

Jyothy Labs

12 August 2026

Operator: Ladies and gentlemen, good day and welcome to Jyothy Labs Ltd. Q1 FY27 earnings conference call hosted by ICICI Securities. As a reminder, all participant lines will be in 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 the operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Aniket Kamle from ICICI Securities. Thank you, and over to you, sir.

Aniket Kamle – ICICI Securities: Thank you, {? [unclear] ?}. Hi, it is an absolute pleasure for ICICI Securities to host the Q1 FY27 earnings call for Jyothy Labs Ltd. 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.

Jyothy – Chairperson & Managing Director: Thank you. Good afternoon, everyone, and a warm welcome to the Q1 FY27 earnings call of Jyothy Labs Ltd. 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 to put pressure on discretionary spending, and cautious consumer sentiment affected urban consumption. Across the sector, companies are balancing commodity inflation through calibrated pricing, premiumization, innovation, mixed improvement and sharper pack-price architecture while protecting consumer affordability. We are therefore cautiously optimistic about demand, with growth expected to be driven by a balanced combination of volume expansion, selective pricing, premiumization and new product scale-up rather than 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 supply chain planning. While the recent moderation in crude prices is encouraging, we remain watchful of geopolitical developments and their lagged impact on costs 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 from lower-priced older inventory in 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

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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, although 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, GP 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 spending had 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 Ind AS 108. We will now report performance under three segments: 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 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 bars grew in double digits, while liquid detergents continued their high-growth journey across Henko, Ujala, Mr. White and More Light. 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 May 31, 2026. However, the newly launched bio-enzyme-based Exo liquid has made encouraging progress despite being at an early stage of scale-up and channel expansion. The broader Exo franchise, which includes bars, powders, liquids and scrubbers, grew in the mid-to-high single digits in value terms and in double digits in volume terms.

In household insecticides, the extended summer and delayed rainfall affected category performance in Q1. We launched Margo Neem Sticks in July to address the growing concern around unsafe and unapproved local agarbattis. Margo Neem Sticks is a safe and effective government-approved solution and further strengthens the Margo portfolio. Personal Care performance remained subdued during the quarter, impacted by price increases and transient supply chain disruption. 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.

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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 margins stood at 38.5%, down by 950 basis points year-on-year, impacted by abnormally high input cost inflation and lower realization. Employee cost was 7.4% 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 margins 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 will 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 team 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 will now be happy to take your questions. Thank you.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to withdraw yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Siddhesh Deshmukh from IIFL Capital. Please go ahead.

Percy Panthaki – IIFL Capital: Hi, this is Percy Panthaki here. My first question is: what are the total price increases that you have taken since the start of the war until now?

Jyothy – Chairperson & Managing Director: Overall, you can say about 4–4.5%. Out of that, 3% has flowed through in Q1, and the remaining increase will be visible in Q2.

Percy Panthaki – IIFL Capital: 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 among our peers? If we see HUL, a 5% price increase flowed through in Q1, and GCPL also had a 5% price increase flowing through in Q1. Yet we are at 3%. So can we not take more price increases?

Jyothy – Chairperson & Managing Director: Percy, this is a result of competitive action in certain SKUs also. We are at par with the competition, and hence, in spite of taking these corrections, this is how it is. If you see most of the brands in which we operate, the pricing at the SKU-to-SKU level is matched with the competition.

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Percy Panthaki – IIFL Capital: Can you elaborate? Is this competitive activity more intense in dishwash, or is it more in detergents? Also, in which sub-segment among these two?

Jyothy – Chairperson & Managing Director: It is broadly present across the categories. I will not be able to comment on that specifically, but largely, SKU-wise price reductions have happened. As we speak, when you compare the same quarter last year, the MRPs of some of our brands were at a higher level. When you compare that value with this year, it would not suffice. It is not comparable with last year, which is why you would see only a little bit of growth in value terms. In volume terms, we have delivered good growth. The issue is only from a value perspective.

Also, Percy, when I said around 4–4.5% in total, it is a blended increase. So in segment {? [unclear] ?}...

Management: In Personal Care, the price increase is roughly 9–10%; we have gone up to 9–10%. In the other business segments, price increases of 4–5% have been taken. So, as Jyothy mentioned correctly, it is a function of the category, brand and SKUs, and the pricing decision has been taken accordingly.

