"Jyothy Labs Limited's Q2 FY'22 Earnings Conference Call"

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MODERATOR: **MR. MANOJ MENON – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day and welcome to the Q2 FY'22 Earnings Conference Call of Jyothy Labs Limited hosted by ICICI Securities. 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. Manoj Menon from ICICI Securities. Thank you and over to you, sir.

Manoj Menon: Hi, everyone. It's a good morning, good afternoon, good evening depending on which part of the world you are joining this conference call from. At ICICI Securities, it's our absolute pleasure to host the Management of Jyothy Labs Limited for the 2Q FY'22 Results Conference Call. The company is represented today by the management, Ms. M R Jyothy – Managing Director; Mr. Ullas Kamath – Joint Managing Director and Mr. Sanjay Agarwal – Chief Financial Officer.

Before I hand over the call to the management for their opening remarks, just wanted to state that we have a strong constructive view on Jyothy Labs for a long period of time and we are absolutely intact in top of that currently. And the current quarter based on the first cut observations, it's extremely pleasing on a two year CAGR basis of double-digit volume growth and as analyst covering the stock for a very long time we are very happy about this performance. Thank you and over to you management.

Sanjay Agarwal: Thank you Manoj and good afternoon everyone. thank you all for taking the time to be with us on this call today. Friends, we had a strong start to the year in Q1 with 21% revenue growth and same momentum has been achieved in Q2 where we have delivered a 16% revenue growth, closing our first half FY'22 at 18.5% top line growth. Even if we analyze on a two year Q1 and Q2 of FY'22, both the quarters had a CAGR of 11%-plus. So all our portfolios are scaling well and we are gaining market share.

Talking specific about market scenario and our strategy, overall, in this quarter, our portfolio which is more essentials and day-to-day household consumption we have witnessed a stable consumer demand across India.

In terms of channels post relaxation of lockdowns and increased mobility, modern trade which was facing challenges for the last 18-months has started coming back and more or less we are back to pre-COVID levels. So hence there is a stabilization in all the distribution channels now.

Both rural and urban continues to do well and broadly we are of the belief that the fundamentals of our consumption story is intact and we are witnessing growth more in the new user participating in the lower penetration category especially for us in Dishwash and Household. Hence, we continue to focus on distribution, marketing, relevant innovation to service these new consumers in newer geographies and first time consumers. To focus on a rural, we have been focusing on LUP's, VAN operations; appointment of sub-stockists and all these things are giving a sustainable advantage.

So overall, our entire focus is on execution which is basically building up scale by driving consumer engagement and making sure that the product is available. Our focus on all the six power brands has gained substantial market share. I am sure all of you would have glanced through in our investor presentation which has happened with a lot of focus on innovation, a lot of focus on tech-led distribution and higher marketing spend. In these trying times also we have continued doing our higher A&P spend so that we can deliver better than the industry volume growth. However, the core concern currently is on high input prices which are impacting our margins in spite of us taking selective price increases, rationalization of trade scheme, cost optimization measures. So overall, a message from our side, we will be walking a fine balance between consistent volume growth, EBITDA margin and market share.

Spending some time now on our financial performance. As you would have glanced through our results, for this quarter September 2021, we have grown in high double digits at 16%. This has been achieved on the back of positive 6.2% and 8.7% growth we had in Q2 FY'21 and Q2 FY'20. on a two year quarterly CAGR we are at 11%. If we double click on our categories, again, all the categories also have delivered a double digit growth on a two year CAGR basis. I mean, because there could have been some categories/quarters in the past where we were weak or high but if we look at it on a two year CAGR basis, all categories and overall basis also, there is a healthy double digit growth for us.

As I mentioned earlier, the margins have declined primarily due to increase in unprecedented input cost which has impacted EBITDA too. So from a historical EBITDA of 15%-16%, we have 11.4% this quarter. To be frank, this is an anomaly. We are mitigating it through scale leverage, through cost optimization, selective price increases and also had highlighted in our presentation, all input prices whether it is palm oil, LabSa or HDPE, Paper, this is the first time where we are seeing all raw material prices are going up at the same time. I mean, it's not that the first time we are seeing crude going up to $80, but in those situations, palm oil would have not gone up or packaging cost would not have gone up, but as we see today, all raw material prices are going in tandem at the same time. So, we had broadly seen 60-80% price increases if we look at it currently from October, November'21 over March '20 which is pre-COVID. So, there is a concern and we are trying to mitigate that.

