



“Jyothy Labs  
Q3FY2022 Results Conference Call”

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**Moderator:** Ladies and gentlemen, good day and welcome to the Jyothy Labs Q3 FY2022 results conference call 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, please signal an operator by pressing “\*” then ‘0’ on your touchtone telephone. 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:** A warm welcome to the Jyothy Labs Q3 FY2022 results conference call. At ISEC it is our absolute pleasure to host the management for the call today. Today from the management we have, Ms. M R Jyothy, the Managing Director and Sanjay Agarwal, CFO. Over to management for the opening remarks and we shall open it up for Q&A after that.

**Sanjay Agarwal:** Thank you Manoj. Good afternoon friends and thank you so much for taking time out to be with us on this call today. Hope all of you and your families are safe, unfortunately due to COVID and its variants now we are witnessing again disturbances in our lives and consequently the economic activities are getting impacted. We are however hopeful that with the resilience of our portfolio and our team's commitment, our business should be able to face this period.

Friends we had a strong start to this year in Q1 and Q2 with 21% and 16% revenue growth respectively and with a similar momentum happy to report Q3 FY2022 we have achieved 13.1% revenue growth which has a volume growth of 7% and for the YTD nine months FY2022 our topline growth is 16.7%. Even we annualize it on a two year CAGR basis we have been consistently delivering double-digit growth for the last few quarters which is backed by our relentless focus on execution or the way we look at it is focus on everyday execution to build scale with agility and which is what has helped us in gaining market share across categories. This quarter growth of 13% is on top of 15% growth we had in Q3 of FY2021.

this has been achieved in spite of challenging higher input prices which is resulting in increase in the retail prices and does impact the consumer purchasing power, our portfolio which is more essential day-to-day household consumption, we are witnessing stable consumer demand. On consumer sentiments, I would say its mixed because one the economy is getting normalized but at the same time higher inflation is adversely impacting the monthly household budget of the consumers.

Now for this quarter there was an increased mobility when we look at it from October to December 2021, there was a stabilization in all the distribution channels specifically on

modern trade and CSD which we had seen were impacted for large part of last 18 months; however, as we speak again in the month of January there have been some disruption, footfalls are coming down in modern trade and CSD channels. From the urban rural perspective, they both continue to do well, we believe the fundamentals of our consumption story for India is intact.

We are focusing on the potential of rural growth with the addition of rural stockists, van operations, adding more sales team on ground which is giving us a sustainable advantage and growth. We will continue to focus on distribution, digital expansion, innovations and all the focus on all the channels and also urban and rural at the same time is giving us a good double digit growth for the quarter and as well as on a two year CAGR basis.

Higher raw material prices have impacted the margins, which is a matter of concern, but we have been managing it with calibrated price increases and several inward looking cost rationalization measures. We will continue to focus on technology which will help us in our distribution, supply chain and improve productivity because in this environment, the most important thing is to manage or maintain a good balance between volume growth, market share and margins.

As you would have again observed in our results there has been a pressure on margins but still we are focused on promotional activities, we have been judicious on our media spends to support our full business potential of our brands. These spends we believe will give a significant benefit now and in the future to enhance the long-term shareholder value.

A quick summary on our financial performance this quarter we have grown by double digit, all categories have also witnessed double digit growth including on a two-year CAGR basis which is very, very important for us because for the last six, seven quarters, we have been having a double digit growth, it becomes a habit or a practice for us to work hard and make sure that the business is going from strength to strength.

However as we see the margins have declined and that is because of the increase in the unprecedented input prices and EBITDA from historical 15% -16% is at 11.3% this quarter. Now this is a concern for everyone and it is an industry wide issue. We have partly mitigated it through scale leverage, a lot of cost optimization projects and price increases. As we have highlighted in our presentation, the input prices for key raw materials which we have put down all the prices for the last 18 months for palm oil, Lapsa, HDPE, everywhere the prices have sharply increased by anywhere between 60% and 100% in the last 18 months.

