"Kwality Limited Q1 FY2018 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to the Kwality Limited Q1 FY2018 Earnings Conference Call, hosted by Edelweiss Broking. 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 an operator by pressing "*" then "0" on your touchtone phone. I now hand the conference over to Ms. Sangeeta Tripathi from Edelweiss Broking. Thank you and over to you!

Sangeeta Tripathi: Thank you. Good afternoon ladies and gentlemen. On behalf of Edelweiss Broking Limited, I extend a very warm welcome to all for you and welcome the management of Kwality Limited. It gives me immense pleasure to have the management of Kwality Limited with us to discuss the Q1 FY2018 results and the strategy ahead for the company.

From the management, we have Mr. Nawal Sharma, the President and Head Business Transformation, Mr. Satish Gupta, CFO of the Company, Mr. Varun Kapoor, from the Investor Relations Desk, Mr. Anand Goel, General Manager Finance, Mr. Kabir Basu, the Chief Marketing Officer of the Company, and Mr. Pawan Sharma, the HR Head. Without much ado, I would hand over the call to Mr. Nawal Sharma who would brief you about the results and the strategy ahead and post that we can open the floor for Q&A session. Over to you Sir!

Nawal Sharma: Thank you Sangeeta. First of all a very warm welcome to all of you. It is always a great pleasure to have all the family members on this call. Now to start with let us first of all touch upon the numbers. As you have noticed that we have a mixed bag this time.

Now fundamentally speaking, there can be two approaches to look at business numbers. First of all, you use financial metrics to understand the business or you use business lens to decipher the financial metrics. Now latter being a more pragmatic approach, so let me use the business lens in understanding and taking a deep dive as to what do these numbers reflect so far as this quarter is concerned.

First of all, I break the numbers into two buckets topline and bottomline. Let us first talk about the topline. Now as far as topline is concerned, there are two perspectives. There is a B2C part of the business, which is actually a strategic focus area for us. Now if you deeply look at the numbers, the B2C contribution has improved from 40% to around 42% year-on-year and not only this if you see past two years trend it has grown from 30% in FY2016 to 40% in FY2017 and in this quarter it has gone up 42%, so it clearly reflects that we are moving in the area for strategic direction that we have taken in which we said so far as the next three to four years is concerned, this topline will not be the focus area whereas we have been growing at a rate of around 25% to 30% CAGR, we will be growing only at around 7% to 10%, but the entire focus will be on B2C part of the business, so in that strategic direction we are moving forward, so that is one.

Secondly let us talk about the bottomline part. Now bottomline part again I will break into two buckets. First let us talk about the EBITDA. So EBITDA has improved from 6.4% to 6.9% and here we have been consistently delivering over the last over four to six quarters time. Again if we go back and look at the FY2016 onward numbers it has improved from 6% to 6.7% to 6.9%. So there is a very good growth happening again in the line of our strategic direction.

Now let us talk about the second layer of the profitability, which is PAT layer. On this, what I would like to say this time there has been a positive decline from 2.8% to 1.8%. Now the question comes decline is a decline. What is this positive decline all about? You see this positive decline is nothing but in case there is a strategic development, which results in a decline on any financial metrics, which ultimately will lead to huge cash flows and profitability in the future is what I refer to as positive decline because it is a good expense that has led to this decline, which is going to definitely help us a lot so far as the future three to four years is concerned.

Now let us take a further deep dive and analyze this PAT as to why there has been a decline. So the first key driver has been the depreciation. Now depreciation has increased from around Rs.3 Crores to around Rs.24 Crores and what is the reason. If you remember last time also we mentioned unit three of our plant, which is dedicated to high margins value added products has become operational in February 2017, so the entire capex got added to gross block in Q4, which means in Q1 FY2018 we got a depreciation hit for around three months. So this is one and then there has been certain maintenance capex leading to a sharp increase in the depreciation moving from Rs.3 Crores to around Rs.24 Crores, so that is the first part.

Secondly the interest cost has also gone up from around Rs.38 Crores to around Rs.50 Crores, so here again the reason is unit three becoming operational, which means the interest cost, which was earlier getting capitalized is now being charged to P&L, so leading to this sharp increase in the interest cost. However, these two costs will definitely help us in terms of monetizing this investment in the coming future and this is going to be a key driver of a complete changing business model where we are saying we are moving from B2B towards B2C, so that is what is the reason as to why PAT has gone down.

Fundamentally speaking again if I look at a four-year horizon from FY2017 to FY2020 I would like to break this into two buckets. First is FY2017 and FY2018 as one bucket, so here the focus has been to build a rock solid foundation and get into the strategic alliance with all the insightful partners, which will help us in terms of leveraging our key strengths that is one and second is put a huge focus on building execution framework and get into hardcore executions, so that is the agenda for FY2017 and FY2018. So once we are able to accomplish this then we will get into the next bucket, which is FY2019 and FY2020 where we would be leveraging or monetizing the efforts done in these two years and we will be striving towards benchmark financial metrics, so that is what has been the action plan in terms of these two buckets, which first is FY2017 and FY2018 and then followed by FY2019 and FY2020 where there will be complete monetization. So having said that now let us see as to in the first bucket what all has been the key improvements, key initiatives, which we have taken, which will ultimately help us in terms of enhancing the overall profitability. So let me go step by step, so last time also we had a very detailed discussions, so whatever points that we have covered last time I will only briefly touch upon that.

So the first part, we are talking about the brand. As you are aware that we are going with mother brand architecture, so we are already aligned with all the strategic partners be it Digital Quotient or ZenithOptimedia these are the key players with whom we have actually worked in the past and the hint is to work with one of the best partners and from the implementation standpoint already we have initiated the structured comprehensive marketing program, which comprise of KTL and BTL as well as customer engagement program.

Some of these have already been completed and it will be a continuous exercise and our marketing function has also put in place a very comprehensive process of tracking the brand health as to how the brand health is moving and the dipstick of first cut clearly indicates that we are moving in the right strategic direction and we have to keep building on that. So as far as the brand part is concerned, we are absolutely bang on and we have to just consistently build on that, so that is one.

