August 14, 2026

To,

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

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

Dear Sir / Madam,

**Sub: Transcript of the earnings conference call for the quarter ended June 30, 2026**

Pursuant to Regulation 30(6) read with Part A of Para A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, transcript of the earnings conference call held on Wednesday, August 12, 2026 for analyst/ investors to discuss the Un-audited Financial Results for the quarter ended June 30, 2026 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 PARAG TRIVEDI

Digitally signed by SHREYAS PARAG TRIVEDI
Date: 2026.08.14 18:32:57 +05'30'

**Shreyas Trivedi**
**Head – Legal & Company Secretary**

Encl.: as above

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"Jyothy Labs Limited

Q1 FY27 Earnings Conference Call"

August 12, 2026

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

MODERATOR: MR. ANIKET KAMBLE – ICICI SECURITIES

**Moderator:** Ladies and gentlemen, good day, and welcome to Jyothy Labs Q1 FY27 Earnings 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 touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Aniket Kamble from ICICI Securities. Thank you, and over to you, sir.

**Aniket Kamble** Thank you, Yousuf. Hi. It's an absolute pleasure from ICICI Securities to host the Q1 FY27 earnings call for Jyothy Labs. From the management, we have Ms. Jyothy, Chairperson and Managing Director; and Mr. Pawan Agarwal, CFO. I now hand over the call to Jyothy ma'am for her opening remarks. Thank you, and over to you, ma'am.

**M. R. Jyothy:** Good afternoon, everyone, and a warm welcome to the Q1 FY27 earnings of Jyothy Labs Limited. Our financial results and investor presentation are available on our website and the stock exchanges. I trust you have had the opportunity to review them.

Let me begin with the broader operating environment. Rural demand stayed relatively resilient, while urban markets after showing signs of recovery in the second half of FY26 remained subdued during the quarter. Higher household expenses, continued pressure on discretionary spends, and cautious consumer sentiment affected urban consumption.

Across the sector, companies are balancing commodity inflation through calibrated pricing, premiumization, innovation, mix improvement, and sharper pack price architecture, while protecting consumer affordability. We are, therefore, cautiously optimistic on the demand with growth expected to be driven by a balanced combination of volume expansion, selective pricing, premiumization and new product scale - up rather than the price increases alone.

During the quarter, crude oil and crude-linked derivatives remained highly volatile. The West Asia conflict kept global energy markets unsettled. This affected input costs, packaging materials, and the supply - chain planning. While the recent moderation in crude prices is encouraging, we remain watchful of geopolitical developments and their lagged impact on cost and margins.

Our immediate priority was to ensure continuity in production, supply and sales, and we largely achieved that objective. However, the price increases taken towards the end of March and in April were not sufficient to offset the unusually high raw material and packing cost inflation. In addition, the company did not have any material benefit of lower-priced older inventory in the Q1.

With a large part of our business coming from Fabric Care and Home Care, where crude-linked inputs play an important role, margins were significantly impacted during the quarter. In our assessment, raw material and packaging costs are unlikely to correct immediately even if crude prices remain moderate, as higher cost purchases and contracted inventories will continue to flow through Q2.

Any benefit from lower crude-linked inputs is likely to be visible only gradually and more meaningfully from October, provided commodity prices remain stable. Margin recovery is therefore expected to be progressive and closely linked to top line growth. That said, we believe the current margin pressure is largely transitory and near-term in nature. As commodity prices stabilize and volumes improve, operating leverage should support margin recovery over the coming quarters.

For FY27, excluding the Pril business, we expect double-digit revenue growth. EBITDA margins are likely to remain under pressure during the year due to elevated crude-linked input costs, though H2 should be substantially better than H1, subject to demand momentum and commodity price stability.

We are focused on cost optimization, supply chain efficiencies, procurement excellence, value engineering, and selective pricing actions to restore profitability without compromising competitiveness or market share. On channels, GT growth was muted largely due to lower urban demand. However, all other channels put together delivered impressive growth.

