May 17, 2024

To,

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 023
BSE Code: 532926

National Stock Exchange of India Limited
Exchange Plaza, Bandra – Kurla Complex,
Bandra (E), Mumbai – 400 051
Scrip Code: JYOTHYLAB

Dear Sirs,

Sub: Transcript of the earnings conference call for the quarter and year ended March 31, 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 Wednesday, May 15, 2024 for analyst/ investors to discuss the Audited Financial Results for the quarter and year ended March 31, 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 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
Digitally signed by SHREYAS PARAG TRIVEDI
Date: 2024.05.17 21:06:34 +05'30'
Shreyas Trivedi
Head – Legal & Company Secretary

Encl.: As above

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"Jyothy Labs Limited

Q4 FY'24 Earnings Conference Call"

May 15, 2024

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

MODERATOR: MR. MANOJ MENON – ICICI SECURITIES

Moderator: Ladies and gentlemen, good day, and welcome to Jyothy Labs Q4 FY'24 Earnings Conference Call hosted by ICIC 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 Mr. Manoj Menon from ICICI Securities. Thank you, and over to you, sir.

Manoj Menon: Hi, everyone. As always, at ICICI Securities, it's our absolute pleasure to host the management of Jyothy Labs for the Results Conference Call. The company is represented by Ms. M.R. Jyothy, Chairperson and Managing Director; and Mr. Sanjay Agarwal, Chief Financial Officer.

Before I hand over the mic to the management for the opening remarks and further Q&A proceedings, I want to congratulate M.R. Jyothy for the reappointment and also as the designation as the Chairperson and MD. Thank you.

Sanjay Agarwal: Thank you, Manoj, and good afternoon, everyone. We all welcome you to the conference call of Jyothy Labs. We'll be discussing our performance for the company for March Quarter and for the Full Year ended March 31, 2024, with all of you followed by a question-and-answer session.

So a quick snapshot of the results. I'm sure all of you must have had a glance of it. We have delivered a top line growth of 7% for the March quarter and 10.9% for the full year FY'24. In terms of the volume growth, volume growth for the quarter is 7.2% and for the full year is 9%. We continue to deliver healthy performance with double-digit revenue growth for this year and also on a two-year and a three-year CAGR basis.

EBITDA margin for the year stands at 17.4% versus 12.7% for the previous year. Also, our net profit for the year has grown by 54% and stands at INR369 crores, our highest yearly profit. So good profitability and performance. For the quarter as well as for the year, we have increased our A&P spends significantly by 30% and we believe that this constant investment in our business is giving us the strength to service our consumers and provide a sustainable growth for years to come. So that's a key pillar, which we want to keep investing for the future.

Similarly, at the balance sheet level, two key metrics. Our working capital is at five days versus 13 days last year, which demonstrates an efficient operation and also cash and bank balance at INR618 crores. So a strong balance sheet will help substantially in our future growth. And Board has also proposed a final dividend of INR3.5 per share, which is subject to the approval of the shareholders.

Talking about some of the other qualitative factors. During the year, we have been focusing on enhancing our direct distribution reach. So now we have surpassed -- we were at 1.1 million outlets till last year. Our direct reach is now at 1.2 million retail outlets. We've been focusing on new launches. So prominent ones have been on the liquid side, liquid detergent, and Margo Neem Naturals during the year, also increasing our engagement with consumers thereby strengthening our core business. And as we move along, our focus has been and will be towards more digital acceleration, which will further enhance our sales productivity and consumer engagements.

In terms of category performance, Fabric Care is doing well with 10% growth this quarter and for the full year, it's 12.6%. We continue to witness healthy growth in our Fabric Care portfolio and also keeping a sharp focus on delivering value in the main wash detergent brands.

There's also a good traction in liquid detergent category and our key liquid detergent brand, Henko and Ujala, both have shown good growth. Similarly, our expanded distribution is helping us in faster growth and expansion across all product lines, including our mid-price detergent brand, which is More Light and Mr. White.

Our Dishwash category, that sales have increased by 6% for the quarter and for the full year, it's grown by 8.3%. We continue to enhance the brand equity of both Exo and Pril by driving LUPs, doing more digital awareness, ground activations. Given the untapped potential of this category, we have done some SKU mix realignment based on the consumer feedback and competitive actions. So, very positive to strive for higher growth in future as well.

