JHS SVENDGAARD LABORATORIES LIMITED

CIN : L74110HP2004LC027558

May 23, 2024

To

The Listing Department
Bombay Stock Exchange Limited
Department of Corporate Services
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001

Scrip Code: 532771

The Listing Department
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G
Bandra Kurla Complex
Mumbai – 400 051

Trading Symbol: JHS

Subject: Transcript of Conference Call held on 21.05.2024.

Dear Sir/Madam,

This is with reference to our intimation dated 15th May 2024 intimating about the Conference Call with Analysts/Investors held on Tuesday, 21st May 2024 at 4:00 PM (IST) for Audited Financial Results of the Company for the quarter and year ended 31st March 2024.

In terms of provisions of Regulations 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the transcript of aforesaid Conference Call.

This will also be hosted on Company's website at: https://www.svendgaard.com/Earnings%20Call.html

You are requested to kindly take the above information into your records.

Thanking You,
Yours Faithfully
For JHS Svendgaard Laboratories Limited

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Komal Jha
Company Secretary and Compliance Officer

Encl: A/a

JHS SVENDGAARD LABORATORIES LIMITED
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"JHS Svendgaard Laboratories Limited
Q4 and FY'24 Earnings Conference Call"
May 21, 2024

MANAGEMENT: **MR. NIKHIL NANDA – MANAGING DIRECTOR – JHS SVENDGAARD LABORATORIES LIMITED**
MR. ASHISH GOEL – CHIEF FINANCIAL OFFICER – JHS SVENDGAARD LABORATORIES LIMITED

Moderator: Ladies and gentlemen, good day and welcome to JHS Svendgaard Laboratories Limited Q4 and FY24 Earnings Conference Call. 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. Nikhil Nanda, Managing Director from JHS Svendgaard Laboratories Limited. Thank you and over to you, sir.

Nikhil Nanda: Hi, good afternoon everyone and thanks for joining in for the investor conference that we are having on our results this year and it's a pleasure to welcome you all here. A quick brief about how the last financial year has been. We have very diligently worked in order to improve our margins because that's been a concern area for the last many quarters and we have managed to get price increases for many of our customers and whichever we were not able to actually get a price increase, we've cropped out those customers because the most important part is to have a healthy bottom line.

Sales can be picked up subsequently and as we can see, we did have a drop in our sales in the initial quarters but in the quarter four, we managed to increase the sales as well as the profitability in the company. We've got some new clients added. Reliance is one of the clients with whom we've started domestic sales to their retail stores and also the GT, the general trade division that they've opened is something that we'll be supplying to subsequently because the same products are being approved for the GT sales too.

Apart from this, we've also renewed our focus back on exports, which during the COVID times had taken a major hit and from almost 25% of our sales to 1 or 2% of our sales, the export sales had dropped, which has started looking up again with a decent profit margin. And we have also changed our payment terms there from what we earlier used to supply on credit to documents through bank on a fixed tenure basis. So there's going to be no outstanding and delayed payments like we'd seen earlier.

All in all, we are working to improving our capacity utilization, which is at about 30%-35% overall. And some new clients are being added, as I mentioned, and our target is to have maximum capacity utilization, at least 70% to 80% of it in the next 2 years. And this would not involve much of a capex, except certain moulds that we might have to make specific to the requirement of our customers.

Apart from this, as far as the institutional sales are concerned, we are supplying to the canteen stores, which is the army stores, as well as the CPC, which is the central police force stores also. There also, the sales have improved. We've increased the sales and profitability specific to that section by about 40%.

And we are trying to introduce new products and grow the sales there also. Apart from this, we have very successfully also got the Talcum plant running and got a new customer from earlier, just a single customer, which is Nycil from Zydus. We've also added Amway as one of our customers, given a stable product to them, which is also our formulation and our IPRs.

So that's another development with regards to the company. And these are the last year's changes, which have been initiated. We've also added a few senior team members in our company, which has seen a change in the overall outlook in terms of the deliveries, in terms of capacity utilization, in terms of order book. So going forward, we are very confident of improving our margins as well as our capacity utilization with these new customers and the new focus on the export markets. Thank you.