Secondly from a product standpoint so as you are aware that we are trying to reengineer our product mix in favour of B2C and within B2C the focus is on high margin value added products. So as we mentioned in FY2016 the mix was 70:30 in favour of B2B, but by 2020 we want to reverse this ratio in favor of B2C and if you see as I mentioned earlier also in this quarter it is already touching 42% and by 2020, we want to hit a VAT to the tune of 20% of the overall revenue, so with this the overall margin profile is going to touch around 9% by 2020 and strategically speaking and if you see the past numbers we have demonstrated what we said over the last four to six quarters time, so that is what the product roll out is happening.

This is primarily in the areas of let us say what we are targeting is the tetra packs, flavored milk, yogurts, butter, cheese, and if you see where are we in terms of implementation, already we have rolled out UHT milk that is one. Cream we have rolled out. Flavored milk is on its way out. Lassi and chaas in tetra packs is already lined up. So when we talked about executions already it is happening on the ground and gradually as these products will be rolled out, so definitely it will have a positive impact on the cash flows as well as on the bottomline. So that is how we intend to transform our margin profile from around 6% in FY2016 to around 9% and consistently delivering on that. So that is the second part.

The third part is sales and distribution front. So here we said our entire focus would be on north itself to optimize on the cost because all the business targets can easily be achieved by focus on the north part. So as far as the north part is concerned, we have done a very detailed and granular planning. So here we have broken north into multiple cities to the tune of 143 cities, so broken into TLP, SLP, and OLP. So TLP is basically 10 lakh plus population town. SLP is 5 lakh plus population town and OLP is 1 lakh plus population town and we are moving in a very specific and in a very step by step direction to ensure that we are able to have deeper penetration and take our retail outlets from around 45000 numbers to around 100000 numbers by 2020 and if you see consistently we are moving against the targets given, so that is on the sales and distribution front.

Procurement last time we had a very in depth discussion, so where we talked about our strategic alliance with Bank of Baroda, so which is first of its kind in the country, so without getting into details of the same since already we have spent enough time on that, so let me touch upon the implementation status. Already there has been sanctioned spend of around Rs.51 Crores, so far as the implementation part is concerned. So we are around 2000 odd approvals have already been sanctioned and already there is around 7500 applications approved by us, which means the entire project has gone into rigorous implementation on the ground, so that is a new development now which is there on bank of Boradora target perspective. So far as Kwality part is concerned, so last time we mentioned that we are trying to build a very strong organization so far as the Kwality part is concerned.

In line with that strategic direction already we have just hired a professional with around 34 years of experience Mr. Rao. He has come from GSK very rich experience at cost different frameworks so far as the Kwality part is concerned. He will be leading this complete vertical on an independent basis to ensure that we become globally one of the best players so far as this vertical is concerned. So that is how to create a very strong vertical within the organization and be Kwality as the driver of this complete business game plan and then there is an IT front.

As last time also we mentioned with the help of Ernst & Young we have defined some 16, so where we are talking about connected business including initiatives like ERPs. We are talking about business process automation. We are talking about building a rock solid foundation like disaster recovery and business continuity planning. We are talking about innovative IT. We are talking about integrated reporting using complex VI engine and data entry solutions and there is innovative IT like mobile apps and under these six teams from 23 comprehensive programs have been identified, which are currently in a process of execution on the ground. So that is the action which is happening on IT front and we really want IT to be a key enabler in this complete transformation moving from B2B towards B2C and then there is the people's front where recruitment is in full swing and as we mentioned we are hiring people from one of the best companies whether it is within the industry or outside the industry and as I shared a few examples Mr. Rao coming from GSK, our CMO Mr. Basu, Mr. Kabir Roy has come from Costco Philip, and similarly people are coming from one of the best companies, so that is how people are being driven very, very hard at the top management level, so that we are able to get one of the best team in place, so that is one.

Last but not the least a very strategic development. Recently our board has concluded and approved the appointment of MSKA & Associates as the statutory auditors for the period FY2018 to FY2022 obviously subject to the approval of shareholders in the AGM proposed in September. Now MSKA & Associates is part of DDO International network, so, which is world's fifth largest in terms of geographic footprint with presence in 159 countries, 1400 offices, and over 68,000 professionals. So this is all part of our complete organization transformation where we intent to work with one of the best professionals and one of the best partners in all the domains. In all the domains, we want to work, so that we are able to create a world-class organization and in line with the spirit if you see banks have already revised our rating from stable towards positive giving a very clear signal that what partners are really appreciating.

Last, but not the least another point is again showing a lot of confidence. Our institution holding has also increased from less than 1% to around 8%, so all these data points are clearly reflecting that on one side there is a very clearly defined strategy. On the other side, there is a rigorous execution framework implanting strategy on the ground and then there are partners showing confidence whether it is moving institutional let us say a contribution from less than 1% to 8% or whether it is a vision of credit ratings. All these data points give us a high degree of confidence and along with the committee members, we are very confident that we are able to travel this journey in a very systemic manner and hit all our business targets, so that is briefly about the overall numbers and underlying strategy and execution level game plan behind that. So now feel free to ask any questions. We will be more than happy to answer your questions.

Moderator: Thank you very much Sir. Ladies and gentlemen, we will now begin with the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. We take the first question from the line of Venkat Subramanian from Organic Capital. Please go ahead.

Venkat Subramanian: Thanks for taking my question. Your EBITDA indicatively you said has gone up to almost 5.9%, so the leeway that you have is about 2% to 2.1% because your targeted EBITDA you say is close to about 9% by 2020, so what delta are we talking about? Are we talking about adding something like about Rs.100 Crores to Rs.120 odd Crores possibly over the next two years in terms of additional EBITDA?

Nawal Sharma: Sorry I did not get the last piece. Can you just repeat the last piece?

Venkat Subramanian: The EBITDA delta is something about 2.1% on a fairly constant marginal kind of growth on the topline will result in addition of about Rs.120 odd Crores of EBITDA is that the right understanding?

Nawal Sharma: So far as the 2020 is concerned, so we are talking about around 9%, so around let us say I taking an expected revenue from Rs.9000 Crores, so this comes to around Rs.800 odd Crores of EBITDA by 2020, so this is the number that we are targeting and this is a very conservative number considering the overall industry the rate at which it is growing. The industry is growing at a rate of around 15% by value and within that the value added segment is growing upwards of 25%, so this the number that w are looking at in 2020 and gradually we are moving in that direction.

Venkat Subramanian: We also noticed on your notice that you have taken an enabling resolution for QIP of almost about Rs.1500 odd Crores. What kind of target do you have in mind for this?

