lag effect. We used this opportunity to focus on getting as much market share as possible and then in the next quarter or two we will see our margins recover as the price increases kick in. On insecticides, we are still in Nigeria in terms of our main marketed market and what we are planning to do in the next two or three quarters we will be taking some of our newer products which are still under research in Africa, to our other markets in Eastern and Southern Africa.

**Abneesh Roy:**

How has Household Insecticides performed in Nigeria and do you have any plan to take it to adjoining countries which could increase the ad-spend?

**Omar Momin:**

There will be some investment, but we are looking at many more products which are under research currently and we are looking at taking them in various other countries apart from Nigeria.

**Abneesh Roy:**

Which category are these new products in?

**Omar Momin:**

Within Household Insecticides, we are looking at other formats and products, we are hoping that in the next two quarters you will see more product introductions in selected markets in FY16.



**Abneesh Roy:**

On the India business, Household Insecticides has done reasonably well. On Fast Card, two other players have come out with similar products, there seems no differentiation in terms of product and pricing for the consumer, how are you planning to differentiate your offerings and has the growth suffered because of these two new entrants?

**Vivek Gambhir:**

No, fast card is on a very strong wicket and as you correctly mentioned the other two players who have launched their offerings are completely similar to us, so there is no differentiation, but we do have a significant leg up as far as distribution is concerned. The entry of these two players will first of all increase penetration of Household Insecticides particularly in rural, which will result in all of us investing in category creation and second of all it will hasten migration from coils, which would again be positive for the industry. Having more players in an under penetrated segment of the market is always a good thing for both the consumer and the industry growth as well.

**Abneesh Roy:**

You are seeing green shoots in the Indian demands scenario, but now El-Nino is becoming a worry again. Also we saw some impact due to unseasonal rainfalls and earthquake, etc, in the worst case scenario if the rainfall is a bit deficient this time also, what will your call be on the Indian recovery in terms of demand?

**Vivek Gambhir:**

Every quarter in the last three or four quarters has seen the growth rates for FMCG and home and personal care improve sequentially by 100 to 200 basis points, now in that sense we have seen three consecutive quarters of sequential growth improvement, which suggests to us that a recovery is underway The rural growth in Q4 for the industry as a whole grew at a significantly higher pace, which is almost one and a half times the urban growth, based on some of the industry analyst information, even for us urban growth was about 9%, rural growth was about 17%, so we had 800 basis points of improvement, as far as rural growth was concerned. Now, we are waiting and watching to see, what happens with regards to the monsoons, but the picture there again is still extremely confusing because two very well regarded research houses are having fairly different viewpoints regarding the monsoons. If the monsoons are deficient this time also, it would be for the second consecutive year, which would not augur well for the economy. The Government is also being quite proactive and has a heightened sense of urgency to ensure that there are adequate rural mechanisms in place, in case the monsoon is deficient. But again, there are competing and alternative viewpoints as well which say that the monsoon will be better or normal this year. We are waiting and watching but it's too early to draw any conclusions based on the information that exists in the market.



**Adi Godrej:**

The private sector forecasters, Skymet has predicted slightly better than average monsoon this year. Last year Skymet's prediction on the monsoons was much more accurate than the Indian Met department's prediction. An El-Nino phenomenon in the Pacific Ocean does not necessarily lead to a poor monsoon. We have had some very good monsoons in an El-Nino year and we have also had some bad monsoons in an El-Nino year. It depends a lot on when the El-Nino comes and what effect it has on the monsoon, both in terms of spatial effects and the rain downfall effect.

**Moderator:**

The next question is from the line of Prasad Deshmukh from Bank of America.

**Prasad Deshmukh:**

How much is modern trade's contribution to Indonesia revenue and how has the rest of the channel grown apart from modern trade?

**Sameer Shah:**

Modern trade salience in Indonesia is close to two third of our channel in Indonesia. The rest of the channel growth has been in line with expectations. If we had to estimate the impact of modern retail de-stocking in Indonesia, the 12% ex-food growth rate would have been up to around 16-17 percentage points.

**Moderator:**

The next question is from the line of Jubil Jain from Phillip Capital.