In HI segment, our sales there's a decline by 9.8% for the quarter. However, the full year, it's a flat growth. And the reason for this particular quarter decline has been primarily because of seasonality impact. in our core markets of North and East of India, there's been an extended winter season. So that had given this decline But as you all know, our efforts have been more driven towards a liquid portfolio and brand investment with Superstar Kareena Kapoor endorsing the brand. we are trying to focus on a key market, emphasizing the unique automatic feature of our Maxo Machine, which will drive the long-term success for our category and for the Maxo brand.

Finally, for our Personal Care sales have increased by 18% for the quarter and 21% for the full year. Our Neem-based Margo soap with its natural benefit proposition has been delivering a robust performance. Both our base variant and the new variants, which we have launched are doing well. And with the higher growth in our Personal Care portfolio, it's a very positive outcome for us as it enhances the premium or the higher margin products in our overall portfolio at the company level.

So with that, just to summarize, we'll continue to focus on volume-led top line growth. Considering our growth aspirations, we'll endeavour to have higher allocation of our resources towards brand building initiatives and also continue to expand our direct reach distribution with the aid of technology.

For FY'24-'25, we are expecting healthy growth. And one of the things which have been slightly an issue was on the rural market. So now we see there's a gradual improvement or pickup in the rural market and the slowdown seems to be now bottoming out. So hence, overall, macro looks positive. We'll also be focusing on gaining our market share across categories. So this will enable us to build a higher scale for our business.

With this, I finish my opening remarks. We are 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. First question is from the line of Vishal Gutka from HDFC Securities. Please go ahead.

Vishal Gutka: Yes. Hi, team. Congrats on a good set of numbers. I have three questions. First, with regards to detergent. As of now what is the share of liquid within the overall pie? I know it is a little bit on the lower side. And what are you doing to increase the share that one of your competitors is planning to launch value for money liquid detergents, so any plans of launching -- giving more value to customers by launching at a disruptive price point?

Second question is on the soaps. So margins for the soap category has come off in a very significant manner. I believe that you're investing to drive sales given that aggressive A&P investment will occur. By when we expect the margins to normalize in the soaps category? And a third question on the DMS, distributor management system. In the presentation, you highlighted that you have installed new DMS. Can you please throw some light what is exactly the new DMS all about? Thank you.

M R Jyothy: So the liquid detergents for us, yes, it's a small contribution but the category is growing, and it's on both the brands that is Henko and Ujala, both have been accepted very well. Henko is on the premium side, Ujala is more on the mid-premium value for money brand. And both are doing well, good acceptance in modern trade, e-comm and also in the general trade. So far, doing well. Yes, it's a small percentage for now, but we see in the coming future that the category is growing well, and which will also, in turn, grow well for us.

Now value for money, you asked in terms of competition. Well, you will see something in the future. And we'll be very price competitive in both, be it in any segment and the quality of the product will be much ahead of what the competition is because we always believe in delighting the consumers for the money, they pay in whichever the segment that is. So that's on liquid detergents.

On Margo, yes, we had a variant launch last year. We had introduced 3 new variants, and we had to drive a lot of investments behind establishing those variants. And if you see the Personal Care, for us Margo as a thing has done really well and both the base and the variants have done well, and we have invested behind both the brands in both the segments. So that is why you see a bit of margin compression there. But otherwise, will do well on the Personal Care as such.

DMS, yes, we had Adaar which is a different distribution management system, we have shifted to Botree which is little more accepted in the industry and implementing that has been done in the previous year. And this year, we'll reap benefits of implementing that. It's much more robust as a system. So we'll see much more benefits coming out of that.

Vishal Gutka: Great. Just last one question from my side. On the NPD, I think last 2, 3 years, have a lull period for NPD, apart from creation of few detergent brands that we have. So any plans of launching new NPDs in FY '24 and newer categories into '25?

M R Jyothy: Yes. We have a few in pipeline, but you'll come to know as and when we launch it. It will be too early to say right now, but we do have many NPDs lined up.

Moderator: Thank you. The next question is from the line of Manoj Menon from ICICI Securities. Please go-ahead sir.

Manoj Menon: Sorry, I had muted it. Sorry for that. Yes, so 2 clarifications from my side. One on the ad spend increase, which is quite pleasing to see but some granularity if you can offer in terms of how much of this is actually for NPD and, let's say, building something for the future. But how much of this is, let's say, a relative competitive intensity or share of -- share of market related aspects. So that's one.