Nawal Sharma: That you expressed on a very critical part. So far as financial tracts are concerned there are two tracks available. One is cash flow improvement by changing the product mix that is one track. The second track is capital structure optimization. Now the view that we have taken on capital structure optimization, so people generally ask that why it was not done may be one-year back. We will agree that ours is still an undiscovered stock, so that is the benefit and said let us wait for sometime or maybe over the next four to six quarters time and get the appropriate opportunity when we get the right value and that is the time when should be unlocking this particular lever, so while we are very open and we are exploring various possibilities and capital structure optimization is on the horizon, but when will that happen is something that needs to be seen depending on what value do we get and what is the right time, so based on that we will definitely press the button, but at the appropriate time, but this is definitely on our radar.

Venkat Subramanian: What is our gross debt as we stand today?

Nawal Sharma: At Rs.1508 Crores, but primarily you see this is the short term debt around 62% is contributed by short term and there also the plan is basically as we will be changing the business mix the overall cash flows that we will be generating and then through this capital structure optimization, so there is a plan to optimize on this level also over a period of time.

Venkat Subramanian: Right, but our cash flow itself should be of the order of close to about Rs.250 Crores plus even at something like about 7% kind of EBITDA, so what is the broad direction for debt reduction independent of any capital raising?

Nawal Sharma: The indicative numbers clearly reflect that over the next may be five years time, we should be debt free, so far as the cash flow generation is concerned. So our internal yearly as well as quarterly numbers clearly indicate that we will be generating sufficient cash flows based on the product mix strategy that we are implementing on the ground. However, how much debt to optimize again we will be using two levers because we have optimize on your capital structure also. So while hypothetically one might say that you hit, but ultimately you have to optimize on the capital structure, so we will be using these two levers, which is cash flow improvement on account of mix as well to this capital structure optimization.

Venkat Subramanian: But on a quarterly basis or on a yearly basis, is there debt reduction because numbers seem to indicate that you had some net cash flow accretion?

Nawal Sharma: Yes you see so far as debt reduction now there are two dimensions to debt. The key component again is working capital out of which the peak component is again a debtor days, so while on count debtor days will definitely keep moving down. If I take a practical example to illustrate; it has already gone down from 90 days to 82 days, which means again in line with the strategy it is actually going down, but second dimension is the value part. In absolute valuable the sales is also increasing, so our estimation maybe from the current level, it may go up to the tune of around 20% to hit the peak and then based on the net impact of cash flow generation as well as the capital structure optimization, we will start coming down, so that is what the game on which we are pursuing and moving ahead.

Venkat Subramanian: I have a few more questions. I will stand in the queue. Thanks.

Moderator: Thank you. We have the next question from the line of Satish Bhatt from Anvil Shares & Stock Broking. Please go ahead.

Satish Bhatt: Sir I had some few questions. Can you just tell me how much sales we are doing on a per day basis on brand KDL Kwality all valuations, the pouch milk?

Nawal Sharma: Sorry come again.

Satish Bhatt: How much sales you are doing on a per days basis in terms of liters in the name KDL quality brand if you can throw some light on that?

Nawal Sharma: I can take one example because there are different products being rolled out because as we said we have taken the mother brand strategy that is one. For example fresh milk, chaas and other stuff that we are moving out, but currently if you see the contribution is not statically civil if you can, but if I have to share some numbers. For example in fresh milk it is around 2.5 lakh liters per day. It is already that we have hit as we are talking. So similarly the intent is to go with the twin brand strategy because already you are sitting on certain revenues so far as Dairy Best part is concerned. So we are trying to do in phase one of our strategy we said let us first of all define a separate track, so far as sales and distribution part is concerned to ensure penetration. That already we have achieved. Now in phase two part of our strategy we are trying to integrate both the tracks, which are Dairy Best as well as Kwality right and hence will be able to leverage so far as the overall numbers are concerned. So as we are talking, I take one example it depends on product to product. The milk already we have touched 2.5 lakh liters per day, which is a very good number by any standards in the kind of time that we have hit this number. So similarly since the entire push is behind building KDLs Kwality as a brand for which we have all trademark certification and everything. So this is where the entire let us say the push, which will be there and we will be able to create a very strong brand foot and roll out all our value added products under this brand.

Satish Bhatt: Sir how much additional milk we have got because of the deal, which you have done through although it is a long term deal we have to reach 1 lakh farmers, but is the last three to four months how much additional milk we have got? How much do I expect in the next two to three quarters?

Nawal Sharma: As we mentioned last time also now so far as milk part is concerned fundamentally speaking as we said there are two brands one is contractor track and the second is MCC, which is basically a good quality milk, which is primarily used for let us say fresh products as well as value added products. Now the contribution of MCCs had gone up from 22% to 24% right, so that is the number that we are talking about. So this is where we are over the next maybe the last couple of quarters the increase, which has been there. Now as far as the future part is concerned let me do a quick math. As we talked about let us say 1 lakh farmers into let us say four animals, which is 4 lakh animals. Even if we take let us say 12 liters per animal per day it is 48 lakh liters per day. Even if you get 50% of this milk we are all sorted for the next maybe three to four years time, so that is the reason through this strategic alliance of Bank of Baroda, so we are all sorted so far as the protuberant part is concerned, which is the most complex and the toughest building block of dairy business value chain and as I also shared with you the implementation of this strategic alliance as we said already there has been a sanctioned amount of around Rs.51 Crores. Applications approved is around 7500 and sanctions is around 2000 odd numbers, so implementation is going in full swing and we are very confident that it is going to help us a lot in terms of this milk procurement is concerned, which is going to let us say be a key driver of this complete B2C strategy that we are implementing on the ground.

Satish Bhatt: Sir if you go by your logic of getting 24 lakh or 25 lakh liters of milk then may be in the next one-year your capacity will be full. You may have to put a new plant. When are you going to suffice 50-lakh liters?

Nawal Sharma: See again what we have to do both the tracks have to work in sync. So while at the capacity level there is fungibility between B2B as well as B2C also right, so while we are reducing B2B and increasing B2C. So far as the milk processing part is concerned there you have capacities, but you are moving further in such a direction as I mentioned from a topline perspective B2B will either be flat or it will degrow whereas B2C will improve, so that will help us in terms of optimizing our capacity and generate more value for our money, so that is what the game plan is.

Satish Bhatt: Thank you.

Moderator: Thank you. We take the next question from the line of Devansh Lakhani from NVS Brokerage. Please go ahead.