**Jubil Jain:**

What is included in the unbranded business in India? What proportion of the domestic sales comes from the unbranded business? Can you share the volume and price growth numbers for soaps and hair colors in the domestic business?

**Sameer Shah:**

Revenues from unbranded business in India would be roughly around 7 to 8% of our overall India business. Within our unbranded portfolio, we export to around 30-35 countries from India and the second component would be a byproduct which is a derivative of palm oil and the third component would be miscellaneous sales, within which we would have some sale of raw materials and packaging materials.



**Jubil Jain:**

Branded products were ~90-92% of the total domestic sales and they grew at 12%, whereas the India business sales grew at 10%, was there de-growth on the unbranded segment?

**Sameer Shah:**

In couple of our markets we did see challenges with exports, Yemen which is one of our top five markets had ISIS related issues, Angola had some currency depreciation and some challenges were seen on distributors finance front due to which we could not service the order over there. In byproducts, since it's a derivative of palm oil, who's prices are coming down, the realization for per ton of the byproduct is also coming down, which added in the de-growth and in Q4FY14 we had seen the launch of Xpress, which is a liquid vaporizer. Our arrangement with our co-packer is that we purchase raw materials and packaging material and we sell the raw materials and packaging materials to the co-packer and since it was a launch phase, we had relatively higher purchase and in turn sale of raw material and packaging materials to our co-packer which is normalized in Q4FY15 which was on account of the these three reasons that we are looking at a rounded off 2% drop from otherwise the 12% branded sales growth to 10%.

**Jubil Jain:**

Will this drop continue in FY16 as well?

**Sameer Shah:**

In coming quarters, this gap of 2% should narrow down, but challenges in couple of our export markets will see some continuation in Q1FY16.

**Jubil Jain:**

What is the price and the volume growth?

**Sameer Shah:**

Our overall value growth in soap has been 15%, the volume growth has been high single-digit and rest of the growth has been mixed led growth. In Hair Colors our overall value growth has been 12% and ~80-85% of the growth has been volume led and rest has been mixed led growth.

**Moderator:**

The next question is from the line of Amit Sachdeva from HSBC.



**Amit Sachdeva:**

Africa strategy is now involving buying some local brands as well. According to a few reports and looking at six times in five years, as per my calculation it just adds to about 100 million worth of USD acquisitions each year accounting for organic part of it bit comes from acquisitions as well. Even if it is an aspiration does it change the risk profile of the business? Are you not seeing more opportunities in India? Why have we seen huger commitments in Africa compared to India?

**Omar Momin:**

We are looking at this growth in two parts. If you look at our current set of categories, it's fair to assume normative expected growth in our Dry Hair business, but we have two new platforms that we are organically planning to invest in. The first being Wet Hair and the other being Insecticides, which will be organic growth drivers for us, over and above our Dry Hair base business. Where acquisitions are concerned, we have the same stand across all our footprints, which is, wherever we find strategic accretive acquisitions that make sense for us, we will pursue those as they help grow our business. So there isn't any particular geographical allocations for M&A, hence wherever we come across acquisitions that make sense to us, we will pursue them strongly.

**Vivek Gambhir:**

Just to keep these numbers and perspective we need to because of our existing Dry Hair business that's been growing quite nicely in the high-teens to the low-twenties and again there is quite significant headroom for growth, so assuming that we can continue that trajectory going forward, with that kind of a growth rate that we are seeing now in those two new categories that Omar mentioned, those categories addressable marketed market size is almost 60% more than these categories. The addressable market at present has \$2 billion of an additional market opportunity. This will allow us to get growth beyond high-teens and low-twenties growth organically and then if there are interesting bolt-ons, we can consider those as well.

**Amit Sachdeva:**

So it's essentially led by wet hair and Household Insecticides and the guiding principle is that because the press reports actually trying to present that as a sort of a driver for M&A in Africa.

**Vivek Gambhir:**

M&A is availability of targets is always the question mark in Africa, second of all our track record indicates that we will only do acquisitions that make strategic and financial sense, so major focus of the strategy is lastly organic but, if there are interesting targets that are available, we will look at those quite keenly.



