Jyothy Laboratories Limited
Q3 FY16 Earnings Conference Call
January 28, 2016

Moderator: Ladies and gentlemen, good day and welcome to the Jyothy Laboratories Q3 FY16 Earnings Conference Call. Today we have with us Mr. M. P. Ramachandran – Chairman & Managing Director, Mr. Ullas Kamath – Joint Managing Director & CFO and Mr. S. Raghunandan – Chief Executive Officer.

As a reminder all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. M. P. Ramachandran. Thank you and over to you, sir.

M. P. Ramachandran: Good Afternoon. I welcome all of you to the Q3FY16 earnings call of Jyothy Labs. As usual, Mr. Ullas Kamath will take you through our earnings and answer your questions. Thank you.

Ullas Kamath: Hi Friends, Good Afternoon! You already have the numbers with you for the quarter ended December 31, 2016. Our sales have increased 9% by volume and 8% by value. Net Profit has gone up by 47.4% and EBITDA margin is around 14%. For the nine months, turnover is up 8.1%, profit is up 30.1% and EBITDA margin is at 14.8%. More or less, the performance is in line with our expectations. Now I request Raghu to take you through our presentation. Then we will take your questions. Thank you. Over to Raghu.

S. Raghunandan: Good Afternoon everyone. I will be starting with the consolidated performance for the December quarter for this year. In a fairly challenging environment, we have managed to grow revenue by 8%. Our volume growth was better than our value growth at 8.9% for the overall business. Our power brands continue to deliver strong growths. We have delivered a 9% plus growth in power brands and even volumes in power brands have grown by 8.6%. We increased our advertising and sales promotion expenditure in this quarter about which we had indicated during the last quarter. We increased the same by 15% to Rs. 50 crore which is ahead of revenue growth. We have spent almost 13% of our revenues on A&P in this quarter. In spite of increase in A&P, the gross margins improved because of the soft commodity price regime. It improved almost by 250 basis points. Gross margin is at an all time high at 52.4% for this quarter.

Our operating EBITDA stood at Rs. 53.4 crore, 13.9% to revenue as compared to Rs. 48 crore last year in the same period, a growth of almost 11%. As you can see, there was a slide change in our approach during the first-half. Our margin growths were much better and as we moved into December quarter we realized that competitive intensity in some of the categories, like Dish Wash and Detergents, are very high. So we have spent more money on A&P and become more competitive in Detergents and Dish Wash. That has helped us sustain growth rates close to 9% in this quarter.

PAT is at an all time high of Rs. 39 crore as compared to Rs. 26 crore, a growth of 50%. It is largely because of reduction in ESOP expenses and interest cost. So these are the pre-paid debentures which fell due in this quarter and that is the reason why our PAT is at an all time high in spite of defer tax provision that we have done to the tune of Rs. 6 - 7 crore in this quarter. Overall, we have reported good set of numbers in a difficult environment.

Moving on to next slide on YTD performance, our A&P has grown by 13%, gross margin has improved to an all time high of 52% and operating EBITDA is at 14.8%. Also, we have almost crossed FY15 PAT levels in December quarter itself. That is the basic highlights for you.

Moving on to slide nine, ESOP amount has come down significantly over the previous year. The finance cost which has also reduced from Rs. 373 lakhs to Rs. 79 lakhs in this quarter largely because of pre-payment of some debentures and the only big payment that is pending in our books is Rs. 400 crore debenture which will be repaid next year. So that is the basic highlight for you.

So let us move to slide number ten, which is on EBITDA progression. You can see a very consistent EBITDA performance over the last few quarters at 13.9%-14%. Some increase in our gross margin impact, because of the cost, have been much higher close to 4%-4.5% but our net increase is only 2.5% because we have cost on some extra offers and schemes and been more competitive in this quarter particularly in Dish Wash and Detergents.

The next slide is about a consolidated EBITDA movement, which I have explained to you earlier. The other operating income is down by 1% when you compare it to over the previous year same quarter. Gross margin improvement of close to 250 basis points and A&P additional spends of around 0.8% over the last year's same period, so that is the break-up for you on EBITDA.

