DFM
FOODS LTD.

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1st June, 2022

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Fort, **Mumbai – 400 001** Scrip Code: 519588	National Stock Exchange of India Ltd. (NSE) Exchange Plaza, Bandra Kurla Complex, Bandra (E), **Mumbai – 400 051** Symbol: DFMFOODS

Dear Sir/Madam,

Sub.: Transcript of Conference Call held on 27th May, 2022

In terms of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, please find enclosed herewith the Transcript of the Earnings Conference Call held on 27th May, 2022, relating to the Company's performance for the 4th quarter and financial year ended 31st March, 2022.

This is for your information and records.

Thanking you.

Yours faithfully,
For DFM Foods Limited

DFM FOODS LTD.

(R.S. Tomer)
Company Secretary

Encl: As above

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"DFM Foods Limited
Q4 FY2022 Results Conference Call"

May 27, 2022

ANALYST: **MR. ASHUTOSH JOYTIRADITYA – SYSTEMATIX INSTITUTIONAL EQUITIES**

MANAGEMENT: **MR. LAGAN SHASTRI – MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER – DFM FOODS LIMITED**
MR. NIKHIL MATHUR – COMPANY CHIEF FINANCIAL OFFICER – DFM FOODS LIMITED

Moderator: Ladies and gentlemen, good afternoon and welcome to the DFM Foods Limited Q4 FY2022 results conference call. 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 opening remarks of Mr. Lagan Shasrti, MD and CEO 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. Ashutosh Joytiraditya from Systematix Institutional Equities. Thank you and over to you Sir!

Ashutosh Joytiraditya: Thank you Faizan. Good afternoon, everyone and welcome to DFM Foods earnings conference call. Today for the call, we have the senior management represented by Mr. Lagan Shastri, Managing Director & CEO and Mr. Nikhil Mathur, Company CFO. Before we start, I would like to mention that in today's conference call some of the statements might be forward-looking in nature. Actual results could defer from those expressed or implied. At this point in time, I would request Mr. Lagan Shastri to make his opening remarks. Thank you and over to you Sir.

Lagan Shastri: Good afternoon, everybody. A very warm welcome to everyone for joining this session. As it has been our practice in the past, I would like to reiterate our strategic priorities, which have defined our journey so far. As you are aware, we have identified four key pillars of strategy for the company over the past few years and we have continued to talk about the same. Number one is driving accelerated growth. Number two is sustaining profitability. Number three is continuing to focus on people and talent and number four is continuing to scale up systems and improve our governess standards.

On the first point of driving accelerated growth, we were impacted by the third wave of COVID in January this year. This disrupted markets and affected our employee and channel partners. We had a good recovery in the second two months of the quarter thereafter leading to a growth of 6.8% year-on-year in Q4 FY2022. This came at the back of continued investments around building stronger brands and creating a robust sales infrastructure. Our share growth story continued in this quarter as well in Q4. We grew share in the extruded category by over 140 basis points year-on-year Pan India and over 200 basis points year-on-year in our focus markets. This market share growth is underpinned by a continued focus on strengthening of our retail channel sales infrastructure and also investments in marketing. The company's investments in this channel specifically retail have widened and deepened our retail presence increasing our weighted distribution for our Fritts and Natkhat brands like 340 to 600 basis points in our core market that is North India. We continue to expand in the North while building scale in other geographies by adding capable distributor partners and establishing a sales team.

Our brands and products continue to appeal to our consumers. Crax has an inherenct brand pull, which is time tested and indisputable. To leverage this inherent inequity, we continue on the journey of building iconic brands. We ran a campaign for Crax Rings in this quarter fixing young and impactful social media influencers targeting teens. It was our first influencer led by the campaign and which was very well received by the consumers. We did, during this time, an infill integration of Fritts in the movie Badhaai Do, which supported building a strong campaign for the brand. Further we also ran a campaign during IPL on leading direct to home platforms, which amplified our reach quite significantly. Our focus on alternative channels such as e-commerce and all continues. We continue to build stronger relationships with leading partners.

