

To,
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East),
Mumbai – 400 051

July 28, 2022

Scrip Code: JYOTHYLAB

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 023

Scrip Code: 532926

Dear Sirs,

Sub: Transcript of the earnings conference call for the quarter ended June 30, 2022

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 Monday, July 25, 2022 for analyst/ investors to discuss the Un-audited Financial Results for the quarter ended June 30, 2022 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 same on your record and display the same on website of the Stock Exchange.

Thanking you,

Yours faithfully,

For Jyothy Labs Limited

Shreyas
Parag Trivedi

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“Jyothy Labs Limited
Q1 FY2023 Earnings Conference Call”

July 25, 2022



ANALYST:

MR. MANOJ MENON – ICICI SECURITIES

MANAGEMENT:

**MS. M. R. JYOTHY – MANAGING DIRECTOR –
JYOTHY LABS LIMITED
MR. SANJAY AGARWAL – CHIEF FINANCIAL
OFFICER - JYOTHY LABS LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Jyothy Labs Limited Q1 FY2023 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 call, 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 Limited. Thank you and over to you Sir!

Manoj Menon: Hi! Everyone, a wonderful good morning, afternoon, good evening to you depending on the part of the world you are joining this call for. At ISEC it is our absolute pleasure to host once again the management of Jyothy Labs Results for the Q1 FY2023 results conference call. At ISEC we continue to have a constructive view on Jyothy Labs business and on the stock and the results which were reported couple of hours back in our opinion has been top of the street. Welcoming M. R. Jyothy - Managing Director and Sanjay Agarwal – CFO to the call. Over to the management please. Thank you.

Sanjay Agarwal: Thank you Manoj and good afternoon everyone and welcome to the conference call of Jyothy Labs. We will be discussing the performance of the company for June quarter 2022 with all of you and we will follow it by question and answer session. Overall, we had a good quarter. We continued to have healthy double digit top line growth. This quarter we had for 13.7% and even if you look it on two year CAGR basis we grew by 17.5 and on three year basis at 12.2%. If we look at this for this quarter ex HI business our business has grown by 21.8% so overall to sum it up as a good quarter. We have been able to strengthen our core business with focus on distribution and brand investment and this is in spite of the quarter witnessing high inflationary pressure on the household budget and overall economic challenge post COVID.

Specific things for our business, we see our consumer franchise getting stronger by every quarter. We have consistently been able to strengthen our market share across our brands. It confirms our optimism that there is immense potential for all our brands. This quarter particularly as we have all witnessed hot summers with record temperature hence demand for main wash, post wash and soaps saw good demand. While due to this extreme weather condition in our core market of north and east we have seen impact on our HI business.

Our profitability has got impacted due to continuing or persistent input cost inflation across our product category of fabric, dish wash, and personal care. The impact is higher in our business since 2/3 of our portfolio consumes key raw materials like labsa, soda ash, palm oil which have increased by at least 40 to 50% in the last one year. However, as we speak we believe on margin front more or less we have bottomed out and with initial signs of softening of commodity prices, H2 margins should be sequentially better given the current slide in the commodity prices. Successive price increases which we have to take have been impacting the volumes however to some extent we are insulated on the demand as our product portfolio is more essential of detergent and dish wash, day to day household consumption, hence overall we are witnessing a

stable consumer demand across India. Both urban and rural continue to do well and we will continue to focus on rural as we believe that is giving us a sustainable advantage.

We have been focusing on adding rural stockist, van operation so the growth is more distribution led and more sustainable growth for us. We are focusing on distribution and brand investment because we see an immense potential in our products. With building scale leveraging on all the growth opportunities we are able to get a larger consumer base, gaining market share and strengthening our positions in lot of geographies where we see our potential to gain further market share.

To share some of the facts for Jyothy's portfolio, our input prices have increased by 14% as a percentage to turnover over previous year. We have mitigated the same with 8 to 9% price increases across our portfolio and balance has impacted our margins.