So let us move to slide 12 and look at the business a little more closely. Our Soaps and Detergents business has grown only by 4% in this quarter as against 6.5% Y-T-D. It is slightly lower than our first-half growth largely because of deflationary environment. The competition has passed on a lot of price benefits. So we have also grown the volumes but our value growth has not been that great in this quarter. The star performer for this quarter has been Home Care where we have grown the business by 25% in this quarter and Y-T-D it is

15%. If you recall, at the start of June quarter, we had a very lackluster performance on Maxo which improved in September quarter and in December quarter we have reached a peak; an all time high performance in Home Care. So clearly, we had indicated about seasonality and how important it is for this category and are very proud to say that Home Care business has grown by 25% which is a record for us. And as you would see the segment wise profitability a little later on even on the Home Care business our profitability for the current quarter has also been much better than what we use to deliver historically. So as a segment, clear outperformer is Home Care. It is a competitive environment in Soaps and Detergents segment but you can see that our power brands have done really well which I will take you through subsequently.

When you look at segment wise performance on slide 13, you can see that Fabric Care has grown by just 0.9%, in line with what competition has done and this is largely because of deflationary environment. We also had to pass on a lot of offers and schemes to the consumers. So our Fabric Care performance has not been impressive in this quarter.

Dish Wash, which has been a star performer in the last three years, continues to deliver strong growth. The category grew by 9% this quarter.

Mosquito Repellent, now this is an outstanding performance, 32% growth in this particular quarter. It has been an excellent performance with very healthy growth in Liquid Vaporizer.

Personal Care has grown by 17%. Our star brand is Margo in this area which continues to deliver well even in the winter season. We grew by close to 17% on personal care in this quarter.

So clear outperformance on Maxo and Personal Care. A very healthy performance in Dish Wash too, in spite of a very strong price competition in this category. The only category which has sort of flagged off in this quarter is Fabric Care. So rest of the power brands have grown very healthy and I will be taking you through the subsequent chart.

If you look at slide 14 which is basically a split of business between regional and national. Our non-south business continues to deliver good growth of 59% this quarter while 41% growth was registered in south markets. We had given an indication that eventually we would like to have two-thirds of our business coming from non-south markets and that is the way we are targeting growths. The good news is that we have grown on all our power brands in non-south markets, far ahead of market growth rates and we have also gained share in almost all the categories. All the power brands have gained the share which I will be taking you through next.

The next chart on page 15 is the cash profit chart which you can go through as I have nothing more to add. It is basically a reduction in ESOP and that is the major impact on the cash profit. Net debt status, two debentures which fell due, one in June and one in November has been pre-paid and the only big debt that we have on our books is zero coupon non-convertible debentures which falls at the end of this year. We have been controlling and reducing the debt systematically.

Slide 17 just gives you a basic highlight of how this year has gone by in terms of net sales growth, EBITDA growth, PAT growth and in terms of EPS growth.

Coming back to brand updates, starting with Ujala, while the overall Fabric Care was flat for us, Fabric Whitener did reasonably well. We grew by 5.6% in this quarter. We had put in a new communication on Ujala and we started airing it from December quarter. We had spent about 4 crore on new communication which has been well received by the market and we will continue to invest behind Ujala in the coming quarters. We had reiterated time and again that we need to grow Ujala. We have grown it this year again on a back of strong last year. We have grown Ujala Fabric Whitener by 9% in this year but still it is willing to go a long way in terms of driving category growth. Our share of course continues to grow and we are at an all-time high 77% on this brand. So clearly, the target for us is to grow category and invest more behind Ujala. Saying that, the share increase is happening for us every year and that is the good news from Ujala.

The next page is about the new communication. As some of you must have not seen the same, we have put that on our website. It is all about yellowing of white and that is the positioning that we have been consistent on for the last three years. The basic positioning is about inefficacy of detergents which will solve the problem of yellowing. So clearly, for the first time on Ujala, we have had a head on communication against detergents where we clearly talk about detergents plus safedi versus Ujala plus safedi. So we feel that this is a communication which is extremely persuasive and will clearly help us in expanding the market. Our penetration of Ujala is still about 30% and we have a long way to go in terms of increasing Ujala penetration amongst detergent powder users. We believe that such communication will help us grow Ujala brand going forward.

As indicated earlier, we had also launched an extension of Ujala in Tamil Nadu. We have done about Rs. 2.5 crore of revenue so far in TN on Crisp and Shine. The new communication on Crisp and Shine is also up on the website for you. We have spoken about it in the earlier meeting that Crisp and Shine deliveries crispness, shine and also a fragrance. So we are clearly looking at multiple benefits using one Post Wash product and we believe that it is of great value for consumers. The feedback from consumers in Tamil Nadu has been very-very encouraging. So we have advertised in the last few months and we would be looking at extending this proposition to one more market as we move forward in the next financial year.