On the second pillar of sustained profitability, I have talked about the amount of commodity inflation that continues as has happened over the last two or three quarters. This quarter was no exception. The crisis in Ukraine added fuel to the already existing fire of commodity inflation. The market price of corn rose by 71% year-on-year and that of palm oil by a further 40%. The surge in crude oil prices exerted upward pressure on flexible packaging material which is our laminates. Additionally, prices of PNG continue the upward trend rising more than 45% year-on-year. Overall, this significantly impacted commodity prices for us as well. However, thanks to our very proactive and ongoing comprehensive cost management program, we were able to mitigate a significant part of this inflation. The efficiency was locked by this initiative helped us manage through this challenge. Our brand resilience enabled us to take pricing through appropriate government reductions during this period. Material margins improved sequentially from Q3 by 100 basis points to 39.1% for our product portfolio excluding the new category expansions. Our investments and forays into improving our price pack architecture and category expansion is progressing in line with our expectations. I have continued to emphasize the need for company to build capability around brands, sales infrastructure, technology and talent. In line with this strategy, we invested on advertising and marketing spends that grew this quarter from 7.1% of net sales in Q4 FY2021 to 14.1% in Q4 this year and go-to-market expenses that grew from 1.6% of net sales to 3.5%. The benefit from these investments had started accruing to us in the form of market share improvements.

As we move forward, the third pillar as we have said has been focusing on our people and talent. At DFM, we recognize that our motivated and capable team can make a huge difference in developing results. Our leadership team comprises professionals who have owned their skills in highly successful and respected organisations. Further the talent pool at DFM Foods has deep experience in the food industry combined with our work to inculcate a performance oriented and better culture over the last two years putting in place evolve systems and putting in place training and development plans. We are confident of building a work place that is preferred by employees as we go forward.

The fourth and last pillar for us is as we do all these three, the fourth one is setting up scalable systems and governance standards. We are strongly focused on compliance and maintaining strong governance standards as we build robust IT systems digitizing various processes across the organization. The technology adoption we had started a few quarters back is proceeding very well with 98% of our sales team and 96% of our focus on rural distributors, who have been empowered through automation in core geographies. Our technology roll out is empowering our extended teams with data, economizing on time, and improving efficiency even as we scale up through non-core geographies on technology adoption. Through our CSR initiatives, we partnered with NGOs to improve the nutritional status of 6 to 14 years old children in urban slums and rural areas of Delhi NCR and Lucknow. We also conducted plastic waste awareness programs in Mumbai and Noida. All in all, in the space of setting up scalable systems and governance standards, we have moved each subsection over the past quarter. I will conclude that saying that in Q4, we were tested by the twin headwinds of COVID wave three and high commodity inflation, but we managed to bounce back strongly delivering a strong market share result and manage to rein up costs well. Our continuing investments are aimed at creating iconic brands and improving our sales capabilities, which we are confident will deliver strong growth going forward. Once again, I sincerely thank you all for joining in for earnings call today. Thank you.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. We will wait for a moment while the question queue assembles. The first question is from the line of Pranav from Invesco Mutual Fund. Please go ahead.

Pranav: Good evening. Can you just help us understand the various steps to ensure that your market share gains somewhere outside the North as well and what all steps have you taken beyond your core markets?

Lagan Shastri: Our share gain have been reasonably democratic, which means at an All-India level, we have gained share and we continue to gain share in our core geography, which is basically our North. What is really we believe that our driving the share gains are our strong investments as I have said earlier around retail sales infrastructure development and also combined with that our investments in marketing around brand advertising and creating stronger pull for our core products, so those are the two larger spaces of work that we have done to get this through.

Moderator: Thank you. The next question is from the line of Kunal Patel from Equilligence Capital Advisors. Please go ahead.