Now in spite of all the challenges we are trying to ensure that the products are available and we still maintain the best quality despite the increase in the input costs. Another data point, input prices as a percentage of turnover has increased by 14% and we are taking more calibrated price increases to protect the margins. we have been taken further price increases and they are in the pipeline, but important thing is we have seen a good demand for our products obviously the execution is driving most of the growth which is helping us gaining strong market share and we do not want to break that momentum which has been built with a lot of hard work. further focus on product mix and SKU rationalization which can further offset material cost pressure. To continue our sales momentum, our A&P spends for this quarter is 7.4% to sales versus 6% we had it in the last year which is an increase of 43% for the nine months ended December 2021.

The key thing is to keep investing behind the brands and focus on distribution which is helping us gain market share across all categories which validates our strategy. I will spend few minutes just to give you a deeper insight on our quarterly performance of all our categories. First is the Fabric Care. It is done well with 18.8% growth this quarter and a 23% growth for the last nine months. If we go a little deeper into it post-wash which is Ujala Fabric Whitener has achieved pre-COVID levels. It is doing well. Crisp and Shine has still to achieve normal sales maybe another quarter or two once the mobility becomes normal.

Ujala IDD we have extended it to West Bengal and have received good response. Ujala Liquid is also doing well, so from that perspective I think the Fabric Care portfolio has done well and the challenges we were earlier seeing because of the CSD and modern trade not operating or the metros having a large format stores not operating since that has come back overall fabric care businesses has done well.

On dish wash category which has been doing very well for us both Exo and Pril continue to do well and we have been having double digit growth with hygiene focus and our brand positioning. We have been increasing our marketing spend both in Pril and Exo. Last time we spoke about it we have got a new brand ambassador for Pril, Riteish and Genelia Deshmukh. Our market share has been gaining every quarter on Exo which used to be 11.3% in 2019 on a pan India basis, now it has inched up to 13.7% as we speak, so this is a significant improvement, and we would really focus on it to keep growing this dish wash category.

In household insecticide, again our automatic liquid vaporizer machine is picking up good growth across different markets and again this is the first time when we have hit a double digit market share on a pan India basis on liquid vaporizer, so now we are at a 10.2%

market share versus where we used to be in 8% to 8.5% in calendar year 2020. We have been speaking about it that we have been focusing on it, we have been overspending on liquid vaporizer so that we get our product across to the consumers which has really worked well and even on a two-year CAGR basis we have delivered a double-digit growth. So we are very happy that liquid vaporizer is doing good.

Finally, personal care which is a Margo franchise, a lot of groundwork or ground activities are underway to celebrate our 100 years of Margo and it is doing well. It had a flat growth this quarter; however, last time same quarter we had 48% growth, so overall on a two year CAGR basis it has grown by 22% so healthy performance on personal care as well.

In summary, we are focusing on a tech-led distribution, focusing on increased media spends in spite of all the challenges. We want to build our volume growth. We want to build scale and it is evident from the higher revenue growth we have been seeing for the preceding six quarters and with this outperformance in our product portfolio revenue growth will lead into market share gains. brand building investing on the front end and strengthening the distribution, adding manpower on ground to enhance market execution. So those will be our strategy as we move along.

On that optimistic note, I will finish my opening remarks and we are happy to answer any questions or clarifications you may have. Thank you.

**Moderator:** Thank you. Ladies and gentlemen we will now begin the question and answer session. We have the first question from the line of Percy Panthaki from IIFL. Please go ahead.

**Percy Panthaki:** Good evening. I just wanted to understand the pricing action, so I believe in this quarter we have a YoY pricing of about 6%, but some of it would be taken during the quarter and would not have fully affected Q3 so if I take that into consideration, what kind of YoY pricing growth will we have in Q4?

**Sanjay Agarwal:** As you rightly stated, the price increase have taken somewhere in end of Q1, Q2 which has got affected fully in Q3 and as we speak on an exit basis our price increase would have been in the range of around 8%.

**Percy Panthaki:** Okay, so around 8% is what we will feel fully in Q4?

**Sanjay Agarwal:** That is right.

**Percy Panthaki:** Okay and that would still not be enough to really counter the cost inflation that is clear, but what I wanted to understand is that the incremental 2% pricing that you will get from Q3 to

Q4, will it at least offset any incremental cost inflation from Q3 to Q4 so what I was just trying to understand is that as we go further into the future like not too much into the future I am only talking about Q4 now, should we see the EBITDA margin adjusted for of course seasonality improve versus what we have seen this quarter?

