Jyothy Laboratories Limited
Q3 FY18 Earnings Conference Call
January 01, 2018

Moderator: Ladies and gentlemen, good day and welcome to the Jyothy Laboratories Q3 FY18 Earnings Conference Call. Today we have with us Mr. M. P. Ramachandran – Chairman & Managing Director, Mr. Ullas Kamath – Joint Managing Director and Mr. Rajnikant Sabnavis - Chief Operating Officer. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. M. P. Ramachandran. Thank you and over to you, sir.

M. P. Ramachandran: Good evening friends. By now, you would have received our third quarter results. I am happy to invite all of you for a discussion on the same. Ullas Kamath – our JMD as well as our Rajnikant Sabnavis – our COO will answer all your questions. Thank you.

Rajnikant Sabnavis: Good afternoon everyone. Before I open the floor for your questions, I will take you through the presentation.

As you are aware, on November 15, 2017, there was correction in GST rates. As far as we are concerned, GST rates for dishwash and laundry were corrected. Following that, we saw urban consumer demand getting a spike. We passed on these benefits to the consumers and that is what has benefited us as a company. As far as rural demand is concerned, it is looking better than before. The trade channels have more or less adjusted to the new GST regime although there are some parts which are still affected. During our last discussion, we had mentioned that CSD demand was still coming back to normal. As we talk today, it is fully back to normal.

Before I get into the results, I will give you a quick background. It is very important for us to keep in mind that during Q3FY17, JLL had actually outperformed the market during the demonetization quarter. So please keep that in our mind otherwise there is constant question of base effect. During that quarter, we grew nearly 4% in terms of volume and over 3% in terms of value.

I will now come to the results for Q3FY18.

In terms of revenue, we grew at 15.9% while the volume growth was at 11.5%. As far as A&P expenses are concerned, we continued to invest behind our brands and did lot of campaigns. Our A&P to sales ratio was at 7.5% versus 7.2%.

Our gross margins increased by 130 bps versus the same period last year. This is really on account of the mix and we will talk about it when you see the brand wise growths. So, you had good growths on Ujala, Margo and Liquid Vaporizer which gives us higher gross margins.

Our operating EBITDA growth over the same period last year was at 36.2% while our PAT grew by almost 60%.

Let me just give you a quick look on next chart which is really gives you a picture of our performance during the quarter and nine months ended Dec 2017. Our revenue was at Rs 431.2 crore which is a growth of 15.9%. As far as our YTD sales are concerned, it is now in the positive territory. Our overall GST combined growth is 2.6%.

Now coming to category wise consolidated revenue, in Fabric care we are up by nearly 18%, dishwash is up by 19%. Household insecticide, on which I will talk about in detail in a little bit, de-grew by 10% and is the only dampener**.** Personal care is up 38%. Overall our FMCG business is up 16.2% and if you take the total at a company level, FMCG plus non-FMCG, it is at 15.9%.

Next chart we will talk about our brand wise growth. In terms of brand wise growth, we have done very well across all our brands except Maxo. Ujala, the total franchise including fabric whitener, has grown by 17.3% while Exo franchise grew at 19.1%. Maxo was down 10%, Henko franchise was up by 23%, Margo grew by 43% and Pril is up 21.5%. Overall our power brands grew by 17.5%.

Coming to the snapshot of our consolidated performance, our sales are up 15.9% for Q3FY18 and 2.6% YTD. Operating EBITDA is up 36.2% in the quarter. As far as EBITDA is concerned, we are still trailing a little bit behind because of our first quarter performance. As far as PAT is concerned, for the quarter we grew by 59% and YTD growth was 6.4%. The same thing translates down to EPS.

In terms of ratios, our gross margin was up 130 bps over same quarter last year at 48.3%. On YTD basis, it is up 10 bps at 48.9%. EBITDA margins were at 16.1% this quarter as against 13.7% during Q3FY17. More importantly, on YTD basis we are at 14.6% and very close to the 15% target which we had mentioned at the beginning of the year.

Now I will come to our brand performance and initiatives. Fabric care, which includes main wash as well as post wash, has a share of 42%, dishwash is at 31% and then you have personal care, household and insecticide each at 11%. We will move in the sequence.

