



SH Kelkar and Company Limited

Q1 FY18 Earnings Conference Call Transcript

August 14, 2017

Moderator Ladies and gentlemen, good day and welcome to SH Kelkar and Company Limited Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should we need assistance during the conference call, please signal an operator by pressing “*” then “0” on a touchtone telephone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Anoop Poojari of CDR India. Thank you and over to you, sir.

Anoop Poojari Thank you. Good afternoon, everyone. Thank you for joining us on SH Kelkar and Company Limited’s Q1 FY18 Earnings Conference Call. We have with us Mr. Kedar Vaze – Whole-time Director and CEO; Mr. B. Ramkrishnan – Head-Strategy; and Mr. Shrikant Mate – VP (Strategy) of the Company.

We will begin the call with opening remarks from the management following which we will have the forum opened for a question-and-answer session. Before we start, I would like to point out that some statements made in today's call may be forward-looking in nature and a disclaimer to this effect has been included in the earnings presentation shared with you earlier.

I would now like to invite Mr. Kedar Vaze to make his opening remarks.

Kedar Vaze Good afternoon, everyone. Thank you for joining us to discuss the operating and financial results for the quarter ended June 30, 2017. I will begin by taking you through the operational and financial highlights of the quarter and we will then look forward to taking your questions and suggestions.

We have begun the fiscal on a steady note especially given the subdued business momentum and broader challenges witnessed in the domestic market. GST-led destocking across trade and channels affected the FMCG sector as a whole and in-turn affected our domestic performance during this quarter. We are confident this disruption is temporary and as demand continues to remain robust; our customers continue to have a positive outlook from second half of this year.

We have not seen any attrition of customers during this period or specific product loss to any competitor. I would also like to highlight that in our business even as the demand remains healthy, we can see some lumpiness which may cause demand to shift from quarter-on-quarter, particularly based on festivals or geopolitical situation in the Middle East. The demand for our products from these regions remains strong however, we see lumpiness in revenues owing to the external environment. So, on

account of these factors, our performance is always best monitored on a half yearly or moving average basis as these factors average out over a longer period of time.

Our total income during Q1 FY18 stood at Rs. 239 crore as against Rs. 259 crore in Q1 FY17. Lower sales performance further translated into lower EBITDA at Rs. 47 crore as against Rs. 51 crore in Q1 FY17. However, EBITDA margins were steady at 19.5%. The gross margins during the quarter saw a healthy improvement in line with the Company's approach to optimize raw materials and to focus on profitable growth segments. The PAT stood at Rs. 27 crore as against Rs. 28 crore in Q1 2017 and PAT margins improved to 11.2%.

Coming to our segmental performance, the fragrance division reported revenues of Rs. 204 crore, 8% year-on-year decline during the quarter. The domestic consumption was lower by 12%. The overseas segment was stable with a growth of 3%. Domestic performance was primarily impacted due to uncertainty pertaining to GST. While we are already seeing an uptick in demand from our larger and medium size customers, we expect demand from branded, small pack and SME to pick up in the coming months. Overall, we believe this is a temporary scenario and in the long-term, GST will bring us many benefits, including much higher demand from our customers, especially the smaller organized players who should benefit due to consolidation of the industry.

On the profitability front, the segment's operating profit reported a growth of 5% year-on-year to Rs. 37 crore. Margins further improved to 17.9% as compared to 15.7% in Q1 2017.

In the Flavors division, the revenues stood at Rs. 31 crore, lower by 9% year-on-year while the domestic business grew by 8%. The overseas segment saw a decline of 28% year-on-year. However, as discussed earlier, the overseas performance saw a demand shift in quarter one last year vis-à-vis demand shift to quarter two this year. So, H1 FY18 versus H1FY17 performance will be more comparable. On the profitability front, the segment recorded an operating profit of Rs. 6 crore. Margins were lower at 20.1% as against 30.3% in the Q1 FY17. This was due to additional amortization and a one-time cost incurred for integration of Gujarat Flavours of Rs. 70 lakhs. Once we have stabilized the operations and moved the same to our Vashivali factory, we expect these additional costs to not be in the operations, going forward.

Overall, this has been a challenging period for us. We have utilized the situation to work on opportunities which strengthen our operations. We are working on several costs saving measures with a view to improve profitability in the long run. As discussed in our previous call, we are currently implementing a strategic cost saving initiative in the fragrance division. This allows us greater flexibility in our manufacturing operations and leverage our existing presence in a low-cost manufacturing region. This is a key focus area for us over the next quarters and we expect to see tangible results from Q4 onwards.

