

India

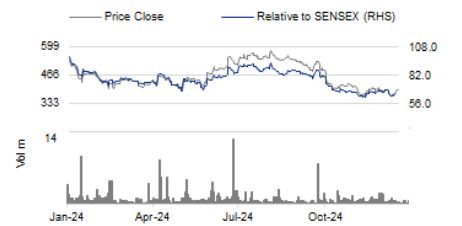
ADD (no change)

Consensus ratings*:	Buy 14	Hold 1	Sell 2
Current price:	Rs398		
Target price:	Rs460		
Previous target:	Rs575		
Up/downside:	15.6%		
InCred Research / Consensus:	-13.1%		
Reuters:	JYOI.NS		
Bloomberg:	JYL IN		
Market cap:	US\$1,689m	Rs146,298m	
Average daily turnover:	US\$4.3m	Rs373.8m	
Current shares o/s:	367.2m		
Free float:	37.1%		

*Source: Bloomberg

Key changes in this note

- Lower the target price to Rs460 from Rs575.
- Lower FY25F/26F EPS by 6.8%/6.5%, respectively.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	0.3	(23.3)	(22.7)
Relative (%)	1.6	(21.0)	(28.5)

Major shareholders	% held
Promoter	62.9
Canara Robeco AMC	2.8
Nippon AMC	2.7

Research Analyst(s)

Rohan KALLE
T (91) 22 4161 1561
E rohan.kalle@incredresearch.com

Nishant BAGRECHA
T (91) 22 4161 1564
E nishant.bagrecha@incredresearch.com

Saurabh SINGH
T (91) 2241611558
E saurabh.singh@incredresearch.com

Jyothy Labs Limited

Strong delivery on the volume growth front

- Jyothy Labs' volume growth of 8%/7.2% in 3Q/9MFY25 was strong compared to larger peers. Sales growth was largely driven by the fabric care portfolio.
- Another round of price hikes is expected in 4QFY25F. Near-term guidance of 16-17% EBITDA margin stays unchanged owing to high advertising expenses.
- Maintain our constructive view on Jyothy Labs, despite near-term pressure, and retain ADD rating with a lower target price of Rs460 (33x Dec 2026F EPS).

Healthy volume delivery; fabric care range drives overall growth

Jyothy Labs' (JYL) sales growth stood at 4% yoy in 3QFY25, with an 8% yoy growth in volume (on a 6% growth in the base), implying a price cut to the tune of 4%, largely driven by higher grammage & promotions in dishwash and liquid detergents. Sales growth was largely driven by the fabric care segment (45% sales mix), which grew 9.3% yoy. Within fabric care, main wash sub-segment (35% sales mix) grew by a strong 14.2% yoy, while the post-wash sub-segment (10% sales mix) declined by 5.1% yoy. JYL's home care segment's (dishwash + fabric care) growth stood at 6.8% yoy vs. Hindustan Unilever home care segment's growth of 6% yoy in 3QFY25. The personal care segment declined by 3.6% yoy while the household insecticides (HI) segment declined by 24.7% yoy. JYL's sales growth, ex-HI, stood at 6.1% yoy.

Focus now on range completion and driving mass-end of portfolio

JYL will continue to focus on driving distribution expansion, sustain advertising spending and range competition, especially at the mass-end, to drive continued growth. Within the premium-end, JYL (and other HPC peers) has been doubling down on liquid offerings (growing faster in fabric care vs. the bodywash category) and has launched a new product under the Mr.White brand. We expect a new launch under the bodywash category in the next few quarters. At the mass-end of its portfolio, JYL has launched Jovia beauty soap at a competitive price. Under the HI category, it has launched an anti-mosquito racquet under Maxo to plug whitespaces. More new launches are expected to be rolled out going forward.

