

**Strong performance along with healthy growth in volumes; Maintain Accumulate**

QIFY25 Result Update | Sector: FMCG | July 26, 2024

## ACCUMULATE

<b>CMP (Rs)</b>	<b>548</b>
<b>Target Price (Rs)</b>	<b>624</b>
<b>Potential Upside</b>	<b>13.7%</b>
<b>Sensex</b>	80,704
<b>Nifty</b>	24,649

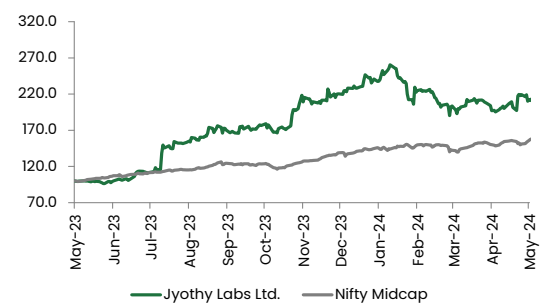
### Key Stock data

<b>BSE Code</b>	532926
<b>NSE Code</b>	JYOTHYLAB
<b>Bloomberg</b>	JYL IN
<b>Shares o/s, Cr (FV 1)</b>	36.7
<b>Market Cap (Rs Cr)</b>	20,132
<b>3M Avg Volume</b>	14,95,104
<b>52 week H/L</b>	554/290

### Shareholding Pattern

(%)	Dec-23	Mar-24	Jun-24
<b>Promoter</b>	62.9	62.9	62.9
<b>FII</b>	14.6	16.4	15.1
<b>DII</b>	13.9	13.3	14.4
<b>Public</b>	8.6	7.4	7.7

### 1 year relative price performance



### 1 year Forward P/E (x)



### Research Analyst

**Vinay Kalani**

vinay.kalanil@religare.com

**Robust revenue performance:** Jyothy Labs posted strong performance as QIFY25 revenue saw an improvement of 8% YoY and volume growth of 10.8% YoY while on the sequential basis revenue grew by 12.4% to Rs 742cr. Amongst segments, fabric care, dishwashing and personal care drove the growth as compared last year while sequentially personal care, fabric care and dishwashing witnessed growth while subdued growth in home insecticides segment.

**Margin improved YoY as well as QoQ:** Its QIFY25 gross profit increased by 15.7% YoY and 16.5% QoQ to Rs 380.5cr and margin came in 51.3%, which increased by 342bps YoY and 179bps QoQ. Further, its EBITDA too has increased by 13.7% YoY to Rs 133.5cr with improvement in margin by 90bps YoY to 18% and sequentially it grew by 23.1% with margin improvement of 157bps. Also, PAT followed the same trend as it posted profit of Rs 101.7cr, growth of 5.7% YoY but marginal decline in margin of 30bps YoY and sequentially it grew by 19.4% QoQ and margin improvement of 80bps to 13.7%. Despite healthy improvement in advertisement & other cost, the profit numbers were strong on the back of healthy topline performance.

**Key highlights:** 1) Mgmt. expects double-digit volume driven revenue growth in FY25 on the back of improving macro trend and early sign of rural recovery. 2) Rural areas are seeing signs of revival and company is optimistic on rural demand. 3) Direct distribution has crossed 1.2mn outlets with 9,900+ Channel Partners. 4) The company has launched liquid detergent under the Morelight brand at an affordable price point. The acceptance of liquid detergent is more in South India. 5) Management expects demand to accelerate on the expectations of normal monsoon. 6) The company aspires for personal care category contribution to increase to 15% of total sales in future. 7) Management remains intact on EBITDA margin guidance which is 16-17% for FY25. 8) Gross margin expansion is due to product mix and scale benefit. The company would be comfortable with 49%-50% gross margin.

**Outlook & Valuation:** Jyothy Labs reported strong numbers with steady growth in volumes. 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, company aims for double-digit revenue driven by volume growth and EBITDA margin of 16%-17% for FY25. On the financial front, we expect double digit growth to continue with revenue/EBITDA/PAT to grow at 15.7%/17.3%/16.8% CAGR over FY24-26E. We have revised our rating to **Accumulate** on the stock by revising the target price to **Rs 624** and assigned a P/E multiple of 45x on FY26E EPS.