Modern trade, e-commerce and quick commerce continued their strong momentum and remain among our fastest-growing channels. A&P spends has been moderated over the past few quarters due to input cost inflation. Going forward, we intend to step-up investments in advertising and brand building to support long-term sustainable growth.

From Q1 FY27, we have aligned our segment reporting with the way management reviews the business and allocates resources in accordance with the Ind AS 108. We will now report performance under 3 segments, which is Fabric Care, Home Care, and Personal Care.

Fabric Care will continue to be reported separately given its scale and strategic importance. Home Care brings together our key in-home consumption categories, while Personal Care reflects the growth opportunity in that portfolio. We believe this revised structure gives investors a clearer and more meaningful view of how we manage the business, allocate capital, drive innovation and pursue long-term growth. Comparative numbers have been restated for consistency.

Fabric Care maintained its strong momentum, delivering over 14% value growth and 10% volume growth during the quarter. Detergent powders and bar grew in double digits, while liquid detergents continued their high-growth journey across Henko, Ujala, Mr. White, and Morelight. Home Care grew by 2.4% year-on-year, excluding Pril sales. Within Home Care, the Dishwash portfolio was impacted by the Pril exit effective 31st May 2026.

However, the newly launched bioenzyme-based Exo Liquid has made encouraging progress despite being at an early stage of scale-up and channel expansion. The broader Exo franchise includes bars, powders, liquids, and scrubbers grew in mid- to high single-digits in value terms and double digit in volume terms. In household insecticides, the extended summer and delayed rainfall affected category performance in Q1.

We have launched the Maxo incense sticks in July, to address the growing concern around unsafe and unapproved local agarbathies. Maxo incense sticks is a safe and effective government-approved solution and further strengthens the Maxo portfolio.

Personal Care performance remained subdued during the quarter, impacted by price increases and transient supply chain disruptions. We remain confident of a recovery trajectory and expect the segment to deliver stronger performance in the coming quarters. That said, input cost pressures are beginning to emerge with key raw materials, especially soap noodles witnessing price increases from June onwards. We will closely monitor whether this trend proves temporary or signals a more sustained inflationary cycle.

Let me now cover the financial performance. Excluding Pril and FA, revenue grew by 8.1% in value terms and 5.3% in volume terms on a year-on-year basis. Gross margin stood at 38.5%, down by 950 basis points year-on-year, impacted by abnormally high input cost inflation and lower realizations. Employee cost was 11.4% of revenue compared to 11.5% in the same quarter last year.

A&P spend was 6.5% compared to 10.8% in the same quarter last year. Other expenses were 12.2% of revenue compared to 12.1% in the same quarter last year. EBITDA margin stood at 8.4%, down about 820 basis points year-on-year, which is flowing through the gross margin. Overall, the industry outlook remains cautiously optimistic.

Inflation, commodity volatility, and heightened competition are likely to keep operating conditions challenging over the next couple of quarters. At the same time, premiumization, growth in new - age channels, continued innovation, new launches, and disciplined cost management should support sustainable long-term growth.

We'll continue to follow a balanced pricing strategy while preserving affordability. Pricing decisions will remain calibrated, taking into account commodity cost movements, competitive intensity, and consumer demand elasticity. Our priorities for FY27 are clear: scale recent NPDs, maintain a strong innovation pipeline, improve general trade productivity, sustain volume growth despite price increases, and invest in brands in a calibrated manner. We remain optimistic about FY27 while staying watchful of the external environment.

Before I close, I would like to thank our teams for their commitment, our trade and distribution partners for their support, and our investors for their continued trust.

With that, I conclude my opening remarks. We'll now be happy to take your questions. Thank you.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. First question is from the line of Siddhesh Deshmukh from IIFL Capital.

**Percy Panthaki:** This is Percy Panthaki here. My first question is what is the total price increases that you have taken since the start of the war till now?

**Pawan Agarwal:** So overall, about 4%, you can say, 4%, 4.5% out of that, 3% has flown through quarter 1 and the remaining will be visible in quarter 2.