Margin guidance remains unchanged- expected to be rangebound

Gross/EBITDA margins came in flat/-108bp at 49.8%/16.4%, respectively, in 3QFY25. Management retained its EBITDA margin guidance of 16-17% for the near term. Owing to elevated palm oil prices, another round of price hikes is expected in 4QFY25F. We expect the margin to be rangebound in the medium term as JYL will continue to invest in its brands.

Maintain ADD rating with a lower target price of Rs460

Despite term demand headwinds, we maintain a constructive view on Jyothy Labs and expect it to continue outperforming its BPC/HPC peers in the medium term. Because of muted near-term demand, we have cut FY25F/26F EPS by 6.8%/6.5%, respectively, retaining our ADD rating, with a lower target price of Rs460 (33x Dec 2026F EPS) as we roll forward. Downside risks: Lower-than-estimated sales growth and EBITDA margin.

Financial Summary

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue (Rsm)	24,860	27,569	28,995	32,064	35,319
Operating EBITDA (Rsm)	3,159	4,798	5,043	5,677	6,326
Net Profit (Rsm)	2,397	3,695	3,952	4,592	5,281
Core EPS (Rs)	6.3	10.1	10.8	12.5	14.4
Core EPS Growth	43.7%	58.8%	7.0%	16.2%	15.0%
FD Core P/E (x)	61.02	39.60	37.02	31.86	27.70
DPS (Rs)	3.0	3.0	4.5	3.3	3.3
Dividend Yield	0.63%	0.75%	1.13%	0.83%	0.83%
EV/EBITDA (x)	45.42	30.15	28.57	25.32	22.18
P/FCFE (x)	96.85	(387.64)	86.32	74.29	31.34
Net Gearing	(18.3%)	(9.2%)	(11.0%)	(10.8%)	(21.6%)
P/BV (x)	9.44	8.09	7.18	6.16	5.26
ROE	15.6%	22.0%	20.5%	20.8%	20.5%
% Change In Core EPS Estimates			(6.82%)	(6.54%)	(6.36%)
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Strong delivery on the volume growth front

Figure 1: Quarterly results summary - consolidated

Rs m	3QFY24	2QFY25	3QFY25	YoY (%)	QoQ (%)	9MFY24	9MFY25	Gr (%)
Net Sales	6,775	7,338	7,045	4.0	-4.0	20,969	21,800	4.0
Expenditure	5,589	5,953	5,887	5.3	-1.1	17,255	17,924	3.9
Consumption of raw materials	3,404	3,655	3,538	4.0	-3.2	10,705	10,806	0.9
as % of sales	50.2	49.8	50.2			51.1	49.6	
Employee costs	752	807	807	7.4	0.0	2,280	2,475	8.6
as % of sales	11.1	11.0	11.5			10.9	11.4	
Advertising & SP costs	607	611	637	4.9	4.3	1,685	1,863	10.6
as % of sales	9.0	8.3	9.0			8.0	8.5	
Other expenditure	827	881	905	9.5	2.7	2,586	2,779	7.5
as % of sales	12.2	12.0	12.8			12.3	12.7	
EBITDA	1,186	1,385	1,158	-2.4	-16.4	3,714	3,877	4.4
Depreciation	128	139	143	11.3	2.8	371	416	12.1
EBIT	1,058	1,246	1,015	-4.1	-18.5	3,343	3,461	3.5
Other income	106	125	139	30.8	10.5	408	401	-1.6
Interest	12	14	15	24.4	5.7	35	43	23.1
PBT	1,152	1,357	1,138	-1.2	-16.1	3,716	3,819	2.8
Total Tax	243	307	264	8.9	-13.8	805	878	9.1
Reported PAT	909	1,050	874	-3.9	-16.8	2,912	2,941	1.0
Minority Interest	0	0	0	0	0.0	0	0	0
PAT attributable to SH	909	1,050	874	-3.8	-16.8	2,912	2,941	1.0
Extraordinary items	0	0	0	NA	NA	-90	0	-100.0
Adjusted PAT	909	1,050	874	-3.8	-16.8	2,822	2,941	4.2
Adj. EPS	2.5	2.9	2.4	-3.8	-16.8	7.9	8.0	1.0
Margins (%)	3QFY24	2QFY25	3QFY25	YoY (bp)	QoQ (bp)	9MFY24	9MFY25	(bp)
Gross margin	49.8	50.2	49.8	1	-42	48.9	50.4	150
EBITDA	17.5	18.9	16.4	-108	-244	17.7	17.8	10
EBIT	15.6	17.0	14.4	-121	-257	15.9	15.9	-10
EBT	17.0	18.5	16.2	-84	-233	17.7	17.5	-20
PAT	13.4	14.3	12.4	-101	-191	13.9	13.5	-40
Effective tax rate	21.1	22.6	23.2	215	62	21.7	23.0	130.0

