

Jyothy Labs Ltd.

BUY

Sector: FMCG

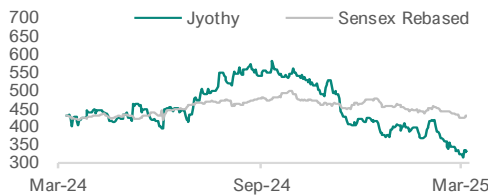
11th March 2025

Key Changes	Target ▼	Rating ●	Earnings ▼	Target	Rs. 395
Stock Type	Bloomberg Code	Sensex	NSE Code	CMP	Rs. 327
Small Cap	JYL:IN	74,115	JYOTHYLAB	Return	+21%
			BSE Code		
			Time Frame		
			532926		
			12 Months		

Data as of: 10-03 2025

Company Data			
Market Cap (Rs.cr)	12,007.4		
52 Week High — Low (Rs.)	595-310		
Enterprise Value (Rs.cr)	11,973.6		
Outstanding Shares (cr)	36.7		
Free Float (%)	37.0		
Dividend Yield (%)	1.1		
6m average volume (cr)	0.1		
Beta	1.0		
Face value Rs.	1.0		
Shareholding (%)	Q1FY25	Q2FY25	Q3FY25
Promoters	62.9	62.9	62.9
FII's	11.4	9.4	15.3
MFs/Insti	12.6	13.6	14.4
Public	10.4	11.8	6.9
Others	9.8	9.3	0.6
Total	100.0	100.0	100.0
Promotor pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-22.0%	-39.6%	-23.2%
Absolute Sensex	-9.0%	-8.4%	0.3%
Relative Return*	-13.0%	-31.2%	-23.5%

*over or under performance to benchmark index



Consolidated (cr)	FY25E	FY26E	FY27E
Sales	2,884	3,140	3,432
Growth (%)	4.6	8.9	9.3
EBITDA	502	536	599
EBITDA Margin (%)	17.4	17.1	17.4
Adj. PAT	386	422	482
Growth (%)	7.0	9.5	14.2
Adj. EPS	10.5	11.5	13.1
Growth (%)	7.0	9.5	14.2
P/E	31.1	28.4	24.9
P/B	5.8	5.1	4.4
EV/EBITDA	23.7	22.1	19.6
ROE (%)	19.9	19.1	19.0
D/E	0.0	0.0	0.0

Author: Vincent K A - Sr. Research Analyst

Growth recovering, valuation moderated

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

- For Q3FY25, revenue grew by 4% YoY. Volumes grew by 8% YoY while higher grammages and promotional prices impacted value growth. Main segments, fabric care & dishwash (78% mix) grew by 9% & 3.6%, respectively, while personal care declined by 3.6% YoY.
- EBITDA declined by 2%YoY as EBITDA margin dropped by 110bps YoY to 16.4%, mainly due to price cuts and higher operating expenses. The company has taken low single digit price hike in personal care in December end and is planning in Q4FY25 also to protect margins due to higher input costs.
- The overall demand environment was subdued, impacted by inflationary pressures and muted urban demand. The company remains cautiously optimistic about achieving double-digit volume growth.
- JLL is committed to new product launches and successfully introduced Mr.White liquid detergent and Maxo Racquet, an anti-mosquito racquet with a long battery life during the quarter. Also have few launches in the coming years to drive future growth.
- JLL has a strong focus on distribution and direct reach has increased to 1.2mn from 86k in FY21. This, along with new launches, has strongly supported double digit growth in last 2 years. JLL will continue to add the distribution carefully.

Outlook & Valuation

Rural demand is picking up, aided by robust kharif production along with higher MSP while urban demand is expected to gradually improve, supported by pick up in government projects, consumption support from the Union budget and a reduction in food inflation. Focus on distribution, brand investments, new product launches and LUP strategies will support JLL's volume growth. The company has a strong balance sheet and cash flow generation. **We roll forward to FY27E EPS, and value JYL at P/E of 30x (10yr avg=30x) to arrive at a target price of Rs. 395, maintain BUY rating considering expected improvement in demand and recent correction in stock price.**

Quarterly Financials Consol.

