

November 10, 2023

To,

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400023
BSE Code: 532926

National Stock Exchange of India Limited
Exchange Plaza, Bandra – Kurla
Complex, Bandra (E),
Mumbai - 400051
Scrip Code: JYOTHYLAB

Dear Sirs,

Sub: Transcript of the earnings conference call for the quarter ended September 30, 2023

Pursuant to Regulation 30(6) read with Part A of Para A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, Transcript of the earnings conference call held on Tuesday, November 7, 2023 for analyst/ investors to discuss the Un-audited Financial Results for the quarter and half year ended September 30, 2023 and the way forward, is enclosed.

Further, the aforesaid information is also available on the website of the Company at www.jyothy.com.

Kindly take the same on your record and display the same on website of the Stock Exchange.

Thanking you,

Yours faithfully,

For Jyothy Labs Limited

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SHREYAS PARAG
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Head – Legal & Company Secretary

Encl.: As above

Jyothy Labs Limited

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“Jyothy Labs Limited Q2 FY24 Earnings Conference Call”

November 07, 2023



MANAGEMENT: MS. M. R. JYOTHY – MANAGING DIRECTOR, JYOTHY LABS LIMITED
MR. SANJAY AGARWAL - CFO, JYOTHY LABS LIMITED

MODERATOR: MR. KARAN BHUWANIA – ICICI SECURITIES

Moderator: Ladies and gentlemen, good day and welcome to Jyothy Labs Q2 FY24 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 call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now like to hand the conference over to Mr. Karan Bhuwania from ICICI Securities. Thank you and over to you, sir.

Karan Bhuwania: Hi, good evening everyone. It is our pleasure at ISEC to host Q2 FY24 Earnings Call for Jyothy Labs. From the management, today we have, Ms. M. R. Jyothy - Managing Director and Mr. Sanjay Agarwal - Chief Financial Officer.

I would like to hand over the call to the management team for their opening remarks post which we can open for Q&A. Thank you.

Sanjay Agarwal: Thank you, Karan and good afternoon, friends. I welcome you all to the Conference Call of Jyoty Labs to discuss the financial performance for the quarter ended September 30th, 2023. Our results and our investor presentations are available on our website as well as we have shared it with the stock exchanges. I hope you all had a chance to look at it.

To summarize our Results:

On the business environment front, we have observed stable growth across all channels for our product portfolio. The key input prices have been normalizing over previous year. However, there is an increased competitive intensity to drive volume growth and therefore to sustain our growth, we stay focused on our brand investment, our A&P spend for this quarter is up by 36%. We are focusing on our product innovation and geographical expansion. This is reflected in our overall performance in the revenue growth of 11% plus for this quarter, which is 9% volume growth and 2% value growth as well as our profitability metrics have further enhanced, i.e., the EBITDA at 18.5% for the quarter and our net profit is at Rs. 104 crores, up by 59%.

As our results demonstrate that we are stronger than ever and we have delivered now consistent double-digit growth, topline growth for this quarter as well as if we look at it even on a two-year and a three-year CAGR basis. What we have done is we have leveraged our expanded distribution platform of direct reach of 1.1 million outlets which are growing which has helped us in mitigating the slowing consumption environment by focusing on sales of our existing product portfolio in newer geographies, higher BTL activities and focusing on relevant SKUs for each market. We have seen market share growth across the portfolio which is backed by our overall agile business operations and we will continue this journey to build further scale by focusing on execution across all business parameters with a healthy balance sheet and cash

balance of Rs. 440 crores as at September 30th and net working capital days of 5 days. This will help us or enable us to be more agile in our operations and we will aim for a consistent healthy revenue and profitability growth for the future.

In terms of the category performance:

Fabric Care is doing well. We had a double-digit growth at 10.6% for this quarter. We are seeing segment; this segment has seen improvement across all our brands. We are focusing on both value offerings and detergents as well as on the premium portfolio of our liquid detergents and our strategy is to build scale across category. In specific, in our Fabric Care portfolio, Ujala Supreme, the ATL campaign featuring superstar, Taapsee Pannu is aired across key markets and we are also using digital medium to increase more usage awareness and it is helping us continuously grow the brand.

In Ujala Detergent Powder:

Ujala IDD, we are continuing to push on driving liquid detergents across the southern market. Similarly, in Henko, part of our Fabric Care portfolio, our media campaigns may have looked at them featuring superstar Kajal Aggarwal and focusing on BTL activities. Both of these things are helping driving a higher consumer engagement and visibility, which has led to a healthy growth of the brand. In addition, we continue to drive distribution aimed at increasing presence in the mass category of our detergent powder segment with Mr. White and More Light as well.