Devansh Lakhani: Good afternoon Sir. I have basically two or three questions. One first of all you mentioned by FY2020 you expect the EBITDA margins to be clocking around 9%, so where do we see our PAT margins on that front?

Nawal Sharma: Around 4% to 5% is what we are aiming at.

Devansh Lakhani: PAT margins that are by FY2020, so we will be gradually 0.5% every year to 0.7% right?

Nawal Sharma: Absolutely right.

Devansh Lakhani: Sir where were the milk prices in Q1 right now the quarter gone by and where do we see them going forward?

Nawal Sharma: I understand the intent behind your question. Now so far as milk prices are concerned as you would recall that milk prices got up in and around Q4 right and so what happened so in this industry it is absolutely passed on to the customer side and if you recall the prices were increased in the case of milk by around Rs.2 a liter and other products, which went up from around 5% to 20%, so it was across the industry all the places did that. So whatever the increase in milk prices are concerned, it is passed on to the customer, so it agnostic to be bottomline, so I hope I answered the intent behind your question. So in any case whenever there is a further increase in the milk prices or the overall milk procurement cost, it will be passed on to the customer.

Devansh Lakhani: It will be passed on to the customer?

Nawal Sharma: Absolutely right.

Devansh Lakhani: Sir what is latest update on the funds that we have received from KKR the usage of those funds?

Nawal Sharma: See so far as the KKR funds are concerned against the Rs.520 Crores, which we have agreed to provide already we have got around Rs.300 Crores, so primarily these funds are being utilized in three to four buckets. One gets into capex and second gets into let us say brand building and then there is IT infrastructure. So these are the primary key buckets where the funds are being utilized, so these are all deployed against these buckets. So this is where we are going to get best mileage out of that, so as we mentioned so this new unit three. We have already developed a capacity of around 9 lakh liters per day, which ultimately if you translate into numbers it will come to some Rs.2000 odd Crores in a good state of let us say utilization, so that is how the investment. It is a positive decline when we talked about the PAT, why there is a decline in the PAT, but ultimately this investment is going to translate into huge cash flows as well as improved profitability over a period of time.

Devansh Lakhani: What I understand is that this Rs.300 Crores we have already invested it completely whatever how much ever we have received we have completely invested?

Satish Kumar Gupta: That has been deployed absolutely.

Devansh Lakhani: The balance Rs.220 Crores you are expected to receive by in how many months?

Nawal Sharma: At this point of time, we do not want to talk anything about that right, so it will depend on the business need, but considering your question I think this much we can talk that on one side there is a framework being driven, which is capital structure optimization to have the right mix of equity as well as debt right, so I think this is what we can mention at this point of time to see that we get best value for our money and how we are able to optimize this debt equity ratio.

Satish Kumar Gupta: Also given our improved credit rating and also the falling interest rates, so we might look out for relatively better options.

Devansh Lakhani: Sir there was raise around Rs.1500 Crores there was some news on that front Kwality is going to raise Rs.1500 Crores, so what was that about?

Nawal Sharma: This is what we said. We do not want to talk about that at this point of time, but fundamentally speaking, I shared with you so there is a track called as capital structure optimization track on which we are trying to evaluate options as to what is the right value that we get, so that we can unlock and derive best value out of that. I think this is what we can share at this point of time into much details because it is not advisable to talk much about this.

Devansh Lakhani: Thank you.

Moderator: Thank you. We take the next question from the line of Jeevanath Manivasagam from Individual Investor. Please go ahead.

Jeevanath M: Sir my questions have been answered Sir. Thank you for the opportunity.

Moderator: Thank you. We take the next question from the line of Sanjay Shah from KSA Shares & Securities. Please go ahead.

Sanjay Shah: Good afternoon Sir. Thanks for giving an opportunity. Thank you for running us through your journey from B2B to B2C. Now in that can you please throw some light what will be the capital required to complete that journey by 2020? What is the capex and what amount will be required to be deployed in the company?

Nawal Sharma: What we have done is we have actually defined year-to-year requirement right so far as the capex bucket is concerned and then there are certain estimations as to what is the overall requirement and how this can be funded through equity or through debt, so I think at this point of time it may not be let us say advisable to talk about let us say short term plans, but there is a well structured game plan, which has been defined as to what is the overall fund requirement and how we intent to use what source to ensure that we get the right value for our cost of capital because the intent is to optimize on your cost of capital also. That is another key track, which we are driving very, very high because again one has to ensure that there is a positive delivery so far as that part is concerned, which we have been adhering at this point of time.

Sanjay Shah: I appreciate your point, but if you see the number, we should have to analyze we should have some figure and I am sure you must have done your homework?

Nawal Sharma: Yes really all these numbers are there.

Satish Kumar Gupta: Sanjay just to give you a directional view, so first of all see majority of the capex has already been incurred. Now there are two aspects where we will be incurring certain level of capex going forward. One is that we will be adding consumer-packing machines in our new plant and as the capacity utilization starts increasing, we might have to add a lot of consumer packing machines that is one. Secondly there will be an annual maintenance capex of close to Rs.35 Crores to Rs.40 Crores every year. Now there is another aspect, which I would like to bring to your notices that as we are trying to leverage on the MoU with Bank of Baroda we have also added in the recent past five new MCCs, so in order to expand our network and we have to provide those AMCUs to each of the VLCCs, so we will be incurring our capex on that front because that is the capex or that is an equipment, which has life of three years so that is the continues exercise and another aspect is that we also purchase AMCUs and provided to the contractors who intend suppliers high quality milk so these are the three aspects where we would be incurring certain amount of capex in the next two to two-and-a-half years however, having said that what we are trying to do is we are trying to increase the throughout of the existing MCCs or the existing network so it would be very difficult for us to actually give you certain number of the kind of MCC we would like to reach by 2020 because it is our endeavour to have assets light approach and try to leverage on the existing so we are augmenting our existing MCCs on one hand and secondly we are adding more and more MCC, which require AMCU investment, which is roughly Rs.1.25 lakhs per equipment so that is the kind of continues capex that we would be incurring in the next two to two-and-a-half years, but directionally the maintain capex would be anywhere between Rs.35 and 40 Crores and the backend infrastructure can be anywhere between Rs.60 and 100 Crores that is the directional view.

Sanjay Shah: Got it Sir. Thanks for updating Sir.

