Jyothy Labs | ADD

Exo ramp-up critical as Henkel takes back Pril and Fa

Jyothy Labs (JYL) in an exchange filing today said that Henkel had decided not to renew the licence for its brands 'Pril' and 'Fa' beyond 31st May'26. As per our estimate, Pril accounts for 25–30% of dishwash sales, which translates to 8–10% of JYL's overall sales (higher salience in overall EBIT as Pril liquids is better margin business than Exo) whereas the contribution of Fa is not significant. In the near term, the non-renewal of the licence is negative and will have an impact on JYL's business financials. The company has undertaken interventions to scale up Exo liquid and sustain its position in the dishwash segment. Given that Pril had a premium positioning and strong brand equity in liquids, this development leads to the creation of a third player in the fast growing and highly competitive dishwash segment. Hence, it will be critical for JYL to scale up Exo in liquids. Also, JYL has a cash balance of c. INR 10bn; it has been exploring the inorganic route and scouting for the right asset to enhance its portfolio offering, which, we believe, will be another key event to watch for. We currently have ADD rating on the stock. We will review our estimates/rating post disclosures on financial impact, likely consideration on business momentum and other agreement contours.

Background: In May'11, JYL had acquired Henkel's India consumer business. As part of the deal: i) Brands 'PRIL' and 'Fa' were operated under fixed-term brand licence agreements (had automatic renewal provision until 31st May'26 with Henkel, with royalties and defined exit provisions; ii) 'Mr. White' and 'Henko' continue under Perpetual Licence arrangements with no royalty obligations; and iii) Margo, Neem Toothpaste, Tuhina, and Chek are fully owned by JYL.

Pril accounts for 8-10% of consolidated sales: As of end-FY26, the dishwash portfolio accounted for c. 33% of JYL's overall sales and EBIT. As per our checks, Pril accounted for c. 25–30% of dishwash sales, which translates to 8–10% of Jyl's overall sales. The remaining portfolio comprises Exo and adjacencies (scrubbers). Accordingly, there could be certain near-term impact on revenue mix and margins during the transition phase. Contribution of Fa to the overall business was not significant and exit won't have any material impact on the business.

Transition interventions initiated, scale-up of Exo liquid will be key: Within the dishwash portfolio, Pril (market share of c. 13%) was the anchor brand in liquids, while Exo (market share of c. 14%) operated in bars. Pril operated at the premium end; however, in the 4Q conference call, JYL had highlighted a new launch in liquids under the Exo brand (anti-bacterial/bio-enzyme based formulation) which will be in direct competition with the market leader and provide an option to the Exo bar user to upgrade. As part of transition measures, JYL has already undertaken business continuity initiatives to scale up and strengthen Exo dishwash.

Exit process includes consideration linked to business momentum: The company will follow the 'exit' process in line with the provisions of the agreements. JYL highlighted that exit includes the process relating to 'Business Transfer', defined goodwill mechanism and determination of consideration linked to business momentum as per the contractual framework. Management remains confident to manage this transition responsibly and build the next phase of growth. The focus remains on continuity, scaling existing brands, and long-term value creation for our stakeholders.

Mehul Desai
mehul.desai@jmfl.com | Tel: (91 22) 66303065

Gaurav Jogani
gaurav.jogani@jmfl.com | Tel: (91 22) 66303085

Pooja Kubadia
pooja.kubadia@jmfl.com | Tel: (91 22) 66303074

Rajat Gupta
rajat.gupta@jmfl.com | Tel: (91 22) 66303077

Recommendation and Price Target	
Current Reco.	ADD
Previous Reco.	ADD
Current Price Target (12M)	285
Upside/(Downside)	9.2%
Previous Price Target	285
Change	0.0%

Key Data – JYL IN	
Current Market Price	INR261
Market cap (bn)	INR96.0/US$1.0
Free Float (%)	37.1
Shares in issue (mn)	367.2
Diluted share (mn)	367.2
3-mon avg daily val (mn)	INR194.7/US$2.1
52-week range	INR378/196
Sensex/Nifty	77,328/24,176
INR/US$	94.5