Moving on to the category performances fabric care is doing well 38% growth this quarter. Our distribution drive has helped in the growth of detergent brands. In this segment we have witnessed good demand uptake for out of home categories post opening up in large format stores of modern trade, CSD and e-commerce.

Also as we have expanded our distribution network to a million retail outlets. We have put extra focus on sales of our existing economy or mid price detergent brands of Mr. White and More Light which have delivered high growth momentum.

In Ujala fabric whitener we have launched a new media campaign starting superstar Taapsee Pannu and digital campaigns have also been rolled out across the social media platforms which have again helped us to get sales back to pre COVID levels in fabric whitener.

In main wash all our detergent brands at premium end like Henko Power Matic and liquid all are doing well and we also see a good demand for mid priced brands of Ujala IDD, Mr. White, More Light during the inflationary times.

Moving on to our next category of dish water category both Exo and Pril continue to do well with near double digit growth for this quarter. Even if you look at our three year CAGR basis it is a good healthy 15% growth. Dish water category has under penetration and our consistent drive and higher offtake of the LUP which is driving the penetration and which has helped the brand to reach out to new consumers and hence growing at a faster pace. Given the potential we have been continuing our media investment in brands with few high impact properties which we have signed up is helping us to accelerate sales on a pan India basis.

In HI segment we witnessed extreme weather condition as I spoke earlier, our strong market of north and east India have been impacted. The temperature has been really high. Both these north and east account for 75% of our sales and these are big markets for us. We have a higher market share there and because of this extreme weather, the impact has been more for us this quarter resulting in negative growth however if we look at three year CAGR basis the revenue growth is

20% and our market shares have improved both in coils and liquid is back to 10% so overall a very positive momentum for us in HI category.

Also when we look at HI this quarter number if we analyze more in deep there was a higher base in Q1 FY2022 and sales primarily fluctuate between Q4 and Q1 of each financial year. Even on Jan-June basis we look at it on a three year basis it is positive in spite of the seasonal impact hence our growth outlook is positive on the HI category.

Finally our personal care segment which is primarily a Margo franchise, a lot of groundwork or activities are under way to celebrate our 100 years of Margo advocating the natural benefit of neem and that is doing well. This category has seen frequent price increases due to higher input prices however as you know we are witnessing palm oil prices are now being softening. We expect the margin profile for this category will improve from here on so.

In summary we continue to focus on volume led growth which we have demonstrated for the last 8 to 9 quarters and achieving a higher scale of our business. We will focus on investment towards strategic brand building and direct distribution which is a critical source of competitive advantage and barrier of entry. We believe we have a headroom for market share gains in most of the categories in which we are present and hence we will continue to focus and sustain our growth. On the margin front we expect that with the softening of commodity prices of crude oil, palm oil in specific and others it should reduce the inflationary impact and with the normal monsoon and government welfare measures we believe consumption should pickup and it should gain to our overall growth momentum for us to deliver double digit growth in the next few quarters as well. So with this I finish my opening remarks. We are happy to answer any questions and clarifications you all may have. Thank you very much.

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

Vishal Gutka: Hi team Vishal here. I have two questions first on HI category for liquids your market share has moved up significantly just wanted to understand from where this market share gains are coming and secondly overall segment revenue declined by 38% and it seems that growth for liquid segment should have been much better given the market share gains present in urban areas so any colour on that will be really helpful. Second question is on the fabric segment marketer highlighted that they had seen high single digit volume growth during this quarter and plus they have also gained some market share. You also made very strong roads in the quarter I just wanted to understand more about industry growth. Is it the smaller players who are losing out because their inability to manage the RM index and over and above any colour on matic and liquid detergent will be really helpful because although you are on very lower base but that is a segment we are seeing much faster growth and last question was volume growth for the quarter any colour on that what is the volume growth for the quarter will be really helpful.

