bajaj CONSUMER CARE

April 18, 2019

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

Dear Sir/Madam,

Sub: Conference Call transcripts (Scrip Code: BAJAJCORP)

Please find attached a copy of the Conference Call transcripts in respect of Bajaj Consumer Care Limited (Formerly known as Bajaj Corp Limited) dated April 10, 2019.

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

Thanking you,

Yours faithfully,
For Bajaj Consumer Care Limited

Makarand Karnataki
Head – Legal & Company Secretary
Membership No.: ACS 14509

Encl: as above

“Bajaj Consumer Care Limited
Q4 FY2019 Earnings Conference Call”

April 10, 2019

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

MANAGEMENT: **MR. SUMIT MALHOTRA – MANAGING DIRECTOR – BAJAJ CONSUMER CARE LIMITED**
MR. SANDEEP VERMA - PRESIDENT (SALES & MARKETING) - BAJAJ CONSUMER CARE LIMITED
MR. DILIP MALOO – CHIEF FINANCIAL OFFICER - BAJAJ CONSUMER CARE LIMITED
MR. KUSHAL MAHESHWARI - HEAD TREASURY - BAJAJ CONSUMER CARE LIMITED

Moderator: Ladies and gentlemen good day and welcome to the Bajaj Consumer Care Q4 FY2019 Earnings Conference Call hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the 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. Manoj Menon. Thank you and over to you Sir!

Manoj Menon: Good morning, everyone. We would like to thank the management of Bajaj Consumer Care for giving us the opportunity to host this 4Q FY2019 call. The management is represented by Mr. Sumit Malhotra, Managing Director; Mr. Sandeep Verma, President, Sales and Marketing; Mr. Dilip Kumar Maloo, Chief Financial Officer; and Mr. Kushal Maheshwari, Head Treasury. As at ISEC, we actually have a buy rating on the stock with a target of 450. It is one of the preferred picks in the midcap space. In this call we have three expectations from the management, one an important commentary on rural consumption given the questions about deceleration and consumption at least that is what coming from lot of other companies. Secondly an update on the core business and also the thought process on the new products. Without further ado I would like to hand over the floor to the management for the opening comments and after that we can start the Q&A. Thanks, and over to you, Sumit!

Sumit Malhotra: Thanks Manoj. Good morning to all, and welcome to the conference call for the declaration of the fourth quarter and annual results for the financial year 2018-2019. With me are Sandeep who is the President, Sales and Marketing; Mr. Maloo, who is the CFO; and Kushal, who is the Head Treasury.

We have closed the fourth quarter with a turnover of 238.26 Crores and a PAT of 60.62 Crores. The growth in turnover is 11.1% whereas the PAT has grown by 9.4% this quarter. On an annualized basis our company has clocked a total operating income of 909 Crores. This is the first time in our history we have crossed 900 Crores in operating income. This is on a standalone basis with a growth of 9.4% of the last financial year.

The EBITDA for the year has been 284 Crores, which is a very healthy 33% of our sales. During the quarter the rates of nearly all the raw and packaging materials have gone up. The two raw materials that we really look at which is light liquid paraffin and refined mustard oil have gone up quite steeply. Light liquid paraffin has gone up by 10% and RMO has gone up by 7%, but what is difference this year is that the other raw and packaging materials also have gone up.

Glass bottle saw an inflation of 6% and cost of perfumes even went up by 5%. However by proactive purchases and MRP increases, we were able to contain the rise in CoGs thereby affecting our gross margins by only 24 basis points during this financial year.

The fourth quarter saw a signciciant rise in market shares of our deep brands Bajaj Almond Drops Hair Oil. The value market share in light hair oil went up to 64% in February of this year even if you the performance of the brand in the total hair oil segment, this touched an all time high of 10% in February 2019. This rise in market share has been driven by increase in household penetration. The penetration of Bajaj Almond Drops has gone up from 17.6% to 20.1%, which is an impressive rise of 2.5% in penetration within one year. The relaunch of Bajaj Almond Drops has been very successful and has resulted in market share as well as penetration gain.

The growth within the total hair oils on a national basis has been increasing on a monthly basis. The total hair oils grew by an impressive 17.4% by value on a moving annual total February 2019. Within this the growth of light hair oils and heavy hair oils are now nearly the same. The growth of light hair oils have been driven by rural growth sort of MAT February 2019 the rural growth have outgrown the urban growth by 450 basis points.