Looking ahead, we anticipate the macro situation to normalize by the latter half of the fiscal, and we believe we should start seeing recovery in consumer demand from Q3 FY2018. Furthermore, the cost saving initiatives would also help augment business profitability in the second half of FY18. In the longer term, our comprehensive product portfolio, diverse customer base, strong balance sheet and focus on innovation and R&D will enable us to sustainably outperform industry growth rate and strengthen our leadership position in the niche fragrance and flavours industry.

With this, I would now request the moderator to open the forum for any questions or suggestions that you may have.

- Moderator** Our first question is from the line of Jignesh Makwana from Asian Markets Securities. Please go ahead.
- Jignesh Makwana** How has the PFW performance been during the quarter?
- Kedar Vaze** PFW has broken even in the first quarter this year, we had a small loss quarter-on-quarter in the previous year. So, our cost cutting measures have started to take effect and increasingly our product demand is quite strong vis-à-vis last year. PFW performance for the first quarter was positive in terms of EBITDA and bottom-line.
- Jignesh Makwana** How much growth PFW has witnessed in the first quarter, in revenues?
- Kedar Vaze** The revenue growth is not very high, it is only 2%. But the cost cutting measures that we have undertaken have enabled us to remain profitable at these levels.
- Jignesh Makwana** Can we expect further improvement here onwards in the PFW operation?
- Kedar Vaze** For the PFW operations, as we have mentioned earlier, we are looking to invest and to move the operations to a lower cost side over next 12 to 15 months. So, we will continue to optimize our operations in the Netherlands effectively at the end of which, we will look at an alternative operating location.
- Jignesh Makwana** Are you planning to shift the production of PFW to India?
- Kedar Vaze** India or any other favorable production location.
- Jignesh Makwana** The reason I am asking is because we have plenty of capacity in India unit.
- Kedar Vaze** Product specific capacity is different as we require different capacities for different products. So, the products for which we have capacity we have already moved to India. The products where we do not have the similar equipment or technology, we will move them at a subsequent time.
- Jignesh Makwana** What is the organic performance of flavour business in this quarter?
- Kedar Vaze** If you look at the revenue comparison vis-à-vis last quarter, it is entirely organic, there is no additional revenue in this quarter.
- Jignesh Makwana** What will be the revenue contribution from HTT and Gujarat Flavours this quarter?
- Kedar Vaze** Gujarat Flavours was Rs. 3 crore, HTT was Rs. 9 crore.
- Jignesh Makwana** And as compared to the last year?
- Kedar Vaze** It was about the same, Rs. 9 crore in the last year on an average quarter basis and for Gujarat Flavours, this is the second quarter.
- Jignesh Makwana** So, we witnessed more decline in our own business rather than the HTT and Gujarat Flavours in this particular quarter, is this correct?

- Kedar Vaze** In organic terms, domestic flavours continued to grow. In terms of the revenue in June quarter, there is a decline of 8.2% in flavours.
- Jignesh Makwana** We have had almost 45 days since GST has been implemented, so are we witnessing normalization in the business?
- Kedar Vaze** We have seen that the larger customers, the bigger accounts, first week of June onwards, discontinued products and only resumed purchases second half of July onwards. And for smaller customers, till the third week of June, the purchase demand was constant. The larger customers had been GST ready earlier and they had taken a schedule to bring down the stocks at the end of June. And most of the other customers were doing that in July and we think that by August-end, probably by 10th of September, when the first GST filing happens, things should normalize.
- Jignesh Makwana** We just launched JASH Fragrances into Keva recently, can you throw some light on that?
- Kedar Vaze** In terms of our retail small pack business, this is a new format which is emerging in the market and we have decided to take up this format and launch that post GST, since GST allows us to have different product categories under the same invoice without any problem.
- Jignesh Makwana** So, it is not any new product or any new brand that we have launched?
- Kedar Vaze** No, it is a new brand, the product itself is perfume oil. In historical context SHK and Cobra brand used to have products like this all the time till up to 1985, for almost 70 years. We took a decision to discontinue that under the excise regime because of industrial product or consumer product as definition of these products was not clear. Under GST, since it will be defined as a separate product line, it is possible to do so.
- Jignesh Makwana** You mentioned about cost control initiative in the fragrance division. Can you elaborate the same? How much benefit can we expect in terms of margin over the next one or two years from now?
- Kedar Vaze** We are looking at investment between Rs. 50 crore to Rs. 60 crore in phases. And we should end up between ₹1 million to ₹2 million cost saving.
- Moderator** Thank you. Our next question is from the line of Vicky Punjabi from JM Financial. Please go ahead.
- Vicky Punjabi** On your fragrance segment, your domestic fragrance seems to have declined around 12%. If the orders from SMEs and the smaller enterprises continued till the end of June, the impact seems to be much higher, because many of your consumer peers have reported around 4% to 5% decline in revenues. So, what really caused this kind of decline?
- Kedar Vaze** There are two parts. If you look at the underlying business, it is about 10% decline and we have a large decline in the service income in this quarter, largely because of the uncertainty on what is the business model at the transition of GST. So the customers have deferred. Particularly, Agarbatti as a business has come under GST which earlier was exempt. So they have done a reassessment of their supply chain. And as we speak, the entire business has been restored, so the business model will continue as it is. In this quarter, we did a Rs. 8.8 crore of service income vis-à-vis an average of Rs. 12 crore in the previous quarter. And Q1 FY17 was at Rs. 16 crore, so that is the big decline of almost Rs. 8 crore, which is largely