M. R. Jyothy: On the HI segments. We have gained on our LVs which is the liquid format we have gained overall but the growth has not been there because of the extreme heat. Our strong market are north and east and what has happened is overall the category has not done really well in this quarter owing to seasonal changes as our strong markets are the north which is the Punjab Haryana all of those. Fabric segment if you see as a category it is a flat category. Now giving you a perspective on the liquid and the powder categories, we have launched liquid Ujala and Henko Matic both are in the south right now and also on the e-com channels. We are witnessing a good acceptance by the consumers there and we are seeing shift especially in the matic category from the powder to liquid which is as of now kind of growing at 40%.

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

Percy Panthaki: Hi I was looking at your segmental growth and all of the categories have done well except for personal care where the three year CAGR is only 5% in fact in most companies this soaps division actually has seen a very good growth because it has seen fair degree of price increases. In fact price increase in soaps have been higher than what they have been in most other FMCG segments so despite this only 5% and let us say even if we have not taken price increases as much as the competition, but still there would be a fair amount of price increase so just wanted to understand what is the reason behind this market share loss in soaps.

M. R. Jyothy: It is not market share loss. We have grown. The only thing is we have taken lot of price increases and It is the price increases which has affected the volumes.

Percy Panthaki: Madam I am talking about in value terms growth only so if there is a price increase actually in most FMCG companies that adds to the overall value growth.

M. R. Jyothy: We also had the sanitizer and the hand wash got added in the last two years because of the pandemic and people have taken it they have come out of it more and less and we see a kind of decline or rather not as much acceptance it was in the past and hence you see a degrowth or rather kind of flattish growth on those segments.

Percy Panthaki: That is not figure in the three year CAGR but anyways let me take this offline. Secondly on Pril in your annual report also you have given market share for Pril across three years and there is a declining market share there so while you have done very well in Exo with market share increasing, Pril market share have been weak so can you tell us what are the actions you are taking to gain back that market share.

M. R. Jyothy: So we were predominantly doing well in the large pack segment and our focus has been now increasingly on the smaller type segments to increase the penetration and the focus is more on the lower pack segments here and that is why we are seeing a shift or increase in market share.

Percy Panthaki: Okay understood and lastly if you can give us some idea on what are your plans to restore margins before this cost inflation struck we were at around 16% margins now we are down to

10% and are we just relying solely on the commodity cost to come down or is there any other plan apart from that because of the commodity cost may not come down.

Sanjay Agarwal: So Percy very good question. See there will be pricing actions which we have taken say in April, May, June broadly around 1.5 to 2% of the total portfolio value so while we have taken some pricing actions which should help as we move along. Second is we hope and what we have seen already in the palm oil prices already coming down significantly. Now in this quarter if you see on the personal care side, broadly from 12 odd Crores of EBIT it has come to 2 to 3 Crores of EBIT so around 8 to 10 Crores of loss has happened just because of one particular product. Since input prices have come down significantly then we should definitely see an improvement there. This quarter because of the HI being impacted significantly because of the lower fixed absorption, the loss in the HI category has been higher so I think bunch of these multiple levers I would say gives us the confidence that from H2 onwards the margin profile should be sequentially improving and maybe end of H2 we should be back to our earlier margin profile of 15 to 16%.

Percy Panthaki: Okay that is all from my side. Thanks and all the best.

Moderator: Thank you. The next question is from the line of Selvamuthukumar, an Individual Investor. Please go ahead.

Selvamuthukumar: Just if you could let me know about market share they are improving in Mr. White Segment. Can you throw some colour what is the present capacity relation compared to pre COVID level and present level and last and final question will be regarding how much cash we have available, any possible near term acquisition is possible. Can you throw some colour.

Sanjay Agarwal: Sir we do not give capacity of any individual brands. Overall as a company we have 22 factories and we are operating at 65% capacity utilization at this point of time.

Selvamuthukumar: Okay compared to pre COVID level it is same or we are slow.

Sanjay Agarwal: No we are now back to pre COVID numbers.

Selvamuthukumar: Okay what about cash position available.

Sanjay Agarwal: we have a cash position a net cash of around 80 odd Crores as of June 30th.

Selvamuthukumar: Okay thanks a lot.