**Percy Panthaki:** So, what is the reason that our price increases are so much on the lower side given that our portfolio is actually the most exposed to crude amongst the peers. If we see HUL has 5% price increase flowing in, in Q1, GCPL also has 5% price increase flowing in, in Q1, yet we are at 3%. So, can we not take more price increases?

**M. R. Jyothy:** So, Percy, this is a resultant of some competitive action also in certain SKUs. And we are at par with what the competition is. And hence, in spite of taking these corrections, this is how it is. So, if you see in most of the brands that we are there, SKU to SKU level is matched with competition.

**Percy Panthaki:** And can you elaborate this competitive activity is more sort of intense? Is it in dishwash? Or is it more in detergent, and also in which subsegment among these two?

**M. R. Jyothy:** See, it is broadly there. So, I won't be able to comment on that. But largely, it is SKU-wise price reductions that has happened. And as we speak, when you compare last year, the same quarter, the MRPs of some brands that we have, they were at a higher MRPs, right? So, when you compare that value versus this year that it wouldn't suffice. I mean, it is no match to last year's since. That's why you would see that little bit of degrowth in the sense. But volume-wise, we have a good growth. It's only from a value perspective.

**Pawan Agarwal:** And also, Percy, if you look at it, when I said around 4%, 4.5% total, it's a blended increase. So, in segments such as Personal Care, the price increase is roughly 9% to 10%. We have gone up to 9%, 10%. And in other business segments, 4% to 5% price increases have been taken. So as Jyothy mentioned correctly, it is a function of category brand SKUs and depending upon that, the pricing decisions have been taken.

**Percy Panthaki:** I'm just trying to understand this gap between the cost inflation versus the pricing taken that gap is most in is it in liquid detergents? Is it in dishwash? Is it in mass market powder detergents? Which part of the business do you see the unrecovered inflation impact the most?

**Pawan Agarwal:** You can see the segment margin. So, you'll be able to see it Fabric Care and Home Care, which is 90% of our business. This is where the input price increase was abnormally high, and it impacted us. And we have taken the necessary price increases, keeping the market realities in mind.

**Percy Panthaki:** Sir, any problem in giving a little more granular view because the prices of all the competition are in public domain. So, it would really help us to get a better understanding.

**Pawan Agarwal:** Fabric Care was closer to 5% on a portfolio basis, but Dishwash was competitive.

**Percy Panthaki:** Understood. Understood, sir. Secondly, just on future margin trajectory, assuming if the crude price remains roughly where it is, do we see margins being suppressed till then and only the crude price deflation can result in sort of a decent margin expansion? Or do we have some other plan to bring the margins back?

**Pawan Agarwal:** Of course, there are a number of factors which would play out in the coming quarters, but we cannot ignore the market or the external environment reality. The way crude has been behaving over the last 4, 5 months, it's anybody's guess. Keeping that factor in mind, I think our goal is to swing back to the historical margin levels, but a large portion of that is linked to crude prices, while a number of actions are already in place, and we'll build on that to improve margins.

**Percy Panthaki:** Got it, sir. And lastly, any comments on the Exo liquid portfolio? How is that ramping up?

**M. R. Jyothy:** So, Percy, we have it's only been 3, 4 months that we have launched it. And from a launch perspective, it has done reasonably what as per expectation. So far, so we'll be able to probably give you more this thing maybe end of the year.

**Moderator:** Next question is from the line of Rushabh Shah from Buglerock PMS.

**Rushabh Shah:** My question was on the you mentioned that in the business update call that why you need a premium brand in a market like India, there are a few takers of premium brand. So, my question was do you think that the entire game in India is of premiumization and each and every player is making premium products for the market. So just wanted your thought process on it.

And the second part of the same question would be looking at our product portfolio, Henko is the brand we can recall for a premium category segment. So, rest all the categories we see in premium products compared to our competitor the new product developments, do we have any? One question broken into 2 parts.

