

**Performance Review for Q2FY25**

- Net revenue marginally grew ~0.2% YoY to ₹~734crs with volume growth of 3% YoY. (CAGR by value - 2 Yr 5.5%, 3 Yr 7.8%, 4 Yr 9.8%). The revenue growth was subdued across all segments.
- Gross margin expanded 100bps to 50.2% in Q2FY25 led by improvement in product mix. Palm oil prices remain an exception to the otherwise stable raw and packing material costs. EBITDA grew 2.3% YoY to ₹139crs with margin expanding 210bps to 18.9%. PAT grew only 1% YoY at ₹105crs.
- A&P to sales ratio stood at 8.3% vs 7.8% in Q2FY24.
- For H1FY25, revenue grew 4% YoY to ₹1476crs with a gross margin of 50.7%. The Operating EBITDA margin for H1FY25 was 18.4%, an increase of 7.6% from Q2FY24. At a half-yearly level, the company has achieved 7% volume growth against muted demand.
- Despite softer consumer demand and seasonal impacts, the company remains focused on ensuring strong brand visibility.

**Important Statistics**

<b>Nifty</b>	23,349
<b>Sensex</b>	77,156
<b>MCap (₹ Crs)</b>	₹14,828
<b>52WeekH/L (₹)</b>	595/367
<b>NSECode</b>	JYOTHYLAB
<b>BSECode</b>	532926
<b>Bloomberg Code</b>	JYL:IN

**Shareholding Pattern (%) Sep'24**

Promoters	62.9
FII	15.1
DIIs	15.3
Public & Others	06.8

**Key Highlights**

- For Q2FY25, consolidated sales reached ₹734crs, a 0.2% in value and 3% in volume growth against a base of 11% value growth in the same period last year. In the current quarter, the variance between value and volume growth is primarily due to increased grammage and select SKU price cuts.
- The company has witnessed improved in rural demand accompanied by robust growth in e-commerce and quick commerce channels.
- With a strong cash reserve of ₹659crs following a dividend payout of ₹128crs, the company is well positioned for future growth initiatives and continues to place a strong focus on post wash products, Ujala Supreme, the main lead in this segment was well supported by a pan-India multimedia campaign.
- Additionally, partnerships in key markets with landmark events such as Pandharpur in Maharashtra and the Puri Rath Yatra in Odisha have shown impressive consumer engagement.
- Going forward, the company's strategy includes deepening its distribution network in rural markets and expanding retail – a direct retail presence. Volume growth will be a key metric as Jyothy Labs is focusing both on rural and urban segments through targeted innovation and a strengthened distribution network. The company remains optimistic about the long-term potential for growth through premiumization and operational efficiencies.
- July month has faced situations like floods, especially impacting the South region which contributes around 40% to total revenue. Oct'24 volume growth is expected in the mid- to-high single digits, supported by the festive demand.
- The company has guided double-digit revenue growth in FY25E, aided by distribution expansion-led volume growth, and is confident of maintaining a historical EBITDA margin of 16%-17%.

**Financials**

Particulars	₹ Cr	
	FY23	FY24
Revenues	2,486	2,757
EBITDA	316	480
EBITDA Margin (%)	13	17
Net Profit	240	369
EPS (₹)	6.5	10.1
RoCE (%)	19	27
Working Capital Days	13	5

Source – Company, Way2Wealth Research

**Relative Performance**

Absolute Return (%)	1 Yr	3Yr	5 Yr
<b>Jyothy Labs</b>	-6	168	126
<b>Nifty 50</b>	20	40	98
<b>Sensex</b>	19	38	93

Source: Company, Way2Wealth Research

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**Segments**

	Fabric Care	Dishwash	Household Insecticides	Personal Care
Q2FY25	0.1%	1.3%	0.3%	-4.5%
Q2FY25 (2-year CAGR)	5.2%	5.6%	1.9%	8.1%
Q2FY25 (3-year CAGR)	13.9%	5.6%	-10.4%	9.0%