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

Harit Kapoor: Hi good evening so in your presentation you have mentioned in the category highlight that there has been an extensive distribution which is extension distribution rise for all the detergent brand

so can you give just more sense on across the detergent portfolio where this expansion has happened on distribution maybe brand wise or how you want to answer that.

M. R. Jyothy: So on detergents we have brands like Henko. We have More Light, Mr. White, and Ujala IDD. Ujala right now sells in Kerala and Tamil Nadu and we had extended it to West Bengal about six months back and More Light and Mr. White are the brands that are seeing the momentum right now. They were initially there in one or two states as such and we are seeing lot of geographical expansion and acceptance also from the consumer so hence these two brands are growing.

Harit Kapoor: Any sense on numbers in terms of what the distribution was for these two brands in the percentage of your total distribution and what it is now or what could be a targeted number any sense on that.

Sanjay Agarwal: So Harit I think it is not fair to give specifics of brand wise distribution. Overall as you know the distribution has been expanding on a pan India basis and we will continuously keep doing that and the results of what we are seeing on a full year or quarter basis is what we have seen in fabric care where some of the brands have grown substantially on a pan India basis.

Harit Kapoor: And Sanjay what is the level of distribution?

Sanjay Agarwal: We are now at around a million on direct reach basis which we have crossed in March itself.

Harit Kapoor: Perfect. The second thing was on the incremental price increases so you said you put it about another 2% in quarter one, anything else which has been affected in quarter two thus far. In terms of pricing I understand incrementally you may not want to take it up but July, August anything in pipe which already you have gone through depending on what competition etc is done.

Sanjay Agarwal: Whatever competitive requirements are definitely we will do that, but difficult to predict for now. As of now we are only predicting that we should get some softening of the input prices and it obviously comes with a lag of quarter with the raw material already there in the basket so hopefully the impact what we have seen or the price increases which we have taken Q1, some partial benefit we have get hopefully in Q2.

Harit Kapoor: So July incremental we have not done anything new is what you are saying.

Sanjay Agarwal: Not really.

Harit Kapoor: Okay and last thing is on the Margo, I think earlier participant also asked a question so you are seeing the impact on Margo is more to do with a fact that because in the hygiene growth kind of came out and that impacted the numbers in the volume side.

M. R. Jyothy: Also frequent price.

Sanjay Agarwal: Yes that is right.

- Harit Kapoor:** Got it. Okay that is it for me. Thanks
- Moderator:** Thank you. Our next question is from the line of Gaurav Jogani from Axis Capital. Please go ahead.
- Gaurav Jogani:** Thank you for the opportunity and congrats on good set of numbers. Sir my first question is with regards to where we added benefit that is expected to come with lowering of the RM prices but you know your charge does show even in the July month if you compare Y-O-Y basis some of the RM has been inflationary driven to an extent so do you expect these are incremental insights on the margin versus Q1 to Q2 and then the softening to come in Q3 or the margin impact has brought up in Q1 itself and we should incremental in Q2.
- Sanjay Agarwal:** yes, the softening of prices should sustain for a period of time.
- Gaurav Jogani:** Okay and Sir one book keeping question in other two segment. The other income this quarter seems to be particularly high with 5 to 6 odd Crores this seems to be higher so any one of there and also on tax period you have seen possibly a guidance to 2023 full year and 2024 full year.
- Sanjay Agarwal:** Other Income for the quarter includes a sale of our Bhuvaneshwar factory which leads to a gain of 8.8 Crores and on the tax we continue to be on the MAT, you can presume 17 to 18% for the full year for 2023 and 2024 as well.
- Gaurav Jogani:** Sorry 17 to 18% right.
- Sanjay Agarwal:** Yes Sir.
- Gaurav Jogani:** Okay thank you so much.
- Moderator:** Thank you. The next question is from the line of Pavas Pethia from ENAM AMC. Please go ahead.
- Pavas Pethia:** Hi team. I have a question regarding your HI business. I am not concerned about your recent quarter but when I look at the longer term trajectory we are being hardly profitable over 5 years, 7 years, 8 years and it is not like that. We have kind of leadership position her us distant second but still second so what more we can do here to turnaround the business or it is something which we can have look of divesting end perhaps concentrating more on personal and home care.
- Sanjay Agarwal:** This is a business which has a long term value. This is a business where we have leadership position. It is a large category. Unfortunately it has a seasonal impact. This business in only 10 to 15% of our total portfolio and we are focusing on profitability and we are going in the right direction. We are seeing the result, it is to move on to the liquid side business and our all India market share has now reached to 10% so we will have to be patient in this business and we believe that once our mix of coil to liquid becomes 50:50. I mean currently we are at 30-35% liquid. If it touches 50% over next few years this will be a good profitable business for us.

