

July 29, 2024

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 June 30, 2024

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 Thursday, July 25, 2024 for analyst/ investors to discuss the Un-audited Financial Results for the quarter ended June 30, 2024 and the way forward, is enclosed.

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

Kindly take the above on your record and disseminate the same for the information of investors.

Thanking you,

Yours faithfully,

For Jyothy Labs Limited

Shreyas Trivedi
Head – Legal & Company Secretary

Encl.: As above

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“Jyothy Labs Limited
Q1 FY'25 Earnings Conference Call”

July 25, 2024



 **ICICI Securities**



**MANAGEMENT: Ms. M.R. JYOTHY – CHAIRPERSON AND MANAGING
DIRECTOR – JYOTHY LABS LIMITED
MR. SANJAY AGARWAL – CHIEF FINANCIAL OFFICER
– JYOTHY LABS LIMITED**

MODERATOR: MR. KARAN BHUWANIA – ICICI SECURITIES

Moderator: Ladies and gentlemen, good day, and welcome to Jyothy Labs Q1 FY '25 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

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

Karan Bhuwania: Good afternoon, everyone. It's our pleasure at ICICI to host Q1 FY '25 results content call of Jyothy Labs. From the management, we have M.R Jyothy, Chairperson and Managing Director; and Mr. Sanjay Agarwal, Chief Financial Officer. I'll hand over the call to management for the opening remark, post which we can go ahead for the Q&A. Thank you.

Sanjay Agarwal: Thank you, Karan and good afternoon, everyone. I welcome you all to the conference call of Jyothy Labs to discuss the financial performance of Q1 FY25. The results and investor predictions are available on the Stock Exchange and on our company's website. I hope everyone had a chance to look at it.

Overall, there's been a healthy, consistent operational performance with rise in market share for each of our brands. The year has started on a positive note with revenues growing by 8% in value terms and 10.8% in volume. On a two-year and three-year CAGR basis, it works out to 11.5% and 12.2%. The gap in value and volume growth is primarily due to increase in grammages and select SKU price cuts.

On EBITDA margin for the quarter, we stood at 18% versus 17.1% for the same period last year, an increase by 13.7% and our net profit grew by 5.7%. Last year, same quarter, we had a gain from one-off sale of property of INR9.6 crores in other income. Hence, the net profit, when you see, is not strictly comparable at the PAT level.

So overall, if you see, we have delivered high revenue growth in the last few years versus the industry and this is coupled with increasing operating margins and a debt-free balance sheet and a healthy cash position, which is empowering or will also empower our future growth. We will continue to focus on our rural growth, which is giving us a sustainable advantage.

Our consumer franchise is getting stronger every quarter and we've been able to strengthen our market share across all our brands. For this quarter, all of the segments have reported positive growth. In terms of key categories performance, Fabric Care is doing well, increased by 8.8% in this quarter, while post-wash brands, Ujala Fabric Whitener and Ujala Crisp & Shine have delivered consistent growth now.

Our main wash brands, detergent brands: Henco, Ujala, IDD, Mr. White, Morelight, they all have also accelerated growth across all channels. In our post-wash portfolio, Ujala Supreme, we've launched a multimedia campaign nationwide with our brand ambassador, Taapsee Pannu. And to bolster our brand presence in Ujala Crisp & Shine, we've been running campaigns featuring superstar Nayanthara in key southern markets.

In addition to our liquid detergent portfolio of Ujala and Henco, we have also introduced in Morelight liquid detergent in five-liter bulk pack. And there's an intense competition across the detergent or the Fabric Care portfolio, but we have expanded our distribution. A lot of ground-level activities and our product differentiation is helping us driving this growth in our Fabric Care portfolio.

We're focusing on the premium segment and also on the value offerings and the objective or the strategy is to build a scale across the different categories. In Dishwash category, both Exo and Pril continue to do well with 7.1% growth for this quarter. Both the brands, Exo and Pril, we've been investing aggressively across outdoor media and out of home, apart from the conventional medium. This has also boosted our growth and our brands are considered as a preferred choice among the consumers in the utensils cleaning category.

In the interest of time, I mean, you would have seen our investor presentation which captures several campaigns we are running on conventional media and digital platforms. So I'll skip that.