M R Jyothy: Yes. So Manoj, when you say new launches, we definitely want to back it by investment. So if it is a new launch, we would end up spending a little more than the regular assets. And the rest of them is on a continuous regular investment that happen. I can't put a number right now for you. But any launch will have the more intensity. And we don't want to play the share of voice game there. We would want to back it by consistent investment. We have many brands to support, and we have more celebrities on most of the brands that we have. We believe that the visibility and with a good reason to buy, I think that will be better for our brands for now.

Manoj Menon: Fairly clear. On the second aspect is on the distribution expansion. I did hear the commentary about the numeric distribution expansion aspect. But some more color in terms of -- let's say, because you have been on this journey over the last few years and has been our learning with which geography has kind of supported this and which one possibly hasn't. And more importantly, for those outlets which you would have reached for the first time in the last, let's say, 12 or 24 months, what is the incremental possibility of line selling with selling, et cetera, which you see? And any quantification which you can provide either the past or the future?

M R Jyothy: See, Manoj, I don't want to quantify anything. Yes, we started the journey a couple of years back, and we'll continue the journey. So it's not it's an ongoing thing. You would like to recruit more retail outlets into this thing. And when we recruit, it doesn't mean that immediately you get the thing. We start with the brands that are what do you say, help us get entry into those new outlets, which starts from an LUP, and it depends on the kind of market where we are -- also, if it is rural, it's a different thing altogether. The approach is different depending on the market. But we see that these new outlets will become the going forward, this will start generating more and more revenue for us.

Manoj Menon: Fair enough. There be one small clarification. If let's say, the contribution to your overall volume throughput from the distribution vertical or rather, let's say, the digital vector, right, in FY '24. Would it be x or 1.1x or 0.9x, how do we think about that, let's say, for the next 2, 3 years?

M R Jyothy: Come again?

Manoj Menon: I suppose, let's say, your overall growth of X which on the distribution which has given you a certain rate of growth. Do you think that similar rates of growth are possible for the next 2 years also?

M R Jyothy: Yes, it should be. We also have new product launches. We have so existing retail that we have grown. Those become a pipeline for us for the future, new set of launches, new set of -- see, Manoj also know that some of the brands for us has some regional in a certain geography. There some of the brands. But these things that we are doing is for from a future perspective as well. So where we nurture these retail outlets, those outlets will become tomorrow's business for us. So for us the current and the new will happen parallelly. So I hope I'm clear on that.

Moderator: Thank you. The next question is from the line of Rishi Kothari from PI Square Investments. Please go ahead.

Rishi Kothari: I wanted to know what exactly are we doing in terms of and different from our competitors in terms of the like a dealer or any specific store in decision products? How we are different from the early so part it part data that we are providing to our competitors compared to competitors?

Sanjay Agarwal: So unfortunately, the line is bad, and we can't understand anything, whatever you have asked for. Would you like to just join by dialling again

Rishi Kothari: Am I audible now?

Sanjay Agarwal: Better, yes.

Rishi Kothari: Yes, I just wanted to get some clarity on the product that you are dealing right now. So more is focused on the Tier 2, Tier 3 segment, right, if I'm not wrong?

M R Jyothy: You're talking about liquid detergents?

Rishi Kothari: Yes.

M R Jyothy: Yes, liquid detergent for us is more, I would say, not Tier 1, Tier 2, but more modern trade more urban and more so much out specific as a market, that's broadly our take on liquid detergents. It's more growing in the south and more in the urban areas.

Rishi Kothari: Okay. So in terms of competitors, as we saw in some of the competitors that are big players in the market right now, they're also shifting from powder detergent into the liquidating part. So what exactly value addition you are providing for a customer in terms of -- or in terms of dealers that you are giving them product in terms of margins or something that disperse your product compared to any competitor?

M R Jyothy: See, our products are well-known brand names. It is -- if you see the competition whatever you're talking about, if there are new launches, they take time to establish unless they really cut margins, they can't. So the thing is we have good brands who alive a very well-known brand since many years. So we have introduced liquid detergents under Ujala, which people know the quality that Ujala offers. People know the quality what Henko offers. Henko is on the premium end. So once you use our product, you will come to know what is the difference between us and the competition.