How we are doing the mitigation? If we look at it from this quarter perspective, our input prices have increased as a percentage of turnover by 12%. So sequentially, last quarter we were at 10%, which has now increased to 12%; however, we have taken price increases to the extent of 4-5% and because of our scale, we have got efficiencies of 2%. However, this quarter if you see, our Fabric Care sales are higher which is say 25% increase, which has a higher impact of purchase price increase due to Labsa And hence, our gross margin has declined by 7%.

So, in summary or in simple terms, 12% increase in raw material prices, 4-5% price increases have been taken and 7% has been impact on the GM. We will try to see how best we can offset this material cost pressure going forward by even selling more higher margin products which could be personal care, liquid vaporizers, fabric care post wash sales and so on. But in all this thing, we have seen a good demand for our products and a strong market share gains what we have got and we don't want to break that momentum which we are building up with a lot of hard work.

Our advertisement and promotion investments have increased by 35%. We are not tinkering with the media spend and staff hiring as they will aid us in long-term growth. We continue to have a strong balance sheet with net working capital at 12 days and a debt-free position, this will help us in taking required tactical calls to strengthen our business for the long-term.

In terms of our category wise performance, we will start with Fabric Care, it has done well, primarily because modern trade and CSD were not doing well in the same quarter last year and with now large format stores operating well, Fabric Care is doing well. Post Wash which is Ujala Fabric Whitener, it has achieved pre-COVID levels broadly, while Crisp and Shine is still to achieve normal growth. We expect it in the next one, two quarters once mobility increases, things be more normal and with Crisp and Shine our expansion into all southern states, it should also do well in the next one to two quarters.

In terms of our Main Wash, Ujala IDD has been doing well. Heartening to report that our market share has increased from 19.2% to 21.1% in this September quarter in Kerala. So substantial increase in our market share and that shows the quality of the brand what we have.

Second category is Dishwash. Both EXO and Pril continue do well with focus on hygiene and the entire brand positioning what we have. We have increased our marketing spend both in Pril and EXO because for a long period of time we have seen a good high double digit growth in the Dishwash category for us. We have got a new brand ambassador for Pril, Riteish and Genelia Deshmukh, you may have seen our new communication as well.

And most importantly, in EXO, our market share has improved from 12.5% to 13.45% on all India basis which is quite a significant improvement given the competition and the category size. So, Dishwash as a category is doing well.

In HI, again, as you all know, our focus is more on Liquid Vaporiser and that's been picking well across different markets and here again our market share has almost now reached to double digit which is 9.8% on a pan India basis versus 8.5% what we had in calendar year '20. So, this confirms that our efforts on Liquid Vaporizer are in the right direction, all the investment what we have been doing in Liquid Vaporizer is going in the right direction and consumers are seeing a value in our product.

We do understand that HI portfolio on EBIT level still shows a loss post our media spend, but pre-media spend it makes money. And as the proportion of Liquid Vaporizer, LV to Coil improves, we see a long-term value in this portfolio for us.

Finally, Personal Care segment which is primarily Margo franchise, a lot of ground activities are underway, we are celebrating 100-years of Margo which is advocating the natural benefits of Neem and is doing quite well.

So, in summary, with the aid of tech-led distribution, all the work which we have been doing for the last two-three years and increased media spend, we are focused on building volume-led growth which will achieve higher scale and which is evident actually in our revenue growth; if we look at it for the last six quarters, the first quarter of FY'21 when the COVID started, we were in Q1 4%, Q2 8%, Q3 15%, Q4 27%, Q1 of this financial year at 22% and now we have 16%. So, all in all, last six quarters a very healthy revenue growth and a healthy market share gains. We will continue to focus on brand building, strengthening our distribution and addition of manpower to enhance market execution. So, that's broadly our strategy and the performance what we have for this quarter.

With this, I finish my opening remarks and we are happy to answer any questions and clarifications you may have. Thank you.

Moderator: We will now begin the question-and-answer session. The first question is from the line of Manoj Menon from ICICI Securities. Please go ahead.

Manoj Menon: Two, three questions upfront. I thought we will just straightaway clarify and I ask one at a time; one, given that you have got an 85% market share in Ujala currently, is it the time to think about higher than historical price increases, even five to 10-years because from a consumer point of view does the consumer really has got a choice, so 85% is practically monopoly?