Moving on to Dish Wash category:

Again here the sales have increased by 10% for the quarter. The growth is backed by both our brands Exo and Pril and in both the brands, our strategy is to focus on LUP's which has helped us in onboarding new consumers. Further, we are also focusing on consumers seeking larger packs in Dish wash liquid category, hence input together this is overall strengthening of brand equity and gaining market share. As well as to give more emphasis on our Exo brand, we have been investing across outdoor media like wall paintings and out of home apart from the conventional medium.

Moving on to the third category, which is Household Insecticide, our sales increased by 3.4% for this quarter and we are witnessing consistent recovery after a challenging last year. So we are focusing on innovation and a liquid vaporizer portfolio registered positive growth. We have launched a new campaign for Maxo Genius, featuring our new brand ambassador, superstar Kareena Kapoor. So subject to the seasonality issues, we hope to see or have a steady performance in HI.

Finally, our Personal Care segment increased by 22% for this quarter and our century old neem-based Margo portfolio soap that continues to be the consumer preference for its authenticity and we are building the brand with the aim to build a larger portfolio and the launch we had of Margo

Neem Naturals having three variants that is doing good. And in Margo, we have been increasing our brand investment across mediums and again here the campaign, which is featuring superstar, Rashi Khanna propagating Margo as 'Ek Achhi Aadat,' a good habit that is also helping us to build a brand into a larger portfolio.

So, in summary:

We will continue to focus on volume led growth and achieve higher scale of business operations with the superior margin profile. We will continue to invest more towards strategic brand building exercise for all our brands, driving higher scale of direct distribution, which obviously takes time and resources. However, this is just critical source of our competitive advantage and barriers to entry. So as we have consistently delivered double-digit growth for the last few years and expanding our profitability matrices, our business model or mantra will be focusing on superior execution and therefore we will strive to build scale with relentless execution and gain market share. So as we move along for the next 2 quarters of this financial year, we will expect or we expect our sales growth trajectory to be double digit, primarily led by volume for the full year, which is FY23-24 and on the margin front with stable commodity prices, we should be able to hold on to our historical EBITDA margin of 16% to 17% on an annual basis.

So friends with this, I finished my opening remarks and we are happy to answer any questions or clarifications you may have. Thank you.

Moderator: Thank you, sir. We will now begin the question-and-answer session. The first question is from the line of Mr. Vishal Gutka from Phillip Capital. Please go ahead, sir.

Vishal Gutka: I have three questions, first is on substantial reduction working capital days, if you please explain what is driving this, how sustainable it is, because the substantial reduction has happened from 20 plus days to 5 days now? Second question is on the Personal Care, margins have remained flat, despite very strong momentum and sharp price in PFAD prices, shall we expect this similar momentum to continue, margins still we are seeing uptick in second half given the commodity prices are corrected, I believe that it has happened in your high **(Inaudible) 11.07?** And third question specially about Jyothy madam, just wanted to understand more with regards to HI portfolio, the change of brand ambassador from Rajkumar Rao to Kareena Kapoor, if you can explain what has driven this and within HI losses more or less given the same level, despite uptake in the high margin liquid portfolio?

Sanjay Agarwal: There are many questions, I will attempt few of them and then maybe Jyothy will add on to your questions. So, housekeeping questions on working capital, yes, we have been improving it with stringent of financial discipline. Our supply chain, everything has been on the toes to make sure that the operations become far more efficient. However, on a longer-term basis or a medium-term basis, there will be some volatility in the markets and everything. I would expect that, 10 to 12 days could be the working capital cycle on a normalized basis. Now, your second question on the Personal Care, yes, the margins, this was a launch quarter for the new variants which we

have introduced and hence the A&P spends have been higher in this particular quarter and as the palm oil prices stabilize or normalize we should see a recovery in the margins in this particular category. The third one is on your HI; the business is still to make EBIT profits. As we have explained in the past, our HI portfolio, now at the topline now it is only 6%-7% of our overall business, but coil business has not done that well and we are in the process of moving more towards the liquid side of it and we hope that things will improve from here on.

M. R. Jyothy:

And on HI, yes, the brand ambassador has changed. One is the contract of Mr. Rajkumar Rao was coming to an end. We also wanted a female ambassador this time and more a celebrity who has a family, who has kids in their family, a mother is concerned for the health of the kids is more important and we have Kareena, who is well known in the country and we wanted her, and obviously all of you know that she is a mother of two kids, and we felt that will be better for the brand to convey why Maxo is a better choice. So that is the reason we have gone in for a change of brand ambassador.