Moderator: Thank you. We will take the next question from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar: Thank you very much Sir. My most of the question have been answered. Now something on debt part you mentioned may be the peak for you in terms of debt would be 20% higher so Rs.1500 Crores we are looking Rs.1800 Crores by year end and may be it will start coming down from FY2019 onwards is that right way to think?

Nawal Sharma: That is what we are talking. It will hit that peak and then will start gradually coming down because we have done some permutation and combination as to how the cash flows will improve and how the other levers will happen and that is how estimation if you start coming down.

Deepak Poddar: By FY2021-2022 we might be targeting as zero kind of debt?

Nawal Sharma: This is what we think is we intent to become debt free company but as we said we want to do capital structure optimization to have the right value for us so that is how we are leveraging different options for us and that is the reason when somebody asked this question tell us from year-to-year basis what are the projected numbers because it is difficult to project the number because it depends on so many variables. For example if you go by hypothetically speaking if I say I will invest in capex in building my backend, the amount will be different if I say I am unable to ramp using asset light model, the amount will be totally different so since the numbers are subject to different variables and the response that we get so it is not so easy to define if it has been just single linear approach and you can define the number but if it is nonlinear approach and it depends so many variables it is not good thing to project certain numbers.

Deepak Poddar: Understood fair point from your side. My second question pertains to your basically depreciation interest already mentioned the jump was because of unit three commissioning now is the June quarter sees the full basically impact of this, is this the run rate going forward basically?

Nawal Sharma: Typically that will be the run rate 5%to 10% here and there.

Deepak Poddar: Basically on your B2B and B2C business separately so how much margin we generally seen by B2C business B2C?

Nawal Sharma: See fundamentally you can take this way for us B2B part is concerned, this offers margin profile of run 3% to 5% EBITDA levels whereas B2C part offers you anyway between 10% and 20% so depending on the product category and the kind of value addition that you are offering so that is it we are saying that as the margin profile of the products as the product mix will change this margin profile is going to change, which is happening in the past also, it is more than complete to 6.7% to 6.9% so that what is happening on the ground.

Deepak Poddar: Understood that point. Like 2020 we are targeting 70% B2C and if B2C 10% to 20% so is in your 9% number are a conservative number basically on the EBITDA part?

Nawal Sharma: Then it depends as to what is the kind of let say expense you are trying to incur on the ground. We have to do some brand building you are getting into some new categories also where you have to some investment so based on let say once you take this number sacrosanct because again there are some other levers also in the play so post evaluating all the levers as to what are the different categories that we are building for example if you come out in a product, in product category where we really will want to build the concept, the experience will be a little more so EBITDA margins are the same but we have to invest more so that it will impact the overall EBITDA level so that is how internal projection will be able to get that particular after considering all the aspects and all the drivers of profitability.

Deepak Poddar: Finally, I understood that point Sir fair enough and my final thing like 6.6% EBITDA margin we were at in FY2017, we are targeting may be 9% by FY2020 so as B2C shares increases basically in the revenue makes so do you expect this EBITDA margin improvement to be on the face manner as you mentioned for the PAT?

Nawal Sharma: It will be in a phased manner obviously. So as a mix will keep moving so obviously as you are seeing over the last may be three to four quarter it is happening.

Deepak Poddar: I think that is it from my side and all the very best.

Moderator: Thank you. We will take the next question from the line of Sunil Kothari from Unique Investment Consultancy. Please go ahead.

Sunil Kothari: Thank you Sir. We are talking about actually Rs.9000 Crores revenue 2020 so I think it is 2021 right? And it will require around 10% annual growth in revenue so is it feasible to with this change in product mix and B2C to achieve 10% volume growth?

Nawal Sharma: It is not at all difficult because that we have been growing decent rate so rather we have to ensure that we flatten our B2B growth and put focus on B2C part so after considering both the drivers as well as the growth rate of the industry as we mentioned VAT is going upwards 25% and this is B2C part been there industry is going at around 15% by value so it is a very conservative number that we are talking about 8% to 10% number that we mentioned.

Sunil Kothari: Sir margin improvement will be in phased manner by next year should we anticipate 8% EBITDA margin?

Nawal Sharma: See again would not like to comment on short-term numbers, but definitely as the directionally I mentioned that FY2019 is a year when you would start seeing monetizing all this execution thrust that we are having in FY2018 because as you are aware that we have started rolling out all this production in the ground so while there has been an improvement at EBITDA levels, which you can yourselves experience where in the past numbers and this will continue but definitely the real monetization will come in FY2019 and FY2020.

Satish Kumar Gupta: I think Sunil the way to look at it is that see currently we have just rolled out three value high products and we have created a very strong pipeline, which includes differentiated value high products so I think till first half of FY2019 the way to look at this period is that it is going to be period of launches and as an when we start launching new products each and every product will be in different stage of cycle so that cascading impact of all these rolling out new product categories in the market and on other hand we are also trying to create a strong brand pull who are marketing activities and also increasing the penetration but strong distribution networks so what we can say is that by second half of FY2019 significant improvements in EBITDA will be demonstrated; however, till first half of FY2019 the improvements would be there but at the moderate rate because of given expenses that you have to incur owing to the launches of new products and brand building.

Sunil Kothari: Sir whatever money whenever we through QIP we want to generate I mean whatever additional equity of fund offerings we are planning that we will be used to repay the debt or it will be before further any expansion?

Nawal Sharma: See there will be multiple avenues for this. For example it will be capex, it would be brand building, it would be retiring some of the high cost debt so it will be mixed bag utilizing this funds so that ultimately we get debt value for this money that we are getting.

Satish Kumar Gupta: Also the other way to look at it yes deleveraging our balance sheet would be our first area of focus because we want to unlock value for shareholders because obviously once we try to optimize our capital structure this will expedite the way we want to approach and create value for our shareholders so that is one and the other aspect is yes we would like to found all capex as well going forward so and smaller aspect being incurred on the marketing and brand building and IT infrastructure so I think broadly these are three areas where we would like to utilize the funds but you are having said that yes we would be exploring opportunity it is there on the mind that we want to optimize capital structure with the view to create value for shareholders. That is the primary intent.

Sunil Kothari: Sir we expect next year interest burden remaining similar or may be little lower, but not going up, this quarterly run rate of Rs.50 Crores?

