

Jyothy Laboratories

Estimate change	↔
TP change	↑
Rating change	↔

CMP: INR548 **TP: INR565 (+3%)** **Neutral**

In-line performance; focus on volume-driven growth

Bloomberg	JYL IN
Equity Shares (m)	367
M.Cap.(INRb)/(USD\$b)	201.1 / 2.4
52-Week Range (INR)	574 / 243
1, 6, 12 Rel. Per (%)	28/-14/64
12M Avg Val (INR M)	599

Financials & Valuations (INR b)

Y/E March	2024	2025E	2026E
Net Sales	27.6	30.2	33.4
Sales Gr. (%)	10.9	9.6	10.6
EBITDA	4.8	5.4	6.0
EBITDA Margins (%)	17.4	17.9	18.1
Adj PAT	3.6	4.1	4.6
Adj. EPS (INR)	9.8	11.1	12.4
EPS Gr. (%)	54.8	12.8	12.3
BV/Sh (INR)	49.2	52.1	58.0

Ratios

RoE (%)	21.5	21.8	22.6
RoCE (%)	21.1	21.4	22.8
Payout (%)	43.2	59.0	52.6

Valuation

P/E (x)	48.6	43.1	38.4
P/BV (x)	9.7	9.2	8.2
EV/EBITDA	36.0	31.5	27.8
Div. Yield (%)	0.7	1.1	1.1

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	62.9	62.9	62.9
DII	14.4	13.3	15.4
FII	15.1	16.4	14.0
Others	7.7	7.4	7.8

FII Includes depository receipts

- Jyothy Laboratories (JYL) reported a revenue growth of 8% YoY (in line) in 1QFY25. It delivered a volume growth of 11% and continued to focus on volume-led growth to gain market share across categories. The company is not expecting price hike-led growth in FY25.
- Fabric care delivered 9% growth, with growth from both main-wash and post-wash categories. Dish-wash growth stood at 7% YoY, led by LUPs. Exo's market share in the eastern region increased from low-single digits to double digits. HI grew 2% YoY only, hurt by the extended and harsh summer. Personal care was weaker than expected, clocking 11% YoY growth (vs. ~21% growth in FY24).
- Gross margin (GM) was up 340bp YoY to 51.3%, at an all-time high led by the mix, lower RM costs, and better sourcing. EBITDA margin inched up 90bp YoY to 18%. EBITDA grew 14% YoY during the quarter, on a high base (~96% EBITDA growth in 1QFY24), and a five-year CAGR is 15%.
- We model a 10%/12% revenue/EBITDA CAGR over FY24-26E. With a stable RM basket, we expect the EBITDA margin to be ~18%.
- We believe that the margin-led growth will be normalized in FY25. From here on, market share gains and the success of new launches will be critical for JYL's earnings growth. Due to its expensive valuations, **we reiterate our Neutral rating on the stock with a TP of INR565 (premised on 45x Jun'26E P/E).**

Overall in-line quarter; volume growth stood at 11% YoY

- **Sales growth across segments:** JYL registered a net sales growth of 8% YoY to INR7,418m (est. INR7,524m). Volume growth was 10.8% YoY (est. 9.0%) in 1QFY25. The Fabric care/Dish-wash/HI/Personal care sales grew 9%/7%/2%/11% YoY to INR3,228m/INR2,480m/INR503m/INR932m in 1QFY25. The four-year CAGR for Fabric care stood at 23%, while Dish wash and Personal care CAGR stood at +12% each. HI declined 6%.
- **Improvement in margins:** Gross margin expanded ~340bp/180bp YoY/QoQ to 51.3% (est. 48.5%). As a percentage of sales, staff costs rose 60bp YoY to 11.6%, ad spending increased 100bp YoY to 8.3%, and other expenses grew 100bp YoY to 13.4%. EBITDA margin expanded 90bp YoY to 18.0%. (est. 17.5%).
- **Segmental profitability:** EBIT margins in the Fabric care/Household Insecticide segments expanded 270bp/820bp YoY to 24.9%/(10.8%), while Personal care margin contracted 730bp YoY to 11%. Dish-wash's EBIT margin was stable at 20% in 1QFY25.
- **Double-digit growth:** EBITDA grew 14% YoY to INR1,335m (est. of INR1,317m). PBT grew 18% YoY to INR1,324m (est. INR1,269m). Adj. PAT increased 17% YoY to INR1,017m (est. INR977m).