**M. R. Jyothy:** Yes. So Rushabh, when I said that, I said in a certain context, when I'm saying where you see premiumization and all of that is more from a Personal Care or you would see largely in high involvement categories, whereas in home care categories, if you see or you have studied the market, even if there are premium products, what is happening is any it is never operating as its original MRP price, right? It there is a significant reduction in MRP reductions that are happening throughout, be it even premium SKUs or any even competition for that matter, all the premium brands are at a discount today.

So that's why I said in a market like this, can you continue that premium momentum in the same price that you intended to launch it, it doesn't happen, right? When there is a lower consumption happening, there is this premiumization taking a hit basically discounting of things, competition introducing very cheap products in the market and hence, you have to take certain calls. So hence, that comment came in from that angle and not from a premium product as such.

And also, from a large this thing, if you see, majority of India, it is the lower prices that still captures the market. It's anything to do with lower price you bring. There are takers for it. Premiumization takes its time. So that is the context in which what I said about premiumization. But having said that, for us in the SKUs that we are operating or we are at a slight kind of premium, there we are seeing that kind of. But is the 100% market towards premiumization no. I hope you got the context in what I said.

**Rushabh Shah:** Yes. And the second part, the product portfolio part?

**M. R. Jyothy:** Yes. Could you repeat that?

**Rushabh Shah:** So, like in our product portfolio, Henko is the one which we can recall as a premium brand. And there is no...

**M. R. Jyothy:** Yes. Yes. Yes, continue.

**Rushabh Shah:** Yes. So, in the premium category, all categories which we see there are no premium products like the Henko, which we have as compared to the competitors. So, like in the new product developments, do we have any?

**M. R. Jyothy:** See currently, yes, you're right, in Henko, we have a premium portfolio. In Dishwash, we earlier had Pril, but that also doesn't mean that Exo is a mass this thing. Exo right now operates at what the competition is, and we are right now sitting at the topmost end of the price ladder there.

And within Exo also, you have a premium offering in the dishwash bar as the 500-gram SKU, wherein the price that you pay at that one time is higher compared to a INR10 or INR5 bar. So, for us, that again is a good enough ratio that where we have within that from a premium SKU versus the lower unit pack.

So, in every product that there are these kinds of things, if you see liquid detergents as such, used to be premium compared to powders a few years back. That was the state of the market, whereas with a lot of trials and a lot of competition coming in, now liquid detergents are at lower than the powders in terms of now in terms of pricing and both in terms of margin, be it even a premium liquid. So premium always depends on a certain context is what you need to understand.

**Rushabh Shah:** Okay. My second question is that we have seen an improvement in the working capital space. How sustainable is this in terms of giving credit to the distributors? We know that Jyothy is like one of the best you have one of the best working capitals in the industry. So, could you please let us know some point how Jyothy like is able to do that? And what are those things that Jyothy is doing differently than the competition although like the competitors have stronger balance sheet strength than us?

**Pawan Agarwal:** So, I can't comment on the competitors' action, but all I can tell you is that our focus has always been on the hygiene of the business. We sell products, especially in general trade, we sell products on advanced payment basis. A significant portion of our general trade business is on advanced payment basis.

Even with modern trade, e-commerce, quick commerce, the payment terms are whatever payment terms we have agreed with our channel partners are comparable. So, in that sense, the hygiene of the business is always paid attention to. And the distributor level stock is also maintained at 15 to 20 days. So that are the fundamental levers that we apply in order to run the business.

**Rushabh Shah:** And last question is the royalty payments which you were doing, which are done now since they would be saved, where do you think would you use the money? Will it be in advertisements more like moving the customers to the, like, Exo customers or it will be in the R&D side of the business?

**Pawan Agarwal:** Anyway, it's a small amount. The royalty amount is not a very significant amount in the P&L over a year. And there is no one-to-one co-relationship between saving line item saving and its application. So of course, the overall cost saving initiatives are going on in the company, and we are investing behind innovation and product development. All these things are happening parallelly.