Percy Panthaki – IIFL Capital: I am just trying to understand the gap between the cost inflation and the pricing taken. Is that gap the largest in liquid detergents, dishwash or mass-market powder detergents? In which part of the business do you see the unrecovered inflation impact the most?

Management: You can look at the segment margins, and you will be able to see that Fabric Care and Home Care, which constitute 90% of our business, are the areas where the input price increase was abnormally high and impacted us. We have taken the necessary price increases while keeping market realities in mind.

Percy Panthaki – IIFL Capital: Is there any problem with giving a more granular view? The prices of all the competitors are in the public domain, so it would really help us to get a better understanding.

Management: Fabric Care was closer to 5% on a portfolio basis, but dishwash was competitive.

Percy Panthaki – IIFL Capital: Understood, sir. Secondly, on the future margin trajectory, assuming crude prices remain roughly where they are, do we see margins being suppressed until then, with only crude price deflation resulting in a decent margin expansion? Or do we have some other plan to bring the margins back?

Management: There are a number of factors that will play out in the coming quarters, but we cannot ignore the reality of the external environment. The way crude has been behaving over the last 4–5 months, it is anybody's guess. Keeping that factor in mind, our goal is to return to historical margin levels. A large portion of that is linked to crude prices, while a number of actions are already in place, and we will build on them to improve margins.

Percy Panthaki – IIFL Capital: Got it, sir. Lastly, any comments on the Exo liquid portfolio? How is it ramping up?

Management: Firstly, it has only been 3–4 months since we launched it, and from a launch perspective, it has performed reasonably well and in line with expectations. So far, it has performed

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well. We will probably be able to give you more detail by the end of the year.

Percy Panthaki – IIFL Capital: Got it. Thank you very much.

Management: Thank you.

Operator: Thank you. The next question is from the line of Rishab Shah from Jugal–Rao PMS. Please go ahead.

Rishab Shah – Jugal–Rao PMS: Hi, thank you for the opportunity. My question was about the earlier mention that a big call you made was regarding why you need a premium brand. In a market like India, there are few players with premium brands. My question was whether you think the entire game in India is about premiumization and whether each and every player is making premium products for the market. I just wanted your thought process on this.

The second part of the same question is about our product portfolio. Henko is the only brand we can recall in the premium category segment. In the rest of the categories, we have no premium products compared to our competitors. In the new product developments, do we have any?

Management: Rishab, when I mentioned that, I was referring to a certain context. When you see premiumization, it is more relevant to Personal Care or, broadly, to high-involvement categories. In Home Care categories, if you have studied the market, even when there are premium products, they are never operating at their original MRP. There are significant MRP reductions taking place throughout, whether for premium SKUs or for competition. All premium brands are currently available at a discount.

That is why I said that in a market like this, the question is whether you can continue that premium momentum at the same price at which you intended to launch the product. It does not happen. When consumption is lower, premiumization takes a hit, with products being discounted and competition introducing very cheap products into the market. Hence, you have to take certain decisions. That was the context of my comment, and it was not about premium products as such.

Also, if you look at the majority of India, lower prices still capture the market. Whenever you bring in something at a lower price, there are takers for it. Premiumization takes time. That was the context of what I said about premiumization. Having said that, for the SKUs in which we operate, or where we are at a slight premium, we are seeing that kind of response. But is 100% of the market moving towards premiumization? No. I hope you understood the context of what I said.

Rishab Shah – Jugal–Rao PMS: Yes. And what about the second part, regarding the product portfolio?

Management: Could you repeat that?

Rishab Shah – Jugal–Rao PMS: In our product portfolio, Henko is the one that we can recall as a premium brand, and there are no...

Rishab Shah – Jugal–Rao PMS: In the premium category, in all the remaining categories, there are no premium products like Henko compared to our competitors. Do we have any such products in

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new product development?

Management: Currently, you are right that Henko has a premium portfolio. In dishwash, we earlier had Pril, but that does not mean that Exo is a mass product. Exo currently operates at the level of the competition, and we are currently at the topmost end of the price ladder there.

Within Exo also, we have a premium offering in the form of a dishwash bar, the 500-gram SKU, where the price that you pay at one time is higher compared to a Rs.10 or Rs.5 bar. For us, that is again a good revenue ratio within the premium SKU versus the lower unit pack.

There are similar products in every category. Even liquid detergents used to be premium compared to powders a few years ago. That was the state of the market. However, with a lot of trials and competition entering the market, liquid detergents are now priced lower than powders, both in terms of pricing and margins, including premium liquids. Premium always depends on a certain context, which is what you need to understand.