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Highlights from the management commentary

- Demand is likely to accelerate with normal monsoons. Rural demand pickup is key for positive momentum.
- JYL delivered 11% YoY volume growth during the quarter. The value-volume gap is due to the increase in grammages and price cuts taken by the company.
- The contributions of modern trade and e-commerce to revenue have increased to 15%, up from 10% two to three years ago.
- Capex will be INR500-600m in FY25. Cash balance is over INR6.5b at the end of 1QFY25.

Valuation and view

- There are no material changes to our EPS estimates for FY25 and FY26.
- We believe that the margin-led growth will be normalized in FY25. From here on, market share gains and the success of new launches will be critical for JYL's earnings growth. JYL's margin expansion beyond ~18% is also constrained by its focus on the mass and rural segments. Therefore, we believe its growth potential is adequately priced-in at the current valuation. **We reiterate our Neutral rating on the stock with a TP of INR565 (premised on 45x Jun'26E P/E).**

Consolidated quarterly performance

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Net Sales	6,871	7,323	6,775	6,600	7,418	8,056	7,453	7,287	27,569	30,213	7,524	-1.4
YoY change (%)	15.1	11.1	10.6	7.0	8.0	10.0	10.0	10.4	10.9	9.6	9.5	
Gross Profit	3,289	3,604	3,371	3,267	3,805	4,108	3,801	3,695	13,531	15,409	3,649	4.3
Margins (%)	47.9	49.2	49.8	49.5	51.3	51.0	51.0	50.7	49.1	51.0	48.5	
EBITDA	1,174	1,354	1,186	1,084	1,335	1,530	1,312	1,222	4,798	5,398	1,317	1.4
EBITDA growth %	96.2	68.3	40.6	18.7	13.7	13.0	10.6	12.8	51.9	12.5	12.1	
Margins (%)	17.1	18.5	17.5	16.4	18.0	19.0	17.6	16.8	17.4	17.9	17.5	
Depreciation	120	123	128	129	134	130	136	134	500	535	132	
Interest	11	12	12	13	14	13	13	13	47	52	12	
Other Income	79	132	106	130	137	130	125	108	447	500	95	
PBT	1,123	1,351	1,152	1,072	1,324	1,517	1,288	1,183	4,698	5,312	1,269	4.3
Tax	250	311	243	291	307	355	301	285	1,095	1,248	292	
Rate (%)	22.3	23.0	21.1	27.1	23.2	23.4	23.4	24.1	23.3	23.5	23.0	
Adjusted PAT	873	1,040	909	781	1,017	1,162	986	898	3,603	4,064	977	4.1
YoY change (%)	124.1	78.2	34.9	31.9	16.6	11.8	8.5	14.9	54.8	12.8	12.0	

E: MOFSL Estimates

Key performance indicators

Y/E March	FY24				FY25			
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE
2Y average growth %								
Sales	14.7	12.5	13.2	10.0	11.5	10.5	10.3	8.7
EBITDA	44.1	44.1	40.0	39.0	54.9	40.7	25.6	15.8
PAT	60.6	58.4	62.6	54.9	70.3	45.0	21.7	23.4
% sales								
COGS	52.1	50.8	50.2	50.5	48.7	49.0	49.0	49.3
Other expenditure	30.8	30.7	32.3	33.1	33.3	32.0	33.4	33.9
Depreciation	1.7	1.7	1.9	1.9	1.8	1.6	1.8	1.8
YoY change %								
COGS	-0.3	-5.2	-2.4	-0.5	0.9	6.1	7.3	7.8
Other expenditure	18.7	20.6	21.6	14.4	16.8	14.6	13.9	13.3
Other income	80.0	147.8	-30.6	127.5	72.8	-1.7	18.0	-16.9
EBIT	125.2	82.6	46.5	20.4	13.8	13.8	11.1	13.9

E: MOFSL Estimates



Highlights from the management commentary

Performance and outlook

- Demand is expected to accelerate with normal monsoons. Rural demand pickup is key for positive momentum.
- JYL delivered 11% volume growth and continued focus on volume-led growth to gain higher market share for each brands.
- The value-volume gap is due to the increase in grammages and price cuts taken by the company.
- Price cuts were taken across segments, with the most significant reductions in dish-wash, followed by Fabric care, and then Personal care.
- JYL is not expecting any price hike in FY25.
- The company focuses on rural distribution, innovation, and introduction of SKU's to cater to specific consumer segments.
- The contributions of modern trade and e-commerce to revenue have increased to 15%, up from 10% two to three years ago.

