



“United Breweries Limited Q4 FY17 Earnings Conference Call”

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Moderator: Good day ladies and gentlemen and a very warm welcome to the United Breweries Earnings Conference Call, hosted by IDFC Securities Limited. 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 “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Mehul Desai from IDFC Securities. Thank you and over to you Mehul!

Mehul Desai: Thank you Ali. Good evening everyone. On behalf of IDFC Securities, I welcome you all for Q4 FY17 earnings call of United Breweries Limited. From the management side we have Mr. Steven Bosch - CFO of United Breweries and Mr. Poonacha head IR. I will hand over to the management to give their initial comments on the quarterly performance and then we can go ahead with the Q&A session. Over to you Sir!

Steven Bosch: Thank you very much Mehul and thanks everybody for joining the call. Let me start with an introduction after which we can open for questions. As you all have seen from our results in the press release is that Q4 was the most difficult quarter for the industry in about a decade. With an industry that was down by around 13% for the quarter, at the same time UBL has been able to further improve its market share. We sold around 35 million cases on a primary basis, a decline of around 9% for this last year thereby outperforming the industry. The drop in volumes can be attributed to a couple of things, it is the increased consumer prices on the back of excise duty increases, continued effects of demonetisation that we saw as well as uncertainty due to the highway ban.

On a gross revenue basis we showed around 3.6% growth, whilst our revenue net of duties was down by around 8.5% for the quarter and increase in excise duty was significant by almost 6% points versus Q4 2016 and let me now make some comments on our performance in each of the regions for the quarter. In the North the industry declined by 5% whereas UBL's volumes grew by strong 10%, UBS volumes grew in Delhi by almost 30%, in Haryana by more than 50% and in UP by around 4%. In Uttar Pradesh the industry is still impacted by a sharp cut in excise duties for spirits. Also in Rajasthan UBL saw its volume actually decline by 4%. In the East the industry was down by 27% and UBL saw decline of 22% also here gaining market share. The decline is largely due to the situation in Bihar where as you know we could not sell beer due to the prohibition. In West Bengal volumes declined double digits whilst we recorded good volume growth in Odisha and in Jharkhand. In the West the industry was down by some 14% and we saw a decrease of 9%. In the state of Maharashtra including Mumbai our volumes were down 9%. In Goa and in MP volumes declined at 3%. Lastly in the South our volumes were down by 12% in line with the industry. The major markets of Karnataka and Kerala declined by 18% and 15% respectively. In Telangana and Andhra volumes were more or less flat for the quarter and in Tamil Nadu as you may recall we were not given any orders from the state corporation

TASMAC for about six months and we are now pleased to report that we have been back in business since March 2017.

Then on the cost side we have seen a jump in barley prices versus last year, so we also upped our imports of barley as well as price increases in sugar and rice, which were the key factors for the increase in the variable costs and despite the control of fixed costs EBITDA declined by around 30% for the quarter predominantly due to decline in volumes and marginally due to this increased input prices.

Some words on the highway ban, we have also commented on it in the press release. We are seeing that around 30% of the outlets have been affected based on invoice data in April. This is partly offset by higher throughput for the remaining universe and I think it is a little early to be very definitive, but I think we are seeing this as a disruption and we are seeing the market is down by around 10% to 15% since April 1, 2017 and in states like Kerala, Tamil Nadu and Maharashtra the effects on the industry are more visible. In Telangana, Karnataka and Andhra we have to see the impacts as the existing licenses are still valid and also some relief may come from a potential modification of the order by the Supreme Court in July. We expect that this impact of this ban will be more significant in the first half of this fiscal with some risk for Q3 as well.

And finally we are pleased to inform you that we have launched a new brand that is Kingfisher Storm, it is a smooth strong beer, which is packaged in a distinguishing blue bottle. It is positioned in the premium strong segment and priced somewhat higher than Kingfisher Strong. It is now being launched in two markets in Karnataka as well as in West Bengal and the brand will be rolled out in more markets during this fiscal year. That is it from my intro. I believe we can now open the floor for questions please.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. We will take the first question from the line of Nitin Gosar from Invesco Mutual Fund. Please go ahead.