The other brands we launched during FY2019 have been Nomarks. During the fourth quarter the growth has been 41.4% in the domestic market. Even on a company level the brand has shown an impressive 26.8% growth in turnover in this quarter and an annual growth of 14.4%. The market share of the brand in the Antimarks category continues to do well and is currently at 8.6%.

The two recent launches of Bajaj Cool Almond Drops and Bajaj Nomarks Sunscreen have been well received in the market and currently meeting our short-term goals of primary sales and distribution.

This quarter saw all our sales verticals with the exception of CSD's showing a distinctly positive performance. The leader was the sales vertical of international business this grew by 66.4% this quarter. The restructuring of the international business has now begun to show positive results and we are hopeful that in the coming quarters you will see more of the same.

Alternate channels which grew by 21.8% was led by a small but very exciting e-commerce business. The e-commerce business grew by over 150% and our brands are now being sold in platforms like Nykaa, Grofers, Reliance e-com and Purple. With the increase in investments in various parts of the organizer panel, we expect this part of our business to do exponentially and outgrow all the other sales verticals.

During this month our company has informed this exchanges about our engagement with Bain & Company. As we were all know Bain & Company are a well-renowned global management consultant. The firm will help our company plan to grow our hair oil brands faster. They will be using their well respective BBA or Bain Brand Accelerator model to guide us towards faster growth.

The positives that we have witnessed during this quarter are double-digit growth in turnover, improvement in growth and volume of the light hair oil and total hair oil, growth led by

improvement in rural volume growth and all time high market share in light as well as total hair oil segment. A healthy EBITDA of 33% despite strain on RMPM, relaunches of Bajaj Almond Drops and Nomarks showing positive result and engagement with Bain & Company to further speed up the growth of our hair oil brands.

We are planning an investor meet on the April 30, 2019 though a formal invite will be send to you, may I please request you to make it convenient to attend the same.

We are now open for questions.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Avi Mehta from IIFL. Please go ahead.

Avi Mehta: Just wanted to understand some commentary on the demand environment as we close 4Q. We have kind of heard commentary on weakness in rural markets is that something that you would corroborate or you would disagree that. If you could share your thoughts?

Sumit Malhotra: The figures that are coming in from Nielsen track offtake, clearly shows that rural is not slowing down for hair oils at least. So what we would have heard from other companies for various other segments I cannot corroborate, but for hair oils the difference between urban and rural is widening in terms of growth and rural is not slowing down.

Avi Mehta: The second bit is on the competitive intensity and in the environments the input costs are the way they are behaving. Just wanted to understand our ability to pass on the input cost inflation through price increases or your thoughts on that?

Sumit Malhotra: We had made it a point that we are not really in increasing our gross margins and therefore whatever RMPM cost increases we normally during the year at least once take a correction in our MRP. There was a period between 2015-2016 and 2017-2018 where we did not take a price hike because the raw and packaging material situation was quite benign, but last year we had taken two price increases one in April and one in August, September. This year we have taken a price increase as we speak in April itself.

Avi Mehta: And the quantum Sir of the same?

Sumit Malhotra: This is around 3.7% in April 2019. The new MRP will hit the market during this month.

Avi Mehta: I will come again in the queue for any other questions. Thank you very much.

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

Prakash Kapadia: Thanks for the opportunity. I had two questions. If I look at the annual other income it has fallen from 24.3 Crores to 17.5 Crores. So do you give us some colour on the decline has there been some mark-to-market loss and why this decline?

Sumit Malhotra: I think you have answered yourself. The other income is largely the treasury income or only the treasury income and if you being in the financial place understand what has happened to the returns on the investments it has gone down. A very large proportion of this is obviously the mark-to-market and not realized profits or gains. But the large part of reduction of around 7-odd Crores is due to mark-to-market losses on our treasury income.

Prakash Kapadia: As we have seen a delayed summer, what are we doing to ensure that retailers are stocking Almond Cooling Oil because that is a fairly new product for us? So how are we tackling the delayed summer?

Sumit Malhotra: It is a very new product currently and we launched it in March of this year and the first response is very encouraging in the sense that the USP of the selling proposition of this is a light cooling oil because it actually shows us the cooling oils in the market today are seen at very harsh both in terms of appearance as well as the stickiness that they give to the consumer. So what we did was we did not play upon the coolness we have a product, which is as cooling as the competitors, but the feel is much more lighter. So that is why we actually extended Bajaj Almond Drops this is a light hair oil into a light cooling oil. So since this is the first year negative impact of delay of summer and all that is something as we have not seen at all because we are still just putting the product in the market, the offtake have started, but they are still significantly small as we speak.