Source – Company, Way2Wealth Research

- **Fabric care (43% of revenue)** sales growth was flat (0.1% YoY) to ₹317Cr.
- The company has focused on deepening consumer engagement through a range of programs, promotions, and channel-specific SKUs. Jyothy Labs also expanded its liquid detergent line to include the Mr. White brand, reinforcing its commitment to innovation and offering products at varied price points to meet diverse consumer needs.
- 5-liter bulk pack of Morelight liquid detergent has been well received and successfully introduced Mr. White liquid detergent in key markets in October'24. Ujala IDD Powder market share in Kerala was 23.9% in SQ24.
- The PBIT margin for the category was 24.9% vs 26.1% in Q2FY24. Going ahead, the company will maintain a sharp focus on delivering value in detergents while expanding into new territories for post wash products. Foster growth and expansion across various product categories.

**Market Share of Fabric Care (Post Wash)**

JQ22	SQ22	DQ22	CY23
84.1%	83.7%	83.6%	84.3%

Source – Company, Way2Wealth Research

- **Dishwash category (35% of revenue)** sales grew at 1.3% YoY to ₹254crs. Jyothy Labs has intensified its efforts in brand promotion, focusing on high-demand LUPs, which offer greater accessibility to consumers across various demographics. The PBIT margin for the category was 19.1% vs 20.9% in Q2FY24.
- **Exo:** Sustained national multimedia campaign featuring Shilpa Shetty in Q2 highlighting the importance of germ killing on utensils.
- **Pril:** Sustained national multimedia campaign featuring Genelia and Ritesh showcasing Pril's effectiveness in cutting grease and reducing the time spent on washing chores. Pril continues to excel in modern retail, supported by larger SKUs.
- Management continues to enhance brand equity by driving LUPs, enhanced digital awareness, and ground activation to solidify its position as the preferred choice among consumers and capture a larger share of the market.

**Market Share**

Brand	SQ22	CY22	CY23	FY24	JQ24	SQ24
Exo (Bar)	13.9%	13.8%	13.8%	13.7%	13.75%	13.6%
Pril (liquid)	15.1%	14.8%	14%	13.7%	14.35%	14.0%

Source – Company, Way2Wealth Research

- **Household Insecticides (6% of revenue)** witnessed a slower growth of 0.3% YoY to ₹45.1crs in Q2FY25. Expansion of the liquid vaporizer category remains a focal point, with strategic investments in consumer engagement initiatives designed to strengthen brand loyalty and drive category growth.
- Maxo experienced robust double-digit growth in liquids, while coil sales continue to be impacted by a shift in consumer preference toward incense sticks.
- PBIT loss at 4.3crs vs 7.9 PBIT loss in Q2FY24.

*Market Share*

Brand	SQ22	DQ22	CY22	CY23	FY24	JQ24	SQ22
Coil	23.2%	22.9%	23.3%	23.9%	23.8%	25.8%	24%
Liquid	84%	8.4%	8.9%	8.5%	8.3%	9.1%	7.14%

Source – Company, Way2Wealth Research

- **The personal care (12% of revenue)** segment, which is primarily a Margo franchise de-grew 4.5% YoY to ₹86crs in Q2FY25.
- In the personal care segment, Jyothy Labs is concentrating on increasing the visibility and appeal of Margo Neem Naturals, with dedicated campaigns aimed at boosting brand visibility and consumer engagement.
- The PBIT margin of the category stood at 13.6% vs 10.9% in Q2FY24. The key raw material is palm oil and prices have been so volatile and it's an imported product.
- The company is maintaining a strong focus on Margo Neem Naturals to enhance brand visibility and contribution by targeting non-core users of Margo.
- The company plans to implement a price hike in the soap portfolio in 3QFY25 as well as in other categories in 2HFY25.
- Capex will be ₹50-60crs in FY25; it will be used for media spending on the development of new categories.