Kunal Patel: Thanks for the opportunity. My question is regarding our material margins, so you improved your margins by 100 basis points in our own portfolio that is quite commendable. How did you manage to achieve this improvement and in our books how much more low-cost inventory is there and how do you see material margins from this quarter onwards? Second question is regarding our grammage so given the rise in raw material prices what kind of grammage rationalization we have done in the last quarter and also overall in the last 12 months what kind of rationalization we have done and how competitive we are as compared to peers now? The third question is regarding our ad spend and marketing. As per the results and credit rating reports, the company plans to spend roughly around Rs.25 Crores per quarter, so do you have any fixed budget in mind for A&P spend or will you continue to increase it as we grow over the next few years? The fourth quarter is regarding our other expenses. Other expenses have gone up because of some investment in cost management program. How much and where we have spent and how much we are going to save because of this initiative and lastly regarding potato chips. Your packs says 100% more chips so this already being a low margin highly competitive industry so what is our monthly run rate and how do you see our road to breakeven in this segment? That is all from my side.

Lagan Shastri: Thank you so let me just answer them one by one. On material margins how did we achieve this margin or sustained these margins, the short answer is basically two things. One is a very strong cost margins plan that we put in place almost four or five quarters before right after COVID wave one, which we have continued and has continued to help us to keep margins tight and get the right procurement advantages in the right manner to manage the raw material and packaging material cost. The second reason obviously as you pointed out is the ability of the company as its investment brand marketing, it also allows for pricing power and our ability to take grammage at the right time and calibrated to competitive realities allows us to balance pricing, but more importantly before taking the pricing to manage the commodity procurement itself, so that is how we have been able to manage, but we have managed both the things, which kind of leads to your second question was on grammage reduction. Like any other company we have appropriately taken grammage reduction. We are completely firm in our belief around the fact that given the investments that we are doing in brand marketing, our ability to continue taking the advantage of pricing powers stays with us and is there for us in the medium to long term, so we are cognizant of the competitive pressure and as long as that is being taken off, we are taking the right pricing and the right grammage reductions, which we will continue to review closely and as and when the need so rises, we will appropriately take it. On ad spends is one of the, as I said, key pillars of our investments. One is sales investments and infra and the other is brand marketing. That very spend on marketing is allowing us with pricing leverage. Also, at the same time is allowing the customer pull. These ad spends the way I would put it, is we believe whatever is right for the brand as long as it is calibrated to understand the reality of the growth and the returns on it and the fact that it is appropriate for the brand we will invest. Now it will obviously be limited and constrained by the allowance of the profits and the P&L and that is what we are cognizant off, so if you are asking me a budget that I cannot comment on, but what I can certainly say is that we will take calibrated decisions on what is the right time and how much to invest basis things as they go forward. As of now, we continue to invest in the space so that we can drive consumer pull. On other expenses which primarily are in three phases, one is sales infra and investments as we scale up roots. The second is on people and talent and the third is on IT technology investments. These are the three spends that we are doing in terms of other expenses. On potato chips, the last question you had is what is our thinking. Our thinking is that we have always had for the primary reasons of any business to return value to its shareholders is growth. In fact, that is the primary driver of wealth creation and if any category within the savory snacks allows that growth, we believe that given the competitive reality of the market we should be present and be testing ourselves in that. Potato chips is in that space where we believe that if we get the right operating model we can really do well in this space. Currently, our investments in potato chips, is in an investment phase and when investments are limited to key states of India largely in the North. As we look at it and understand and test the operating models, we will review all the rights and levers of growth and profit and press it accordingly going forward. As of now, we are very happy with the current performance in this space and it is in line with our current expectations.

Moderator: Thank you. The next question is from the line of Rahul Picha from Multi Act. Please go ahead. The line for the current participant has got disconnected. We will move on to the question from the line of Pranav from Invesco Mutual Fund. Please go ahead.

Pranav: This advertising expense of Rs.20 odd Crores how does it fit into your first pillar, which is profitability? The second aspect to this is, as your sales will keep on going up say two to three years down the line do you expect this number to be similar as a percentage of sales say three years to four years down the line and also want to understand that with earlier interaction it was kind of mentioned that the potato chips market is more of a commoditized kind of a thing where margins and all really are not top class. What transpired your decision to increase and get back into the potato chips market and I might have some counterquestions, so please do not disconnect the line? That is my sincere request to you? Go ahead.

