

# Retail Equity Research

## Jyothy Labs Limited

FMCG

BSE CODE: 532926

NSE CODE: JYOTHYLAB

Bloomberg CODE: JYL:IN

SENSEX: 79,649

**Accumulate**

12 Months Investment Period Rating as per Small Cap

CMP Rs. 561 TARGET Rs. 645 RETURN 15% ↑  
(Closing: 12-08-24)

KEY CHANGES:

TARGET ↑

RATING ↔

EARNINGS ↑

### Healthy performance continues...

Jyothy Labs Ltd. (JLL) is an Indian FMCG player with products across fabric care, dishwashing, mosquito repellents & personal care.

- We revise our target price to Rs.645 (from Rs. 478), maintaining our Accumulate rating considering the good performance in the quarter.
- For Q1FY25, revenue grew by 8%YoY, mainly driven by volume. Main segments, fabric care and dishwash (77% of total sales), grew by ~9% and ~7% YoY, respectively. Personal care and household insecticides grew by ~11% and 2% YoY, respectively.
- Operating profit grew by ~14%YoY, mainly aided by 340bps YoY improvement in gross margin to 51.3%. Ad spends have increased by 22% YoY for the quarter. Despite this, EBITDA margin improved by 90bps YoY to 18%.
- The company is not considering price increases, and instead, is focussing on volume growth, with a margin guidance of 16%-17%.
- Rural demand is witnessing a gradual uptick. Good monsoon along with GoI's initiatives to improve demand augurs well for the company. We expect revenue/earnings to grow at ~11%/15% CAGR over FY24-26E. We value JLL at 45x Sept 2026 EPS.

### Healthy topline growth aided by volumes.

Revenue has grown by 8% YoY for Q1FY25, mainly aided by a volume growth of ~11%. The gap in value and volume growth is primarily due to increase in grammages and select SKU price cuts. The main segments, fabric care and dishwash (77% of total sales), grew by ~9% and ~7% YoY, respectively. Personal care and household insecticides grew by ~11% and 2% YoY, respectively. JLL has a strong focus on new launches and there has been good traction in the liquid detergent segment. Overall, there's been a healthy, consistent operational performance with rise in market share for each of the brands. The company has been leveraging on modern trade and e-commerce channels with the revenue share increasing from 10% to 15% in 3 years. The company will continue to focus on volume led growth to achieve a higher scale of business operation through brand building initiatives and expansion in distribution.

### Healthy margin improvement despite higher ad spends.

Gross margin for Q1FY25 has improved by 340 bps YoY to 51.3% due to lower input costs. EBITDA margin has improved by 90bps YoY to 18%, despite an increase in ad-spends of 22% YoY. EBITDA and PAT growth were at 14% and 17% YoY, respectively. JLL has guided for an EBITDA margin of at least 16%-17% on an annual basis. The price of palm oil, a key raw material of the personal care segment, has declined (although it is volatile). However, freight costs have gone up. The losses in the household insecticides segment will keep coming down as the product mix improves. The company is not considering price increases, and instead, is focusing on volume growth, with decent margins (guided for 16%-17%).

### Valuation & Outlook

Rural demand is witnessing a gradual uptick. Good monsoon along with GoI's initiatives in the Union Budget to improve demand augurs well for the company. Focus on expanding distribution, increasing brand investments and exploring new product launches will support JLL's volume growth. The company has a strong balance sheet and cashflow generation. We value JLL at 45x on Sept. 2026 EPS to arrive at a revised target price of Rs.645 (from Rs. 478), maintain Accumulate rating considering healthy topline growth and strong margins.

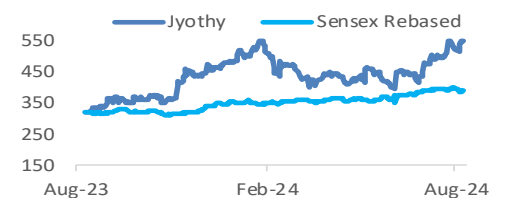
#### Company Data

Market Cap (Rs.cr)	19,976
Enterprise Value (Rs.cr)	19,942
Outstanding Shares (cr)	36.7
Free Float	37%
Dividend Yield	0.6%
52 week high (Rs.)	574
52 week low (Rs.)	311
6m average volume (cr)	0.14
Beta	0.7
Face value Rs.	1

Shareholding (%)	Q3FY24	Q4FY24	Q1FY25
Promoters	62.9	62.9	62.9
FII's	14.7	16.4	15.1
MFs/Insti	13.9	13.3	14.4
Public	7.4	6.6	6.7
Others	1.2	0.8	0.9
Total	100.0	100.0	100.0

Price Performance	3 Month	6 Month	1 Year
Absolute Return	18.7%	22.7%	70.8%
Absolute Sensex	9.7%	11.3%	21.3%
Relative Return*	9.1%	11.4%	49.5%

