

Result Update

Q3 FY26

Jyothy Labs Ltd.

Institutional
Research

Volume Strength Offset by Prolonged Margin Pressure

Jyothy Labs Ltd. posted a steady topline performance in the quarter, with revenue coming in at Rs. 740 crores, up 5.1% YoY and 0.5% QoQ, driven by healthy volume growth of 7.2% YoY, although value growth was relatively muted at 5.1% due to continued pricing pressure. EBITDA declined 4.4% YoY and 6.4% QoQ to Rs. 111 crores, with margins contracting sharply by 328 bps YoY to 15%, reflecting elevated input costs and limited pricing power, partially offset by cost control initiatives and gradual recovery in general trade channels. Consequently, PAT stood at Rs. 81 crores, with PAT margins at 11%, down 145 bps YoY. Segment wise, Fabric Care led growth with 9.2% value growth, supported by strong traction in liquid detergents and the launch of the premium 'Dr Wool' range. Personal Care witnessed a sharp recovery, registering 10.9% value growth and 7.7% volume growth as normalization post-GST disruptions aided demand revival. The Household Insecticides business delivered robust 12.6% value growth, driven by sustained demand for liquid vaporizers and scale-up of Maxo Aerosol. The Dishwashing segment saw a marginal 1.3% value decline amid aggressive pricing and promotional intensity; however, volumes grew 7% YoY, led by continued consumer shift towards higher-growth liquid formats over traditional bars.

Valuation and Outlook

Jyothy Labs' Q3FY26 outlook turns slightly cautious as near-term challenges are likely to outweigh positives. While demand and volumes remain healthy, profitability is expected to stay under pressure for at least the next few quarters, driven by aggressive competitive actions in dishwash and liquid detergents, continued MRP cuts, higher grammage and elevated input costs such as LABSA and SLES amid ongoing crude, forex and geopolitical volatility. The management's shift toward a volume-led growth strategy is likely to keep the volume value gap at 2-3%, limiting operating leverage in the near term, while sustained A&P spends at 8-9% of revenue to defend market share could further constrain margin recovery. Additionally, management has refrained from providing any medium-term EBITDA margin guidance, highlighting uncertainty around the pace of normalization in input costs and competitive intensity. Although distribution expansion, brand strength and a planned turnaround of the Household Insecticides segment by FY27 offer medium-term comfort, earnings are likely to remain volatile and margin recovery may be slower than expected, keeping the near term outlook subdued.

Sector Outlook

Positive

Stock

CMP (Rs.)	250
BSE code	532926
NSE Symbol	JYOTHYLAB
Bloomberg	JYL IN
Reuters	JYOI.BO

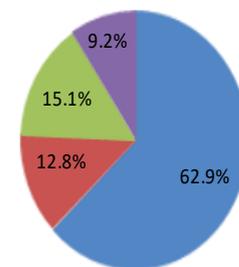
Key Data

Nifty	25,916
52 Week H/L (Rs.)	400/239
O/s Shares (Crs.)	37
Market Cap (Rs. Crs.)	9,177
Face Value (Rs.)	1

Average Volume

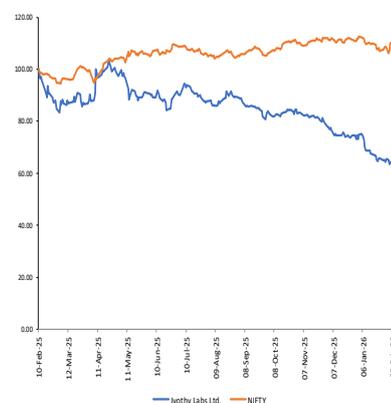
3 months	4,33,061
6 months	3,72,607
1 year	5,51,942

Share Holding Pattern (%)



