

Mixed numbers; Maintain Buy

Q4FY24 Result Update | Sector: FMCG | May 16, 2024

BUY

CMP (Rs)	441
Target Price (Rs)	550
Potential Upside	24.6%
Sensex	72,941
Nifty	22,190

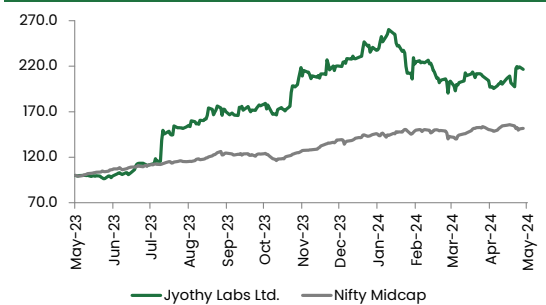
Key Stock data

BSE Code	532926
NSE Code	JYOTHYLAB
Bloomberg	JYL:IN
Shares o/s, Cr (FV 1)	36.7
Market Cap (Rs Cr)	16,192
3M Avg Volume	12,40,417
52 week H/L	554/200

Shareholding Pattern

(%)	Sep-23	Dec-23	Mar-24
Promoter	62.9	62.9	62.9
FII	14.6	14.6	16.4
DII	14.1	13.9	13.3
Others	8.4	8.6	7.4

1 year relative price performance



1 year P/E Forward (x)



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Mixed revenue performance: Jyothy Labs posted mixed performance as Q4FY24 revenue saw an improvement of 7% YoY and volume growth of 7% YoY. But, the sequential growth was muted as it de-grew by 2.6% to Rs 660cr. Amongst segments, fabric care, dishwashing and personal care drove the growth as compared last year while sequentially home insecticides witnessed growth while subdued growth across all other segments impacted topline.

Margin improved YoY but subdued QoQ: Its Q4FY24 gross profit increased by 15.8% YoY but declined by 3.1% QoQ to Rs 326.7cr and margin came in 49.5%, which increase by 378bps YoY but declined by 26bps QoQ. Further, its EBITDA too saw a mixed performance as it grew by 18.8% YoY to Rs 108.4cr with improvement in margin by 163bps YoY to 16.4% but sequentially it declined by 8.6% with margin down by 109bps. Also, PAT followed the same trend as it posted profit of Rs 78.2cr, growth of 31.9% YoY and improvement in margin of 224bps YoY while it declined by 14% QoQ and margin down by 158bps to 11.8%. Despite healthy improvement in advertisement & other cost, the YoY profit numbers were strong on the back of healthy topline performance, however, sequentially the cost saw decline but also topline growth was muted thus it reported weak numbers.

Robust growth in FY24: Jyothy Labs reported double digit topline growth of 10.9% YoY to Rs 2,756.9cr with volume growth of 9%. Further, its gross profit grew by 28.7% with margin at 49.1% with improvement of 680bps YoY due to decline in commodity prices. Further, even though the company has increased their spend by 30.9% in advertisements & brand building and also for other expenses, its EBITDA grew by 51.9% YoY to Rs 479.8cr with margin improvement of 470bps to 17.4%. Further, PAT saw growth of 54% YoY to Rs 369.3cr with margin improvement of 375bps to 13.4%.

Key highlights: 1) Management plan is to gain double digit growth and growth driven by volumes and also focus remain on liquid products in soaps & detergents. Also maintain its margin guidance at 16-17%. 2) Rural areas are seeing signs of revival. 3) Direct distribution has crossed 1.2mn outlets with 9,900+ Channel Partners. 4) New launches in the quarter were Ujala & Henko Liquid detergents and Margo Neem Naturals. 5) Maxo Coil and liquid vaporizer market share stood at 23.8% and 8.3% respectively in FY24. 6) They have on-boarded Kareena Kapoor as brand ambassador for Maxo brands and are spending heavily on advertisements in key markets.

Outlook & Valuation: Jyothy labs reported mixed numbers with steady growth as compared last year while subdued performance sequentially. Going ahead, the management plan is to focus on volume led growth, drive liquid products which are in demand, continue to spend behind brands, innovation & launches as well on advertisement & promotional spending to increase its recall value. Additionally, their plan is to expand distribution reach and also the rural market is seeing signs of pickup which will drive growth ahead. On the financial front, we expect double digit growth to continue with revenue/EBITDA/PAT to grow at 14.5%/17.3%/16.9% CAGR over FY24-26E and maintain **Buy** rating but target price revised downwards to **Rs 550**.