In the household insecticide segment, our sales increased by 2% in this quarter. The category has witnessed recovery. However, this quarter again, the business was impacted because of extreme summer in North and East of India, which are our core focus markets and we are focused on growing our saliency in our liquid vaporizer with campaign featuring superstar Kareena Kapoor, wherein we have a unique feature or automatic feature of our machine, which is unique in the category. And hence, the focus is to grow the LV share in the business.

Finally, our Personal Care segment, which is primarily the Margo franchise, it has registered a good growth of 10.9% for this quarter. As you know, the neem based Margo portfolio is preferred by the consumers for its authenticity and several on-going initiatives. We've been involved using influencers and social media in key markets to raise awareness and encourage trials targeting the youth primarily.

In summary, we continue to focus on volume led growth and achieve higher scale of business operation. We have delivered or consistently delivered double digit revenue growth for the last few years and we've strive to build scale with relentless execution and grow our brand's market share.

We believe the efforts taken to strengthen our distribution, investment behind brands and innovation. On an annual basis will aim to have double digit sales growth primarily led by volume. Also on the margin front, we should be able to hold on or do better than our historical EBITDA margin of 16% to 17% on an annual basis.

We continue to focus on introduction of relevant innovation and expanding our sales and distribution network. In addition, we're leveraging on the modern trade and eCommerce channel, which is poised for higher growth.

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

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Vishal Gutka from HDFC Securities. Please go ahead.

Vishal Gutka: Yes, I think, congrats on an excellent set of numbers. Three questions on my side. First one, Morelight liquid detergent. I think that has been launched at a disruptive price point of INR70 per litre in selected MT outlets. I just wanted to understand what is the margin profile? Any quality helpful? Will you sell somewhere near to the company level margins? And how is the brand doing? I believe it is launched towards the end of the quarter. It might be early. But whatever trends you can give on that.

Second question on the personal care front. The growth has modelled to 11%. Last year, we saw around 20% growth rate for the segment as a whole. So what are the plans to revise? And the new variants that were launched in Margo, I think one year has passed by. So any flavour on that, what is happening, how things are shaping up over there will be very helpful.

Third question on capital allocation front. So cash is approximately INR620 crores. And on the other side, the dividend payout has gone down from 60% to 35% now. Last three years, average dividend payout was 60%. It has come down to 35% in F '24. So how are we thinking about capitalization going forward? Thank you. Those are the questions from my side. Thank you.

M.R Jyothy: Yeah, so on Morelight, yes, we have launched a liquid detergent. And this is if you see this, the liquid detergents as a market, that segment has been doing well. And we see, a lot of players come in there. And our wish is to be there for every consumer and right from the premium end to a price where it is affordable for the consumers. In a situation like that we are in today, where the consumer demand is muted. So we want to entice the consumers, we want to give them value.

And we want them to also try our liquid detergents. And that's the main reason to launch that at that price point. While margins I won't be able to share right now. So that's the intent is that more and more consumers coming to the liquid detergent foray. On personal care, double digit growth is a fairly good growth that is there. And our brands continue to do well in a market like this. And the new variants are also on an average doing well. So that's on personal care.

Sanjay Agarwal: Vishal on the utilization of cash. You know, as per the Board decided capital allocation strategy dividend is one way to reward the shareholders. And currently we have been conserving cash for any future opportunity which we may consider. So right now we are in the conservation mode for any future opportunities.

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

Percy: Hi, everyone. Congrats on a very good set of numbers. I just wanted to understand a little bit of the flavour of your growth. Is it coming mainly? I mean, is your state mix changing? Is it that you are very weak in some states and now the growth in those states is significantly higher than the national average? Is that the source of growth? Or is it that you are getting this kind of growth uniformly across geographies?

Sanjay Agarwal: So Percy, it's across the Board. I think the results of our distribution expansion is paying off. And states which have been doing well, they are doing further better with a higher A&P spend,

which we are doing. And, you know, markets where we were less strong or dominant is where the several ATL, BTL spends, which we've been doing, has been helping us. So I wouldn't call out any particular state which is doing much better than the rest. I think it's a mix of everything. Also, the modern trade in e-commerce business has been doing well. So that's something which is also driving the growth.

Percy: So your geographic market states over the, sorry, market shares over the last three years or so have not changed much. And wherever the market shares are low, they remain at that same level. And wherever they are high, they also remain. I mean, there's no there's no sort of case to, I mean, there's no on the ground evidence to suggest that wherever the market share was low, the increase there has been higher than what you have normally seen in terms of market share growth?