Moving on to Dish Wash, let us look at Exo Dish Wash Bar. By volume, we have grown 22% quarter but a value growth was only 7.3%, We had indicated that our competitors were very aggressive in the previous quarter. So we have come back with strong consumer promotions which have helped us grow volumes definitely far ahead of the market. Y-T-D for this category you can see that it has grown roughly by 10% in both volume and value as per Nielsen. But you can clearly see from competition results that nobody has actually registered double-digit growths in this category. We continue to be the best performer with double-digit results from this brand. If you look at market share, Nielsen reports market share increase in Exo. You can see page number 25 which is Exo Dish Wash Bar market share progression. It is a steady improvement as we moved ahead from Jan-Feb-March to OND.

Coming to PRIL which is on the next chart, again if you look at market growth as per Nielsen, it is about 15% both in volume and value. As far as growth for PRIL is concerned in this quarter, we have delivered a 10% volume and 15% value growth. So Exo at 8% value, PRIL at 15%, our Dish Wash portfolio continues to deliver strong results for us.

So if you look at the next chart, which is PRIL Dish Wash, Nielsen reports higher market share for us at high of 17.1% in December quarter and we started the year only at around 15%. So clearly PRIL is outperforming competition and it is at an all time high market share of 17% in this quarter.

So let us move to House Hold Insecticide category. If you look at Coil, Nielsen talks about 7% growth roughly in Coil by value this year. You can see very clearly that when we started the year, we were underperforming and as you can see the way our performance has been we have delivered a value growth of 16% in this quarter and volume growth of about 11%. So clear outperformance in the Coils as well and our market share in Coils is also at an all time high of close to 20%.

The next chart clearly is Liquid Vaporisers which has been the star performer for this whole quarter. I mean if you look at Nielsen numbers, it talks about 14% value growth in this category and 8% volume growth. As far as the our performance is concerned, Maxo LV has delivered 53% value growth and 35% volume growth in this quarter. So clearly I do not know how these numbers fit in because our shares have moved up as far as Nielsen is concerned. But the share moment has not been in line with the kind of growths that we have been having in Maxo LV. The Nielsen has reported a market share of 8% in Liquid Vaporisers as oppose to 6.5% about a year back. But our belief is that market share is a far higher. We also have a new innovation Genius which is just getting into market at this point in time. So we have lots do to gain on the Liquid Vaporiser front.

Our Coil business has ramped-up and we are growing far ahead of category. We have also launched Maxo Card, our own magic card in the market just now. We launched it in South last quarter and as we move into the season, we will launch it nationally. We are extending this brand and believe that we have a very strong differentiator as far as card is concerned. The market has shown a good growth. As per Nielsen numbers, the market is almost at Rs. 328

crore for CY15. And there is lot to gain for us as far as card business is concerned. So next year, Maxo will have a power pack performance with our entry. We are also concentrating on the safety part. We virtually had no resistance from trade when we tried to place card. We have done Rs. 2 crore Y-T-D business so far, largely in South. Our placements are very vigorous and are trying to take full advantage of the forthcoming season.

Next we move to the Laundry category and this where we do have a lot of price competition. Clearly, if you look at the chart on Henko and if you look at Matic, which is where we have put in a lot of efforts in the last one and half year, it continues to grow ahead of market. We have delivered almost 27% QoQ and 28% YoY growth in the Henko Matic post the re-launch. However, on the main stream Henko Stain Champion powder and Bars, we have had a lot of price competition. So clearly there we have not been able to grow in this quarter because of huge price of promotions and discounts from competition. The overall Henko performance looks weak but in reality Matic is going to be a strong driver for us. Going forward we are looking at establishing Henko strongly. This quarter itself we are going to focus on the bucket wash market at premium end, again positioned on the LINT platform. 80% of the market is bucket wash and only around 18% of the market is the Matic segment and in the Matic segment we are growing ahead of market and we aim to replicate this performance in premium powders where we will aggressively invest behind Henko and grow our bucket wash business. So that is the way forward strategy on Henko LINTelligent Bucket Wash communication which will be up on air in a month's time.

So lastly we come to Personal Wash which is all about Margo. In this quarter, we have delivered 20% value growth and Y-T-D we have delivered almost 12% growth in Margo. So Margo Soap continues to do well in a largely deflationary category. With the brand being highly differentiated, we are not getting too many price wars. We have put a new campaign this year which is "*kareeb se dekho*", which we have put there for you. The campaign seems to have worked and we have delivered very good growths on Margo.

