



November 15, 2024

To,

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400023
BSE Code: 532926

National Stock Exchange of India Limited
Exchange Plaza, Bandra – Kurla Complex,
Bandra (E), Mumbai - 400051
Scrip Code: JYOTHYLAB

Dear Sirs,

Sub: Transcript of the earnings conference call for the quarter ended September 30, 2024

Pursuant to Regulation 30(6) read with Part A of Para A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, transcript of the earnings conference call held on Tuesday, November 12, 2024 for analyst/ investors to discuss the Un-audited Financial Results for the quarter and half year ended September 30, 2024 and the way forward, is enclosed.

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

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

Thanking you,

Yours faithfully,

For Jyothy Labs Limited

Shreyas Trivedi
Head – Legal & Company Secretary

Encl.: As above

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“Jyothy Labs Limited
Q2 FY '25 Results Conference Call”
November 12, 2024



**MANAGEMENT: MS. M R JYOTHY – CHAIRPERSON AND MANAGING
DIRECTOR – JYOTHY LABS LIMITED**

MODERATOR: MR. MANOJ MENON – ICICI SECURITIES

Moderator: Ladies and gentlemen, good day, and welcome to Jyothy Labs Q2 FY '25 Conference Call hosted by ICICI Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone 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. A wonderful season's greetings to all of you. Representing ICICI, it's our absolute pleasure once again to host the management of Jyothy Laboratories for the results conference call. Over to Madam Jyothy for the initial remarks, post which we'll open the floor for Q&A. Thank you.

M R Jyothy: Thank you, Manoj. Good afternoon, everyone. A warm welcome to the Jyothy Labs conference call to discuss our financial performance of Q2 FY '25. The complete results and investor presentation are available on both our company website and the stock exchange. I hope everyone had a chance to look at it.

For the quarter ending September 30, 2024, our consolidated sales reached INR734 crores, a 0.2% in value and 3% in volume growth against a base of 11% value growth in the same period last year. In the current quarter, the variance between value and volume growth is primarily due to increased grammages and select SKU price cuts.

We have seen an improvement in rural demand accompanied by robust growth in our e-commerce and quick commerce channels. Our gross margin for the quarter stands at 50.2% compared to 49.2% same period last year. With palm oil prices remaining an exception to the otherwise stable raw and packing material costs.

We anticipate some price increase in the soap categories in quarter 3. Advertising and promotional spending was 8.3% for the quarter, an increase of 6.4% over the same period last year. Despite softer consumer demand and seasonal impacts, we remain focused on ensuring strong brand visibility.

Our operating EBITDA is at 18.9% compared to 18.5% in the same quarter last year, with a PAT of INR105 crores. For the half year, revenue reached INR1,476 crores, an increase of 4% and 7% in volume with a gross margin of 50.7%. The operating EBITDA margin for the half year is 18.4%, an increase of 7.6% from same period last year. We are maintaining 9 days of operating working capital and remain debt free.

With a strong cash reserve of INR659 crores following a dividend payout of INR128 crores, we are well positioned for future growth initiatives. We continue to place a strong focus on our post wash products, Ujala Supreme, the main lead in this segment was well supported by a pan-India multimedia campaign.

Additionally, partnerships in key markets with landmark events such as Pandharpur in Maharashtra and the Puri Rath Yatra in Odisha has shown impressive consumer engagement.

We have roped in the talented Vidya Balan as the new brand ambassador for Ujala Supreme. Our latest campaign featuring her went live in October 2024.

The Ujala Crisp & Shine campaign featuring megastar Nayanthara, is resonating well in the southern markets. In Kerala, Ujala IDD detergent powder achieved a market share of 23.9% in quarter 2 FY '24, aided by a multimedia campaign featuring Superstar Manju Warrier. We have launched exclusive liquid detergent packs for the Henko brand and are continuing to actively sample in target markets.

Our 5-liter bulk pack of Morelight liquid detergent has been well received and we successfully introduced Mr. White liquid detergent in key markets in October '24. We remain focused on our objective to build scale across different categories. In the Dishwash bar category, Exo reached a market share of 13.6% this quarter, with a focus on small packs yielding positive results. Multimedia campaign featuring Shilpa Shetty was sustained at optimum frequency.

Meanwhile, Pril liquid has maintained its market share at 14% with a sustained multimedia campaign starring Genelia and Riteish Deshmukh. We are committed to expanding the liquid vaporizer category with Maxo liquid vaporizer experiencing strong double-digit growth this quarter compared to a category growth of 2%. It aligns with our strategy to focus more on the liquid format.