attributable to GST. Over and above the demand reduction, this also is a business model change. The net effect on our business in terms of the bottom-line or the actual fragrance formulation has been 10%.

- Vicky Punjabi** Would the service income going forward revert back to the earlier levels?
- Kedar Vaze** This quarter, we are at the normal levels. What is the impact of GST in terms of what business model and supply chain model would be better suited, the customers will eventually use. One of the basic premises on the GST and the longer term effect will be consolidation of manufacturing operations because the logistics cost vis-à-vis the economies of scale favours economies of scale as there is no additional taxation or logistic cost to distribution. The customer who wants to buy in 30 locations today, then they cannot produce it and we are doing it as a service for them in one location and distributing to various manufacturing locations. In the GST environment, if they consolidate their operations to fewer locations, they may want to do the second step at their end and service income will proportionately come down. So, in this quarter, it looks like business as usual and we will look at future based on discussion with their supply chain on what is the best cost effective method.
- Vicky Punjabi** What would be the quantum of service income that we booked in FY17?
- Kedar Vaze** It was Rs. 12 crore per quarter, so about Rs. 50 crore a year.
- Vicky Punjabi** On the gross margin side, which witnessed a very sharp expansion, what was the reason for this? Earlier we were doing 20 bps - 30 bps in terms of expansion.
- Kedar Vaze** It is actually linked to the product mix, particularly on the domestic fragrance, the larger products which are at a lower margin so larger customers are getting favourable pricing. So, these customers have deferred sales earlier than the smaller customers. So, the top-line decline is much steeper than the gross margin decline.
- Vicky Punjabi** Going forward, such kind of benefit will not be visible, is that correct?
- Kedar Vaze** No, there is an underlying improvement in the cost structure and process improvement. But it is half the improvement in the gross margin. So, if we are seeing jump from 45% to 48%, we will end up with around 46.5% as the sustainable gross margins.
- Vicky Punjabi** What gives us the confidence that most of our smaller clients would probably not face some kind of a structural issue under GST and that the current issues are more temporary in nature?
- Kedar Vaze** We believe the consumer demand will continue. There might be fewer players who service the same demand. But, on a longer term there will be some amount of consolidation in manufacturing due to GST. And the smaller players will consolidate, so instead of five small players there will be two larger players, which actually benefits us. Because in these very small five players there are also other competitors who are playing and when they consolidate, our market share will go up.
- Vicky Punjabi** On the international fragrances side, the revenue performance seemed much better on a sequential basis. Earlier we were probably declining 20% plus and suddenly we have seen growth in this quarter, so what could be the reason for this?

