"United Breweries Q4 FY '18 Earnings Conference Call hosted by IDFC Securities"

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MODERATOR: **MR. HARIT KAPOOR – IDFC SECURITIES**

Moderator: Ladies and Gentlemen, Good Day and Welcome to the United Breweries Limited Q4 FY '18 Earnings Conference Call hosted by IDFC Securities. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing '*' and then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Harit Kapoor from IDFC Securities. Thank you and over to you, Mr. Kapoor.

Harit Kapoor: Thank you. On behalf of IDFC Securities, we would like to welcome all the participants as well as the management of United Breweries to this Q4 FY '18 earnings call. From the United Breweries management, we have Mr. Steven Bosch, CFO, and Mr. P. A. Poonacha, Finance and Investor Relations. I will now hand over the call to Steven for his opening remarks, post which we will open the floor for Q&A. Over to you, Steven.

Steven Bosch: Thank you, Harit, Good Afternoon everybody, thanks for joining our call. As usual, I will take off with a quick intro, I will give you a snapshot for the year that has gone by, look at the Q4 financials and also then finish with some guidance for the current year. For the Fiscal '17-18, we are pleased to highlight that we have delivered a strong set of financials with a full year volume growth of 10%, which is ahead of the industry volume growth of 7%. Our net sales increased by 18% and PBT, our profit before tax, was higher by 75%. For the full year, our pan India market share is in excess of 52% and we are pleased to see continuation of the upward trend in both the Strong beer segment as well as the mild beer space. In each, our share was up by about 200 basis points. Also, our premium growth rates are in strong double digits, Ultra as well as Heineken are doing very well and also our recently launched Kingfisher Storm which is playing in the affordable premium, or premium plus segment, has had a good start in its first year after launch as we reached and exceeded the 1 million cases mark, so very pleased with that result.

Also, we are very happy to share that our largest beer, Kingfisher Strong, has now realized volume in excess of 100 million cases after growing about 7% last year and the Kingfisher Strong brand now represents about a third of the industry volume. Looking at the quarter itself at Q4, we have seen that the volume growth rate has accelerated, volumes grew 24% slightly ahead of the industry that grew some 22% in the quarter, and we realized high double digits volume growth in almost all our key markets. Our net revenue increased by 32% and our gross margins also improved by about 150 basis points in the quarter versus the comparable quarter in 2017. The company benefited from a favorable state mix showing outperformance in markets with relatively high net contribution despite the increase in input prices of barley, sugar, rice as well as facing the impact of GST on our input costs.

Then looking at some of our regions or the four regions during the quarter, to start with the North, we recorded healthy volume growth in Rajasthan as well as in Delhi. In particular in

Rajasthan, we gained market share quite a bit. In Uttar Pradesh, UP, our volumes declined, that was in anticipation of the new excise policy that became effective from April 1st. In the state of UP, as you may know we moved from a quasi-monopoly situation to a wholesaler model where we are now selling to a large number of new players, large number of new entrants who sell on to the trade and this policy change has already caused some challenges in Q4 with the trade reducing stock levels in that quarter.

Then moving to South in that region we saw the industry grow strongly by some 25% and the company outperformed the market and recorded 36% growth rate and resulting in a good market share growth in all these states in the region. I especially want to highlight the healthy growth that we recorded in Andhra as well as in Telangana and of course we benefited from the resumption of supplies in Tamil Nadu where last year or in the year 16-17, we were partially absent in that state.

In the East, the company's volume growth was 21% roundabout the same or a little less than what the industry did in that region. We were doing very well in Orissa where we gained substantial market share. In West Bengal, however, it continues to be a challenge in that state on top of the route to market change that we saw last year. The state also announced a very steep excise duty increase that has led us to withhold supplies for most of the quarter in order to obtain some further clarity and the situation got resolved towards the end of March '18 and that has also impacted to some extent our market share in that state.

Finally, in the West, the industry bounced back to growth of about 16% and also our volumes recorded a growth of around that same percentage of 16%. In Maharashtra including Mumbai, our volumes grew by 18% as a consequence of that we gained market share in the state. That is it for the regional developments.

Then if I look at the overall cash flow and balance sheet situation for the company as a whole, on account of better working capital management, the working capital cycle improved by three days from 31 days last year to 28 days in the current year. In terms of financial postings for the quarter, I want to highlight a one-off provision that we took of about 18 crores on account of overdue receivables outstanding with the State Beverage Corporation in Bihar that we took in the quarter. As you all know, this is related to the prohibition there and that we stopped selling in the state of Bihar.