Nitin Gosar: Keeping in mind the volume trajectory may not be strong for another six-month period how do you see the pricing environment?

Steven Bosch: So pricing, as you know is controlled so we have obtained some price increases for this year and we are keeping a close watch on what is happening with respect to volumes but it is largely forward steps that is happening across at the start of the year.

Nitin Gosar: Right now our positioning is such that it is not material to compare it with the volume outlook?

P. A. Poonacha: I am not able to get what is it you expect as an answer because you asked about pricing and Steven went on to say that how we go about it, now you are looking at the MRP vis-à-vis volumes?

- Nitin Gosar:** No my question is more pertaining to the net pricing that we realize that is netting of the excise duty?
- P. A. Poonacha:** That is what UBL realize right?
- Nitin Gosar:** Yes, so now there are two challenges one is the volume.
- P. A. Poonacha:** Because it said that see we do not have control over pricing in close to 70% of the markets, so wherever we do have we have already done the necessary price increases and we have not seen anything more as of now is what Steven confirmed.
- Nitin Gosar:** Got it Sir! Thank you.
- Moderator:** Thank you. The next question is from Ashit Desai from SBI Cap Securities. Please go ahead.
- Ashit Desai:** In terms of outlets if the earlier estimate was that around 40% of the outlets were affected, you said now that 30% of outlets are affected as of April, could you give us a sense after some states have denotified highways and relocated some shops what is the current figure and would this 30% exclude Karnataka, AP and Telangana because there the licenses are still valid?
- Steven Bosch:** Yes, so the 30% is based on markets that are currently seeing or facing the impact of the ban, a little bit of an estimate and the other markets that you just mentioned are yet to come and also it is an ongoing process because there are also new outlets coming up again, so this 30% is what we are seeing.
- Ashit Desai:** Once Karnataka, Telangana and AP licenses expire what is the additional number of outlets that will be affected?
- Steven Bosch:** We will need to see that also because we expect that these markets now have a little bit more time to prepare for this relocation, so there could be a positive there that the state governments prepare for the relocation as well as have an opportunity potentially to denotify some of the state highways.
- Ashit Desai:** Are you seeing these state governments do anything as of now or?
- Steven Bosch:** Yes, work in progress now.
- Ashit Desai:** What was the inflation outlook for the next year given that barley prices have seen some correction recently, what is the trend in your other inputs mainly glass?
- P. A. Poonacha:** Glass is having upward trend, as you know most inputs now have the cost pressure, but if you ask for a percentage across we cannot tell you, look at item wise in the cost structure.

- Steven Bosch:** Two effects are playing a role as you know it is the percentage of infusion of the number of returnable bottles as well as what the mix is per state as well as per brand, some brands are using one way bottles only.
- Ashit Desai:** But given that your volumes are down the mix should be in favour of returnable bottles?
- P. A. Poonacha:** Yes, but if you see in this downward trend the premium segment is actually growing and this beer segment is where we use one-way bottles.
- Ashit Desai:** Lastly you talked about growth in Delhi to be 30%, Haryana 50%, what has driven this strong growth in these markets?
- P. A. Poonacha:** It is the supply issues that competitions have had.
- Steven Bosch:** Especially in Delhi.
- Ashit Desai:** So these are more of one of kind of growth?
- P. A. Poonacha:** Yes and no because I mean once they loose market share also it is not that very next month they can come and grab it that right, so it is not that the entire gain that we have got will just go down in just a month. Yes it is one off we have got an opportunity to push our brands too and let us wait and see how much we can pull them up.
- Ashit Desai:** I am asking this because one of your competitor seen a very sharp decline compared to the decline you reported, so besides these are there any cuts in promotional activity also that you have seen?
- P. A. Poonacha:** Promotional activity, I did not understand?
- Ashit Desai:** In terms of the amount of promotions that your competition does?
- P. A. Poonacha:** We have not seen any such thing. Are you referring to the market?
- Ashit Desai:** That is it from my side. I will come back in the queue.
- Moderator:** Thank you. We have the next question from the line of Krishnan Sammurthy from Motilal Oswal Securities. Please go ahead.
- Krishnan Sammurthy:** Thanks for taking my question. Just wanted to know what was the capex for the year and given what is happening in terms of demand would you be slowing down your capacity expansion for the year after for FY2018?
- P. A. Poonacha:** Our capex is around Rs.230 Crores and we should atleast do that for in the coming year also.

