



“Zydus Wellness Limited Q4 FY15 Post Results Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to the Zydus Wellness Limited Q4 FY15 Post Results Conference Call. 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 call, 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 Dr. Sharvil Patel, who is the Chairman from Zydus Wellness Limited. Thank you and over to you Dr. Patel.

Dr. Sharvil Patel: Good afternoon, everyone. First and foremost my apologies for not been able to start the call one hour earlier because of some technical issues with the teleconferencing system. So, now let us start the call. Good afternoon and welcome to the Post Results Teleconference of Zydus Wellness Limited for the Financial Year 2014-2015. We have with us Mr. Ganesh Nayak – Director; Mr. Amit Jain – CFO; Mr. Nitin Parekh – CFO of Zydus Group; and Mr. Vishal Gor – Head of Investor Relations at Cadila Healthcare Limited. We also have with us Mr. Tarun Arora, who has joined us last month from Danone Waters India and would be heading the business as the Chief Operating Officer and Whole Time Director of the company. He brings with him two decades of rich experience of general management and building large consumer brands with outstanding business results. He has successfully led brands development, innovation, and go-to-market strategies across various FMCG companies.

The year gone by saw a gradual revival in the performance of the company. After the decline of 6.5% in sales in Q1, sales growth turned positive from second quarter onwards and the company has registered an overall sales growth of 3.1% in the top line for the year gone by. During the year gone by, we have completed a major revamp of an entire distribution model. The change involves replacement of company sales representatives with distributor representatives, who are managed by a team of company sales supervisors. This system was new to us and it took us some time to settle down. During the year gone by, our key brands, namely, Sugar Free Gold, Natura, Everyuth Scrub, Peel-Off and Nutralite have maintained leadership positions in their respective categories.

Coming to the financial highlights, during the year gone by, on a consolidated basis, our gross sales were up 3.1% year-on-year to Rs.4,430 million. Our total income from operations has gone up by 6.7% year-on-year to Rs.4,307 million. It includes the credit of additional excise duty received by Zydus Wellness-Sikkim, our partnership from pursuant to the order received in the preceding quarter from the Office of the Commissioner of Customs, Central Excise & Service Tax of Rs.155 million related to the financial years 2011-12, 2012-13 and 2013-14. Excluding this credit, the total income from operations was up by 2.9%. Our gross margin as a percentage of total income from operations stood at 70.9% versus 69.3% in the previous year. Excluding the credit of the additional excise duty received for the past three financial years, the gross margins stood at 69.8%. There is an increase of 50 basis points on a like-to-like basis which was mainly due to the better realizations. Earnings before interest, depreciation, and tax on like-to-like basis were down 5.7% year-on-year to Rs.844 million and EBITDA margins

stood at 20.3%. Profit before tax was up by 15.5% at Rs.1,197 million. The net profit was up by 13% at Rs.1,090 million. Our consolidated cash position stood at Rs.3,390 million. Our consolidated CAPEX for the year was Rs.31 million. Our return net worth stood at 29.8%.

With that let me also share with you some of the highlights of the operations for the year gone by. We continued our thrust on new product launches and launch several new products and variants in the existing categories. On Sugar Free front, we launched Sugar Free Stevia in limited geographies. On the Everyuth front, we launched a one rupee sachet pack of Everyuth Tulsi Turmeric Face Wash, which is the first in India and is intended to provide convenience and better access to consumers. We have also launched Advanced Hydro-Advanced Walnut Apricot Scrub, which is again first in India with revolutionary Hydrogel technology and Advanced Refreshing Face Wash, which has unique combination of lemon and green apple extracts, along with Nano Vita-C that gives naturally clear, bright and refreshing skin after every wash. On Nutralite side, we strengthened the health credentials of the brand, we have launched an upgraded base formulation with Omega-3. This initiative, targeted at the retail consumers, is providing an additional proposition for adoption of the brand in a competitive market space.

As per MAT March '15 report of AC Nielsen, the artificial sweeteners category has grown by 8.4% and the Sugar Free has maintained its #1 position with a market share of 92.5%. The Scrub category has shown a growth of 4.7% and Everyuth Scrub has maintained its #1 position with a market share of 31.8%. The Peel Off Mask category has declined by 7.8%; however, Everyuth Peel-Off Mask has gained market share by 200 basis points and maintain its #1 position with a market share of 91%. The Margarine category has declined by 3.5%; however, Nutralite has gained market share by 330 basis points and maintained its #1 position with a market share of 37.6%.