Rishab Shah – Jugal-Rao PMS: My second question is that we have seen an improvement in the working capital position. How sustainable is this in terms of providing credit to distributors? We know that Jyothy has one of the best working capital positions in the industry. Could you please explain how Jyothy is able to achieve that and what Jyothy is doing differently from the competition, although the competitors have stronger balance sheet strength than us?

Management: I cannot comment on the competitors' actions, 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, on an advance-payment basis. A significant portion of our general trade business is on an advance-payment basis.

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

Rishab Shah – Jugal-Rao PMS: The last question is about the royalty payments that you were making, which have now ended. Since those payments will be saved, where do you think we will use the money? Will it be used more for advertising, perhaps to move loyal Pril customers to Exo, or will it be invested in R&D or another part of the business?

Management: In any case, it is a small amount. The royalty amount is not very significant in the P&L over a year. There is no one-to-one correlation between saving a line item and its application. Of course, overall cost-saving initiatives are ongoing in the company, and we are investing in innovation, product development and all these activities in parallel.

Rishab Shah – Jugal-Rao PMS: Okay. Thank you.

Management: Thank you.

Operator: Thank you. The next question is from the line of Vishal Gutka from ASK Investment Managers. Please go ahead.

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Vishal Gutka – ASK Investment Managers: Hi, team. I have a couple of questions. My first question is on the Pril and Exo front. Pril is not to be seen in the market as per the terms of the agreement. Is there a cooling-off period after which it can come into the market? If you can clarify, and if it does come back, there could be some impact on the numbers in case there is a cooling-off period.

My second question is on the insecticides that you have launched, I think, in the southern part of the country. What is the broader pricing environment, and what is the broader strategy you are targeting in insecticides on the mosquito side?

My third question is on M&A. I think you have recently generated cash and have been evaluating opportunities. One deal recently took place in which TTK sold a couple of brands to Wipro at what appeared to be a decent valuation. I wanted to check whether we evaluated that deal, what the context was from our end if we did evaluate it, and your overall perspective on M&A. Thank you.

Management: Your first question, Vishal, was on the Pril cooling-off period. When Henkel decided to recall the brand, it decided not to renew the agreement. We did not manufacture, distribute or sell the product beyond May 31. There is no specific clause requiring them to wait for a certain period, but the matter is before the court, and hence we will not be able to comment beyond this.

As far as insecticides are concerned, would you like to address Maxo, Varthy?

Management: On Maxo, Vishal, we have priced it in line with the competition. I think we are the second organized player in this category. As we all know, this market has been growing. Yes, we are the last ones to enter, but I think we have come with an even stronger product, and consumers will benefit in the end.

We have a very good winning product with us, and we hope to address the absence of incense sticks, which was also affecting us in a way. The product has come in at the right time and is priced at par with the competition. That is the position on Maxo. On M&A...

Management: On the specific point that you raised about the TTK business, yes, we had looked at the business. However, of the four divisions of the business, two were not aligned with our business strategy, and there was significant overlap in the remaining two. Therefore, we did not take it forward.

Vishal Gutka – ASK Investment Managers: They have just sold two brands, Good Home and Eva. I do not know what the proposal was earlier, but what they have sold is two brands to Wipro. I also wanted your overall perspective on M&A. I think you have been evaluating opportunities, so could you provide more colour on what is happening on the M&A front?

Management: Vishal, we are looking at assets. As I keep telling you on every call, we continue to look at assets and are doing so very aggressively. However, the filters that we apply are very stringent, and the opportunity has to be fully aligned with the company's overall growth strategy. We are not in the business of acquiring assets just for the sake of acquiring them. At an opportune time, hopefully you will get to hear from us.

Vishal Gutka – ASK Investment Managers: Got it. Now that Pril is out of the system, by when should we expect double-digit revenue growth? Some price increases have been taken, but when should

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we expect a better balance of volume and mix—by which quarter, or perhaps by next year, should we expect double-digit revenue growth for Jyothy?

Management: Our endeavour is to deliver double-digit revenue growth from the current quarter itself. This is what we are aiming for. Of course, a 3–4% price increase will be reflected there, so high-single-digit volume growth is what we are expecting throughout the year. Jyothy also mentioned in her speech that for FY27, excluding Pril and Fa, we expect double-digit growth.