Price Performance

%	1M	6M	12M
Absolute	18.0	-16.3	-28.7
Relative*	18.4	-9.2	-26.8

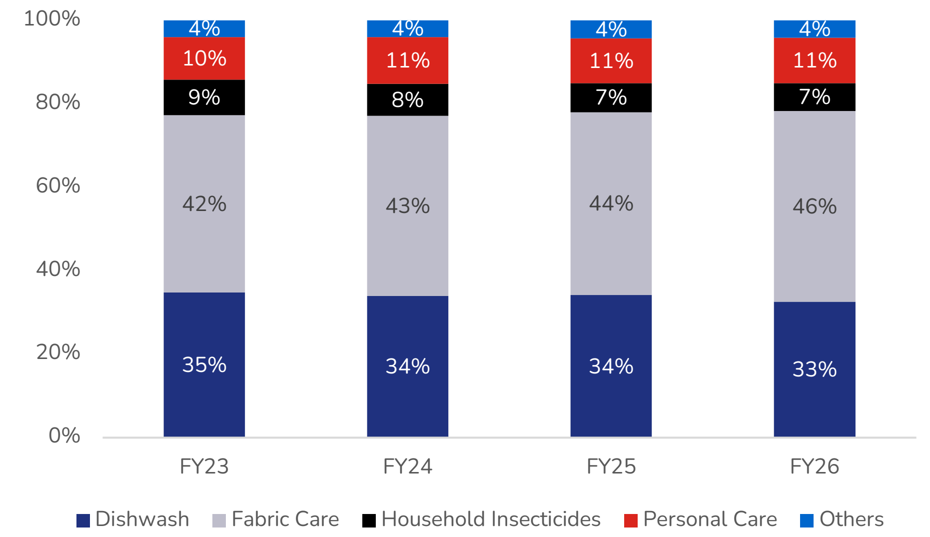
*To the NSE Nifty 50

Financial Summary (INR mn)

Y/E Mar	FY24A	FY25A	FY26A	FY27E	FY28E
Net Sales	27,550	28,439	29,443	32,794	35,451
Sales Growth (%)	10.9	3.2	3.5	11.4	8.1
EBITDA	4,798	4,998	4,499	4,029	5,478
EBITDA Margin (%)	17.4	17.6	15.3	12.3	15.4
Adjusted Net Profit	3,695	3,749	3,332	3,091	4,268
Diluted EPS (INR)	10.1	10.2	9.1	8.4	11.6
Diluted EPS Growth (%)	58.8	1.5	-11.1	-7.2	38.1
ROIC (%)	24.4	30.2	36.9	32.7	45.7
ROE (%)	22.0	23.5	22.4	18.5	22.9
P/E (x)	26.6	26.5	29.5	31.8	23.1
P/B (x)	5.4	7.1	6.2	5.6	5.0
EV/EBITDA (x)	19.8	18.5	20.1	22.0	15.8
Dividend Yield (x)	1.3	1.3	1.3	1.4	2.2

Source: Company data, JM Financial. Note: Valuations as of May 08, 2026

Exhibit 1: JYL's revenue mix



Source: Company, JM Financial

Exhibit 2: New launch of Exo liquid

Source: Company, JM Financial

Financial Tables (Standalone)