Financial Summary - consolidated

Particulars, Rs cr	FY23	FY24	FY25E	FY26E
Net revenue	2,486.0	2,756.9	3,142.9	3,614.3
EBITDA	315.9	479.8	565.0	660.6
EBITDAM (%)	12.7	17.4	18.0	18.3
APAT	239.7	369.3	430.9	504.4
APATM (%)	9.6	13.4	13.7	14.0
EPS (Rs)	6.5	10.1	11.7	13.7
PE (x)	67.5	43.8	37.6	32.1
RoE (%)	15.5	20.4	20.3	20.2

Source : RBL Research

Overall YoY performance was steady while QoQ performance was muted

P&L Account Quarterly – consolidated

Particulars, Rs cr	Q4FY24	Q4FY23	Y-o-Y (%)	Q3FY24	Q-o-Q (%)
Net Sales	660.0	617.0	7.0	677.5	(2.6)
Cost of Raw Materials	295.6	280.9	5.3	303.0	(2.4)
Purchase of Finished Goods	34.5	32.0	8.0	33.9	1.9
(Increase) / Decrease In Stocks	3.2	22.1	(85.6)	3.5	(8.9)
Total Raw material cost	333.3	334.9	(0.5)	340.4	(2.1)
Gross Profit	326.7	282.1	15.8	337.1	(3.1)
Gross Margins (%)	49.5	45.7	378bps	49.8	-26bps
Employee Cost	72.6	64.8	12.0	75.2	(3.5)
Advertisement Exp.	59.8	45.9	30.1	60.7	(1.5)
Other Expense	86.0	80.1	7.3	82.7	4.0
Total Expenditure	551.6	525.7	4.9	558.9	(1.3)
EBITDA	108.4	91.3	18.8	118.6	(8.6)
EBITDA Margins (%)	16.4	14.8	163bps	17.5	-109bps
Depreciation	12.9	11.9	8.1	12.8	0.2
EBIT	95.5	79.4	20.4	105.8	(9.7)
Other Income	13.0	5.7	127.5	10.6	22.5
Interest	1.3	3.1	(59.6)	1.2	5.9
PBT	107.2	81.9	30.9	115.2	(6.9)
Tax	29.1	22.7	28.2	24.3	19.8
PAT	78.2	59.3	31.9	90.9	(14.0)
PAT Margin (%)	11.8	9.6	224bps	13.4	-158bps
EPS (Rs)	2.1	1.6	31.9	2.5	(14.0)

Source : RBL Research

Fabric Care, Dishwashing & Personal care contributed to YoY growth

Segment Share in Revenue (%)

Particulars, Rs cr	Q4FY24	Q4FY23	Y-o-Y (%)	Q3FY24	Q-o-Q (%)
Fabric Care	281.1	255.3	10.1	294.8	(4.7)
% of Sales	42.6	41.4	120bps	43.5	-93bps
Dishwashing	218.3	206.2	5.9	236.1	(7.5)
% of Sales	33.1	33.4	-35bps	34.8	-176bps
Household Insecticides	72.2	80.0	(9.7)	45.7	57.8
% of Sales	10.9	13.0	-203bps	6.8	419bps
Personal Care	61.8	52.4	18.0	72.3	(14.5)
% of Sales	9.4	8.5	87bps	10.7	-131bps
Others	26.6	23.0	15.7	28.6	(7.0)
% of Sales	4.0	3.7	30bps	4.2	-19bps
Total	660.0	617.0	7.0	677.5	(2.6)

Source : RBL Research

Fabric Care & Dishwashing segment contributed in its profit share

Segment Share in Profit (%)