**Amit Sachdeva:**

On the margin side on Africa, you said that currencies have impacted the margins by 340 bps and eventually price hikes would cover some part of it. But considering the commodity linkage of the entire continent, how do you see those price hikes? Will they be easy to take? Would it not impact demand? How is the demand environment playing out considering that Africa is still largely dependent on commodity?

**Omar Momin:**

Africa has many different countries with their individual dynamics playing out but, we are seeing demand to be quite stable and robust across most parts of Africa, except South Africa, where we have been looking at a weak economy for a while. The second thing is that this entire category operates on the same kind of dynamics for all players. Given the cost structure of this industry, it is certain that these cost increases will be passed on to consumers in local currencies.

**Moderator:**

The next question is from the line of Arnab Mitra from Credit Suisse.

**Arnab Mitra:**

On the Soaps business, is there such a big change in mix that it can drive 5%-6% value? Going ahead do you see price cut for increases in grammage, which will take the pricing element of growth to zero or negative in the coming few quarters?

**Sameer Shah:**

In Q4 we did have a mix led growth of around 5%-6%, that's because Cinthol's growth rate was 2x compared to No. 1. That resulted in higher realization per ton of overall Soap compared to what it was in the base year. We expect this trend and premiumization to continue within the Soap category. Action on price cuts or grammage increases have been very selective because what has worked in the past for us and also what is working over last two to three quarters, has largely been from consumer offers, trade offers and very select price cuts or grammage increases. We'll see some of it in coming quarters too, but the bit of mix led growth is expected going ahead.

**Arnab Mitra:**

Is there anything specific that you have done on Cinthol because of which the growth is high? How is the growth of the overall category trending? Is it still extremely low or has there been some pick up there also?





**Sameer Shah:**

Overall category growth for this quarter has moved up to mid- high single digit level. In terms of our initiatives on Cinthol, the entire re-launch which happened a couple of years ago and the strategy of having variations in products, which is Cinthol Cool for summer, Cinthol Confidence+ for germ protection platform and the Cinthol Regular which is our biggest play in Southern India, is working quite well for us.

**Arnab Mitra:**

On the margins front, how much of the benefit of the crude fall in terms of packaging and all has yet to come in Q1 and Q2 of FY16? How much of it has already come in Q4FY15?

**Adi Godrej:**

A lot of the commodity benefit that comes to us is from the vegetable oil prices which go into our soap business. Crude oil also helps a lot because of lower freight, lower packaging costs and lower fuel cost, but ultimately vegetable oil has played a major role in it, and since vegetable oil derivatives are used as bio-diesel, the prices are quite aligned to the crude oil prices. So the benefit from the global commodity price reduction will continue for a while.

**Arnab Mitra:**

Is more benefit likely to come in because you might have carried inventory or is Q4 reflecting the lower input costs across vegetable oil and packaging?

**Sameer Shah:**

There are many parts to the eventual making of the gross margins. One of them would be category mix, second would be commodity cost and the inflation on the non-commodity cost materials. It will be difficult to say at this point in time, at what levels the margins will be in FY16 but we have seen the benefits of palm oil, marginal benefits of crude oil and crude has indirect impact on packaging material and the household insecticide category, both in India and Indonesia.

**Arnab Mitra:**

On your new categories, could give some feedback on what you feel on the Face Wash launch? Between Protekt and Aer, how much of the India business is now coming from those two categories, can you give a ballpark kind of number?

**Vivek Gambhir:**

Face Wash was just launched in December so it is very early to comment. Post the summer season would be a better time to comment on that. The launch on Protekt has been quite selective in modern trade; the plan is to roll it out to general trade at some



point this year. Aer is obviously doing very well but it's still quite small, so it is too early to give you any specifics on the size of these opportunities.

**Moderator:**

The next question is from the line of Gagan Thareja from Comgest India.

**Gagan Thareja:**

On African, is it possible to understand the working capital framework and compare it with the Company in terms of receivables, inventory and payables? When you say that you want to enter the Wet Hair and Household Insecticides category, where existing brands have a fairly dominant position, unlike your Dry Hair category where you might probably have been in more of an unorganized market so in that case how do you intend to position yourself there? What subcategories would you be trying to enter in the Wet Hair? Would you restrict yourself to your existing line of Hair Color products or would you like to get into Relaxers and Hair Nourishment categories?

