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November 10, 2023

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: Outcome of Investors/Analyst meet- Transcript of the Conference Call held to discuss Financial Results for the quarter and half year ended on 30th September, 2023

Ref: Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations 2015

Dear Sir/Madam,

Please find enclosed herewith Transcript of the conference call with analysts and investors held on Wednesday, November 08, 2023 to discuss the Un-Audited Financial Results of JHS Svendgaard Laboratories Limited for the quarter and half year ended on 30th September, 2023.

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

KOMAL JHA
Digitally signed by KOMAL JHA
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Komal Jha
Company Secretary and Compliance Officer

Encl: A/a

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"JHS Svendgaard Laboratories Limited
Q2 and H1 FY'24 Earnings Conference Call"
November 08, 2023

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

MODERATOR: **MR. RUPESH REGE – ADFACTORS PR PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to JHS Svendgaard Laboratories Limited Q2 and H1-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 and then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand over the conference to Mr. Nikhil Nanda, Managing Director from JHS Svendgaard Laboratories Limited. Thank you and over to you, Mr. Nikhil Nanda.

Nikhil Nanda: Thank you. Good afternoon, everyone. Thanks for joining this investor's call today about JHS Svendgaard Laboratories Limited quarterly results quarter two.

Just to give you a quick brief background about the company, we started as a proprietary firm in 1997 with manufacturing of toothbrushes. Initially, we were making toothbrushes for some of the export brands. Subsequently, we tied up with Gillette, which were the proprietary owners of Oral-B at that point of time and we started growing, adding customers like Dabar, Amway, Patanjali, Colgate during the course of our expansion.

We also added newer product categories like toothpaste, mouthwash, and dental accessories as part of our portfolio. At that point of time, we were looking at setting up a huge manufacturing facility of almost 300 million toothbrushes in 2004 when the total Indian market was only about 650 million. The banks were not too enthused by my idea of setting up a huge facility, which I told them is being built for the next 20 years and not for immediate requirement because we as a country are growing and toothbrushes are still having very low penetration, so we have a huge potential to grow.

So, we went public in 2006 after a successful IPO. We put up a huge manufacturing facility, one of the largest in India at that point of time in 2006 at Kalam, Himachal Pradesh, which had the fiscal benefits. Subsequently, Procter & Gamble came in as one of our premium customers and we added more product categories like hair colorings, hair straighteners, creams, lotions for them under the brand Vela and subsequently Tide and Ariel also came in as a product category. This has been the history. Unfortunately, one of the product categories, Procter & Gamble Oral-B Toothpaste launch was not too successful because of which the product had to be recalled from the market and there was little acceptance of the consumer of the Oral-B Toothpaste for various reasons and this was their second launch.

Earlier trial was in 1990 when the toothpaste was not perceived well by the consumer. Similar thing happened this time because of which there was a business loss primarily of the Procter & Gamble businesses over the years and subsequently we tied up with Patanjali which was growing at a breakneck speed at that point of time and that also slowed down in 2018-19 and then we were hit by COVID and subsequently in order to grow the company what we've done is, which is the recent development, we are getting into a merger with Vedic Cosmetics Private Limited.

This is a company involved in the personal care industry specializing in R&D and development of high quality cosmetic products ranging from baby care to skin care, hair care, even pet care, spa products, grooming products and many of them with natural ingredients which is the call of the day. What makes the amalgamation truly compelling is that both the companies can share a lot of synergies.

So there's a huge product portfolio that comes along with Vedic while JHS brings on the table huge manufacturing facility. So we are very excited about the possibilities that can be created with this merger. We envision that with Vedic coming on board we'll be able to leverage our manufacturing infrastructure more efficiently which currently is operating only at about 25%-30% and this would lead to better utilization, better asset churning and greater sales and profitability for the company.

We also have a complementary customer base so we could cross sell the products between the customer base of Vedic to JHS and JHS to Vedic. We are also very pleased to announce that recently JHS has also registered its products in the CFP army canteen which has significantly boosted our business portfolio to the extent of the bottom line because we're selling at highly profitable margins which is not possible in case of contract manufacturing where you have more or less fixed margins. We also have commenced the commercialization of our talcum powder plant which is new and the first billing is for one of the largest talcum brands in India called Nycil owned by Zydus Cadila.

This year the other development has been our supplies to Reliance retail. Reliance is looking at coming big time into FMCG play and we've started with the toothbrushes as one of the categories to begin with and we are very excited that as the brand grows so shall the sales and product portfolio falls with them now that we have a larger product portfolio with Vedic by our side. So moving forward we are committed to building on the success and drive the growth which we've been missing for the last few years primarily on account of limited product portfolio and limited customer base that we can tap into.