To summarize, if you see the brand performance, very strong performance on Margo and Maxo, very good performance in Dish Wash with both Exo and PRIL growing strongly for us. Of course some competitive intensity in this area persists and may remain for at least one more quarter. Detergents have not done too well for us but however Henko LINTelligent, Henko Matic and all our new initiatives, where we have been investing, are doing well. At the mass market fabric wash, we have not delivered growths largely because of the deflationary price environment. Nobody has been able to grow in fabric wash in this quarter.

Coming to the last chart, which is market scenario and way forward, as we have maintained in the last quarter, we continue to see soft demand. In my mind, it is expected to remain so for at least three or more quarters. For us, Maxo Card launch is the big driver which will be there in this quarter for us along with a new Henko launch as well. With regards to price competition, we do think it will stabilize in Laundry and Dish Wash. And just to give you an understanding, we should be able to sustain our current volume growth of 9%, which we have been doing for the next few quarters.

Now I open the floor for your questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Sunita Sachdev from UBS. Please go ahead.

Sunita Sachdev: In terms of your direct and indirect reach, how has it moved into this year compared to last year?

S. Raghunandan: The direct reach as a company would be at close to around 500,000 outlets. Last year, it would have been at 400,000 outlets. Most of these additions would have happened in rural India, at least two-third of these. As far indirect reach is concerned, it is more at brand level. Ujala would be available in more than 3 million stores but for some of our other brands, it would be less than a million. So indirect is something which is brand laid and outside our control whereas direct reach is in our control.

Sunita Sachdev: Your outperforming categories, whether it is Dish Wash or Maxo, both of them are probably gaining from our entries in direct reach. What would be your sense? I mean, would it be brand recognition driving direct reach or would it be your stress on increasing indirect reach? From my understanding, these come from very low indirect reach. Am I correct?

S. Raghunandan: Yes, but if any brand grows it will grow through direct reach. So out of 500,000 outlets which we are directly selling, clearly if you actually bifurcate, you might find that Exo would be available, say today in 400,000 outlets vis-à-vis 350,000 outlets last year. So if the brand is growing then clearly every year there is a direct reach improvement which happens on the brand. As far as indirect reach is concerned, again largely it is function of wholesale. If you look at Exo, 10% growth which we have delivered in this financial year, by value, and much higher growths in volume would have easily translated into 15% improvement in both direct reach and indirect reach. So when a brand is growing, it will always be a combination of some depth and width increase. So 15% width increase and 5% to 8% depth is what would have happened on the brand.

Moderator: Thank you. Next question is from the line of Manoj Menon from Deutsche Bank. Please go ahead.

Manoj Menon: Just please allow me a top down question here. When I look at your performance across categories and brand, you have actually done a brilliant in a lot of the niches, if I may call or use that word, whether it is Exo or whether it is differentiated HI or in soaps and hopefully in Crisp and Shine in the future too. So do you think that your actual demonstrated performance, which would give you a lot of confidence for these businesses in the next two years in conjunction with what has probably happened in a very large category like Detergents? Does it make sense for you to incrementally have more capital allocated, for let us say string of peers or a niche strategy rather than actually taking a large category like Detergents? Is there any such thought process with the organization currently?

S. Raghunandan: Manoj, sometimes we need to invest strongly in large categories. If we had taken the same approach a few years back, maybe we would have not invested in Maxo at all because the Coil business was making losses at that time. When I had come in we had said okay, let us make the business profitable but by investing behind Liquid Vaporisers. So we have done a lot of good work and I am very proud to say that we are a fairly large player in Liquid Vaporisers. Thankfully because of the entrepreneurial stand that we took a few years back, we did not hope on our Liquid Vaporisers business. Even if you look at what we have done on Exo and PRIL, largely they were selling in the South and today over the last three years we have demonstrated that this positioning opportunity and better distribution focus will help us grow even in non - South markets. So even both on Exo and PRIL I can tell you clearly that we are one of the fastest growing players in India.

Now the question is Detergents. But even in Detergents, we strategically decided that we will only invest behind the premium and not go behind the mass end. Clearly, we are not growing over all the segments and that is some conscious call which we took. We thought that it is better to be different at the premium end. Now at the premium end, obviously it is a very competitive with too many large players. But I am saying that having six - seven - eight places in a large segment can be profitable for us. Now we have done it now on Henko Matic which is largely a new initiative where we have around the 6%-7% share today and we hope to replicate the same on the Bucket Wash as well going forward. So if we are have an objective that we should reach double-digit market share on Henko in two - three year from now, then it would be well worth because it is a very large category. But I do not know whether we need to give up today only on this or maybe we change strategy and increase our advertising spends and make sure that we spend more on Detergents as well as spend more on Maxo and Dish Wash. That is a call that we have to take. Given the product benefit or the advantage that we have on Henko, I still think that we will give it very good short over the next two years - three years and make Bucket Wash also happen.