### Financial Summary - consolidated

Particulars, Rs cr	FY23	FY24	FY25E	FY26E
Net revenue	2,486.0	2,756.9	3,170.5	3,690.4
EBITDA	315.9	479.8	551.0	659.8
EBITDAM (%)	12.7	17.4	17.4	17.9
APAT	239.7	369.3	420.0	503.8
APATM (%)	9.6	13.4	13.2	13.7
EPS (Rs)	6.5	10.1	11.4	13.7
PE (x)	84.0	54.5	47.9	40.0
RoE (%)	15.5	20.4	19.9	20.2

Source : RBL Research

Overall YoY and QoQ performance was strong

**Segment performance:**

- **Fabric care:** Its revenue and profit grew by 8.8%/22.2% YoY and on sequentially 14.9%/24.1% to Rs 322.8cr. The growth is supported by steady growth in post wash and main wash brands across channels. Further, company aspires for personal care category contribution to increase to 15% of total sales in future.
- **Dishwashing:** It too reported strong performance with revenue & profit growing by 7.1% & 6.9% YoY while sequentially revenue & profit grew by 6.9% & 25.9%. The company significantly invested in both the Pril and Exo brands, which stimulated growth. Additionally, it concentrated on promoting Low Unit Packs (LUPs) to attract a broader range of consumers in the general trade channel.
- **Household Insecticides (HI):** Its revenue grew by 2% YoY but declined by 30.3% QoQ while it is posting losses. HI was impacted due to extreme weather in North and East India. The company sustained its multimedia campaign in key markets, emphasizing the distinctive automatic feature of the Maxo Liquid Vaporiser machine and ongoing brand investment.
- **Personal Care:** Its revenue grew by 10% YoY and 50.9% QoQ while de-grew 33.2% YoY but increased 95.6% QoQ. Company is utilizing social media channels by engaging influencers in key markets to boost brand awareness and encourage young consumers to try their products.

**P&L Account Quarterly – consolidated**

Particulars, Rs cr	Q1FY25	Q1FY24	Y-o-Y (%)	Q4FY24	Q-o-Q (%)
<b>Net Sales</b>	<b>741.8</b>	<b>687.1</b>	<b>8.0</b>	<b>660.0</b>	<b>12.4</b>
Cost of Raw Materials	358.4	330.3	8.5	295.6	21.2
Purchase of Finished Goods	29.1	41.9	(30.5)	34.5	(15.7)
(Increase) / Decrease In	(26.2)	(13.9)	88.6	3.2	(923.6)
<b>Total Raw material cost</b>	<b>361.3</b>	<b>358.2</b>	<b>0.9</b>	<b>333.3</b>	<b>8.4</b>
<b>Gross Profit</b>	<b>380.5</b>	<b>328.9</b>	<b>15.7</b>	<b>326.7</b>	<b>16.5</b>
Gross Margins %	51.3	47.9	342bps	49.5	179bps
Employee Cost	86.2	75.9	13.5	72.6	18.7
Advertisement Exp.	61.6	50.4	22.1	59.8	3.0
Other Expense	99.3	85.2	16.6	86.0	15.5
<b>Total Expenditure</b>	<b>608.4</b>	<b>569.7</b>	<b>6.8</b>	<b>551.6</b>	<b>10.3</b>
<b>EBITDA</b>	<b>133.5</b>	<b>117.4</b>	<b>13.7</b>	<b>108.4</b>	<b>23.1</b>
EBITDA Margins (%)	18.0	17.1	90bps	16.4	157bps
Depreciation	13.4	12.0	12.1	12.9	4.3
EBIT	120.0	105.5	13.8	95.5	25.7
Other Income	13.7	16.9	(19.0)	13.0	5.8
Interest	1.4	1.1	25.2	1.3	10.3
PBT	132.4	121.3	9.1	107.2	23.4
Tax	30.7	25.0	22.5	29.1	5.5
<b>PAT</b>	<b>101.7</b>	<b>96.3</b>	<b>5.7</b>	<b>85.2</b>	<b>19.4</b>
PAT Margin (%)	13.7	14.0	-30bps	12.9	80bps
EPS (Rs)	2.8	2.6	5.7	2.3	19.4

Source : RBL Research

*Fabric Care, Dishwashing & Personal care contributed to YoY growth*

**Segment Share in Revenue (%)**

Particulars, Rs cr	Q1FY25	Q1FY24	YoY (bps)	Q4FY24	QoQ (bps)
Fabric Care	322.8	296.6	8.8	281.1	14.9
% of Sales	43.5	43.2	36bps	42.6	94bps
Dishwashing	248.0	231.5	7.1	218.3	13.6
% of Sales	33.4	33.7	-26bps	33.1	36bps
Household Insecticides	50.3	49.4	2.0	72.2	(30.3)
% of Sales	6.8	7.2	-39bps	10.9	-415bps
Personal Care	93.3	84.1	10.9	61.8	50.9
% of Sales	12.6	12.2	34bps	9.4	321bps
Others	27.2	25.6	6.6	26.6	2.3
% of Sales	3.7	3.7	-5bps	4.0	-36bps
Total	741.6	687.1	7.9	660.0	12.4