Costs and margins

- Management guided double-digit sales growth mainly led by volume.
- The gross margin expanded due to a more favorable product mix and improved operational efficiencies.
- It maintains an EBITDA guidance of 16-17% for FY25.

Segmental details

Fabric care

- It delivered 9% sales growth in 1QFY25.
- Distribution, ground-level activities, and product differentiation helps in faster growth and expansion across product categories.
- The company launched More Light 5L liquid detergent pouch during the quarter at reasonable price of INR70/L.
- The liquid category will grow faster on a low base compared to powder.

Dish wash

- It delivered 7% sales growth in 1QFY25.
- JYL will continue to enhance the brand equity by driving LUP's, enhanced digital awareness, ground activations to strengthen their position.
- Pril larger packs gaining momentum in MT. Pril Tamarind delivered continuously delivered strong double-digit growth.
- Exo has 13.8% market share in dish wash bar and Pril has 14.4% market share in dish wash liquids.
- Exo's market share in the eastern region increased from low single digits to double digits.

Household Insecticides

- The sales increased 2% YoY in 1QFY25. The category has been hit by summer in North and East India.
- Strengthening the liquid portfolio by focusing on continued brand investment, and emphasizing the unique automatic feature of the Maxo machine.
- Maxo Coil and liquid vaporizer market share stood at 25.8% and 9.1%.

Personal Care

- It delivered 11% sales growth in 1QFY25.
- Neem-based Margo Soap with its natural benefits proposition delivered a double-digit growth.
- Strengthening the brand equity of Margo to venture into new formats and categories.

Other points

- Capex will be INR0.5-0.6b for FY25.
- Cash balance is over INR6.5b at the end of 1QFY25.

Key exhibits**Exhibit 1: Consolidated quarterly performance**

Sales (INR m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
Fabric Care	2,511	2,862	2,635	2,553	2,966	3,166	2,948	2,811	3,228
Dishwashing	2,093	2,279	2,213	2,062	2,315	2,507	2,361	2,183	2,480
Household Insecticides	448	435	434	800	494	450	457	722	503
Personal Care	694	733	591	524	841	896	723	618	932
Other Products	225	284	253	230	256	304	286	266	274
Total	5,972	6,592	6,127	6,170	6,871	7,323	6,775	6,600	7,418
Sales salience (%)									
Fabric Care	42	43	43	41	43	43	44	43	44
Dishwashing	35	35	36	33	34	34	35	33	33
Household Insecticides	8	7	7	13	7	6	7	11	7
Personal Care	12	11	10	8	12	12	11	9	13
Other Products	4	4	4	4	4	4	4	4	4
Total	100	100	100	100	100	100	100	100	100
Sales growth (%)									
Fabric Care	39	34	26	20	18	11	12	10	9
Dishwashing	10	6	10	9	11	10	7	6	7
Household Insecticides	(38)	(31)	(16)	1	10	3	5	(10)	2
Personal Care	2	11	12	12	21	22	22	18	11
Other Products	68	7	4	26	14	7	13	16	7
Total	14	13	14	13	15	11	11	7	8
EBIT (INR m)									
Fabric Care	308	433	485	499	656	828	744	647	802
Dishwashing	275	352	338	361	463	523	425	393	495
Household Insecticides	(45)	(79)	(69)	(9)	(94)	(79)	(93)	(75)	(54)
Personal Care	25	74	90	70	153	98	93	52	103
Other Products	(10)	(15)	(15)	(8)	5	1	15	(3)	(5)
Total	554	765	830	912	1,184	1,370	1,183	1,014	1,341
EBIT salience (%)									
Fabric Care	56	57	58	55	55	60	63	64	60
Dishwashing	50	46	41	40	39	38	36	39	37
Household Insecticides	(8)	(10)	(8)	(1)	(8)	(6)	(8)	(7)	(4)
Personal Care	4	10	11	8	13	7	8	5	8
Other Products	(2)	(2)	(2)	(1)	0	0	1	(0)	(0)
Total	100	100	100	100	100	100	100	100	100
EBIT margin (%)									
Fabric Care	12.3	15.1	18.4	19.5	22.1	26.1	25.2	23.0	24.9
Dishwashing	13.2	15.4	15.3	17.5	20.0	20.9	18.0	18.0	20.0
Household Insecticides	(10.0)	(18.2)	(15.9)	(1.2)	(19.0)	(17.6)	(20.4)	(10.4)	(10.8)
Personal Care	3.6	10.1	15.3	13.3	18.2	10.9	12.9	8.5	11.0
Other Products	(4.4)	(5.3)	(6.1)	(3.5)	1.9	0.2	5.3	(1.1)	(1.6)
Total	9.3	11.6	13.5	14.8	17.2	18.7	17.5	15.4	18.1