- Pavas Pethia:** But is there any timeline for this turnaround to happen.
- Sanjay Agarwal:** Sir we expect that our liquid share should improve. The mix should improve in the next 2 to 3 years and then it should be a good cash flows from the overall HI business. In the past again we have said that since we have been over investing on the liquid side of it if we look at the business, pre media spent we have been cash positive and since we would like to invest behind the brand with Rajkumar Rao as our brand ambassador. we are seeing the results of market share improving quite a lot over the last few years.
- Pavas Pethia:** Okay and is it necessary to have both coil and liquid in the product portfolio and can we look at partial divestment.
- Sanjay Agarwal:** This is a business where we are known as Maxo Coil Company in East of India. Over period of time as electrification happens, these same coil consumers will move to electric or to liquid side of it so it is not either or situation. We will have to work on both the categories or sub categories of HI.
- Pavas Pethia:** Okay thanks. That is all from my side.
- Moderator:** Thank you. The next question is from the line of Tejas Shah from Spark Capital. Please go ahead.
- Tejas Shah:** Hi thanks for the opportunity. Couple of questions from my side. Sir first question pertains to now that we have created an e-commerce channel, so what percentage of our current revenue is coming from this two channels. I will come back in the queue.
- Moderator:** Thank you. The next question is from the line of Avnesh Roy from Edelweiss. Please go ahead.
- Avnesh Roy:** Hi thanks. I have a question on HI again so essentially in Q2 also the season seems to be a bit challenging in most of the countries you have seen high rainfall and UP, Bihar, Jharkhand, Bengal etc are big deficit also both of which are not good from HI demand perspective so would you say Q2 also is looking tough for the category.
- M. R. Jyothy:** So initially yes. We are hoping for good rainfall to happen but it has been evading north and east. As you rightly said Bihar is almost on the verge of declaring a drought so we are certainly experiencing fully by August, September if things improve it should see some positive changes.
- Avnesh Roy:** Right. My second question is on quick commerce and e-commerce. So we have seen quick commerce emerge as a very good opportunity in some of the FMCG categories. How relevant is this to your category and if you could talk about the tie ups anything different you are seeing here verus the broader e-commerce and this year do you see modern trade picking some shares from e-commerce because people are now back to malls etc.
- M. R. Jyothy:** Yes so we are seeing growth both at the retail and e-com segment as well and both have been healthy and both are growing at healthy double digit growth.