First I am coming to Fabric Care, which is 42% of our total business, grew at 18% YoY. In that, Henko grew at 23%, Ujala IDD grew at 28%, Ujala Crisp and Shine grew at 22% and Ujala liquid grew at nearly 10%. All these have been on the back of some very powerful mixes which we spoke about. Ujala IDD had a new campaign going in which got us 28% growth. There is new campaign coming in January for Crisp and Shine and Ujala.

Coming to dishwash, Exo and Pril grew at 19.1% and 21% respectively during Q3FY18. Please come to the next chart wherein we have explained the same with break ups. We refurbished all our mixes for dishwash. We broke a new campaign in October for Exo dishwash bar and our bar business grew at 20% this quarter as against 17.7% growth in the previous quarter. We had two great quarters one after the other for this category. As far as our scrubbers go, we launched our range of India's first anti-bacterial scrubber position on the proposition of 94.2% Less Malodour**.** It worked well for us and we have grown 23.2% in Q3FY18 versus 20% in the previous quarter. Pril liquid, as I mentioned about releasing a new campaign which we did on schedule and as a consequence of that the quarter has been very good. We grew by 24.5% in Q3FY18 as against 9.9% in the last quarter.

I will now come to our personal care business which is 11% of our total business. Here Margo continues its very strong growth. Margo grew 43.4% in the quarter while the segment growth was at 37.9% on the back of strong support in media as well as very powerful activation on ground. The next chart highlights Margo's growth journey. We have put a lot behind staging of the brand and indeed we believe that there are two or three things which are very particular and important which we have observed. One is clearly that Margo is right there riding the natural space. We are seeing growth at 56% versus overall 40% odd growth in our non-traditional markets, which is another very good sign. Also, our household penetration has increased by 60%. A strong organic growth of Margo.

Coming to the household insecticide business, which is 11% of our total business. As I said at the beginning, we have declined by 10%. But if you break it up it in two parts, our Liquid Vaporizer has grown 33% this quarter while coil business has de-grown by almost same. We see two factors which are affecting this. One, our brand is over indexed in the north and the east which is very wholesale dependent and both as geography as well as a category. Second, early onset of winter also muted the sales and prevented the up stocking. That is the reason we are seeing decline.

Continuing on household insecticide, I spoke last time as well. We had launched the Genius Innovation which was completely an innovative product in the machine segment. As briefed, getting that innovation is very important because in liquid vaporizer it is really the machine and the innovation you talk about rather than the liquid vaporizers. In line with what I had said last time, we have seen our machine business again getting a 100% growth and Genius Innovation is nearly 10% of the total liquid vaporizer's sales in December quarter. So, we will continue supporting this innovation and drive the liquid vaporizer business.

I will just talk a little bit about GST and the next chart shows what we had done during the period. We used these posters and flyers across markets. We immediately passed on the price benefit to consumers as we cut our prices across SKUs. In the next slide, it also tells you some consumer promotion, specifically packs to ensure the benefit goes to the consumers. Needless to say, in some cases we increased grammage to pass on the benefits.

Before we start our Q&A, I would like to say that our brand building and innovation agenda is fully on track. We will continue on that journey just as we did during the December quarter and get rewarded for it. We have a very strong go to market strategy which is backed up by a strong IT enabled platform. This is fully in place now as we link that with all our wholesale markets and it helps us to be more efficient. As far as the demand scenario is concerned, I would maintain that it still looks positive at this stage.

So, we conclude our presentation. Now I invite you all to ask us questions and any clarification which you want from us. Over to you all.

Moderator: Sure, thank you very much. We will now begin with the question and answer session. We have the first question from the line of Manoj Menon from Deutsche Bank. Please go ahead.

Manoj Menon: On Ujala Stiff and Shine, if you could just help us understand the road map. Our question is quite straight forward. Going by the success of the brand in two of the large states, how should we look at its future? Why is there a reluctance to be little more aggressive? That is one. Second, is there a bigger play for Margo outside, let me call it as the comfort zone of couple of states?

Rajnikant Sabnavis: First let me clarify it is not Stiff and Shine any more, it is Crisp and Shine. I will start with the second question first which is on Margo.

As mentioned earlier, we are growing almost at 25% - 30% faster in our non-traditional markets and from four years ago to now, our traditional market contributes less than a third. So that is the journey which we have seen on these brands. You are absolutely right to point that we need to go beyond traditional markets. When you say traditional markets, I presume you are aware that West Bengal and TN at one time used contribute around 45% - 50%. Now that accounts to less than 30% or even less than that. We will continue to drive it outside its traditional markets.