**Moderator:** Next question is from the line of Vishal Gutka from ASK Investment Managers.

**Vishal Gutka:** A couple of questions from my side question on my side. Ma'am one question on the Pril and Exo brand. So Pril is not to be seen in the market. As per the terms of the agreement, there is a cooling off period, post they can come into market, if you can clarify. And if they come, there could be some dent in your numbers, if they in case face what do you call some cooling off period is there.

Second question is on the incense stick that you launched in, I think, southern part of the country. So, what's happening on the broader color for pricing? What is the broader strategy you are targeting out over there on the incense stick on the mosquito side?

And third question was on the M&A front. I think we have decent cash. I think we have been evaluating opportunity. So, one of the deals recently got done, where I think TTK sold couple of brands to WIPRO, referred as what they call decent valuation it got sold. Just wanted to check from you, did we validate the deals, and what was the conflict in case it didn't get validated, and overall perspective on M&A?

**Pawan Agarwal:** So, your first question, Vishal, on Pril cool off, et cetera. So as Henkel decided to recall the brand, and they decided not to renew the agreement. So, we did not manufacture, distribute, sell product beyond 31st April. There is no specific clause which requires them to wait for a certain period, but the matter is before the court. And hence, we would not be able to comment beyond this. Now as far as Jyothy, you would like to address Maxo agarbatti?

**M. R. Jyothy:** Yes. So, Vishal, on Maxo, we have priced as per competition. And I think we are the second organized player in this category. And as you know and all know that this market has been growing. And yes, we are the last ones to come in, but I think we've come with an even stronger product and consumers will gain in end of the day.

So, we have a very good winning product with us, and we hope to create the absence of incense sticks was kind of also affecting us in a way. And the product has come in at the right time and priced at par with competition. So that is on Maxo. On M&A...

**Pawan Agarwal:** On the specific point that you raised about TTK business, yes, we had looked at the business, but the 4 divisions of the business, 2 of them were not aligned to our business strategy, and there was a significant overlap in the remaining 2. So, we did not take it forward.

**Vishal Gutka:** Okay. But sir, they sold 2 brands, that is Home and Eva. I don't know what the proportion earlier, but what they have sold is they have sold 2 brands to Wipro. So, an overall perspective on M&A, I think you've been evaluating, but if you can provide more color what's happening with that M&A front?

**Pawan Agarwal:** No, Vishal, we are looking at assets, as I keep telling you in every call that we keep on looking at assets, and we are looking at very aggressively. But again, the filters that we apply, they are very stringent, and it has to be aligned with company's overall growth strategy. So just for the sake of acquiring assets, we are not into that business. So, at an opportune time, hopefully, you will get to hear from us.

**Vishal Gutka:** And now out of the system, by when we should expect double-digit revenue growth to come by? Definitely some amount of price we have taken, but a better balance of volume and price by which quarter or maybe by next year, we expect double-digit revenue growth to come by for Jyothy?

**Pawan Agarwal:** See, our endeavor is to deliver double-digit revenue growth from current quarter itself. This is what we are aiming for. But of course, 3%, 4% price increase will be sitting over there. So high single digit is the volume growth that we are expecting through the year. And Jyothy also mentioned in her speech that for the year FY27, excluding Pril and FA, we expect double-digit growth.

**Vishal Gutka:** Okay. But if I have to include Pril and FA, then the revenue the reported number will be far lower, right? It would be, what around...?

**Pawan Agarwal:** Yes.

**Moderator:** Next question is from the line of Sonal from Prescient Capital.

**Sonal Minhas:** This is Sonal Minhas. I wanted to understand some bit of context regarding your growth across the channel, especially the modern trade commerce and the general trade. Has general trade degrown year-on-year if we remove the two brands which are discounted in? And in quick commerce, what are we seeing in terms of competitive positioning of our brands...?

**Pawan Agarwal:** So, Sonal, in general trade, we are doing reasonably okay. But overall, looking at the urban demand situation, there was a pressure. Excluding Pril and FA we are on the positive side in general trade. As far as quick commerce and e-commerce, et cetera is concerned, both these channels continue to be amongst our fastest-growing channels, as Jyothy mentioned in her opening, and they are becoming increasingly important for category development, consumer acquisition and premium product adoption.