- Kedar Vaze** As we talked in the previous calls, we have taken a conscious call to eliminate some of the low value or low margin products and have taken a hit on the top-line. That is behind us and now, we are looking at growth, which is largely driven by premium products in the export markets and we will continue to do that strategically, going forward.
- Vicky Punjabi** How do you look at growth in this segment going forward?
- Kedar Vaze** We are committed to a 15% to 20% CAGR growth on the profit line. Sometimes you will see the revenue growth will be lower, but what we will focus on is the profitability growth.
- Vicky Punjabi** On domestic flavour we have seen a flattish turnover and on an organic basis, there was some decline. What was the reason for this, was it completely attributable to your GST-led de-stocking or was there some other concerns out here as well?
- Kedar Vaze** Unlike fragrances, flavour has more seasonality effect. Typically beverages and dairy, example ice-creams, which is a big segment in summer. But, this year, we have seen also apart from GST, due to the early expectation of rain, the companies have started destocking the summer products to some extent. Overall, the organic flavours, for the first quarter saw a decline of 1.1% and that is versus the average of Q1 FY17. So, the decline has not been very pronounced and we see that an overall effect of roughly 10% to 11% in the revenue on account of GST. About 15 days of sales have been lost on account of the GST transition. I wanted to highlight that we have stopped our billing cycle earlier this quarter by about a week to allow us to transition to the GST patches of the SAP. So, we shut down our system earlier by one week. This is typically what we anticipated that there will be lower demand and we will close down.
- Vicky Punjabi** On the domestic fragrances side, how do we look at demand on the back of second half of the year?
- Kedar Vaze** The overall demand in terms of consumption, in terms of new product launches, in terms of new product adoptions are quite robust and strong. Infact, this has been one of our best six months' period of new product approvals. But that has not yet translated into new revenue because product launches were waiting for GST rollout. In the second half of the year post end of August - September, we will see a very strong rebound of domestic consumption, both in flavors and fragrances.
- Moderator** Our next question is from the line of Anubhav Sahu from Moneycontrol Research. Please go ahead.
- Anubhav Sahu** With respect to your end client, the FMCG sector, how is the pickup in orders for this quarter? What has been the reaction of the sector particularly from the big names in last quarter and this quarter, what is the transition dip as far as orders are concerned in both flavours and fragrances?
- Kedar Vaze** As I mentioned on both flavours and fragrances, the GST transition has been taken up by larger companies earlier and their business has resumed than the smaller companies. And as we see, we are progressing through large companies, who have restored and resumed their purchases. We will still see some demand gap in July and August as the companies have restarted but some of them have taken closure for improving or updating their computer systems in July and the second quarter for them will be a shrunk quarter, less by 15 odd days. So, there is a demand which is restoring, I would typically say that 60% of customers have resumed to normalcy and the remaining balance of 40% should resume in the next 30 days.

- Anubhav Sahu** Can you provide some kind of breakup in percentage terms of how big a chunk is coming from small manufacturing firms as far as end clients are concerned?
- Kedar Vaze** The retail or trade that we talk about is roughly 10% of our domestic sale. If you look at the smaller manufacturers, then that is another 15%. So, 25% of our domestic customers are still at various stages of implementing and restoring demand, post GST.
- Anubhav Sahu** What we have heard from bigger FMCG players is that they have already restored their system, so most of the orders would have normalized from their end. So, this would be more from the smaller manufacturers?
- Kedar Vaze** Yes.
- Anubhav Sahu** In terms of your segments like fragrances and flavours, could you provide some breakup for the first three major sub-segments? Like in fragrance, we have personal care or hair care.
- Kedar Vaze** I do not have any segmental analysis at this point, across all segments, there has been a decline in demand.
- Anubhav Sahu** Where does SH Kelkar lie now in terms of market share?
- Kedar Vaze** We have detailed statistic as on 2014, where we were 21% in domestic fragrance market and 2% in the domestic flavour market. Our best estimate is that we have improved our market share by about 0.5% every year since then, that should be at around 22.5% on the fragrance market share. And we should be around 4% on the flavor market.
- Anubhav Sahu** Is there any close competitor on the domestic side?
- Kedar Vaze** At various customers, there are different competitors, so for the larger account the main competitors are the large global MNCs. The small accounts will also see one or two of the Indian domestic fragrance companies. So, it is a mix bag, it is not that we do not have domestic competitors. But there are different sets of competitors for different customers, we are largely the company that is present across all segments for most of the customers.
- Anubhav Sahu** Can you cite any integrated player on Indian side which is a close competitor?
- Kedar Vaze** There are a few companies but I do not have any specific data.
- Moderator** Thank you. Our next question is from the line of Varun Balachandran from Catamaran Fund. Please go ahead.
- Varun Balachandran** On the R&D side, we have spoken about increasing R&D in years ahead, especially in this year as well. And there was also an update on the new molecule that you are recently starting to commercialize. So, could you explain a bit on the activity on that front, so what sort of a team do you have that is working on this particular R&D? And the molecules that you have developed, will they help in opening up of new markets or they would be helping in reducing the cost or if you could talk about the technical aspect of the products.
- Kedar Vaze** We are laying the foundation for tomorrow in terms of our research program. We have increased our strength of scientists by almost double in the last six months, we have almost 20 scientists now working on the new molecule development and