Moderator: Should we begin with the question and answer session, sir?

Nikhil Nanda: Sure.

Moderator: Thank you. We will now begin the question and answer session. We'll take a first question from the line of Gunit Singh from Counter Cyclical PMS. Please go ahead.

Gunit Singh: Hi, sir. Looking at the current new customers that we're adding and the plan to ramp up capacity utilization, what kind of revenues are we looking at in FY25? And what kind of steady state margins do we expect to achieve in FY25 looking at the current situation?

Nikhil Nanda: So we are looking at something like 30% to 40% increase on the FY23-24 sales numbers, but there's going to be a substantial increase on the profitability primarily because we've improved on a lot of parameters which includes manpower utilization, which includes revision of our contractual rates with our customers, which includes a little reduction in the overall raw material prices, giving us the benefit. So considering all this added with the increased sales, I think we should be in a healthy double digit number on the EBITDA margins in the current financial year.

Gunit Singh: Or healthy double digit as in mid-teens?

Nikhil Nanda: Correct.

Gunit Singh: Sir, to ramp up from 30% to 70% utilization, I mean, what kind of steps are we taking? Do we have some visibility of any companies joining us in the coming years? What gives us the confidence?

Nikhil Nanda: So as you would know that oral care as a category is about INR15,000 crores in India, and it is predominantly dominated by four big companies, which is Colgate number one, Oral-B number two, Darbar number three, Unilever number four. So four of these companies and fifth Sensodyne, which is GSK now, Haleon, together five of these own about 85% of the market. And earlier we had two of these companies, including Procter & Gamble and Colgate.

We've managed to add Unilever as one of our customers in the current financial year, but how most of these multinational brands operators that they are a little conservative initially once the volume rises and ramp up happens, then they start increasing the volumes. And secondly, on account of Reliance to the full scale FMCG, we are expecting that there is going to be a substantial increase in the volumes that these guys are going to do, knowing how Reliance normally does to various types of stock. So this is where we draw our confidence from.

Gunit Singh: All right. So when did our agreement start with Reliance? When did it commence?

Nikhil Nanda: Last year, September.

Gunit Singh: All right. And sir, earlier we used to serve P&G as well.

Nikhil Nanda: **Sorry.** Agreement happened earlier. Supply started from September because it takes about five, six months for things to kind of develop the product, packaging, all those things.

Gunit Singh: All right, sir. But since September, we have not seen any significant impact on the volumes. So, I mean, by when do you expect the volumes from Reliance to actually ramp up?

Nikhil Nanda: I would say the current financial year, they are also currently only procuring, as I mentioned in my earlier speech, that currently we're doing it for the retail stores. General trade, they still have to start with the oral care. They've only launched the aerated drinks, which is Campa Cola, in the general trade. And of course, soap, Puric, which has been there for some time. Oral care in general trade is yet to start. And that's their internal plan. But we are pretty confident that whenever it starts, it's going to see a substantial jump in the volumes overall.

Gunit Singh: What kind of products would we be supplying for Reliance?

Nikhil Nanda: Both toothbrushes, toothpaste, and mouthwash.

Gunit Singh: Sir, my last question is that we used to supply to P&G as well. So, I mean, according to you, what was the main reason for that partnership to not go forward?

Nikhil Nanda: So, we were actually one of the preferred suppliers for Procter & Gamble when they launched their toothpaste in 2011, which was Oral-B with Madhuri Dixit as the brand ambassador. Unfortunately, the toothpaste bombed very badly in India. But the reason has been very historical.

If you see, none of the white toothpastes in India have managed to stand the consumer confidence that Colgate has. In 1996, Pepsodent was launched, struggling despite having Unilever's strength distribution. Aquafresh was launched by GSK in 2001-2002. That also they had to withdraw because in the white category, they could not withstand Colgate. Indian brands like Ajanta, , Amar, Anchor came and they just vanished from the markets because in the white category, nobody could withstand Colgate. Similarly, Oral-B launched in 2011 and had to suffer the same fate.