While home care categories are not growing at the same pace as food and grocery on these platforms as per our understanding, we continue to see healthy growth across our portfolio on e-commerce and quick commerce. And our focus is on channel-specific assortment, premium packs, better visibility and improving consumer engagement. So, this is what we are seeing on e-commerce and quick commerce, and we expect this to continue at a good pace in coming quarters.

**Sonal Minhas:** Got it. So just double clicking on this Home Care category for modern trade and quick commerce. Are there some product gaps? Are there some pricing gaps? Are there some grammage gaps which we are seeing of us vis-a-vis, let's say, some other brands which are doing better in particular?

**Pawan Agarwal:** Overall, our e-commerce quick commerce, we are also growing in the range of 25% to 30%. So broadly, I think we are present across formats, across SKU. I do not see material gaps over their vis-a-vis competitor.

**Moderator:** Next question is from the line of Ronak Shah from Equirus Securities.

**Ronak Shah:** My first question is on the top line front, wherein management is aspiring for a double-digit growth, ex-Pril and FA. So, if we see the second half wherein the relative base is high, how management is seeing the growth trajectory that this part of the business likely to accelerate?

**Pawan Agarwal:** So, the growth aspirations that we have is across segments. So, Fabric Care continues to deliver good growth for us. And given the strong product portfolio across formats, across channel, I think the growth momentum will continue. We do not see any material reason for growth to slow down unless there are some external events which are beyond our control. As far as Personal Care is concerned, we saw good growth in quarter 4.

Of course, quarter 1 is slightly subdued because of the pent-up demand, et cetera, and also substantial price increases that we have taken 10%. But slowly, I think quarter 2 onwards, even Personal Care will join the party. The Dishwash is something where we have launched Exo. So, it will scale up. So, I think all the 3 segments will perform reasonably well. And that gives us hope that we will deliver double-digit growth in FY27, especially in the second half of the year.

**Ronak Shah:** Got it. Secondly, on the Dishwash front, wherein one of the larger players has also likely to introduce dishwash product into the market. How we are confident to tackling that front?

**M. R. Jyothy:** So that we will see at that point in time, Ronak. Right now, we'll see what we have to do, and more people are welcome to the party.

**Ronak Shah:** Understood. Secondly, on the margin front, wherein we are highlighting that the larger part of the inflation is going to flow or the larger higher MRP inventory is likely to flow into the second quarter. So, net-net, from the FY27 perspective, though we understand the geopolitical uncertainty are there, how management is aspiring to see operating margins to play in from the near-term to mid-term?

**Pawan Agarwal:** See, as I mentioned, our goal is to go back to the historical margin levels, of course, subject to external conditions. But in the near-term, as Jyothy mentioned in her remarks, our margin recovery is expected to be gradual rather than immediately in quarter 2 or quarter 3. The pace of improvement will depend on commodity trends, demand recovery and the effectiveness of pricing actions. So that is how we are seeing, or we are anticipating that H2 of the current year should be better than H1 on both growth and profitability metrics.

**Ronak Shah:** So, sir, on the pricing front, can we expect that 2Q can be a bottom out story from the overall margin front or we can see more pressure compared to the first quarter?

**Pawan Agarwal:** See, again, given the volatility in crude prices and crude is very important for us as input material, a large portion of the margin recovery is linked to crude, how crude behaves. Having said that, the sharp margin contraction witnessed in quarter 1, primarily it is related to the impact of raw material inflation flowing through the P&L, while pricing actions are still catching up with input costs.

Commodity prices, although remain volatile, the recent trends in crude have been relatively encouraging. That said, the benefit of lower crude prices typically reaches our cost base with a lag because of inventory and procurement cycle. So, I can't tell you exactly that this is the bottom, but it is not going to be materially lower than what we have reported for quarter 1. And we are working towards improving the margins progressively.