Income Statement					(INR mn)
Y/E Mar	FY24A	FY25A	FY26A	FY27E	FY28E
Net Sales	27,550	28,439	29,443	32,794	35,451
Sales Growth (%)	10.9	3.2	3.5	11.4	8.1
Other Operating Income	20	-	-	25	27
Total Revenue	**27,569**	**28,439**	**29,443**	**32,819**	**35,477**
Cost of Goods Sold/Op. Exp	14,038	14,175	15,619	18,857	19,143
Personnel Cost	3,005	3,254	3,413	3,640	3,935
Other Expenses	5,728	6,012	5,913	6,293	6,921
EBITDA	**4,798**	**4,998**	**4,499**	**4,029**	**5,478**
EBITDA Margin (%)	17.4	17.6	15.3	12.3	15.4
EBITDA Growth (%)	51.9	4.2	-10.0	-10.4	36.0
Depn. & Amort.	500	561	612	672	708
EBIT	4,298	4,437	3,886	3,356	4,769
Other Income	-	-	-	-	-
Finance Cost	47	59	50	48	52
PBT before Excep. & Forex	4,788	4,933	4,512	4,121	5,691
Excep. & Forex Inc./Loss(-)	-	-	-	-	-
PBT	4,788	4,933	4,512	4,121	5,691
Taxes	1,095	1,184	1,180	1,030	1,423
Extraordinary Inc./Loss(-)	-	-37	-	-	-
Assoc. Profit/Min. Int.(-)	-2	-	-	-	-
Reported Net Profit	3,695	3,712	3,332	3,091	4,268
Adjusted Net Profit	**3,695**	**3,749**	**3,332**	**3,091**	**4,268**
Net Margin (%)	13.4	13.2	11.3	9.4	12.0
Diluted Share Cap. (mn)	367	367	367	367	367
Diluted EPS (INR)	**10.1**	**10.2**	**9.1**	**8.4**	**11.6**
Diluted EPS Growth (%)	58.8	1.5	-11.1	-7.2	38.1
Total Dividend + Tax	1,285	1,285	1,285	1,391	2,134
Dividend Per Share (INR)	3.5	3.5	3.5	3.8	5.8

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E Mar	FY24A	FY25A	FY26A	FY27E	FY28E
Shareholders Fund	18,102	13,826	15,886	17,586	19,720
Share Capital	367	367	367	367	367
Reserves & Surplus	17,716	13,459	15,519	17,219	19,353
Preference Share Capital	-	-	-	-	-
Minority Interest	19	-	-	-	-
Total Loans	-	-	-	-	-
Def. Tax Liab. / Assets (-)	-594	-421	-30	-30	-30
Other non-current liabilities / Lease Liabilities	506	613	516	567	624
Total - Equity & Liab.	**18,608**	**14,439**	**16,402**	**18,154**	**20,344**
Net Fixed Assets	10,920	4,262	4,674	4,480	4,268
Gross Fixed Assets	5,197	7,754	8,906	9,385	9,881
Intangible Assets	7,863	1,052	1,052	1,052	1,052
Less: Depn. & Amort.	2,273	4,768	5,380	6,053	6,761
Capital WIP	134	224	95	95	95
Investments	1,915	4,565	5,063	5,063	5,063
Current Assets	10,113	10,432	12,292	15,025	17,698
Inventories	2,835	3,281	3,444	3,774	4,079
Sundry Debtors	2,014	2,744	2,566	2,875	3,108
Cash & Bank Balances	1,661	1,424	3,100	4,832	6,679
Loans & Advances	2,860	1,993	2,063	2,298	2,484
Other Current Assets	744	991	1,119	1,246	1,347
Current Liab. & Prov.	5,402	5,800	6,122	6,955	7,277
Current Liabilities	2,761	2,903	3,166	3,771	3,776
Provisions & Others	2,641	2,897	2,955	3,184	3,501
Net Current Assets	4,712	4,632	6,171	8,069	10,421
Other Non Current Assets/ROU Assets	466	559	465	512	563
Total - Assets	**18,608**	**14,439**	**16,402**	**18,154**	**20,344**