And we are very competitive when in terms of I mean, we are very competitive in the market. So once people use it, we are also back it by investment. So once the consumer uses, they stay on with us. So it's the quality also that is helping our brand because you need to have repeat purchases. So it's definitely the quality.

Rishi Kothari: Okay. So in terms of the product mix or in terms of the new product that we are trying to launch in the market, so how much capex are you expecting for next 2 to 3 years, you can have some ballpark figure?

Sanjay Agarwal: Did you ask for capex?

Rishi Kothari: Yes, capex.

Sanjay Agarwal: So that won't be anything significant in terms of the new product launches. It will be more on the media spend, which we need to do for the new product launches.

Rishi Kothari: Okay. So any -- so in terms of innovation part, are we looking at capex?

Sanjay Agarwal: Yes, that normal capex will be to the tune of INR40 crores to INR50 crores year -- per year.

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

Gaurav Jogani: My first question is with regards to the Dishwash segment. Now if you look at for the last couple of quarters, the growth rate has really come down there into, I would say, high single digit or thereabouts. And previously, it used to grow at high double -- I would not say high but grow double digits. So what has really happened for the growth to slow down in the last couple of quarters?

M R Jyothy: Yes. So on Dish wash see last 4 years we've been on double-digit growth and the basis have also gone up, but if you see from a market share, we have been holding on to market share. We are growing in line with the category. So they are as per what the category is doing, we are there both in the bar and the liquid and that will continue.

So we have two strong brands where we are the number two brands in the country both Exo and Pril. And we are confident that it will continue to grow. For example, East as a thing South we were anyway dominant, but East was a market where our market shares were in low single digits. Today they are in good double-digit market share. So that shows us the growth and that is our confidence on both the brands.

Gaurav Jogani: One thing on category based do you think after the high [inaudible 23:12] base and all people were using a lot of this and that is where the category growth has slowed down and the rates that we are seeing right now are more sustainable ones?

M R Jyothy: No. So the category growth are healthy, sir. So that will -- that is as of now the category growth both on liquid and bars are healthy and that will continue. Hopefully, that will continue. We are very much prepared to get those growth on our brands as well.

Gaurav Jogani: Okay. And my second and next question is with regards to the margins grid. We had enjoyed good margin during the deflationary cycle over the last year, but now with the raw material prices kind of stabilizing what would be our outlook towards the margins going ahead?

Sanjay Agarwal: So sir while as you said yes, commodity prices have been volatile. Our -- we'll target to have our EBITDA in the range of 16% to 17% for the full year. [inaudible 24:17] having the media spend the way we have been doing it in the past.

Gaurav Jogani: Okay. And just on because the pricing bit we have seen competition taking price cuts, especially in the detergent segment and the soap segment. So any pricing action from your end that you're envisaging because given that your volume and value growth in equal competitors, it seems that you have not taken any price cut really?

Sanjay Agarwal: That will be -- I mean that's very regular in nature nothing significant which needs to be worried about, but due to competitive action if there is any price cuts or which we need to take, we'll definitely do that to remain competitive and drive the volume growth. But nothing significant is there in any of the categories in which we are present now.

Gaurav Jogani: Your last question with regards to the tax rate. If you look at it the tax rate for this year is around near to that 23% mark. So what will your tax guidance for the next couple of years?

Sanjay Agarwal: Yes. So our tax rate has been in '22, '23 range for this year and it will continue for the same for the next year too.

Gaurav Jogani: Okay thank you and best of luck.

Moderator: Thank you. The next question is from the line of Kaustubh Pawaskar from Sharekhan BNP. Please go ahead.

Kaustubh Pawaskar: Sir, my question is again on dishwashing segment. So if you are further wherein the segment is bar growing lesser than the liquid or liquid growing less than bar and that is impacting our overall growth for last two quarters or both are growing at the same pace and it is competition which is helping us and with the initiatives we have undertaken, we should expect the growth rate to improve in the quarters ahead.

M R Jyothy: Yes. So we have taken initiatives Kaustubh, and we'll continue to do that. We've been doing that and for us dish wash is a very good segment, and we don't want to give any specific numbers, but both bar and liquids are growing healthy. Our market shares are intact which also shows that we are in line with the category growth that are happening.

Kaustubh Pawaskar: Because sanjay also mentioned that you are also focusing on LUP in this space, so whether the mix is impacting the value growth, but you are doing it at a volume level. Just wanted to understand on that side as well.