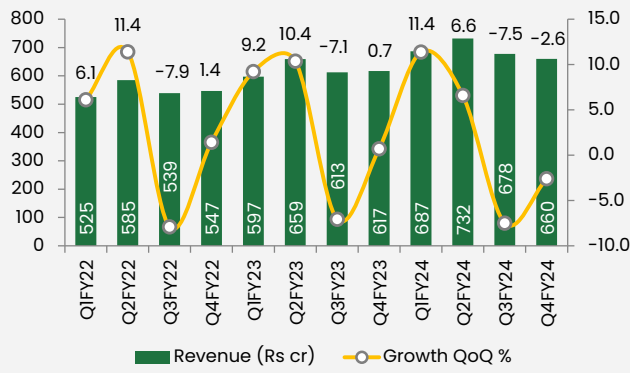
Particulars, Rs cr	Q4FY24	Q4FY23	Y-o-Y (%)	Q3FY24	Q-o-Q (%)
Fabric Care	64.7	49.9	29.6	74.4	(13.0)
% of PBT	60.3	60.9	-60bps	64.5	-425bps
Dishwashing	39.3	36.1	9.0	42.5	(7.4)
% of PBT	36.7	44.0	-734bps	36.9	-18bps
Household Insecticides	(7.5)	(0.9)	-	(9.3)	-
% of PBT	(7.0)	(1.1)	-	(8.1)	-
Personal Care	5.2	7.0	(24.9)	9.3	(43.8)
% of PBT	4.9	8.5	-363bps	8.1	-321bps
Others	(0.3)	(0.8)	-	1.5	-
% of PBT	(0.3)	(0.5)	26bps	1.3	-160bps
Total	101.4	91.2	11.2	118.3	(14.3)
Finance Cost	1.3	3.1	(59.6)	1.2	5.9
Other unallocable exp	4.5	6.2	(27.4)	9.6	(52.6)
Other Income	11.6	-	-	7.6	51.9
PBT	107.2	81.9	30.9	115.2	(6.9)

Source : RBL Research

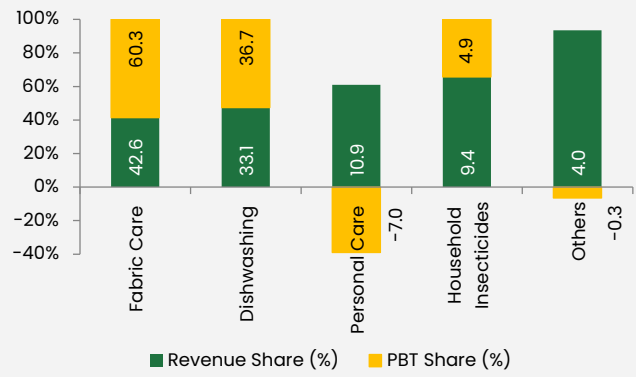
Segment performance: 1) **Fabric care:** Its revenue and profit grew by 10.1%/29.6% YoY but declined sequentially by 4.7%/13.0% to Rs 281.lcr. The growth is supported by sharp focus on delivering value in main wash detergents and also they have expanded into new territories for post-wash products. 2) **Dishwashing:** It too reported mixed performance with revenue & profit growing by 5.9% & 9% YoY while sequentially revenue & profit declined by 7.5% & 7.4%. Their strong YoY growth was because of driving LUP's, enhanced digital awareness, ground activations to solidify position as well as gain market share. 3) **Household Insecticides:** Its revenue de-grew by 9.7% YoY but improved by 57.8% QoQ while it is posting losses. The decline is due to seasonality which is impacting the demand. Going ahead, their plan is to strengthen their liquid portfolio by investing behind campaigns and promotional activity. 4) **Personal Care:** Its revenue grew by 18% YoY led by its neem based Margo Soap and its venture into new formats and categories. But revenue was down by 14.5% QoQ to Rs 61.8cr while it is reporting profit but it de-grew by 24.9% YoY and 43.8% QoQ.

Story in charts

Revenue grew by 7.0% YoY but declined by 2.6% QoQ

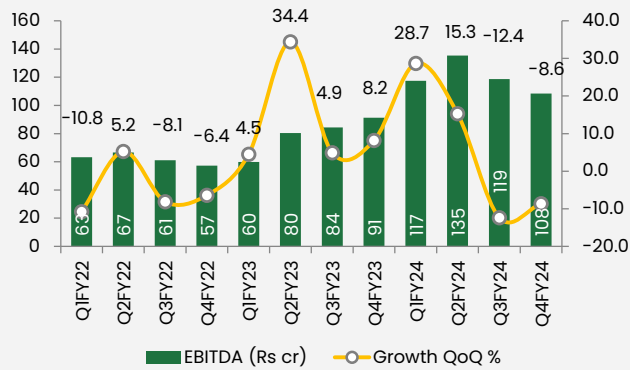


Segment share in terms of revenue & profits for Q4FY24 (%)