- Krishnan Sammurthy:** So you are not slowing down in terms of expansion?
- P. A. Poonacha:** No, I mean you know how our industry is, when we get growth and if we get growth in the coming summer and if you do not have capacity, lost the market share and the profits were good.
- Steven Bosch:** Largely disruption we are seeing so I think we are keeping our medium term outlook.
- Krishnan Sammurthy:** The other question is for regarding depreciation for the quarter, there was a sharp increase in depreciation both on YoY basis as well as on a sequential basis, what was the reason for that I mean anything specific that you would like to call out?
- P. A. Poonacha:** Yes, I mean there is a certain energy efficiency what you call green energy what we call, we have certain projects, which we had embarked on and since some of these were not successful and as such we did not find great expectations out of these green energy projects. We have completely impaired those assets that are why you are seeing that huge depreciation knock.
- Krishnan Sammurthy:** That is one off just for this particular quarter?
- Steven Bosch:** Yes it is one off.
- Krishnan Sammurthy:** Thanks a lot.
- Moderator:** Thank you. We have the next question from the line of Chanchal Khandelwal from Birla Mutual Fund. Please go ahead.
- Chanchal Khandelwal:** Thanks for the opportunity. You mentioned in July you expect some decision to be changed from the Supreme Court is it that the hotels and restaurants will be allowed to sell and what is the situation today in regards to the hotels and restaurants?
- Steven Bosch:** Today also the ban is applicable to the Horeca, to the bars and hotels across the country and there might be a modification in July, so that is as far as we can comment on this.
- Chanchal Khandelwal:** How much percent of the sales would be this channel of Horeca, hotel, restaurants and bars?
- Steven Bosch:** It will not be a major chunk that we are talking about, it is also different state by state and especially the five star hotels are more there for premium imagery or for brand positioning rather than high volumes but it is still a nuisance and for instance in a market like Kerala today there are quite a number of bars that are on the highway that are being affected, so that is also a market I call out specifically where you see this Horeca ban being effective.
- Chanchal Khandelwal:** Sure. Lastly on the Bihar the capex you have done in Bihar what is the situation there, you are able to export that to different states or?

- Steven Bosch:** So Bihar unfortunately we cannot export beer into other states that has totally stopped since last quarter and we actually as per April this year, this was the case. We are having alternative plans for the brewery including exploring opportunity to produce nonalcoholic beverages.
- Chanchal Khandelwal:** Thank you.
- Moderator:** Thank you. We will take the next question from the line of Ashit Desai from SBI Cap Securities. Please go ahead.
- Ashit Desai:** Steven you said that the market decline is around 10% to 15% in April and as we see states taking more actions I think this will go down. My question is pertaining to how much of this impact is actually resulting from trade destocking and if you could give some sense as to what is the impact on consumption that you have seen in these markets, has consumption also gone down to a similar extent or there is?
- Steven Bosch:** It is mix of both. In some markets we are seeing that destocking is definitely happening, whereby also outlets are not ordering from government corporations, sometimes allowing outlets to transfer stock from outlet A to B thus impacting our primary volume. Secondly of course also consumer demand is impacted due to these disruptions for people to be able to find their at beer another location, but still you know there might be a bigger distance to cover for them, so that is why you see some disruption also in the consumer demand and you want to add something?
- P A Poonacha:** Yes, in addition I would like to add here that April 2016 was a fantastic month and May was okay and June was then bad, so if you look at comparables as we move on in the year the comparables becomes more and more easy. You cannot say because in the first month there is such a huge drop this trend would continue because as such comparables becomes easy as we go the following months.
- Ashit Desai:** What would be your sense for the full year I mean you talked about some recovery in second half in your press release?
- P. A. Poonacha:** Yes, see I mean this all depends on one what happens with the Supreme Court order in July. Two the actions that state governments are taking with respect to denotifying certain taxes of the state highways. Three how the trade copes up and picks up locations, which satisfy the new laws and restart the business I mean a person in the business has to be in the business he just cannot stop doing business right, so he will look at and used to do so, but it is a timeframe by which he settles and restarts his business. So we expect that things would fall in place six months on the line and things will start looking normal as we move.
- Ashit Desai:** You talked about some impairment in your depreciation could you give that figure?
- P. A. Poonacha:** It is about Rs.16 Crores.