M R Jyothy: Yes. LUP is more an entry strategy for us to get into new outlets. So LUPs help us there in also recruiting new consumers. So that will always be there for that purpose, but slowly we would definitely upgrade these consumers once things are better in the -- in the macro -- at a macro level people will aspire to get into bigger and better segment there. So LUPs are more from an entry point strategy that we are taking that as.

Kaustubh Pawaskar: And my next question is to Sanjay sir, you just in your initial comment you mentioned that you are expecting a healthy growth in FY 2025. So this year we ended with around 9% kind of a growth. So next year considering the recovery in the overall market and the overall optimism which is building and most of the company in their call they have stated that are expecting recovery in the volume growth and that should boost in FY '25. So in that context we should expect low double digit or low teens kind of revenue growth for us which will largely be driven by volumes?

M R Jyothy: See, our wish is always to grow in double digits which we have always told right and so far, our volume growth have been pretty healthy. If you have seen in the last 4 years we would want to continue on that journey. And if the monsoon is good and is macro is there we will definitely want to aim at that number -- aim at double digits basically.

Kaustubh Pawaskar: Thank you.

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

Harit Kapoor: I just wanted to get a slightly 2 year, 3-year historical sense on liquid. So if you look at given the Fabric Care portfolio INR1,200 crores revenue, if I ex out to Ujala liquid blue the detergent portfolio considering powders and liquids how large as a percentage liquid now have been in to our mix?

And the rate of growth, I mean, you don't have to tell me exactly what the growth is, but the way to grow how much -- how different it is from the powders right now? The reason I ask this is because our understanding is that category growth in liquid is quite high, and incumbents are investing there including you guys. So just wanted to get a little bit of sense of how that's -- how that's panning out for you.

M R Jyothy: Yes. So for us, see Ujala Supreme more a posh wash thing for us. Liquids we have introduced since last 1 years, 1.5 years. So the contribution as such to the detergent is small for now, but the rate at which it is growing is healthy and we are seeing that growth coming across channels as well.

So more an urban phenomenon for now, but soon it will catch up. We have right now liquid detergents sets two segments a one at a premium and one at a mid-premium level and going forward you will see some more action there. So the category is growing in double digits, and we want to get a share there as well.

Harit Kapoor: Understood. Very clear. The second thing is on pricing. So this year the revenue growth has been in double digit. The volume growth has also been kind of high single-digit levels. One of the soap players we are already seeing some incremental price increase actions starting out already.

And I think largest FMCG company also spoken about inflation coming back in the second half of the year. So I was just wondering that while the early part of the year you may not see pricing growth, but when you are building your revenue model for [inaudible 31:25] do you see pricing growth being a factor here maybe a low single digit or whatever that is? Is that the right way to think about it?

Sanjay Agarwal: See currently, the way things are I think it's better to take the assumption that the growth is more volume-led growth then presuming that there will be some value growth which we can't predict now for the full year.

Harit Kapoor: Okay. And last thing was on the direct distribution part. So I know the thought process being like 8% to 10% expansion in direct distribution on an annual basis. Is that a marker for F '25 also that you'd be looking at? Or is this a year that you consolidate some of it, you put it into DMS, etcetera, as well? So I just wanted to get a sense on that.

M R Jyothy: We would like to continue that what we've been doing since last 2 years, 3 years. So yes, mainly 8% to 10%, that would be a good thing to continue.

Moderator: The next question is from the line of Amit Purohit from Elara Capital. Please go ahead.

Amit Purohit: Just on the household insecticide segment, when I look at the losses for the full year at the EBIT level is close to about INR34-odd crores. And this is a year where -- I mean, our growth is broadly flat on a Y-o-Y basis, 1% or 2% increase. And we would have a benefit of, I don't know, but lower cost has been the trend for most of the FMCG names and here also there could be some benefits which may come either on the packaging side and although our losses have actually increased versus FY'23.

How should I think about it? In terms of the outlook for -- at least from a loss perspective, I understand that we have this LV versus coil challenge, and which impacts our operating performance, but there has been a significant increase in FY'24. Is any one-off in this year, which we would have attributed to?

Sanjay Agarwal: So Amit, it's been a subject matter, which we have been working on it. So our aim is to make HI segment positive. Now the HI segment contributes 7%, 7.5% of our top line. As you mentioned yourself, we have this more skewed towards the coil, which we're moving towards the liquid.