**View**

The company is driving growth through the expansion of distribution networks and LUPs to increase rural penetration. Moreover, improving on-ground execution and management's focus on volume-led growth, small packs, and geographical expansion could provide further fillip to earnings. The company has managed to strengthen its balance sheet by reducing working capital requirements and improving the cash balance to ~₹660crs and target EBITDA margin of ~16-17%.

Going forward, the company's strategy includes deepening its distribution network in rural markets and expanding retail – a direct retail presence. Volume growth will be a key metric as Jyothy Labs is focusing both on rural and urban segments through targeted innovation and a strengthened distribution network. The company remains optimistic about the long-term potential for growth through premiumization and operational efficiencies.

**At CMP ₹405, Jyothy Labs Ltd is trading at a PE of 39.7x to its TTM EPS of 10.2. Hence we recommend investors to accumulate the stock.**

22<sup>nd</sup> November 2024

CMP – ₹405/-

View – Accumulate

**Financial Performance**

(₹ Cr)

Particulars	Q2FY25	Q2FY24	VAR[%]	Q1FY25	VAR[%]	H1FY25	H1FY24	VAR[%]
<b>Net Sales (Net of Excise Duty)</b>	<b>733.8</b>	<b>732.3</b>	<b>0.2%</b>	<b>741.8</b>	<b>-1.1%</b>	<b>1475.6</b>	<b>1419.4</b>	<b>4.0%</b>
Other Income	12.5	13.2	-5.3%	13.7	-8.7%	26.3	30.1	-12.9%
<b>TOTAL INCOME</b>	<b>746.3</b>	<b>745.6</b>	<b>0.1%</b>	<b>755.5</b>	<b>-1.2%</b>	<b>1501.8</b>	<b>1449.6</b>	<b>3.6%</b>
Total Raw Material Cost	365.5	371.9	-1.7%	361.3	1.1%	726.8	730.2	-0.5%
Cost of Raw Material & Components Consumed	345.4	313.7	10.1%	358.4	-3.6%	703.8	644.0	9.3%
(Increase)/ Decrease in Inventories	11.5	13.5	-14.9%	-26.2	-143.8%	-14.7	-0.4	3490.2%
Purchase of Traded Goods	8.6	44.7	-80.7%	29.1	-70.3%	37.7	86.6	-56.4%
<i>Total Raw Material Cost % to Sales</i>	<i>49.8%</i>	<i>50.8%</i>	<i>-1.9%</i>	<i>48.7%</i>	<i>2.3%</i>	<i>49.3%</i>	<i>51.4%</i>	<i>-4.2%</i>
Employee Cost	80.7	76.9	4.9%	86.2	-6.4%	166.8	152.8	9.2%