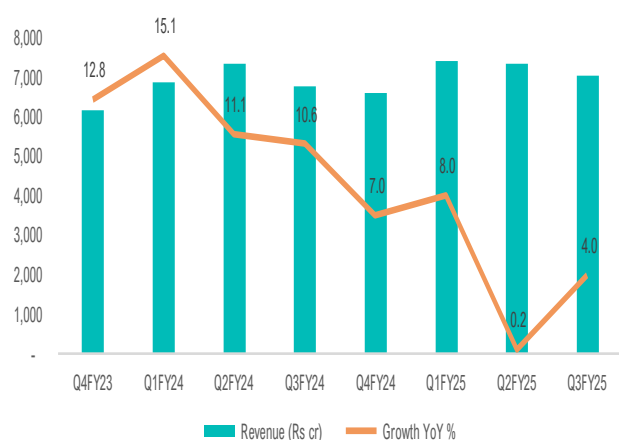
Rs.cr	Q3FY25	Q3FY24	YoY %	Q2FY25	QoQ %	9MFY25	9MFY24	YoY %
Sales	704	678	4.0	734	-4.0	2,180	2,097	4.0
EBITDA	116	119	(2.4)	138	-16.4	388	371	4.4
Margin (%)	16.4	17.5	40bps	18.9	90bps	17.8	17.7	60bps
EBIT	101	106	(4.1)	125	-18.5	346	334	3.5
PBT	114	115	(1.2)	136	-16.1	382	372	2.8
Rep. PAT	87	91	(3.9)	105	-16.8	294	291	1.0
Adj PAT	87	91	(3.9)	105	-16.8	294	282	4.2
EPS (Rs)	2	2	(3.9)	3	-16.8	8	8	4.2



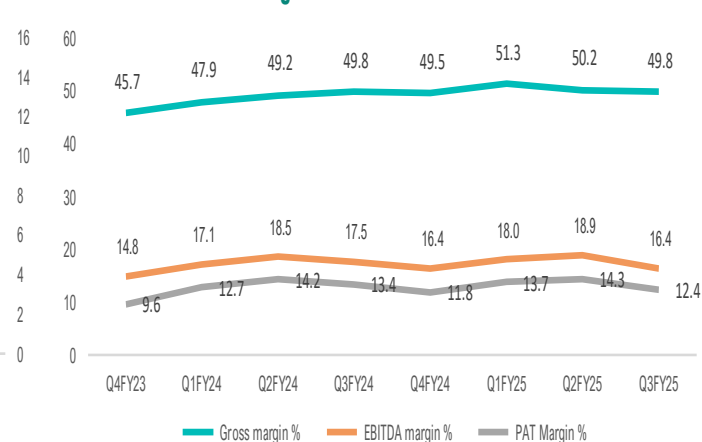
Key Highlights...

- Gross margin stands at 49.8%, maintained at the same level on a YoY basis. For 9MFY25, gross margin improved by 150 bps to 50.4% while EBITDA margin saw an improvement of 10bps to 17.8%.
- The company has taken measures to cover some of the key raw materials, which helped protect the gross margin in Q3.
- A&P Spend at Rs.64Cr (9% of revenue) versus Rs.61Cr (9% of revenue) YoY while for 9MFY25, Rs.186Cr (8.5% of revenue) versus Rs.169Cr (8% of revenue) YoY, an increase by 10.6%.
- The company takes selective price hikes to mitigate input price inflation while brand strengthening and distribution expansion drive to continue.
- The good monsoon and growing rural wages saw decent rural demand during the quarter.
- Strong manufacturing capabilities spread across the country are considered a competitive advantage.