We've got a new brand ambassador. So we're continuously investing on the brand. We're increasing our advertising spend and that is why you can see some pressure on the bottom line as well. And a lot of it is on the allocation of the cost which goes on. But having said that, we believe if we can get the coil and liquid share maybe by equal 50-50 each, we will be positive in this segment as well.

Amit Purohit: But I mean, from a cost-cutting initiative, you don't think so there are -- or maybe are there any one-offs like which probably will not happen in FY'25, which would lower the loss?

Sanjay Agarwal: No, nothing of that sort, Amit. It has to be more the product mix, which we need to get it right and on which we are working.

Amit Purohit: So I mean just 2 years back, I mean, these losses were pretty less actually. So that's the reason. Is that we have now started to invest more behind this?

Sanjay Agarwal: Yes, that's what I'm saying. we are overspending versus the current benefits we are getting. So I mean, Kareena Kapoor, we onboarded her a quarter back. And we are increasing our advertising spend because we know we have a good product on the liquid side, certain markets where we are very strong east and north. We've been focusing there. So it may take some time, but we are confident that we will make this segment also a ebit positive.

Amit Purohit: And second question, just on the overall market scenario. Like you highlighted that there has been some improvement seen in the rural. I just wanted to check with the -- when we see even your numbers as well, the EBIT performance across segments, there has been some slowdown on a sequential basis, the margin wise has kind of pulled off a bit sequentially.

So is that -- I mean, while the pricing strategy is more driven by how market react. But has there been any great trade increases or trade promotions, which have been started recently by competition or something rather than the pricing side, have you seen that anything incrementally post this result or something? If you could share some insights on that?

Sanjay Agarwal: This is natural for any business where you have seen overall, our volume growth has been good. But when we see overall environment, there have been challenges. And therefore, yes, there will be struggle for the volume growth. And there will be trade schemes and all which would be played out. So that's pretty normal but again, I would say that our focus has been increasing our distribution, increasing our brand investment so that the growth what we capture is not only a short-term growth but the long-term growth.

So we feel confident also all the right reasons of India, like GDP growth, per capita consumption, our product portfolio, so I see the best part of it for us -- if we are able to build a higher scale, which we have seen over the last few years, our margin profile 16%, 17%, 17.5% for this full year, has -- we have been able to achieve in spite of increasing our A&P spend by 30%. So we would rather focus on doing investments in the business, which is more long term than only doing some trade schemes and get the numbers for a particular period.

Amit Purohit: And just a follow-up. You indicated investment behind brands would continue. Should I look at the annual number from an ad spend to sales ratio or second half has been close to about 9%. So how do we think about it?

Sanjay Agarwal: we have been aiming to be between 8%, to 9%. And this year, we have reached to 9%. So yes, going forward, that range is what we would look forward for.

Moderator: The next question is from the line of Vishal Punmiya from Yes Securities. Please go ahead.

Vishal Punmiya: Firstly on the Personal Care category, we have seen that big payers or big, so players have again started investing in the body wash category. So I actually wanted to get your view on this category in terms of what is the potential? And would you as a strategy continue to sale the Margo variance? Or would you also like to participate in this category? And if yes, would it be through a separate brand or just like diligence, would it be, just like detail be a separate brand for you? Or would you use Margo for the bodyworks category as well?

M R Jyothy: See, we have just launched the new variants in the soap segment last year. And well, we were going to focus on that for now. While the body was category is growing, it is growing more in the urban more in the urban. And we would also get into that one day. And right now, I can't really say whether it's on Margo or it would be some other brand. But definitely, we will have something there as well.

Vishal Punmiya: Understood. On the balance sheet. So basically, if I look at FY '24, we have moved some of a good chunk of cash in bank to investments. So can we expect a higher run rate of other income in FY '25?

Sanjay Agarwal: So investments are all investments in liquid mutual funds only. So the market rates, which are there for liquid mutual funds is what we would be having. Yes, as a cash balance accumulation happens, as an absolute amount, yes, there will be an added income as other income in the books.

Moderator: Thank you. The next question is from the line of Vishal from HDFC Securities. Please go ahead.

Vishal: My question would be on the margins. So you've done 17.4% in FY '24, I believe Sanjay guided for 16-17% range. Is that correct?