Moderator:

Thank you. The next question is from the line of Mr. Percy from IIFL Securities. Please go ahead.

Percy:

My question is on the segment margin, this Fabric Care margin at 26%, it is very high, isn't it? I mean typically when we see such high margins it tends to attract competition, so just wanted to understand what is your plan, are you planning to cut prices and if so, what is the reason why it has still not happened like when the input costs were going down, we took quite a long time to take price increases also and now when it is going down, we are sort of a little late in taking price cuts also and also the second part on the segment margins is that with palm prices coming down, everyone in the soaps business, the other listed players are having huge amount of margin expansion and are making like 20% or so kind of margins on the soaps portfolio whereas we are at 10% only, so is there some huge amount of ad spend in this which is bringing down the margin or is there some other reason for that?

Sanjay Agarwal:

On the Personal Care that I just explained to Vishal, yes, this being the launch quarter, so there has been higher level of expenses or the A&P expenses. I think on a on a recurring basis you will find the margin should improve in the Personal Care category. So that should not be a concern and also on the Fabric Care, as you said that the margins have been good, it is also a function of scale at some point of time because our portfolio has been growing double digit on a consistent basis, it thus gives us a higher operating leverage and we have also taken some price cuts both in the Detergents and in the Personal Care, which is soaps category and so that will definitely be as time passes by, the impact will start coming through in the next few quarters.

Percy:

And finally on margins, I am looking at slightly longer term here, not next couple of quarters, but let us say over a 3-year period, where do you see the EBITDA margins of your company stabilizing, assuming stable input cost scenario, do you think like most of the FMCG companies are close to around that 20% mark, so do you think that we would be going towards that number or do you think that thought process itself is wrong because your product mix is different or

because you have different priorities, etc., any kind of thoughts you could share on this, not looking for exact guidance, but any sort of way of thinking about this question?

Sanjay Agarwal: Percy, structurally where our focus is more is towards building the volume growth and increasing the A&P spends. The byproduct of it definitely will be a healthy margin profile also, so that is how we would look at it from a medium to long term. I hope you know that has answered the way we are building the business.

Percy: As I said, you have a huge amount of input cost benefit, probably some of it will get passed through, etc., so do you think that the margins that we are doing now are sort of definitely on the higher end of the band and therefore I mean even on a 2-3 year basis, what you have done this quarter, that number sort of would not be exceeded or do you think that is not necessary true?

Sanjay Agarwal: So Percy, it is difficult for me to give you a number, but if we are able to build a scale better as what we have been doing for the last few years, then definitely the healthy margin profile should improve from here on and as we have said, to increase the scale, we would not shy away from increasing A&P spends, which definitely has been more productive in our case. So we will do both, look at our margin profile to improve from here on and increase our A&P spends and in this process or whatever you are looking, the variable will always remain the input prices, so that is how we will have to look at both market share, margin expansion and at the same time increasing our A&P spends.

Percy: And last question on household insecticides, what are the sorts of parameters at which this business will become sort of breakeven business, is there a particular rupees million scale of turnover? Is there a particular percentage of liquid vaporizer as a part of the revenue? Can you give some kind of sort of ratio or parameter on which basically the breakeven will be achieved?

Sanjay Agarwal: So first, Percy, the HI category has to start doing well, we know the challenges which the category has been facing, so once those challenges are out of us, then yes, our mix needs to be more favorable towards liquid, which should be in the range of 50%-60% and where we will definitely have our profitable operations in HI as well.

Moderator: Thank you. Your next question is from the line of Mr. Kaustubh from Sharekhan by BNP Paribas. Please go ahead.

Kaustubh: Sir, my question is on Personal Care category, this quarter, we have achieved a strong growth, so what led to this about 20% growth, have we gained any market share from some of the large players in this category?

M. R. Jyothy: So one is the brand has done well on its own, one is the mix and then the distribution, these are the two contributions for the brand to do well. Our original name which is the basic soap that has done well that has also clocked double digits and our new introduction has also added to the overall growth.