Satish Kumar Gupta: So I think in FY2018, the run rate would be similar to what we have right now or probably slightly degrow, but in first quarter FY2019 what we look at it is that once entire capex has already been incurred and the working capital once the unit three which has just begin commercial production six months back that also gets into full swing so the working capital requirements for that even it look start falling down so probably you can see from first quarter FY2019 we would see decline in the interest cost run rate but in FY2018 I think it is a very in the short-term probably on the conservative basis we should take this as the run rate.

Sunil Kothari: Thank you very much Sir.

Moderator: Thank you. We take the next question from the line of Kunal Jagda from KR Choksey Shares & Securities Private Limited. Please go ahead.

Kunal Jagda: Thank you Sir for the opportunity. Sir can you guide n the repayment schedule of this Rs.300 Crores and the interest cost?

Satish Kumar Gupta: Yes basically so what will happen is that the repayments we start from March 31, 2018 so the first trans of the first installment we will be paid on the March 31, 2018 the interest is basically till March

31, 2018 the cash payout of the interest would be around 8% and because we just want to reduce the cash outflows during the moratorium period so that is the moratorium period that we have and the overall provisioning that we have as of 12.5% but initially till the moratorium period ends the cash outflow would be of 8% and the differential of 8% and 12.5%, which we are provisioning in our P&L account that will be adjusted over the 10 year of this loan till 2022 and so you would see that probably in the moratorium period the cash interest payout is relatively lower than the provisioning and subsequently after the payment starts on March 31, 2018, the interest component cash outflow would be slightly higher because it would be adjusting the 4.5% differential that we are provided for in the moratorium period as part of the cash payout along with installment till the 10 year of the loan.

Kunal Jagda: Sir what would be the first installment?

Satish Kumar Gupta: That will be on the equal quarterly installments so roughly around 16.6 Crores, it is on quarterly basis.

Kunal Jagda: Quarterly basis, Rs.3.6 Crores quarterly basis right? So this will be equally 16% across all the quarters?

Satish Kumar Gupta: Yes same there is no change or there is no moratorium in terms of installment value but yes we have got certain level of leeway on the interest cash payout during the moratorium period, which is 8%; however, we are providing for 12.5% in the P&L account.

Kunal Jagda: So by 2022 will be debt free virtually?

Satish Kumar Gupta: See 2022 is the plan that we have to be debt free because see majority of the debt that we have is primarily short-term and given all view on focus on optimizing the capital structure even if we just discount that I think once we start focusing more towards B2C and start growing there, our internal cash flow would be sufficient enough to basically partially our internal working capital requirements to lot of extent and I think the payout for the long-term debt will continue to happen over the next six years or five years so I think 2022 is one year that we will look at to be debt free; however, things can be expedited once if you are able to unlock as per the desired levels the capital structure so then being deliver or being debt free can be expedited to may be by 12-24 months.

Kunal Jagda: And Sir which is the new product category for B2C?

Nawal Sharma: See B2C categories are concerned so we have broken the various categories into three parts, Priority 1, Priority 2, and Priority 3 so we have said we have already got into UHT milk tetra pack that is one, flavoured milk has just been rolled out, we are getting into tetra pack Lassi and chaas and after that we will be cutting into butter, cheese, value-added ghee, curds so these are the various categories that we intend to get into but definitely with our differentiation product strategy, it would not be kind of me2 product and that is how and why we have engaged Ernst & Young as a business strategy growth partner because what we have done along with them we have worked out very clearly defined go to market strategy because tomorrow we are getting into VAP space as to why customer will buy our products so till let us say value addition or what is the customer value proposition and for this we have done worked out two frameworks, first we called us HPC which is the H is Health, P is Pleasure and then C is convenience so out of these at least we are saying for each product two dimensions should be covered so that is one part. Second strategy for differentiation is the kind of robust process of customer value proposition build framework that we have developed in which what will do see is our marketing function start with the research where they capture as to what are the opportunities available, what is the customer need analysis, what is that competition offering post that once the identify the opportunity so then there is independent input from nutritionist who brings in the medical anvil as well as what is that customer needs from our medical standpoint and once it crosses the hurdle then it goes to the R&D function so we are technical team evaluates the compatibility for example if nutritionist say that we should do fortification with vitamin A&B so then technical team evaluates whether there is possible not possible and once that part is done, then the product port type is developed with but through what we called us ICT and ECT, which is internal customer testing and external customer testing post which there is pilot launch and once we get encouraging response then we go for steady state so that is how we found a very rigorous and a very comprehensive process of launching products and that what is demonstrated and that is the reason why we are getting such a good response and the category as just mentioned as two are variable categories that we intend to get into over the next two to four years time.

Kunal Jagda: Thank you Sir. That was very much helpful. That is it from my side.

Moderator: Thank you. We take the next question from the line of Venkat Subramanian from Organic Capital. Please go ahead.

Venkat Subramanian: Thanks for taking my question. Out of your B2C segment of close to about 42% that you are referred to how much is milk and how much non-milk and what kind of broad breakup in terms of buckets to be have now?

Satish Kumar Gupta: I think we have fresh and see primarily it is fresh and ghee in terms of B2C, the value-added product have just kicked in so the contribution is little minimal given those strong base that we have so roughly around 32% would be milk and curd put together then there will be ghee of 11% and the rest 2% would be chaas and there is other so that is broad level breakup of 42%.

Venkat Subramanian: What is the broad expectation in terms of the roll out of the rest of the products and more value-added products if you can see? It is three quarters, is it five quarters how long if you are going to take?

Nawal Sharma: What we are telling is over the next four to six quarters is one we want to finish the roll out of all these products because what we want is basically one products to stabilize and then depending on the market though the target is in the next four quarters time we should be able to roll up all these products, which we have demonstrated out of if you see over the last couple of quarters 3% or 4% has already gone the market so the plan is for next four quarters, but again depending on the market response we take a business call as to whether one quarter here or there will adjust.

Venkat Subramanian: At the end of four quarters what would be wish list in terms of what the product profile and various breakdowns to be?

Nawal Sharma: Right now as we mentioned that internally following the compliance framework the internal short-term numbers we are not discussing while all these numbers are very clearly chucked out by quarter by year, but previously as I shared with you.

Venkat Subramanian: At the end of four quarter meaning I am not saying on a quarterly basis at the end of your designation what is wish list in terms of what breakdown you would want?