**Sanjay Agarwal:** Yes, Percy we are all focusing on improving our margin profile and internally we want to go back to 15% EBITDA margin as early as possible, so as what you rightly said, we have already taken some measures of price increase and other measures which will obviously get translated in Q4 and as and when if input prices keep increasing, we will take further price increases and other measures.

**Percy Panthaki:** Secondly just wanted to look at your Fabric Care segment, you have given YTD two year CAGR of 4.6% if I am not mistaken, so which is relatively the slowest growing segment in your business, so just wanted to understand what is holding back the growth there because the market leader is really doing fairly aggressive growth in the Fabric Care segment?

**M R Jyothy:** Fabric Care segment if you remember it has been hit last year especially in the post wash segment and some of which we are recovering this year in Ujala Fabric Whitener while Crisp and Shine which is again a post wash continues to be impacted, it has improved but it is yet to see its full glory mainly because the schools are shut, the offices are partly open partly work from home so this specifically caters to work wear and school wear and things like that. So once those things start fully that should come back and we also had seen some institutional growth not happening last year and hence it has affected the thing, but once things open up all of this will be coming back in its full glory.

**Percy Panthaki:** If I look at only the detergent segment of your fabric wash I am not asking for any exact numbers, but could you give some color or sort of some brief idea on how better the performance is there versus the overall Fabric Care?

**M R Jyothy:** Yes, so we are growing in double digits in detergent segment, we have also launched our liquid last quarter under Ujala and we have just about yesterday launched our Liquid Detergent in the Henko segment as well in the south. So going forward we will be getting growth where we are seeing a shift from powders to liquid, we will be capturing on that growth as well.

**Percy Panthaki:** Understood and my last question is on the overall demand environment, there are certain companies which have planned off slow down in the general FMCG growth, of course last three quarters you have performed exceedingly well, but is there any risk that the topline growth really falters in Q4 because of whatever reason either because of any pipeline adjustment or because of end consumer demand because right now what is really going for

you is the topline growth, margins have been very badly affected probably the worst among entire FMCG pack and if the topline growth also falters then that will be a little premature before the margins have sort of recovered so just wanted your view on that?

**M R Jyothy:** Percy, frankly we do not want to be bothered by what is happening and we want to focus on our activities like increasing stock sales and for us there is a lot of miles to go, so in that sense we would want to focus on increasing outlets and getting channel partners on board and our focus is on distribution while this inflation yes to an extent may be from a long term if it continues could come in the way, but we have seen growth in urban this quarter especially because of the festive activities, all the pending demand coming up and may be it could effect but our work and our focus on growing in double digits will continue.

**Percy Panthaki:** Right but as of now there is no sort of early warning signs or any sort of reason to believe that Q4 is going to be affected quarter in terms of topline trajectory?

**M R Jyothy:** No, as of now not much.

**Percy Panthaki:** Okay, that is all from me. Thanks and all the best.

**Moderator:** Thank you. We have the next question from the line of Kaustubh Pawaskar from Sharekhan by BNP Paribas. Please go ahead.

**Kaustubh Pawaskar:** Good afternoon. Thanks for giving me the opportunity. My question is again on the Fabric Care and more towards the revenue growth, so this quarter we have seen double digit growth and you alluded to the point that because there was an improvement in mobility and out of home consumption also increased so that led to improvement in the Fabric Care category growth, but now since because of the Omicron there is restrictions on mobility in most of the states so considering that should we expect the Fabric Care growth to moderate and overall it will have impact on the revenue growth?

**M R Jyothy:** Nothing like that because we have not seen other than institutional which could happen some slowdown there, but largely there has not been any other than the schools and offices which affecting one category for us as in one brand for us otherwise we do not see that much of an issue there.

**Kaustubh Pawaskar:** And you just mentioned that distribution is something which you are focusing on, so in last month can you just let me know how, what kind of distribution ambition you have done on the retail front?