- Kaustubh:** Is the contribution of new introduction substantial to the growth?
- M. R. Jyothy:** No, it is only new. That is why I said the original, the base variant itself is doing well and that itself has clocked double-digit growth. This has added to it. That is all.
- Kaustubh:** So should we expect this kind of growth momentum to sustain?
- M. R. Jyothy:** I can't say that, but yes, we want to do well and we will continue our efforts and focus on distribution and brand investment hopefully that should continue then.
- Kaustubh:** And Sanjay sir, in your initial comment, you mentioned that you have seen competition intensifying in some of the categories, so can you elaborate in which categories where you are seeing competition increasing and what kind of steps are you taking?
- Sanjay Agarwal:** The operating environment is what it is and there will be competition or there has always been competition and in an environment where we are seeing some challenges from the rural market or from volume growth being a constraint, the challenges are there in all the categories, HI, in our specific case has different challenges, but other than that the rest all are large categories, there are many players and we will have to work in each market differently and that is what we are doing.
- Moderator:** Thank you. The next question is from the line of Mr. Umang Shah from Banyan Tree Advisors PMS. Please go ahead, sir.
- Umang Shah:** Sir, first question was, have you taken any price cuts in the last 3 months in any of our products?
- Sanjay Agarwal:** There have been price cuts, as I just mentioned, in the Detergents and in the Personal Care portfolio and those are more in line with what the competition is and also sometimes it is on a wait and watch approach because the crude prices when you are doing Q1 quarter was that say around \$75, now it is running at around \$90, so it will be a function of how the normal prices are and the competition actions, but yes, we have taken some price cuts in the last few months and we will have to wait and watch how we do it in the next few months as well.
- Umang Shah:** And could you give a rough range for the same?
- Sanjay Agarwal:** No, sir, it was difficult to put the number.
- Umang Shah:** The second question was, how has been market response to Exo Gel and how successful have you been in expanding both Exo's and Pril's distribution?
- M. R. Jyothy:** So Exo Gel is right now only in Kerala and we are still testing in the market and there are few learnings which are there and that will go as per the thing and Exo and Pril both in terms of

distribution and different package sizes, all of those things are happening and both of the brands are growing at double digits, so that is doing well.

Umang Shah: And one last question was, what percentage of our Detergents would be Henko?

Sanjay Agarwal: It is a good business; we don't give any specific brand numbers.

Umang Shah: Not a problem and just one part to it was that in terms of Henko, you have a brand ambassador who is Kajal Aggarwal, who I would not say the Pan India recognizable person, right, while in case of Maxo, you have someone like Kareena Kapoor who is a Pan India brand ambassador, but the product that you have is in certain states, right, so like, how do you explain this difference between the two?

M. R. Jyothy: I think you are wrong on Kajal Aggarwal; I think it is the South and the North markets, I think she has done a couple of Bollywood movies as well. She is also well known in the South. So she is known in the country and on Maxo, yes, for us the market is majorly North, West and East and so the right person is on the brand.

Moderator: Thank you. The next question is from the line of Ms. Rucheeta Kadge from iWealth. Please go ahead, ma'am.

Rucheeta Kadge: My question was mainly related to the raw material, so just wanted to understand how much is the crude linked raw material basically as a percentage of your whole raw material?

Sanjay Agarwal: So crude and crude derivatives would be around 40% of our total purchase.

Rucheeta Kadge: And right now, sir, as the prices are inching up, how do we see our gross margins going ahead like have we hedged this or how we feel exactly?

Sanjay Agarwal: We will have some, it is a constant challenge where the prices, if they are going up, then we will have to take corresponding actions, but as we stand today as I mentioned earlier, there has been some price cuts, which have been done and if required we will react accordingly, from the levels of crude, if it again moves up.

Rucheeta Kadge: So the reason I am asking it is that we have given like kind of rough guidance of around 16% to 17%, so as of today, where do we stand like? Do we feel we can still achieve it even if the crude prices inch at \$89-\$90?

Sanjay Agarwal: At current levels, we believe that for the full year, our margins could be in the range of 16% to 17% with the current level of crude prices.

Rucheeta Kadge: And sir, just to understand on a longer-term perspective, is the 15% to 16% margin fair to assume?