Finally, some guidance for the current year, we expect continued growth, we see a high single digit volume growth for UBL. From a pricing point of view, also we have taken price increases in several key markets including in Karnataka as well as in Maharashtra in April and in May. The industry received confirmation from the state of Telangana that a 10% increase in the ex-brewery price will be granted, so these developments should help drive our overall price realization. Then on the portfolio side, we launched a new brand earlier this month, that is the

Amstel brand from Heineken stable. It is a strong beer offering and we expect it to do very well in the premium plus category where we so far did not have an international brand as part of our portfolio. With this, I end my introduction and I invite the participants to raise any questions that they may have. Thank you.

Moderator: Thank you very much, Sir. We will now begin the question and answer session. We have our first question from the line of Abneesh Roy from Edelweiss. Please go ahead.

Abneesh Roy: Sir, my first question is on UP and Bengal. In both the markets, the route to market got changed, how do you see growth in first half in these two markets, UP and Bengal?

Steven Bosch: In those two markets we saw change in route to market, so one was into wholesaler model and the other was into a model where we were working with a Government Corporation. There is always the first couple of months of turbulence of new parties coming in and of a distribution network that needs to be established. Once that is over, you can come to normal ordinary course kind of market. In UP, we believe that there is a more healthy situation where you have a wide range of players coming in that should boost volume as compared to last year. In West Bengal, it is a little bit more difficult, but still we are impacted by the higher prices, so there was a large excise duty increase that we have been able to mitigate somewhat, but still is now impacting the beer industry still, so in addition to the route to market change, we are now seeing that the impact is more related to the higher price level for the consumer, and to give you an example in West Bengal our price point of MRP has gone from Rs. 110 to Rs. 145 per bottle, so that is really a significant jump and as a consequence the consumers moved to other categories for instance, to country liquor.

Abneesh Roy: Sir, the 30% move in Bengal in terms of pricing, would have impacted all beer players, right?

Steven Bosch: Yes indeed, it is not just UB, but it hit the beer industry.

Abneesh Roy: Sir, in terms of market share gains, you are gaining market share, when I see Carlsberg and Bira, they are also gaining share, so is it fair to say that SAB is the one which is losing share?

Steven Bosch: If you look at the landscape, yes it is fair to say that SAB has come down somewhat over last years' period, and that is what I think is a big driver of this and Carlsberg has also done well with some share gains, but less pronounced perhaps than what they have been growing over the previous periods.

Abneesh Roy: Sir, my last question is on the Premium Plus, I understand your market share in the Premium Plus is much lower than your 52% pan India market share, so will Amstel's launch be an answer to that because the gap is quite high and why has the gap been and why have we been ignoring the Premium Plus from an international brand, you already had a brand plus why have we been ignoring craft and variety beers, essentially Bira?

Steven Bosch: There appears to be two questions, so one is Premium. Now, in Premium we distinguished between two subsets, one is the Super Premium where we have of course Heineken and Ultra and Ultra Max as well as our import portfolio. Then secondly, you have the Premium Plus or in other words the Affordable Premium space. Pricing there will be higher than the Kingfisher main brands, being Kingfisher Premium and Kingfisher Strong. We had no presence in the latter segment - in the affordable premium space- until we launched KF Storm. So with that brand you see that we have done well in the first year of launch. On top of that, we now have Amstel that also clearly is in response to the demand we are seeing in that space. Then separately of course with the Heineken and Ultra brands, we see really healthy growth and beyond average or beyond market growth for those two as well. So it is fair to say that we had an opportunity there to further catch up and to get to our fair share of the volume of the market, so we need to work on our let us say get to our fair share of the market. We see that for instance in the Premium space, our brands are now selling or growing by 35% and the industry for the Premium space this is a 20%, so clearly we are catching up.

Moderator: Thank you. We have our next question from the line of Ashit Desai from Emkay Global. Please go ahead.

Ashit Desai: If I see your comments you have talked about 18% growth in Maharashtra this quarter, so if you can break up how much is the effect of restocking and particularly Maharashtra has seen a bit decline this year, so as we move into FY '19, do we see a recovery in the state?