Lagan Shastri: In the past, this has been an investment that we have done over the last four to six quarters and it is an investment where we are testing our understanding of this space and we believe this is a future growth opportunity and remains so. Profitability in the space of snack foods continue to be volatility and it is also similar in terms of volatility across the other spaces that we operate. I would request not to ask questions that I have to tell you what will happen in the coming quarters, but I can say this for sure that as a management team we are cognizant of all the opportunities and the risk associated with it and we believe currently given the space to invest and we continued to invest and test out the operating model in this space.

One more question I kind of missed that Pranav is around advertising and promotions, so as I said promotions, we believe we are in the investment phase of creating brands, which form the base level of good Indian brands to becoming iconic Indian brands, so significant amount of investment is going into doing that. We believe given how our growth come in and how things happen. Appropriately correct investments will continue to happen in our space from our side. Beyond that, I will not be able to give you a number or a budget as to where this will look forward. All I can say is that any other company, we are in the business to create growth and profitability and we are aware of that and over the next few years we want to be in that space where we are growing and profitable.

Pranav: Cash profits is something will you look at when you are considering these advertising spends is my question to you.

Lagan Shastri: Like any other company, cash is the life blood of any organization and we look at it very closely and absolutely we will look at that.

Pranav: Thank you and all the best.

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

Rohan Advant: Thanks for the opportunity. My question is on the market growth itself, which you said is at 3%. This used to be double digit kind of growth in the extruded snacks segment so what has changed and why is this tepid growth even under a context of say schools reopening etc., and secondly if the market growth itself is so low, should not we be using our ad spends at times when the market is doing better because while you are gaining share the absolute sales growth is very well less leaving no space for absorption of ad spends. Could you just throw some line on this? Thank you.

Lagan Shastri: As you are aware, the industry of extruded which is a subcategory of the savory snacks space. If you would put it across age groups extruded generally is in the younger age group and therefore school shutdown or anything that happens in that space is more affected by that kind of a situation in the Indian economy, so a large part of the issue around the growth being tepid in extruded category has to do with the fact that, that impulse behavior of young kids may or may not be happening at the level, at which is happening before the COVID period. We continue to remain confident as the schools open, which they did for a few months and then they shut down again because of COVID wave three and then you went into, I would assume, examinations which were not open for everybody. It was only opened for only class 10 and 12 and then you have gone into summer and all that stuff right. As the schools open and sustainably so, we remain confident that this category is likely to boom again. On the second aspect of if it is not booming why should we invest, should we wait for the booming to happen? We are a leader in this category and we believe we understand the category better than anybody else and therefore one of our responsibilities continues to be to invest not only in the brand, but also in the category as a leader and that is what we continue to do and we are very confident that as we keep doing that it will turn around in the near future.

Rohan Advant: When you have seen schools reopen, there might be a period of a part of the quarter? Have you actually seen sales the market growth been strong?

Lagan Shastri: As I said earlier in my commentary that in this quarter, the first month where wave three was there, we got affected and we recovered strongly thereafter in February and March, so that is how I would leave it at that.

Moderator: Thank you. We will take next question from the line of Sachin from RTL Investments. Please go ahead.

Sachin: I have a couple of questions from my side. One you said market growth of 3%, is it possible to split it between organized and unorganized and the reason to ask this question is one of your listed peers report almost like a 16% to 17% growth and they spoke about growth in extruded being almost very similar, so it seems you have done much better so is there a trend where organized are doing better and relative to organized, we have not done as well. Also, on your market share trends, till last quarter you were also talking about Q-o-Q movement as well not just Y-o-Y, so could you just highlight what has happened to Q-o-Q in this question? Again, this is leading into the first question itself and you have spoken about strong recovery in February and March, would it be fair to say that there was double digit kind of growth in these two months? That is all from my side.