While in the subcategories, there are brands which have blocked. GSK took the learnings, Sensodyne, Dabur and Patanjali started with Ayurvedic. They hold 90% of the market. Colgate, Sebacas, Ved Shakti bombed very badly, could not compete with this. So, when P&G withdrew the Oral-B toothpaste from the market, we had set up a big plant for them, which was USFDAgrade plant and they stopped the production. So, subsequently, there were certain disagreements between us and we had fresh supplies also to them.

And subsequently, we reached a settlement which was out of court on the basis of which whatever bank loans were outstanding to JHS were given out by P&G and they withdrew all the manufacturing rights from us. And that's been the history.

Gunit Singh: All right, sir. Got it. Sir, and the guidance that you're giving off about 30% to 40% revenue growth and mid-teen EBITDA margins, are these optimistic targets or even if…?

Nikhil Nanda: They are very realistic. This is whatever confirmations, order books that we have currently, we are going to do better than this.

Gunit Singh: What is the current order book size?

Nikhil Nanda: So, we have an order book of about INR110 crores for the current financial year.

Gunit Singh: And by when do we expect to execute this?

Nikhil Nanda: Sorry?

Gunit Singh: By when do we expect to execute this?

Nikhil Nanda: We'll start seeing the numbers from quarter 1 itself.

Gunit Singh: All right, sir. These numbers are very heartening. I wish you all the best. Thank you.

Nikhil Nanda: Thank you so much.

Moderator: Thank you. We'll take our next question from the line of Aniket Kulkarni from BMSPL Capital. Please go ahead.

Aniket Kulkarni: Yes, good afternoon and thank you for the opportunity. So, my question was why has the company missed out on the manufacturing boom in India given the Make in India and the...?

Moderator: Mr. Kulkarni, may I request you to use your handset mode, please? Your line is not very clear.

Aniket Kulkarni: Yes, so my question was, why has the company missed out on the manufacturing boom in India given the Make in India movement and the intense manufacturing activity which has been going on? Is it because of the weak market and lack of volume on the FMCG side or is there any other reason?

Nikhil Nanda: There are two reasons for it. As I mentioned about just two minutes back to Gunit that the market is dominated by five players who hold about 90% of the market. And we just managed to get one customer back. And because of our fallout with P&G, there was, I would say, a cooling off period with most of the big brands, the multinational brands, because of which we could not get the contracts from them with regards to oral care. However, having said that, that's the reason we've started expanding our portfolio of products.

We've added talcum as one of the categories and we are adding -- we're going to be adding more categories in the years to come so that we are a full-fledged FMCG contracting company for all the big brands. And I think this is just the beginning. The real boom is yet to come. Yes, we are going to be a little behind the curve, but I'm sure we're going to catch up very soon.

Aniket Kulkarni: Okay. Thank you so much for your answer and best of luck for the coming quarters.

Nikhil Nanda: Thank you.

Moderator: Thank you. The next question is from the line of Chirag Jain from Yogya Capital. Please go ahead.

Chirag Jain: Sir, thank you for the opportunity. I just missed out on the number which you said to Gunit for the next year. It was INR170 crores, if I heard that right?

Nikhil Nanda: No. I said INR110 crores is the order book for the next year, which is a firm order book. And we are going to better that in the months to come.

Chirag Jain: Okay. Sir, also, secondly, I have a secondary question. We have added multiple products in detergent and ayurvedic. So how is the product we are trying to do, because something we try to enter into, stops after some time. So, how is that doing?

Nikhil Nanda: Sorry, I didn't follow your question.

Chirag Jain: So, we have started a detergent facility, right?

Nikhil Nanda: Yes. So, we started the detergent facility as a greenfield project only for Procter & Gamble. This was a 100% buyback arrangement with them. And the facility was put up on their behest for them. And when the, I would say the disagreements between us happened on account of the toothpaste not doing well for them, the other businesses also got affected, which normally happens when you are in a relationship with a single company and over dependent. They try to use all the methods to arm twist small manufacturers.