M.R Jyothy: See, we have seen market share growth across our segments this quarter, and in fact, in most of the geographies. So case in thing is EXO. While we have been a very south strong in terms of EXO, East is an example where from a very low single digit, we are into double digits. So we are gaining market share across the country. And we'll continue to focus on our distribution, we'll continue to offer better quality products compared to the rest. And that's purely where we are doing.

Percy: Correct. So that is exactly what I was hinting towards that. Like you're in EXO, your eastern region growth is higher than the southern region growth, right? Because you are under indexed in East. So that kind of story is playing out in other categories also.

M.R Jyothy: Yeah, it is a mix. Yes. It's a distribution and brand investment that we are continuously doing and yielding us better results.

Percy: Okay, second question is on gross margin. So this quarter, I think nobody else has taken a price cut this quarter. I mean, last quarter, you had a 0% pricing, this quarter, you have a minus three. Even HUL, there is a slight difference in the pricing, but not to the extent of 300 basis points. So what is happening there? And secondly, related to this, despite such a sharp price cut in one quarter, Q-o-Q as well as Y-o-Y, your gross margins have improved. So what is the source of that margin expansion?

Sanjay Agarwal: So Percy, see gross margins aid is dependent on, in our case, on the product mix, certain scale benefits we get and the operating efficiencies or efficiencies in the business operations also drive the gross margin. the price cuts which you are referring to, they have been done in across the portfolio for us in the dishwash, more so in dishwash, then in fabric care and personal care. So at these level of RMPM prices, we'll be comfortable with the gross margin range of 49% to 50%.

Percy: Understood. And finally, on EBITDA margin, you have done about 18% EBITDA margin this quarter. And every quarter sort of you're doing slightly better than what we expect. So are you being a little conservative in terms of your guidance and what is the reason that this 18% margin will not sustain going ahead, if at all?

Sanjay Agarwal: So I mean just the beginning the first quarter of the year and as I mentioned that the RMPM prices are also volatile. We have seen how things have shaped out in the last few years and our

stated objective has been that we want to invest more behind the brands, we want to keep expanding our distribution because that's where there's a lot of scope for us and hence we want to be – we are comfortable with 16% and 17% range. Yes this quarter is 18, but as we move along I think we'll be able to guide you much better.

Percy: Okay, that's all from me. Thank you.

Moderator: Thank you. The next question is from Shirish Pardeshi from Centrum Broking. Please go ahead.

Shirish Pardeshi: Hi. Good evening. Thanks for the opportunity. Sanjay I have a basic question. In the fabric care post wash I think we have been talking and getting more penetration in the liquid side, but even our powder detergent is also very strong. So will you be able to give me some colour? What is the growth we have expected or what is the growth we have delivered on powder and liquid specifically in this quarter?

Sanjay Agarwal: So as you know Shirish liquid is on a smaller base and it's growing faster. So the growth rates are going to be much faster while powder category is much stable category. So I think I can just offer you that it's the base numbers are less on liquids so growth is much higher. The fact that we launched our Ujala liquid and Henko liquid and now with More Light large packs 5 liter demonstrates that liquid as a category is doing good for the country, good for the consumers that they're using a better quality product. So yes we are also focusing on that and trying to get to the consumers to use a better quality product.

Shirish Pardeshi: Let me step back and ask me a little different question. Is the industry is right because you guys have given a product at a very competitive price. So do you think that there is a bottom of the pyramid which is there is a fast shift and there is a price propensity which will bring in more customers to the category? Is that the thinking is there?

M.R Jyothy: We couldn't hear you properly Shirish could you repeat the question?

Shirish Pardeshi: No, I'm saying we have launched 5 liter pack and I think at a very price competitive range. So what I wanted to understand is the industry structure is changing much faster that every customer is now trying to look at and trying to experiment the liquid?

M.R Jyothy: Yes so we see that more the liquid detergent adoption more from South which is a market which responds to the new age people are more experimentative in that sense. They also have money to invest and all that. So you see this more in the South then modern trade e-com and then the metros. So yes we want and like I said that many players have come in and like you see that in powder detergents there are various segments. The liquid detergent is also kind of mirroring or is seeing that kind of growth and price points at different levels.