- Avnesh Roy:** My question was on quick commerce, 10 minutes, 20 minutes is it relevant to your category.
- M. R. Jyothy:** 10 minutes frankly I think people have kind of understood that 10 minutes delivery is not a thing. See for a housewife as I understand the consumer they do a list of things to order and I do not think anything which is delivered in a 10 minute thing is what the consumer is really preferring unless there is something urgent there is something that get over fast that is when mainly in food or items like that is where the 10 minute delivery comes in, not so much so in our segment.
- Avnesh Roy:** And last question on the powder to liquid disruption which some of the other players are doing in hand wash. Do you think that has become big over medium to long term and is Jyothy also working on some of the categories in terms of this kind of disruption.
- M. R. Jyothy:** We will see how the market is trending and then take a call frankly. We have our own opinions on that which we would not comment on right now.
- Avnesh Roy:** Okay that is all from my side. Thank you.
- Moderator:** Thank you. The next question is from the line of Shreya Sharma an Individual Investor. Please go ahead.
- Shreya Sharma:** Hi thank you for the opportunity. My question is on your margins for the dish water segment. They have sequentially improved and also there is an improvement in your market share so any colour on that.
- Sanjay Agarwal:** It is a good thing somewhere the margins are looking good. Yes we have taken lot of effort and both the Pril and Exo has worked well. For this quarter around 8 to 9% has been the pricing growth and 2 to 3% has been the volume growth so we continuously keep investing into it. There have been much of price increases, grammage reduction, focus on LUPs almost those things have worked well for us.
- Shreya Sharma:** Thank you and any colour on the volume growth on the fabric care segment.
- Sanjay Agarwal:** On fabric care volume growth has been good. Broadly if you look at it 14 to 15% has been the price increases in this category and the balance has been on the volume growth.
- Shreya Sharma:** Thank you Sir.
- Moderator:** Thank you. The next question is from the line of Naysar Parikh from Native Capital. Please go ahead.
- Naysar Parikh:** Hi. Thanks for the opportunity. According to the mix between rural, urban and on the rural side what is the volume value growth are you seeing, so you can just talk about the demand outlook between the two.

- Sanjay Agarwal:** So I think if you look at in on rural market obviously it is more LUP driven market and the volumes do get impacted by the when the prices of the product improve significantly but that is market which we have to keep investing into it, urban is doing better, modern trade and e-commerce large sec are doing good so it is mix of both stories where will have to keep focusing on both market and there is revival of consumption or demand in rural India also. Most part of India if the monsoon are doing good overall all the government measures have helped the rural economy so we look at both the urban and rural as growth markets for us and we have mix of our products or brand which cater to both the geographies.
- Naysar Parikh:** And what will be the volume decline in rural area.
- Sanjay Agarwal:** There is no volume decline. In both the markets we have seen a positive growth only.
- Naysar Parikh:** And my second question is on personal care segment. What is the near term plan on the segment in terms of the product and obviously there are multiple things which are possible, is there plan to launch any new sub brands or new products with categories within this portfolio given obviously to more profitable portfolio generally for some of the players.
- Sanjay Agarwal:** I think innovation keep happening and they continuously happen as and when there is consumer demand and we will keep doing those activities across categories. We have some plans in personal care as well and we will let you know on the right time.
- Naysar Parikh:** Thank you.
- Moderator:** Thank you. The next question is from the line of Abhijeet Kundu from Antique Stock Broking. Please go ahead.
- Abhijeet Kundu:** Hi good evening so my question was on the margins in fabric care. We have taken price hikes but there has been good amount of impact on margins, has it been due to lower than required price hike taken in Ujala fabric whitener or across the board for everything. Because Ujala fabric whitener is one of your most profitable product and it is more rural focused. Has there been decline in margins the reason is due to Ujala fabric whitener or it across the portfolio less than effective prices have been taken, required price hikes.
- Sanjay Agarwal:** So Sir across portfolio we have taken the price hike as the competitive market allows us to take which I am saying is on the main wash. On the post wash since we own the category we have taken price hikes as required so there is no delay from our end to take the price hikes. However as you know both the soda ash and labsa prices have been on tearing rise and therefore the fabric care brand category has seen a margin decline which we hope in next few quarters if things improve we should be able to increase our margin there and when I speak about April to June quarter when we have taken prices increases yes there have been more in the fabric care category so overall we should be in good margin profile in the next few quarters.