process development. It is a combination of 75% - 80% work on discovering new molecules and roughly 20% - 25% discovering new processes or improving current processes. Combination of these results helps reduce cost of our current fragrances and also allows us to create the differentiated or winning fragrances for tomorrow. So, this is where we have increased our research in the last six months and ongoing, we will continue to sustain that at these levels.

Varun Balachandran Are these efforts focused on specific segments of the markets or are they more broad-based at the moment?

Kedar Vaze No, it is broad based, we do focus on certain specific problems as and when they are identified. But the research direction is not specific to one sector or segment. We do work across all categories.

Varun Balachandran Can you talk about any trends that you are trying to capitalize in R&D or is it something that you are seeing in the market?

Kedar Vaze The R&D increase is the basic research. This will give us additional tools and additional ways of creating fragrances two, three years down the line. Our objective now is to have the research and development ready for year 2020 and plus years to come, so we have an extra team of people working now on the longer term development in addition to the regular developments and trends which we see and which we do as a fragrance company. Just to complete, the same holds true for flavours, although it is on a smaller scale, we have exact same developments in flavours.

Varun Balachandran Could you talk about the GST impact on the suppliers, and given that 50% of the procurement is domestic, could you talk a bit about any financial impact on the supply side as well?

Kedar Vaze Majority of our suppliers are all GST compliant, barring some may be one odd product and largely maintenance product or kind of corporate office, stationary kind of small shops. Everybody else in terms of the fragrance and flavours viz. raw material suppliers and majority of them are GST-compliant.

Varun Balachandran In terms of the cost of procurements on the suppliers, do we expect that to change, any impact of tax rate change?

Kedar Vaze No, there is a very small impact, earlier we had for most of our products, excise and VAT, which we were able to claim back all of the tax. So, a very limited impact except that there will be higher GST, most of them are in the 18% bracket from a 14.5%. But we will end up getting all the 18% back in terms of the GST pass on cost, so no net impact. There will be some savings in few of the customers where there is a CST of 2%, which will be saved. But overall impact is almost nil.

Varun Balachandran In terms of domestic flavour business, the break-up of customers, your larger customers is about 40% and the small packs business is on the other side of the spectrum. So, within that, could you give a sense of any other breakups or how you look at that business?

Kedar Vaze If you look at five type of customers, A, B, C, D, E; where E being almost at the consumer level, then E and D constitute roughly 25% of our business, C is roughly 25% to 30% of our business and A and B together constitute about 42% of our business.

- Varun Balachandran** Within the C and D customers, any kind of sense of the end industries which are more predominant here?
- Kedar Vaze** It is across all sectors, there is no sector where there are only large companies. So, it is across all sectors, soap, detergent, Aagarbatti, fine fragrance, Deo, etc.
- Moderator** Our next question is from the line of Nishna Biyani from Prabhudas Lilladher. Please go ahead.
- Nishna Biyani** By say FY20, what should be the fragrance and flavours contribution split?
- Kedar Vaze** The fragrances should grow at around 15% CAGR or 13% CAGR and the flavors will grow 17% to 20% CAGR. The split is about 80:20. I want to highlight that this is on organic basis because there will be various opportunities on investments, JV and acquisition, which we will look at during this period.
- Nishna Biyani** How should one view this business in terms of sustainable long-term margins, are they between 16% and 20% range or is there further scope of margin expansion in the business?
- Kedar Vaze** We have had this discussion earlier on other calls as well where I think we will have the longer term sustainable EBITDA of roughly 20% for the business. We will see periods where it is slightly lower and slightly higher based on investments, both in operations and in terms of research and development. Over a period of time, as the operating leverage kicks in, our operating margins improve and we also invest additionally in research to continue to grow in the future.
- Nishna Biyani** As the business grows, say 13% to 15%, what are your thoughts on the inventory management, does the inventory also rise proportionately? Because earlier we have seen that working capital cycle in terms of inventory days has been quite high.
- Kedar Vaze** Our business model is quite different, we are preparing for growth of 15% plus. So, if you look at that in terms of inventory days to past sales, then it looks as a high number, but inventory holding on future sales is not really very high. The inventory as a percentage of what we are selling will continue to come down as we continue to grow in larger base.
- Nishna Biyani** Is it safe to assume a dip in working capital cycle for us over the next three to five years?
- Kedar Vaze** Yes.
- Nishna Biyani** When I look at the business, say one-third exports and two-thirds domestic, what is the currency risk which we as a company have faced, apart from the business risk globally?
- Kedar Vaze** In terms of domestic, it is largely US dollar to rupee, roughly 40% or 38% of our purchase is in US dollar. In the export, we are more or less hedged, most of the purchases is in dollars and sales is in dollar. If you take at a group level business, there is a small part of risk based on the US Dollar to Euro, where a large part of our operation costs are in Euro and much of the sales are in US Dollar. So that is where, for example, the results of PFW are affected by Euro to US Dollar changes. But we have a consistent policy of hedging some part of the dollar sales and to manage this risk to a minimum level.