With the larger product portfolio and a larger customer base that we're going to generate with Vedic coming on board I think sky is only going to be the limit for us in the next few years.

As far as the financials are concerned I would request our CFO Ashish to take us through the numbers so after that probably we could have discussions on the same as also the business outlook.

Ashish Goel: Thank you, sir. Good afternoon everyone. Thanks for joining. So with respect to the second quarter ending 30th September 2023, we've reported a revenue of INR18.93 crores as compared to INR15.9 crores in the previous quarter. So there's a growth of approximately 19% that we have achieved in the present quarter.

So while yes as compared to the corresponding quarter there's a decline of approximately 10% but that decline is mainly due to the strategic change in the customer's mix that we are targeting on. And that strategy comes along with focus on better margin customers which are being preferred and with a short term impact maybe on the top line.

And this how is ultimately reflecting on the numbers as well is that our EBITDA margins in the current quarter has improvised significantly as compared to the previous quarter. So we have reported an EBITDA margin of 3% in the current quarter as compared to a negative EBITDA margin of 11% in the previous quarter. And this is led by largely because of the change in the customer mix and we're focusing on the better margin products.

So leading to a better gross margin and obviously cut down on the cost trend as well which is ultimately leading to this improvement in the bottom line. So as far as our tag for the quarter two while that stands at a loss of, INR73 lakh but overall cash positive EBITDA margin is there. With respect to half year ended we have reported a revenue of INR34.83 crores during the first half as against INR41 crores in the corresponding half of the previous year.

As I mentioned that this decline is primarily due to the change in the customer mix but that impact is a short term. And this whole strategy is being driven towards improving the gross margins. So as far as our EBITDA for the period half year we stood at a loss of INR1.71 crores and our tag for the half year is being reported at a loss of INR3.32 crores as against a loss of INR4.87 in the corresponding half of the previous year.

So those are the major highlights with respect to the financial numbers. Now we can take up the questions.

Moderator: Thank you. Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Manoj Rajani who is an individual investor. Please go ahead.

Manoj Rajani: Hi sir. Thank you for the opportunity. So actually I had just some of the balance sheet questions mainly regarding the trade payables. So why has it been decreased by almost around INR6 crores? I mean any particular reason for it? Since I mean it has kind of affected the working capital I assume?

Ashish Goel: Thank you Mr. Rajani for your question. I'll take a part. So these trade payables as I mentioned that we are in the first half of the current year. We have looked up to a change in the customer mix and the product mix. So ultimately being in the contract manufacturing space all the vendors are being suggested by the client.

So all the vendors with respect to that particular client have been cleared off and that is what has led to change in the trade payables significantly. While the impact on the working capital cycle is temporary since we were in the transition process. But in the subsequent period that has been reinstated to the original balance. What was being there till the last year.

Manoj Rajani: Okay sir. And so is that this I mean is that also why the decrease has been in the current liabilities?

Ashish Goel: Yes. So current liability was there because as far as it is just around the end of the previous year. So there was this one of the advances which was received from one of the customers because of the current liabilities that has been there. But subsequently that has been adjusted with respect to the supply.

Manoj Rajani: All right sir. And so lastly I mean basically the plant and equipments have increased by almost about INR4 or INR4.5 crores as you can see in September. So as compared to the previous quarter. So any purchase of new assets?

Ashish Goel: So it is not exactly a purchase. These are equipments which were not put to use. They were there in the capital working progress. So in the current half they have been capitalized.

Manoj Rajani: Okay. All right. All right sir. Got it. And so any you know particular I mean this reason for the Oral B issue that we had?

Ashish Goel: Sorry? Please repeat the question?

Manoj Rajani: Oral B issue?

Ashish Goel: Oral B issue you are referring to?

Manoj Rajani: Yes sir. I mean basically we had an issue with the Oral B that Procter and Gamble. So anythingon that?

Ashish Goel: So as Mr. Nanda mentioned that, that was even was compelling because of the market forces which was there. But that issue is done and out. And ultimately as far as any impact on the financial statements are considered, all those things have been squared off by 2017-18. So that is done and dusted. So that is no more impacting the business in the current scenario.

Manoj Rajani: Okay. All right sir. I will get back in queue if I have anything.

Moderator: Thank you. The next question is from the line of Supan Parekh, who is an individual investor. Please go ahead.