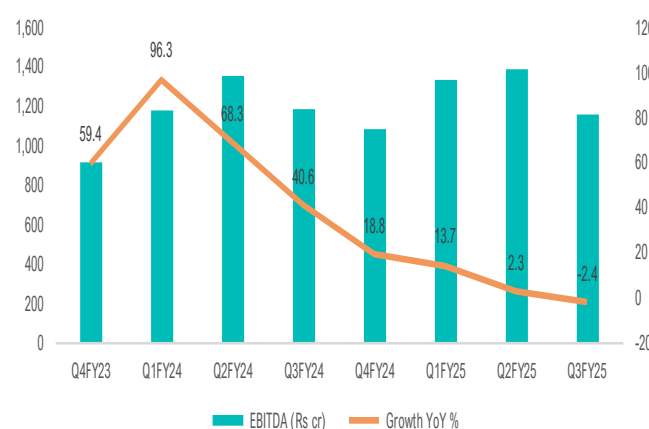
Revenue



Gross / EBITDA / PAT margin



EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Revenue	2,928	3,213	2,884	3,140	-1.5	-2.3
EBITDA	513	582	502	536	-2.2	-7.9
Margins (%)	0	0	0	0	-10bps	100bps
Adj. PAT	397	459	386	422	-2.8	-8.0
EPS	11	13	11	12	-2.7	-8.0



Consolidated Financials

PROFIT & LOSS

Y.E March (Rs. cr)	FY22A	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue	2,196	2,486	2,757	2,884	3,140	3,432
% change	15.1	13.2	10.9	4.6	8.9	9.3
EBITDA	248	316	480	502	536	599
% change	-21.1	27.2	51.9	4.6	6.9	11.7
Depreciation	58	50	50	54	56	59
EBIT	190	266	430	448	480	540
Interest	12	13	5	4	2	0
Other Income	19	40	54	54	63	79
PBT	197	299	479	499	542	619
% change	-16.1	52.0	60.0	4.1	8.6	14.3
Tax	38	59	110	113	119	136
Tax Rate (%)	19.2%	19.9%	22.9%	22.6%	22.0%	22.1%
Reported PAT	159	240	369	386	422	482
Adj*	0	-7	-9	0	0	0
Adj PAT	159	233	360	386	422	482
% change	-25.7	46.2	54.8	7.0	9.5	14.2
No. of shares (cr)	36.7	36.7	36.7	36.7	36.7	36.7
Adj EPS (Rs.)	4.3	6.3	9.8	10.5	11.5	13.1
% change	-25.7	46.2	54.8	7.0	9.5	14.2
DPS (Rs.)	2.5	3.0	3.5	3.5	3.5	3.5
CEPS (Rs.)	5.9	7.7	11.2	12.0	13.0	14.7

CASH FLOW

Y.E March (Rs. cr)	FY22A	FY23A	FY24A	FY25E	FY26E	FY27E
Net inc. + Depn.	217	290	410	439	478	541
Non-cash adj.	11	-11	-5	18	2	0
Changes in W.C	-26	50	45	-193	-257	-254
C.F. Operation	203	329	458	264	223	287
Capital exp.	-21	-12	-14	-41	-39	-39
Change in inv.	-13	-43	-351	0	0	0
Other invest.CF	3	7	21	0	0	0
C.F - Investment	-32	-48	-344	-41	-39	-39
Issue of equity	0	0	0	0	0	0
Issue/repay debt	231	0	0	-20	-26	-5
Dividends paid	-147	-92	-110	-129	-129	-129
Other finance.CF	-229	-135	0	-4	-2	0
C.F - Finance	-167	-251	-135	-152	-156	-133
Chg. in cash	4	30	-21	72	28	115
Closing cash	76	106	84	156	184	299