M R Jyothy: The thing is we have taken price increase in a small way on all the SKUs. The thing is last year like you know the pandemic had hit and it had hit the Post Wash segment severely and the category as such had shown some decline there because of the non-movement of people in general. So, since the category is coming back, we would want to give that kind of benefit though we have taken some sort of price increase as such. So, going forward, that also seems a possibility, but we want to wait for some time and then once people are back and they start using the category even more, we will try and do that as well.

Manoj Menon: Two things about a price increase, right, for example, in very differently if I have to think about it, right, let's say in Asian Paints in the last six months, in our view it's all about the ability versus willingness, so they have the ability to take a price increase but then probably the willingness was low, maybe for different reasons, which resulted in a 10% gross margin decline for that company. I am only trying to understand that in Ujala, let's say my DCF, can consensus assume higher price increase-led revenue growth for next five and 10-years?

M R Jyothy: Next five, 10-years, yes, but may not be in the immediate future. Maybe we will see after two, three quarters. We want the entire consumer to come back completely and start using the brand which they had kind of left out last year. So we want to give the consumers the time but definitely we can increase and we will be also investing on the brand going forward. So, those things will also happen.

Manoj Menon: Just a small sub-section question on this. In the presentation, I did find Ujala with a Rs.5 EXO free. Should I think this as a price promotion for Ujala or is it sampling for EXO?

M R Jyothy: It works both ways. So it is also like I told you last year the brand had suffered and since Dishwash also had gone up. So this was one other method to bring back to remind consumers of that. It also works for us in the rural and other areas as sampling for us.

Manoj Menon: You mentioned a couple of times in the presentation about the tech-led distribution. If you can help us understand what exactly is this? The second question is unrelated, the good performance in working capital at about 12-days. Is it even really strict to think about you being zero or negative working capital?

Sanjay Agarwal: Manoj, the second question first, definitely, we will not be in the negative working capital, I think we are happy with the 12, 15-days what we have as of now and will at least aim to be just sticking on this number. On the first part of it, I think what we are trying to do I guess is something which every organization is trying to do with the aid of technology you can manage your business much sharper and as you know all our sales people are on an SFA and the objective is to get as much analytical data to guide them on doing their beats and us reaching out to shops more productively. So, I think it's all driven through analytical way of doing business. Yes, these are newer ways of reaching out to consumer which we are spending time and it's giving us results in the last few quarters what we have seen.

Moderator: The next question is from the line of Abneesh Roy from Edelweiss. Please go ahead.

Abneesh Roy: So my question is on the overall volume growth. Because Kerala coming back to normalcy in both Q1 and Q2 FY'22, Kerala was one of the most impacted states in terms of COVID in Q2, so have you already got some benefit in terms of refilling or you will get that in Q3 and predominant in terms of market share on a pan India basis?

Sanjay Agarwal: Abneesh, unfortunately, Kerala is still having a higher number of COVID cases but however, if you look at it the state is managing their economy well, in the sense there is no lockdown and the mobility of people has been ensured and with the good healthcare facilities, I think the state is doing okay on that. So, coming back to our business, there is a minor issue here and there which we see and therefore there are no one-time sales which have happened either in Q1 or Q2. So it's pretty normal as what we see in other parts of India also.

Abneesh Roy: My second question is when I see your Q1 and Q2 growth rate for HI, there is a slower growth and we understand the seasonality. But do you think that in Q3 the growth rates could bounce back? In Coils, you have done quite well in terms of market share. But against the illegal incense sticks, are you looking at active molecule ingredient kind of more disruptive products against that?

M R Jyothy: The thing is like we said there was a seasonal issue from a Coils per se but Liquid Vaporiser as you see is something which is almost a year long consistent segment. So, it's the season that impacts the Coils. Now, coming to this current quarter, it's not a very Coil favoring season as such, our seasons are usually from July to September and then from Feb to mid-April sort of a thing. So that's when the biggest of seasons are for Mosquito Coil and such. And Liquid Vaporizer here is almost a year long phenomenon. Now, when the dengue cases and things were going up as such if you see across, I think that also should benefit our Liquid Vaporiser segment. And in Incense Sticks right now, there is no plan as such. We will have to see when some breakthrough happens in that.

Abneesh Roy: When I see your two brands in Dishwash in terms of market share, EXO has gained around 90 bps market share versus CY'20, but Pril has lost almost 230 bps versus CY'20. So could you explain why the divergence and what is the specific issue in Pril?