Source: Company, MOFSL

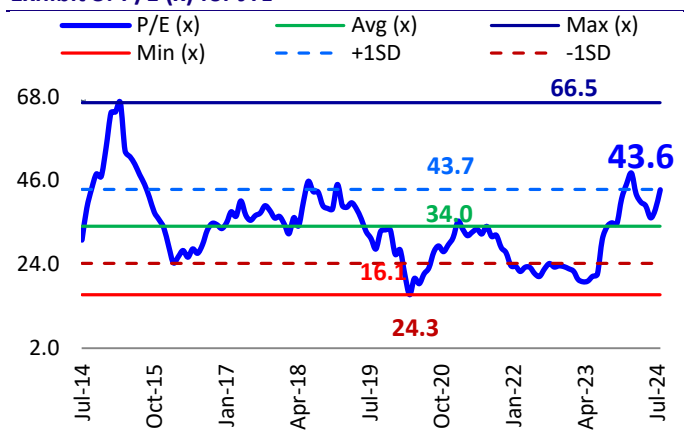
Valuation and view

- There are no material changes to our EPS estimates for FY25 and FY26.
- We believe that the margin-led growth will be normalized in FY25. From here on, market share gains and the success of new launches will be critical for JYL’s earnings growth. JYL’s margin expansion beyond ~18% is also constrained by its focus on the mass and rural segments. Therefore, we believe its growth potential is adequately priced-in at the current valuation. **We reiterate our Neutral rating on the stock with a TP of INR565 (premised on 45x Jun’26E P/E).**

Exhibit 2: No material changes to our estimation for FY25/FY26

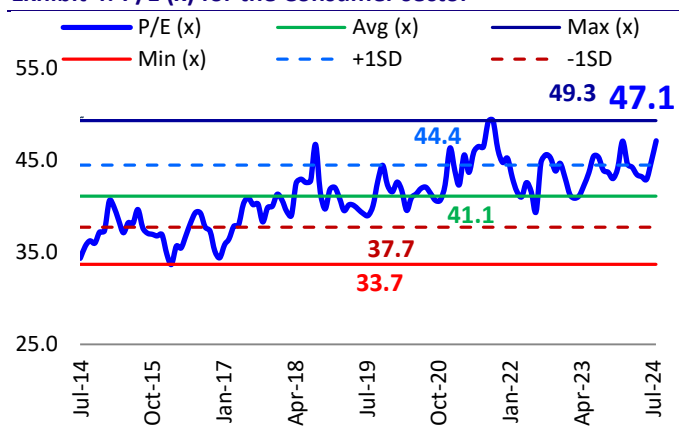
	New		Old		Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Sales	30,213	33,428	30,319	33,561	-0.3%	-0.4%
EBITDA	5,398	6,041	5,323	5,972	1.4%	1.2%
PAT	4,064	4,563	3,999	4,492	1.6%	1.6%