BALANCE SHEET

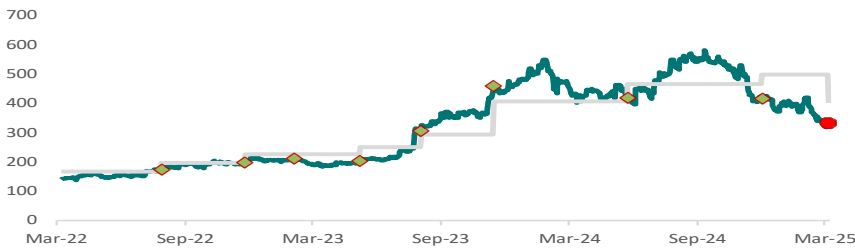
Y.E March (Rs. cr)	FY22A	FY23A	FY24A	FY25E	FY26E	FY27E
Cash	76	106	84	156	184	299
Accounts Receivable	143	138	201	205	224	244
Inventories	297	302	284	306	366	402
Other Cur. Assets	201	230	570	769	1,022	1,275
Investments	0	0	0	0	0	0
Gross Fixed Assets	615	657	717	757	797	837
Net Fixed Assets	331	324	333	320	304	285
CWIP	8	15	13	15	15	15
Intangible Assets	790	792	792	791	790	789
Def. Tax (Net)	91	85	59	45	45	45
Other Assets	85	70	64	72	82	91
Total Assets	2,023	2,062	2,401	2,680	3,031	3,444
Current Liabilities	408	371	432	471	544	598
Provisions	85	93	109	111	120	132
Debt Funds	127	47	51	31	5	0
Other Liabilities	0	0	0	0	0	0
Equity Capital	37	37	37	37	37	37
Reserves & Surplus	1,407	1,512	1,772	2,029	2,323	2,676
Shareholder's Fund	1,403	1,551	1,810	2,067	2,361	2,715
Total Liabilities	2,023	2,062	2,401	2,680	3,031	3,444
BVPS (Rs.)	39	42	49	56	64	74

RATIOS

Y.E March	FY22A	FY23A	FY24A	FY25E	FY26E	FY27E
Profitab. & Return						
EBITDA margin (%)	11.3	12.7	17.4	17.4	17.1	17.4
EBIT margin (%)	8.7	10.7	15.6	15.5	15.3	15.7
Net profit mgn.(%)	7.2	9.4	13.1	13.4	13.5	14.1
ROE (%)	11.1	15.6	21.5	19.9	19.1	19.0
ROCE (%)	11.1	15.6	21.0	19.6	19.0	19.0
W.C & Liquidity						
Receivables (days)	19.7	20.6	22.5	25.7	24.9	24.9
Inventory (days)	47.8	44.0	38.7	37.3	39.1	40.8
Payables (days)	64.4	57.2	53.2	57.1	59.0	60.7
Current ratio (x)	1.5	1.7	2.1	2.5	2.7	3.0
Quick ratio (x)	0.5	0.7	0.7	0.8	0.7	0.9
Turnover & Leverage						
Gross asset T.O (x)	3.7	3.9	4.0	3.9	4.0	4.2
Total asset T.O (x)	1.1	1.2	1.2	1.1	1.1	1.1
Int. coverage ratio (x)	16.1	20.3	90.9	122.7	303.9	2631.6
Adj. debt/equity (x)	0.1	0.0	0.0	0.0	0.0	0.0
Valuation						
EV/Sales (x)	5.5	4.8	4.3	4.1	3.8	3.4
EV/EBITDA (x)	48.6	37.8	25.0	23.7	22.1	19.6
P/E (x)	75.5	51.6	33.3	31.1	28.4	24.9
P/BV (x)	8.3	7.8	6.6	5.8	5.1	4.4



Recommendation Summary (last 3 years)



Dates	Rating	Target
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-Oct-24	Accumulate	645
04-Dec-24	Buy	496
11-Mar-25	Buy	395

Source: Bloomberg, Geojit Research

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.

Symbols definition:



Upgrade



No Change



Downgrade

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

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

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

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