- Ashit Desai:** Rs.16 Crores and what would be your current debt now?
- P. A. Poonacha:** Debt, Rs.600 Crores.
- Ashit Desai:** Rs.600 Crores?
- P. A. Poonacha:** Yes.
- Ashit Desai:** Thanks. That is it from my side.
- Moderator:** Thank you. We will take the next question from the line of Aman Kalkunjrekar from HDFC Mutual Fund. Please go ahead.
- Aman Kalkunjrekar:** Thanks for the opportunity. I have just one question at industrial level can you share what is the on premise versus off premise net of volume?
- P. A. Poonacha:** I do not think the regional teams would have it, but centrally we do not track it for example the various branches and regions will have it, but centrally we do not track off and on premise.
- Aman Kalkunjrekar:** Will the impact of this ban be different for on premise and off premise?
- P. A. Poonacha:** It depends on the state. For example if you see, you take the case of Kerala where this has very badly affected the business. In Kerala there is no way that lot of higher estimate denotified because there are no alternate roads for them to show as highways because that is how densely populated Kerala is and if you see the Kerala business lot of business is happened in this beer and wine shops, so the Supreme Court order if it comes favourable that it does not affect your hotels, lot of these units or these hotels and restaurants in Kerala may get away and the other states where there are options of denotifying, so it is a big mix, which we cannot give you a particular number straightaway. You have to go state wise and see what is off premise, on premise and based on what decision comes and then go state wise and see what the state government is able to denotify that only time can tell know.
- Aman Kalkunjrekar:** Certainly, so this 10% to 15% impact that you are saying, which is at overall national level, but let us say states like Maharashtra, which is a large state and more profitable state what would be volume impact in since April?
- P. A. Poonacha:** 15% Maharashtra was pretty high and as I started to say that the comparables of April 2016 was very high because the volumes achieved in April 2016 was an all time April high. As you go on in this year our comparables becomes easier.
- Aman Kalkunjrekar:** But in this 10% to 15% impact on volume, do you think this is already sort of worst case situation or we are yet to see the full picture because the three states have not yet been impacted?