<i>Employee Cost % to Sales</i>	<i>11.0%</i>	<i>10.5%</i>	<i>4.7%</i>	<i>11.6%</i>	<i>-5.3%</i>	<i>11.3%</i>	<i>10.8%</i>	<i>5.0%</i>
Advertisement & Sales Promotion Expenses	61.1	57.4	6.4%	61.6	-0.8%	122.6	107.8	13.8%
<i>Advertisement &amp; Sales Promotion Expenses % of Sales</i>	<i>8.3%</i>	<i>7.8%</i>	<i>6.2%</i>	<i>8.3%</i>	<i>0.3%</i>	<i>8.3%</i>	<i>7.6%</i>	<i>9.4%</i>
Other Expenses	88.1	90.7	-2.9%	99.3	-11.3%	187.4	175.9	6.5%
<i>Other Expenses % of Sales</i>	<i>12.0%</i>	<i>12.4%</i>	<i>-3.1%</i>	<i>13.4%</i>	<i>-10.3%</i>	<i>12.7%</i>	<i>12.4%</i>	<i>2.5%</i>
<b>TOTAL EXPENDITURE</b>	<b>595.3</b>	<b>597.0</b>	<b>-0.3%</b>	<b>608.4</b>	<b>-2.1%</b>	<b>1203.7</b>	<b>1166.7</b>	<b>3.2%</b>
<b>EBIDTA</b>	<b>138.5</b>	<b>135.4</b>	<b>2.3%</b>	<b>133.4</b>	<b>3.8%</b>	<b>271.9</b>	<b>252.8</b>	<b>7.6%</b>
<i>EBIDTA Margin %</i>	<i>18.9%</i>	<i>18.5%</i>	<i>2.1%</i>	<i>18.0%</i>	<i>4.9%</i>	<i>18.4%</i>	<i>17.8%</i>	<i>3.5%</i>
Finance Costs	1.4	1.2	19.7%	1.4	0.7%	2.8	2.3	22.4%
<b>PBDT</b>	<b>149.6</b>	<b>147.4</b>	<b>1.5%</b>	<b>145.8</b>	<b>2.6%</b>	<b>295.4</b>	<b>280.6</b>	<b>5.2%</b>
Depreciation, Amortization & Impairment	13.9	12.3	12.8%	13.4	3.6%	27.3	24.3	12.5%
<b>PBT before Tax</b>	<b>135.7</b>	<b>135.1</b>	<b>0.4%</b>	<b>132.4</b>	<b>2.5%</b>	<b>268.1</b>	<b>256.4</b>	<b>4.6%</b>
Tax	30.7	31.1	-1.5%	30.7	0.0%	61.4	56.2	9.2%
<i>Tax Rate %</i>	<i>22.6%</i>	<i>23.0%</i>	<i>-1.9%</i>	<i>23.2%</i>	<i>-2.5%</i>	<i>22.9%</i>	<i>21.9%</i>	<i>4.4%</i>
<b>Reported Profit After Tax</b>	<b>105.0</b>	<b>104.0</b>	<b>1.0%</b>	<b>101.7</b>	<b>3.3%</b>	<b>206.7</b>	<b>200.2</b>	<b>3.3%</b>
<i>PAT Margin %</i>	<i>14.3%</i>	<i>14.2%</i>		<i>13.7%</i>		<i>14.0%</i>	<i>14.1%</i>	
Other Comprehensive Income (net of tax)	-0.4	0.0	-1433.3%	-0.6		-1.0	0.0	-5000.0%
<b>Total Comprehensive Income</b>	<b>104.6</b>	<b>104.0</b>	<b>0.6%</b>	<b>101.1</b>	<b>3.5%</b>	<b>205.7</b>	<b>200.2</b>	<b>2.8%</b>
<b>EPS</b>	<b>2.85</b>	<b>2.83</b>	<b>0.6%</b>	<b>2.75</b>		<b>5.60</b>	<b>5.45</b>	<b>2.8%</b>
Equity	36.7	36.7		36.7		36.7	36.7	
Face Value	1.0	1.0		1.0		1.0	1.0	