Exhibit 3: P/E (x) for JYL



Source: Company, MOFSL

Exhibit 4: P/E (x) for the Consumer sector



Source: Company, MOFSL

Financials and valuations

Consolidated - Income Statement									(INR m)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Total Income from Operations	18,136	17,112	19,091	21,965	24,860	27,569	30,213	33,428	36,766
Change (%)	8.4	-5.6	11.6	15.1	13.2	10.9	9.6	10.6	10.0
Cost of Materials Consumed	9,707	9,009	10,104	12,830	14,349	14,038	14,804	16,346	17,942
As a percentage of Sales	53.5	52.6	52.9	58.4	57.7	50.9	49.0	48.9	48.8
Gross Profit	8,429	8,103	8,987	9,135	10,511	13,531	15,409	17,082	18,824
Margin (%)	46.5	47.4	47.1	41.6	42.3	49.1	51.0	51.1	51.2
EBITDA	2,811	2,511	3,145	2,482	3,159	4,798	5,398	6,041	6,638
Margin (%)	15.5	14.7	16.5	11.3	12.7	17.4	17.9	18.1	18.1
Depreciation	306	529	556	582	501	500	535	572	612
EBIT	2,505	1,982	2,589	1,901	2,657	4,298	4,864	5,469	6,026
Int. and Finance Charges	352	329	192	118	131	47	52	55	57
Other Income	278	203	185	187	395	447	500	550	625
PBT bef. EO Exp.	2,430	1,856	2,581	1,969	2,922	4,698	5,312	5,964	6,594
EO Items	0	-38	-235	0	70	90	0	0	0
PBT after EO Exp.	2,430	1,818	2,346	1,969	2,992	4,788	5,312	5,964	6,594
Current Tax	454	189	440	378	595	1,095	1,248	1,402	1,550
Tax Rate (%)	18.7	10.4	18.7	19.2	19.9	22.9	23.5	23.5	23.5
Reported PAT	2,051	1,706	1,994	1,620	2,397	3,695	4,064	4,563	5,044
Adjusted PAT	1,976	1,667	2,142	1,591	2,327	3,603	4,064	4,563	5,044
Change (%)	10.5	-15.6	28.5	-25.7	46.2	54.8	12.8	12.3	10.6
Margin (%)	10.9	9.7	11.2	7.2	9.4	13.1	13.4	13.6	13.7

Consolidated - Balance Sheet									(INR m)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity Share Capital	367	367	367	367	367	367	367	367	367
Total Reserves	12,898	11,919	13,918	14,068	15,123	17,716	18,775	20,938	23,583
Net Worth	13,265	12,286	14,286	14,435	15,490	18,083	19,142	21,305	23,950
Minority Interest	-215	-291	-379	-407	21	19	19	19	19
Deferred Liabilities	-928	-1,027	-962	-907	-845	-594	-594	-594	-594
Total Loans	2,809	2,830	1,169	1,265	0	1,062	0	0	0
Capital Employed	14,932	13,798	14,114	14,387	14,665	18,570	18,567	20,730	23,375
Gross Block	12,046	13,050	13,556	13,764	14,125	13,715	14,215	14,415	14,615
Less: Accum. Deprn.	1,040	1,558	2,089	2,546	2,962	2,462	2,997	3,569	4,181
Net Fixed Assets	11,006	11,492	11,467	11,218	11,163	11,253	11,218	10,846	10,434
Capital WIP	143	245	101	76	155	134	123	123	123
Total Investments	1,044	0	0	0	0	1,915	1,915	1,915	1,915
Curr. Assets, Loans&Adv.	6,301	5,598	7,029	8,027	8,454	10,108	11,586	15,104	19,298
Inventory	1,974	2,251	2,786	2,972	3,019	2,835	4,230	4,680	5,147
Account Receivables	1,534	1,224	944	1,431	1,378	2,014	1,511	1,671	1,838
Cash and Bank Balance	964	289	1,938	2,112	2,835	1,661	3,002	5,607	8,852
Loans and Advances & Others	1,830	1,834	1,361	1,512	1,222	3,599	2,843	3,146	3,460
Curr. Liability & Prov.	3,563	3,537	4,483	4,933	5,107	4,840	6,275	7,258	8,395
Account Payables	2,134	1,450	2,143	2,364	2,143	2,761	3,021	3,343	3,677
Other Current Liabilities	715	1,299	1,520	1,767	2,037	1,756	2,196	2,745	3,432
Provisions	715	788	820	802	927	324	1,057	1,170	1,287
Net Current Assets	2,738	2,061	2,546	3,093	3,347	5,268	5,311	7,846	10,903
Appl. of Funds	14,932	13,798	14,114	14,387	14,665	18,570	18,567	20,730	23,375