Shirish Pardeshi: That's helpful. Second on Margo I think historically Margo is very strong brand in the East, but over last one and half two years we have expanded in this franchise and we have also complemented with the adjacencies. So maybe in non East market which are the segments or which are the sub-segments you are seeing a stronger growth on the Margo franchise?

- M.R Jyothy:** So it's not just East. For us Margo has been delivering if you see in the last 4-5 years across the other states as well, it's not just East for us. Margo is growing stronger day by day.
- Shirish Pardeshi:** Okay and the last question I mean I did understand what Sanjay gave the explanation on the margin front. But the question here is that are we left because what we also gather is that if rural comes back and this is what both the syndicated data agencies are saying Cantor we heard in the morning they are saying that the rural growth will be much faster. So does that mean that the price increases can come little faster instead of second half maybe end of second quarter?
- Sanjay Agarwal:** I don't think so we are looking at any price increases for now whether it is now or in the H2 at least for now. So current focus is volume growth and at these price levels I think we are having decent margins to invest in the business and have reward to the shareholders as well.
- Shirish Pardeshi:** Okay the reason why I am asking you have done a good fantastic job delivering double digit volume growth. So this volume growth will continue in the second half also that's my question. I mean it's too early to talk about, but if the rural growth comes back we can build on that?
- Sanjay Agarwal:** So I think Shirish for now what we can only see between quarters things will vary and so on a yearly basis is how we would aim at least from the external perspective and it will change over quarters I mean over different quarters, but the aim is to continue the same momentum which we are a double digit volume net growth for the annual basis and which will vary in different quarters.
- Shirish Pardeshi:** Okay. Thank you Sanjay. All the best to you.
- Sanjay Agarwal:** Thank you sir.
- Moderator:** Thank you very much. The next question is from Avnish Roy from Nuvama. Please go ahead.
- Avnish Roy:** Yeah my first question is on the HI business. So essentially the market leader has come out with a disruptive product, would you be concerned on that because the efficacy they claim is much higher and second if there is high rate is that again not adverse for mosquito population and so Q2 also the growth could be weak for the entire sector because of very high rains which is happening?
- M.R Jyothy:** Okay so on HI see we are very focused on our LV and we believe that we have a great product with us. We have an innovation with us and we have a tried and tested molecule with us. The very reason that we have gained market share is a proof of all of that and yes we are very confident on our product and we don't have much concerns with what happens elsewhere and on the question on rains yes anything in extreme is bad so with high heat, high summers, high winters and anything that is to do with higher amount of rain yes the mosquitoes will get washed away. So let's see hopefully we should be able to still grow the market especially in the HI segment. Yeah that's it.
- Avnish Roy:** One follow up on the market share gain so if I see three year and four year you have a dip in terms of CAGR and if I see the market leaders Q1 update that also suggests that their HI is also very similar in terms of Y-o-Y almost flattish which is in your case also almost flattish low

single digit. So where is the market share gain coming from? Would it be from the number two, number three player because it's a four five player market only, who are you gaining from?

M.R Jyothy: Sir we wouldn't want to comment on that and the thing in proof is that we have gained market share. So we have gained 300 bps compared to last quarter and that's good enough and a good direction for us to show that our efforts are working that's where I can comment.

Avnish Roy: Okay last question will be on body wash so essentially there again the market leader is doing a disruption, the brands in which they are doing Lux, Lifebuoy may not be competing necessarily with Margo, but just want to understand I'm sure being a soap manufacturer how impactful do you think such a disruption is in the past also it has been tried, but TFM and later being less do you see customers asking for such products because if they ask I think in Margo also is there a use case for doing that in Margo?

M.R Jyothy: While it's a good suggestion we'll look into it we don't have much to comment on that segment right now.

Avnish Roy: But till now there's no impact because of the market leader's disruption, too early for that?

M.R Jyothy: Yes as in we are growing well on our brand so that's what.

Avnish Roy: Sure. Okay that's all from my side. Thank you.

M. R Jyothy: Thank you.

Moderator: Thank you. The next question is from the line of Dhiraj Mistry from Antique. Please go ahead.

Dhiraj Mistry: Yes congrats on good set of numbers. So I have one question regarding personal care category, so if I looked at FY20 numbers you were making somewhere around 20% plus EBIT margin and over last five to six quarter there has been quite a few volatility in their EBIT margin personal care. So how do we see that going ahead that where the EBIT margin as a company where do we look that EBIT margin to settle down?