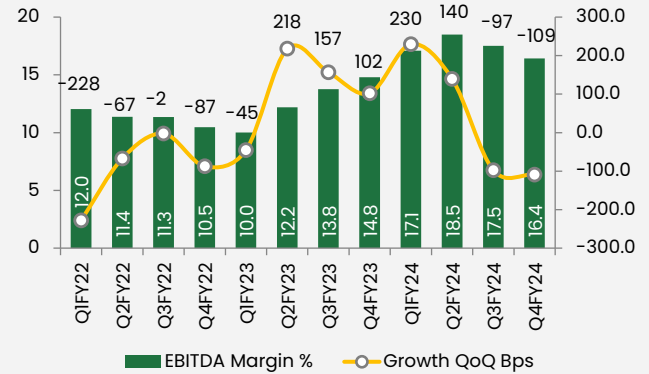


Source : RBL Research

EBITDA grew by 18.8% YoY but declined by 8.6% QoQ

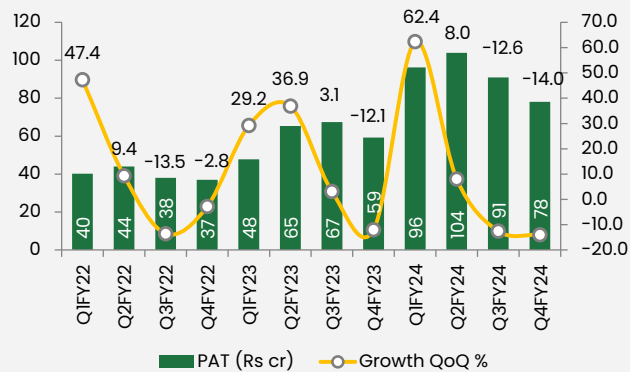


EBITDA margin improved by 163bps YoY but down by 109bps QoQ

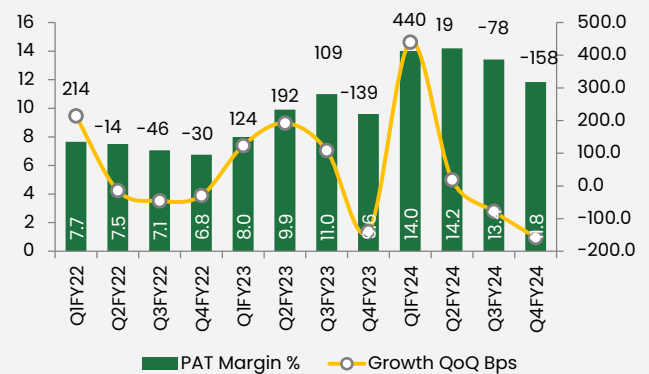


Source : RBL Research

PAT grew by 31.9% YoY but de-grew by 14.0% QoQ

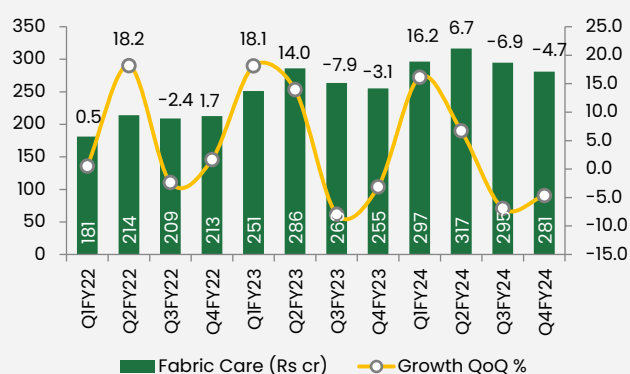


PAT margin improved by 224bps YoY but down by 158bps QoQ

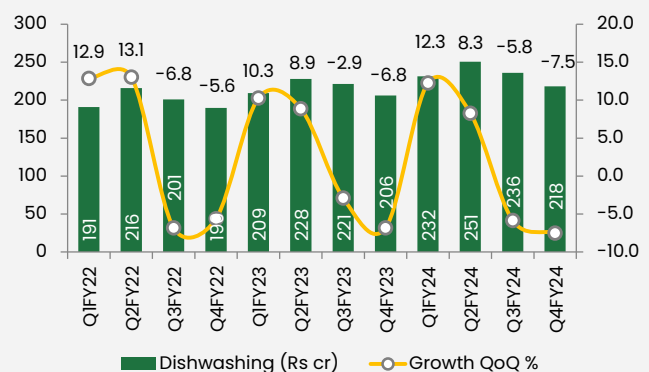


Source : RBL Research

Fabric care grew by 10.1% YoY but down by 4.7% QoQ



Dishwashing segment grew by 5.9% YoY but down by 7.5% QoQ



Source : RBL Research

P&L Account – consolidated

Particulars, Rs cr	FY23	FY24	FY25E	FY26E
Net sales	2,486.0	2,756.9	3,142.9	3,614.3
Expenditure				
Cost of materials	1,291.2	1,242.6	1,408.0	1,608.4
Purchase of stock in trade	147.0	155.0	176.7	203.2
(Increase) / Decrease In Stocks	(3.3)	6.3	6.3	7.2
Total raw materials	1,434.9	1,403.8	1,591.0	1,818.8
Gross Profit	1,051.1	1,353.1	1,551.9	1,795.5
Employee cost	264.8	300.5	339.4	390.3
Advertisements cost	174.3	228.2	260.9	307.2
Other expenses	296.2	344.5	386.6	437.3
Total expenditure	2,170.2	2,277.1	2,577.9	2,953.7
EBITDA	315.9	479.8	565.0	660.6
EBITDAM (%)	12.7	17.4	18.0	18.3
Depreciation	50.1	50.0	62.9	72.3
EBIT	265.8	429.8	502.2	588.4
Other income	39.5	53.7	61.3	70.4
Interest expenses	13.1	4.7	4.7	4.7
PBT	292.2	478.8	558.7	654.1