Supan Parekh: Yes. So my first question is, can you provide me some insights into the company's research and development efforts moving forward and as well as in this particular quarter as well?

Nikhil Nanda: I think Mohit would be the right person to answer this. Mohit, would you like to answer that?

Management: Yes. So like Mr. Nanda said that Vedic is merging with JHS. Now Vedic has been primarily focused on supplies to the D2C industry where, as you are aware, a lot of quick turnaround that's needed. In the past 15 odd years, Vedic has spent a lot of time, effort in studying newer trends in understanding the concepts that may be required by the Indian consumer as well as consumers abroad.

We have initiated a lot of new technologies, initiated a lot of new products which are easily available in the Indian scenario. Now after the merger with JHS, we are also concentrating on technologies that can be accepted, changes that can be accepted in the oral care industry.

A lot of emphasis that Vedic lays on research and development. We try and create newer products, newer formulations, better formulations at an economical cost. That is what we are wanting to extend to the oral care segment now after the merger with JHS.

Supan Parekh: Okay. So how much are you planning to spend on R&D in the coming quarters of this fiscal year?

Management: Are you talking in terms of the money that's going to be put into R&D?

Supan Parekh: Yes.

Management: Ashish, do you have an idea on the figure that we've budgeted for this?

Ashish Goel: So overall what we have budgeted is approximately 1.5% to 2% including the overall team setup and the research and development expenses that are accrued there as part of our ongoing budget.

Supan Parekh: Okay.

Moderator: Sorry about that. It was from one of the participants. We'll take the next question. The next question is from the line of Nihar Mehta who's an individual investor. Please go ahead.

Nihar Mehta: Hi sir. I wanted to know are there any new product in development or have you acquired any new client in our portfolio?

Nikhil Nanda: As I mentioned there are two customers that we've added. One is Zydus Cadila for talcum powder and one is Reliance Retail for toothbrushes. And we have a potential to grow that business multi-fold considering the fact that now we have a much larger product portfolio with Vedic also by our side.

Nihar Mehta: Correct. So the clients of Vedic will also be in our clientele. Is my understanding correct?

Nikhil Nanda: That's right. And our clients which we currently have also sell a lot of personal care products which Vedic currently manufactures. So we would be able to offer them also the product portfolio that Vedic owns.

Nihar Mehta: So as you have mentioned, can I say that the new products would be able to fetch similar margins as existing products in our business?

Nikhil Nanda: Sorry, can you repeat that please?

Nihar Mehta: So the new products that we have in our portfolio, would it also fetch similar margins as our existing products? How is it going to impact our margins?

Nikhil Nanda: Maybe we might be able to get better margins considering the fact that the formulation and the development and the R&D done on those products is our proprietary information. We might be able to get slightly higher margins there.

Nihar Mehta: Not even any kind of estimate in some range?

Nikhil Nanda: Too early to give out estimates. Maybe we'll be able to let you know about six months down the line.

Nihar Mehta: Okay.

Nikhil Nanda: We've just begun speaking to customers.

Nihar Mehta: Okay. On another thing on the merger, as I was going through your presentation, is there any capex to be required as a part of this merger or same manufacturing units are going to be used for our new products, which will be added?

Nikhil Nanda: Same manufacturing units are going to be used for the products currently. As the business grows, we have strategically decided, although that's way ahead in the future, we would probably like to have another setup in the south, so that we are able to service our customers better, both from north and south. But that's still in a very nascent stage.

Nihar Mehta: Understood. Any plans of raising any funds for our business? Maybe post-merger?

Nikhil Nanda: No, nothing yet.

Nihar Mehta: Not yet. Okay. I know that you have mentioned about R&D, so could you please reiterate that in what ways are we going to use our manufacturing unit and the R&D process of Vedic cosmetics post-merger?

Management: I'll answer that. Like Mr. Nanda mentioned earlier, Nihar, that there are a lot of clients for JHS which will come on Vedic, which will be given Vedic products and Vedic clients will get oral care from JHS portfolio. Just to give you an example, Dabur was a big client for JHS and after the merger has been announced, Vedic's R&D has given a lot of new products to Dabur which they have recently launched. So there's a lot of emphasis that Vedic, in the past 15 odd years, Vedic has placed a lot of emphasis on R&D.