Vishal Gutka – ASK Investment Managers: If I include Pril and Fa, then the reported numbers will be far lower, right? Would it be around {? 5% }?

Management: Yes, around that level.

Vishal Gutka – ASK Investment Managers: Great, Jyothy, all the best. Thank you.

Jyothy: Thanks, Tushar.

Operator: Thank you. The next question is from the line of Sonal Minhas from Prescient Capital. Please go ahead.

Sonal Minhas – Prescient Capital: Hi, this is Sonal Minhas. I hope I am audible.

Operator: Yes, please go ahead.

Sonal Minhas – Prescient Capital: Thank you for taking my question. I wanted to understand the context regarding your growth across channels, specifically modern trade, e-commerce and general trade. Has general trade declined year-on-year if we remove the two discontinued brands? In quick commerce, what are we seeing in terms of the overall competitive positioning of the brands?

Management: In general trade, we are doing reasonably well, but overall, given the urban demand situation, there was pressure. Excluding Pril and Fa, we are on the positive side in general trade.

As far as quick commerce and e-commerce are concerned, both channels continue to be among our fastest-growing channels, as Jyothy mentioned in her opening remarks. 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 in e-commerce and quick commerce. Our focus is on channel-specific assortment, premium packs, better visibility and improving consumer engagement.

This is what we are seeing in e-commerce and quick commerce, and we expect this to continue at a good pace in the coming quarters.

Sonal Minhas – Prescient Capital: Specifically focusing on the Home Care category in modern trade and quick commerce, are there any product gaps, pricing gaps or grammage gaps that we are seeing in our portfolio compared with other brands that are performing better?

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Management: Overall, our e-commerce and quick commerce businesses are also growing in the range of 25–30%. Broadly, I think we are present across formats and SKUs. I do not see any material gaps vis-à-vis competitors.

Sonal Minhas – Prescient Capital: Got it. Thank you. I will fall back in the queue. Thank you.

Management: Thank you.

Operator: Thank you. The next question is from the line of Ronak Shah from Equirus Securities. Please go ahead.

Ronak Shah – Equirus Securities: Hi, thank you for the opportunity. My first question is on the top line, where management is aspiring for double-digit growth excluding Pril and Fa. If we look at the second half, where the comparable base is high, how is management viewing the growth trajectory? Is that part of the business likely to accelerate or fade?

Management: Our growth aspirations are across segments. Fabric Care continues to deliver good growth for us, and given the strong product portfolio across formats and channels, I think the growth momentum will continue. We do not see any material reason for growth to slow down unless there are external reasons beyond our control.

As far as Personal Care is concerned, we saw good growth in Q4. Of course, Q1 was slightly subdued because of pent-up demand and the substantial price increases that we have taken, which were 10%. However, gradually, I think from Q2 onwards, Personal Care will also join the growth momentum. Dishwash is another area where we have launched Exo, and it will scale up.

I think all three segments will perform reasonably well, which gives us confidence that we will deliver double-digit growth in FY27, especially in the second half of the year.

Ronak Shah – Equirus Securities: Understood. Secondly, on the dishwash front, one of the larger players is also likely to introduce a dishwash product into the southern market. How confident are we about tackling that front?

Operator: Yes, please go ahead.

Ronak Shah – Equirus Securities: Secondly, on the dishwash front, one of the larger players is also likely to introduce a dishwash product into the southern market. How confident are we about tackling that front?

Jyothy: We will assess that at the relevant point in time, Ronak. Right now, we will see what we have to do, and more people are welcome to the party.

Ronak Shah – Equirus Securities: Understood. Secondly, on the margin front, we are highlighting that a larger part of the inflation, or the higher-MRP inventory, is likely to flow into Q2. From an FY27 perspective, although we understand that geopolitical uncertainties remain, how does management expect operating margins to develop from the near term to the medium term?

Management: As I mentioned, our goal is to return to historical margin levels, subject of course to external conditions. However, in the near term, as Jyothy mentioned in her remarks, margin

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recovery is expected to be gradual rather than immediate in Q2 or Q3. The pace of improvement will depend on commodity trends, demand recovery and the effectiveness of pricing actions. That is how we see it, and we anticipate that H2 of the current year should be better than H1 on both growth and profitability metrics.

Ronak Shah – Equirus Securities: From the pricing front, can we expect Q2 to be a bottoming-out quarter from the overall margin perspective, or could we see more pressure compared to Q1?