Source : RBL Research

*Fabric Care & Dishwashing segment contributed in its profit share*

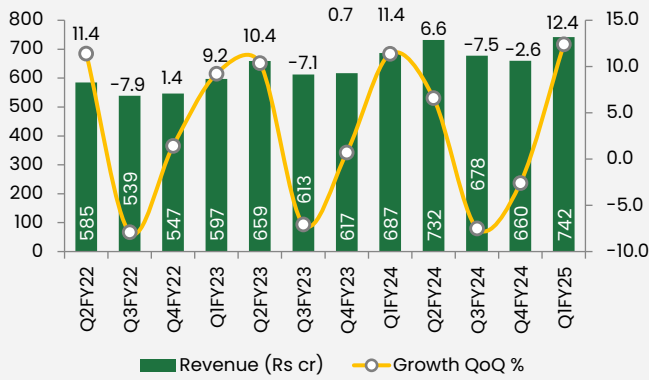
**Segment Share in Profit (%)**

Particulars, Rs cr	Q1FY25	Q1FY24	YoY (%)	Q4FY24	QoQ (%)
Fabric Care	80.2	65.6	22.2	64.7	24.1
% of PBT	60.6	54.1	649bps	60.3	30bps
Dishwashing	49.5	46.3	6.9	39.3	25.9
% of PBT	37.4	38.2	-77bps	36.7	72bps
Household Insecticides	(5.4)	(9.4)	-	(7.5)	-
% of PBT	(4.1)	(7.7)	-	(7.0)	-
Personal Care	10.3	15.3	(33.2)	5.2	95.6
% of PBT	7.7	12.6	-490bps	4.9	286bps
Others	(0.5)	0.5	-	(0.3)	-
% of PBT	(0.3)	0.4	-74bps	(0.3)	-6bps
Total	134.1	118.4	13.3	101.4	32.2
Finance Cost	1.4	1.1	25.2	1.3	10.3
Other unallocable exp	11.5	9.8	-	4.5	152.9
Other Income	11.1	-	-	11.6	(4.0)
PBT	132.4	121.3	9.1	107.2	23.4

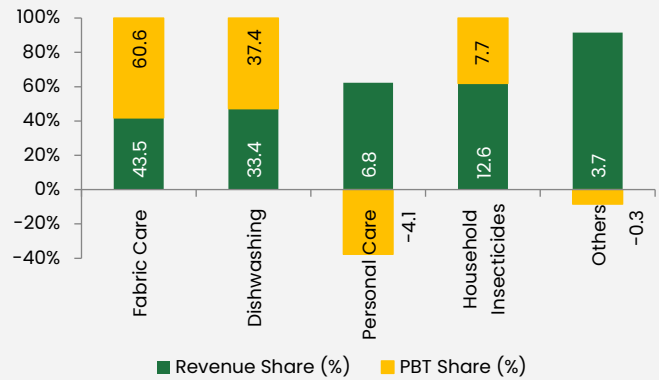
Source : RBL Research

Story in charts

Revenue grew by 8.0% YoY 12.4% QoQ

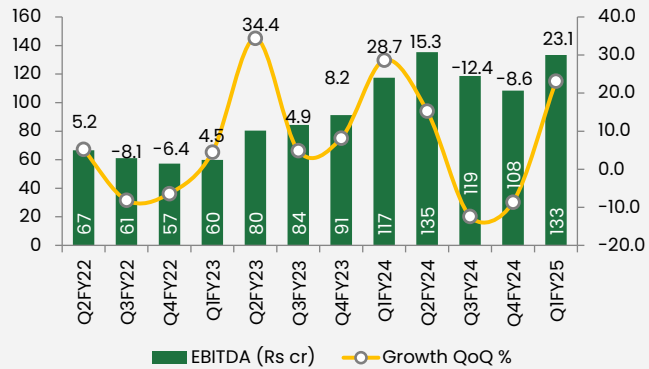


Segment share in terms of revenue & profits for Q1FY25 (%)