M R Jyothy: There is no as such issue in Pril. In fact, it has maintained the market share. What has happened is if you see through modern trade as such it was impacted and some of the offers that was running, we didn't want to give or play at that level. But in my opinion, it's not a big issue, the brand is doing well.

Moderator: The next question is from the line of Harit Kapoor from Investec. Please go ahead.

Harit Kapoor: So first question was on the distribution side. So do we look at the improvement in sales growth-led driven by distribution to only a function of higher throughput or have we also added outlets? I remember you were talking about 2.8 million overall outlets. Where are we in that? Are we looking at addition there or is it just better effectiveness of the distribution through tech, etc.,?

Sanjay Agarwal: Definitely, it's a function of both numeric distribution and increasing the throughput. So, we are increasing our outlets every month with the help of lot of data which we are collating. So, as we speak, there will be both increase in the direct reach and increase in the throughput. And that is what you are seeing in the market share and the top line growth coming in. We are also adding people wherever required. So a bunch of things together. And we are increasing the direct reach and overall increase obviously happens with the addition of sub-stockists or wholesalers. At the end of the day, we have to reach out to a large number of consumers where we see a potential for us. And rural India is one place where we are spending a lot of time. And we will be able to share more numbers maybe on a yearly basis how our direct reach is increasing.

Harit Kapoor: Got it. I will wait for that. The second thing was on the innovation side. So while that is one of the strategic pillars, you kind of mentioned Maxo Genius in that, there is no real mention of T-Shine or any other thing which you have done. I was just wondering over the next say six months or so, where the inflationary pressure continue to be so high, you don't want to take price increases in Ujala disproportionately because you want the brand to come back to the consumer, you want the salience to continue. So do we look at the innovation part, new things which you are going to do might be slightly more delayed rather than upfronted given the cost pressure that is there, is that a better way to look at it at least for the near-term?

M R Jyothy: The thing is we would want to carefully choose and invest behind brands where we are currently operating and we have launched Ujala IDD Liquid Detergent in this quarter in the southern states and it is doing pretty well. The thing is we would want to invest there. You would also see one or two more innovations coming in, in the subsequent quarters.

Harit Kapoor: That too would be in the laundry segment only or you are saying one of the innovations will be outside that?

M R Jyothy: It could be outside that as well.

Harit Kapoor: The last question was on the margin profile. If you look at the Home Care business, I understand Ujala, you don't want to take price increases sharply but we have seen sharp contraction in Dishwash as well and I am assuming even the Detergent business whether it's Ujala IDD or Henko would have seen a sharp impact. By when do you see some of this returning – do you see competitors and yourself kind of looking at sharp price hikes in that space at least over the next three to six months because inflation is unprecedented and I don't think this 4%, 4.5% kind of pass it, right. So, I just wanted to get your sense on when do you see materially price hikes for the industry in Dishwash and Base Laundry?

Sanjay Agarwal: All of us are observing and watching how the raw material prices and packaging material prices are going up. Now, if this level of high input prices continue, definitely, we will take series of other actions. But as we speak, we are managing as I said earlier through volume growth, market share and the margins. So it's a balance which we are trying to do. If it goes furthermore from here, obviously, series of actions will be taken. But we don't want a situation where we keep increasing prices in a manner where it just breaks down the volume growth. There are price increases which can be taken on larger packs, on the smaller packs, Rs.5. Rs.10 prices cannot be taken up. So it's anybody's guess as of now how much we will be able to increase the prices. It's all depends on how the environment throws us the challenges and we will accordingly react on it.

Moderator: The next question is from the line of Shantanu Basu from SMIFS Limited. Please go ahead.

Shantanu Basu: I have three questions. So firstly, would like to understand from you what would be your outlook on raw material prices, gross margins and EBITDA margins going forward for the next two quarters? I would also like to know your thoughts on ad spend as a percentage of sales going forward. So how would the look like as an annual percentage of sales? Next is do you plan to launch a company-owned eCommerce channel? In the last quarter, you said that you are still in evaluation stage. So, your thoughts on that? Lastly, if you can tell me your modern trade growth during this quarter as well as the eCommerce growth and channel trade growth?

Sanjay Agarwal: I will take the last question first again. Modern trade eCommerce again doing well. eCommerce which used to be say 2% of our overall sales is now around 4%. So, that's doing well. Modern trade is doing well; it's a high double digit number because the base was lower but modern trade is doing much better, and we are seeing more stabilization in modern trade now. In terms of the A&P, spend say like this quarter it was around 7% of our top line, we will be continuing to invest further more in our media spend because we can see the results coming through to us and it will be wise only for us to make those investments or enhance the investments to get a better ROI on those investments. So, yes, you will see in spite of all the other challenges what we are facing, we will continue to increase our spend and not cut down on the media spend.