- Sanjay Agarwal:** Ma'am, for now we are looking at it from this year's perspective and as I mentioned earlier to somebody else question, our focus will be more on volume growth and increasing our A&P spends and also keeping an eye on improving our margin profile as well.
- Moderator:** Thank you. The next question is from the line of Mr. Harit Kapoor from Investec India. Please go ahead, sir.
- Harit Kapoor:** I just had two questions, the first was on Fabric Care, so there has been a comment about lower price detergents, regional players coming in both lower price detergents and dish wash bars and competitive intensity sharply increasing there, I was just wondering how you have seen it in the marketplace and what kind of actions that you had to undertake to take care of that?
- M. R. Jyothy:** Harit, yes, you are right, there has been a lot of intensity both from local, regional players and also some competition. I mean that has always been there, now it is a little more intense, but we are focused on our brands, we are focused on our distribution and our brand spends and we are tackling geography each with different strategies and that has worked for us so far.
- Harit Kapoor:** And the context was really, is there a risk to the gross margins that we have had done in the first half of the year or you have already seen this, you have dealt with it and if you are dealing with it and would you still deliver this kind of margin, is that the way to think about it?
- M. R. Jyothy:** See, we will have to be proactive and take actions as and when required depending on how the scenario is and if that has an impact that will have an impact. We need to grow our brands, the intent is to grow our market share, the intent is to grow the brand and if that helps temporarily, then maybe that will take small this thing, but our aim long term is to grow the brands and whatever it takes to grow the brands, we will do it.
- Harit Kapoor:** The second question is on innovation, now you have fairly good amount of gross margin tailwind as well in the business, so I was just wondering, whether the next say 6 to 12 months or even beyond you start to see a higher kind of innovation intensity in the portfolio and if yes, then which parts of it do you think will get the most momentum?
- M. R. Jyothy:** It seems like at a stage where for us every category that we are present is important and we have projects and innovation pipelines for each of our categories lined up. As and when we feel the market is ready and we are ready to invest behind those innovations, we will be investing behind those innovations as well.
- Harit Kapoor:** My question is only from the context that you have more money to spend really from a PR perspective now, so whether some of those initiatives get up fronted or they were already in the pipeline, you couldn't do it, now you can just that was my question?

- M. R. Jyothy:** Yes, it is there. So right this year, we have chosen Margo and the variants to be focused and like that, we will be taking as and when required, we will be doing that. So things are there in the pipeline and we will be doing it.
- Moderator:** Thank you. The next question is from the line of Mr. Harsh Shah from Incred Capital Financial Services Private Limited. Please go ahead.
- Harsh Shah:** I had two questions, first basically, just trying to understand the growth of Fabric Care segment, so how divergent are the growth between the mass brands like Mr. White and More Light compared to the overall growth which you have reported for the Fabric Care segment, I am just trying to appreciate the kind of work which you have done behind Mr. White and More Light?
- Sanjay Agarwal:** So all of them have done well and as you know; the whole category has done double digit. So everything is in line with what our expectations are.
- Harsh Shah:** No, but not looking for an exact number Sanjay, but just that, let us say, the 10% is the growth which is clocked for Fabric Care, then what would be the growth for the value brand within this segment? Will it be ballpark, I am assuming that it will be much higher compared to that, right?
- Sanjay Agarwal:** Yes, correct, so all the brands have done in the same ballpark rate what of the double digit.
- Harsh Shah:** And second question is basically on the margins, fundamentally when we look at the business over longer time, right, our HI share of overall revenue has come down from let us say mid-teens to now high single digit, right, and that itself should aid EBITDA margin, right, because when I look at our guidance of 16% to 17%, I think that is probably there is some scope itself to kind of exceed those levels given the kind of change in mix in our business?
- Sanjay Agarwal:** Yes, so that is a fact and we know the challenges which are there in the category and as Jyothy mentioned and we have done, we are trying to do incremental effort on our LV business, so that it grows and we work towards the profitability.
- Harsh Shah:** No, my question was more from the overall EBITDA margin perspective, right, even let us say 5 years back when the share of HI was in mid-teens, we were in the 16%-17% ballpark EBITDA margin range and now that the share of HI has come down to high single digit of overall business, that fundamentally because HI is kind of a loss making business for us fundamentally itself the margin trajectory should go up for us, right?
- Sanjay Agarwal:** Yes, Harsh, you have to look at each business categories and if you look at it overall, our A&P spends have gone up. So yes, the overall business has given us a higher absolute profit and one of the businesses, yes, making lesser margins or negative margins and we are compensating on a portfolio basis.

Harsh Shah: So the structural thing here is basically to invest behind brands to get more volume growth for whatever benefits you are getting right and to hold onto those levels of margins?

Sanjay Agarwal: Yes, that is right.

Harsh Shah: And the third, last question is basically now we have close to Rs. 450 odd crores of cash on our books, right, so how do we kind of intend to use that maybe probably, returning to shareholders, will the dividend policy continue to remain same or are we looking at acquiring something, I mean your comments on that?