#### \*over or under performance to benchmark index



Consolidated (cr)	FY24	FY25E	FY26E
Sales	2,757	3,060	3,389
Growth (%)	10.9	11.0	10.7
EBITDA	480	539	605
EBITDA Margin (%)	17.4	17.6	17.9
Adj. PAT	360	421	478
Growth (%)	54.8	16.8	13.7
Adj. EPS	9.8	11.5	13.0
Growth (%)	54.8	16.8	13.7
P/E	55.4	47.5	41.8
P/B	11.0	9.5	8.2
EV/EBITDA	41.6	36.8	32.7
ROE (%)	21.5	21.6	21.1
D/E	0.0	0.0	0.0

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Research Analyst

## Quarterly Financials (Consolidated)

### Profit & Loss

Rs cr	Q1FY25	Q1FY24	YoY Growth	Q4FY24	QoQ Growth
<b>Sales</b>	<b>742</b>	<b>687</b>	<b>8.0%</b>	<b>660.0</b>	<b>12.4%</b>
<b>EBITDA</b>	<b>133</b>	<b>117</b>	<b>13.7%</b>	<b>108.4</b>	<b>23.2%</b>
EBITDA margins	18.0%	17.1%	90bps	16.4%	160bps
Depreciation	13.4	12.0	12.1%	12.9	4.3%
<b>EBIT</b>	<b>120</b>	<b>105</b>	<b>13.8%</b>	<b>95.5</b>	<b>25.7%</b>
Interest	1.4	1.1	25.2%	1.3	10.3%
Other Income	13.7	16.9	-19.0%	13.0	5.8%
Exceptional Items	0.0	0.0	NA	0.0	NA
<b>PBT</b>	<b>132</b>	<b>121</b>	<b>9.2%</b>	<b>107.2</b>	<b>23.5%</b>
Tax	22.9	21.2	8.0%	14.4	59.7%
<b>Reported PAT</b>	<b>102</b>	<b>96</b>	<b>5.7%</b>	<b>78.1</b>	<b>30.1%</b>
Adjustments	0	-9	NA	0	NA
<b>Adj PAT</b>	<b>101.7</b>	<b>87.3</b>	<b>16.6%</b>	<b>78.1</b>	<b>30.1%</b>
No. of Shares	36.7	36.7	0.0%	36.7	0.0%
<b>EPS (Rs)</b>	<b>2.8</b>	<b>2.4</b>	<b>16.6%</b>	<b>2.1</b>	<b>30.1%</b>

### Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Revenue	3,094	3,423	3,060	3,389	-1.1%	-1.0%
EBITDA	531	594	539	605	1.6%	1.9%
Margins (%)	17.2%	17.4%	17.6%	17.9%	60bps	50bps
Adj. PAT	418	472	421	478	0.7%	1.4%
EPS	11.4	12.9	11.5	13.0	0.5%	1.0%

**PROFIT & LOSS**

Y.E March (Rs. cr)	FY21A	FY22A	FY23A	FY24A	FY25E	FY26E
<b>Revenue</b>	1,909	2,196	2,486	2,757	3,060	3,389
% change	11.6	15.1	13.2	10.9	11.0	10.7
<b>EBITDA</b>	315	248	316	480	539	605
% change	25.3	-21.1	27.2	51.9	12.4	12.2
Depreciation	56	58	50	50	54	58
<b>EBIT</b>	258.9	190.1	265.8	429.8	485.0	547.5
Interest	19	12	13	5	4	2
Other Income	18.5	18.7	39.5	53.7	60.1	67.8
<b>PBT</b>	235	197	299	479	541	614
% change	29.3	-16.1	52.0	60.0	13.1	13.4
Tax	44	38	59	110	121	135
Tax Rate (%)	0.2	0.2	0.2	0.2	0.2	0.2
<b>Reported PAT</b>	191	159	240	369	421	478
Adj*	23.5	0.0	-7.0	-9.0	0.0	0.0
<b>Adj PAT</b>	214	159	233	360	421	478
% change	28.7	-25.7	46.2	54.8	16.8	13.7
No. of shares (cr)	37	37	37	37	37	37
<b>Adj EPS (Rs.)</b>	5.8	4.3	6.3	9.8	11.5	13.0
% change	29	-26	46	55	17	14
DPS (Rs.)	3.6	3.6	3.6	3.6	3.6	3.6
CEPS (Rs.)	7	6	8	11	13	15

**CASH FLOW**

Y.E March (Rs. cr)	FY21A	FY22A	FY23A	FY24	FY25E	FY26E
<b>Net inc. + Depn.</b>	246	217	290	410	475	536
Non-cash adj.	50.5	11.1	-11.4	-5.3	3.7	1.6
Changes in W.C	105	-26	50	45	-205	-257
<b>C.F. Operation</b>	402	203	329	458	274	280
Capital exp.	-26	-21	-12	-14	-56	-54
Change in inv.	-105	-13	-43	-351	0	0
Other invest.CF	1	3	7	21	0	0
<b>C.F - Investment</b>	-129	-32	-48	-344	-56	-54
Issue of equity	0	0	0	0	0	0
Issue/repay debt	169	231	0	0	-20	-26
Dividends paid	0	-147	-92	-110	-132	-132
Other finance.CF	-364	-229	-135	0	-4	-2
<b>C.F - Finance</b>	-216	-167	-251	-135	-156	-160
Chg. in cash	57	4	30	-21	62	66
Closing cash	72	76	106	84	147	213