Management: Again, given the volatility in crude prices, and because crude is a very important input material for us, a large portion of margin recovery is linked to how crude behaves. Having said that, the sharp margin contraction witnessed in Q1 is primarily related to the impact of raw material inflation flowing through the P&L, while pricing actions are still catching up with input costs.

Although commodity prices remain volatile, 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 the inventory and procurement cycle. Therefore, I cannot tell you exactly that this is the bottom, but it is not going to be materially lower than what we reported for Q1, and we are working towards improving margins progressively.

Ronak Shah – Equirus Securities: Understood. That is all from my side. Thank you, sir.

Management: Thank you.

Operator: Thank you. The next question is from the line of Nitin Shakdher from Green Capital Single Family Office. Please go ahead.

Nitin Shakdher – Green Capital Single Family Office: Hi, good afternoon. This is Nitin Shakdher from Green Capital Single Family Office. I do note that it has been a tough quarter for the company, along with the licensing agreement also not being in place. I would still like to congratulate the management because you have paid almost 120-130 crores of additional cost of materials consumed. People do not realize that it has still been a good performance irrespective of that.

My question is whether this is an opportunity for the brand to enter territories where we can perhaps join other people's party, as Jyothy rightly said. Why can we not look into the development of beauty and cosmetics, health and hygiene, oral care, baby care, pet care, hair care and skin care? What is the progress on this from the company's perspective in terms of new product development? I just wanted to understand that.

Jyothy: Hi, Nitin, and thank you very much for your appreciation. On the question that you have asked, we are working on that front as well, and you will probably get to hear some good news in that area. As we had mentioned, we will not sit quietly and remain at the receiving end of what is happening. We will create more products, and products with better margins are also on the way.

That is what we are looking forward to, and we are ambitiously and progressively working on it. Our teams are really ready. Right now, I will not be able to tell you what, where or when, but rest assured that we will also be joining others in their party.

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Nitin Shakhder – Green Capital Single Family Office: That is wonderful to hear, Jyothy ma'am. One more thing I wanted to touch upon is whether there is a way or strategy through which, over different quarters, we can look at certain products that are not so heavily dependent on petroleum and crude oil derivative chemicals. Some new-age D2C consumer brands are using biodegradable, coconut-derived surfactants and plant-based ingredients. I understand that this is not our core business, but is there a way to try to control the external environment by changing the principles of the ingredients through research and development?

Jyothy: Again, I think you already know and are anticipating this. We are also on that kind of journey. As I said, we will not sit quietly. It is only a matter of time. We are not sitting here and simply going to take things as they come. As a company and as a team, we are working on all those parameters because this has been a very important lesson, and we paid a huge price for it. So yes, there are a lot of projects that we are working on, Nitin.

Nitin Shakhder – Green Capital Single Family Office: That is wonderful to hear. The management is now cognizant of market realities, and I wish you all the best. I think you should move from a case of undervaluation to overvaluation soon, and then at least the stock price should reflect that. Thank you.

Jyothy: Thank you so much.

Operator: Thank you. The next question is from the line of Lokesh Kumar J, an individual investor. Please go ahead.

Lokesh Kumar J: Am I audible?

Operator: Yes, please proceed.

Lokesh Kumar J: Thank you very much for the opportunity. I have a follow-up question on the gross margin level. I know that you have explained in detail that it is due to geopolitical factors and inflation. My primary question is that we are almost 10% lower at the gross margin level, from 48% to 38%. This indicates that we are due for, or should have taken, about a 10% price increase on our products. This seems to be structural because no other FMCG company generally experiences this kind of situation. It happens only with a commodity-type business, not with an FMCG company.

There seems to be some structural issue. Do we not have enough pricing power to increase our product prices by at least 5% to arrest the drop in gross margins? Or are our products not competitive enough? How do you see this developing over time? We were at about 18% EBITDA margins and are now down to about 8%. How do you see the next 2–3 years panning out? How likely is it, and how confident are you, that we can return to 18% or 20% EBITDA margins, for example, 2 years from now?

What is the broader long-term strategy as a company so that we do not find ourselves in this kind of situation again? Even if commodity prices increase or decrease, we should ideally have the ability to increase our product prices so that our EBITDA margin is not hit to this extent. Can you explain this?