But yes, this is all behind us now. We also lived through the cooling off period. I think years ahead are bright for us and we are going to not consciously be over dependent on one company as we were at that point of time, even if it is one of the world's best FMCG company. I think we can easily spread our eggs into different markets.

Chirag Jain: Okay, fair enough. Second was on the margin standpoint. We are targeting something around meeting margin for the next, for the current, for the next year FY25. So, I assume that most of the additional revenue would directly be flowing into order book, which would be coming out of operational leverage. Am I right on that?

Nikhil Nanda: Absolutely. So, it's a multiple factor. We've brought in operational efficiencies. We've reworked our cost from the suppliers. We have also taken price increases from our customers. So, all put together with small, small percentages, we are going to improve the health of the bottom line. So, it's going forward drastically from where we are. And of course, the fourth and most important part being the increase in the sales, which brings in efficiencies in terms of volumes.

Chirag Jain: Okay. So, you mentioned in your opening remarks about fixing number of debtor days. So, can you share that number with us?

Nikhil Nanda: Sorry, fixing of number of?

Chirag Jain: Debtor days, debtor, credit period, credit period that we give to our customers?

Nikhil Nanda: So, earlier in exports, we were giving about 180 days credit, which is down to 45. There were a lot of our customers, which were at 90 days, we brought them down to 60 days. So, our average credit period is now down to, I would say, from a high of 100 days to about 60 days on an average. So, we've managed to shave off 40 days in terms of credit period. We've also increased our credit period with some of our suppliers from 30 days to 45 days, which kind of gives us a leverage both ways.

Chirag Jain: So, I was trying to understand from a broader standpoint, we have been able to decrease the number of credit period we give to our customer. We have also taken the price hike. So, is it because of the inflation being cooled off, or we are having some pricing power or exclusive agreements that gives us this power current at this standpoint, which we couldn't do earlier?

Nikhil Nanda: See, it's all about contract, justifying the numbers because most of the costs are passed through. And it's only the conversion cost, which is where you make the money. And we need to consciously reach out to all of our customers, highlighting the various input prices, which have gone up, including the labour, including electricity rates, including the overall cost of running the operation.

And we've managed to squeeze out certain price increases. I would also say one of the biggest reasons has been post-COVID, there has been an improvement in the sales number and everybody's seeing a boom right now. So, that boom period, people really go along the flow and they are more reasonable in terms of giving the price increase, which is justified.

Chirag Jain: So, what percentage of customers we do have pass-on, price-pass-on that contract?

Nikhil Nanda: 50% I would say are price pass-on contracts and 50% are full year fixed contracts.

Chirag Jain: Okay. Thanks, that was all from my side and the commentary looks very impressive. So, all the best for the future. Thank you.

Nikhil Nanda: Thank you so much. Really appreciate it.

Moderator: Thank you. We'll take our next question from the line of Rohan Mehta, an Individual Investor. Please go ahead.

Rohan Mehta: Yes, good afternoon, sir. And congratulations on a good quarter. Sir, just building upon what you had mentioned earlier, in terms of adding new customers, I believe Amway and Reliance after Zydus. So, do we invest in reaching out and capturing new customers or are we getting traction in terms of customers approaching us? Because you also mentioned about a conscious strategy to sort of let go of customers if it starts impacting our margins to maintain margins.

And also, you touched upon reducing dependence on any one major customer. So, just wanted your opinion on this, sir.

Nikhil Nanda: So, I'll start from the reverse. We've consciously kept all our customers less than 25% of our sales. None of them would be now more than 25%, like P&G at one point in 2012-2013 and INR180 crores revenue was close to 70%. So, consciously, we're keeping every customer below 25%. Not that we are refusing sales, we are consciously making sure that new customers keep getting added. So, one customer doesn't cross the 25% threshold. Number two, we have, what was the second thing? Sorry, I missed that.