- P. A. Poonacha:** Three states will be impacted further during the year, but however we are hopeful that the Supreme Court order in July and that these states have got that much additional time to rework how they would like to denotify their various state highways and also gives time to trade to relocate their businesses, in time for the renewal.
- Aman Kalkunjrekar:** But the Supreme Court order is a sort of uncertain thing, you do not know whether that will come I mean Supreme Court will tell us that only in July, if that does not come through then can we say that this is the worst or no worse is yet to come?
- P. A. Poonacha:** I guess that this is the worst because the comparable last year was at all time April high.
- Aman Kalkunjrekar:** Thank you very much Sir!
- Moderator:** Thank you. We will take the next question from the line of Rajesha K from Franklin Templeton. Please go ahead.
- Rajesha K:** I am sorry this question was asked before, but I just would like to know how you have managed your other expenses, I do see a pretty meaningful reduction this year, so what has driven that?
- P. A. Poonacha:** No, you cannot look at other expenses as they are because if you compare it to 2016 portion of the other expenses is on account of the accounting entries passed with respect to the revaluation of the foreign currency loans. Now, Ind-AS came into effect after April 2016, so in the current financial year we had the option of following hedge accounting. What happens in hedge accounting is you revalue your foreign currency loans on the balance sheet date, you also revalue or you make the present value of the swap that you have and the net difference between this current liability and current asset is put through other comprehensive income in your, which is below in the P&L.
- However, since Ind-AS came into effect only April 1, 2016 we had to recast 2015-2016, which was under Indian GAAP, so while we recast it we had to put in the exchange upward movement as the cost of the other expenses and the gain that we have got on the current value of the swap is put as other income. So if you see other income is higher last year and other expenses is higher last year. You can see that number there it is about Rs.86 Crores other income vis-à-vis Rs.51 Crores this year. You see the expense is up also it is by and large the exchange difference.
- Rajesha K:** Sir basically now in the release that you have put on the stock exchange the other expenses will have no let us say impact of these exchange related issues right, so these are like-to-like comparison?
- P. A. Poonacha:** In financial year 2016-2017 other expenses does not include exchange differences due to hedge accounting, but 2015-2016 they do have that is why you see the drop.
- Rajesha K:** Alright. Thanks Sir!

- Moderator:** Thank you. We will take the next question from the line of Krishnan Sammurthy from Motilal Oswal Securities. Please go ahead.
- Krishnan Sammurthy:** Yes, in the last quarter you had mentioned that Heineken was close to launch in Telangana, any update on that and what has been the demand since then?
- Steven Bosch:** So it has been good. Good demand was picking up well, so that is being launched.
- Krishnan Sammurthy:** Was it launched in March or when was this launch done?
- Steven Bosch:** The exact date I think it is around March, it was March that it was launched.
- Krishnan Sammurthy:** To your best knowledge have AB InBev and SABMiller started working together, has AB InBev started manufacturing and producing beer in fabulous facilities?
- Steven Bosch:** As far as I understand their integration was started in October, so they must have made progress with respect to their supply chain as well. I would think they should be well underway with their integration.
- Krishnan Sammurthy:** Sure. Thanks a lot.
- Moderator:** Thank you. We will take the next question from the line of Bhavesh Shah from CLSA. Please go ahead.
- Bhavesh Shah:** Good evening. Thank you very much. Sir last quarter you highlighted that you faced some issues in getting orders in Tamil Nadu and few of the local products are preferred there, so what is the situation now in Tamil Nadu?
- Steven Bosch:** So as highlighted we have been back in business since March, so we have sort of seen our orders coming in again.
- Bhavesh Shah:** Secondly if you look at state of Maharashtra, they started denotifying some of the highways, but after that some patch of highways have been renotified you know for various reasons. So my question is that you know since you articulated that worse for the industry is now over, do you see you know some of the state governments also renotifying the highways under any specific public pressure or any political equations changing, so I am still trying to understand that why you are seeing that the worse for the industry seems to be over?
- P. A. Poonacha:** The reason why I said the worse is over, worse is over with respect to the number that we are taking about 15% profit because if you see in the last financial year as such barring the first quarter we had strain across the next 9 months and in the first quarter April was the highest ever April, May was an average May and June was not a great June, so if you go this year as we go on if you go to the next half of this financial year that is the second half, last year has its own issues,

that is the year 2016-2017, so as a comparable vis-à-vis last year has had its own issues I think the worse is over with respect to percentage drop.

Bhavesh Shah: As per new regulations even advertisements any specific billboards you cannot put on the highways to basically attract the consumers, etc., so do you think this will also have an impact on the consumption or there is something you know which is more procedural and probably trade will find its own way on this one, so do you see any impact on consumption because of this?