- M R Jyothy:** It is mainly I have spoken on increasing the outlets right from the beginning of the year, right from April, we were somewhere at 8.5 lakhs and now we have crossed one million outlets and our focus is to keep increasing the number of outlets from now on, so we have hit the one million mark which we wanted in a long time that is direct coverage.
- Kaustubh Pawaskar:** Right, so any target as such that after three to four years we want to increase your outlets by this much, any specific target internally you have for this?
- M R Jyothy:** Target is in the mind I would not want to say, we would want to benchmark the industry leaders there, so it is a journey and it will be always on an increase I would say in the next at least four five years we have to be at the market leader levels.
- Kaustubh Pawaskar:** Thanks a lot.
- Moderator:** Thank you. We have the next question from the line of Mr. Manoj Menon. Please go ahead.
- Manoj Menon:** Just when I look at the volume performance, 7% volumes which we have delivered in the quarter, if you could just help us understand the five, six categories which you have which has been the ones let us say which have grown in double digits and which are the ones which are the best three and the bottom three?
- Sanjay Agarwal:** Is the question on volume growth is it in which particular category is more ?
- Manoj Menon:** Right, Sanjay, the basic assumption here is let us say the core Ujala really would not have grown in volumes right, so apart from that I am just trying to understand, of the 7% is it truly broad-based or are there a few categories where you are seriously outperforming and the few ones which you need to improve?
- Sanjay Agarwal:** There is nothing where we are concerned. Just in terms of numbers dish wash obviously has done much better followed by Fabric Care and then Personal Care and HI.
- Manoj Menon:** Just could you repeat that dish wash is the best performer?
- Sanjay Agarwal:** And then Fabric Care and then you have HI and personal care.
- Manoj Menon:** When you say Fabric Care, this is Fabric Care minus the core Ujala right?
- Sanjay Agarwal:** Correct.



**Manoj Menon:** Understood and secondly we just saw and exchange announcement about Mr. Ullas Kamath not seeking the reappointment or extension, any comments from management would be helpful.

**M R Jyothy:** The thing is, for Mr Kamath it would mean an extension of another five more years and he wanted to come out from the executive role and to focus on things closer to his passion while he will always remain with us as a family and he is just a phone call away.

He will be continuing on the JFSL board and will be taking care of that business.

**Manoj Menon:** Understood. If Ullas Sir is there on the call, I just want to put it on record. Sir thank you so much, we are truly learnt a lot from you and had really enjoyed interactions with you. You have been one of the nicest corporate managements I have interacted with. Thank you Sir. And the third one question or a clarification which I wanted was I think there is the big narrative of D2C, digital native etc, etc, but from your vantage point of your portfolio, are there these sort of let us say quote, unquote perception of disruption actually happening in your category?

**Sanjay Agarwal:** I think it is a very good question and it is definitely fashionable and everybody wants to look at D2C and there is nothing for us also not to evaluate. we have multiple brands and different categories which have a different growth plans but we also have to evaluate whether there is a good value in those D2C brands or is it only about valuation and the hype so we will be focused on every new opportunity which are there in the market whether it is alternate channels, whether it has been on e-com and whether it is now D2C. So it is there on our horizon and as and when we think there is a real need for us to go into the D2C only products , we will definitely do it.

**Manoj Menon:** Understood Sanjay and actually my question was more from the point of view that the D2C DFB etc., that is something I wanted your view as industry experts out there, is that it appears that it is more on the personal care side and some on the functional food side etc. I am not sure, it is actually there anything material which is actually happening on D2C DFB on the Fabric Care and the home care rather not just Fabric Care, just want to do your views on, is it happening or how do you look at that, because let me put this way, can I make a statement that let us say your portfolio is possibly the least impacted because of D2C DFB, which is happening in the market, we will be the correct statement to make?

**Sanjay Agarwal:** Manoj, you are right. Most of these brands are consumers will pick up on the D2C platform where these are more involved categories, so while you are choosing your body lotion and cosmetics and things like that definitely there is lot of comparisons which you do while you pick up any of the stuff and hence there has been more of those brands in D2C channels

while we have been focusing or our portfolio is more focused on fabric care, dish wash and detergents and stuff like that and HI there is not much of a D2C brands penetrating so I hope that answers your question, so you are right in your assessment.

**Manoj Menon:** Understood. Thanks, I will just get back in with you. Thank you.

**Moderator:** Thank you. We have the next question from the line of Selva Muthu Kumar an investor. Please go ahead.

**Selva Muthu Kumar:** Good evening to management of the Jyothy Labs. Congratulations of excellent set of numbers. Sir, I have two questions regarding Margo market share, what is the present market share, what is the growth rate compared it year-on-year flat growth, so do we have any specific plan to increase market share in Margo segment. Second question is regarding how much cash available in book, any inorganic acquisition possible within one year? Thanks a lot.