Rohan Mehta: So, basically, sir, is it going to be sort of something to look out for in terms of getting new customers while losing some? So, having a gain in a net sense?

Nikhil Nanda: So, we've got a new marketing team. We've hired some very good young blood recently and we've started looking at unconventional sales points and unconventional companies which we feel have the potential to be a large player in the oral care, just to give you an example. Leeford Pharmaceutical has never been a...They're very good with the pharma side of it. And recently, we've supplied two, three products to them about two, three years back. We started with one product. We've consciously grown them. They have in that small category of specialized toothbrushes and toothpaste been growing very well. So, this is one part of it.

Canteen store departments, we started very small. Now, today, we have a reasonable chunk. In the CSD sales, we are amongst the top seven brands which are being sold in CSD. So, these are the things we are trying to do consciously. Not that we are moving out any customers because they don't give us a price increase, but yes, we are limiting their supplies to a number where it doesn't hurt our bottom line.

And we've seen with one of our key customers that they've come back to us saying, okay, we want to grow the business because the consistency of our supply in the last two decades that we've been supplying to them has been 99.8%. So, they came back to us for the growth volume also. So, I think it's all about a little bit of a wait because at the end of the day, cost is not the only driving factor in contracting because one day of sale loss is probably more expensive than the full month supplies on cost of the manufacturing part of it.

Rohan Mehta: Right. I think that's a great strategy. So, just touching upon the exports also where you mentioned export share to increase now going forward. So, do we have any particular countries or regions in mind over the next couple of quarters, any sort of high growth area?

Nikhil Nanda: So, what we are doing is consciously, we're participating in a lot of these exhibitions now. Recently, there was an exhibition in Mumbai called CNPL Contract Manufacturers and Private Label Manufacturers show. So, we were present there. We had a wonderful traction there. And, end of the month, we are going for a show which is for the last 30 years, number one global show for private label sourcing called the PMLA, Private Label Manufacturers Association, where global buyers come and we were regular participants till 2008-09 when we were also supplying to both Boots and Walmart. And we stopped the participation because it became very expensive and then India market was growing for us.

We'd signed up PNG actually in 2009 and they'd given us a roadmap from 2010 to 2020, which was INR1200 crores sales across three categories of brush, paste and detergent. So, we consciously moved out of participating in export exhibitions and all these things and focused more on the Indian market. There was a boom which was happening. So, now, all these are learnings that we take along with us and we're consciously making sure that none of these are substitutes, but they are all complements to each other and we'll continue to work on each one of them parallelly and not sequentially.

Rohan Mehta: Understood. Fair enough, sir. So, just toothbrushes, since it's one of the largest share of our revenue, even more than toothpaste. So, is there any, your view on considering any change of product mix that might help us attain the goal of maintaining or increasing margins?

Nikhil Nanda: So, toothbrushes being capex heavy has an entry barrier, because of which we are able to also demand a certain premium from the customer. Having said that, the other advantage that we at JHS have is two and a half decades of experience, the kind of product innovation that we managed to do in toothbrushes, because toothpaste came to us only about 15 years back. Initial 10 years was only toothbrushes.

And there's a lot of innovation that is happening in toothbrushes compared to toothpaste, which I'm sure in the last 25 years, all of us have seen the Colgate dental cream remains as the Colgate white dental cream. The only new product being Sensodyne and the Dabur Red or the Dant Kanti from Patanjali. There's not really been any innovation in toothpaste, but in toothbrushes, we've seen a lot of innovative products with tapered bristles, with crisscross action, with multi-level trim profile, with bristles trimmed to the shape of your teeth and all these things and this requires a lot of capex.

Rohan Mehta: Understood. Sir, and speaking of capex, you mentioned that our capacity is presently at 30 to 35, will be ramped up to 70% odd over the next two years. So, would it be safe to assume that till that time we won't be needing any new capex as such?