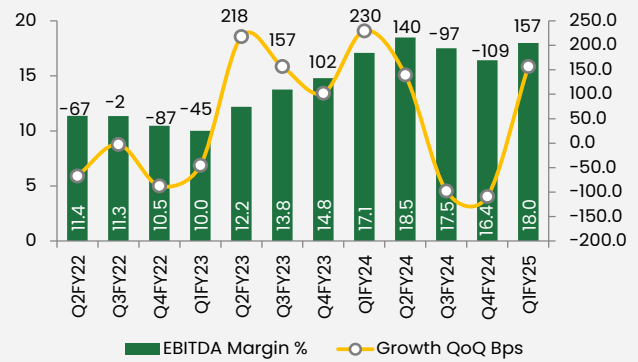


Source : RBL Research

EBITDA grew by 13.7% YoY and 23.1% QoQ

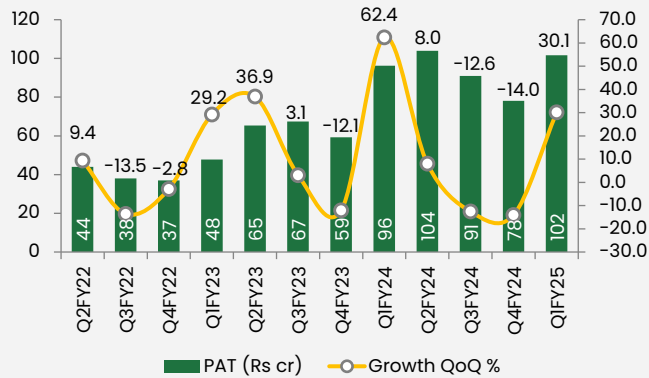


EBITDA margin improved by 90bps YoY and 157bps QoQ

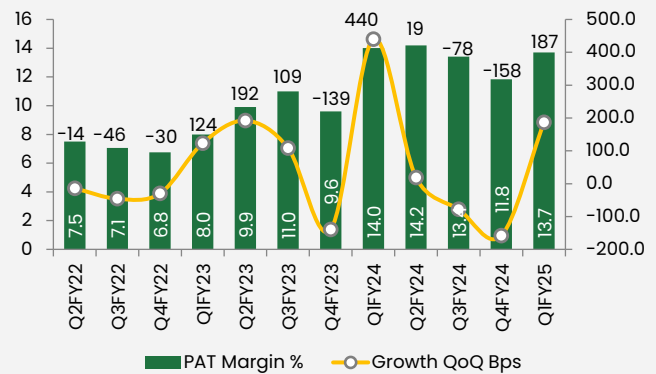


Source : RBL Research

PAT grew by 5.7% YoY and 19.4% QoQ

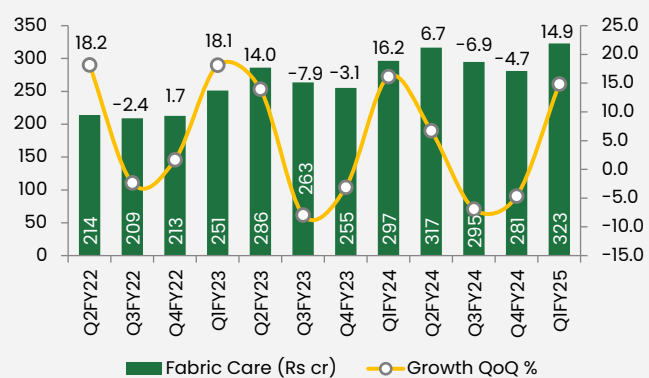


PAT margin improved by 80bps QoQ but down by 30bps QoQ

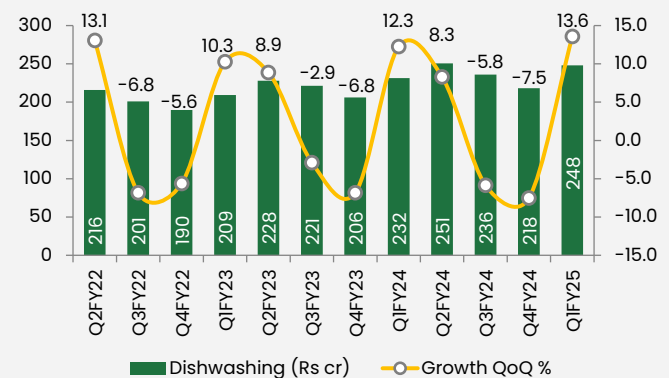


Source : RBL Research

Fabric care grew by 8.8% YoY and 14.9% QoQ



Dishwashing segment grew by 7.1% YoY and 13.6% QoQ



Source : RBL Research

**P&L Account – consolidated**

Particulars, Rs cr	FY23	FY24	FY25E	FY26E
<b>Net sales</b>	<b>2,486.0</b>	<b>2,756.9</b>	<b>3,170.5</b>	<b>3,690.4</b>
<b>Expenditure</b>				
Cost of materials	1,291.2	1,242.6	1,414.0	1,631.2
Purchase of stock in trade	147.0	155.0	178.2	207.5
(Increase) / Decrease In Stocks	(3.3)	6.3	6.3	7.4
<b>Total raw materials</b>	<b>1,434.9</b>	<b>1,403.8</b>	<b>1,598.6</b>	<b>1,846.0</b>
<b>Gross Profit</b>	<b>1,051.1</b>	<b>1,353.1</b>	<b>1,571.9</b>	<b>1,844.4</b>
Gross Margins %	42.3	49.1	49.6	50.0
Employee cost	264.8	300.5	348.8	405.9
Advertisements cost	174.3	228.2	269.5	317.4
Other expenses	296.2	344.5	402.6	461.3
<b>Total expenditure</b>	<b>2,170.2</b>	<b>2,277.1</b>	<b>2,619.5</b>	<b>3,030.6</b>
<b>EBITDA</b>	<b>315.9</b>	<b>479.8</b>	<b>551.0</b>	<b>659.8</b>
EBITDAM (%)	12.7	17.4	17.4	17.9
Depreciation	50.1	50.0	63.4	73.8
EBIT	265.8	429.8	487.6	586.0
Other income	39.5	53.7	61.8	71.9
Interest expenses	13.1	4.7	4.7	4.7
PBT	292.2	478.8	544.6	653.2