Prakash Kapadia: How would it be compared in terms of pricing with the available cooling oil in the market?

Sumit Malhotra: It is the same. We have not played with the pricing.

Prakash Kapadia: One more question if I may, Nomarks will always be a niche and not a big contributor as anti-blemish category is small. So from a derisking perspective what are we thinking in terms of the inputs from Bain? How do we derisk from the Almond Light Hair Oil because this is a very niche category. So unless and until we do acquisition organically any thoughts of some newer categories?

Sumit Malhotra: It is too early because Bain has just come in from April 1, 2019. The whole idea of getting Bain is to help us collect our costs and come up with a strategy for doing it actually what you are talking about. You are right that Nomarks in its present form is very small category, which is Antimarks which is a small category. So that cannot be used as the backdrop for derisking, Bain is going to help us and as we move along on a quarterly basis we will give you an update on what is happening on that.

Prakash Kapadia: Understood. Thank you all the best.

Moderator: Thank you. The next question is from the line of Rahul Jha from Bay Capital. Please go ahead.

Nikunj Doshi: Sumit, this is Nikunj Doshi here from Bay Capital. Just wanted to understand this mandate to Bain so is it only for the hair oil category that we are looking or are we looking them to suggest on the adjacent categories or some new categories to enter.

Sumit Malhotra: The first part that we have set out is only on hair oil, further we may and may not engage with the overall company strategy.

Nikunj Doshi: So April 30, 2019 analyst meet will be presenting their suggestions or it will basically?

Sumit Malhotra: It is too early. Normally this first project itself will take six months, but we will present while we dent in for Bain and what are we hoping to achieve.

Nikunj Doshi: Thanks Sumit.

Moderator: Thank you. The next question is from the line of Himesh Satra from Joindre Capital Service Limited. Please go ahead.

Himesh Satra: I wanted have some clarity on the number of shares that are pledged by the promoters of the company?

Sumit Malhotra: Again like I said in the last concall you are asking the wrong person because the people involved in pledging and taking loans and all that is the family office and I have said during the investor presentation since Mr. Bajaj will be there you will get an opportunity to question him there. I do not have clarity on that and therefore I am not the right guy to answer.

Himesh Satra: And have we, like is there any change in the management of the company or the management is the same as it was?

Sumit Malhotra: I think it is the same. We have put it in the investor presentation. For the last eight years we have been putting Organogram. I do not see any change except a new person joining in as AVP Finance, Mr. Rohit Saraogi who is come in as an understudy to Mr. Maloo and in the long run will take over as the CFO of the company.

Himesh Satra: Could you provide some guidance for the volume growth or any new products that we will be launching in coming quarters?

Sumit Malhotra: We normally do not provide guidance and especially on new launches I would rather not talk on a conference call.

Himesh Satra: Thank you.

Moderator: Thank you. The next question is from the line of Shreepad Aute from Smart Investor. Please go ahead.

Shreepad Aute: Good morning Sir. Sir my first question was regarding the volume growth during the quarter and if you could throw some more light on the demand side and how do you see the demand panning out in the near-term when the other industry experts have shown their concern on the demand side?

Sumit Malhotra: In terms of demand side if you look at hair oil specifically we are the second larger player with a 10% market share. I do not see any slowdown in demand as yet. Consecutively the last four quarters the demand has been improving in value terms, in volume terms also after a low second quarter the third and fourth quarters were much better in terms of volume growth also. So I do not think that is an issue at this point of time and my concern which was that starting from the second quarter of last financial year to the first quarter of this year rural growth were really not in excess of the urban growth that has been the worst and like I said there is a 4.5% difference between the growth of rural versus urban this year.

Shreepad Aute: Thank you.

Moderator: Thank you. The next question is from the line of Darshan Malik from Ventura Securities. Please go ahead.

Darshan Malik: Good morning. Sir my question is can you provide us any idea on raw material cost how has it been going forward?

Sumit Malhotra: If you look at it that we have three parts of it. One is Light Liquid Paraffin which is directly linked to crude and you know the crude prices in the last 40 days had been actually going up again. So we are covered till June already and what we normally do is stock up rather than sort of wait for prices to go up and buy on a spot basis. So we are looking at downturns in LLP prices and we will keep stocking up. But for this quarter we are covered at the current rate of LLP prices. The other part is things, which are based on let us say agriculture which is things like RMO, which is Refined Mustard Oil that has also gone up surprisingly. Knowing the importance of this as cooking oil within India and this normally the government does not allow inflation to hit mustard oil that vastly. So I expect it to cool off in the coming quarter or so. This is also the season that the new crop comes in so we will probably see a little more control on the prices. The third part of things, which sporadically increase, which are things like the glass, perfumes, the packaging materials all of that, all of that we have already have to take a price increase. So hopefully during this year you should not see a major increase. All of this has been accounted in the recent price increase therefore reduction in gross margin is not expected this year.