The simple answer to your first question is No. I mean the way the roll out is planned is very simple and I will explain it you. It is a new category creation. So, unlike Margo which is the toilet soap when you leverage a natural way, for this one you need to invest on ground to educate the consumers. We pick the learning's we had and a lot of learning's what you see are the results of the same. You are right in median period we have seen good success and the brand is extremely promising. We will roll it out once we have a clear understanding of the consumer. I do not want to tell exactly what are the specifics of the markets. But we know which markets to go to and you will see roll outs as we go forward in the year leveraging the learning's that we have picked up, especially in TN.

Manoj Menon: A quick same template question for the Ujala detergent powder also given what is observed in the market in the detergent category, now that competition is probably intense but definitely not irrational. Is there again an opportunity or a wind of opportunity for you to utilize, basically what the template you had for extending the simple brand stretch of Ujala into the detergents in Kerala? Is that opportunity exists in general or other markets?

Rajnikant Sabnavis: They are two different catalogues, Crisp and Shine and the laundry market. For the simple reason, laundry is a more evolved market with many players. The other one I told you was more about education creating category. Having said that, we are fully aware that the laundry market is undergoing some changes for variety of macro reasons in terms the competition is headed. There is an opportunity and you have seen that in our results as well. We are going about it the laundry business and it is a portfolio play. So, we will make the right picks and prudently move forward. The answer is yes, we see the opportunity and that is why you are seeing some growth. But we will go about it in a smarter manner.

Moderator: Thank you. The next question is from the line of Percy Panthaki from IIFL. Please go ahead.

Percy Panthaki: Sir, our question is on the dish washing segment. You have in the past done very well in this segment and grown faster than the market. Just want to know what sort of recent innovations or actions on the ground you have done that will enable you to keep this market share gain sort of continuing for the next few quarters?

Rajnikant Sabnavis: Dish wash is the very important market for us. I spoke very briefly about some other things that we have done which were due in the quarter. On Exo in terms of the existing mix, we have strengthened our communication and increased our strength. If you watch the communication, it is increasing our whole emphasis on the health aspect and on the fact that we are the only anti-bacterial brand that is effective enough. We have done that and we will stay the course on that. As far as product innovation goes, yes we do have a few things as we go along. On the scrubber bit, we are the only player who has a sizeable scrubber and bar business which our competitors do not have. As far as Pril goes, we had released a new campaign and indeed it has given us results. We will continue driving it. As far as new product innovation, we have a funnel ready for Pril based on strong consumer insights and you will see the roll out of some of these very interesting and exciting innovations in the coming quarters. So, we have got a pack funnel that will keep the consumer delighted as we go along and help us grow share and grow ahead of the market on dishwash.

Percy Panthaki: Our next question is on the coils category and I heard your comments on the wholesale affecting performance. It has been now couple of quarters since GST and actually four quarters since demonetization. So, just wanted to know why if wholesale is weak and was this known beforehand that it would pan out to be weak. Why could we not sort of let coils piggyback on our direct distribution which also is not insignificant?

Rajnikant Sabnavis: It is a fair question. Indeed the question on coils is something which occupied lots of our time. But there are certain market realities and they are traditionally operated in a certain channel which is harder to break as we discovered in those parts and the others. So, yes you are right. It is a fair challenge to say we should get this right, that is one. And that is why few quarters in a row we are struggling and as I said we are heavily over indexed there. The second thing in this particular quarter was the early onset of winter. So these are two things which are really bothering us on coils and as we speak we are working out ways and means by which we are able to get around the channels. And as you suggested, we are working to make it sure that we get our products especially in the markets of Bihar and interior UP. We are extremely hopeful but yes, it is not being as easy as we thought. Rather our attempts have not been that successful as we would have liked them.

Percy Panthaki: Still not fully able to understand the point. You just mentioned that these are sort of products which work on wholesale and it is a hard channel to break. But as I understand, the channel is broken and you do not have to work hard to break it. I mean they are not able to carry your product and if you sort of carry it on your own distribution, I am sure that there is an answer which I am not able to understand. But just wanted to understand, what the issue is and what is the challenge in just shifting it to more direct distribution?