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: Segment-wise performance

Rs mn	3QFY24	2QFY25	3QFY25	YoY (%)	QoQ (%)	9MFY24	9MFY25	Gr (%)
Segment Revenue								
Fabric Care	2,948	3,168	3,221	9.3	1.7	9,079	9,617	5.9
Dishwashing	2,361	2,540	2,446	3.6	-3.7	7,183	7,465	3.9
Household Insecticide	457	451	344	-24.7	-23.7	1,401	1,299	-7.3
Personal Care	723	856	697	-3.6	-18.6	2,460	2,486	1.0
Total	6,489	7,015	6,708	3.4	-4.4	20,969	21,800	4.0
Segment Results (PBIT)								
Fabric Care	744	789	716	-3.7	-9.3	2,227	2,307	3.6
Dishwashing	425	484	447	5.2	-7.7	1,411	1,426	1.0
Household Insecticide	-93	-43	-102	9.3	138.6	-266	-199	-25.2
Personal Care	93	116	75	-19.8	-35.6	345	293	-14.9
Total	1,168	1,346	1,135	-2.8	-15.7	3,737	3,852	3.1
Segment Margins (%)	3QFY24	2QFY25	3QFY25	YoY (bp)	QoQ (bp)	9MFY24	9MFY25	YoY (bp)
Fabric Care	25.2%	24.9%	22.2%	-300	-270	24.5%	24.0%	-50
Dishwashing	18.0%	19.1%	18.3%	30	-80	19.6%	19.1%	-50
Household Insecticide	-20.4%	-9.5%	-29.7%	-920	-2,020	-19.0%	-15.3%	370
Personal Care	12.9%	13.6%	10.7%	-220	-280	14.0%	11.8%	-220
Average	18.0%	19.2%	16.9%	-110	-230	17.8%	17.7%	-20

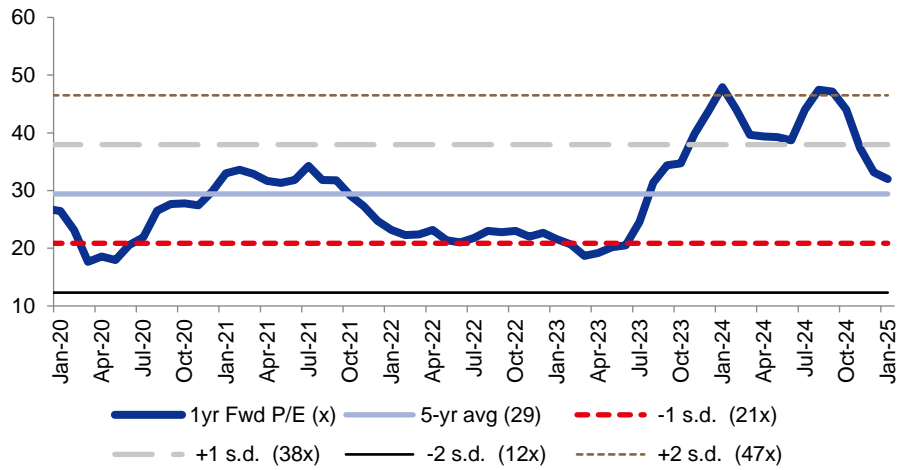
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Our revised earnings estimates