Darshan Malik: Thanks Sir. That is it from my side.

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

Rahul Ranade: Thanks for the opportunity. Just wanted to understand the divergence between the offtake growth that we report. So YTD we have reported around 18% as per the Nielsen whereas the primary sales growth for the year is around only 5%. So I just wanted to understand why the difference is so big?

Sumit Malhotra: There could be two major reasons. One is the company also looks at sales from canteen stores, from exports etc. and therefore the two figures are not like-to-like in geographical terms also. The second thing is remember Nielsen is a sample. They work on a sample and therefore on short-term if you see quarter you may see differences between our sales figures versus their offtake figures. To help you all understand we show what we sell to distributors, we also track what the distributors sell to retailers. Nielsen tracks what the consumer buys from the retailers so there is a pipeline in between which could possibly cause some of these errors.

Rahul Ranade: But the CSD and international put together for us would be around what 10%, 12%?

Sumit Malhotra: Ideally Around 7%, 8%.

Rahul Ranade: Just one more question on the working capital part so that has kind of slightly gone up this year anything to read into that anything specific?

Sumit Malhotra: There are two parts of it. One I think our outstanding with CSD has gone up because like I have been telling you we do not give credit to our general trade people so CSD as you know, you will probably understand why it has gone up the government has not been paying us for the last two months so that has slightly gone up. The second is in our thing we get GST refund for the fact that we manufacture in the Northwest and Northeast at India that refund that has not come in from the government currently is around 31 Crores and that has added to this balance in working capital. Having said that we are basically a flagship company so it does not really affect us that badly but all of this is outstanding and to be collective either from the government through GST refunds or the government through canteen stores outstanding.

Rahul Ranade: And just last question in the international business like what is the outlook there since it is starting to pick up now.

Sumit Malhotra: I think it is really gambol and we had been talking over the last two conference calls that we are cleaning up the system we called it a reboot of the international business that has really gone there in terms of one the stability in distributors, the stability in our own management in handling international business and we expect much, much higher growth in the coming year. So instead of a negative that we saw this year we would definitely see a robust positive in the coming year.

Rahul Ranade: Alright Sir. Thank you.

Moderator: Thank you. The next question is from the line of Surbhi Prasad from Cogencis. Please go ahead.

Surbhi Prasad: Actually you had said earlier that every quarter you will launch a new product so what products are we expecting this quarter?

Sumit Malhotra: How can I talk about the product I am going to launch? What I did say that last quarter we launched two products, one was the Bajaj Cool and the second was Nomarks Sunscreen and that is what we did last quarter. This quarter as the quarter unfolds we will be able to talk to you that.

Surbhi Prasad: Anything on the outlook for the next current FY?

Sumit Malhotra: I just said I do not get guidance and that is one of the reasons why we give such a lot of information in our investor presentation so that you can actually make the model yourself.

Surbhi Prasad: Okay Sir. Thank you so much.

Moderator: Thank you. The next question is from the line of Rohan Samant from Multi-Act. Please go ahead.

Rohan Samant: Thanks. Can you give us an update on the Coco Jasmine and Brahmi Amla launches and so where are we right now in terms of what kind of growth are we seeing there?

Sumit Malhotra: Among the two I think the better performer is the Brahmi Ayurvedic. Yes we do have certain feedback on the products in terms of the pricing and the positioning which we are working on, but it has done better than the Coco Jasmine. Coco Jasmine if you remember we had launched only in Maharashtra and as of now the feedback is very, very exciting. So we will have to rework on mattresses there so that we can sort of work and get to go back again in this.

Rohan Samant: Okay so we are currently only selling in Maharashtra. So we have not kind of increased?

Sandeep Verma: We launched in Maharashtra, and in fact in the last conference call we had also mentioned that even within Maharashtra we had restricted it to few select geographies because it was one of those launches where we were iterating basis the consumer responses. So we are still like Sumit has just mentioned we have enough feedback which tells us that we need to go back to the drawing board on it to make it more distinctive versus the other offings.

Rohan Samant: So you can still buy that product in that region or you have taken it out of the system?

Sumit Malhotra: Yes.

Rohan Samant: Okay and international business the size would be how much as a percentage of sales right now?