Sanjay Agarwal: So see over last three, four years as you know the brand has been doing well and the key raw material is palm oil and you know how the palm oil prices have been so volatile and it's an imported product. So therefore the freight cost going up and down and now right now freight cost being going up is also impacted. So the margins are a dependent on the palm oil prices which we have been updating every quarter when the prices are going up and all of that.

Now also last year or so we have launched three new variants in it and we have seen the success of those variants obviously we had to do higher A&P to launch that as you know we had a brand ambassador Raashii Khanna there and which has really done wonders. So this quarter also and in the last few quarters we had seen higher A&P and it will vary across quarters, but the margins are intact be it the personal care or Margo as a franchise so that's not a concern. We want to grow the franchise much bigger that's the whole objective.

- Dhiraj Mistry:** Yes and second question in that category only that we have done quite a few launches what were the contribution of new products in personal care and also from the overall company's perspective?
- Sanjay Agarwal:** Sir launches were done last year what we are currently happy or satisfied is that there are repeat purchases and gives us a lot more confidence in our new or further initiatives of doing innovation and new launches. So the numbers my apologies I will not be able to speak specifics between what the green Margo soap is and what the new variants are doing them split, but all of them are doing well and that gives us a lot of confidence for the future.
- Dhiraj Mistry:** Got it. Last question from my end can you give some colour on growth in terms of rural market versus urban market and also in terms of region that East and South compared to West and something like that?
- Sanjay Agarwal:** All markets are doing well. rural market was a concern for lot of us, but things are now started to looking up and the union budget also gives a lot of focus on job creation and so that is helping especially now with the monsoons coming on track that will also help in the rural growth. We as a company have products which do well in rural markets and our distribution is also expanded in the last few years in the rural. So we are quite confident that with the growth or pickup in the rural demand we will be able to capture that.
- Dhiraj Mistry:** But was it higher compared to urban market during the quarter?
- Sanjay Agarwal:** No, there's nothing like that it's been higher. It's just that those challenges which we were seeing has now been left out and going forward we can be more optimist on the rural demand.
- Dhiraj Mistry:** Got it. Thank you. That's it from my side.
- Moderator:** Thank you. The next question is from Gaurav Jogani from Axis Capital. Please go ahead.
- Gaurav Jogani:** Thank you for the opportunity sir. So I have a couple of bookkeeping questions so what is on the other expenses? If you look at the other expenses it has gone up by around 22% so is there any one off in that or that's the steady state other expenses that we can expect going ahead as well?
- Sanjay Agarwal:** No sir it's very much in line with the overall sales increase and overall expense increases. It varies I mean again it can move between one quarter here and there but very much in line there are no one offs in the other expenses.
- Gaurav Jogani:** So likewise on the depreciation bit also depreciation both on a Y-o-Y and a Q-o-Q basis has seen a sharp jump so because you don't have any other capex also so what is this increase with regards to?
- Sanjay Agarwal:** Overall capex we believe should be in the range around INR50 crores to INR60 crores for the full year and depreciation also has been in line with that.
- Gaurav Jogani:** Okay. Thank you that's all from me.