- Nishna Biyani** So, what would be our policy? 60 days or 120 days in terms of hedging of receivables?
- Kedar Vaze** No, we hedge on a rolling 12 months period.
- Nishna Biyani** So, is it safe to assume that in this year, your hedges would have been typically at very high levels versus what the market rate is today?
- Kedar Vaze** In terms of market rate of dollar to INR what we have in place are at a higher rate than the market.
- Nishna Biyani** When I look at the cash flow from investing which is around Rs. 39 crore in Q1 FY18. Could you highlight what this spend was? Could you give the guidance of capex for FY18?
- Kedar Vaze** There is a capex of Rs. 9 crore in the first quarter which relates to the acquisition of HTT and the acquisition of Tanishka products, apart from that we have acquired a property at our development center, which is total of Rs. 27 crore, of which Rs. 17 crore has been paid out in the first quarter. And these are the investments for the research and development, what we talked about in terms of incremental higher spends. The rest of the investment is basically about Rs. 12 crore in the year, the first half of the year which is more or less done in the first quarter.
- Nishna Biyani** So, for FY18 we should be doing closer to say Rs. 70 crore - Rs. 80 crore of investment, is that fair?
- Kedar Vaze** We should be doing about Rs. 15 crore of maintenance capex, around Rs. 6 crore to Rs. 7 crore of infrastructure improvement and Rs. 30 crore investment in the two projects on the fragrance innovation. Probably another Rs. 25 crore to Rs. 50 crore on improvement in operations led by the cost reduction in the Netherlands operation, but it is not crystallized yet
- Nishna Biyani** Is the Netherlands subsidiary kind of stabilized, because last quarter you highlighted that there is some pain there?
- Kedar Vaze** So, the Netherlands subsidiary in the first quarter was at breakeven and which is a turnaround from previous quarter. We will continue to monitor it closely with the longer term objective of taking the operations to a lower cost center.
- Nishna Biyani** Could you give me the guidance for FY18 and if anything inorganic coming up in the next six months? Is there anything left for inorganic in FY18?
- Kedar Vaze** At the moment, our balance sheet end of 30th June is almost 0 net debt. So, we have enough debt and cash available for any kind of further investment.
- Nishna Biyani** What would be the revenue guidance for FY18?
- Kedar Vaze** So, I do not have any specific guidance, we maintain our longer-term growth rate of 15% CAGR intact from a demand side, there may be temporary blips in a month or two due to GST or various macroeconomic situations. But the underlying demand, robustness of the demand in new product introductions and new product approvals give us confidence that we are in line for the 15% plus CAGR that we have set out to do organically.

Moderator Thank you. As there are no further questions from the participants, I would now like to hand over the floor to the management for their closing comments. Over to you, sir.

Kedar Vaze Thank you. I hope we have been able to answer all your questions satisfactorily. Should you need any further clarifications or would like to know more about the Company, please feel free to contact our team or CDR India. Thank you once again for taking the time to join us on this call.

Moderator Thank you very much, sir. Ladies and gentlemen, on behalf of SH Kelkar and Company Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your line.

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This is a transcription and may contain transcription errors. The transcript has been edited for clarity. The Company takes no responsibility of such errors, although an effort has been made to ensure high level of accuracy.