Sumit Malhotra: It would be around now this year because of the reduction which we had defined, it would be around 4.5%, 5%, but ideally before this last year we had touched a 7% sale of international business.

Rohan Samant: And one of your peers has mentioned that the CSD side of the business is kind of stabilizing, are you seeing that kind of thing on your side?

Sumit Malhotra: No, I do not see that swing. If you saw last quarter we have grown that is the first quarter we had grown well in CSD, fourth quarter we have declined again in CSD. So I do not see a sign of stabilizing.

Rohan Samant: Thanks.

Moderator: Thank you. The next question is from the line of Darshan Malik from Ventura Securities. Please go ahead.

Darshan Malik: Just Sir any guidance on buyback or something the company?

Sumit Malhotra: I cannot hear you can you come closer to the microphone?

Darshan Malik: Yes. Are we planning a sort of buyback or anything?

Sumit Malhotra: No, not at this point of time.

Darshan Malik: Thank you.

Moderator: Thank you. The next question is from the line of Nitin Gupta from SBICAP Securities. Please go ahead.

Nitin Gupta: Thanks for the opportunity. Just wanted to get a sense on Almond Drops Hair Oil volume growth for this quarter?

Sumit Malhotra: Are you talking about turnover?

Nitin Gupta: No volume growth for ADHO?

Sumit Malhotra: Are you talking of offtake or are you talking of primary sales what are you referring?

Nitin Gupta: For this quarter our volume growth like overall it is around 5.5%?

Sumit Malhotra: It is around 7.4%, 7.3% something 7.4%.

Nitin Gupta: Second question is on rural, since we are seeing outperformance to urban so what according to you see the key drivers while for this categories we have seen a gradual acceleration in this outperformance?

Sumit Malhotra: I have always been saying that this category you do not get too many new users of hair oil. What you get is conversion or uptrading or downtrading whatever be the scenario. So when income in

the rural areas go up, people convert from unbranded to branded or total as to branded much more speedily and rural growth increasing is a sign that there is money coming into the rural area either through increase in MSP's or the subsidies that the government has announced and also given during the last quarter. I think all of that cumulatively has shown increase in urban hair oil consumption.

Nitin Gupta: Thank you.

Moderator: Thank you. The next question is from the line of Harit Kapoor from Investec. Please go ahead.

Harit Kapoor: Just one question on CSD. What has really changed from Q3 to Q4 in terms of growth moving back to decline and second question on that was that versus maybe a couple of years back how much would CSD now be for our business as a percentage of sales?

Sumit Malhotra: If you take four years ago, we were nearly double of what we were in terms of saliency vis-à-vis the other companies. What has changed is I think three things. One is the government itself is trying to contain the leakages of products from the canteens to the local markets. They have done it very actively over the last three four quarters and that is why that is going down. Second the government is sort of taking a squeeze on the cash that is given to CSD to buy more goods. You see the process in CSD is that the orders are placed by the canteen stores, the money that is corrected from sales from the canteens actually goes to the MoD of Ministry of Defense and Ministry of Defense releases money to canteen stores. So that release is actually being constrained by the government because of whatever reasons that the government sees in terms of the liquidity at their end and third is that they are actually streamlining their supplies in terms of reducing the number of canteens, reducing the stock at depots etc., etc., which is a hygiene factor so it has got to do with hygiene, it has got to do with removing the leakages and third is the cash crunch that canteen is going through.

Harit Kapoor: Sir and you think this could kind of continue to be a little bit of an issue as the recalibration continues?

Sumit Malhotra: I do not know. I hope it is not, but the internal news is that the government is really looking at this method of subsidizing the armed forces and trying to think of a more cost effective and technology enabled methods of passing on this subsidy to the soldiers.

Harit Kapoor: Got it Sir. That is from me. Thank you.

Moderator: Thank you. The next question is from the line of Deepak Malhotra from DBG. Please go ahead.

Deepak Malhotra: My question is basically regarding the rural performance which you mentioned which is doing well, you mentioned because of MSP and subsidy and so on and so forth, but then there is a counter directive which is going on that is the rural income has not been really up to the mark and now if we combine that with the recent Skymet projections going forward what do you really foresee in the coming quarters, how is it going to really affect if at all your performance. ASD

whenever we had predictions from Skymet or other agencies how have that really secured the performance in the past? Thanks.