Lagan Shastri: On the fact that unorganized versus organized, generally speaking this category about 50% is organized and 50% unorganized. We will not be able to comment on the split between those two growth structures, enough to say that we grew shares. What happened to the other player's including the locals is something I would not want to currently comment upon.

Moderator: Thank you. The next question is from the line of Naysar Parikh from Native Capital. Please go ahead.

Naysar Parikh: My question is can you give a split of volume and price on the revenue side on the revenue side for this quarter?

Lagan Shastri: Your voice was not clear, could you repeat that question?

Naysar Parikh: Sorry, my question is can you a give sense with volume versus price growth in this quarter?

Lagan Shastri: In our case, it is similar because actual pricing has not affected.

Naysar Parikh: Have you not taken any price increases this quarter so the entire place growth is value is that what you are saying?

Lagan Shastri: Quarter absolutely in this quarter, the quarter that went by, we did not take any action pricing. The pricing that was taken before or after are the things that we talked about the grammage reduction, but this quarter we did not do.

Naysar Parikh: I was talking about Y-o-Y growth, so the Y-o-Y 6.8% growth are you saying your volume growth will also be in the same 6% range for the year?

Lagan Shastri: On year-on-year, we did take pricing. I would not have an immediate number right now, but you can take it off line and write it in and we will tell you the breakup between pricing and volume growth, but over year-on-year we did take pricing, so there will be a volume and revenue growth split.

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

Nilesh Shah: My question is around this investment phase of ours and this has essentially been the first full financial year where we have invested aggressively and we have of course in the process reported a loss as well, which is pretty okay, but I just want to understand that what is the kind of investment period that we envisage? Is this going to be the one year, another two years, and another three years. Could you just immediately throw some light on that?

Lagan Shastri: We believe that investment is something that has to continue always and consistently in a growing concern in this stance and infrastructure. We will continue to do this. We have initiated that work right after we came in after wave one and that we will continue into the current year and we believe we will continue to do it as and when the business and the company demands or needs this kind of investment.

Nilesh Shah: There is no kind of a time frame that to which we will continue to be? One is of course to keep investing on a very steady state kind of a basis and the other is to basically accelerate quite significantly. Are we kind of saying at this stage that we have no time frame till which this acceleration continues?

Lagan Shastri: I would rather avoid commenting on that directly, but having said it as I said that we will calibrate our investments appropriately given an understanding of how returns come through, so that any other responsible environment we will continue to do, so but currently and like any other responsible management, we will want to invest behind our brands and currently that phase continues. Is that a kind of give you a sense?

Nilesh Shah: No. Unfortunately, it is not giving a sense, but I will still ask it the other way? You have increased your spending on advertising and go to market by Rs.40 Crores in this financial year. You have about 35% to 40% gross profit margin. I am assuming you have another 5% to 10% as a variable kind of expense, which means that there is a 25% to 30% contribution margin. Assuming you do not up this incrementally by Rs.40 Crores and you keep spending extra Rs.40 Crores say for another two years, it means that you probably have to get to Rs.1000 Crores of revenues in the next two years to be able to recoup this additional investment. Is this kind of a math is what basically even you kind of in a way working or is that the kind of thought process?

Lagan Shastri: Let me put this way that we have continued reviewing our performance on revenue and growth parameters and review the investments that go in to drive those goals. Our ambitions remain strong and based on which we are going and continue to do these investments right now and our confidence on the category and the business is strong.

Nilesh Shah: Let me ask once because you are talking so much about the category, what is the kind of growth rate that you expect in the category? In the past what has been the growth of the category? Of course, in the last year you have said the category has grown only at 3%, but what is your outlook on the category growth?

Lagan Shastri: Again, you are asking for a forward-looking understanding, which I cannot give. I can do say in historical perspective, the category grew pre COVID in the range of 15% to 20% and it has gone down to these levels over the last two years, so that is there I would stop myself.

Nilesh Shah: Thank you.