Sanjay Agarwal: So nothing new, we will keep our capital allocation strategy same and we will be conserving the current cash and the future cash for our future growth initiative which could include inorganic opportunities at the right time.

Harsh Shah: But if basically within inorganic, if I could just pick your brain basically would we more look at B2C kind of company or more like a traditional brand basically established with positive margins etc., what basically is the thought process here of the management?

Sanjay Agarwal: Sorry Shah, it is too early to comment on that. It will depend on what opportunity comes in and how it fits into our overall portfolio, so that is where, we are open for everything and we will see, time will tell what we will be able to do and it has to make sense. It is just not to be done only for making usage of cash. It has to actually add value to our overall portfolio.

Moderator: Thank you. The next question is from the line of Mr. Amit Purohit from Elara Capital India Private Limited. Please go ahead, sir.

Amit Purohit: Just wanted to know on Crisp & Shine, Henko Liquid and Ujala Liquid, all these put together would be what portion of the total Fabric Care, just indicative would be low single digit or mid-single digit and the acceptance of among these, what is the acceptance beyond South market from consumer perspective?

Sanjay Agarwal: So I think all the liquid portfolio is doing well, Crisp & Shine, Henko Liquid and Ujala, all of them are growing well as per our expectations and it is difficult to give a specific number, all we can say is that we are investing in all the three brands, the subcategories you mentioned and they all are doing well and we are very optimistic on the future growth for each of these brands which you mentioned.

Amit Purohit: And this is beyond South as well, right?

Sanjay Agarwal: Yes, that is right.

Amit Purohit: And any channel specific, which is doing well, maybe modern trade or e-com where the salience is higher for these kinds of products or you are saying across GT also you are seeing the growth?

- Sanjay Agarwal:** Yes, obviously, liquid portfolio will be doing much better more in the urban cities and metros and modern trade and e-commerce and that is where the target market is there, GT also is available. So it is going well in all the categories and the numbers are very small at this point of time.
- Amit Purohit:** And in terms of pricing action that you have taken, what is the timeline in which we have taken some pricing action that you indicated on the Detergent portfolio?
- Sanjay Agarwal:** It is a moving thing, so there will be some few things, few SKUs, something would have been taken to 3 months back, some would be as we speak things are getting done, so it is a constant thing because the pricing or the normal prices have also come off after long time and we have to be in line with the competition and the best value to the consumers.
- Amit Purohit:** And lastly, on the ad spends, you indicated that you would continue to invest behind brands, so is there any specific number that you want to reach out to say maybe 9%-10% or 8%-9%, any range that you are looking or you will take it as it comes?
- Sanjay Agarwal:** Yes, they will be more as time passes by.
- Moderator:** Thank you. The next question is from the line of Mr. Vishal Punmiya from Yes Securities. Please go ahead, sir.
- Vishal Punmiya:** I actually had a question on the distribution, if I look at the 4-year CAGR for all your categories except HI, we have had kind of very similar growth of around 13% across Fabric Care, Dish Wash and Personal Care and we did mentioned that one of the key drivers have been geographical expansion, so if you could share some insight in terms of the quality of distribution expansion? Are these totally new markets or are these markets where we were present at a smaller level and now we are basically coming up with the entire portfolio in those markets, any insights would be really helpful? And also if you could share your internal targets or the numeric distribution target that you aim to achieve in the next couple of years in terms of total distribution and also your direct reach numbers that would also be very helpful?
- M. R. Jyothy:** So last 3-4 years, we have been consistently adding outlets and that addition is across the country, no specific geography as such for us, we need to grow all across Pan India and right now, we have reached at 1.1 million outlets in direct reach and direct reach put together at 2.8 million outlets. We don't share targets, sir, but we are on our journey to keep increasing outlets year-on-year.
- Vishal Punmiya:** So looking at the current total reach versus what the industry reach is, there is a long way ahead, so I would assume that this would keep on going at a fairly high for at least for the next 4-5 years, right?
- M. R. Jyothy:** Yes, we have to continue our distribution and that will be one of our focus areas.

Moderator: Thank you. Ladies and gentlemen, that was the last question for this session. I would now like to hand the conference over to the management for closing comments.

Sanjay Agarwal: So thank you all for taking the call and I hope we have answered most of your questions and your queries. If you still have any further queries, please reach out to us, we will be happy to address all of them. Wishing all the participants Happy Diwali and all of you have a joyous celebration with your family, friends and colleagues. Thank you, Karan and team at ISEC for organizing this conference call. Thank you very much once again.

Moderator: Thank you, sir. On behalf of ICICI Securities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.