Sanjay Agarwal: Vishal, it's better to be conservative. And as I said, the question someone asked was giving a reference of the commodity prices being volatile. Now we are in the beginning of the year and you have to project for the full year, we can obviously revise if we do better. So yes, for now, it is 16% to 17%. And as I said earlier, obviously is not to cut down any of the right investments, which we want to do whether it is adding people, feet on street for our direct distribution or increasing the media spend for our brand, new launches. So we want to keep all that with us. And considering all that cost or investments, we would aim to deliver 16% to 17%.

Vishal: Great. And just last one more question in the dishwashing side, Pril is considered to be much too superior quality versus Vim in terms of liquid. So recently, Vim has what you call reformatted their product in the presentation of HUL that we mentioned, they have made some formulation changes with and to the claim to be now a superior product on par with reliably. So do you foresee any possible impact or there should not be impact because the market is underpinning market will be developing?

M R Jyothy: Vishal, we don't want to comment on what they have said. But Pril has always enjoyed a premium imagery. And that will continue and that are consumers who believe in the brand, and we would want to continue on that journey. So Pril always have maintained the premium imagery that will continue. I can only say so much for now.

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

Percy: Yes, sir, can you give some idea on the state-wise driver of growth for different categories. So what I mean to say that each category has Pareto in terms of states, there are some states which are strong, some states which are weak for each category. So is it that a large part of the growth is coming because each of these categories is able to diversify its state presence or state series? And if so, can you give some color around that?

Sanjay Agarwal: So Percy, it's difficult to give for each of the brands on this call. But yes, it will be a combination of brands which needs more investments in states or regions in which we are not that strong. So we would do that. We would increase our distribution focused on those states or in those regions and for certain brands which have been for historical reasons being more focused on one or the other states. So it will be a combination of that. And I think that is a great opportunity for our portfolio.

And one of the reasons why we've been doing well because some of the brands -- Exo as Jyothy just spoke is strong in South, now doing very well over years now in East as well. So similar growth stories will continue in the rest of India also. So it will be a combination of everything, and we are on that work to make sure that overall portfolio for the company keeps growing.

Percy: A few years ago, you had said that your south salience is like 38% to 40%. Has it changed? What is it currently?

Sanjay Agarwal: At a gross company level, it's broadly the same because south has also been doing well. So -- but yes, that remains in that range. Overall company has been doing well. And some of the other regions are doing marginally better as we said, like Eastern some brands have done well, but there are certain other brands which are not that strong in South, they have done well. Yes. The new launches which have taken place they have done well like liquids have done well in Southern India. So overall, despite that contribution still remains the same, yes. But all the regions are doing well. All the regions are growing in that space.

Percy: Right. Second question, I just wanted to understand the growth construct going ahead. So last couple of years, we sort of reap the benefits of not only the distribution expansion, but also improving the systems and processes in the front end. Now I think on that front, basically, since the last year, 1.5 years, we have basically achieved or come at par with other larger FMCG companies in terms of having a good hygiene system, processes, secondary sales, tracking, et cetera. So just want to understand from that point of view that those relatively easier battles have been sort of fought and won and that has given us this stellar kind of volume growth over the last 2 to 3 years.

And going ahead, of course, there is scope for improvement across many things. But incrementally, since we have already sort of come at par with many other companies, the quantum of things to do and the quantum of benefits to be reaped will not be so large as what we have had in the last 2, 3 years. So in light of that, how confident are you of sort of going close to 8%, 10% volume growth going ahead?

M R Jyothy: So Percy, on my confidence we have confidence, okay, if the demand scenario improves, definitely we will be the first one to catch it. For us, as such, even as much as the last quarter, our volumes are healthy. And we have a lot of brands. We have a lot of sub brands, a lot of other categories that we need to expand within ourselves. So we have a lot of room and there's a lot on our plate and a lot of expansion that way to happen across geographies, maybe also new introductions, and we also have a good distribution right now, which we need to milk it going forward. All of that definitely is there also addition of new outlets. So all these. There's a lot of work still to happen. So that will continue.

Moderator: Thank you. That was the last question for the day. I now hand the conference over to the management for closing comments.

Sanjay Agarwal: Thank you, all the participants, for joining this call today. Thank you, ICICI team for organizing this call, and we at Jyothy Labs and ICICI team are available if there are any queries questions, please reach out to us. Thanks, once again.

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