- Moderator:** Thank you. The next question is from the line of Nihal Mahesh Jham from Ambit. Please go ahead
- Nihal Mahesh Jham:** Yes. Sir I have two questions. First was on the Dishwash category while Exo has seen market share gains what explains the market share loss that Pril has seen specifically over the last three years?
- M.R Jyothy:** Sir we have gained in both.
- Nihal Mahesh Jham:** Okay I was referring to the annual report data where at least I see that Peril has gone from 17% to 14%.
- M.R Jyothy:** Yes. We have gained compared to last quarter. The recent quarter we have gained market share both in Exo and Peril.
- Nihal Mahesh Jham:** And if I say compared to three years back where it's looking lower what would explain that?
- M.R Jyothy:** See directionally we are growing that is where I would want to you know. And we are investing for us internally also we are growing in double digits in terms of volume.
- Nihal Mahesh Jham:** Sure. The second question was just to understand the distribution better. The absolute reach for us has been more or less similar at around you know 2.8 to 3 million outlets whereas the direct reach has been increasing. So is the focus ahead to obviously focus more on direct distribution and get more revenue per store that kind of perspective or we are looking at an absolute distribution increase also as we try focusing on new states?
- M.R Jyothy:** See for us direct distribution makes sense but from a future of this thing it will be both direct and indirect as well.
- Nihal Mahesh Jham:** Do we have a specific outlet target for the coming year?
- M.R Jyothy:** We wouldn't want to say that right now.
- Nihal Mahesh Jham:** Fair enough. That was it for my side. Thank you.
- Moderator:** Thank you. The next question is from the line of Amit Purohit from Ellara. Thank you and please go ahead.
- Amit Purohit:** Yes, thank you for the opportunity sir and congrats for good set of numbers. Sir on modern trade what would be the salience of modern trade now versus say 2-3 years back?
- Sanjay Agarwal:** So modern trade and e-commerce business is around 15% of our top line. So that's what it contributes now and it's been growing at a much faster clip.
- Amit Purohit:** And 2-3 years back this number would be what?
- Sanjay Agarwal:** I would say it would be around say 10 odd percent.

- Amit Purohit:** And in other markets I mean basically when I look at the south market is it safe to assume that the entire product portfolio excluding the HI portfolio would be there available in the modern trade in south market and whereas in the non-south market is the entire range available in the modern trade? Is it the right assumption or we are still to build up that?
- Sanjay Agarwal:** Yes, mostly yes, absolutely right.
- Amit Purohit:** So I mean in the non-south market also the entire range is available in modern trade?
- M.R Jyothy:** Correct yes, we are selective that way but yes broadly yes.
- Amit Purohit:** So what is driving modern trade growth is it the new stores expansion in modern trade or how do we think about?
- Sanjay Agarwal:** So it's been a combination of a few things even our there has been certain specific SKUs which we have introduced for the modern trade market which are large packs. Also focus as a team to see that business is doing well as per se e-commerce and modern trade and we have been investing on our A&P spends and which is also gathering the momentum there so like those are the two specific things. We are present across all these brand owner whichever the modern trade players and e-commerce players so I think it's now catching up on the fast growth with us.
- Amit Purohit:** Okay and for lastly I mean south has seen a good amount of rain I mean excess of rain does that actually has any positive or negative impact on any of the category or it is not so relevant in terms of looking.
- Sanjay Agarwal:** I mean it's an annual event I mean every year it happens so it's nothing like anything specific will happen for us on the rains. Yes, monsoons do make a difference for our HI category but southern markets we are not that strong up there, so therefore it remains business as usual Amit.
- Amit Purohit:** Okay, thank you so much.
- Moderator:** Thank you. The next question is from the line of Harish Advani from Investec. Please go ahead.
- Harish Advani:** Hi, good evening. This is Harish from Investec. I just have two or three questions, this reduction in EBIT loss in the HI business is that completely attributable to the exchange between LV and COIL for this quarter? Because obviously the revenue growth has been a bit muted.
- Sanjay Agarwal:** Okay, so is that the only question or you have other questions as well?
- Harish Advani:** I have two three more I can ask them all together if you want.
- Sanjay Agarwal:** Sure. So on HI see the EBIT loss has been lower again it will vary on product mix yes, so LV share has gone up and therefore to some extent the EBIT loss has come down and again this would vary on quarter-to-quarter it depends on the spends which one has done on that category.
- Harish Advani:** Just a broader question on margin, if you look at over a longer term, 2 years, 3 years, 4 years period – the assumption is that HI losses will keep coming down as our mix improves and probably in the next few years, time will not have any of these EBIT losses. As one of the other

participants also mentioned personal care will can probably see an acceleration in profitability from what are you aiming compared to F24 levels given that those levels are a little bit lower so over a 3 years, 4 years period that can go up.

So, over a slightly longer term period, a given fabric and Dishwash would stay in the similar trajectory isn't there enough kind of scope to improve the profitability, overall margin, structure of the business, even from these levels or 17%-odd which you might hang on to for the next 12 months, 15 months?

Sanjay Agarwal: So, is your concern that HI will be running or continue into losses and therefore your margins may be capped here or you are saying that the – I've still not got the main point which you want to ask.