Nawal Sharma: See again as I mentioned that if you see currently it is 42% and 2020 is around that 70% so gradually you can take let us say some kind of activation where what will be the approximate so even if I have to share the number may be around may be 48% or so. 45% to 48% we are what looking for, but this call will be taking based on the customer response so that is sometimes we do not quote certain numbers because on a short-term horizon it becomes very difficult because we have to allow products to stabilize for example when we take a strategic call suppose tomorrow if I launch value-added key had a tremendous response. I will make a strategic call that let us hold so far other launches company that is build on this product because just getting a very good response so that is the reason why one should focus, as far as strategic year is concerned once we looked at the long-term numbers, but when it comes to data once should look at the hard core numbers in the past because that is the right way we are looking that numbers because quarter to quarter numbers is very difficult and it may not be practical approach of looking that numbers because you take lot of business call of let see postponing certain things based on the customer response that we get.

Satish Kumar Gupta: Also see one cannot drift away from the fresh milk products. These are high volume products which has sold everyday whereas the value-added products do not give you lot of volume, they give you lot of value so I think having said that even after four quarters directionally the way you should look at it is that primarily the sales would be of fresh milk products see when we say contribution from fresh mild products and high volume products would be always higher because these are daily used products and they are sold everyday off the shelves, but yet value high products as Nawal mentioned that it would depend on the performance and how the market perceives the product because at Kwality it is our continuous endeavor not to just roll out Me2 products it is going to be differentiated now when we said differentiated there will be those kind of products, which are not available in the market and it is very difficult for us to ascertain what is going to be response from the consumer side because let us say ghee as the commodity product let us say if we add unique differentiation and there is huge response from the market so even ghee being the commodity product can create huge volumes for us as part of the value-added products so for us we are being a little conservative but directionally four quarters down the line, fresh milk products will continue to contribute the major chunk of B2C because these are high volume product and when we talked about value products that because in the next four to six quarters there will be rolling out of value-added products in the market and each product will be in different stage because let us say we are just rolled out it start getting traction and product basement starts happening in different parts of the city or the market so the target market so then the response also little encouraging because we have just rolled out flavored milk last to last week and the response has been phenomenal so I think it is very difficult to quantify or ascertain the consumers performance on reception, on our differentiate value added products but we will not continue to drift away from the main product, which is the fresh milk product.

Venkat Subramanian: Completely fair. Just had a fundamental question the freshness and attraction of the Kwality story broadly was that in the transformation towards B2C, you would have multiple levers with you, one is in terms of working capital management, two in terms of higher contribution all of which would have probably helped you to retire debt or two shrink debt little bit so this enabling resolution for equity kind of surprises few analysis so I wonder how would you want to put it?

Satish Kumar Gupta: Actually I did not get the last line can you please repeat that again please?

Venkat Subramanian: Your enabling resolution for equity raising kind of actually goes counted to the broad PCs of cash flow generation coming from transformation that you are actually going through so this a possible acuity dilution is a little surprising?

Satish Kumar Gupta: No see first of all see it is a resolution and we are not going to enter into any kind of transaction until unless it is desirable that is the one way to look at it and it is other way to look at it is that we have grown significantly over the last three or four years as part of the business transformation at the end of the day it is about creating value for the shareholders now. This is not about just focusing on diluting the cost of equity. Cost of equity is very much higher than cost of debt and I think we have now reached a stage where we have leverage on the debt to achieve where we are today and in order to enter into the new orbit of growth, I think unlock value for our shareholders because they have also better known us for quite a long time and I think we just want to expedite the entire processes and leverage our balance sheets if you talk about the organic growth, organic growth is also on our cards, what we are trying to say in the resolution or the intent is that we would be exploring possibilities. Now if the possibilities are accretive probably then we will look at that kind of proposition if it is dilutive we will not look at that kind of transaction. It is just that what we are trying to give a signal to the market is that we want to unlock value for our shareholders, we want to expedite and create value for the shareholders and there is no intention to be diluting, if it is not so accretive kind of transaction because we also realized that right now the market is just recognizing our stock if you talk about last year people, it was an indispensable stock, people are long discovering discount that is why it is very much evident from the increased institutional interest in our shareholding so having said that no transaction will be evaluated if it is diluted in nature. The idea is to have accretion and create value for the shareholders and we just want to give you strategic intend that we know we want to expedite the entire process, otherwise organically we can create value for shareholders but that may take it's own sweet time because we are right now in the face of transitioning ourselves we have rolling out a new product, adding profitability, moving down to bottomline so improving cash flows this will take it is own sweet time but if we can expedite the entire end cut down our interest cost significantly we can create a lot of value for shareholders, this is what we believe in.

Venkat Subramanian: Thank you.

Moderator: Thank you. We take the next question from the line of Sameer Kapadia from Rockstud Capital. Please go ahead.

Sameer Kapadia: Good afternoon Sir. We are speaking lot of in regards with value creation for the shareholders and leveraging the balance sheet can you please tell me what would be your targeting debt to equity ratio?

Satish Kumar Gupta: See right now as we say that by 2022-2023 we would like to be debt free; however, that is a very positive statement to say but we would like to keep our debt to the minimal level so let us say right now if you look at my debt to equity ratio it would be close to 1.5x so what we want to achieve is anywhere less than 0.5 so that the kind of target that we have, but having said by 2020 we would like to achieve that less than 0.5 but by 2022 yes we would just have a very minimal level of debt.

Sameer Kapadia: What is your current cost of debt as of now?

Satish Kumar Gupta: Post 12%, 11.95 slightly.

Sameer Kapadia: Okay and where do you see going forward?

Satish Kumar Gupta: See again what we are all exploring right now is that we know as the momentum is towards interest falling down so we are also exploring, we have also evaluating couple of the refinancing options so we would like to bring it down given our improved credit rating as well so I think we would like to leverage on the cycle where the interest rates of falling down and we would like to explore refinancing options for ourselves so probably 50-60 basis point or something that we should look at reducing the debt.

Sameer Kapadia: Okay and in terms of can you tell me your current utilization, which is at present?

Satish Kumar Gupta: See right now we are processing close to 3.2 million liters of milk everyday so roughly around 74%-75% utilization given capacity of 4.3 million liters per day.

Sameer Kapadia: Okay and since we are.

Satish Kumar Gupta: Are you talking about utilization or the plant utilization?

Sameer Kapadia: Plant utilization.

Satish Kumar Gupta: Yes 75%.