Our multimedia campaign featuring Kareena Kapoor is gaining traction. Maxo Coil has seen a slight decline due to a consumer shift towards incense sticks. Our national multimedia campaign featuring Raashii Khanna is further elevating the Margo brand with a particular focus on Margo Neem Naturals to enhance visibility and appeal.

We are leveraging digital channels and initiating consumer engagement to improve the effectiveness of our campaigns, considering the media consumption habits of our target audience. We remain focused on building a personal care portfolio by extending our product line and adding new variants.

In summary, our EBITDA of 18.9% for the quarter indicates better operational efficiency. At the half year mark, our 7% volume growth indicates that our strategic approach and initiatives can keep up the growth momentum. The growth in market share of our brands highlights the consumer trust they have built.

Going forward, our strategy includes deepening our distribution network in rural markets and expanding our retail -- our direct retail presence. Volume growth will be a key metric for us as we focus both on rural and urban segments through targeted innovation and a strengthened distribution network. We remain optimistic about the long-term potential for growth through premiumization and operational efficiencies.

Jyothy Labs continues to focus on sustainable and profitable avenues to meet evolving consumer needs, ensuring our legacy as a household name in India. We remain steadfast in our commitment to brand investments, distribution expansion, cost optimization and new category adoption.

With this, I finish my opening remarks, and we are happy to answer any questions or clarifications you may have. Thank you for your attention.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Mr. Manoj Menon from ICICI Securities.

Manoj Menon: Jyothy, just a top-down sort of question here. So when I take a step back and look at the last, let's say, 1 or 2 years of actual performance and commentary by many of your peer group, largest to smallest, there has been some sort of stress in demand you always faced, and they used to call it out.

But whereas you had managed to execute superbly and grow much faster than industry with a market share gain trajectory. So what suddenly changed in this quarter? Is there something which you are picking up, let's say, in your sales data? Or is it just completely external?

M R Jyothy: Manoj, one is, yes, we've been at a good growth level at a double-digit growth level till Q1. July was not so good for us. In fact, September was at a double-digit growth. July, we saw a lot of issues in terms of -- from floods and things like that, especially impacting South as a region for us and South contributes around 40%. One is that. And second is the muted demand that still continues. So these are the two factors which have led to this kind of growth.

Manoj Menon: Is there any regional disparities in growth? Or is it general that you have seen this across everywhere?

M R Jyothy: It is there across. So the consumer demand is there across as in the muted consumer demand is there across the country. But it was also affected largely by the seasonal impact that has happened.

Manoj Menon: Understood. Anything on trade inventory or any difference in primary, secondary, some companies did call out. Is there anything of that -- those aspects or no, it's just a pure consumer issue?

M R Jyothy: It's a consumer issue.

Manoj Menon: Okay. Understood. And if I heard you correctly in the presentation, you have held on or gained shares, right, I mean, across the board?

M R Jyothy: Yes.

Moderator: The next question is from the line of Mr. Vishal Gutka from HDFC Securities.

Vishal Gutka: Just wanted to check, HUL saw high single-digit volume growth in their home care business, where home care is predominantly detergent, dishwashing, which is a majority of our business. What is the work going very muted? Although you highlighted some of the factors that led to subdued growth during the quarter.

But is it due to more of competitive intensity? And what are you doing to recoup the market share? It seems that you lost some market share in both the segments. So can you please highlight what are the action plan that we intend to regain the lost market share?

M R Jyothy: Yes. So Vishal, one is that -- see our growth, if you see last year base is at 11%. So that is one. Q2 is a higher quarter for us. And on top of that, we had given 11% growth last year. And like you said, we have not lost market share. We have gained market share across segments, be it detergent or dishwash. So that is not a problem. It is the consumer demand that are somehow surprised us. So that is one. And one is the base effect.

Vishal Gutka: Got it. So competitive intensity, you don't feel that is gone up significantly, it is more or less status quo, right, with regards to competitive intensity that sector remains more or less.

M R Jyothy: Yes. So for most of them, the bases were not as much there last year. We have been a great performer last year up to Q1. So that base effect is there. And the other bit is we have not lost market share. In fact, we have increased market share. So that is intact. Competitive pressure has always been there. Yes, it may be up and down each quarter, but we have things ready with us to combat that.