Steven Bosch: Yes, in Q4 two effects play a role, so one is of course that you see in Quarter-4 versus Quarter-4 '17 that there was a relatively easy comparable because of the highway ban also affecting Maharashtra quite a bit, so that is catching up versus the Q4 last year. Secondly there is some up-stocking that happened in January because of our absence in Q3, so those two effects play a role and have led to the high double digit or the 18% growth in the state. Going forward, we do expect that in Maharashtra there is growth on the horizon and we can also further gain share, so that is what our analysis is of the State of Maharashtra.

Ashit Desai: So 18% growth as you say does not have a big benefit of the restocking, it is largely to do with lower comparables last year?

Steven Bosch: That is the bigger impact and there has been some up-stocking in first half of January, but clearly of course towards the end of the March quarter, there is more volume in the industry because of season picking up.

Ashit Desai: Secondly, you have increased your CAPEX guidance from 200 crores to 300 crores, so just wanted to know from your side are we getting more confident on the volume growth recovery going ahead, and secondly since we are still at lower than 70% capacity utilization, what is the optimal level of capacity utilization that you would target in the next two to three years?

Steven Bosch: Your first question is around confidence. We have since the highway ban effect has been put behind us, we have been guiding towards 6%, 7%-8% market growth and on top of that we are confident that we can continue to gain some market share- that is for the pan India situation as a whole. Of course then if you then look at markets, or state-by-state, you see that in certain markets actually the growth has been more pronounced, with a higher growth rate than the Indian average, for instance Telangana, more recently Rajasthan or Delhi, so both in the South as well as in the North we see opportunities to further enhance capacity which we are now covering in our annual plan, so that is the confidence that we have that definitely we see growth continue as per our guidance. Then guidance for the coming two to three years, I think it is fair to say that we want to take it year by year and see how things are panning out, but clearly as it stands we see that there is further requirements for capacity expansion. Even if on an annualized basis our percentage utilization rate may be at 70% or 80%, of course, it is the peak quarter of Q1 that is guiding for us. There we do not want to miss out when it comes to capacity utilization or covering the market in Q1.

Ashit Desai: Lastly, you talked about some one-off expense of 18 crores, was this in Q4, which quarter is it?

Steven Bosch: Yes, that was Q4, that provision we took when it comes to the receivable, the outstanding position that we have with the State Beverage Corporation of Bihar.

Ashit Desai: This 18 crores is in Q4 of this year?

Steven Bosch: The year 17-18.

Ashit Desai: Because if I see your overhead expenses in March quarter, these are higher than your first quarter also which is the peak quarter, so besides this 18 crores, any other one-off or if you can give us the increase in ad spends for the year, I mean what is driving this significant increase in the overhead spends?

Steven Bosch: One point indeed is your advertising and the ATL and BTL spends, as I guided also on the earlier calls is that it is a little bit skewed towards the year-end and also you see of course that when you have high-growth also there is some pressure on items like PC cost and other operating cost, these two get to the….

P. A. Poonacha: Ashit, is your question for quarter-on-quarter?

Ashit Desai: I was comparing Q4 versus Q1, Q4 is a lean quarter but despite that your overhead spends which is employee and other expenses are higher than the Q1 period?

P. A. Poonacha: Where did you get the Q1 period from?

Ashit Desai: Q1 of FY '18?

P. A. Poonacha: Q1 of FY '18, do you have the number with you?

Ashit Desai: Yes.

P. A. Poonacha: Employee expenses will be higher because our increment cycle is effective July 1st, so it will be higher.

Ashit Desai: It has never happened in the previous years, which is why I asked that?

P. A. Poonacha: You are talking about employee expenses or you are talking about other expenses?

Ashit Desai: Yes, I was looking at both employee and other expenses together?

P. A. Poonacha: You are saying why Q4 is higher than Q1?

Ashit Desai: Yes, it is 570 crores versus 560 crores?

P. A. Poonacha: If you take Q1 of FY '17-18, in Q1 you will not have your increments in place, increment happens on July 1st and in addition to that if there is a change in your interest rates, your gratuity provision also goes up with your increase in your salary income, so that cost will also kick in, so technically speaking, you will have a higher employee expenses in Q4 vis-a-vis Q1. Regarding other expenses, yes, in addition to what Steven mentioned with respect to doubtful debt, we have higher amounts with respect to bottling fee which is a statutory due which is paid on cross-border movement due to the sourcing mix, and freight so these are the other elements if you compare the other expenses.