■ Promoters ■ FII ■ DII ■ Public

Relative Price Chart



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Key Highlights

Particulars (Rs. Crs.)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)
Net Sales	740	704	5.1%	736	0.5%
Gross profit	344	350	-1.8%	354	-2.7%
Gross margin (%)	46.5%	49.8%	-328 bps	48.1%	-154 bps
EBITDA	111	116	-4.4%	118	-6.4%
OPM (%)	15.0%	16.5%	-149 bps	16.1%	-110 bps
PAT	81	87	-7.2%	88	-7.6%
PAT Margin	11.0%	12.4%	-145 bps	11.9%	-95 bps

Source: Company, BP Equities Research

Key Concall Highlights

Guidance and Growth Outlook

Near-term focus is on volume-led growth, with an aspiration for double-digit volume growth next year.

The company plans to add 1 lakh retail outlets in FY26, taking direct reach to 14 lakh outlets pan-India.

Management is not giving medium-term EBITDA margin guidance until input costs and competitive intensity stabilize.

The volume value gap is expected to persist at 2-3% in the near term.

“Volume growth strong, margins under pressure due to pricing and input cost inflation.”

Margins and Material Costs

Margin pressure stems from MRP cuts, lower realizations in dishwash and liquid detergents, and higher LABSA and SLES costs.

Gross margins are likely to remain subdued for at least the next couple of quarters due to crude, Forex and geopolitical volatility plus competition.

Raw materials like LABSA, SLES and soap noodles have seen visible inflation YoY and sequentially, though management expects gradual stabilization.

“Margins to stay weak near term due to price cuts, weak realizations and raw material inflation.”

Competition, Pricing and Channels

Competitive intensity is very high in urban and online channels, especially in dishwash.

A large player has taken about 8-9% portfolio level price cuts in dishwash, prompting Jyothy Labs to respond with price cuts, grammage increases and promotions.

Margins in modern trade, e-commerce and quick commerce are “reasonably okay” though these channels are still a small part of revenue.

“Intense competition and price cuts in dishwash are pressuring margins, with modern and online channels offering limited relief due to low scale.”

Household Insecticides and New Products

The Household Insecticides (HI) segment is under a turnaround plan, defocusing on coils and focusing on liquid vaporizers and NPDs.

HI is expected to turn profitable by the end of FY27.

New launches include Dr. Wool, Maxo Aerosol, Jovia and Ujala IDD, which have been well received and are scaling up in line with internal expectations.

“HI business is on a turnaround path with focus on liquid formats and new launches, while GST-related inventory disruptions were temporary and have normalized.”

Inventory, Supply Chain and GST Impact

GST rate changes initially caused destocking, followed by restocking across channels.

Personal care saw inventory clearing from late September to November due to GST rationalization.

Post the initial GST disruption, there were no abnormal spikes or troughs in inventory levels.

A&P, M&A and Adjacent Businesses

Advertising and promotion (A&P) spend is guided to remain around 8-9% of revenue over the broader term.

The company exited its Bangladesh JV JKBL in March last year with about Rs. 4 crores loss, refocusing on India and select export markets.

The Fabricspa laundry business, now a division, has over 200 outlets, is not incurring cash losses and is progressing towards profitability, though meaningful profit contribution will take time.

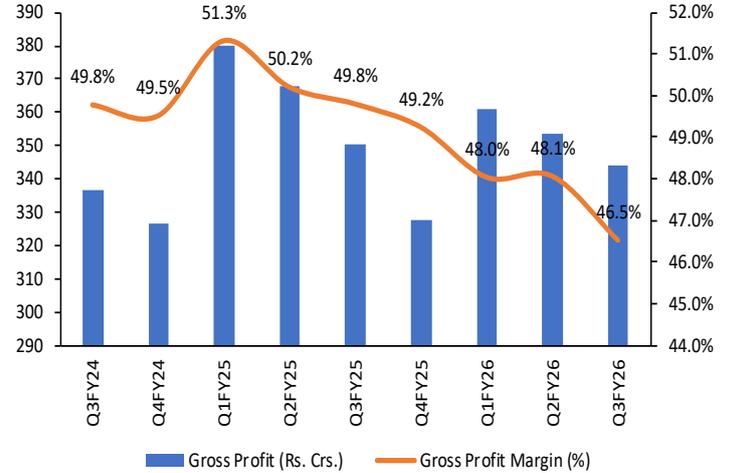
“Ad spends will stay high, the company has exited non-core overseas ops, and Fabricspa is improving but profits will take time.”