**Moderator:** Next question is from the line of Nitin Shakdher from Green Capital Single Family Office.

**Nitin Shakdher:** This is Nitin Shakdher from the Green Capital Single Family Office. And also, I do note that it's been a tough quarter for the company, along with the licensing agreement also not being there. So, I would still say congratulations to the management because you've paid almost INR120 crores, INR130 crores of extra cost of materials consumed. So, people don't realize that it's still been a good performance irrespective of that.

My question is more in terms of if this is an opportunity for the brand to look into territories where probably let's join some other people's party as what Jyothy rightly said, is why can't we look into development of beauty and cosmetics, health and hygiene, oral care, baby care, pet care, hair care, skin care. And what is the development on that from the company's front in terms of new product development? Just wanted to understand that.

**M. R. Jyothy:** Nitin, thank you much for your appreciation. And on the question that you have asked, we are working in that on that front, too. And probably you'll get to hear some good news in that area as well. Like we had mentioned, we won't sit quiet and be at the receiving end from what's happening.

We will be creating more products and more products that are better in terms of margin is well on the way. So that's what we are looking forward to, and we are ambitiously and progressively working on that, and our teams are really ready. And right now, I won't be able to tell you what, where, when. But rest assured that we'll be joining others also India parties.

**Nitin Shakdher:** Great. Great. That's wonderful to hear, Jyothy, ma'am. And one more thing which I wanted to touch base upon is that is there a way or a strategy that at some point in time over different quarters, can we look at certain products which are not so heavily dependent on petroleum and crude oil derivative chemicals.

Some of the new age D2C consumer brands are on biodegradable coconut-derived surfactants plant-based. I do understand that's not our core business. But is there a way to try to control the external environment by changing the principles of ingredients somehow in terms of research and development?

**M. R. Jyothy:** Again, I think you  it looks like you kind of already know and you're preempting already. We are also on that kind of a journey where we  like I said, we won't  it's only a matter of time. We are not sitting here and going to just take things as they come. We are  as a company and as a team, we are working on all those parameters because it's a very big lesson learned and we've paid a huge price for that. So yes, there's a lot of projects which we are working on, Nitin.

**Nitin Shakdher:** Great. That's wonderful to hear that the management is cognizant of the market realities now, and I wish you all the best. And I think we should go from a space of undervaluation to overvaluation soon then of the stock prices.

**M. R. Jyothy:** Thank you so much.

**Moderator:** Next question is from the line of Logeshkumar J, an Individual Investor.

**Logeshkumar J:** So, my first question  I mean, I have a follow-up question on the gross margin level. So, I know that you have explained it in detail that it is a geopolitical lead and then inflation lead. So, the primary question is that like we are almost about 10% down on the gross margin level, 48% to 38%. So, it indicates that we are like due to  we are due by taking about 10% price hike on our product. So, this seems to be very structural because like no other FMCG company or like it generally happens only with a commodity type of business, not to an FMCG company.

So there seems to be something structural issue like are we not having enough pricing power to increase our products by at least 5% to drop in gross margin product is not competitive enough. How do you see this down the line, like we were about 18% and now down to EBITDA of 8%. So how do you see next 2 to 3 years panning out?

Like how likely  how confident  what is giving you the confidence for you to go back to the 18% or 20% EBITDA margin, let's say, 2 years down the line? So, what is the broader strategy as a company you have is like you have on a long-term steady-state basis, like we will not get into this kind of situation again. So even though like if the commodity prices increase or decrease, we should ideally have the ability to increase our product price so that our EBITDA margin is not this much hit. So, can you explain on that?

**Pawan Agarwal:** Thanks for the question. So first of all, ours is not a commodity business. the input price increase, which has impacted us is to the tune of 30% to 35%, which has never happened in the recent memory of the company. Our business is  90% of our business is linked to crude oil prices. And crude oil has swung from whatever, 60%, 65% to upwards of 100. This kind of increase has never been witnessed by the industry.

A combination of all these factors has caused a 9% impact. Out of that, if you see the raw material impact itself would be about 15%, 16%. And we have taken some 3% price increase and also 3%, 4% efficiencies and mix, and that is how the impact has been contained at 9%, 9.5%.