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E Mar	FY24A	FY25A	FY26A	FY27E	FY28E
Profit before Tax	4,788	4,933	4,512	4,121	5,691
Depn. & Amort.	500	561	612	672	708
Net Interest Exp. / Inc. (-)	-490	-495	-626	-765	-921
Inc (-) / Dec in WCap.	387	-1,065	119	-206	-543
Others	187	162	114	-	-
Taxes Paid	-793	-981	-610	-992	-1,383
Operating Cash Flow	**4,579**	**3,115**	**4,121**	**2,831**	**3,551**
Capex	-144	-578	-662	-479	-496
Free Cash Flow	4,435	2,537	3,459	2,353	3,054
Inc (-) / Dec in Investments	-3,512	-1,246	-2,278	-	-
Others	213	212	171	813	974
Investing Cash Flow	**-3,444**	**-1,612**	**-2,770**	**334**	**477**
Inc / Dec (-) in Capital	-	-	-	0	-
Dividend + Tax thereon	-1,102	-1,285	-1,285	-1,391	-2,134
Inc / Dec (-) in Loans	-	-	-	-	-
Others	-247	-290	-312	-43	-47
Financing Cash Flow	**-1,348**	**-1,575**	**-1,598**	**-1,434**	**-2,181**
Inc / Dec (-) in Cash	**-213**	**-72**	**-246**	**1,732**	**1,847**
Opening Cash Balance	1,057	843	2,075	3,100	4,832
Closing Cash Balance	1,661	1,423	3,100	4,832	6,679

Source: Company, JM Financial

Dupont Analysis					
Y/E Mar	FY24A	FY25A	FY26A	FY27E	FY28E
Net Margin (%)	13.4	13.2	11.3	9.4	12.0
Asset Turnover (x)	1.6	1.7	1.9	1.9	1.8
Leverage Factor (x)	1.0	1.0	1.0	1.0	1.0
RoE (%)	22.0	23.5	22.4	18.5	22.9

Source: Company, JM Financial

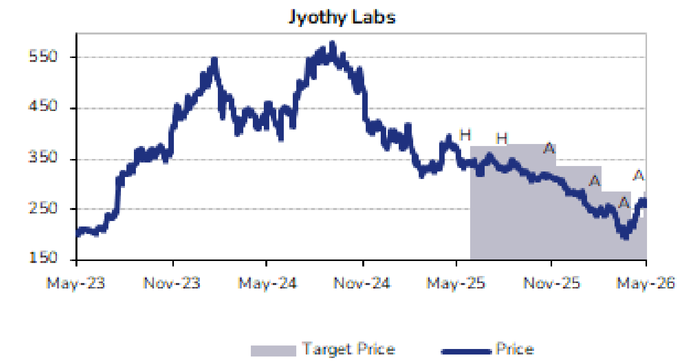
Key Ratios					
Y/E Mar	FY24A	FY25A	FY26A	FY27E	FY28E
BV/Share (INR)	49.2	37.7	43.3	47.9	53.7
ROIC (%)	24.4	30.2	36.9	32.7	45.7
ROE (%)	22.0	23.5	22.4	18.5	22.9
Net Debt/Equity (x)	-0.2	-0.4	-0.5	-0.6	-0.6
P/E (x)	26.6	26.5	29.5	31.8	23.1
P/B (x)	5.4	7.1	6.2	5.6	5.0
EV/EBITDA (x)	19.8	18.5	20.1	22.0	15.8
EV/Sales (x)	3.4	3.2	3.1	2.7	2.4
Debtor days	27	35	32	32	32
Inventory days	38	42	43	42	42
Creditor days	44	45	46	48	46

Source: Company, JM Financial

Recommendation History Table

Date	Recommendation	Target Price	% Chg.
5-May-26	Add	285	21.3
7-Apr-26	Add	235	-17.5
9-Feb-26	Add	285	-14.9
13-Nov-25	Add	335	-11.8
13-Aug-25	Hold	380	1.3
4-Jun-25	Hold	375	

Recommendation History Chart



APPENDIX I

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Research Analyst(s) Certification

The Research Analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that:

All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and

No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

Rating System: Definition of ratings	
Rating	**Meaning**
BUY	Expected return >= 15% over the next twelve months.
ADD	Expected return >= 5% and < 15% over the next twelve months.
REDUCE	Expected return >= -10% and < 5% over the next twelve months.
SELL	Expected return < -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

Important Disclosures

This research report has been prepared by JM Financial Institutional Securities Limited (JM Financial Institutional Securities) to provide information about the company(ies) and sector(s), if any, covered in the report and may be distributed by it and/or its associates solely for the purpose of information of the select recipient of this report. This report and/or any part thereof, may not be duplicated in any form and/or reproduced or redistributed without the prior written consent of JM Financial Institutional Securities. This report has been prepared independent of the companies covered herein.