Shantanu Basu: On the A&P spend, just what would be the annualized percentage on sale?

Sanjay Agarwal: As we are tracking, we have 7.5% of our A&P-to-sales ratio and you can definitely expect more or less in the same line. In terms of the guidance for GM, it's definitely difficult at this point of time because the way price increases or input prices are going up. As we said, we would definitely take all steps which are possible to bring back our EBITDA levels of past which was at 16%, 17%, but in immediate maybe in one to two quarters, difficult to expect to bring back to those numbers. On your next question on eCommerce channel, not immediately. This is something which we are evaluating and we will definitely get back to you and as and when we make up our plans firmed up on that.

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

Percy Panthaki: Just wanted to understand your sense on the margins once more. So how I look at it is temporary ups and downs in margins depending on input cost inflation. That's par for the course in FMCG, it happens to all companies, maybe in your case it is on the higher side in terms of intensity. But as long as it is temporary, it should not be an issue. So, I recall earlier we used to have like 15%, 16% kind of margin range and then the expectation was that we would build on that every year 50-100 basis points going up on that base. So, let's not talk about a very short-term horizon, if I look two years down the line and look at your margins assuming that input cost remain high, do you think that you would be able to go back to what your estimates for FY'24 would have been before all this cost inflation hit or is there a permanent sort of diminution in your margins that this disruption has caused?

Sanjay Agarwal: Percy, definitely, if you are looking at a two year horizon and I am assuming that this volatility in the raw material prices will cool off as everything reverses to mean in life, So if it comes back to mean, which is what we have historically seen, definitely we will be more than our EBITDA margins what we had reported earlier simply on the logic that our base has now increased, in the sense our volumes for the last four, five, six quarters all have been growing in double digits. So definitely, we will get far more scale advantage and as you know we have our own factories, we have our own sales staff, so all this thing will give us a lot of operating leverage. I am confident that we will be doing much better than historical margins for sure. Is this a permanent thing whatever numbers we have reported? As I said earlier, this is definitely an anomaly. No one has seen these levels of input prices. So we have to just pass through this. I think the only good thing for us is that we are able to get volume growth and getting market share from very strong competitors. In that way, we look forward that we keep focusing on brand investments and keep growing our portfolio to get the benefit in margins too when the raw material prices and overall economy or these commodity prices cools off.

Percy Panthaki: Sanjay, what happens if commodity prices stay where they are. See, you are right in saying that they might come off, but as an FMCG company we cannot be dependent on commodity prices for our margins at least in the medium-term. In the short-term, yes, I understand but in the medium-term, you should be able to get a decent margin irrespective of what the commodity prices are. So let's take assumption that they stay where they are, then what is the plan and how much of price increase would you need to go back to your initial sort of margin estimates of let's say 16%, 17% versus the fallen levels right now, would you require 8%, 10%, what kind of total price increase would be required?

Sanjay Agarwal: Percy, if it continues like this, we will not shy away from taking any other price increases and take any further course of action, whether it is reducing trade schemes, whether it is taking MRP increases. Simple mathematically, if we look at it today, if we take additional 5% price increases, we will be back to a previous EBITDA margins. So, it's not something which we are overly worried about it. If time requires us to do it, definitely we will do it. And it's in our hand, we will definitely do it for a long-term, if we are seeing the prices or input prices to remain at those levels.

Percy Panthaki: Just one sub-question on this, see, apart from Ujala, in most of the other segments, we are not the market leader and we have our other sort of number two, number three position market share of 15%, 20%, etc., So, if for whatever reason, the large players in these segments decide that they want to play the portfolio and they want to take price increase in other areas and not touch these segments into which we are present, then do you think that we will be able to independently take the price increases necessary to restore the margins, do we have that kind of confidence?

Sanjay Agarwal: Percy, why that confidence is there which I answered you earlier is if our market share gains from EXO from 11-12% is going to 13.5%, for LV market share from 7%, 8% is going to 10%, now these are all pan India numbers by the way and there are certain states where we have very high market shares. So we may be a follower in that way but we ourselves have a decent state wise market shares to take any price increases or take our independent decision at that point of time.

Moderator: The next question is from the line of Gaurav Jogani from Axis Capital. Please go ahead.