**Sameer Shah:**

In terms of working capital, we have relatively higher levels of inventory in Africa compared to most of our other businesses, whether it is India or Indonesia. Bulk of the business in Africa, Ex-South Africa is more of cash and carry, so the debtors level are quite comparable to what they would be in India or in Ex-South Africa, which has relatively modern trade and you will have debtor's number of days. Creditors with the more or less at similar levels, to what they would be in both India as well as Indonesia, not directly comparable because there is a bit of oil buying in India and accordingly few other commodities, which we also buy in Indonesia. But directionally that is how the debtors, creditors, and inventory levels could be in Africa compared to other big businesses.

**Gagan Thareja:**

How would the inventory days be?

**Sameer Shah:**

This would be close to 90-100 days, raw material and packaging material as well as finished goods. It's also driven by the nature of business. Not only is the raw material, packaging material, inventory a little high but, the finished goods are also high, that's because this category is a little unique as compared to a core FMCG category in a way.

**Omar Momin:**

On Wet Hair, we have a small presence already in East Africa in the Wet Hair space as part of our current business and the idea is to expand on that and take the portfolio to



other parts of Africa. In terms of sub-segments within Wet Hair, we already have a presence in color but the idea is to build the entire portfolio because we are in a unique situation as Darling, the bulk of what a salon uses we already supply, but we want to become a preferred supplier for the entire portfolio that a salon usually purchases. On the insecticides front the challenge is very different, it's about creating a market because no one has systematically invested in understanding consumer needs or building products that would make more sense as per the African consumer taste. The Household Insecticides objective is creating the Household Insecticides market that's sensitive to local requirements and it will be obviously over a period of time. So the current players are not representing the Household Insecticides entire market, it's more about creating the Household Insecticides market like we have in created in India.

**Gagan Thareja:**

What's the current format-wise composition of Household Insecticides in Africa in Aerosols?

**Omar Momin:**

It's largely an aerosol market, but that is because it's been an export market for most of the players. It all depends on how we play the game.

**Gagan Thareja:**

In terms of penetration, how would the market look like in this category?

**Omar Momin:**

Pretty low right now.

**Gagan Thareja:**

The innovations that you have done in HI to address the affordability aspect in the rural parts of India. Could that be a reasonable comparison as to what could be done in Africa?

**Omar Momin:**

Yes. We will have products that make sense individually for each of these countries.

**Moderator:**

The next question is from the line of Vivek Maheshwari from CLSA.

**Vivek Maheshwari:**

Currency depreciation rise in Africa has led to temporary drop in margins but has also created opportunity for market share gain. Has the tough input cost environment



impacted the unbranded guys? If I can draw a parallel with hair oil in India, is it that the branded or the larger guys have a consolidation opportunity?

**Omar Momin:**

It is actually more the other way around, for a lot of players who operate on an importation basis, for those who don't manufacture in Africa but actually get their products from China or the Far East, the currency depreciation creates immediate road blocks or impacts on the way they manage their business and it also makes them conservative on the way they play in the market which in turn gives us an opportunity to intensify our efforts with our consumers.

**Vivek Maheshwari:**

Is two-thirds of the revenue growth in Indonesia through modern trade?

**Sameer Shah:**

Yes.

**Vivek Maheshwari:**

According to your presentation de-stocking was done by a leading modern trade retailer. Did all of them de-stock at the same time or were there a few accounts which did that or was that the impact of a large modern trade retailer in Indonesia? What will the quantum of the impacted sales because of that?

**Sameer Shah:**

The impact would be roughly 4% to 5% in terms of growth rate, so 12% excludes growth rate, would have read close to 16-17% growth rate. De-stocking was done by most of the relatively big guys, Indomart and Alfamart which are the major players in the big modern retail businesses over there.

**Vivek Maheshwari:**

Is this a one-time exercise done in this quarter and should we see a steady state growth rate next quarter onwards?

**Sameer Shah:**

In the past 4 to 5 years, we have seen that once in a year most of the modern retail outlets de-stock for their working capital efficiencies and improvements, so we do hope this trend continues going ahead.