Vishal Gutka: Got it. And ma'am on new product development. So we have done in the last, I think, 12 months, if I recollect it right, we had done Margo Neem Naturals and Morelight liquid detergent. So if you can just give a broader perspective what the new product launches are contributing? How is -- what is the contribution of the new product to overall Margo franchise? And Morelight, if you can give any color on that?

And the secondary adjacent question is that when do we see more aggression on NPDs? Because aggression, when do we see more and more launches? And a related question is that any plans of entering into newer categories like floor cleaner, toilet cleaner, air freshener, although we are present through a form of T-Shine, but we are not seeing that much of aggression in those categories.

M R Jyothy: So see, Morelight detergent was launched in the first quarter. So that is yet to -- while we have launched, we are seeing good pickup there. We have also launched the Mr. White liquid detergent in October, which is this quarter. And our Henko and Ujala IDD liquid detergents continue to do well, and they're growing at double-digit growth. So that is one.

Margo Neem Naturals is also growing steady. Also our Margo Original Neem as a soap is also doing well. So if you see Personal Care is a negative this time on a base of 25% growth last year. So that is one. So that's one difference that you see. And going forward, yes, next year, you will see a lot of launches happening across segments.

Vishal Gutka: And any plans of entering newer categories apart from these four core categories that we have?

M R Jyothy: Yes, you will see that in the coming quarters.

Vishal Gutka: Okay. And ma'am on margin guidance, so earlier the guide for 16%, 17% band. Now in the first half, you delivered approximately 18.5% numbers with regards to margin. So would you like to

up the guidance for the entire year? Or would like to reiterate earlier guidance of between 16%, 17%?

M R Jyothy: We would like to maintain it at 16% to 17%. See, as we go, we don't know where the raw material and those prices will be. As of now, palm oil prices are at a high. So for now, we have maintained -- I mean, we have grown the EBITDA margins. But whatever comes as an up, we will be investing behind our brands.

Vishal Gutka: Got it. And you highlighted that September has seen double-digit volume growth. So that trend is continued in the month of October as well?

M R Jyothy: See, that is October is -- has been with a lot of festivals, if you see this time. So hopefully, this quarter, we should see some. I wouldn't say double digit, but maybe mid- to high single digits.

Moderator: The next question is from the line of Harit Kapoor from Investec.

Harit Kapoor: So just on this volume growth for the quarter, you mentioned that there were some disruptions in July, which affected the numbers. So you are saying basically ex July, you have been able to continue in the mid- to high single-digit range and it's only kind of drop down dramatically in July. That's the way to think about it, right?

M R Jyothy: Yes.

Harit Kapoor: Got it. And the second thing is on the cost side. So apart from soap price increases, which I think the industry is also taking. Would -- do you anticipate any pricing in the second half of the year or on the balance part of the portfolio?

M R Jyothy: See, yes, on soaps, you could see some price increases coming in. And across the portfolio also as and when required, we'll be taking up prices.

Harit Kapoor: Got it. And to the earlier participant's question, you did speak about new launches. So you're expecting new variant/category launches in this year in the second half? Or you're saying that's an FY '26 kind of thought process?

M R Jyothy: It's a new calendar year launches, we are.

Harit Kapoor: Got it. And just one more was on HI. So when you mentioned the 15% growth is category growth is it? And versus that EV growth for you has been double digit. That's what you mentioned.

M R Jyothy: Yes. Within our HI segment, our liquid vaporizer growth has been at double digits.

Harit Kapoor: And category growth has been low single digits.

M R Jyothy: Yes. Category is at 2%.

Moderator: The next question is from the line of Sonal Minhas from Prescient Capital Investment Advisors LLP.