Having said that, we understand that the heavy dependence on crude-linked material is a risk. And accordingly, we have been working on it for the last 1, 1.5 years. There is a lot of work which is happening in diversification and reducing the dependence on crude-linked raw material.

And our innovation gives us scaling up of innovation, new products, etcetera, gives us confidence that the margin recovery would happen, should happen once the raw material prices of crude oil cools off. So, I do not see a major concern in terms of going back to the historical levels if the external environment comes down a little bit.

**Logeshkumar J:** Okay. Let's assume that an external environment remains the same for the next year. So, I mean, do we have the ability to increase the price and then recover back to the margin. So that is a major question because the external environment or crude prices doesn't seem to be I mean, any time softening at all. So, in that kind of situation, how would be your reaction?

**M. R. Jyothy:** So Logesh, the thing is you're calling it a commodity is completely wrong. We are a very good brand, house of brands in the sense. We have good market shares. And for your information, who behaves as commodities are competition, the moment we enter categories and the moment we launch, there is competition that reduces prices, and that's where the commoditization happens. So, to say to give you a proper this thing is some few of our recent launches, competition has taken the prices down. So, it is up to you to kind of decide who is actually a commodity, okay?

So and also one thing to be noted is when you keep increasing prices, you also need the consumer to buy your products. If everybody keeps increasing prices the way it is, the demand and the consumption will also come down.

So, it is a complex thing about all of these. The moment JLL brings in or launches a competitive a good product, there are enough big competition who brings down their prices, okay? That is the biggest thing that you need to keep a note on. So that's the big and short answer for your question.

**Logeshkumar J:** Okay. So, ma'am, like I completely understand your point, like there should be some sort of calibrated price increases, right? Because like every other company in the same space as we operate like have at least have maintained or able to take a calibrated price hike and able to protect the margin to some extent. So, nobody else except the Jyothy has taken this kind of hit. So that is the meaning...

**M. R. Jyothy:** Yes, you're right because we for us, 90% is Home Care, right? The companies that you're talking about have other categories as well. So, if you see 90% Home Care has a direct relation to the crude prices. And hence, you see the difference, right? So and like I've said in the past, we are on the journey of increasing Personal Care and bringing in other products also, high-margin products also.

And you will see those changes in the future. But currently, as we are structured, we are into Home Care 90%, and that's why that has a direct impact. Now when you say about pricing, pricing is competitive. It is what most of our products are at par with competition. So, no dilution there, okay? So I hope that answers.

**Logeshkumar J:** And shall I know what is the net cash balance available now, free cash balance available now?

**Pawan Agarwal:** About INR850 crores.

**Moderator:** Next question is from the line of Darshit Vora from Asit C. Mehta Institutional Equities.

**Darshit Vora:** I just wanted to follow-up to what you said earlier. You said eloquent incense sticks of ours is a better product. So, I just wanted I have 2 parts to this question. One is that how is it a better product when compared to competition? And second part is how are we communicating this to the consumers.

So, for example, GCPL has this RMF molecule that they worked on, and they are putting that through another differentiator. So, what kind of proposition do we have or are we working on to create a difference in the minds of the consumers that our product is better than the comp?

**M. R. Jyothy:** Yes. Darshit, why I said it's a better product because we have a trusted molecule there, and it's a very stable molecule. And our lab results have shown that we are in much better product when we have compared to other products. So that's the what do you say, confidence with which I said. And it is a perfume product. It is a government-approved product, and our incense sticks acts in 2 minutes immediately. So that is the confidence in which I said that ours is a better product. Yes.

**Darshit Vora:** And how are we like communicating this to the consumer?

**M. R. Jyothy:** Yes. Communicating will happen because as and when the product reaches everywhere, we will start our communication as well, different methods. But right now, too early to tell.

**Moderator:** Ladies and gentlemen, we'll take this as the last question for today. On behalf of ICICI Securities, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines

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