Coming to the consolidated financial performance of Q4 of the year gone by: Our gross sales were up by 3.8% year-on-year to Rs.1,114 million. Our total income from operations was down by 3.5% year-on-year to Rs.975 million; however, on a like-to-like basis, the total income from operations was up by 3.1%. This was because the additional credit of excise duty of Rs.67 million pertaining to the period April to December 2014, which was recorded in the previous quarter on accrual basis has been reversed during the quarter gone by, based on the prudent accounting norms and conservative principles of accounting. Our gross margins as a percentage to total income from operations, excluding the reversal of additional excise duty credit stood at 69.9% versus 68.5% last year. The gross margin increase of 140 basis points on like-to-like basis was mainly due to the better realization and the reduction in material costs. Earnings before interest, depreciation, and tax, on like-to-like basis, were up by 1.8% year-on-year to Rs.204 million and the EBITDA margin stood at 19.6%. Profit before tax, excluding the reversal of additional excise duty credit and the impact of increase in depreciation charge due to the revision in useful lives of the assets, was up by 12% to Rs.272 million. Net profit,

on a like-to-like basis, was up by 15.1% to Rs.250 million. With gradual improvement which we can foresee, we firmly believe that our long-term objectives and strategies are intact.

Thank you and we will now start the Q&A session. Over to the coordinator for the Q&A.

Moderator: Ladies and Gentlemen, we will now begin the question-and-answer session. The first question is from the line of Ashish Upaganlavar from Elara Capital. Please go ahead.

Ashish Upaganlavar: Sir, wanted to understand, we have closed on the distribution restructuring that we had and we had guided for improvement on the sales trajectory from FY16 first quarter. So what are your things around track for good growth from the next quarter April-June, any comments on that?

Dr. Sharvil Patel: The distribution piece, is over now and we will see improvement quarter-on-quarter going forward. We see improvement starting from this quarter onwards.

Ashish Upaganlavar: But what is the sense you are getting because almost two months of this quarter kind of getting over, so is there a material improvement from the low single-digit growth that we had seen last year to maybe even a good double-digit growth that you could share?

Dr. Sharvil Patel: The double-digit growth will be coming from H2 of the coming financial year.

Ashish Upaganlavar: But sir, what gives you the confidence because I guess, this quarter, mostly all the brands Sugar Free, Everyuth also probably growing in single digit. If you could elaborate, on an ongoing basis how things would improve, why would they improve?

Tarun Arora: My name is Tarun Arora. We are seeing that our new distribution process has stabilized quite a bit and we expect it to give good results over the next financial year. The other challenge that we are also seeing is that consumer spending is still not at the level we would like it to be and this is reflected in the category growths that Dr. Patel just mentioned, the fact that Sugar Free category, the Scrub and Peel-Off and even a Margarine category, all are at single-digit and we being a significant market share player in these categories, so we will also have to look at how much these categories grow, and therefore our performance is a bit tied up to how these categories grow. The good part is that our distribution is set and we will be able to exploit the opportunities as the consumers spend in quarter. Our task, going ahead will be to grow these categories.

Dr. Sharvil Patel: Let me add a little bit to that; the distribution drive has just got over, now we are covering the distribution by placing more stocks, our new advertisements have just started at the end of March and in some part of April, and so we are feeling confident if these new marketing campaigns are successful, we will see the growth coming back.

Ashish Upaganlavar: Was I right in saying that probably Everyuth and Sugar Free both are in mid-single-digit growth, maybe 6-7% and Nutralite would have declined marginally this quarter YoY?