**M R Jyothy:** So we do not subscribe to the Margo market share data, but the brand has seen 20%- 22% CAGR growth in the last two years, so the brand is doing well, this quarter was flat more so because this brand especially, for this brand it does well in the other three quarters and the winter season is usually not so great in terms of this thing, last year we had a 48% growth in the brand and this year because of the early onset of winter, it did suffer a slight setback but in spite of that we have delivered some bit of growth, but if you see on an overall basis two-year CAGR we have delivered a 22% growth.

**Sanjay Agarwal:** The second question what you had is, we continue to be a net debt free company and acquisitions, yes it is something we have it on a horizon, but we want to get it at our terms in the sense of pricing and the categories in which we want to be present in so it is a deep search which we will have to do and at the relevant time or once we are ready with it we will be able to share more about it.

**Selva Muthu Kumar:** Thank you.

**Moderator:** Thank you. We have the next question from the line of Aniket Sethi. Please go ahead.

**Aniket Sethi:** On the rural distribution bit, so one thing is you mentioned about addition of rural stockist, so if you can quantify it, how are we increasing it or are we kind of going much deeper in terms of our reach. Second in terms of the van sale you mentioned briefly in the opening remarks, is it a meaningful contribution currently, what are the cost of doing business this way and what are the plans over here?

- Sanjay Agarwal:** Rural stockist in last one year we would have added another 500 sub-stockist, which really helps us in a good line of sight, the products which we are selling deep into the villages say population up to 5000 with help of van operations and mopeds...all this is to facilitate those sub-stockist in that market so that we can penetrate a lot of LUPs. Obviously we have to evaluate the cost benefit analysis and we have seen good ROIs for the investments we are doing both on adding manpower in rural areas and van operations.
- Aniket Sethi:** Okay, but like have you been doing the van operations in some time now and the plan is to probably feed the wholesale channel from this?
- Sanjay Agarwal:** It is not feeding the wholesale channel. It is feeding more of the areas where the sub-stockists find their challenges in reaching into the 5000-10000 population areas, so we are just helping them in getting there so that our penetration increases/improves.
- Aniket Sethi:** Second on the dish wash piece, so slightly longer timeframe one year or so 18 months, if you can kind of qualitatively dissect the growth between Exo and Pril because on a market share basis at least the growth of Pril seems to have kind of come off Pril, we did quite some time back, did some various launches and it took off quite well, so anything different or divergent over here since the last year or so?
- Sanjay Agarwal:** Both Pril and Exo have been doing well. Pril is more metro product, urban market, e-com while Exo is focus on rural areas Rs.5, Rs.10 and we are focusing on it because the LUPs help us in accessibility of our products in that market so both have a very different focus as we speak.
- M R Jyothy:** Also modern trade and e-com has a larger share in terms of liquid sales, so any impact on those channels last year those would also kind of impact this thing, but we have seen double digit growth in both channels.
- Aniket Sethi:** Thank you so much Sir.
- Moderator:** Thank you. The next question is from the line of Gaurav Jogani from Axis Capital. Please go ahead.
- Gaurav Jogani:** Thank you for the opportunity. My first question is with regards to we have clearly seems that only within 8% price increase so far the focus is clearly towards driving the volume growth over the value growth as of now, absorbing some sort of limitation but Sir, any guidance or help that you can give us in terms of you know till what level can this continue and beyond which level in crude is what you might look to for the price increases?

**Sanjay Agarwal:** As I said earlier the focus is to improve the margins. we have been doing very good on topline, market share, increasing our media spends is giving us good return on investments. Now on the margin side as we focus on it to improve it, internally we want to be back to 15% EBITDA margin as early as possible and given where we are today and you know seeing some of the key raw metal prices still going up it is difficult to give you a timeframe in which we will be there but all our efforts are there to get back to that margin profile soon.

**Gaurav Jogani:** I understand that. Sir in terms of the HI piece again you know it is very heartening that to see that you now have reached the double digit mark in terms of the LV machine but could you help how the incense sticks are there now have they come back and how is the market overall growing for the HI segment?