In fact, Vedic is known in the market because of their R&D capabilities. Now, these are being extended to clients which are already there with JHS and vice versa. We also -- to add a little bit to what Mr. Nanda said, he told you about Zydus and Reliance. I would like to proudly say that, we've also managed to get HUL onboarded and we are now manufacturing a major part of their close-up range. So that's another big client for us and they're also being offered a lot of new products which we are developing especially for these clients.

Nihar Mehta: Right. In terms of financials, after amalgamation with Vedic, you have already said that the Vedic clients will also be a part of our client. So how are you ensuring in terms of sales and distribution going forward in the business given globally whatever is happening? There is a lot of uncertainty. So in terms of sales, supply chain, distribution, how are you ensuring that it should be productive and efficient going forward?

Management: I'm sorry, I didn't exactly understand what you're wanting to ask, Nihar. Because most of our the supply chain for our clients is handled at their end. We basically manufacture for them and we supply to them. There's a big push from the center on Make In India and India is probably one of the only countries in the world which is doing well in the current scenario even though the entire world seems to be suffering.

There's huge consumption domestically also and a lot of push is coming into India because of companies wanting to move their supply chain, and the production base away from China. So these are the two things that we are looking at capitalizing on.

Nihar Mehta: All right, understood. Thank you so much for the insights. Thank you, sir. And wish you the very best.

Management: Thank you, Nihar.

Moderator: Thank you. The next question is from the line of Nikhil Arora, who's an individual investor. Please go ahead.

Nikhil Arora: Hi, sir. Thanks for the opportunity. I just wanted to know if you're having any new strategy for expanding the product portfolio in the oral care and personal care industries? If you could shed some light on that.

Nikhil Nanda: Yes, I'm going on that. So basically, as I mentioned earlier, what we are going to do is, we've got a complementary list of customer base between Vedic and JHS, where we can cross-sell the products. So just to give you an example, a company like Dabur, all for whom we've been making toothpaste for the last 23 years, also sells a lot of personal care products.

So recently, we've started manufacturing the Gulabari range of face wash for them at Vedic. So this is how we are reaching out to our existing customers, saying now these are the other product categories that we've added from Vedic. While there are some customers at Vedic, whom we are reaching out with our oral care portfolio and trying to insist that they should source the oral care also from us, considering our manufacturing capability.

So we are able to cross-sell one with our existing customer base itself. I think we have a potential to double our business in the next one year to two years if we are able to cross-sell to all of them, which theoretically is possible, practically may not be possible because they have existing vendor base, but we feel that's the target that we've set for ourselves. How much of it we are able to actually fructify is only a matter of time that we'll be able to identify. This is one strategy that we are doing.

Secondly, what we are also trying to do is now working closely with all our customers and trying to understand if we were to set up a south-based facility. So most of these companies outsource their south sales from a south-based facility only. Some of them are sourcing from north and paying a huge transportation charge in the light of GST. Earlier it was beneficial because of the fiscal benefits. Now in the GST regime, there are no fiscal benefits available.

So they only want to source it as closer to the market as possible. So that's the second thing which I mentioned earlier also during the call that we are evaluating south as a place where we can go and set up a smaller manufacturing location. So we are able to service our existing customers for their additional volume of south market from south. These are the two strategies we're going ahead with currently.

Nikhil Arora: Okay. And sir, any other plans to expand our presence into international markets or any other regions that we're looking into or we have in mind to expand or grow as such?

Nikhil Nanda: So international markets, we were doing a substantial export prior to COVID, which during COVID hurt most of the markets globally. I think now, fortunately for all of us, the inquiries from the international markets have started increasing with the China Plus One policy coming into play at most of the places. We feel our participation in trade shows at various international platforms would definitely help us regain some of the international market footprint also.

Nikhil Arora: So we can expect a rise in our exports in the coming quarters, if can you quantify that?

Nikhil Nanda: I would say coming year, not quarter because contract manufacturing is a long-term business. And especially in the domestic market, it takes six months for a contract to fructify and export, it takes one year because of the regulatory approvals that happen.

Nikhil Arora: Okay. One last question from my side, sir. The debtors days, if we see it has increased, like from March to September, it has increased. It has come closer to roughly 101 days, 100 days. So what would be the reason for that?

Ashish Goel: I'll take up that, Saurav. So as I mentioned that we were in the process of transition with one of the customers as we were working on the change in the customer mix. So that is why the accounts were in the settlement process. So in the subsequent period to the reporting period, that has been taken care of. And that has been the average which was being maintained because that's the pretty much standard which has been established in the contract manufacturing phase. That is there, which is in the subsequent period. So it was only a temporary phase of transition which has impacted the quarterly ending numbers.