JM Financial Institutional Securities is registered with the Securities and Exchange Board of India (SEBI) as a Research Analyst and a Stock Broker having trading memberships of the BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). No material disciplinary action has been taken by SEBI against JM Financial Institutional Securities in the past two financial years which may impact the investment decision making of the investor. Registration granted by SEBI and certification from the National Institute of Securities Market (NISM) in no way guarantee performance of JM Financial Institutional Securities or provide any assurance of returns to investors.

JM Financial Institutional Securities renders stock broking services primarily to institutional investors and provides the research services to its institutional clients/investors. JM Financial Institutional Securities and its associates are part of a multi-service, integrated investment banking, investment management, brokerage and financing group. JM Financial Institutional Securities and/or its associates might have provided or may provide services in respect of managing offerings of securities, corporate finance, investment banking, mergers & acquisitions, broking, financing or any other advisory services to the company(ies) covered herein. JM Financial Institutional Securities and/or its associates might have received during the past twelve months or may receive compensation from the company(ies) mentioned in this report for rendering any of the above services.

JM Financial Institutional Securities and/or its associates, their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) covered under this report or (c) act as an advisor or lender/borrower to, or may have any financial interest in, such company(ies) or (d) considering the nature of business/activities that JM Financial Institutional Securities is engaged in, it may have potential conflict of interest at the time of publication of this report on the subject company(ies).

Neither JM Financial Institutional Securities nor its associates or the Research Analyst(s) named in this report or his/her relatives individually own one per cent or more securities of the company(ies) covered under this report, at the relevant date as specified in the SEBI (Research Analysts) Regulations, 2014.

The Research Analyst(s) principally responsible for the preparation of this research report and their immediate relatives are prohibited from buying or selling debt or equity securities, including but not limited to any option, right, warrant, future, long or short position issued by company(ies) covered under this report. The Research Analyst(s) principally responsible for the preparation of this research report or their immediate relatives (as defined under SEBI (Research Analysts) Regulations, 2014); (a) do not have any financial interest in the company(ies) covered under this report or (b) did not receive any compensation from the company(ies) covered under this report, or from any third party, in connection with this report or (c) do not have any other material conflict of interest at the time of publication of this report. Research Analyst(s) are not serving as an officer, director or employee of the company(ies) covered under this report.

While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and JM Financial Institutional Securities does not warrant its accuracy or completeness. JM Financial Institutional Securities may not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This report is provided for information only and is not an investment advice and must not alone be taken as the basis for an investment decision.

This research report is based on the fundamental research/analysis conducted by the Research Analyst(s) named herein. Accordingly, this report has been prepared by studying/focusing on the fundamentals of the company(ies) covered in this report and other macro-economic factors. JM Financial Institutional Securities may have also issued or may issue, research reports and/or recommendations based on the technical/quantitative analysis of the company(ies) covered in this report by studying and using charts of the stock's price movement, trading volume and/or other volatility parameters. As a result, the views/recommendations expressed in such technical research reports could be inconsistent or even contrary to the views contained in this report.

The investment discussed or views expressed or recommendations/opinions given herein may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The information contained herein may be changed without notice and JM Financial Institutional Securities reserves the right to make modifications and alterations to this statement as they may deem fit from time to time.

This report is neither an offer nor solicitation of an offer to buy and/or sell any securities mentioned herein and/or not an official confirmation of any transaction.