Sumit Malhotra: See one difference that you should notice is that there are a much smaller companies and larger MNCs that you have get commentary from. We are also in one large category rather than in several categories and therefore their reading of the situation in multiple categories have some give a more colour due to their commentary whereas my commentary is largely from the hair oil category. The first thing is that hair oils is peculiar that we have a very big unorganized category or unbranded play and that is the largest reason for growth in hair oil and a large part of this unbranded hair oil users reside in the rural areas and therefore logically rural should bring you growing much faster than urban and therefore sooner rather than later hair oil like other categories they have a very small unbranded hair oil play unlike what it is today. Currently it is around 22% of the users use unbranded hair oil and this is consumption data from NRS.

Deepak Malhotra: On the monsoon part would you really like to comment something? Would it really make any effect you think?

Sumit Malhotra: You have read what I have read and what we have read is not very encouraging if monsoon is going to be 30% low there will be a strain on rural consumption. At this point of time I do not have any other data point, but just to say that yes everything will get affected its monsoons are really 30% lower.

Deepak Malhotra: Can you go back to the history and say if in the past ten years just help us to remind the situation and how has the performance been?

Sumit Malhotra: If you go back there were two consecutive bad monsoons and each industry has slowed down FMCG segment slowed down and we also slowed down but slowdown and things like the other staples was much more pronounced in hair oil.

Deepak Malhotra: My other question is on the Bain & Company, which you as you mentioned they are starting the assignment only from April 1, 2019 so I just wanted to understand that it is very early for you to really comment on now what they are really would be suggest, but at the same time I think in the past we have considered buybacks, given higher dividends, so going forward do you think at least dividend will be effective?

Sumit Malhotra: This is for the current assignment with Bain & Company is more to do with the brand rather than the company strategy, so things like buybacks, acquisitions, getting into other categories will be the second part of their engagement as and when it happens. Currently we are only looking at hair oil and what can we do to increase the rate of growth in hair oil which we are currently around 10% market share if I can increase that I think at much faster growth from a huge category which is currently at 13000 Crores in India.

Deepak Malhotra: Fair enough, understood. Thanks.

Moderator: Thank you. The next question is from the line of Pritesh Chheda from Lucky Investment Managers. Please go ahead.

Pritesh Chheda: Sir just a clarification you mentioned the ADHO primary volume growth at about 7.4% in Q4 FY2019 is that the number you mentioned?

Sumit Malhotra: Yes definitely.

Pritesh Chheda: And what it would be for FY2019 full year?

Sumit Malhotra: It is 5.8%.

Pritesh Chheda: And this 5.8% would be after CSD would have declined this year and international would have declined this year or international would have grown this year?

Sumit Malhotra: No decline.

Pritesh Chheda: So what would be India growth rate, direct market growth rate for us?

Sumit Malhotra: For the year?

Pritesh Chheda: For the year?

Sumit Malhotra: India growth rate would be around 7.37%.

Pritesh Chheda: 7.37% and you mentioned international grew 56% that was specifically for Q4?

Sumit Malhotra: Yes.

Pritesh Chheda: Thank you very much.

Moderator: Thank you. The next question is from the line of Vishal Gutka from Phillip Capital. Please go ahead.

Vishal Gutka: Thank you Sir for the opportunity. I have only one question. Sir what is the sort of likely income tax rates in FY2020, FY2021?

Sumit Malhotra: It will remain at MAT plus.

Vishal Gutka: The 22% kind of range.

Sumit Malhotra: 21.5%. The reason is very simple. We now produce around one-third of our production from Guwahati, which is still at least for the next seven years, nine years now will remain under zero tax.

Vishal Gutka: Thank you.

Moderator: Thank you. The next question is from the line of Manav Vijay from Essel Finance Management LLP. Please go ahead.

Manav Vijay: Thank you for the opportunity. I just wanted to ask you two questions. First of all the divergence of the sales that you report and what the Nielsen data report. Now you gave some reasons for that. I just wanted to know if you go back to the history will the data ever converge or this difference have always been there?

Sumit Malhotra: It has always been there sometimes plus, sometimes minus and because ours is authentic money coming into our system whereas Nielsen is a sampling exercise. So that is why I have always been telling all of you to look at Nielsen in terms of trends rather than absolute if you spend time in converting Nielsen into a number of pieces sold and then match with our number of pieces sold you will go crazy.

Manav Vijay: Second question from me Sir, on the number of outlets that you provide in the PPT on the supply chain overview there is a slight decline if I compare on a quarter-on-quarter basis. I would see in every conferences urban outlet, rural outlet, urban redistribution, rural stockiest if you can just tell me I should read into something into it or just maybe around one-off phenomenon?