Nikhil Arora: Okay. So that is a temporary thing. Okay, sir. Thank you so much.

Ashish Goel: It's a very temporary thing. Yes.

Nikhil Arora: Okay. Thanks for the clarity and wish you all the best for the future, sir. Thank you.

Moderator: Thank you. The next question is from the line of Irshaan from IK Capital. Please go ahead.

Irshaan: Yes. Thank you for the opportunity. My first question was in regards to Vedic. So what was the financials for Vedic in FY '23 and FY '22? I mean, in terms of top line and margins?

Nikhil Nanda: Mohit, would you like to take that?

Irshaan: Do you want me to repeat the question?

Management: Yes, please.

Irshaan: Yes. So I just wanted to know the financials of Vedic for FY '23 and FY '22. Like what are the top line and operating margins?

Management: So '22 and '23 were fairly close to each other. We were at about INR52 crores, INR53 crores top line. And the margins, we were working on 5% net profit in '22. And the same was about 0.5% in '23 because a lot of expansion expenses took place in the previous year.

Irshaan: And what would be your operating margins? It would be somewhere under 7% to 8% range?

Management: Operating margins? You mean the gross profit?

Irshaan: The operating margins, EBITDA margins?

Management: EBITDA margins, we are targeting about 6.5% in the coming year.

Irshaan: What were those margins in FY '22 and FY '23?

Management: In FY '22 was about 5.5, was about 7%. In '23, it fell down to about 2.5%. And now in the current year, we are targeting about 6%, 6.5% after the increased customer base that's coming in.

Irshaan: Okay. And can you help me out with the product concentration? Like, I mean, what percentage of revenue is contributed by men's grooming, hair care, any rough contribution?

Management: So hair care contributes about 60% of our revenue. 30% comes in from specialized skincare. And the rest 10% comes in from men's grooming, pet grooming, baby care, other products.

Irshaan: And any client concentration? Like any client which contributes more than 20% of our overall revenues?

Management: Well, last year, three of our major clients were involved in a buyout by one particular group. So the Goodlam Group had bought out three of our main brands. So from 15% each, they became about -- the Goodlam Group became about 40%, 45% of our turnover. But in the current year, there are other clients also that have got added up. So I think there are three or four major clients who are about 20%. And 10, 15 other clients contribute to the balance.

Moderator: Thank you. The next question is from the line of Supan Parekh, who's an individual investor. Please go ahead.

Supan Parekh: Actually, last time, because of some issues, I got cut it off. So my next question is, what new innovations or products are in the pipeline? How do they align with the customer needs and market demands?

Management: To answer that, Supan, what happens is that the R&D team or the new product development team at Vedic is continuously studying trends across the world and seeing how they can map it to the demands in the current customer base. Constant discussions happen where the business development team or the key account managers discuss with the product team at various brand levels and offer them products based on requirements that may be there.

Supan Parekh: Okay. So the next question I would like to ask is, how are you mitigating the risk associated with the global supply chain disruptions, like with war going on around? So how are you managing that? Is there any specific things that you are doing or anything which you'd like to tell?

Management: Yes. So actually, since COVID, one has been -- when COVID came in, there was a sudden disruption of supplies. And Vedic took a conscious decision to start looking at raw material and ingredients which are made in India or sourced from India. So during COVID times, because we faced a lot of problems, it's a conscious decision that is now helping us during this time.

Supan Parekh: Okay. And lastly...

Management: We rely mostly on Indian-made ingredients, Indian-made products to contribute to our made-in-India philosophy.

Supan Parekh: Okay. So the last question I'd like to ask is, is there any partnerships or acquisitions that the company has pursued or will pursue in the future?

Management: Nikhil, would you like to answer?

Nikhil Nanda: Sorry, can you repeat the question, please?

Supan Parekh: My question was, are there any partnerships, acquisitions that the company has pursued or are planning to pursue in the future plans?

Nikhil Nanda: So currently, what we are looking at is only setting up our south base and utilizing the huge, the unutilized plant that we have at Kalamb, Himachal. So I think if we are able to move it up to 80% to 90% capacity utilization, we're looking at 3x growth from where we are today. And we are also making it more dynamic in terms of more flexible to do personal care products from same facility where we are doing oral care currently.

So we're bringing about the technological change that is required with a small capex, which will make the facility a lot more flexible to do multiple products at same facility. So this is our immediate next three-year goal. And the five-year goal is, of course, having a south-based facility to facilitate our customers as well as grow.