Ashit Desai: Okay, I just wanted to know if there is a significant jump in ad spends in this quarter versus the previous quarters?

P. A. Poonacha: No, ad spends is in the similar trend, so the changes are only with respect to provisioning, with respect to cross-border movement and bottling fee, and to some extent freight.

Ashit Desai: Can you share what is the full-year ad spend growth?

P. A. Poonacha: Ad spend growth is in line with the growth in the previous year, as you know we do not give that detail, but it is not substantially different from what it was in the last year.

Moderator: Thank you. We have our next question from the line of Krishnan Sambamoorthy from Motilal Oswal Securities. Please go ahead.

Krishnan Sambamoorthy: Last year, in the summer season, you had also launched five brands from the Heineken stable, this include Dos Equis, Desperados, Edelweiss and so on, can you give us an update on their performance as well maybe in terms of millions of cases?

Steven Bosch: Yes, this is indeed the imported brand portfolio, the five brands that have been rolled out in the higher end of the market, so these are we are selling at totally different price level than the Kingfisher Storm or Kingfisher Strong. This is something that we are building carefully to ensure that we have the right presence and in all fairness, this is not in millions of cases, this is more in, it is a smaller segment altogether where we will continue to grow, continue to invest, but do not count in large volumes.

Krishnan Sambamoorthy: Let me rephrase that question, I believe UB's market share in the imported beer market is less than 15% and what would be the share after these brands have been launched and what will be your target?

Steven Bosch: I do not have the share for this particular segment with me here. It is fair to say that there is, we did not import any other brands beyond these, so other brands that we are doing here in India are domestically brewed, so it is purely an incremental volume that we see coming from foreign markets.

Moderator: Thank you. We have the next question from the line of Ravi Naredi from Naredi Investments. Please go ahead.

Ravi Naredi: Sir, how much growth we are expecting in top line this year?

Steven Bosch: The volume growth that we have guided is high single digit growth.

Ravi Naredi: This Amstel beer at what price we are launching in India?

Steven Bosch: It is in the affordable premium segment and that is a price index of some 120, it is well about Rs. 135 per bottle MRP.

Moderator: Thank you. We have the next question from the line of Mr. Harit Kapoor. Please go ahead.

Harit Kapoor: Sir, had a couple of questions on the balance sheet side, the CAPEX that you spoke about would that be in terms of Greenfield or is it adding to additional capacities in states?

Steven Bosch: That is in ordinary course business of expanding our existing facilities, so we are upgrading and extending some of our facilities, so when we talk about 50% growth, we do not refer to any Greenfield.

Harit Kapoor: On the working capital side, we have continuously improved the working capital levels now, we are just down to about 28 odd days, given that the growth rates are probably going to be little better than what it has been in the past, are we expecting little bit increase in investment on working capital side or do we believe we can sustain at these levels of days that we have currently had in FY '18?

P. A. Poonacha: Harit, working capital which is purely under our control, we will surely try to look at even better levels of operating meaning ordering, stocking, payments, all these things which are under our control, we would try our best to have better efficiencies, however, one thing which is really not in our control is the debtor collections with respect to dispatches to Government corporations and 65% of our sale is the Government Corporations and we have seen that in the past year to year-and-a-half large corporations delaying far beyond the payment terms, so there we have little choice or little control over working capital.

Moderator: Thank you. We have the next question from the line of Bharat C. from ICICI Direct. Please go ahead.

Bharat C.: Sir, just wanted to know how do we see the pricing scenario and in how many states have we got the price hikes in FY '18 and probably would we still be seeing price hikes coming in FY '19?

Steven Bosch: There are markets where you can pursue price increases and another set of markets where it is more restricted pricing. One example I gave of Telangana is a market after many, many years, now the Ministry has granted the price increase. Other states like Karnataka, like Maharashtra, some of the other states that we do business in, we can pursue annual increases. For instance, in Goa we have gone for price increase and also in states like in Delhi, we had in Q4 a price increase, so that is ongoing. In the state like in West Bengal, we deliberately we have so far have not gone for price increase because of the high excise duty that we have seen over in Q4, so where we can grow prices we will pursue and where we cannot, we try to have a dialogue with the excise officials or the states to grant us an increase from time to time.