Moderator: Thank you. The next question is from the line of Naysar Parikh from Native Capital. Please go ahead.

Naysar Parikh: I have a couple of questions. The first one continuation to what I think the previous participant was asking right and advertising and marketing, how this kind of look at the ROI or whether that advertising marketing is actually getting you the benefit because if you look at year-on-year just in advertising spend Rs.10 Crores more and this got incremental like Rs.9 Crores sales and now obviously there would be some future benefits that would come, but how do you judge whether for this spending on advertising and marketing is giving you the benefit which you sort out?

Lagan Shastri: We normally like another strong and good company for all our key brands, we track critical grand matrix across distribution and consumption parameters. It is done through stratified sampling and proper research and that is done on a monthly-quarterly basis and appropriately periodically it is reviewed and tracked. Along with that like any other company, for advertising we get market data and competitive data, on which responsibly we go through each of these things in detail and look at our ROI on the same over a period of time.

Naysar Parikh: Is it possible to share any of those besides the market share points you shared can you share anything else in order to get a better insight?

Lagan Shastri: No, we cannot.

Naysar Parikh: Second is the breakup of what is the strength between digital, ATL, BTL, progress this quarter?

Lagan Shastri: Media strategy is something which is very, very confidential, but what we can say is again as good marketing people, a proper media mix is deployed looking in terms of each of the channels for each of our brands.

Naysar Parikh: But my question is how much you are willing to spend in each space, but I want to understand how much if it is really at wholesale level or the lever that are various spending for the benefit of the wholesaler or the leader or the retailer because that in a sense it is a kind of passing on certain benefits if not via a direct response something to the dealer? Just want to understand how much of it is indirectly giving benefits to wholesaler and the dealers..

Lagan Shastri: Sorry, could you repeat in one line the question because it is very garbled unfortunately for us and there was a lot of echoes.

Naysar Parikh: My question is I just want to understand how much of it is actually at the lever of wholesaler level where this is indirectly giving benefits to the wholesaler and the dealers, I just want to understand that, in the advertising and marketing?

Lagan Shastri: Investments happen both for the consumer and for our trade channel partners and when I articulate my strategy around consumer marketing brand investments on one side and sales, infra and retail investments on the other. It is not that one eats into the other. It is always a choice and a mix of both, so the fact that we have to invest into relationships with distributors, retailers and wholesalers is largely independent of our investments behind marketing. At a very big level they do kind of come together, but there are two independent strategies coming together, so they do not kind of we are more integrated whole rather than really be a churn between a two.

Moderator: Thank you. The next question is from the line of Harshit Toshniwal from Premji Invest. Please go ahead.

Harshit Toshniwal: I am sorry to come back to the previous questions itself, but just want to understand one that is that the advertisement, which we have done this quarter, you expect these two to give some tangible benefits? Is it that we did a lot of this in the last one or two weeks of the last month or the particular quarter? I wanted to get a sense because the same is getting reflected in revenue is something, which the ultimate motive is? Say from a one-year timeframe and two-year time frame what is the aspirational EBITDA, which net of advertisement you guys want to come to at a stable level, some sort of understanding of where the trajectory could end us with?

Lagan Shastri: Both sales and investments in infra and brand investments in marketing kind of take time to start giving you sustained pull in the market and once should sustain this over a period of time, they start giving so it is not that you put in something and the next morning you start getting significant upside, but this is something which all good management do is that they have an approach and then we kind of build it over a period of time, so that is the answer to your question.

Harshit Toshniwal: No, I did not understand it entirely? I just want to understand that is that there will be some time gap, but given the category lot of brand advertisement would result in some uptake over the next three months, six months? There is some near-term correlation to the advertisement and more so if it performance-oriented ones the other one, so which I am trying to understand that is it in anticipation that schools are opening, etc., a big bang advertisement is something which was needed to put us back in that path itself, so just wanted to get some color on the kind of advertisement whether it is brand advertisement, was it performance-based marketing within brand, is it television oriented marketing or some color on the advertisements strategies? I am not asking the future numbers.