Sameer Kapadia: And in terms since we are changing our business mix so how do you see our working capital days improving and what is that currently?

Satish Kumar Gupta: We would have seen let us say in FY2016 my cash conversion cycle was close to 100 days it was 98 days precisely and in FY2017 it has reduced to 93-94 days given obviously the reduction in the receivable cycle had been close to eight days because in FY2016 it was 90 days in FY2017 it has come down to 82 days, but it was partially offset by the increase in the inventory levels given we were in the process of launching out are UHT milk and cream in tetra plant so there was slight bump in the inventory, but overall Amul inventory days ranged from 10 to 12 days on the normalized basis, but having said that so once we shift towards B2C the ideal cash conversion cycle we should look at by 2020 anywhere between 50-55 days because on one hand there will be slight bumped in the inventory days because the number of SKUs are higher given when we talked about our B2B business, the average days of inventory 10 to 12 days but I think in when we talked about B2C business their inventory days can range anywhere between 20 and 25 and the ideal scenario for receivables can be anywhere between 35 and 40 days and whereas the creditors remain the same in both the sides it would be close to five days so anywhere between 50-55 days optimum cash conversion cycle we should look at by 2020.

Sameer Kapadia: Okay and the revenue targets and the margin targets go for 2020 or 2021?

Satish Kumar Gupta: 20.

Sameer Kapadia: Okay and lastly in regards with though you have told me you are going to reduce it substantially working capital days if I compare it with your other peers like Hatsun Agro or Heritage for example, they have substantially very low why would be there still have huge difference between your guidance and their current position?

Satish Kumar Gupta: I think the way to look at it is also there is brand that my peers have also what we have done is that we were very, very strong B2B player in India and we had network of B2B distributors now we also have network of what we tried to do when we actually forayed into B2C space. We actually leverage on the existing network that we have so there are distributors what are doing B2B and B2C business together so I think given our size and our approach has to be a little different than compared to Heritage and Hatsun because they have also created a strong brand value for themselves and there is a huge brand pull and retailers and distributors are also channel partners of willing store the product and there are also servicing the retail outlets everyday through their outsourced legal network and also you advised to look at their mix, which is very between 50% to more than 90% so if you go by their mix between B2B and B2C that will answer your question.

Sameer Kapadia: That is what we are moving in the similar direction.

Nawal Sharma: We are at 42%, but let us say will you talk about them somewhere somebody they let us say 70%, somebody is at 95% plus so that is the number that we are having so, you have to take the stage where the cooperate the life cycle at this point of time so it have to be an apple to apple comparison because as we mentioned B2B heavy means let us say 92 to 120 days plus right whereas B2C that is a different ball game altogether and that is also the mix between fresh as well as VAP so once you do apple to apple comparison you will see more or less industry cycle is maintained.

Satish Kumar Gupta: Also since we started new brand campaign last year in September, we have roped in new distributors and more and more new distributors with the large infrastructure are being part of the Kwality family. There is payment cycles of very, very comparable to that Hatsun and Heritage so what we are trying to say is that given our size and the kind of markets we are operating in we require huge level of penetration target markets so our strategy was to first leverage on the existing network that we have and also side by side add new network, add new distributors with robust infrastructure who can help also us in penetrating the target markets so when you look at the combination of these two strengths we have just rolled out add campaign 9 or 10 months back so I think we need certain level of time to actually reach that kind of receivable cycle as compared to let say Hatsun or Heritage given the kind of scale that we have and kind of targets we want to achieve I think it will take certain level of time, but I think optimally by 2020 we should be able to achieve our target.

Sameer Kapadia: Okay understood. Thank you so very much.

Moderator: Thank you. Ladies and gentlemen that was the last question. I now hand the conference over to the management for closing comments.

Satish Kumar Gupta: I think before I give it to Nawal so I just wanted to take this opportunity to reinforce Kwality Limited's board approval of changing our new statutory auditors so the idea is that when we talk about the transformation internally, transformation is not limiting to just changing our business model from let us say B2B to consumer business. It is about going ahead of that and becoming world class company in terms of Kwality as well as professional standards and with the view that with this intent what we wanted to achieve is that I think is what we are trying to achieve out of this is that we are beginning more process oriented frameworks are being built upon and the idea is to supreme level of corporate governance and I think this association or changes of our statutory auditors was long overdue and I think the organization has moved towards this path and it will create a lot of creditability and bolster confidence of all those stakeholders of our company because I think MSK is part of video network, which is in the top 5 in terms of geographic presence and there are one of the top auditing firm and there are also having significant presence in India, present over 7 cities, they are also advising auditing companies across sector around seven to eight sectors so I think this partnership is going to add a lot of creditability to Kwality and as well as bolster the confidence of the entire stakeholders. Over to you Nawal!

Nawal Sharma: Just to summarize as to because somebody will ask as to why, why instances like MSK so ultimately we will see what is the overall construct of our organization if have to let say explain in one sentence, the core of our organization is basically the value what we called us goods so this explains as first value is value in people where we really want to let us say there is no difference whether you are working as a security guard or walking as a President in the organization that is one. Second is basically we are talking about ownership, third party is open communication. People are free to discuss, debate and then discrete and the last value trust. So that is the core of our organization, which should be driving the complete game plan. So the next layer is the business layer where we talk about all these strategic game plans of business transformation and all the stuff and the third layer an outmost is the financial layer which ultimately business layer get translated into the financial numbers so that is how we intend to drive this organization and that is the reason over the past let us say few quarter that you see we have been getting into strategic alliances with one of the very critical players where it is let say KKR of the world or whether it is let us say MSK and Associates or whether it is best of the marketing partners or whether it is best of the business consulting partners like Ernst &

Young, so this clearly reflect as to how we intend to run this organization so this organization has to be run through core value driven very hard by very strong business layer in a collaborative manner along with one of the best domain specialist in each and every area and that is how the intend to translate this two layers into the final financial numbers. So with that vision I would like to sign off and really thank you on behalf of all my colleagues. Thank you very much for your presence and we assure you that will continue to deliver against the expectations of our stakeholders and will travel this journey together and hit all the business targets that we have set in front of ourselves to this collaborative approach and a very systematic and structured methodology that we adopt in term of execution and the key focus is execution, execution and execution. Thank you very much.

Moderator: Thank you very much Sir. Ladies and gentlemen on behalf of Edelweiss Broking that concludes this conference. Thank you for joining us. You may now disconnect your lines.