**Vivek Maheshwari:**

On the other income, the ESOPS of Rs. 25 crore you have routed through other income, you firstly are routing it through the reserves and when there is a credit, you are taking it through other income?

**Sameer Shah:**

That came in Q1 and Q2 of FY15 and one part of this was exceptional and the other part was a one-off. We have disclosed both in Q1 and Q2s P&L. This was actually a Trust, which we had before the merger of Godrej Sara Lee and Godrej Consumers. During the merger these advances were knocked out and were taken to the Balance Sheet. Now the money is coming back from the Trust due to which it is actually routing to P&L and hence through P&L to reserve, which in turn is getting classified as exceptional and a one-off in our Q1 and Q2 results.

**Vivek Maheshwari:**

But is it a part of the other income?

**Sameer Shah:**

Yes it is part of other income and interest income. Just to clarify, this quantum is close to Rs. 35 crore and not Rs. 25 crore between Q1 and Q2, part of which is lying in the other income and part of which is lying in the interest income.

**Vivek Maheshwari:**

Including the short term debt which is classified and the current liability, what is the gross debt on books as of 31<sup>st</sup> March?

**Sameer Shah:**

Not getting into the Schedule 6 classification, at overall level our gross debt is close to around Rs. 2,700 crore. Our net debt would be close to around Rs.1,600 – 1,700 crore and our net debt-equity ratio is close to around 0.39.

**Moderator:**

The next question is from the line of Rajasa K from Jefferies.

**Rajasa K:**

On the Africa business, your constant currency growth reported for FY15 is 23%. What part of it would be organic?



**Sameer Shah:**

In Q4, the Africa constant currency growth was 23%. If you strip out the inorganic business, which was from Ghana and Frika, the number would be ~19-20% level.

**Rajasa K:**

What would it be for the full year?

**Sameer Shah:**

For the full year, our Africa continent constant currency growth was 23%. The organic would be close to around 21%-22%. Inorganic would be a very small quantum because Frika was only for a month in Q4 and Ghana also came in mid-year FY15.

**Rajasa K:**

Why has the goodwill on your Balance Sheet gone up by about Rs.500 crore?

**Sameer Shah:**

I think it has more to do with the acquisition or stake conversion in our Darling, Mozambique, and South Africa business from 55% to 90% and there also would be a currency translation impact in the goodwill when you compare it on a year-over-year basis.

**Rajasa K:**

What is the status of the Darling business? What proportion of it is in your P&L and in your Balance Sheet?

**Omar Momin:**

In terms of country or cluster-wise ownership, we own 100% of West Africa in Nigeria and Ghana, 90% of Southern Africa and 51% of East Africa.

**Rajasa K:**

And are you still looking at 100% by end of FY17?

**Vivek Gambhir:**

We have not defined a timeline between the next two years as to when we should be able to get to 100%

**Rajasa K:**

On the Indonesia front, what is the impact of the Food distribution business? Starting from Q1FY14, you had the Food business revenues sitting in the base but the EBITDA did



not include anything from Foods, and therefore your margins were understated. How long did that continue? Did that continue right up till Q3FY15?

**Sameer Shah:**

Yes.

**Rajasa K:**

Reported margin of 19% in Q3FY15 was ex-Food or including the Food business?

**Sameer Shah:**

If you look at the margin that includes the Food business, on slide #14 of the presentation, you will see that Indonesia margin includes the Food business in base quarter.

**Rajasa K:**

In Q4, the entire 19% margin is now non-Food since you have completely disposed of the Food business.

**Sameer Shah:**

That's right, because in Q4FY15 we did not have any revenues coming out of distribution of Foods business, there were no margins and anyways the EBITDA was also zero.

**Moderator:**

The next question is from the line of Poornaa Venkatesan from Jefferies.

**Poornaa Venkatesan:**

According to media reports, FMCG companies are going to benefit positively because of the GST implementation. Can you explain what kind of impact do you see in different segments of your business?

**Adi Godrej:**

Once GST is implemented, there are several ways in which FMCG companies will benefit. First of all, our costs will come down, logistics and other costs will also come down considerably. In GCPL's case our last estimate was that immediate cost reductions could be up to Rs.20 crore per year. However, the big benefit will be because GST implementation will lead to a major improvement in GDP growth rate of up to 2 percentage points, other things being equal, and that itself will lead to tremendous benefits in terms of increase demand, etc.