**Sanjay Agarwal:** Incense sticks obviously has been there for a period of time it had come down because illegal manufacturers could not produce during the peak of COVID. They are back now. As an association we have been taking lot of measures to bring them down. It is not growing at the same pace what one had seen two years back, but they are very much there. It is unfortunate. the growth rates for HI products are good, there are very limited players who are there in HI and mosquitoes are not going anywhere so we believe that a good double digit growth is possible in this category and for us the focus is on liquid side of it and which as you said that we are doing well, we will continue to focus on that.

**Gaurav Jogani:** Thank you. That is all from me.

**Moderator:** Thank you. The next question is from the line of Zaki Abbas Nasir from Nasir Investment. Please go ahead.

**Zaki Abbas Nasir:** My two questions are that we have seen our growth on the revenue from over December last year Sir how much would you attribute this to the inflationary aspect and how much to the volume aspect? That is my question number one. And also the segment of dishwasher detergent are you planning to enter it because that is of course as of now it remains a premium segment but it may be a large segment later on and Sir what is the cash balance on the book? Thank you.

**Sanjay Agarwal:** Volume for this quarter has been around 7% and I did not get your second question which dish wash product are you saying that we need to?

**Zaki Abbas Nasir:** That is the dishwasher tablets and dishwasher detergent. I mean.

- M. R Jyothy:** The dishwasher penetration for India so far would be very negligible once you know we start seeing a great momentum then we will also be entering there right now it is not our focus.
- Zaki Abbas Nasir:** That that is not on the agenda right now?
- M. R Jyothy:** Not right now.
- Zaki Abbas Nasir:** What about the cash balance on books? What could it be as of now?
- Sanjay Agarwal:** As of now it is around 60 Crores to 70 Crores.
- Zaki Abbas Nasir:** I think we again met positive only two quarters back right?
- Sanjay Agarwal:** Correct Sir.
- Zaki Abbas Nasir:** Thanks a lot and can I just add a small question. See what is your feel on the inflation on the raw materials front? How do you see it panning out because maybe these things are just not sustainable the way cost rate is going up, the way labsa is going up I mean what feel do you get; do you think maybe after this quarter you should see a normalized price?
- Sanjay Agarwal:** Sir, all of us who have been in the business obviously it has surprised everybody. Now we have to be patient and we have to continue the business, as you would be observing Brent crude has touched \$88, the way it has gone up we do not know, nobody can guess where it will, whether it will come down in a rush or whether it will remain there. So difficult to predict, but I think the input inflation index expected to flatten now, at least for a while and we do not think it should sharply go up as what we had seen in the past, but we all can be surprised.
- Zaki Abbas Nasir:** Thanks a lot and best wishes for the next quarter. Thank you.
- Moderator:** Thank you. We have the next question from the line of Faizal Hawa from HG Hawa & Company. Please go ahead.
- Faizal Hawa:** Why are we not taking up the rural distributors or B2B with like you know elastic run or even Udaan or even Moglix to really ramp up the distribution much faster and are we doing any steps to revitalize our brand?
- Sanjay Agarwal:** As a business house we work with all of them whether it is Udaan and all other names which you mentioned and we work with them on a good parity with our general trade

distributors so it is nothing like that we do not work with any one particular or we work heavily with one of these alternate distribution channels so like how we would focus on general trade, we have business partners which includes all the other alternative channels and we have been doing normal business with them and so we are working with all of them.

**Faizal Hawa:** I was talking more in terms of a rural based focus like you know Elastic Run you know they are like going to towns which are even less than 5000 people in a village.

**Sanjay Agarwal:** There is definitely no reason for us not to work if we see a value in that but having said that it is always better that we focus on our own and as Jyothy just mentioned we have crossed a million retail outlets on a direct coverage basis. A lot of focus for us has been done in the rural market which I just mentioned again 500 plus sub stockists we have added, we have added on a company wise basis around 300 odd people on the ground. Unless we are doing it direct, it will not lead into any sustainable growth so while we work with all of them we will have to follow both the approaches which makes sense for us.

**Faizal Hawa:** My question was more towards B2B distributors not through E-com?

**Sanjay Agarwal:** We are not against any B2B distributors. We are working as normal industry would work. We are working with all of them and we have good relationship with them as well. I hope that answers your question?