Tax	59.5	109.5	127.8	149.6
Reported PAT	232.7	369.3	430.9	504.4
Exceptional Income / Expenses	7.0	0.0	0.0	0.0
PAT (after Exceptional)	239.7	369.3	430.9	504.4
PAT Margin (%)	9.6	13.4	13.7	14.0
EPS (Rs)	6.5	10.1	11.7	13.7

Source : RBL Research

Balance Sheet – consolidated

Particulars, Rs cr	FY23	FY24	FY25E	FY26E
Share Capital	36.7	36.7	36.7	36.7
Reserves & Surplus	1,512.3	1,771.6	2,085.0	2,464.6
Total Shareholder's Fund	1,549.0	1,808.3	2,121.7	2,501.3
Minority Interest	2.1	1.9	1.9	1.9
Long term provision	70.8	80.2	75.4	86.7
Other long term liabilities	33.5	29.9	34.1	39.3
Total	104.3	110.6	110.1	126.6
Current Liabilities				
Trade payables	214.4	276.1	314.7	361.9
Short term provisions	21.8	28.3	32.3	37.1
Other current liabilities	170.1	175.7	200.3	230.3
Total	406.3	480.1	547.3	629.4
Total liabilities	2,061.7	2,400.9	2,781.0	3,259.2
Application of Assets				
Net Block	286.9	338.9	355.9	384.3
Current work in process	15.5	13.4	13.4	13.4
Goodwill on consolidation	786.3	786.3	786.3	786.3
Tax assets	84.5	65.3	74.4	85.6
Other non-current assets	113.3	57.8	65.9	75.8
Total	1,286.6	1,261.7	1,295.9	1,345.4
Current Assets				
Inventories	301.9	283.5	323.2	371.7
Trade receivables	137.8	201.4	229.6	264.0
Cash balance	105.6	84.4	292.3	518.2
Bank balance	177.8	81.7	81.7	81.7
Other current assets	52.0	296.7	338.3	389.0
Total	775.1	1,139.2	1,485.1	1,913.7
Total assets	2,061.7	2,400.9	2,781.0	3,259.2