(Rs. m)	FY25F			FY26F			FY27F		
	Previous	Revised	% Change	Previous	Revised	% Change	Previous	Revised	% Change
Revenue	29,813	28,995	(2.7)	32,976	32,064	(2.8)	36,328	35,319	(2.8)
EBITDA	5,358	5,043	(5.9)	6,027	5,677	(5.8)	6,710	6,326	(5.7)
EBITDA Margin (%)	18.0	17.4	-60bp	18.3	17.7	-60bp	18.5	17.9	-60bp
Net Profit	4,241	3,952	(6.8)	4,913	4,592	(6.5)	5,640	5,281	(6.4)
EPS	11.6	10.8	(6.8)	13.4	12.5	(6.5)	15.4	14.4	(6.4)

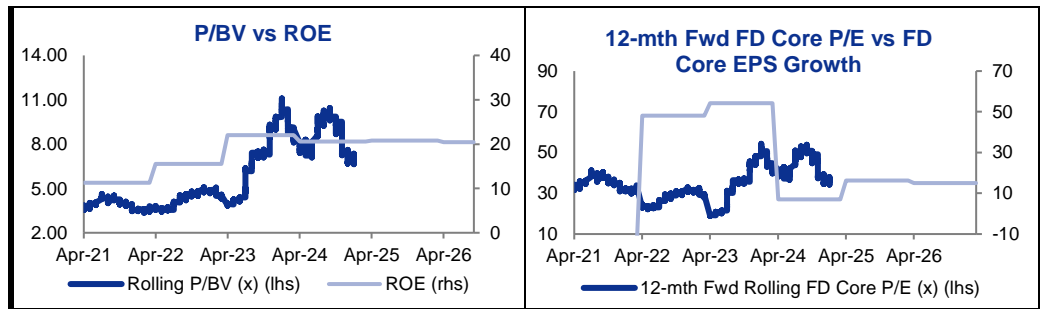
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: JYL's one-year forward P/E trades close to its five-year average



SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Net Revenues	24,860	27,569	28,995	32,064	35,319
Gross Profit	10,511	13,531	14,405	15,993	17,649
Operating EBITDA	3,159	4,798	5,043	5,677	6,326
Depreciation And Amortisation	(501)	(500)	(500)	(510)	(512)
Operating EBIT	2,658	4,298	4,543	5,167	5,814
Financial Income/(Expense)	(131)	(47)	(45)	(47)	(55)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	395	537	634	843	1,099
Profit Before Tax (pre-EI)	2,922	4,788	5,132	5,963	6,858
Exceptional Items					
Pre-tax Profit	2,922	4,788	5,132	5,963	6,858
Taxation	(595)	(1,095)	(1,180)	(1,372)	(1,577)
Exceptional Income - post-tax	70				
Profit After Tax	2,397	3,693	3,952	4,592	5,281
Minority Interests		2			
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	2,397	3,695	3,952	4,592	5,281
Recurring Net Profit	2,327	3,695	3,952	4,592	5,281
Fully Diluted Recurring Net Profit	2,327	3,695	3,952	4,592	5,281

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
EBITDA	3,159	4,798	5,043	5,677	6,326
Cash Flow from Invt. & Assoc.		2			
Change In Working Capital	473	(4,004)	(2,357)	(2,633)	(626)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	395	537	634	843	1,099
Net Interest (Paid)/Received	(131)	(47)	(45)	(47)	(55)
Tax Paid	(595)	(1,095)	(1,180)	(1,372)	(1,577)
Cashflow From Operations	3,301	190	2,095	2,469	5,167
Capex	(525)	(568)	(400)	(500)	(500)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow					
Cash Flow From Investing	(525)	(568)	(400)	(500)	(500)
Debt Raised/(repaid)	(1,265)				
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(918)	(1,102)	(1,102)	(1,652)	(1,212)
Preferred Dividends					
Other Financing Cashflow	130	305			
Cash Flow From Financing	(2,053)	(797)	(1,102)	(1,652)	(1,212)
Total Cash Generated	723	(1,174)	593	317	3,455
Free Cashflow To Equity	1,511	(377)	1,695	1,969	4,667
Free Cashflow To Firm	2,907	(330)	1,740	2,016	4,722