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Management: Thank you for the question. First of all, ours is not a commodity business. The input price increase that impacted us was to the extent of 30–35%, which has never happened in the company's recent history. About 90% of our business is linked to crude oil prices, and crude oil moved from around 60–65 to upwards of 100. An increase of this magnitude has never been witnessed by the industry.

A combination of all these factors caused a 9% impact. Out of that, the raw material impact itself would be about 15–16%. We took approximately a 6% price increase, along with 3–4% efficiencies and mix benefits, and that is how the impact was contained at 9–9.5%.

Having said that, we understand that the heavy dependence on crude-linked materials is a risk, and accordingly, we have been working on it for the last 1.5 years. A lot of work is taking place on diversification and reducing dependence on crude-linked raw materials. Our innovation thrust, the scaling up of innovation and new products give us confidence that margin recovery would happen, and should happen, once raw material prices or crude oil cool off.

Management: I do not see a major concern in terms of returning to historical levels if the external environment calms down somewhat.

Lokesh Kumar J: Let us assume that the external environment remains the same for the next year. Do we have the ability to increase prices and recover the margins? That is the major question, because the external environment and crude prices do not seem likely to soften anytime soon. In that situation, what would be your response?

Management: Lokesh, calling us a commodity business is completely wrong. We are a very good brand, a house of brands in that sense, and we have good market share. For your information, the competitors behave like commodities. The moment we enter categories and launch products, competitors reduce prices, and that is where commoditization happens. To give you a proper example, for some of our recent launches, the competition has reduced prices. It is up to you to decide who is actually behaving like a commodity.

One thing to note is that when you keep increasing prices, you also need consumers to buy your product. If everyone keeps increasing prices in this manner, demand and consumption will also come down. It is a complex situation involving all these factors.

The moment JLL introduces or launches a competitive, good product, there are enough large competitors who bring down their prices. That is the biggest point that you need to keep in mind. That is the short answer to your question.

Lokesh Kumar J: I completely understand your point. There should be some form of calibrated price increases, because every other company in the same space in which we operate has at least maintained, or has been able to take, a calibrated price increase and protect margins to some extent. No one other than Jyothy has taken this kind of increase. That is the main issue...

Management: You are right, because 90% of our business is Home Care. The companies you are referring to also have other categories. Since 90% of our business is Home Care, it has a direct relationship with crude prices, and hence you see the difference.

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As I have said in the past, we are on a journey to increase Personal Care and introduce other products, including higher-margin products, and you will see those changes in the future.

However, in our current structure, 90% of our business is Home Care, and that is why it has a direct impact. When you talk about pricing, pricing is competitive. Most of our products are at par with the competition, so there is no dilution there. I hope that answers your question.

Lokesh Kumar J: I completely understand your points. Thank you for the clarification. May I know what the cash balance currently available is?

Management: About 850 crores.

Lokesh Kumar J: All right. Thank you very much. That is all from my side. Thank you.

Operator: Thank you. The next question is from the line of Darshit Vora from Astute Mehta Institutional Equities. Please go ahead.

Darshit Vora – Astute Mehta Institutional Equities: Hello. Am I audible?

Operator: Yes, please go ahead.

Darshit Vora – Astute Mehta Institutional Equities: Thank you for the opportunity. I wanted to ask a follow-up to what you said earlier about our incense sticks being a better product. I have two parts to this question. First, how is it a better product compared with the competition? Second, how are we communicating this to consumers?

For example, GCPL launched the {? RNR molecule ?} that it has worked on and is presenting it as a differentiator. What kind of proposition do we have, or are we working on, to create a difference in consumers' minds and communicate that our product is better than the competition?

Management: Darshit, I said it is a better product because we have a trusted molecule, which is also a very stable molecule. Our laboratory results have shown that our product is much better when compared with other products. That is the confidence with which I made that statement.

It is a perfume product and a government-approved product, and our incense sticks act within 2 minutes. That is why I said with confidence that ours is a better product.

Darshit Vora – Astute Mehta Institutional Equities: How are we communicating this to the consumer?

Management: Communication will happen as and when the product reaches all locations. We will also begin our communication through different methods, but it is too early to say anything right now.

Darshit Vora – Astute Mehta Institutional Equities: All right. Thank you. That will be all from my side. Thank you.

Operator: Thank you. Ladies and gentlemen, we will take this as the last question for the day. On behalf of ICICI Securities, that concludes this conference. Thank you all for joining us, and you may

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