Sumit Malhotra: You should read the source of that data. That number of outlets urban rural is basically from Nielsen and not my direct test. If you read the investor presentation we have a slide on our direct coverage. This is the much more robust data than Nielsen data because these are the outlets that are visited by my own people. If you look at it is a little over 5 lakh outlets in this period.

Manav Vijay: That is all from me. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Hiren Dasani from Goldman Sachs. Please go ahead.

Hiren Dasani: I was saying that if you look with the quarterly volatility do you think that over the medium-term the hair oil category, which we are in visible of delivering a three digit kind of a volume growth and at what kind of macro environment you think that is possible?

Sumit Malhotra: In terms of volume growth covers it on a total hair oil is difficult in my opinion and the reason is very simple it is a very large and highly penetrated category and therefore what you see in smaller categories that you see a double-digit volume growth is largely due to increase in number of people using or penetration. In this case penetration of the total hair oil will be difficult to increase because the only source for increasing penetration will be unbranded, but having said that value growth double digit is definitely possible.

Hiren Dasani: For ADHO as a category or for overall?

Sumit Malhotra: It is about total hair oil. I thought you are talking about the total hair oil category.

Hiren Dasani: There has been for you as a company total hair oil?

Sumit Malhotra: I said the total hair oil.

Hiren Dasani: And what kind of macro environment is needed for that Sir?

Sumit Malhotra: I think largely if you look at it rural gives us at least for our brand gives us 40% of our sales and it is around 68% of the population so obviously as the rural well being goes up and consumption goes up that will drive this conversion from unbranded to branded and therefore a total of total hair oil will continue to grow fast.

Hiren Dasani: As you do not give the guidance but do you think 2020 is such an environment where it is a possibility?

Sumit Malhotra: Boss, I do not give guidance.

Hiren Dasani: Thank you.

Moderator: Thank you. The next question is from the line of Jay Modi from Emkay Global Investment Managers. Please go ahead.

Jay Modi: Thank you for taking my question. Sir you just mentioned that Bajaj Almond for the year volume growth has been 7.4% is that right?

Sumit Malhotra: It is sort of basically it is domestic.

Jay Modi: Okay and considering international and CSD business how much was the volume growth for Bajaj Almond?

Sumit Malhotra: I said 5.8%.

Jay Modi: Sir secondly I wanted to understand whether the Almond Cool Drops was launched pan India or the launch was specific to certain states?

Sumit Malhotra: No. Pan India but largely cooling oil is a mix of largely concentrated in the Hindi speaking area, but we have launched it everywhere.

Jay Modi: The organizational revamp that we were undertaking so is that complete and are we meeting the benchmarks, the goals that we set for ourselves?

Sumit Malhotra: The reorganization was completed more than two years ago.

Jay Modi: In the supply chain distribution that we were undertaking?

Sumit Malhotra: Efficiencies keep on going up that is it but the major revamp to happen more than two years or so. And efficiencies that you should see it is coming in as continued to show in different pieces so you see more of it as we go along.

Jay Modi: Thanks a lot and all the best.

Moderator: Thank you. The next question is from the line of Devanshu Sampat from Yes Securities. Please go ahead.

Devanshu Sampat: Just one question. Sir there was a 24% increase in employee cost on a Y-o-Y basis if I look at the full year so can you just provide us an idea as to what is hiring plans of how should we look at this for the next one, two years?

Sumit Malhotra: Actually you should understand one thing this is not actually only the salary that has gone up. There is also an element of the new ESOP plans that we are announced last August and that has added to our wage bill by around 2.8 Crores. That is it and in terms of employee plans I do not see a major increase in number of employees. Obviously April being the month where we give increments you would see a normal increment being increase in the absolute cost.

Devanshu Sampat: So the senior level hiring that we wanted to do everything is pretty much in place?

Sumit Malhotra: That is pretty much in place.

Devanshu Sampat: Thank you Sir.

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

Rahul Ranade: Thanks for the followup. Just wanted to understand the salience of the new Rs.10 pet bottle that we had launched in ADHO?

Sumit Malhotra: It is currently the fastest growing part of our Almond portfolio. Like I said it is currently around 5% of our total volume, but it is up from something like 2.8%, which is there three years ago so it is definitely getting into larger number of households now, but it is still a smaller part.

Rahul Ranade: That migration largely is happening from the sachets people upgrading to the Rs.10 price point?

Sumit Malhotra: That is the whole idea.

Rahul Ranade: Alright Sir. Thank you.

Moderator: Thank you. The next question is from the line of Ashi Anand from Allegro Capital. Please go ahead.