Tax	59.5	109.5	124.6	149.4
<b>Reported PAT</b>	<b>232.7</b>	<b>369.3</b>	<b>420.0</b>	<b>503.8</b>
Exceptional Income / Expenses	7.0	0.0	0.0	0.0
PAT (after Exceptional)	239.7	369.3	420.0	503.8
PAT Margin %	9.6	13.4	13.2	13.7
EPS (Rs)	6.5	10.1	11.4	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	2,074.1	2,453.0
<b>Total Shareholder's Fund</b>	<b>1,549.0</b>	<b>1,808.3</b>	<b>2,110.8</b>	<b>2,489.8</b>
Minority Interest	2.1	1.9	1.9	1.9
Long term provision	70.8	80.2	76.1	88.6
Other long term	33.5	29.9	34.4	40.1
<b>Total</b>	<b>104.3</b>	<b>110.6</b>	<b>111.1</b>	<b>129.3</b>
<b>Current Liabilities</b>				
Trade payables	214.4	276.1	317.5	369.5
Short term provisions	21.8	28.3	32.6	37.9
Other current liabilities	170.1	175.7	202.0	235.2
<b>Total</b>	<b>406.3</b>	<b>480.1</b>	<b>552.1</b>	<b>642.6</b>
<b>Total liabilities</b>	<b>2,061.7</b>	<b>2,400.9</b>	<b>2,775.9</b>	<b>3,263.6</b>
<b>Application of Assets</b>				
Net Block	286.9	338.9	355.9	384.3
Current work in process	15.5	13.4	13.4	13.4
Goodwill on	786.3	786.3	786.3	786.3
Tax assets	84.5	65.3	75.1	87.4
Other non-current assets	113.3	57.8	66.5	77.4
<b>Total</b>	<b>1,286.6</b>	<b>1,261.7</b>	<b>1,297.1</b>	<b>1,348.8</b>
<b>Current Assets</b>				
Inventories	301.9	283.5	326.0	379.5
Trade receivables	137.8	201.4	231.6	269.6
Cash balance	105.6	84.4	276.3	491.5
Bank balance	177.8	81.7	81.7	81.7
Other current assets	52.0	296.7	341.3	397.2
<b>Total</b>	<b>775.1</b>	<b>1,139.2</b>	<b>1,478.7</b>	<b>1,914.7</b>
<b>Total assets</b>	<b>2,061.7</b>	<b>2,400.9</b>	<b>2,775.9</b>	<b>3,263.5</b>