- Tarun Arora:** No, we do not give individual growth numbers.
- Dr. Sharvil Patel:** None of them have declined.
- Ashish Upananavar:** Sir, on tax rate, there was no tax paid out this quarter. On the P&L, it was not reflecting, so what is the reason for that?
- Amit Jain:** The excise duty credit which we have received during the year is entitled for tax rebate and that is why there is no tax in the P&L. Overall on a yearly basis, it would be around 9% to 10% going forward.
- Ashish Upananavar:** I would like to understand, Mr. Arora, if you could give what do you think of the business, you said in a couple of sentences that you feel confident but just about what you think about the company's products and stuff, because you would be running the business going ahead maybe?
- Tarun Arora:** Just to give you a quick perspective, I think we have strong brands. Brands which have potential and the organization is prepared for future growth, and I think we are feeling good that the long-term objectives are clear and we are moving in the right direction. I can get into a little more details also on a separate discussion, but for the sake of all participants, I think we should just restrict it to this. I think my first feel in the last few weeks has been very positive; the brands are showing good promise and our distribution is fair.
- Moderator:** Thank you. The next question is from the line of Kaustubh Pawaskar from Sharekhan. Please go ahead.
- Kaustubh Pawaskar:** Sugar Free and Everyuth, we will see growth improving once the consumer environment overall improves in the domestic market. So just wanted to understand about the Nutralite. What exactly your plan is and how you are planning to increase the growth prospect of this particular category because it is Margarine and it is a healthier version, but in India, it is very difficult in terms of taste?
- Tarun Arora:** Nutralite as a brand is doing fairly well, especially in the branded space where the consumers are actually seeking wellness and healthier products, so we are seeing a fairly good response from consumers, so we believe that this brand has fairly good potential, so like I said that while the category may have declined, we are gaining shares because we are clearly seeing a very good traction especially in the branded space.
- Kaustubh Pawaskar:** The growth of this particular brand for you must be in single-digits. So when do you expect this brand to get into maybe a higher single-digit kind of a thing, because that is really important in terms of the revenues of the company?
- Dr. Sharvil Patel:** Nutralite has two segments. It has a non-premium which is an institutional side of the component and then it has a retail side of the component which is the premium branded side.

The premium branded side is growing strongly in double-digit, but obviously, the price-sensitive non-premium segment has its challenges because of the segment that we are in, but we have seen very good movement of the premium segment which will give us the better margins and better brand recall going forward and which is already happening as of the last four months.

Kaustubh Pawaskar: The focus is more on the premium brand as you are planning to reduce your institutional side of the business?

Tarun Arora: We are not planning to reduce the institutional side. It is like any institutional business. It is a very price-led, it is a B2B model, and therefore there are challenges on it. So clearly, as a consumer products company, we are focused on the branded space, but we are obviously not taking our eyes off the other business. So it will be consolidated moving forward.

Kaustubh Pawaskar: On the gross margin, as we have seen that raw material prices are lower and even they are more or less flat, so do you expect gross margin expansion to sustain in the coming quarters as well?

Amit Jain: Yes, we expect that it will sustain.

Kaustubh Pawaskar: Since our distribution restructuring has been done, so can we expect the other expenses to tune down in FY2016 because they have gone up in 2015 as a percentage of sales, so should we expect it to reduce in 2016?

Amit Jain: To some extent, they are expected to go downward.

Kaustubh Pawaskar: On the advertisement spends, because this year it has gone up by around 200 bps to 22% odd. So we will continue to spend heavily on advertisement and promotional activities?

Tarun Arora: Yes, I believe that is the fuel for driving the growth of our brands. So we continue to remain invested in our brands.

Kaustubh Pawaskar: But more towards promotional side because I believe that promotional expenditure for this particular year must have gone up?

Tarun Arora: We are focused more on above the line investments and that is really what will build the brands.

Moderator: Thank you. The next question is from the line of Amit Purohit from Dolat Capital. Please go ahead.

Amit Purohit: Just a couple of things: One is wanted to understand the feedback or the consumer response to our launch of Stevia, although it is in small specific regions. What has it been?

- Tarun Arora:** So it is early days, it has just been launched, and we are also trying to understand. It is a small thing, a lot has been talked about Stevia, but consumers do not really understand. For use it and before we explore or do anything, we need to be clear about the regulatory challenges as well. I think it is too early to even talk about it.
- Tarun Arora:** There are regulatory hurdles before we can be more aggressive on this.
- Ashish Upaganlavar:** Is there any timeline or a thought on going Pan India probably a year's time or will be lesser than that if...?
- Dr. Sharvil Patel:** Currently, we cannot give the time, because it depends upon the regulator, but as soon as the regulatory guidelines are clear, we will move ahead.
- Amit Purohit:** Just to understand, last year if you are saying that the overall market for Sugar Free grew by only 8% and all, so that would largely be because we were restructuring, right, since our restructuring got over and we are 92% of the overall market, so things should improve, is that reading correct or are you saying that it was something else, probably, the overall slowdown in Consumer itself is also an issue?
- Dr. Sharvil Patel:** No, I think what you said is the right thing, we will see that improvement happening.
- Amit Purohit:** If you look at the full year excise duty for FY15, though third quarter and fourth quarter had a lot of adjustments in excise duty and since we are now saying that we will do it on our own. So is that the right number 6.3 which we did in FY15 or 5% what you guided in ...?
- Amit Jain:** No, 6.3 is the right number.
- Amit Purohit:** Overall, what is your feedback basically on Everyuth? There is a lot of new packaging which has come on. And also on the distribution, especially the non-chemist side, how are...?
- Dr. Sharvil Patel:** As we stated, we have launched a lot of new variants. This is the game that everybody plays in the new season. So we are hoping that our new variants will help us gain share and grow the categories.
- Amit Purohit:** Just to understand, our direct reach touch points for each of the brands; 2.4 and all, that we used to, and distribution strength of around we used to talk about 2500 odd. So is that going through that consolidation phase, what will be currently actually the number of distributors and...?
- Dr. Sharvil Patel:** We do not give out the distributor numbers for each brand, but the consolidation phase is just about over now. So the strategy is to improve distribution, that is why we have gone through the go-to-market strategy. We are feeling that this year we will be able to improve distributional coverage.