Bharat C.: Also Sir, the input cost scenario currently and are you going forward on the input cost?

P. A. Poonacha: The input cost as a percentage of our net sales by and large remains. Then if you see our gross margins, it will be maintained at the current sales mix.

Steven Bosch: Just to add to that, if you see the two to three things, we have malted barley, sugar, and rice, malted barley we are yet to see a softening, so we have over the last year resorted to importing that may still be required to temper input prices or to avoid increases there. Sugar has been a better scenario where we have more availability and we expect sugar to soften a bit. Rice, not much I think softening so far expected and bottle is an important one as well. The bottle cost we may see some inflation coming through into our new bottle prices and of course there is the new bottle infusion to make sure that we minimize the new bottle infusion and maximize the return rate and that will also impact the bottle cost.

Moderator: Thank you. We have the next question from the line of Rajasa K. from Franklin Templeton. Please go ahead.

Rajasa K.: Just want to follow up on the pricing question asked previously, so in Fiscal '18 is it possible to share what was the weighted average price increase you received over the year?

Steven Bosch: That we do not single out like that, we have several effects playing a role, so you have state mix, product mix, brand mix, source mix and then you have like-to-like pricing, so it is a mix of things and there are lot of markets where we take relatively modest price increases Rs. 5 to Rs. 10 per bottle on the MRP, so that is something that is across the board that can impact the realization levels.

Rajasa K.: I mean something similar to the spirits industry which received price increases from almost 15 states I believe, do you think even in your case this year was exceptionally good in terms of pricing as well as state mix as a combination?

P. A. Poonacha: Spirits have received price increases from Telangana and AP which we have not. If you see that is very different from what we have got because it is a large market for spirits and beer, so for Financial Year '17-18 with respect to price increases you cannot compare the beer industry with the spirit industry. With respect to sourcing mix, things will change so it depends on, for example, in a year where growth rates are up, we will have to source from breweries which are far away and across states, so it will change the realization to some extent.

Rajasa K.: Just a broad indication on how to look at margins, so FY '18 you have ended it around 16 to 16.5 percentage EBITDA margin for the year, now hypothetically if your expectation of volume growth were to come through for FY '19 and given the visibility you have on pricing and raw materials and general inflation, do you think you can build on these margins in FY '19?

Steven Bosch: We do not give sort of guidance on our margins only thing that I want to highlight is that our margins have proven to be very dependent on the mix effect, so again say you have no growth in high realization markets, if there is really good growth in some of those low realization markets, very good for our share, good for volume growth but less positive for our margin, so it is such a big driver that I do not want to give any guidance on that.

Moderator: Thank you. We have the next question from the line of Ashit Desai from Emkay Global. Please go ahead.

Ashit Desai: Just few follow-ups, in UP we talked about the change in distribution model, post these multiple distributors have come up, has there been a benefit in terms of lower trade incentives and better realizations in that market?

Steven Bosch: It is a bit too early to tell, but what I can tell you from a finance point of view is that we are really mindful from day one, to adhere strictly to terms and conditions so that we minimize extending of credit or discounts or at least try to maintain some discipline in the trade, so it is important to keep that going and to make sure that we as a supplier can take some and capture some value as opposed to the previous situation where there was a monopoly.

Ashit Desai: What is the price hike we have taken in Maharashtra and Karnataka?

Steven Bosch: Modest increase, it is more rounding or small increases on our KF brands.

Ashit Desai: Lastly, what would be our market share in Tamil Nadu now and would there be a catch up in the first half next year also?

Steven Bosch: We are now seeing that the Tamil Nadu base effect is now behind us, so we have this zero, we were out of the market for a large part in the year '16-17. We are now back to let us say normalized market share and it is, I do not expect from thereon a lot of firework or lot of big moves.

Moderator: Thank you. We have our next question from the line of Abneesh Roy from Edelweiss. Please go ahead.

Abneesh Roy: Sir, in the past we have seen the glass price especially and packaging have an indirect correlation with crude oil, what is your expectation there with the lag can glass prices and packaging move up sharply?

Steven Bosch: As I mentioned, we do see some upward pressure on glass or new bottle cost and glass coming in, so that is something we monitor, but clearly is something that could have an impact.