**BALANCE SHEET**

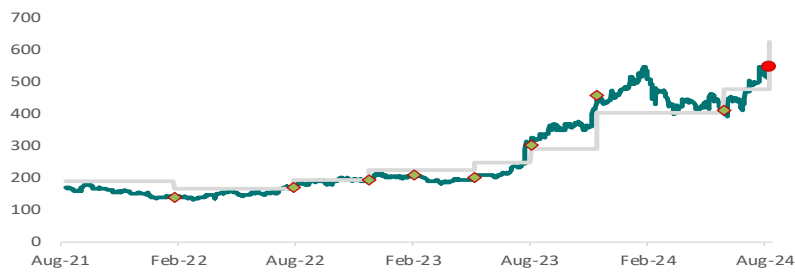
Y.E March (Rs. cr)	FY21A	FY22A	FY23A	FY24	FY25E	FY26E
Cash	72	76	106	84	147	213
Accounts Receivable	94	143	138	201	218	241
Inventories	279	297	302	284	323	392
Other Cur. Assets	180	201	230	570	796	1,052
Investments	0	0	0	0	0	0
Gross Fixed Assets	581	615	657	717	772	827
Net Fixed Assets	356	331	324	333	334	332
CWIP	10	8	15	13	15	15
Intangible Assets	791	790	792	792	791	790
Def. Tax (Net)	96	91	85	59	59	59
Other Assets	78	85	70	64	60	68
<b>Total Assets</b>	1,962	2,031	2,062	2,401	2,743	3,163
Current Liabilities	366	408	371	432	497	584
Provisions	82	85	93	109	117	130
Debt Funds	123	135	47	51	31	5
Other Liabilities	0	0	0	0	0	0
Equity Capital	37	37	37	37	37	37
Reserves & Surplus	1,392	1,407	1,512	1,772	2,060	2,406
Shareholder's Fund	1,391	1,403	1,551	1,810	2,099	2,445
<b>Total Liabilities</b>	1,962	2,031	2,062	2,401	2,743	3,163
<b>BVPS (Rs.)</b>	39	39	42	49	57	67

**RATIOS**

Y.E March	FY21A	FY22A	FY23A	FY24	FY25E	FY26E
<b>Profitab. &amp; Return</b>						
EBITDA margin (%)	16.5	11.3	12.7	17.4	17.6	17.9
EBIT margin (%)	13.6	8.7	10.7	15.6	15.8	16.2
Net profit mgn.(%)	11.2	7.2	9.4	13.1	13.8	14.1
ROE (%)	16.1	11.1	15.6	21.5	21.6	21.1
ROCE (%)	15.6	11.1	15.5	21.0	21.2	21.0
<b>W.C &amp; Liquidity</b>						
Receivables (days)	20.7	19.7	20.6	22.5	25.0	24.7
Inventory (days)	48.2	47.8	44.0	38.7	36.2	38.5
Payables (days)	67.2	64.4	57.2	53.2	55.4	58.2
Current ratio (x)	1.4	1.5	1.7	2.1	2.4	2.7
Quick ratio (x)	0.5	0.5	0.7	0.7	0.7	0.8
<b>Turnover &amp; Leverage</b>						
Gross asset T.O (x)	3.4	3.7	3.9	4.0	4.1	4.2
Total asset T.O (x)	1.0	1.1	1.2	1.2	1.2	1.1
Int. coverage ratio (x)	13.5	16.1	20.3	90.9	132.9	346.4
Adj. debt/equity (x)	0.1	0.1	0.0	0.0	0.0	0.0
<b>Valuation</b>						
EV/Sales (x)	10.5	9.1	8.0	7.2	6.5	5.8
EV/EBITDA (x)	63.7	80.7	63.1	41.6	36.8	32.7
P/E (x)	93.3	125.5	85.8	55.4	47.5	41.8
P/BV (x)	14.0	13.8	12.9	11.0	9.5	8.2



## Recommendation Summary (Last 3 years)



Source: Bloomberg, Geojit Research

Dates	Rating	Target
01-Aug-22	Accumulate	198
28-Nov-22	Accumulate	224
07-Feb-23	Accumulate	247
11-May-23	Buy	245
07-Aug-23	Sell	291
16-Nov-23	Sell	405
29-May-24	Accumulate	478
13-Aug-24	Accumulate	645

## Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

### Not rated/Neutral

#### Definition:

**Buy:** Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review

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