Supan Parekh: Okay, sir. Thank you. And all the best for the future.

Moderator: Thank you. The next question is from the line of Irshaan from IK Capital. Please go ahead.

Irshaan: Thank you. I just have one question. I mean, with respect to this product innovation, are we also looking into electronic toothbrush? Any plans to get into it?

Nikhil Nanda: No, because electronic toothbrush is only 0.1% of the 15,000 crore market. In India, still, there's a huge unutilized or I would say untapped consumer base to the extent of 30%, 35%, which doesn't use a toothbrush still. So I think first challenge is to get everybody to use a toothbrush.

And then once we reach there, then probably the market will grow for the electric toothbrushes. Right now, the market doesn't justify that.

Irshaan: Okay, thank you. And you said like we are operating at 20 to 25% capacity, right? So what are we doing to, you know, onboard new clients or?

Nikhil Nanda: Yes, so what we are basically doing is, as I mentioned, currently, the first focus is to cross sell amongst the customer base of Vedic and JHS, the products that we have capabilities for. So by this itself, we should be able to double our numbers, as I mentioned earlier. This is the first step that we have initiated.

Second step would be making this facility more flexible to do personal care and oral care from the same one. So that tomorrow, if we are able to tap into a new client, like there's a huge, large FMCG company that we are in intense talks with, if that fructifies, maybe we would convert half of our oral care into personal care and start producing for them.

Irshaan: What kind of capex would that entail?

Nikhil Nanda: It doesn't require much capex because we have all the equipment. It just requires certain transformative changes in the manufacturing process, which would make it capable, because the equipment is more or less the same. The only thing that you need to change is packaging.

So for like toothpaste, you need tube filling for personal care. Sometimes you need bottles, sometimes you need jars. So that's the only change that will be required. Rest all remains the same. We just need to bifurcate the production line so that there's no product mixing. So that's more of a transformative change rather than an equipment or a capex requirement. It's marginal.

Irshaan: Okay. Thank you. Thank you.

Nikhil Nanda: Thank you.

Moderator: The next question is from the line of Dhiral Jain, who's an individual investor. Please go ahead.

Dhiral Jain: Hi, sir. Good afternoon. Thank you for this opportunity. So I wanted to ask, are there any indicators that the management or the company uses to measure success or track which goals have been fulfilled by the company? So are there any indicators that you use?

Nikhil Nanda: So basically, we have an annual plan which is made out every year. And we have a five year plan which is made out like we are going to be post Diwali when we normally have an off-site every year, where we formalize these plans. And basis those plans, then we start monitoring and looking at how we are faring on a month to month basis through a management review meeting.

Dhiral Jain: Okay, sir. So I wanted to ask, do you have any merger and acquisition plans for the coming year?

Nikhil Nanda: Not for the coming year. This is the only merger that's scheduled with Vedic.

Dhiral Jain: Okay. Thank you. Also, I had one more question. How do you align your business with the current market trends that are shaping the future of oral care and oral hygiene process right now?

Nikhil Nanda: Sorry, how do you foresee?

Dhiral Jain: How do you plan to align your business with the trend market trends in the oral care or oral hygiene market in general?

Nikhil Nanda: So basically, we are anyways, one of the largest facilities and the only facility in the country which does both toothbrushes and toothpaste from the same facility. The biggest advantage that we bring on table for our customers is that generally, you would see in the market, promotions are run where toothbrushes are given free with the toothpaste.

So manufacturing both from the same location gives a minimum of 10% to 12% of cost advantages because you don't need to maintain any inventory, reduce toothbrushes at one location, ship it to second location, pack it, unpack it, and refill it. So all these are almost 10% to 12% of the product cost. So we bring on table those benefits and these are the strategies with which we go to the customer.

Dhiral Jain: Okay, thank you so much. All the very best and have a very happy Diwali to you.

Nikhil Nanda: Thank you and Shubh Diwali to everyone also before I forget. More questions are welcome.

Moderator: As there are no further questions from the participants, I now hand the conference over to Mr. Nikhil Nanda for the closing comments.

Nikhil Nanda: So I would like to thank the entire team of JHS and Vedic for the hard work, dedication that they all are putting into drive the company forward despite various market conditions that most of the businesses are facing, but specifically to our industry in particular. I appreciate all of you for participating in our conference call today, all the participants. Thank you very much for coming in and asking the relevant questions.

You can get in touch with Adfactors, our Investor Relation team for any further queries that you may have and we look forward to interacting with you soon after our Q3 results. 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.