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet					
(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Cash And Equivalents	2,835	1,661	2,254	2,570	6,026
Total Debtors	1,378	2,014	2,621	4,217	4,645
Inventories	3,019	2,835	3,892	5,095	5,612
Total Other Current Assets	1,108	5,461	5,461	5,461	5,461
Total Current Assets	8,340	11,970	14,228	17,343	21,743
Fixed Assets	3,394	3,469	3,369	3,359	3,347
Total Investments					
Intangible Assets	7,925	7,918	7,918	7,918	7,918
Total Other Non-Current Assets	959	653	653	653	653
Total Non-current Assets	12,277	12,039	11,939	11,929	11,917
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	2,144	2,761	1,969	2,024	2,224
Other Current Liabilities	2,037	2,061	2,061	2,061	2,061
Total Current Liabilities	4,180	4,822	4,030	4,085	4,285
Total Long-term Debt					
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities					
Total Provisions	927	1,086	1,186	1,295	1,415
Total Liabilities	5,107	5,907	5,215	5,380	5,700
Shareholders Equity	15,490	18,083	20,382	23,762	27,832
Minority Interests	21	19	19	19	19
Total Equity	15,510	18,102	20,401	23,781	27,851

Key Ratios					
	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue Growth	13.2%	10.9%	5.2%	10.6%	10.2%
Operating EBITDA Growth	27.3%	51.9%	5.1%	12.6%	11.4%
Operating EBITDA Margin	12.7%	17.4%	17.4%	17.7%	17.9%
Net Cash Per Share (Rs)	7.72	4.52	6.14	7.00	16.41
BVPS (Rs)	42.18	49.25	55.51	64.71	75.79
Gross Interest Cover	20.30	90.88	100.95	109.94	105.71
Effective Tax Rate	20.4%	22.9%	23.0%	23.0%	23.0%
Net Dividend Payout Ratio	39.4%	29.8%	41.8%	26.4%	22.9%
Accounts Receivables Days	20.62	22.45	29.18	38.92	45.79
Inventory Days	76.20	76.10	84.15	102.07	110.59
Accounts Payables Days	57.33	63.75	59.15	45.34	43.88
ROIC (%)	19.5%	24.5%	22.8%	22.8%	24.9%
ROCE (%)	17.3%	25.6%	23.6%	23.4%	22.5%
Return On Average Assets	12.0%	16.8%	15.9%	16.7%	17.0%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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Research Analyst SEBI Registration Number: INH000011024

Registered Office: Unit No 1203, 12th Floor, B Wing, The Capital, C-70, G Block, BKC, Bandra (E), Mumbai – 400051

Phone: +91-22-6844-6100

Corporate Office: 05th floor, Laxmi Towers, Plot No. C-25, G Block, Bandra – Kurla Complex, Bandra (East), Mumbai – 400051

Phone: +91-22-4161-1500

Name of the Compliance Officer: Mr. Yogesh Kadam

Email ID: compliance@incredresearch.com, Phone No: +91-22-41611539

For any queries or grievances, you may contact the Grievance Officer.

Name of the Grievance Officer: Mr. Rajarshi Maitra

Phone no. +91-022-41611546

Email ID: rajarshi.maitra@incredresearch.com

CIN: U74999MH2016PTC287535

Recommendation Framework**Stock Ratings**

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.