Source : RBL Research

**Cashflow – consolidated**

Particulars, Rs cr	FY23	FY24	FY25E	FY26E
Profit before tax	299.2	478.8	544.6	653.2
Add: Depreciation	50.1	50.0	63.4	73.8
Add: Interest cost	13.1	4.7	4.7	4.7
Less: Other Income	(7.7)	(21.8)	(12.4)	(14.4)
Others	(19.7)	(13.2)	-	-
<b>Operating profit before WC</b>	<b>335.1</b>	<b>498.5</b>	<b>600.4</b>	<b>717.3</b>
Changes in working capital	50.2	38.7	(63.3)	(61.9)
Cash from Operations	385.3	537.3	537.1	655.5
Less: Taxes	(56.7)	(79.3)	(124.6)	(149.4)
<b>Cash flow from Operations</b>	<b>328.6</b>	<b>457.9</b>	<b>412.5</b>	<b>506.0</b>
<b>Net cash used in Investing</b>				
Purchase of fixed assets	(35.5)	(37.1)	(80.4)	(102.3)
Purchase of investments	-	(351.2)	(30.4)	(73.3)
Sales of fixed assets	23.3	22.7	-	-
Other Income	7.1	21.3	12.4	14.4
Others	(43.2)	-	-	-
<b>Cash flow from investing</b>	<b>(48.3)</b>	<b>(344.4)</b>	<b>(98.4)</b>	<b>(161.2)</b>
<b>Cash flow from Financing</b>				
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)	-	-
<b>Cash flow from Financing</b>	<b>(250.7)</b>	<b>(134.8)</b>	<b>(122.2)</b>	<b>(129.6)</b>
<b>Net cash Inflow/Outflow</b>	<b>29.6</b>	<b>(21.3)</b>	<b>191.9</b>	<b>215.3</b>
Opening cash	76.0	105.6	84.4	276.3
<b>Closing Cash</b>	<b>105.6</b>	<b>84.4</b>	<b>276.3</b>	<b>491.5</b>

Source : RBL Research

**Key ratios – consolidated**

Particulars	FY23	FY24	FY25E	FY26E
<b>Per share Data</b>				
EPS (Rs)	6.5	10.1	11.4	13.7
Book value per share (Rs)	42.2	49.2	57.5	67.8
Dividend per share (Rs)	2.5	3.0	3.2	3.4
Dividend Payout %	38.3	29.8	28.0	24.8
Dividend Yield %	0.5	0.5	0.6	0.6
<b>Profitability Ratios</b>				
EBITDAM(%)	12.7	17.4	17.4	17.9
PBTM (%)	11.8	17.4	17.2	17.7
NPM (%)	9.6	13.4	13.2	13.7
RoE (%)	15.5	20.4	19.9	20.2
RoCE (%)	17.2	23.8	23.1	23.5
<b>Efficiency Data</b>				
Debt-Equity Ratio	0.0	0.0	0.0	0.0
Interest Cover Ratio	20.3	90.9	103.1	123.9
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
<b>Valuation</b>				
P/E (x)	84.0	54.5	47.9	40.0
P/BV	13.0	11.1	9.5	8.1
EV/EBITDA	63.4	41.8	36.0	29.8
EV/Sales	8.1	7.3	6.3	5.3

Source : RBL Research

## Research Team

Name	Email ID
Ajit Mishra	<a href="mailto:ajit.mishra@religare.com">ajit.mishra@religare.com</a>
Gaurav Arora	<a href="mailto:gaurav.arora3@religare.com">gaurav.arora3@religare.com</a>
Abhijeet Banerjee	<a href="mailto:abhijeet.banerjee@religare.com">abhijeet.banerjee@religare.com</a>
Gaurav Sharma	<a href="mailto:gauravsharma2@religare.com">gauravsharma2@religare.com</a>
Ashwani Harit	<a href="mailto:ashwani.harit@religare.com">ashwani.harit@religare.com</a>
Divya Parmar	<a href="mailto:divya.parmar@religare.com">divya.parmar@religare.com</a>
Vinay Kalani	<a href="mailto:vinay.kalanil@religare.com">vinay.kalanil@religare.com</a>

Before you use this research report, please ensure to go through the disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014 and Research Disclaimer at the following link: <https://www.religareonline.com/disclaimer>

Specific analyst(s) specific disclosure(s) inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014 is/are as under:

**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? <b>[If answer is yes, nature of Interest is given below this table]</b>		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.

Copyright in this document vests exclusively with RBL. This information should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose, without prior written permission from RBL. We do not guarantee the integrity of any emails or attached files and are not responsible for any changes made to them by any other person.

Research Disclaimer: <https://www.religareonline.com/disclaimer>