Gaurav Jogani: Sir, we have strong performance in Dishwash; it's been very commendable that on a year-on-year basis the growth rates have been quite good. So, would you like to highlight what are the key actions that you will be able to guide growth in this business and how sustainable is this going forward? With the COVID now coming down, any impact that you see ahead in this category?

M R Jyothy: The segment has been doing well both in terms of bars and liquid. And the thing is that modern trade has come back, we also see some additional growth happening there which was not so much if you see in the last year and last quarter. So, those channels are also coming back. We expect Dishwash continue to do well. If you see EXO market share, that has gone up. It is also on the basis that our lower unit packs have gained acceptance which also means rural has accepted our brand and we see that these consumers in the long run will also upgrade to a higher packs and we have been investing on both the brands, there are celebrities on both the brands and we continue to invest at all levels through all media, be it TV, print and social media. So all of these are on and we don't see any problem coming in the future. So they are poised to grow.

Gaurav Jogani: While for HI, the seasonality is there, what is your broader outlook on the category growth that you as a company target over a three, four year period and what are the levers we have?

Sanjay Agarwal: See, this is again one category which has a lower penetration both in urban and rural. With the focus on healthcare, hygiene, it is quite natural that this category should grow in double-digits, obviously, there are some seasonal challenges which one keep observing every now and then. So, barring these seasonal challenges, we definitely look forward to have a double digit growth in HI as a category.

Gaurav Jogani: What will be the share of the Coils and LV now versus a year back?

Sanjay Agarwal: 60% Coils and 40% Liquids.

Gaurav Jogani: What was a year back? The only point is has the share increased over the last one year

Sanjay Agarwal: Maybe 18 months back, it used to be 35% liquid and 65% coils.

Moderator: The next question is from the line of Shirish Pardesi from Centrum Capital. Please go ahead.

Shirish Pardesi: I just have two, three questions. First question is that incrementally, most of the companies who have declared the result and we saw confusion started from numbers predicting slow down. You have a significant portfolio which is rural. So, in your lens, is there any impact on rural sales?

Sanjay Agarwal: Shirish, more of an intellectual response as at broad level we are undeterred by this noise on rural India. At the same time, off late we have seen there has been some moderation in rural India or rural sales growth. Now this could be because of inflation, this could be because of normalization of economy post-COVID and there has been slightly higher bases as well. So, bunch of things as of now and we didn't see much of an impact in Q2 but as we step in into Q3, there is something visible, but we will have to run the course to see 1-2 quarters whether it is anything structural issue. A lot of our portfolio we are strategically looking to focus on rural

India for the long-term growth. So it may be possible, it may impact us in the next one or two quarters and therefore we will be able to predict much sharper at that point of time.

Shirish Pardesi: If I understand correctly, you said you have taken 5% price increase and to answer one of the participants question, you said another 5% to negate the inflation. So does that mean your current inflation is in the range of about 10%, 11%?

Sanjay Agarwal: Yes, that's right, Shirish.

Shirish Pardesi: What we gather and what we see is that most of the company are talking high decibel campaign and focus on the D2C brand. Is Jyothy has been trying or is there any position which you can share what are the efforts we are making on this?

Sanjay Agarwal: Definitely, we are not saying this is a no-go area for us. Currently, we do not have any product which is going to be launched on a D2C platform in the immediate future, but as we move along, yes, there will be brands which we think can do much better on D2C, definitely we will do that.

Shirish Pardesi: See, we have been in the mass category, is that the reason that's why we do not look at. Because most of the products what we see in the D2C space is trying to premiumize maybe 2x to 2.5x higher. Is that a limitation which you guys are facing or is that the opportunity which definitely enticing in the current portfolio of the scheme of the thing?

Sanjay Agarwal: No, there is no limitation, our minds are not closed and we do see an opportunity and we will handle that as we go along and we will identify which personal care brand we should only position in D2C so that both the D2C and GT market are not cannibalized. But it is an area for us to work in the future and it's a matter of time, if it's something which we think will give us consistent growth and a profitable growth, we will definitely do that.

Moderator: I now hand the conference over to the management for their closing comments. Over to you, sir.

Sanjay Agarwal: Thank you very much. It was really great interacting with all of you and thanks for taking your time and giving trust and confidence to Jyothy Labs story. Any questions, any clarifications you have, please reach out to us. And finally, wishing you all happy dhanteras and happy Diwali. We look forward to seeing you all very soon. Thank you very much.