- Sonal Minhas:** This is Sonal. Ma'am, I wanted to just get some subjective color on anything you've seen in terms of demand or any take that you have on general trade versus modern trade versus e-com? Anything you would want to share relevant to your product line that will be great.
- M R Jyothy:** Yes. So demand has not been that good, I would say. And between general trade, modern trade and e-commerce, the modern trade e-commerce is doing well, is better off.
- Sonal Minhas:** Okay. And general trade is relatively therefore not doing well. So is there a channel stocking issues in general trade as well, just trying to like to dig a little deeper.
- M R Jyothy:** No, no, there is no stocking issue. But generally, since Jyothy contributes larger, so there you see muted demand and that, hence, you see the sales muted.
- Sonal Minhas:** Okay. Ma'am is it an oversimplification to say that -- and when we talk to you, we are also looking at results of your peers and the other people. Is it like a good generalization to make that the industry was sitting on a high base growth for last year and hence, the kind of growth that we're seeing right now looks muted. And or there is something subjective which you are picking up from your assessment of the market overall, which you would want to share?
- M R Jyothy:** Yes, the industry has not been in great shape since last year. We have been doing well. And for us, those bases were -- I mean, last 3, 4 years has been great, and we are sitting on that base. Yes.
- Sonal Minhas:** Anything in particular, which you're picking up, which is more pertinent to let's say, why our consumer on the urban side is not buying in general? Anything which you picked up from the market?
- M R Jyothy:** Nothing like that. If you see modern trade and e-commerce have been growing. So -- yes. But yes, there is a general slowdown in the general trade across the country.
- Moderator:** The next question is from the line of Vishal Gutka from HDFC Securities.
- Vishal Gutka:** Ma'am, just one question on one of the smaller businesses actually on laundry services. So recently acquired one brand called Quiclo. Just wanted to understand the purpose of acquiring this brand and a longer-term prospect with regards to business? And if you can any picture. And if you can provide details with regards to how is the profitability for this business as of now?
- M R Jyothy:** See, yes, Quiclo is a small brand. It's a very, very small acquisition that was done in Hyderabad. So -- and we have not acquired the entire business. It's only the brand that we have acquired along with the consumers. I mean the customers that have been using, we've got that additionally. So our business has gone up to that extent. But we are at EBITDA neutral as of now.
- Vishal Gutka:** Okay. And the long-term focus of this business because earlier, you had scaled down the business significantly. Now what is the business looking like with regards to next 3, 5 years?
- M R Jyothy:** See, we would like to maintain it, that's all. There won't be any significant growth or that kind of plans that are there. We will be maintaining it at a breakeven.

- Moderator:** The next question is from the line of Amit Purohit from Elara.
- Amit Purohit:** Ma'am, on dishwash actually, just wanted to know your thoughts. I mean, this quarter has -- I mean, for quite some time for the last 3 quarters, we've been growing at mid-single digits. Last quarter was a bit better this quarter is again. But I mean, we took some initiatives, I think somewhere on the pouches, and we would like to drive that growth which was with -- that SKU was probably not pushed aggressively in the modern trade channel and also has -- what has been the trend there?
- M R Jyothy:** So if you see the growth for us across segments, it is a general thing. Dishwash has been fine so far among the Fabric Care growth, Personal Care growth and your other HI and Dishwash, they all have been at positive growth, right? And we have maintained our market share, which also - - and in Exo, we have grown the market share. In Pril, we have maintained the market share, which also means that in this competitive environment, we have done well.
- So that's all what I can say. Going forward, we have taken a lot of steps. Hopefully, that should result in good sales.
- Amit Purohit:** No, I was just looking for this SKU of pouches, has that got good acceptance in the Exo -- for the Exo brand. I think if I'm not wrong, that was -- this corrective action was done last year or so.
- M R Jyothy:** So pouch is more from Pril point of view, not from Exo.
- Amit Purohit:** Okay. And how has been the response?
- M R Jyothy:** It's been okay. It's been good. In fact, we want -- and we'll concentrate on that as well going forward that the recruiter pack for us. So that will continue to be given focus.
- Amit Purohit:** Okay. And ma'am, on the other expenditure side, I wanted to know what -- because I mean this quarter, we have seen a Y-o-Y decline. What would be the reasons for this? I mean, which are the cost items that has helped us to actually reduce the cost?
- M R Jyothy:** Other expenditure?
- Amit Purohit:** Yes. Other expenditure.
- M R Jyothy:** Yes, yes, that is general stuff, which has gone down due to reduction in volume and saving due to factory consolidation.
- Amit Purohit:** So there is no one-off kind of things?
- M R Jyothy:** Nothing one-off
- Moderator:** The next question is from the line of Karan Bhuwania from ICICI Securities.
- Karan Bhuwania:** I have one question. So you mentioned what modern trade e-commerce et cetera, growing faster, if you could highlight what are the growth rates for those trends? And also, if you could highlight

what is the salience of modern trade e-commerce and quick commerce and how they have trended over the last, say, 3 to 5 years in terms of salience?

M R Jyothy: Yes. So that -- see, modern trade, e-commerce has been growing at double digits is what I can say. I can't give the exact numbers.