Harish Advani: My point is that HI will not that – will actually become profitable at some point as the mix as you get the optimum mix and you could see margin expansion in personal care also from low levels of 24 over the next 2 years, 3 years so then over a slightly medium to over a slightly longer term, isn't there more scope for margin improvement from current levels of 17%-odd percent over a slightly longer term?

Sanjay Agarwal: Yes, as these things play out, these will be bonus for us HI contributing positive and personal care has been good margin business, and at these levels is when we are making 16%, 17% our guidance, with quarter at 18%, but mathematically yes, if these businesses also start doing much better numbers over a medium term, the margin profile would improve from here.

Harish Advani: I just a couple more smaller things, one was on the pricing, so in absence of change in the pricing structure as you mentioned, there's no real need to tweak pricing now. Would one assume that this minus 2% to minus 3% kind of number would be the case for the balance part of the year as well? Or is it too early to say?

Sanjay Agarwal: Yes. These cuts prices which are taken will remain there for the balance year as well. So there would be a decline to that extent.

Harish Advani: And last thing was on the South, non-South. So South is still about 40% of the business. If I remember correctly, 3 years, 4 years back also, I think this number was fairly similar, not very distant. So again, fair to assume that this growth in the last 3 years, 4 years that you've been continuing to do double-digit in fact more than 3 closes in 5 years. Has been secular in South and non-South since the share is not dramatically shifted -- or am I reading the wrong?

Sanjay Agarwal: Yes. So, it's broadly the same range of 40, 60. 40 South and non-South 60.

Harish Advani: Which is the same case a few years back as well, yes after there?

Sanjay Agarwal: Correct.

Harish Advani: Got it. Those are my questions. I wish you all the best.

Moderator: Thank you very much, the next question is from the line of Vishal Punmiya from YES Securities. Please go ahead.

- Vishal Punmiya:** And congratulations on good volume growth and margin performance this quarter. I actually just have one question. Almost a year back, there was a comment in a media interview regarding the ambition of taking personal care to of 15% mix for the business from the 11%, 12% range. Just wanted a clarity in terms of whether this includes -- any inorganic accretion that you do? Or is it just the organic growth that you are expecting from the segment?
- M.R Jyothy:** See, that's the wish that we want to be. To take from existing 12 to 15 and we'll see all possibilities both organic and inorganic.
- Vishal Punmiya:** Okay, any timeline for that?
- M.R Jyothy:** No, not really.
- Vishal Punmiya:** Okay, that's all for my side. Thank you.
- Moderator:** Thank you very much. The next question is from the line of Vishal Gutka, which is a follow-up question from HDFC Securities. Please go ahead.
- Vishal Gutka:** Yes, thanks. I have just one follow-up question, when you especially expect the aspiration NPDs because apart from a disruptive launch in the liquid detergent side, we are not seeing much. So when should we expect that? Any colour on that? Will be really helpful.
- Sanjay Agarwal:** So Vishal, we've been doing our bit. And in terms of launches, there will be some things -- I mean a market would require a product, we'll definitely launch that. And our organic business, what we are currently doing is also pretty fine. So you will hear more about the NPDs in the coming times.
- Moderator:** Thank you very much. I will now hand over to Mr. Karan Bhuwania from ICICI Securities.
- Karan Bhuwania:** Yes, two questions, one can you share what is the share of liquid, and overall revenue and second also can share the cash and books?
- Sanjay Agarwal:** So, Karan, we couldn't hear you, could you just speak louder.
- Karan Bhuwania:** Yes, can you hear me now?
- Sanjay Agarwal:** yes.
- Karan Bhuwania:** Can you please share what is the share of liquids in your overall revenue, basically liquid detergent liquid resource etc. And secondly what is the cash on the books currently?
- Sanjay Agarwal:** So Karan, as I mentioned to a previous question, difficult for us to give a number for the share of liquid detergent. Liquid has been on a low base, it's growing much faster. The category is doing well. And with our several introductions in Henko, Ujala and now with Morelight. The growth is much faster than the detergents powder, so I'll just rest it there, and the cash balance now is in the range of around INR650-plus crores.
- Karan Bhuwania:** Thank you.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to the management for closing comments.

Sanjay Agarwal: Sure. thank you all for attending the call, and I hope we have answered most of your questions and queries. If you still have any further queries, you can reach out to us, and we'll be happy to address them all. And thank you Karan and the team at ICICI for organizing this conference call and Chorus team. Thank you very much.

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