Rajnikant Sabnavis: You are right Percy. It is not an easy one because initially our question was I ourself could understand certain companies which are totally wholesale dependent whose packs have broken in those parts. In our case, we have managed to successfully deliver on other products than why not coils. The reality is that there are certain traditional products like some tobacco related products, coils, confectioneries below certain price points which in some places do dominate. Even in our existing portfolio, what we do not see is certain packs which are the Rs. 5, Rs. 10 packs which traditionally go through this channel and has suffered. There is no question about it. We cannot do business like that and we are putting in place lot of measures so that we do business fairly, correctly in line with the laws of the land and yet get our products to our consumers by getting around these channels. That is the simple explanation I can tell you at this stage.

Percy Panthaki: So, what do you look at as the time line by which this should normalize and you can expect this category to go back into growth?

Rajnikant Sabnavis: See, frankly speaking if the season works for me and that is the simple answer to you. We understand the seasonality piece very well. We are now building up to a season that extends, let's say from mid-February all the way till you could say April end before the summer sets in, and this will be the watershed period when all the efforts that we put in work or do not work.

That is our simple answer to you. So, answer is yes. Now we are going in with everything that we can to make this even fire for us in those parts.

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

Harit Kapoor: Just had a few questions. Firstly, on the volume growth. Post November 15, we had passed on the GST benefits in terms of price cuts as well as offers, etc. So, if you could just give a sense about how much of this volume would also be led by increase in grammages or higher offer-led stuff?

Rajnikant Sabnavis: That must be a smaller portion because we have done grammage increase only on Rs. 5 and Rs. 10 packs and that should be at the tail end of 20%. 80% would be the direct price cuts and you are talking specifically about laundry and dishwash where this phenomenon, the rest of it is fine.

Harit Kapoor: On the rural side, you made a comment about a pickup in rural demand. How different is the environment compared to the last time when you us in the Q2 call? I mean, what are you seeing on ground on that front?

Rajnikant Sabnavis: I had said during the Q2 call that rural was looking stronger than ever before. It was only a year ago that we were little concerned about the rural part of the business. But we had a decent monsoon and therefore we were feeling good about the same even in the beginning of this quarter. I would say that I still maintain that outlook. The monsoons, leaving aside few districts where there have been deficits, everywhere had been descent. And therefore I do not particularly see any signs. The same is also reflected for us directly in sales of our small packs and certain SKUs which we know are specifically for rural market. Those parts of our mixes have worked well and we have succeeded in getting the trade to our own purchase. Basis this, I would say that rural still looks strong enough at this stage.

Harit Kapoor: The other question was on scenario post GST. Which of these would be fair to assume for both detergents and soaps categories: smaller players still struggling or having certain challenges in terms of dealing with the situation and we are getting the benefit of that? Would it be across these two categories or would it be also be in dish wash?

Rajnikant Sabnavis: It will obviously be more in soaps and dish wash. Not much for us in soaps because we do not have a portfolio that addresses the consumer who is seeking soaps at that price. So, we do not get the benefit. Again, when you say you are talking laundry, our fabric care business looks like huge but actually a lot of it is post wash. When you take away post wash in the laundry business, again we often play at the top end because that is the profitable end. So, again while as a category per se, it may seem like bigger benefits in soaps and laundry. But for us, it is really dish wash where we operate and there is an unorganized sector where we are getting gains. With some of these players who are regional in some parts of the North and few parts of South, we are seeing advantages by virtue of a level playing field to GST.

Harit Kapoor: Obviously there is no significant investment in lower end detergent, so is there any merit in activating some of your lower end detergent brands?

Rajnikant Sabnavis: See, laundry as a portfolio play needs a thought. It looks attractive, but yes we have a laundry agenda that we are developing. It is not as simple as okay let's go and go all out and from tomorrow and you can make it happen. There is consolidation happening there and there is a very strong player already who is very well positioned. Hence it is not as simple and straight forward as it appears but yes overall it is fair of you to say that the laundry category could be a lot more attractive than what it was a year ago.

Harit Kapoor: Last thing was on the tax rate, just wanted a clarification on that. It seems a bit high compared to your guidance for the full year? Anything exceptional in that? I see there is a deferred tax **on** sitting there.

Neetu Kashiramka: Yes, our tax rate will be 20% and it is MAT which will be there for the entire year. This quarter is likely on higher side because of deferred tax and for the year you can still take it 21% in MAT.