**Poorna Venkatesan:**

What about unorganized sector coming into the tax?

**Adi Godrej:**

Yes, that will also be because there will be a third benefit. Tax evasion will become very difficult once GST is introduced. In other words evasion of excise duty, which we feel is still considerable in the unorganized sector, will be very difficult. That will be another benefit that the organized FMCG sector will enjoy.

**Poorna Venkatesan:**

What would be the unorganized sector's share in the businesses that you are in?

**Adi Godrej:**

It varies from category to category. It's not just unorganized sector, regional players also sometimes tend to evade taxes, etc., so it's very difficult to estimate that.

**Moderator:**

The next question is from the line of Manoj Menon from Deutsche Bank.

**Manoj Menon:**

On India insecticides, the normalized revenue growth for the Household Insecticides in India appears to be in the low double digits. Is the assumption right when I look at the medium term, that the new normal for the volume led growth for Household Insecticides in India for you would be low double digits compared to let's say high teens in the past? What are the buffers which accelerate growth? Is it because of premiumization or is it something else, could you elaborate?

**Vivek Gambhir:**

Our expectation for medium-term growth in insecticides would still be in the mid-to high-teen. Since last year was a bit of an unusual year for a couple of reasons, one is the weather pattern and the significant deficiency in rainfall. The same thing happened back in 2009, growth rates in Household Insecticides were very low. In Q4 also the numbers were impacted a little bit because we were sitting on a very high base on Q4 of the previous year. The reason is that we launched our Xpress New liquid vaporizer in April 2014 for which we had done a lot of placements in March for that new introduction. As a result of which the base effect worked against us, so given monsoons are normal this year, we are quite hopeful that there are a few interesting innovations that we have planned for this year, so if the monsoons are reasonably good this year we should return this business back to mid to high teens growth again soon.





**Adi Godrej:**

Household Insecticides growth depends not only on the weather factors but also on perceptions of Malaria and Dengue in that particular quarter, so people do tend to consume more when there is more danger for diseases.

**Manoj Menon:**

Could you talk about any premiumization activities which you are doing? One recent consumer advertisement regarding an Aerosol which kills dengue mosquitoes, is that something which is already there or it is something new?

**Adi Godrej:**

I do not think that they are any special aerosols which tend to kill Dengue mosquitoes. One of our competitors has had an aerosol ad which claims to particularly kill Dengue mosquitoes.

**Vivek Gambhir:**

The same molecule is used across all these products, but the usage patterns vary between evenings versus day usage, but the product is the same, so our fast card product works equally well on Dengue, Chickenguniya and Malaria mosquitoes. The same applies for Aerosols sprays and with the Liquid Vaporizers.

**Manoj Menon:**

On Indonesia, there is a similar thought process regarding Household Insecticides in India, so when you are looking at the medium-term mid-teens or high-teens growth in Indonesia, does it include a certain thought process of expansion distribution beyond Java or things like that, how do you look at that?

**Sameer Shah:**

In Indonesia, we are expecting growth to come in from distribution, expansion and the new product launches in the Household Insecticides and the Air Freshener category.

**Moderator:**

The next question is from the line of Nillai Shah from Morgan Stanley.

**Nillai Shah:**

This question is on taking the pricing up to offset the currency impact on the input cost, you surely had enough time to do that, so was this a strategic intent to try and use this to gain some market share in the interim?



**Omar Momin:**

There is a clear lag between this slowing on to the market and us absorbing it in our cost, so it's a gradual process, you cannot take 10% correction at one go and we also strategically see that from time-to-time what would be the best calibration of that, hence it definitely has a lag and how we play it in each market depends on the dynamics there.

**Nillai Shah:**

Do you still maintain the 17-18% long-term EBIT margin expectation for the Africa business?

**Omar Momin:**

Yes, we have done 17% in the full year, that will be the range for our existing business and we have a strong growth plan, so we will always balance how we look at the top-line growth and margins.

**Nillai Shah:**

On your entry into the Wet Hair segment, Hair Colors was an obvious adjacency but what about the other sub-segments of Wet Hair? Will that have to be driven necessarily by acquisitions?