Karan Bhuwania: Okay. And in terms of salience, how much will they contribute to our revenues? And how have they trended because they've been growing faster than general trade for quite some time, so how has salient shift happened over the last 3 to 5 years?

M R Jyothy: Yes. So 6% is our overall e-commerce contribution.

Moderator: The next question is from the line of Sonal Minhas from Prescient Capital Investment Advisors LLP.

Sonal Minhas: I was looking at your trade receivables as of September 30, 2024, and comparing them to the same number for 2023, there seems to be kind of a rise from INR175 crores of trade receivables as of September '23 to around INR245 crores as we speak right now. Any subjective commentary you would want to make on this?

M R Jyothy: That is increase in the institutional sales. That's all.

Sonal Minhas: Okay. And you mean, institutional sales, you're talking modern trade if I...

M R Jyothy: Yes, yes, yes.

Sonal Minhas: Got it. So this is cyclical, this is systemic. I just want to understand a little bit more.

M R Jyothy: No, we have maintained our working capital at 9 days. So that's okay.

Sonal Minhas: Okay. Why I was asking because for the same sales that we do, because the sale is flat and the number is up basically, trade receivables were up by around I think around INR75 odd crores same time last year. So there was -- this is kind of a significant delta, that's what I was asking. But as the share of modern trade significantly gone up last year versus now? Or this is just like a one-off we're talking about?

Management: Yes, Sonal. So we are not giving any credit to our GT customers. So whatever data -- balance is there, that is related to institutional sale. So since the institutional sales is growing up. So you may see that increase in the debtors receivables by INR50 crores, which is in line with our business, if you see.

Sonal Minhas: Okay. And this will remain at these levels as we go forward?

Management: This will fluctuate by INR50 crores maybe less will be there sometimes what happens, some its fluctuate due to pipeline credit note. So it may be like plus INR25 crores or minus INR25 crores. But that overall the working capital will maintain 10 to 12 days.

Moderator: The next question is from the line of Mr. Manoj Menon from ICICI Securities.

- Manoj Menon:** Over the last 3, 4 months, we have seen that HUL announcing a project called Stratos and reducing the TFM content. And whereas Godrej has given a response in the press release last month, it seems to have two companies seems to be taken diametrically opposite stance in terms of soap formulation. Only one thing, one comment from your side, have you done some any such projects for Margo or not?
- M R Jyothy:** No, we have not taken any such projects, Manoj. We'll continue with what we have been doing.
- Manoj Menon:** Okay. Sure. Secondly, Jyothy, there is a general perception over the years that there is a certain quantum of growth which you are able to deliver, let's say, higher than industry due to whether it is numeric distribution addition or improving productivity. So are we to assume that that still continues, and this overall growth is just because of one very bad July?
- M R Jyothy:** See that -- like I used to always say, we are an FMCG company, and we'll continue our journey to add retail outlets, so that will continue, but we are sitting on a huge base of retail outlets. So that difference will be there. Any additional increase in outlets will have to be carefully considered, but we are still on our journey to increase outlets.
- So that will happen. And the outlets that we already have, we have certain regional brands, which we'll be taking and using these outlets to reach out more brands and more launches.
- Moderator:** The next question is from the line of Senthil from ithoughtPMS.
- Senthil:** First question is just a clarification. Ma'am you mentioned that you'll be following into new categories. So it will be -- in terms of relations with the existing categories or it will be a completely new category, if you can provide me more details on that?
- M R Jyothy:** It could be newer categories.
- Senthil:** Okay. And so the existing distribution and the sales will be compatible for the new products? Or are you planning a new kind of distribution for this?
- M R Jyothy:** No, no. We'll be using our existing channel. We have a good distribution setup, and we'll be using those launches in our existing channels.
- Senthil:** Excellent. Second question is on expanding the main wash category. So if you can just share some insights in terms of what improvements we are seeing in terms of...
- M R Jyothy:** That is -- see, we have certain brands which we are regionally present, for example, Ujala IDD, which is present in Kerala, West Bengal and Tamil Nadu that we would like to scale up at a national level, so that you will see step-by-step increase happening there in terms of distribution and reach. Then there are other brands as well, which we will be taking it pan-India.
- Senthil:** Okay. And just last question on this liquid detergent as a category, we're also seeing the liquid detergent in INR10 packs and things like that. So does this liquid is the category relevance across the customer base? And how does -- so we have launched liquid detergent across all our brands. So how do we plan to take up this category? And how could be the relevant in the next 3 to 5 years for the company?