Moderator: Thank you. Next question is from the line of Manish Poddar from Motilal Oswal. Please go ahead.

Manish Poddar: On the Home Care business, just wanted to understand what sort of margins can we look at in a steady state?

S. Raghunandan: As you all are aware, Liquid Vaporisers is a very profitable business and more profitable than the rest of the portfolio as weighted average. But of course in terms of profitability, after Ujala and Margo, Liquid Vaporisers is the third most profitable in our portfolio. I am very happy that we are growing almost at 40%-50% every year on this initiative. Our profile is not volatile. The sales has been consistent, we have delivered 40% to 50% growth for three straight years now. Only the Coil business is volatile as it is seasonal. The coil business does not move too much from a profitability standpoint as far as our business is concerned. Coil is fairly important for us overall and revenues can go down a little bit but at a profit level it does not moved inch for us. It is clearly Liquid Vaporisers which is driving profitability in Home Care.

Manish Poddar: Got it. And the volume growth target for 9% is this for the fourth quarter or this is for the next year?

S. Raghunandan: Coming quarter.

Manish Poddar: You mentioned that in Rs. 328 crore insects control category you have share of only Rs. 2 crore. Is the remaining occupied with leader? Or how is the split in that category?

S. Raghunandan: 90% is with the largest player.

Moderator: Thank you. Next question is from the line of Tejash Shah from Spark Capital. Please go ahead.

Tejash Shah: Sir, I missed your initial remarks on Ujala? What was the volume and value growth for the quarter?

S. Raghunandan: Volume growth has been nearly flat on Ujala Fabric Whitener and the growth has been 6% on value terms

Tejash Shah: Okay. And I believe we are carrying some price benefit on Ujala post the price hike that we took this year in the first quarter?

S. Raghunandan: That is how we have delivered 6%-7% growth.

Tejash Shah: And Sir, last quarter we were confident on maintaining at least double-digit run rate for Ujala. If you can throw some light on growth scenario for the same?

S. Raghunandan: 9% growth is where we are on Y-T-D and we should end the year at around that level.

Tejash Shah: Any seasonality which kicked-in in the third quarter?

S. Raghunandan: In winters, you go a little down. The first-half for Ujala tends to be higher where the summers and the monsoons are. The overall business of Ujala it is more to do with the weather.

Tejash Shah: Lastly on A&P spend. Last time you made a comment that perhaps market is already at peak levels of A&P spend and it should not get worst from here. So let us say hypothetically, if more RM cost benefits flows through in the coming quarters, do you believe that we will see more A&P spend by the competition at large or it will trigger more price cuts?

S. Raghunandan: One thing that you should know is that beyond a point, raw material prices do not drop even if crude prices drop because there is something called as fixed cost. If crude has dropped, from say $45 to $32 today, it does not mean that another 30% increase in margin expansion will happen because the players will also have to battle fixed cost in their calculations. So the price drop that you eventually get will be much lower. So largely to understand the business, the industry has already got 80% of the benefits and even if crude drops further it will not mean that you have another 30%-40% cost drop. I hope you understand this.

Tejash Shah: Yes, got it Sir.

S. Raghunandan: So some marginal increase in margins may be there. But the way the competition is, one is not sure whether one will be able to retain that. What I mean by stabilizing competition is that the current margins seem to be sustainable. So even if the cost drops a little bit over the period in March quarter, even if you spend a little bit more, your existing margins seem to be protected at the current level of inflation or deflation.

Moderator: Thank you. We have the next question from line of Laxminarayan from Catamaran. Please go ahead.

Laxminarayan: I have two questions. In terms of your direct and indirect reach outlets, you mentioned that Ujala reaches almost 3 million outlets and the rest of the products would reach around 1 million outlets, is that right sir?

S. Raghunandan: Yeah, very broadly I have just given you a broad level number. But if you want a brand level number, Neetu will be able to give indirect reach as far as Nielsen is concerned.

Laxminarayan: Okay. Now in terms of do you actually capture something like the value per outlet and how it has actually moved? For example, an outlet which is vintage, like three years or four years, how has been that growth, number one? Second, for every outlet you have, is there some sense of incremental cost that actually goes in for that and what would be that number?