**Omar Momin:**

We already have the presence of Hair Color in Southern Africa, in terms of an asset and we also enjoy a very strong position there. We will look to take the Hair Color category to other geographies in a much stronger way, but since we are playing the entire portfolio of Wet Hair, so whether its hair foods, sprays, relaxers, etc. which may be in a small way today in East Africa, we will be looking to scale that up not just in East Africa but we are also looking at taking that across Western and Southern Africa too.

**Nillai Shah:**

What would be your operational ROCE for FY15 for the Africa business?

**Sameer Shah:**

Operational ROCE for Africa business would be close to ~40-45%.

**Nillai Shah:**

Do you have that for the Indonesia also?

**Sameer Shah:**

This is at a very high level, it is above 60%.



**Nillai Shah:**

On the domestic Soap margins, was there a massive margin expansion on the Soaps business? Do you now believe given the facts that competition through these last few quarters has been benign and that now there is a structural improvement in the Soaps business in India?

**Sameer Shah:**

If you look at our performance over the last four quarters or full FY15, the overall performance in Soap has been quite strong both in terms of value as well as volume growth and this has been supported with expansion in margins. Having said that, we are also quite competitive in terms of consumer offers, trade offers, sales promotions which is working well for us right now, the rest all depends on how things kind of shape up going ahead. We are looking at a very strong volume growth, we hope that the mix led growth trend which we have seen over the last couple of quarters should also continue going ahead, so that should result in much ahead of the category overall value growth and margin expansion is something which we expect to continue even in a FY16 over FY15.

**Nillai Shah:**

One more question, on the Household Insecticides business, assuming input cost remains the same, what is the kind of margin flexibility you have at the gross level because of the falling input cost, for Household Insecticides specifically?

**Sameer Shah:**

Ceteris paribus, Household Insecticides' gross margins, depends on what is the base lining for crude and what is your purchasing price of crude. It could vary anywhere between 150 to 250 basis points in terms of Household Insecticides' gross margin. In terms of organic Africa EBITDA growth numbers, it's de-growth and this number is in early double digit.

**Moderator:**

The next question is from the line of Ashish Upganlawar from Elara Capital.

**Aashish Upganlawar:**

On television you said that this year we will have 10 more innovations, compared to five last year so what categories these would be from and if you could specify something on the nature of these innovations?

**Vivek Gambhir:**

At this stage, we don't feel comfortable talking about the specifics, but in our existing categories across the portfolio, we are planning to launch a lot of innovations, we will



have to wait and watch on the timing of these innovations depending on how the market demand environment pans out, but from a launch readiness perspective at least, we are getting ready to keep these launches ready.

**Aashish Upganlawar:**

Would this be more inclined towards India or is it overseas?

**Vivek Gambhir:**

This number is for India and again internationally also, each country has their own plans which focus on the launch readiness. The decision on what specific things to launch in each quarter is based on competitive reality and also whether the P&L can allow us to invest in those launches.

**Aashish Upganlawar:**

Connecting this, the advertising spends have doubled this quarter Y-o-Y on standalone basis and are reasonably high on consolidated basis. What products drove these advertising spends? Is it more lopsided towards the new launches or is it kind of Face Wash and stuff that we are spending on?

**Vivek Gambhir:**

The advertising spend base in Q4 of the previous year was extremely low, while we have ramped up marketing investment to prepare for the recovery that we are expecting this year, part of the delta that you are seeing could be because of the artificially low base in A&P spend in Q4 of the previous year. Beyond that, there have been series of different initiatives where the incremental investment has gone into, not one particular category or brand; it has more across the board.

**Aashish Upganlawar:**

Would you be sticking to this 11%-12% topline number for the next year as well, so the increase in ad spends may not be as high compared to what we had in Q4 this year?

**Sameer Shah:**

If we look at our India business, FY15 revenue growth was around 9%, in FY16 we expect the growth rates to be much higher than 9% level of FY15. The ad spends will be driven majorly by competitive intensity and by new product launch plans which we have internally.



**Aashish Upganlawar:**

On the Household Insecticides in Africa, what is the size of that opportunity, rather the category and what is the opportunity you think you have? What USPs do you have that give you an edge over others which can make a bigger mark for the entire GCPL?