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Basic (INR)									
EPS	5.4	4.5	5.8	4.3	6.3	9.8	11.1	12.4	13.7
Cash EPS	6.2	6.0	7.3	5.9	7.7	11.2	12.5	14.0	15.4
BV/Share	36.1	33.5	38.9	39.3	42.2	49.2	52.1	58.0	65.2
DPS	6.0	0.0	4.0	2.5	3.0	3.5	5.4	5.4	5.4
Payout (%)	134	0	83	70	57	43	59	53	48
Valuation (x)									
P/E	88.6	105.1	81.8	110.1	75.3	48.6	43.1	38.4	34.7
Cash P/E	76.8	79.8	64.9	80.6	61.9	42.7	38.1	34.1	31.0
P/BV	13.2	14.3	12.3	12.1	11.3	9.7	9.2	8.2	7.3
EV/Sales	9.7	10.4	9.1	7.9	6.9	6.3	5.6	5.0	4.5
EV/EBITDA	62.6	70.8	55.4	70.2	54.6	36.0	31.5	27.8	24.8
Dividend Yield (%)	1.3	0.0	0.8	0.5	0.6	0.7	1.1	1.1	1.1
FCF per share	7.2	3.5	10.3	4.9	8.6	2.7	13.5	12.3	13.8
Return Ratios (%)									
RoE	16.0	13.0	16.1	11.1	15.6	21.5	21.8	22.6	22.3
RoCE	13.7	12.6	14.7	10.8	15.7	21.1	21.4	22.8	22.5
RoIC	15.7	13.6	16.6	12.7	17.8	25.0	26.2	31.4	36.1
Working Capital Ratios									
Asset Turnover (x)	1.2	1.2	1.4	1.5	1.7	1.5	1.6	1.6	1.6
Inventory (Days)	39.7	48.0	53.3	49.4	44.3	37.5	51.1	51.1	51.1
Debtor (Days)	30.9	26.1	18.0	23.8	20.2	26.7	18.3	18.3	18.3
Creditor (Days)	80.2	58.7	77.4	67.3	54.5	71.8	74.5	74.6	74.8
Working Cap. Turnover (Days)	35.7	37.8	11.6	16.3	7.5	47.8	27.9	24.4	20.4
Leverage Ratio (x)									
Current Ratio	1.8	1.6	1.6	1.6	1.7	2.1	1.8	2.1	2.3
Interest Cover Ratio	7	6	13	16	20	91	93	100	105
Debt/Equity	0.2	0.2	0.1	0.1	0.0	0.1	0.0	0.0	0.0

Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY19E	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
OP/(Loss) before Tax	2,430	1,815	2,346	1,969	2,992	4,698	5,312	5,964	6,594
Depreciation	306	529	556	582	501	500	535	572	612
Interest & Finance Charges	314	304	161	82	54	47	52	55	57
Other income	-25	-21	232	-36	-197	-507	-500	-550	-625
Direct Taxes Paid	-418	-386	-327	-313	-567	-1,095	-1,248	-1,402	-1,550
(Inc)/Dec in WC	409	-527	1,055	-259	502	-3,095	1,299	70	189
CF from Operations	3,016	1,715	4,022	2,025	3,286	547	5,449	4,709	5,277
CF from Operating incl EO	3,016	1,715	4,022	2,025	3,286	547	5,449	4,709	5,277
(inc)/dec in FA	-383	-415	-257	-214	-122	432	-489	-200	-200
(Pur)/Sale of Investments	112	1,061	0	0	0	-1,915	0	0	0
Others	37	4	45	29	65	303	-105	550	625
CF from Investments	-234	650	-212	-185	-57	-1,181	-594	350	425
Issue of Shares	4	0	0	0	0	0	0	0	0
(Inc)/Dec in Debt	-610	41	-1,669	100	-1,250	1,062	-1,062	0	0
Interest Paid	-342	-212	-281	-74	-104	-47	-52	-55	-57
Dividend Paid	-182	-2,656	0	-1,469	-918	-1,555	-2,399	-2,399	-2,399
Others	-2,055	-211	-212	-224	-235	0	0	0	0
CF from Fin. Activity	-3,185	-3,039	-2,161	-1,667	-2,507	-540	-3,513	-2,454	-2,457
Inc/Dec of Cash	-403	-674	1,649	174	723	-1,174	1,341	2,605	3,245
Opening Balance	1,367	964	289	1,938	2,112	2,835	1,661	3,002	5,607
Closing Balance	964	289	1,938	2,112	2,835	1,661	3,002	5,607	8,852

E: MOFSL Estimates

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NOTES

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BUY	>=15%
SELL	< - 10%
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UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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