Abneesh Roy: Sir, your expectation that FY '19 should be around high single digit volume growth, that seems to be one of the most bullish statement at the start of the year your company has made, is it because first half there is a fair rule base because of highway ban in FY '18 and first half impact, or is it because actually underlying trends or because market share gains are happening, which of these three is the key reason?

Steven Bosch: You are hitting the nail on the head, it is indeed those effects are all playing a role, it is indeed especially for Q1 as we had in the first part of Q1 last year, quite a bit of turbulence and challenges that we saw as a result of the highway ban. Also there is going forward in absence of big regulatory issues, there is, we are more confident than before, there is 6%, 7%-8% market growth opportunity and the way the trends we have seen recently is that we are able to get some share steadily and the steady continuation of share gain should help us also to gain or to grow by high single digit.

Abneesh Roy: Sir, last question is on pricing, so Telangana you have got a 10% price hike, so what percentage of your volumes come from Telangana and because GST has led to increase in terms of the raw material cost, do you expect more states to give price hike in FY '19?

Steven Bosch: Telangana I can share you with it is a big market, we do not think that the 10% sales price increase was related to GST. It is one of the larger markets we have in the country. I have no further comments on price point. So we pursue where can to get price increases, so in some, we have already done that in Karnataka and Maharashtra and for some we are dependent on the States authorities to see if we can get it approved, but I will not put a guidance on it.

Abneesh Roy: Sir, one more question on route to market, in the last one year we have seen quite a few states do change in terms of route to market, why suddenly states have woken up to that is it because in GST, they have very limited room for impact on other sectors in terms of taxation and so if this could snowball into more states going into route to market change, what is your take on this?

Steven Bosch: There has always been some changes in route to market, I am not entirely sure whether it is related to GST, so we have seen that for instance in Uttar Pradesh, we are still working with private parties as our distribution partners. Only in West Bengal we have seen a move to Corporation and earlier as there were rumors that in Haryana, we would also move to a Corporation, that has not actually happened and we are still in the same situation as we were previously.

Abneesh Roy: Is Corporation good for you or say a market leader in general, is it good for you, do you see that as positive or do you have a uncertainty or any concern on this?

Steven Bosch: As Poonacha said, we have been working successfully in Corporation markets over the last many, many years especially in the South that is where we see these markets. As I mentioned before in earlier calls that if you are being market leader and the Corporation should only give you a level playing field then it is not bad for us. On the other hand of course, the Corporation market also has its own challenges, it is not the most let us say customer-friendly model and also as Poonacha mentioned you have quite a big working capital impact where you cannot drive your own trade terms and you are bound to certain receivable days, so this is what we see so it is not necessarily bad for us, it is not negative.

Moderator: Thank you. We have the next question from the line of Amar Kalkundrikar from HDFC. Please go ahead.

Amar Kalkundrikar: I have just two housekeeping questions, one is what is the amount of borrowings for the year at the end of the year?

P. A. Poonacha: As of March 31, 2018?

Amar Kalkundrikar: Yes, please.

P. A. Poonacha: 308 crores.

Amar Kalkundrikar: Secondly, the other income is lower YOY for the full year is that because of this is some mega project benefits not coming or anything of that sort?

P. A. Poonacha: Other income as of March 31, 2017, and 31 crores for Government grant, this is one-time which is not there this year.

Moderator: Thank you. We have the next question from the line of Harit Kapoor. Please go ahead.

Harit Kapoor: Just one question was on the competitive intensity in the market place, now I remember a year or two back we had seen intensifying intensity from the number three player as well as other players, so just wanted your comments on FY '18 how have you seen that and are you seeing a more rational environment on the competitive intensity side from the key players?

Steven Bosch: It is difficult to see a meaningful change in terms of behavior, I think it has remained a competitive market where there is a lot of markets where we are especially with the three players all coming together and have an all-round set of brands to compete and we see that we have been reasonably successful over the last year and we keep a close eye on what other parties are doing and we also look at the emerging players, right, in craft and variety space, to see how that pans out and what we can do there.

Harit Kapoor: As there are no more questions, we will close the call here. I would like to thank on behalf of IDFC all the participants on the call as well as the management for taking out time for this call. Now, I will hand over to Steven for his closing remarks.

Steven Bosch: Thank you, Harit, and thanks everybody for participating and thanks for the interaction and questions raised. We are always available offline, so please do reach out and I look forward to interacting with you in one of our next calls. Thank you.

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