Moderator: Thank you. The next question is from the line of Kaustubh Pawaskar from Sharekhan Limited. Please go ahead.

Kaustubh Pawaskar: Recently the MD Sir commented on our plans of entering into Ayurvedic space. So could you comment more on what kind of products you would be launching and in which particular categories are you looking at?

Rajnikant Sabnavis: Yes, our Managing Director had spoken about it and mentioned that natural space looks pretty interesting. We in fact spoke about Margo earlier and the way it is shaping up and it is one big opportunity which is riding our way. The second one, we have toothpaste called Neem which is also uniquely positioned in this space. We are developing expertize in this area and indeed we believe that this phenomenon is here to stay which we will leverage in every possible way. Take a slightly larger definition than Ayurveda as the larger holistic health natural proposition and when you look at it we have an ample scope for growth.

Kaustubh Pawaskar: Just taking this forward, are we not looking for any launches in the household insecticide? Like creams or like your competitor have certain products in their out of the home basket.

Rajnikant Sabnavis: We are not looking at out of home for now. Saying that, we are closely watching this space. We have got product formulation ideas but this market has to develop here. We have such huge headroom for growth that right now to go into out of home and develop that market is not priority for us.

Kaustubh Pawaskar: Our second question is on the rains which Southern part of country witnessed Q3. Did it impact the company's numbers during the quarter?

Rajnikant Sabnavis: No, it did not.

Kaustubh Pawaskar: Our last question is on the raw material prices. Since we are seeing crude oil prices going up, do we foresee any impact on our gross margins in the coming quarters?

Rajnikant Sabnavis: No, at this stage none. Though crude prices have gone up to USD 60 – USD 65, we have adequate stock and we will not see any need for either price increase at all in the quarter. We will wait and watch how it pans out. So the simple answer is no, it will not impact gross margin.

Moderator: Thank you. The next question is from the line of Kunal Bhatia from Dalal & Broacha. Please go ahead.

Kunal Bhatia: We currently achieved 16.1% EBITDA margins. Going forward, what according to you would be of more sustainable nature and what factors do you believe that would be able to achieve that through?

Rajnikant Sabnavis: So, we have given a guidance that we will achieve a 15% EBITDA margin for FY18. We are maintaining that and we believe that given the quality of our product mix our brands are operating at least equal to the market leader and in some places are at slight premium. We are well positioned to maintain that performance. Anything extra that comes out, we will put it back in A&P to grow our brands. So, we are pretty much confident to maintain it and deliver that.

Kunal Bhatia: I just wanted to clarification in terms of the numbers which you have given for GST comparable numbers. For example, you have given Rs 372 crore for Q3 FY17. So, apart from the excise duty what else have we taken into account?

Neetu Kashiramka: That's all. We have only excise.

Moderator: Thank you. The next question is from the line of Tejash Shah from Spark Capital. Please go ahead.

Tejash Shah: Sir, you mentioned that rural continues to do well. So just wanted to know if you can share some more light on which part of our portfolio is doing better in rural versus urban?

Rajnikant Sabnavis: So, I would not say which is better in rural versus urban. The context in which I said it was that there are certain SKUs, like, if you take dish wash and just to contra state since you asked me specifically which one is better in rural than urban, if you see our liquid portfolio, it is more urban centric as the market barely exists in the rural. Whereas our dishwash bars again if you spilt it, you will find the monthly packs tend to be much more urban centric than rural centric. So, from that perspective, yes there would be difference. Now your Rs. 5 bars and Rs. 10 bars are the ones that are growing fastest in rural and how that happens is since you are increasing the penetration. The rural market for urban bars on a quarterly penetration is less than 20%. So these bars are inducing consumers to move to dishwash bars otherwise they use proxy products. And when I look at this kind of our portfolio and see their growth and then look at it more closely you understand that your rural markets are still firing that adoption of branded products and they are still growing. That is where these comments come from. So, that is one example. Similarly, if you look at laundry in those pockets where we have strength, the Rs. 10 pack tends to be the one that performs well in the smaller town, rural markets and that packet has also done well for us. That is another example. So, these are really the key parts of our portfolio which I would indicates to us that the rural markets are strong in addition. Everything else of course goes to rural markets and there is no major disruption as such if anything is contributed to the growth as it should. These are the things that give me the confidence.