Source –Company, Way2Wealth Research

**Segmental Performance**

(₹ Cr)

Particulars	Q2FY25	Q2FY24	VAR	Q1FY25	VAR	H1FY25	H1FY24	VAR
<b>REVENUES</b>								
<b>Revenue from Operations</b>	<b>733.8</b>	<b>732.3</b>	<b>0.2%</b>	<b>741.8</b>	<b>-1.1%</b>	<b>1,475.6</b>	<b>1,419.5</b>	<b>4.0%</b>
Dishwashing	254.0	250.7	1.3%	248.0	2.4%	501.9	482.2	4.1%
<i>% Mix</i>	<i>34.6%</i>	<i>34.2%</i>		<i>33.4%</i>		<i>34.0%</i>	<i>34.0%</i>	
Fabric Care	316.8	316.6	0.1%	322.8	-1.9%	639.6	613.2	4.3%
<i>% Mix</i>	<i>43.2%</i>	<i>43.2%</i>		<i>43.5%</i>		<i>43.3%</i>	<i>43.2%</i>	
Household Insecticides	-45.1	-45.0	0.3%	-50.3	-10.4%	-95.4	-94.3	1.2%
<i>% Mix</i>	<i>6.1%</i>	<i>6.1%</i>		<i>6.8%</i>		<i>6.5%</i>	<i>6.6%</i>	
Personal Care	-85.6	-89.6	-4.5%	-93.3	-8.2%	178.9	173.7	3.0%
<i>% Mix</i>	<i>11.7%</i>	<i>12.2%</i>		<i>12.6%</i>		<i>12.1%</i>	<i>12.2%</i>	
Others	-32.3	-30.4	6.1%	-27.4	17.7%	-59.7	-56.0	6.7%
<i>% Mix</i>	<i>4.4%</i>	<i>4.2%</i>		<i>3.7%</i>		<i>4.0%</i>	<i>3.9%</i>	
<b>Net Revenue from Operations</b>	<b>733.8</b>	<b>732.3</b>	<b>0.2%</b>	<b>741.8</b>	<b>-1.1%</b>	<b>-1,475.6</b>	<b>-1,419.5</b>	<b>4.0%</b>
<b>PROFIT</b>								
<b>Profit/Loss Before Interest and Tax</b>	<b>137.1</b>	<b>137.0</b>	<b>0.0%</b>	<b>134.1</b>	<b>2.2%</b>	<b>271.2</b>	<b>255.4</b>	<b>6.2%</b>
<i>Margin %</i>	<i>18.7%</i>	<i>18.7%</i>		<i>18.1%</i>		<i>18.4%</i>	<i>18.0%</i>	
Dishwashing	-48.4	-52.3	-7.5%	-49.5	-2.3%	-97.9	-98.6	-0.7%
<i>Margin %</i>	<i>19.1%</i>	<i>20.9%</i>		<i>20.0%</i>		<i>19.5%</i>	<i>20.5%</i>	
Fabric Care	-78.9	-82.8	-4.6%	-80.2	-1.6%	159.1	148.4	7.2%
<i>Margin %</i>	<i>24.9%</i>	<i>26.1%</i>		<i>24.9%</i>		<i>24.9%</i>	<i>24.2%</i>	
Household Insecticides	-(4.3)	-(7.9)	-45.9%	-(5.4)	-21.2%	-(9.7)	(17.3)	-43.8%
<i>Margin %</i>	<i>-9.5%</i>	<i>-17.6%</i>		<i>-10.8%</i>		<i>-10.2%</i>	<i>-18.3%</i>	
Personal Care	-11.6	9.8	18.5%	-10.3	13.3%	-21.9	-25.1	-13.0%
<i>Margin %</i>	<i>13.6%</i>	<i>10.9%</i>		<i>11.0%</i>		<i>12.2%</i>	<i>14.5%</i>	
Laundry Service			-		-	-	-	-
<i>Margin %</i>	<i>-</i>	<i>-</i>		<i>-</i>		<i>-</i>	<i>-</i>	
Others	2.4	0.1	4720.0%	-(0.5)	-635.6%	2.0	0.5	269.8%
<i>Margin %</i>	<i>7.5%</i>	<i>0.2%</i>		<i>-1.6%</i>		<i>3.3%</i>	<i>0.9%</i>	
Less: Interest	1.4	1.2	19.7%	-(1.4)	-200.7%	2.8	2.3	22.4%
Other Un-allocable Expenditure	-10.3	-11.2	-7.9%	(11.5)	-189.5%	-21.8	-20.9	4.1%
Add: Other Income	-10.3	-10.4	-1.2%	-11.1	-7.4%	-21.4	-24.2	-11.4%
<b>Net Profit/Loss Before Tax</b>	<b>135.7</b>	<b>135.1</b>	<b>0.4%</b>	<b>158.1</b>	<b>-14.2%</b>	<b>268.1</b>	<b>256.4</b>	<b>4.5%</b>

Source – Company, Way2Wealth Research

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**Disclosure of Interest Statement: Jyothy Labs Ltd. as on November 22<sup>nd</sup>, 2024**

Name of the Security	Jyothy Labs Ltd.
Name of the analyst	Ashwini Sonawane
Analysts' ownership of any stock related to the information contained	NIL
Financial Interest	
Analyst :	
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
Way2Wealth ownership of any stock related to the information contained	NIL
Broking relationship with company covered	NIL
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