Quarterly Snapshot

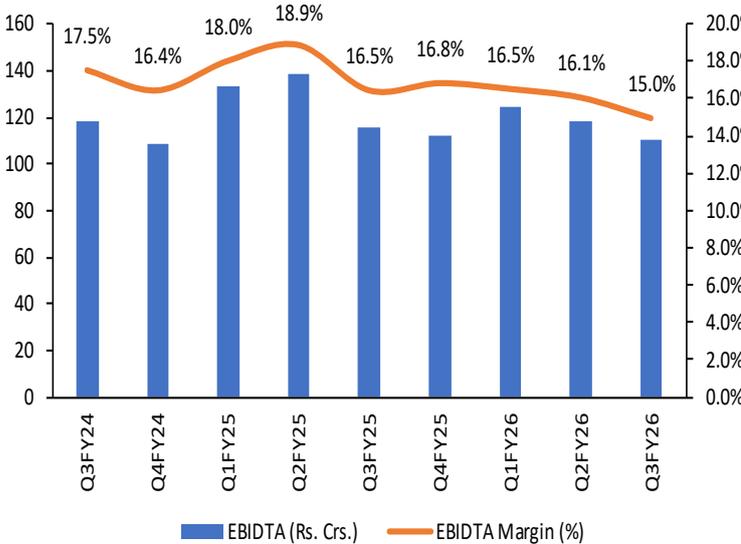
Moderate revenue growth on YoY basis



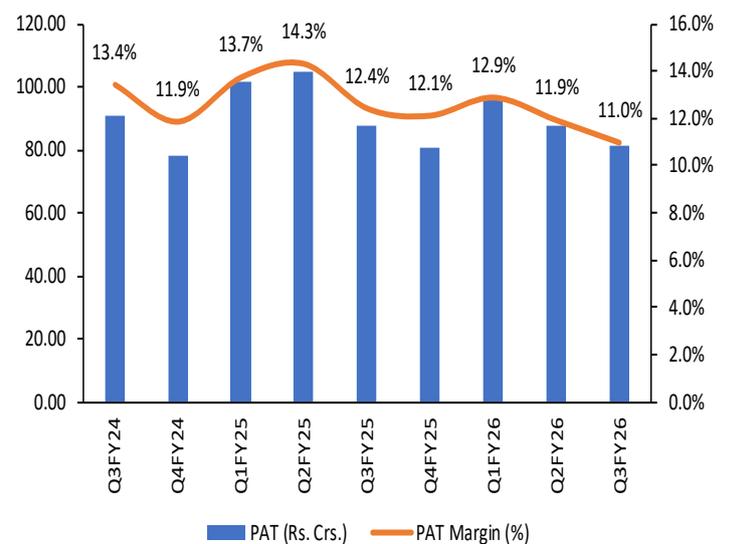
Gross margin declined because of higher raw material cost