M R Jyothy: See, liquid detergent is a growing category. It's growing at 40% to 50%, largely from South, and now you can see those things happening across the country. We were initially in the premium segment. Now we intend to take it to all the segments because one is we are seeing good response from the consumers and liquid detergent is here to stay.

Moderator: The next question is from the line of Chinmay from Prescient Capital.

Chinmay: Little general question from my side. So from a medium to long-term perspective, could you give some color on how do you -- in the sense that what does it take to stay competitive in the e-commerce or the quick commerce space compared to general trade? And is it like is this part of your active strategy?

Or if you could just give two to three key initiatives that you plan to undertake over a medium to long term to stay competitive, specifically in the e-commerce space?

M R Jyothy: See, we've been investing behind the brands. I would say brand should sell; your quality should sell. These are the most important and critical, whether you're in general trade, e-commerce or whatever. So that's first main point. Second is consumers look at these as well. So we have to be competitive that way, whichever channel that we are present on. So those are things that will help you.

Also try and do a lot of digital activities because that's the shift that's happening in terms of media from TV largely to digital mediums so to reach the right consumers at the right time.

Moderator: The next question is from the line of Vishal from YES Securities.

Vishal: Just wanted the clarification on the price hike that you have taken in soaps portfolio and if you could highlight the quantum of the price hike? And when was it taken? Is it at the end of the quarter?

M R Jyothy: No, we haven't taken any price hike yet. We will be taking in is what I mentioned, yes.

Vishal: Okay. So that would be executed in Q2?

M R Jyothy: Q3, yes.

Vishal: Okay. So -- and in terms of volume growth, so you did mention that there is pain in the market, so would it be fair to assume that even in next quarter where you are sitting on a base of 11% volume growth. Volumes would be subdued even in 3Q based on the trends that you have seen in the last few days or last 1.5 months, what sense do we get?

M R Jyothy: Yes. So we are trying our best. We'll -- I mean, somewhere be between mid-single to high single digits.

Vishal: Okay. So this, along with the annualization of the earlier pricing actions because we are sitting on 4 quarters of negative realization. So that will turn positive and also along with the additional price hikes that you take we should lead to a high single-digit kind of revenue growth is what we are seeing?

- M R Jyothy:** There could be much of a pricing impact as such in this quarter. We are taking price increases, which will come in Q4 rather.
- Vishal:** Understood. Okay. And in terms of margins, you seem to be conservative regarding your margin guidance where you have already done almost 18.5% EBITDA margin in first half, but you have maintained a 16% to 17% EBITDA margin guidance. Is it something that you think that could be because of volatile inflation that might impact your margins in the coming quarters, or you do basically wish to spend the entire amount in terms of generating demand in the market?
- M R Jyothy:** Yes. So it will be a combination. I would still maintain in 16% to 17%. It will be a combination of investment -- brand investment and that requires to support new launches and also a potential price hike in raw materials.
- Moderator:** The next question is from the line of Shrinarayan Mishra from Baroda BNP Paribas.
- Shrinarayan Mishra:** Yes. So my first question was on the new categories that we would be launching. Will there be any significant capex?
- M R Jyothy:** No, not much.
- Shrinarayan Mishra:** Okay. And so second question was on HI category. So as we see this category has de-grown on a 3-year CAGR business by 10%. So, like, I mean, how are we doing on this category? Or what is our plan to turn this around? Or I mean, what actions are we talking to beat the competition or illegal incense stick. So some color on how we are approaching this category?
- M R Jyothy:** See, what we have maintained in the past is what I would continue here that we -- our focus is on the liquid vaporizer segment. And for us, in spite of a quarter like this, we have grown in double digits in the liquid vaporizer segment. It's the coil category that is seeing a negative growth, and we have certain -- taken certain measures which you will see in the coming years.
- Shrinarayan Mishra:** Okay. And the competition has launched a new product in LD category. Are we seeing any impact of that?
- M R Jyothy:** No, I would like to focus on what we are doing. We have grown healthy double digits, and we are happy with that.
- Moderator:** As there are no further questions, I would now like to hand the conference over to management for closing comment.
- M R Jyothy:** Thank you all for going through the presentation. And, yes, that's it.
- Moderator:** On behalf of ICICI Securities, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.