- Moderator:** Thank you. The next question is from the line of Kashyap Pujara from Axis Capital. Please go ahead.
- Kashyap Pujara:** Wanted to just get a clarification, regarding the excise duty adjustment that you were mentioning that adjusting for that there was a like-to-like growth. Could you please elaborate that once again?
- Amit Jain:** On a like to like basis, our operating income for the Q4 has gone up by 3.1% and EBITDA has gone up by 1.8% . Net profit on a like-to-like basis has gone up by 15.1%.
- Kashyap Pujara:** What was the adjustment... you mentioned a particular amount was to be adjusted?
- Amit Jain:** Rs.67 million, which has to be added.
- Kashyap Pujara:** Also, one thing about the advertisement spend. Going forward, as a policy, what is the kind of spend that you are looking at. I understand, to build the brand you will definitely need to spend. Now that your distribution revamp has been done and you are placing stock, so definitely you will need to advertise. So what is the kind of figure which we should look at, would it imply that whatever we spend this quarter which is featuring, would that be the number which will come up every quarter or do you see more incremental number, higher spend than what we have done this quarter?
- Dr. Sharvil Patel:** It will be around 20% to 22% of annual sale.
- Kashyap Pujara:** If I look at the balance sheet, there was a reasonable Rs.25-26 crores of incremental loans and advances which grew this year versus last year. So could you share some light on that as to what was the spike in loans and advances for?
- Amit Jain:** The credit on excise duty which we have got is lying under that, so once it gets utilized over a period of time, it will come down, and other part is the AMT credit which we are taking on our Sikkim profit.
- Kashyap Pujara:** So basically it will normalize?
- Amit Jain:** Yes.
- Kashyap Pujara:** The lower tax rate that we enjoy, what is the timeframe you expect by which we will come back to full tax?
- Amit Jain:** Sikkim has ten years tax holiday and we started there from 2011.
- Kashyap Pujara:** So you still have sufficient headroom?

- Amit Jain:** Yes.
- Kashyap Pujara:** You are generating reasonable amount of cash going forward. So, any thought on if you can let us know some plan or utilization in terms of potential acquisition, are we looking at some new segments or where are we on that or if not then, should we not increase the dividend payout?
- Amit Jain:** For us, as a company to grow, acquisition is very important and we are actively looking at acquisitions as an opportunity and currently also we are evaluating a few.
- Kashyap Pujara:** I understand we would definitely be looking at a right barometer in terms of pricing and value and we would not be making an acquisition without keeping this metric in mind. But, would you give us some idea at least as to what are the kind of segments you are looking at? And what is the kind of scale you are looking at over the next few years to get an idea as to where the company is headed?
- Dr. Sharvil Patel:** I think this is very strategic and important, so we can have a detailed discussion separately, but probably, we want to buy into the Health and Wellness category, any opportunities in terms of brands or companies. But we can have a detailed discussion in terms of what kind of things we are looking at later.
- Kashyap Pujara:** Okay, I will write to you separately on that.
- Moderator:** Thank you. The next question is from the line of Deep Master from Enam Holdings. Please go ahead.
- Deep Master:** Just to clarify on the gross margins. You believe that you can sustain them, right?
- Dr. Sharvil Patel:** Yes.
- Deep Master:** In terms of the distribution revamp, are there any new types of touch points you would have added...?
- Dr. Sharvil Patel:** It will be the similar type of, but just increase in distribution.
- Tarun Arora:** I think what is very important what we have done is revise the process and reach process so that it allows us to scale up more efficiency and more quickly, and that is really the reason why we have done it. So at a fundamental level the touch points are fairly similar; we may choose to run various segments and run it differently but types of touch points I think remain fairly consistent, because that is where the footprint of the existing brands are.
- Deep Master:** How is the competition behaving in Sugar Free – is there anything new that the competition is doing that you noticed ?