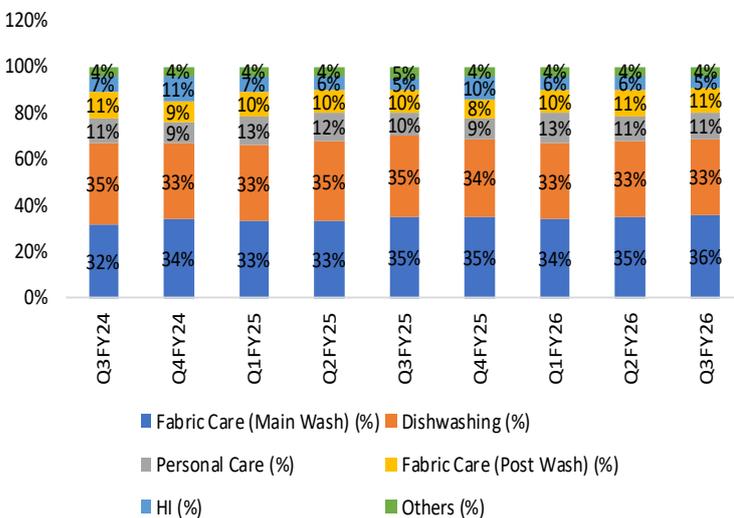
EBITDA margins declined due to weaker realizations



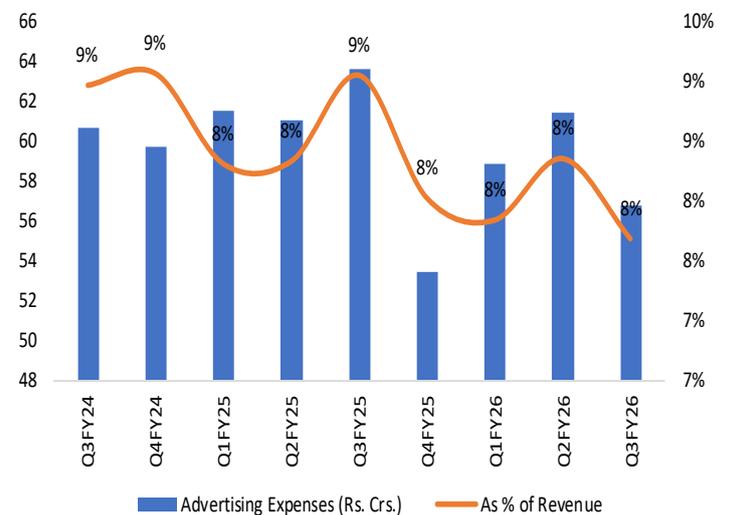
PAT margins decline despite stable revenue



Segment wise revenue split



Advertising expenses to remain at higher levels



Source: Company, BP Equities

Key Financials

YE March (Rs. Crs.)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue	2,486	2,757	2,847	2,923	3,174	3,461
<i>Revenue Growth (Y-o-Y)</i>	13.2%	10.9%	3.3%	2.7%	8.6%	9.1%
EBITDA	316	480	500	490	551	618
<i>EBIT Growth (Y-o-Y)</i>	27.3%	51.9%	4.1%	(1.9%)	12.5%	12.2%
Net Profit	240	369	370	364	405	457
<i>Net Profit Growth (Y-o-Y)</i>	50.7%	54.0%	0.3%	(1.8%)	11.4%	12.7%
Diluted EPS	6.5	10.1	10.1	9.9	11.0	12.5
<i>Diluted EPS Growth (Y-o-Y)</i>	50.7%	54.0%	0.3%	(1.8%)	11.4%	12.7%

Profitability Ratios

EBITDA (%)	12.7%	17.4%	17.5%	16.8%	17.4%	17.9%
NPM (%)	9.6%	13.4%	13.0%	12.4%	12.8%	13.2%
ROE (%)	15.5%	20.4%	18.1%	15.9%	15.8%	15.8%
ROCE (%)	17.7%	25.2%	22.6%	7.1%	7.8%	7.5%

Valuation Ratios

P/E (x)	38.1x	24.7x	24.7x	25.1x	22.5x	20.0x
EV/EBITDA	28.7x	18.9x	18.2x	18.5x	16.4x	14.6x
P/BV (x)	5.9x	5.0x	4.5x	4.0x	3.6x	3.2x
Market Cap. / Sales (x)	3.7x	3.3x	3.2x	3.1x	2.9x	2.6x

Source: Company, BP Equities

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