S. Raghunandan: These are very mathematical questions that you are asking and I will not be able to answer you like that. But obviously there is a marginal cost and there is a marginal benefit. So when we increase reach we look at and if it is positive, if the benefit is more than cost, then it is a sustainable reach increase and if the benefit is less than cost, it is not sustainable and will be there for one more or two months and then it will shrink back. So that principle of marginal utility will remain as far as distribution and reach is concerned. Only thumb rule is, if the brand grows then obviously all these grow automatically and you do not even need to ask. If the brand is declining, the distribution will shrink automatically. But the reason behind your questions, if these are growth rates largely because of placement in additional outlets, I do not think so if that is the meaning behind these questions. If the brand is not growing, there is no place for you in placement. You know all those placements happened three years back.

Laxminarayan: All right, got it. I was trying to understand if there is a distribution led growth and there is also an advertising and sales promotion growth.

S. Raghunandan: For any company, if it is a growth, then it is laid through brand and distribution.

Laxminarayan: In which of these products were the distribution points actually growing the highest and which are the ones where the distribution growth is the lowest in your list of power brands?

S. Raghunandan: Distribution growth was least in Ujala because it is already available in 3.06 million outlets.

Laxminarayan: And which will be the highest? It would Maxo I guess.

S. Raghunandan: Obviously, the distribution growth will be highest on Liquid Vaporisers.

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

Percy Panthaki: One thing I wanted to ask is, if I look forward to FY17, would it be correct to assume that even in FY17, given our overall cost scenario the sales growth will be almost entirely volume laid and so what would drive the EBITDA growth to a healthy double-digit kind of growth? Is there scope for gross margin expansion in FY17 as well?

S. Raghunandan: Some increase in gross margin will happen if the crude prices remain where they are, which is at an all-time low okay. Everything depends on that. So if it climbs back to 50, then there will be no gross margin expansion.

Percy Panthaki: But then would you say that there will be some scope for price led sales growth?

S. Raghunandan: That is largely I doubt that because unless there is a demand people will not increases prices too much.

Percy Panthaki: So basically you are saying that if crude moves back to 45-50 kind of levels, in that scenario it is quite likely that you will have a high single double-digit kind of EBITDA growth?

S. Raghunandan: Yes, but we would like to surprise you that is different.

Percy Panthaki: Sir, secondly just a couple of questions on the sort of numbers part of it. What would be ESOP cost in Q4FY16 and what it would be in FY17 and within FY17 for each quarter would it be the same?

Neetu Kashiramka: Q4FY16 will be same as Q3 i.e Rs. 2.3 crore. In FY17 first quarter, it will be Rs. 2.3 crore, Q2 it will be 1.7 and Q3 & Q4 will be 1 cr.

Percy Panthaki: And lastly, I do not know if this has been answered as I was a little late on the call. The difference between the volume and value growth in Exo is 14 percentage point. So, is this a price cut you have taken or what?

S. Raghunandan: No, it is not a price cut. It is some consumer promotions that we took.

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

Kaustubh Pawaskar: Sir, my question is on Margo. We have achieved 20% growth in this quarter. So what exactly played for you and is such kind of growth sustainable in the coming quarter?

S. Raghunandan: We also had a Margo Glycerin initiative in the quarter. So we had Margo Glycerin and we could get supplies this year and we could sell lots of Margo Glycerin. That contributed to say 30% of the growth. If it is 20, then 6% of that was largely because of Margo Glycerin. The rest 13%-14% is core Margo growth. The core Margo growth is sustainable in the coming two quarters - three quarters.

Kaustubh Pawaskar: And Sir, there is a lot of the demand for the herbal range of products. Any possibility of extending this brand? Like you are planning to launch any variants in this particular brand going ahead?

S. Raghunandan: Yeah, we are looking at a new range of soaps.

Kaustubh Pawaskar: On the cards, you have given the market share for this particular space. So what is your target in next two years?

S. Raghunandan: In two years we will be happy if we are at 20% share in cards.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions, I would now like to hand the floor over to Mr. **Ullas Kamath** for closing comments. Thank you and over to you, sir.

Ullas Kamath: Thank you friends for your patient hearing and in case if you have any other follow-up question you can always me or Neetu and have a good evening. Thank you very much.

Moderator: Thank you very much. Ladies and gentleman, on behalf of Jyothy Laboratories, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.