- Dr. Sharvil Patel:** Nothing significant.
- Deep Master:** In terms of advertising and promotional activities, is there something new that you are doing now or going forward?
- Dr. Sharvil Patel:** All our campaigns are new for this year.
- Deep Master:** Within Nutralite, can you tell us the mix of branded versus institutional even in percentage terms?
- Dr. Sharvil Patel:** No, we do not give out individual details.
- Moderator:** Thank you. The next question is from the line of Sheetal Bhat from Catamaran. Please go ahead.
- Lakshmi Narayan:** This is Lakshmi Narayan here. I have a couple of questions: Now, there has been some leadership changes that have taken place. Can you just help me understand what has been the leadership changes and any restructural or reorg has actually taken place in the company?
- Dr. Sharvil Patel:** The leadership change we have had; we have Mr. Tarun Arora who has joined us, who was previously working with Danone, and has many experiences working before with Godrej as well as Wipro, and he heads our business as a Chief Operating Officer and a Whole Time Director. He brings with him the experience of building large consumer brands with many of the larger groups earlier and he also successfully led in developing these brands and also go-to-market strategies for many of these businesses. So that is the only structural change in terms of key management position that has happened.
- Lakshmi Narayan:** In terms of Mr. Sharvil Patel, Chairman spending time, what percentage of the time is spent in this entity, is it kind of split between this and the pharma company, how is it?
- Dr. Sharvil Patel:** This is Sharvil Patel, I am talking here. It is tough to say exactly how much amount of my time, but we have different forums for review and all critical decision-making when it happens in terms of businesses, obviously, there is an interaction that happens from the business head with me, so, we have regular forums for interaction and that is the way we have...
- Lakshmi Narayan:** You have two companies to take care, right?
- Dr. Sharvil Patel:** Yes.
- Lakshmi Narayan:** From a growth point of view, I heard that the industry for Sugar Free type of products grow by 8% and we have high market share, right? Essentially, how fast we grow actually dictates how the category grows. Now, if that is the case, what prevents us from actually growing even faster – is it an advertising and spend gain which we do not want to invest in or is it our

capacity or is it the market itself is unprepared, which should be the top reason for us for having growth, because we set the growth for the industry?

Tarun Arora: So, we are working on the marketing strategy on this and like you mentioned, we are 92%, so for us it is not about gaining share, it is about growing the market, and we are gearing ourselves for that. So there is obviously you expand distribution, you change your strategy. So, we will not be operating out of just constraints, we are looking at how do we get more consumers in and that really is the focus for our business to go ahead.

Lakshmi Narayan: Any of your consumer research has shown what kind of repeat buys that have actually happened, so for example, if you grow from 100 to say 108, what kind of customer stickiness you actually have?

Tarun Arora: We do a fair amount of research but for the sake of this call, I think I would rather not get into those details, if you really want to pick this up, I think it is better to do on a separate basis.

Lakshmi Narayan: What are the gamut of products which we actually continue to look at? I am not asking for the specific products category or things like that. Because Wellness is a wide canvas, right. Any specific things which you think are really not well known in India or something which would be quite exciting for a company like us?

Dr. Sharvil Patel: We are present in both the Nutritional side as well as the Food side, so we are looking at niche categories in this where we can look at acquiring and also introducing brands which supplement the proposition of either Sugar Free or Nutralite positioning. So, I think it is more to do with Health and Wellness space, where we can look at finding something and we are also looking at some interesting options of expanding our base in the Food and the other category which is Sugar Free.

Lakshmi Narayan: In case we want to export the Sugar supplement products, what could be the countries where we can actually get in quite easily and how are you thinking about it?

Dr. Sharvil Patel: Asia Pacific, Africa and GCC are obviously the immediate opportunity that we have. With the joining of Tarun, we are working out a strategy in terms of how we can expand our international presence faster because we have very small presence compared to many of our peers. So, that is one of the growth drivers that we are going to take up this year.

Lakshmi Narayan: Africa must be a large market?

Dr. Sharvil Patel: Yes.

Moderator: Thank you. The next question is from the line of Suvarna Joshi from SMC Global Securities. Please go ahead.