**Faizal Hawa:** Thank you.

**Moderator:** Thank you. We have the next question from the line of Anurag Jain, an investor. Please go ahead.

**Anurag Jain:** Good afternoon. I have two questions first question is what are the R&D expenses during the quarter and nine month period and my second question is if you can throw some light on the new product launches expected in next 12 months, you may you know disclose whatever you are comfortable with?

**Sanjay Agarwal:** Sir R&D is the backbone of our company. We are a homegrown company and all the products which you see are differentiated products. They all come from our research. We we do not disclose a number to the R&D percentage which we spend. It is a part and parcel of our business that we have to focus on R&D and keep innovating products which add value to the consumers.

In terms of the innovation pipeline, well every quarter we talk about it. last quarter we had Ujala Liquid Detergent, Jyothy just mentioned that yesterday we had the Henko Liquid

Detergent launch so this is a continuous journey. We will introduce products in the market where we see a long-term growth and which strengthens our overall brand equity. So those will continue to happen and we have a decent pipeline on innovation which we will keep seeing over a period of time.

- Anurag Jain:** If i may ask like Henko Liquid Detergent it has been launched in which markets?
- M. R Jyothy:** It is in the south markets.
- Anurag Jain:** Thank you Madam.
- Moderator:** We have the next question from the line of Alok an investor. Please go ahead.
- Alok:** Thanks for taking my question. First of all I would like to know like is it possible for us to give a breakup of what would be the contribution of Henko detergent to our total topline?
- Sanjay Agarwal:** It is around Rs 200 crore plus and it has been doing well.
- Alok:** The next thing would be not kind of a question but as a as a general observation like I basically come from this category C towns now when we visit the modern retail stores here I literally find it very difficult to spot a Henko detergent on the shelf off Big Bazaar's and Reliance Retail, which are available in my hometown, so like when we compare it with the other competitors it is like their products are fairly nicely available on the shelf so is it kind of like do we really need to promote the products for larger visibility so that it puts up features of the sales.
- Sanjay Agarwal:** We do business with Big Bazaar and Reliance Retail and others. So, definitely in your hometown it will be a good opportunity for us to be present and make sure our products are available. which place do you live in Sir if I can ask you?
- Alok:** Basically I am from Jharkhand. I reside in Ranchi. So prior to that I moved back to Ranchi in 2019, prior to that I was in Bengaluru, so I have seen the same observation in Bengaluru itself when we used to visit D-Marts or Reliance Retails or you know hypermarkets like it was really difficult for me to find out where exactly is the product located because the product is far good in quality, the output is amazing, but you know if I go I am searching for the product if it is not available I cannot reach it out in a modern retail store, I can move on to a substitute so which I believe might be affecting our topline for Henko.
- Sanjay Agarwal:** Sure Sir. first of all thank you for complimenting about the product. Yes definitely it is one of the best products and I am sure it will be there in your next trips to Ranchi. Otherwise

you know it is always available on e-commerce channels. I will be more than happy, my email ids are there on the website or on this presentation if you could let us know which specific stores you have been looking at and the address you can share it with us we will make sure that next time on your trip you will find those products there as well.

**Alok:** Thank you so much.

**Moderator:** Thank you. We have the next question from the line of Kiran Nayak from Modi Fincap. Please go ahead.

**Kiran Nayak:** Thank you for giving me an opportunity. Madam, I joined the call late. I am not aware. Any new products in the pipeline in the next six months or three months?

**M. R Jyothy:** There are things you know in the pipeline right like I said yesterday we had launched Henko Liquid in the south market. We had also prior to that launched Ujala Liquid, Ujala Liquid detergent prior to this quarter and you will see as and when we launch, we have a lot of products in the pipeline. So we would want to concentrate on or focus on rather what we have launched to make it successful.

**Kiran Nayak:** Thank you Madam. That is all from me.

**Moderator:** Thank you. Ladies and gentlemen that was the last question. I would now like to hand the floor back to the management for closing comments. Please go ahead.

**Sanjay Agarwal:** Thank you everyone for all your questions. Very interactive discussion, really appreciate it. I am more than happy if anybody has any further questions or require any clarifications please feel free to reach out to us or to the ISec desk. Till the next time we meet, stay safe and thank you very much.

**Moderator:** Thank you members of the management. Ladies and gentlemen on behalf of ICICI Securities that concludes this conference. Thank you for joining us and you may now disconnect your lines.