Nikhil Nanda: So, as I said, we won't be needing any new capex except for the new Moulds, which could be specific to the customers. So, if you would have seen the handle design is unique to each customer, but that's only about 5% to 8% of the overall capex required for, let's assume a production line of half a million toothbrushes. So, we have production lines in toothbrushes. So, each production line gives out half a million toothbrushes a month. So, 5% to 8% of the cost of the Mould, the 92% cost is already available with us.

Rohan Mehta: And sir, the new product categories that we are doing beyond oral care, that would require any capex?

Nikhil Nanda: Yes, that will require some capex. In terms of packaging lines, because it's going to be unique to each one of the products that we get. Some of the brands sell in pouches, some brands sell in bottles, some sell in pumps. So, each one of them have different packaging styles. So, that's probably we'll need to invest in.

Rohan Mehta: Okay, understood. Just one last question, sir. Since the merger with Vedic didn't materialize, any other such merger or inorganic plans on the horizon by any chance?

Nikhil Nanda: What we are looking at definitely is acquisition and not mergers anymore. Because the idea of this merger with Vedic was we will complement the product range and probably the advantage being the common investor between both the companies. But what we realized is that the basic principle of management has to be followed, which is unity of command. So, there has to be a unity of command, which emanates from one central point. It could be anybody and it percolates down to the team and it's only then that there is clarity of what needs to be delivered.

Rohan Mehta: Understood, sir. All right, sir. Thank you so much. Very helpful and all the very best, sir.

Moderator: Thank you.

Nikhil Nanda: Thank you so much.

Moderator: We'll take our next question from the line of Damodar Prasad Agarwal, an individual investor. Please go ahead.

Damodar Agarwal: Mr. Nanda, I'm a small shareholder and I'm with regret.

Nikhil Nanda: You are as precious as everybody else.

Damodar Agarwal: No, but I'm not feeling comfortable to invest in your company. I'm really very sad.

Nikhil Nanda: Tell me what can I do to make you comfortable?

Damodar Agarwal: Because the value of our shares is going down day-by-day.

Nikhil Nanda: Well, market is something that we don't control, but yes, sales and profitability is what we are consciously working on. And we are going to show you results from quarter one of the current financial year. So, kindly bear with us. We can promise you on those numbers. On the share prices, we really can't really commit on anything.

Damodar Agarwal: And I want to know what is the, please give the light on your Vedic episode. What happened? Why they have backed out or you backed out? Can you elaborate?

Nikhil Nanda: Sure. Coming together of two companies is always a win-win. Whenever there is a win-lose proposition which comes along, I think the mergers or the deals do not work. And that's been the reason in this case also. Having said that, the last gentleman asked me a question and I'm answering the same answer to you. We are now looking at acquisitions very actively and we are very confident that in the current financial year, we will be able to do a substantial acquisition with whatever cash that the company holds currently and maybe some stock.

Damodar Agarwal: Okay. I pray God you do as early as possible. Thank you.

Nikhil Nanda: Thank you so much.

Moderator: Thank you. We'll take our next question from the line of Nihal Gupta, an individual investor. Please go ahead.

Nihal Gupta: Sir, our revenue has declined by Y-o-Y about 0.26%. Could you [0:38:05 inaudible]

Moderator: Mr. Gupta I'm sorry, can you use your handset mode please. Hello, Mr. Gupta are you there?

Nihal Gupta: So, our revenue has declined Y-o-Y. So, could you highlight any reason why there was a decline?

Nikhil Nanda: Like I mentioned earlier, we have consciously made an effort to move out the customers where we were not making profit and only stick to the customers where we've managed to improve on the margins by taking a price increase or revision in the conversion cost. And that is one of the prime reasons why we lost out on some of the revenues.

Having said that, I can say with a lot of confidence that, that strategy has paid off. We are getting some of those customers back at revised prices because contracting is a business where if the customer stops business, he stops in like one month's time. But if you have to start business with a new customer, it takes about six months for all the quality, plant certification, all that vendor code generation.

So, the sale dip happens immediately while the sale increase happens over a period of time. But we are very, very confident of the steps that we've taken. And as I mentioned earlier also, everybody is going to see the results of our efforts in the quarter one itself.