P. A. Poonacha: If you see the consumer who consumes on this so called state highways now it is not that a person travels on the state highway does not know where he is going, I mean it is that in the country lot of stretches are in between cities and all consumers are actually local consumers who live and work in and around those areas and billboards are not needed. You have particular business location shifted 500 meters away people coming there would very well know where it has gone, it is not that somebody drives on the road first time and then says oh! It is just a billboard is there I need to go and pick up a beer, that is a very small percentage of consumers. By and large consumers are people who are in and around the same place either stay there or work there or travel there regularly, so for these people once the location has moved to new location they would find it. Billboard is not something, which is the only way, which they can had it.

Bhavesh Shah: Great. Thank you very much.

Moderator: Thank you. We will take the next question from the line of Avi Mehta from India Infoline. Please go ahead.

Avi Mehta: Sorry this is being covered, but would you be able to help us understand the likely impact of GST on volumes as well as margins, which and how do you think that will likely to play out in second half or when do you expect it to play out?

Steven Bosch: So the impact on volume since alcohol is not in the GST and therefore basically there is no impact you would see on volume. We would see is that we cannot unlock any input credits so the impact will be on a full year basis, while still uncertain given there are a couple of final decisions to be made by the GST council, could be a couple of percentage points of EBITDA margin.

Avi Mehta: Sorry Sir you said couple of percentage points, should I say 200 BPS is what I would assume?

Steven Bosch: Yes.

Avi Mehta: Thank you very much Sir! I will come back in the queue.

Moderator: Thank you. We will take the next question from the line of Aman Kalkunjurekar from HDFC Mutual Fund. Please go ahead.

- Aman Kalkunjrekar:** Thanks for the opportunity again. This GST impact Sir you mentioned that it would be a couple of percentage points for the full year and this is assuming that GST is enforced for about half the year, so does it mean that for the full year on annualized basis impact would be higher?
- Steven Bosch:** So the number I quoted is on annualized basis, so we are still uncertain, right as per when this GST will become effective July 1, 2017 is what people who would expect currently, there could be a delay, but we are seeing it on an annualized basis such an impact.
- Aman Kalkunjrekar:** That is it. Thanks.
- Moderator:** Thank you. We will take the next question from the line of Aman Kalkunjrekar from HDFC Mutual Fund. Please go ahead.
- Aman Kalkunjrekar:** This rise in excise duty from last March quarter to this March quarter, is it purely a function of mix or have you seen increase in excise duty in some states?
- P. A. Poonacha:** Both mix and increase in excise duty.
- Aman Kalkunjrekar:** In the Q4 also there has been increase in excise duty?
- P. A. Poonacha:** Compared to Q4 last year because the excise duty increased following in the first quarter when you are comparing fourth quarter to this fourth quarter, last fourth quarter you would have the excise duty increased, but this fourth quarter you would have it.
- Aman Kalkunjrekar:** No, there is sequential rise also from December and earlier quarters, which is why I thought if there is?
- P. A. Poonacha:** Also there, but you are comparing Q4 of 2016-2017 vis-à-vis Q4 of 2015-2016, so most of the excise duty increases for 2016-2017 would have come post April 2016, so January to March 2016 when you compare that to January to March 2017 the excise increases would not be there in the last year, it would be there this year that is one. Two is also mix high duty states have grown ahead of country average growth whatever it is.
- Aman Kalkunjrekar:** Thanks.
- Moderator:** Thank you. We will take the next question from the line of Chanchal Khandelwal from Birla Mutual Fund. Please go ahead.
- Chanchal Khandelwal:** GST again you said 200 basis points EBITDA margin impact, but assume that the recycled bottle does not have the similar excise and the barley has a lower excise can you quantify why you are seeing these 200 basis points, what are the assumptions behind it?