Ashi Anand: Thank you for the opportunity. My first question was an extension of I think Hiren's question earlier. He had asked about the volume growth for industry. I just wanted to understand, I understand with the overall hair oil industry if we discuss it is to grow double digit in terms of volumes, but because of premiumization if you look at the ADHO segment do we believe that it is possible for the ADHO segment to grow double digit?

Sumit Malhotra: Yes.

Ashi Anand: Any specific circumstances or requirements has kind of copra relative pricing to copra makes a difference or is this a kind of a growth rate we should look at in terms of the an underlying potential?

Sumit Malhotra: I am cherishing to say that the variation or the gap in prices between Almond and coconut does not play a role but since the more premiumization or the more premium you make your brand the lesser the effect of this difference but it does, it does play an effect.

Ashi Anand: The second was with relation to Bajaj Cool Almond Drops. As I understand as well it is basically concentrated in Hindi speaking states, wanted to understand what is our level of and how strong is our distribution in this particular segment?

Sumit Malhotra: We obviously are the strongest in the North and the Hindi speaking. Our weakest is the South and South fortunately except Andhra Pradesh is not a cooling oil market.

Ashi Anand: Just wanted to confirm you mentioned that our pricing is similar to competition?

Sumit Malhotra: Yes that is right in cooling oil.

Ashi Anand: Okay perfect. Thanks a lot Sir.

Moderator: Thank you. The next question is from the line of Pritesh Chheda from Lucky Investments. Please go ahead.

Pritesh Chheda: Just a clarification international and CSD contributes about 8% of our sales?

Sumit Malhotra: Not this year. Normally it is true, but if you remember international we have been doing a redo so from around 5% it dropped to around 2.5%. So ideally it should be that much.

Pritesh Chheda: So ideally it is 8% but this year it dropped a bit.

Sumit Malhotra: Yes, it is around 6%.

Pritesh Chheda: And the cash in the balance sheet is around 400 Crores?

Sumit Malhotra: No, that is lesser 266 Crores. It is there in page 34 of our investor presentation.

Pritesh Chheda: Sorry for that. Thank you.

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

Abhijeet Kundu: Thanks for the opportunity. My question was on the inventory part, because the inventory on a year-on-year basis there has been little bit of increase what are the reasons for the increase?

Sumit Malhotra: You are talking of total inventory that means RM plus?

Abhijeet Kundu: Total inventory as well as even if you look at inventory?

Sumit Malhotra: I cannot hear you inventory of what are you talking only RM or you are talking of total, what?

Abhijeet Kundu: Total?

Sumit Malhotra: Out of that a large part of that is that LLPs that we are stocking up because we see that the prices are likely to go up looking at the crude prices rising and therefore we have been stocking far than excess of our monthly requirements there.

Abhijeet Kundu: Thanks.

Moderator: Thank you. The next question is from the line of Lalaram Singh from Vibrant Securities. Please go ahead.

Lalaram Singh: Sir I wanted to confirm the number for the lose oil percentage in the overall hair oil market I think you said 22% is it correct? My question was that the reported market size for the overall hair oil segment including coconut oil this excludes the lose oil or the unbranded or does it include that sale?

Sumit Malhotra: See what is unbranded. It is actually people using their cooking oil as hair oil. Within that volume next to impossible so all this is Nielsen which are branded hair oils only.

Lalaram Singh: So when you mentioned that this unbranded is around 22% so that is the additional potential market for us going forward for branded ones?

Sumit Malhotra: I mentioned 22% users of hair oil use unbranded so you cannot do an extrapolation because we do not know how much they use.

Lalaram Singh: That is the in terms of users 22%. Secondly in terms of your cost structure going forward, can you give us some sense of what kind of growth we can see in the advertisement and promotion given we have launched one new cooling oil segment brand and secondly Nomarks we have a sunscreen so what kind of growth should we assume or expect in the A&P?

Sumit Malhotra: I would wager to say that the percentage will remain the same, absolute will go up but the percentage we will be able to manage within the 16% to 18% that we have been actually spending on ASP.

Lalaram Singh: One final question. The other expenses line item for the full year we see that the absolute number has gone down any particular reason for that?

Sumit Malhotra: I think we have started cost saving. The first impression you are seeing on this possibly as we go along you will see it in other line items also.

Lalaram Singh: Thank you.

Moderator: Thank you very much. As there are no further questions, I would now like to hand the conference over to Mr. Manoj Menon for closing comments.

Manoj Menon: Thank you Bajaj Consumer Care team and all the best.

Sumit Malhotra: Thank you. Bye!

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