Nihal Gupta: Okay, sir. Sir, could you give us the details on our segmental revenue breakup that we have?

Nikhil Nanda: Komal, do you have it? Because I'm not having that right now.

Ashish Goel: Hi, this is Ashish Goel. I'll take up that. So, in current financial year '24, 60% of our revenues are driven from the toothbrush segment, while 30% coming in from the toothpaste segment. Rest of the revenues are from the new segment, which is the talcum powder coupled with mouthwash and tongue cleaners. So, that's a split. And from a product mix perspective, that's the changeover also vis-a-vis the previous financial year. So, whereas what we were doing almost 57% revenues from the toothpaste segment, this year, the major part of that has moved to toothbrush.

Nihal Gupta: Okay. Any particular reason that we have a major chunk of our revenue from toothbrush segment and not from toothpaste segment? And are we taking any steps to ramp up our revenue in the toothpaste segment?

Ashish Goel: Yes. So, as Mr. Nanda mentioned earlier during the call, that toothbrush being a capital intensive. So, generally, the decisions are not just driven from a cost perspective, but also from a perspective of reliability and continuity supplies. So, toothbrush is the area where clients have been continuing and sticking with the company. Whereas in toothpaste, that's the region where because of the better margin perspective, we have to somehow make some of the customers move out. But as mentioned, they have been realigned, they are back in the business. So, that is the thing.

But having said that, there is a constant effort to also increase the toothpaste segment, while keeping into consideration that none of the customers is beyond 25% of our overall portfolio, so that there is no dependence on any particular customer. But yes, there are constant efforts to again regain the business in the toothpaste segment as well.

Moderator: Thank you. We'll take the next question from the line of Chirag Jain from Yogya Capital. Please go ahead.

Chirag Jain: Thank you, sir, for the follow up. So, in what segment are we looking for inorganic acquisitions?

Nikhil Nanda: So, it's a broader segment of personal care products only. And once we are actually in a stage where we kind of closed on the agreement, I think we would be able to make an announcement. But right now, we are evaluating and we are talking.

Chirag Jain: So, in toothbrush, toothpaste or newer products?

Nikhil Nanda: In toothbrush, toothpaste, we are already present with huge unutilized capacity. It's a broader personal care range, which includes creams, lotions, soaps, shampoos, all of these products.

Chirag Jain: Okay. So, we will be acquiring their facilities and manufacturing for them?

Nikhil Nanda: Correct. Along with the contract.

Chirag Jain: Yes. Sir, I missed out on the HUL lead. We added HUL back on for us. So, what product would we be manufacturing for them?

Nikhil Nanda: Close-up toothpaste. We are already manufacturing it for them. Small volume, the big name.

Chirag Jain: So, do we have exclusive or it's more on?

Nikhil Nanda: No. It's currently more of the growth volumes that we are getting. HUL has their own manufacturing facility. That's another part. Most of the big brands have their own manufacturing for toothpaste, but none of them have their own facility for toothbrushes. So, not a single toothbrush is produced by Colgate or Oral-B or Unilever in India by themselves. All three of them produce toothpaste internally as well as externally. So, that's another reason why toothpaste is a growth area.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Nikhil Nanda, Managing Director from JHS Svendgaard Laboratories for closing comments. Over to you, sir.

Nikhil Nanda: Thank you so much, everyone, for attending the conference today. And as I had mentioned earlier, I'm going to re-create the same commitment to every one of you that the degrowth time or the decline time is behind us. We are looking at a time period where we are going to grow consistently quarter-on-quarter on the next many years to come, which is going to be both organic and inorganic.

But we are going to ensure that we give a consistent growth in the company revenue as well as the profitability. And we would seek support from each one of you, the way you've stood by us in the times when we were not doing too well. I commit that the times to come, we are going to do well and we are going to make sure that each of our investors feel that the management has put in all the efforts which are required to grow the company. Thank you.

Moderator: Thank you. On behalf of JHS Svendgaard Laboratories Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.