Tejash Shah: And Sir when you say that rural uptick is happening you are referring to retail uptick and not the primary placement because the disruptions that we would have witnessed in last 4 quarters could also be the reason that you have seen some uptick in the wholesale channel.

Rajnikant Sabnavis: I will answer that and how I understand it let me share with you. If you see the Q2, our general trade sale was at 16% and actually for the second quarter in a row we have got 16%. So, whatever up stocking was to happen have happened in that quarter and that I certainly agree some of it would have been a restocking. What you are seeing in December quarter, cannot be possible unless and until you are able to get the upticks growing in those markets. So, that is how you infer that it is not restocking. The restocking story was over last quarter.

Tejash Shah: And Sir lastly, any specific reason you would like to call out which is doing relatively better in your revenue mix? I mean region wise.

Rajnikant Sabnavis: Region wise, we have had descent all round growth. The only place where coils are important, which we spoke about, is the state of UP. I must say that even in Delhi and Bihar, wherever this little bit of wholesale disturbance exists, coils tend to be large. Apart from those everywhere else we have got good all-round growth.

Moderator: Thank you. Next we have a follow up question from the line of Harit Kapoor from IDFC Securities. Please go ahead.

Harit Kapoor: Apart from coils where this GST-led whole sale disruption is still continuing, for the balance portfolio, how much of it is now stabilized in terms of percentage? So, if you can just take the coils part out as it is still a challenge, the rest of it should witness a steady state growth?

Rajnikant Sabnavis: The answer is Yes. Where we are struggling, the simpler way to remember since you are trying to isolate, is in certain parts deep down in UP, Bihar and little bit in West Bengal. These are the states wherein we are still seeing the whole sale channel especially the ones where the coil kind of sales happening. These guys deal with jute**,** they deal with tobacco, and they deal with many such products. They are still are very cash driven set of people and that is why we are seeing a struggle. It is a smaller portion and as you can see when after 30% decline in coils; your business still grows in GT and in coils total GT sales are at 16%-17%. So it is a smaller contribution. Hope I answered your question!

Harit Kapoor: Yes absolutely, thank you for that. Just a follow up, will things get stabilized probably after another quarter or two after these disruptions? What will be our contribution of the erstwhile whole sale channel versus what it will be now in 12 months' time? So, pre-GST and probably 12 months post GST what in terms of channel mix?

Rajnikant Sabnavis: Frankly if you are taking it at that holistic level, there has been no major change in ratios. Let me be very honest. Whole sale is an integral part of this country and it is not go way in a hurry. Otherwise it would have been pushed away by now. So, it will remain pretty much the same. So, it is easier to understand saying, look there are certain parts where there is a struggle once they come back on stream it will cover up that small component of maybe 10% of wholesale value then issue nationally.

Harit Kapoor: And if you could just remind me sir what would be our overall reach now, direct plus indirect?

Rajnikant Sabnavis: Direct reach is upwards of 850,000 outlets after we had completely reorganized from a million and corrected it; we have again started growing aggressively. So, we are nudging our way to a million outlets as far as the direct reach goes. Indirect reach will vary by category. Something like an Ujala 30 ml will be in well over a million and a half outlets. So, you will have to go category by category.

Moderator: Thank you. Next question is from the line of Dhiral Shah from Asit C. Mehta. Please go ahead.

Dhiral Shah: Sir, what is the revenue contribution from the CSD segment?

Rajnikant Sabnavis: It is at 12%.

Dhiral Shah: Looking at the current volume growth, do you expect this kind of a volume growth to sustain at least for next few quarters?

Rajnikant Sabnavis: You are talking about the 11% volume growth?

Dhiral Shah: Yes.

Rajnikant Sabnavis: See, we will always maintain our volume growth anywhere between 8% to 10%. This quarter is little on the higher side.

Dhiral Shah: So, 8 to 10 at least is a sustainable going ahead?

Rajnikant Sabnavis: Yes.

Moderator: Thank you very much. That was the last questions in queue. I would now like to hand the back Mr. Ullas Kamath for closing comments.

Ullas Kamath: Thank you all for attending our call. If you have any more follow-up questions, you can always reach out to us. Thank you.

Moderator: Thank you very much. On behalf of Jyothy Laboratories that concludes this conference. Thank you for joining us and you may now disconnect your lines.