**Omar Momin:**

The estimation of market size in Africa is very difficult, but our estimate is that in sub-Saharan Africa, Household Insecticides should be about ~US\$ 400 million, but these are just rough and conservative estimates on a macro level. For us, the objective is not really the current size of play, but it is the market that we can create and also as our differentiation of the portfolio is the way we have managed to grow the category and our business in Indonesia and India. We will replicate the same management and category processes in Africa.

**Aashish Upganlawar:**

Are you saying that, there will be some differentiated offerings that you would have compared to competition in order to gain a larger share of the growth that you would have in those markets?

**Omar Momin:**

Yes.

**Aashish Upganlawar:**

Have we gone back to the drawing board as far as Household Insecticides is concerned in Africa? As we didn't have that good start earlier, is that true?

**Omar Momin:**

No, we had our first launch in Nigeria which has done well but we want to go to many other countries with many more formats. The intensity of our ramp-up will be much faster this year.

**Moderator:**

Next question is from the line of Sanjay Singh from Axis Capital.

**Sanjay Singh:**

Regarding the 6x growth in Africa, in your past acquisitions you have always talked about things being EPS accretive, which it has been in most cases and that is also because interest rates globally especially on Dollar dominated debt has been pretty low in the range of 3-4%, but do you have a benchmark for a return on investment which may be a



year, or say two or three years as to what return should it earn on the overall acquisition cost plus capital employed. Is there any benchmark as such that we have to keep in mind while doing an acquisition?

**Adi Godrej:**

Yes, we are clearly not only looking at making it EPS accretive which most of our acquisitions have been earlier and you can see that from our standalone numbers and our consolidated numbers. But also want it to be positive on EVA within a short period of time; usually no later than two years.

**Moderator:**

Next question is from the line of Kaustubh Pawaskar from Sharekhan.

**Kaustubh Pawaskar:**

In the split line which is a distribution model in the urban India, can you elaborate more on the current distribution scenario, the reach of Godrej Consumer in India and the Company's future plans in terms of expansion?

**Sameer Shah:**

In terms of our current reach, we reach out to a little less than 5 million outlets directly and indirectly. In terms of our indirect reach, this would be a little less than 4 million outlets thus implying that our direct reach is close to a million outlets.

**Kaustubh Pawaskar:**

Going ahead, what plans do you have in terms of expanding your reach?

**Vivek Gambhir:**

We are looking at expanding our reach by 10%-15% incrementally every year. That is expected to continue. With regards to the split line question, the idea here is that, as we gain scale, we can actually try and create more feet on the street, this would be a split line model at a DSR level, which will enable us to drive a wider range selling, have a much more optimal coverage model of servicing and covering more outlets as well. That will enable us to keep pace with our scale and also drive greater productivity and coverage and servicing levels in our outlets.

**Kaustubh Pawaskar:**

On debt on the Balance Sheet at a consolidated level is Rs. 2,700 crore, scouting for acquisition is going to be there for GCPL and you have been doing it for the past two years, we have been seeing that over the time the Company has been continuously



acquiring in Africa and other geographies. What is the optimal level of debt portion you would be comfortable with because currently it is at Rs. 2,700 crore?

**Sameer Shah:**

Our comfort level in terms of Net Debt-to-Equity ratio is around 0.7 to 0.8 and currently it is hovering at a 0.4 level.

**Adi Godrej:**

By the end of the year unless we have further acquisitions, it should come down considerably.

**Moderator:**

Ladies and gentleman that was the last question. I would now like to hand the floor over to Mr. Harit Kapoor for closing comments.

**Harit Kapoor:**

On behalf of IDFC Securities we would like to thank the senior management of Godrej Consumer for taking time out of this call as well as all the participants on the call. Any closing remarks Mr. Godrej from your end?

**Adi Godrej:**

No, we have covered most of the things, I'd just like to thank everyone for being on the conference call and if anybody has any further questions we will certainly be happy to answer them offline.

**Moderator:**

On behalf of IDFC Securities Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.

*Disclaimer - The following transcript has been edited for language and grammar, it however may not be a verbatim representation of the call.*