Lagan Shastri: The brand advertising is investing behind multiple brands of CRAX, FRITTS, CURLS and Rings so CRAXS Rings, CURLS, FRITTS are what invest behind strongly. We also do some digital advertising for a couple of our smaller products that we have and that is the approach we do by brand. The individual brand themselves have a full leg in and medium mix to operate for that particular brand, so depending on which brand we are talking about they will be slightly different and will be tuned to that client. Normally, marketing happens in a manner where each of these brands are given their space in comparison.

Harshit Toshniwal: Television advertisement if I understand it correctly?

Lagan Shastri: Sorry.

Harshit Toshniwal: It is largely the television-based brand advertisement.

Lagan Shastri: It is a mix. Media mix I said before. I do not want to disclose the media mix per se, but it is a mix and the mix always includes television, BTL, ATL, and digital. It has various likes. The ratio and salience of those likes by brand or a total of it, I would not want to disclose.

Harshit Toshniwal: Got it. Sure. Thanks a lot.

Moderator: Thank you. The next question is from the line of Rohit Balakrishnan from iThought PMS. Please go ahead.

Rohit Balakrishnan: Thanks for the opportunity Sir. A few questions; one is in terms of our current capacity what would be the peak utilization are we working with and is there any outsourcing, etc., are we doing that was number one? Should I ask all questions ahead?

Lagan Shastri: Please ask all the questions.

Rohit Balakrishnan: That was one. The second was given in terms of just a broad sense in terms of the GTM that you have done in this financial year, could you share some sort of qualitative to sense in terms of what this has yielded in terms of any whatever matrix you can share in terms of the GTM investment. I am not talking about the marketing as such. Third question was Sir, in terms of any new capex, are we planning and if yes could you share where are we planning this capex within North or any other part? These are the three questions.

Lagan Shastri: The capacity utilization, we currently have capacity to take care of our near-term growth aspirations, but having said that geographically or by segment if we believe that we need to invest, we keep looking at it on a periodic basis and as and when required we will invest in that additional infrastructure or capex, so we have that runway right now. The second point I think is asked are we outsourcing, yes. We are outsourcing a part of our product portfolio. I just would not want to say which one, but we do outsource so it is a mix of our own investments and outsource support. The second question I think you asked was GTM. Just to give you an overall perceptive I was just looking for the data, but in general we have over the last two years gained on our key brands of CURLS, FRITTS, and even Rings and Natkhat, we have gained both numeric distribution and weighted distribution sustainably quarter-on-quarter over the last, so many quarters is the way let me see during the next minute or so if I can dig out, but in the range of say 300 to 600 basis points is the kind of range of distribution increase that we have been able to get between these two brands of FRITTS, CURLS, Natkhat and Rings. The third question if you could just repeat the third question.

Rohit Balakrishnan: The third question was on capacity expansion whether in these Northern markets or in other markets any plans? If I can ask just one more question back on your GTM. The purpose of asking that question was so essentially what we understand is that you are very strong in the Northern markets and my understanding this is something that you can clarify whether it is right or not, but GTM is to also not only for the pro markets, but also for the newer markets, so what I wanted to understand may qualitatively was that how are we doing in the non-pro markets which is beyond North India? Have we gained share or anything that you share on that, that will also be helpful?

Lagan Shastri: What we call our focus markets are North and East and our core markets are North, so for focused markets on North East, we have grown shares in both the markets and continue to gain strong shares and distribution even in the East, which is our other focused market. On capacity expansion, I said that earlier that we continue to look at it. Currently we have capacity as a runway, but if we find geographies or spaces or product spaces where we need extra capacities, we will review periodically and invest as and when required.

Rohit Balakrishnan: Thank you.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Lagan Shastri for closing comments.

Lagan Shastri: Thank you. Thanks a lot for taking out time as always and showing the interest in our company.

Moderator: Ladies and gentlemen, on behalf of Systematix Institutional Equities that concludes this conference call. Thank you all for joining us and you may now disconnect your lines.