- Steven Bosch:** So I think that the impact indeed is still subject to amongst others the point of recycled bottles. The other uncertainty is around the freight, the taxation of freight, so we still need to await the outcome thereof, so there could be some fluctuation and some upward pressure as well on that impact, or there could be some more, subject to the final outcome of the GST.
- Chanchal Khandelwal:** Sorry, how much of this 200 basis points is because of the freight assumption and how much is because of recycled bottle assumption?
- Steven Bosch:** So I think it is a fair chunk of it, but I would like to leave it at that. Also as there is still quite some uncertainty on the recycled bottles, as one of the key drivers.
- Chanchal Khandelwal:** Sorry I just to stretch it further, freight you are talking about the service tax in the freight or just from the freight bid can you just explain it to me?
- P. A. Poonacha:** Freight currently comes under abatement, freight is paid by the service receiver, for example if UBL hires a truck freight is payable by UBL, UBL being the service receiver, it is responsibility of UBL to pay the service tax. Under the reverse charge mechanism it is something called an abatement, a large portion of the freight providers costs or cost with respect to fuel and other cost and the service element is very limited. So the 15% service tax that is payable today is paid on a 30% base, so the overall effect on freight is 4.5%. Currently they are still contemplating of charging 12% on input freight under the GST scenario. So there is a 7.5% additional knock; however, industry bodies representing freight and agri companies whose large portion of import is freight are lobbying with the GST council to relook the 12% and bring it down to 5%.
- Chanchal Khandelwal:** Sure. Thank you Sir!
- Moderator:** Thank you. We have the next question from the line of Jhanvi Shah from Reliance Mutual Fund. Please go ahead.
- Jhanvi Shah:** Can you give some colour on the pricing a bit from all the various states I mean whatever pricing growth I think the company has seen is largely due to premiumisation or some state mix, but it has been some time since any of the states has given any kind of concrete prize hike as such and what kind of dialogue do you guys really have with state governments, are they really awaiting for GST to pass and then take a look at pricing per se?
- Steven Bosch:** Yes, there have been price increases granted that is normally the case in the first quarter you see that they are coming in.
- Jhanvi Shah:** So which states are these?
- Steven Bosch:** So it is including in Delhi, West Bengal for instance.

- Jhanvi Shah:** So these are relatively the free pricing states, so you would have taken a price hike I am assuming?
- Steven Bosch:** Indeed, for larger free pricing states where we see room for a price increase we have called for it.
- P A Poonacha:** No major state corporation has rolled out a price increase. I know if you take Andhra, Telangana, Kerala or Tamil Nadu is large corporation market or Rajasthan you are asking if there is a price increase right, they are not.
- Jhanvi Shah:** Right. Are they waiting for GST to pass as such to them think about pricing as such?
- P. A. Poonacha:** Yes I mean it would give us an additional pressure point to go and talk to the various state government corporations saying that there has been a huge input hit on account of GST, you please relook at pricing that would be an additional pressure point, which we can exert upon them once the GST comes in, but as of now nothing has been given to us.
- Jhanvi Shah:** Alright and also you know we spoken previously about plants to launch some of the global brands on the Heineken Stable into India. What are the plants currently what are we really looking at that in the next few years?
- Steven Bosch:** Yes, definitely as already I think mentioned some weeks ago we are about to introduce a number of new brands into India from the Heineken portfolio on an import basis with brand like Desperados, including **Sol and Dos Equis** from Mexico and some other top brands in the wheat beer and in the more specialty space I mean **Edelweiss and Affligem**, so yes there is definitely a new sort of impulse to that because there is a big opportunity in terms of draft in on premise as well as generally a premium opportunity that we would like to capture.
- Jhanvi Shah:** Sure. Alright. Thanks.
- Moderator:** Thank you. As there are no further questions from the participants I now hand the conference over to Mr. Mehul Desai for closing comments.
- Mehul Desai:** I would like to thank all the participants as well as management on behalf of IDFC securities for attending the conference. Now I like to handover again to the management if they want to give any closing comments.
- Steven Bosch:** Thank you so much. No further comments. Thanks IDFC for hosting and thanks all for joining the call and looking forward to you speaking later.
- P. A. Poonacha:** Thank you.
- Moderator:** Thank you. Ladies and gentlemen, on behalf of IDFC Securities, that concludes this conference call for today. Thank you for joining us. You may now disconnect your lines.