- Abhijeet Kundu:** So essentially as you heard earlier also alluded to if raw material prices remain at the current level so going ahead with the prices already taken you should ideally then see a sequential improvement in margin starting from Q2.
- Sanjay Agarwal:** Yes you are right.
- Abhijeet Kundu:** Got it. Thanks. That is it from my side.
- Moderator:** Thank you. The next question is from the line of Tejas Shah from Spark Capital. Please go ahead.
- Tejas Shah:** Thanks again. So my first question pertains to modern trade and e-commerce what percentage of our current revenue not the quarterly but overall revenue trailing 12 months is coming from modern trade and e-commerce interns of market which of our brands portfolio is hiring next in terms of market share in modern trade versus general trade.
- Sanjay Agarwal:** So modern trade and e-commerce collectively contribute around 10 to 12% of our total portfolio and market share if you are comparing in MT to GT it will depend on each brand to brand but overall we have kept parity on our market share and never trying to go over indexing on our market share in modern trade just to get some quick large pack sales and stuff like that. We always keep a good mix in both GT and MT and that is working well.
- Tejas Shah:** Sanjay the question was actually on specific brands only. Which brands are faring better versus GT on MT within our portfolio.
- Sanjay Agarwal:** It has been more in dish wash which is Exo and Pril and some of the premium brands of fabric care which is Henko.
- Tejas Shah:** And are they gaining market share in last two to three years in modern trade at least.
- Sanjay Agarwal:** Yes Sir.
- Tejas Shah:** Second question is for Miss Jyothy. Madam since you have took over it has been one crisis after another and you started with lot of initiatives to make changes in sales that we way or route to market efficiencies for rates and all so where are we of this parallel initiatives which obviously would have got muffled because of all the prices that we are seeing paralely playing out on the macro front.
- M. R. Jyothy:** So all the initiatives are in place and I have a good team who are actually making things happen and we are very positive of the future that is ahead of us. These are all crisis I think it will come and go. We are very much optimistic. We are adding one brick everyday and hopefully you see a better picture in the future.
- Tejas Shah:** Madam if you can elaborate a bit more on the initiatives.

- M. R. Jyothy:** Yes one is on distribution, second is technology backed distribution, investment on the brands and few innovations in the pipeline, all of these put together should definitely add to our existing strength.
- Tejas Shah:** And have we added some team strength to achieve this objectives or is it the sales team we are actually trying to achieve all this.
- M. R. Jyothy:** It is the same team that will continue.
- Tejas Shah:** Okay. That is all from my side. Thank you and all the best.
- Moderator:** The next question is from the line of Senthil Manikandan from Ithought PMS. Please go ahead Sir.
- Senthil Manikandan:** Hi thanks for the opportunity. My first question is on how private labels will impact our category. Which are the categories impact the private labels and my second question is on distribution on the fabric. In your growth initiative strategy of outline how much you have achieved and how much is pending particularly from the distribution point of view thanks. Second question is on fabric side what is the potential of distribution expansion that can happen over the next two to three years.
- M. R. Jyothy:** On that we have few brands in select geographies so the thing is we are taking each geographic expansion of each of these brands. In the future you will all those growth coming in. We have pockets of strength and we have certain brands in certain markets like Kerala, Tamil Nadu. We would be expanding it in the other geographies of India.
- Senthil Manikandan:** My first question was on the impact of private labels on our different categories.
- M. R. Jyothy:** So private label frankly as of now there is no impact and private labels were there before as well. Before they have already existed but there has not been any specific impact and our market shares are intact as of now and we do not see that affecting much in the future because I believe in brand and consumers also kind of believe in certain brands. They trust certain brands so I believe if it all it will but it would not be kind of threat to many of the branded players.
- Senthil Manikandan:** Okay and just last question. In the previous call you had mentioned that overall our distribution rates have crossed one million retail outlet and you mentioned that targets should reach the industry benchmark so if you can point out what is the industry benchmark that you are trying for overall distribution side.
- M. R. Jyothy:** Yes we have that industry benchmark with us. We would not want to comment anything on that. We are putting all our efforts on increasing the retail coverage but would not want to specific anything here.
- Senthil Manikandan:** Okay Madam thanks a lot.

Moderator: Thank you. As there are no further questions we have reached the end of question and answer session. I would now like to hand the conference over to the management for the closing comments.

Sanjay Agarwal: Thank you every one. Thanks for asking all these questions and going through presentation and having a discussion with us this afternoon. We will look forward for any further questions and clarifications you require and look forward to catching up with you next quarter again. Thank you very much.

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