This report is not directed or intended for distribution to, or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject JM Financial Institutional Securities and/or its affiliated company(ies) to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. Persons in whose possession this report may come, are required to inform themselves of and to observe such restrictions. Please click here to access our detailed Terms and Conditions, including the Most Important Terms and Conditions.

Additional disclosure only for U.S. persons: JM Financial Institutional Securities has entered into an agreement with JM Financial Securities, Inc. ("JM Financial Securities"), a U.S. registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA") in order to conduct certain business in the United States in reliance on the exemption from U.S. broker-dealer registration provided by Rule 15a-6, promulgated under the U.S. Securities Exchange Act of 1934 (the "Exchange Act"), as amended, and as interpreted by the staff of the U.S. Securities and Exchange Commission ("SEC") (together "Rule 15a-6").

This research report is distributed in the United States by JM Financial Securities in compliance with Rule 15a-6, and as a "third party research report" for purposes of FINRA Rule 2241. In compliance with Rule 15a-6(a)(3) this research report is distributed only to "major U.S. institutional investors" as defined in Rule 15a-6 and is not intended for use by any person or entity that is not a major U.S. institutional investor. If you have received a copy of this research report and are not a major U.S. institutional investor, you are instructed not to read, rely on, or reproduce the contents hereof, and to destroy this research or return it to JM Financial Institutional Securities or to JM Financial Securities.

This research report is a product of JM Financial Institutional Securities, which is the employer of the research analyst(s) solely responsible for its content. The research analyst(s) preparing this research report is/are resident outside the United States and are not associated persons or employees of any U.S. registered broker-dealer. Therefore, the analyst(s) are not subject to supervision by a U.S. broker-dealer, or otherwise required to satisfy the regulatory licensing requirements of FINRA and may not be subject to the Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Any U.S. person who is recipient of this report that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, must contact, and deal directly through a U.S. registered representative affiliated with a broker-dealer registered with the SEC and a member of FINRA. In the U.S., JM Financial Institutional Securities has an affiliate, JM Financial Securities, Inc. located at 1177 Avenue of the Americas, 5th Floor, Offices 5045 and 5046, New York, New York 10036. Telephone +1 (332) 900 4956 which is registered with the SEC and is a member of FINRA and SIPC.

Additional disclosure only for U.K. persons: Neither JM Financial Institutional Securities nor any of its affiliates is authorised in the United Kingdom (U.K.) by the Financial Conduct Authority. As a result, this report is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the matters to which this report relates may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This report is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons.

Additional disclosure only for Canadian persons: This report is not, and under no circumstances is to be construed as, an advertisement or a public offering of the securities described herein in Canada or any province or territory thereof. Under no circumstances is this report to be construed as an offer to sell securities or as a solicitation of an offer to buy securities in any jurisdiction of Canada. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the registration requirement in the relevant province or territory of Canada in which such offer or sale is made. This report is not, and under no circumstances is it to be construed as, a prospectus or an offering memorandum. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. If you are located in Canada, this report has been made available to you based on your representation that you are an “accredited investor” as such term is defined in National Instrument 45-106 Prospectus Exemptions and a “permitted client” as such term is defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada nor should it be construed as being tailored to the needs of the recipient. Canadian recipients are advised that JM Financial Securities, Inc., JM Financial Institutional Securities Limited, their affiliates and authorized agents are not responsible for, nor do they accept, any liability whatsoever for any direct or consequential loss arising from any use of this research report or the information contained herein.

JM Financial Institutional Securities Limited
Corporate Identity Number: U67100MH2017PLC296081
Member of BSE Ltd. and National Stock Exchange of India Ltd.
SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610
Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.
Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.com
Compliance Officer: Ms. Ashley Johnson | Tel: +91 22 6224 1862 | Email: ashley.johnson@jmfl.com
Grievance Officer: Ms. Ashley Johnson | Tel: +91 22 6224 1862 | Email: instcompliance@jmfl.com