- Suvarna Joshi:** I had a couple of questions: One, you mention that some of the new product launches have gained quite good traction. So, could you please help us understand how much would have they contributed to our revenue growth in this particular quarter and for the fiscal year as well? The second question would be in which categories would you look to undertake new product launches in the coming fiscal year?
- Dr. Sharvil Patel:** The launches have just happened recently; some in March, some in February, so it is very recent, so it is difficult to give you right now because right now it is at initial stages, so maybe in the later part of the year, we can give you how these products are doing. We have a few more new launches planned in the later part of the year, but majority of the launches have happened for the summer season.
- Suvarna Joshi:** You mention about the sales growing due to better realization, so margins basically expanding due to better realization. So what component would it be through the price hikes that we have undertaken for FY15?
- Amit Jain:** We took very small price increase in the Sugar Free Gold in the last financial year and that is what is reflecting.
- Suvarna Joshi:** So going forward, FY16, do we plan to take any price hikes?
- Dr. Sharvil Patel:** Currently, it is not planned.
- Moderator:** Thank you. The next question is a follow up from Ashish Upaganlavar from Elara Capital. Please go ahead.
- Ashish Upaganlavar:** If I understand correctly, we have dual problems as far as the growth is concerned; one was the pull part of it which is advertising and communication secondly, the distribution part of it. So probably the distribution part of it we are getting it sorted now, but the pull part of it we have been working all these years, last couple of years there have been a lot of relaunches packaging wise, communication and stuff. So does anything stop us from calling out that our problems overall are over and probably we can say that if the company can give a guidance probably that this is the band that probably we can expect the growth to come maybe for the next couple of years, this is what we see, there is visible kind, so is there anything like that or still we are not comfortable giving out any kind of commentary on that part?
- Dr. Sharvil Patel:** I think guidance is difficult to give right now, but we have taken new steps, we are hoping we will see a ramp up this year in terms of quarter-on-quarter growth improving, we have had new campaigns, we are doing a lot of below the line, we are doing a lot of advertisement in terms of digital media. So we are hoping that we will have a more rounded investment in terms of overall marketing spends and also we have launched a few new campaigns and we are looking for the success of this new campaigns.

- Ashish Upananlavar:** Can you spell out which all new launches happened last quarter – is it specifically variants of Everyuth that were there or anything else also that we had?
- Dr. Sharvil Patel:** We have launched variants in Everyuth, also in Sugar Free, we launched Sugar Free Stevia, and we have also launched in Nutralite.
- Ashish Upananlavar:** So Nutralite, what was it?
- Amit Jain:** We upgraded the base Nutralite with omega-3. That has really got good response, so just to clarify. I think overall some of these things are getting good traction from the consumers.
- Ashish Upananlavar:** So Nutralite Yummy is only in specific markets, that is not kind of our focus across the India, is it...?
- Dr. Sharvil Patel:** It is not across, it has a more North India focus.
- Moderator:** Thank you. This is the last question which is from the line of Deep Master from Enam Holdings. Please go ahead.
- Deep Master:** Just focusing on your ad and marketing again, is there anything unconventional that we are now doing in terms of promotion apart from your new campaign?
- Dr. Sharvil Patel:** We are looking at digital as an important line.
- Tarun Arora:** Just to add to what Dr. Patel is saying, I think we are looking at, apart from above the line advertising, we are also looking at various touch points for the consumers which is on the digital, we are also looking at on-ground promotions, where we are reaching out to consumers, that point of purchase at other touch points, where we can influence them. So it is going to be a 360 deg. approach to a consumer at various touch points, where we can influence them in both consumption and shopping points.
- Deep Master:** Basically, it is more sort of awareness campaigns?
- Tarun Arora:** Yes, because that really is the task has been talked about because we have significant shares in most of the categories we operate, so the task is to get....
- Deep Master:** Can we expect more brand extensions in Sugar Free, you all used to have drinks in the past. I do not really see them these days?
- Tarun Arora:** We are evaluating a whole lot of these options. We have our innovation funnel ready, but the point is we will choose the right time when we are ready for it, and we will be happy to share with you once we are about to launch, but I think it will be too premature at this stage to talk about it.



*Zydus Wellness Limited
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Moderator: Thank you very much. Ladies and Gentlemen, that was the last question. I now hand the conference over to the management for closing comments. Over to you, team.

Dr. Sharvil Patel: Thank you for joining the call and look forward to seeing you next time.

Moderator: Thank you very much. Ladies and Gentlemen, on behalf of Zydus Wellness Limited that concludes this conference call. Thank you all for joining us and you may now disconnect your lines.