Source : RBL Research

Cashflow – consolidated

Particulars, Rs cr	FY23	FY24	FY25E	FY26E
Profit before tax	299.2	478.8	558.7	654.1
Add: Depreciation	50.1	50.0	62.9	72.3
Add: Interest cost	13.1	4.7	4.7	4.7
Less: Other Income	(7.7)	(21.8)	(12.3)	(14.1)
Others	(19.7)	(13.2)	-	-
Operating profit before WC	335.1	498.5	614.0	717.0
Changes in working capital	50.2	38.7	(60.0)	(56.1)
Cash from Operations	385.3	537.3	554.0	660.9
Less: Taxes	(56.7)	(79.3)	(127.8)	(149.6)
Cash flow from Operations	328.6	457.9	426.2	511.3
Net cash used in Investing				
Purchase of fixed assets	(35.5)	(37.1)	(79.8)	(100.8)
Purchase of investments	-	(351.2)	(28.5)	(69.1)
Sales of fixed assets	23.3	22.7	-	-
Other Income	7.1	21.3	12.3	14.1
Others	(43.2)	-	-	-
Cash flow from investing	(48.3)	(344.4)	(96.0)	(155.8)
Cash flow from Financing				
Proceeds of borrowings	(125.0)	-	-	-
Dividends	(91.8)	(110.2)	(117.5)	(124.8)
Interest cost	(10.4)	-	(4.7)	(4.7)
Others	(23.5)	(24.7)	-	-
Cash flow from Financing	(250.7)	(134.8)	(122.2)	(129.6)
Net cash Inflow/Outflow	29.6	(21.3)	208.0	225.9
Opening cash	76.0	105.6	84.4	292.3
Closing Cash	105.6	84.4	292.3	518.2

Source : RBL Research

Key ratios – consolidated

Particulars	FY23	FY24	FY25E	FY26E
Per share Data				
EPS (Rs)	6.5	10.1	11.7	13.7
Book value per share (Rs)	42.2	49.2	57.8	68.1
Dividend per share (Rs)	2.5	3.0	3.2	3.4
Dividend Payout %	38.3	29.8	27.3	24.7
Dividend Yield %	0.6	0.7	0.7	0.8
Profitability Ratios				
EBITDAM(%)	12.7	17.4	18.0	18.3
PBTM (%)	11.8	17.4	17.8	18.1
NPM (%)	9.6	13.4	13.7	14.0
RoE (%)	15.5	20.4	20.3	20.2
RoCE (%)	17.2	23.8	23.7	23.5
Efficiency Data				
Debt-Equity Ratio	0.0	0.0	0.0	0.0
Interest Cover Ratio	20.3	90.9	106.2	124.4
Fixed Asset Ratio	0.1	0.1	0.1	0.1
Debtors (Days)	20.2	26.7	26.7	26.7
Inventory (Days)	44.3	37.5	37.5	37.5
Payable (Days)	31.5	36.5	36.5	36.5
WC (Days)	33.1	27.6	27.6	27.6
Valuation				
P/E (x)	67.5	43.8	37.6	32.1
P/BV	10.5	9.0	7.6	6.5
EV/EBITDA	50.9	33.6	28.1	23.7
EV/Sales	6.5	5.8	5.1	4.3

Source : RBL Research

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Statements on ownership and material conflicts of interest, compensation– Research Analyst (RA)

S. No.	Statement	Answer	
		Yes	No
		Tick appropriate	
		Yes	No
	I/we or any of my/our relative has any financial interest in the subject company? [If answer is yes, nature of Interest is given below this table]		No
	I/we or any of my/our relatives, have actual/beneficial ownership of one per cent. or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance?		No
	I / we or any of my/our relative, has any other material conflict of interest at the time of publication of the research report or at the time of public appearance?		No
	I/we have received any compensation from the subject company in the past twelve months?		No
	I/we have managed or co-managed public offering of securities for the subject company in the past twelve months?		No
	I/we have received any compensation for brokerage services from the subject company in the past twelve months?		No
	I/we have received any compensation for products or services other than brokerage services from the subject company in the past twelve months?		No
	I/we have received any compensation or other benefits from the subject company or third party in connection with the research report?		No
	I/we have served as an officer, director or employee of the subject company?		No
	I/we have been engaged in market making activity for the subject company?		No

[Please note that only in case of multiple RAs, if in the event answers differ inter-se between the RAs, then RA specific answer with respect to questions under F (a) to F(j) below, are given separately]

Nature of Interest (if answer to F (a) above is Yes :

.....

Name(s) with Signature(s) of RA(s).

[Please note that only in case of multiple RAs and if the answers differ inter-se between the RAs, then RA specific answer with respect to questions under F (a) to F(j) above , are given below]

SS.No.	Name(s) of RA.	Signatures of RA	Serial Question of question which the signing RA needs to make a separate declaration / answer	Yes	No.

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