

THE HINDU Business Line

Copyright © 2014, The Hindu Business Line.

Tue, 11 Jul-17; Business Line - Chennai; Size : 65 sq.cm.; Page : 13

Broker's Call

RELIANCE SECURITIES

Jyothy Labs (Buy)

CMP: ₹365.5

Target: ₹431

Jyothy Laboratories (JYL) has a strong portfolio of brands such as Ujala, Maxo, Exo, Margo, Henko and Pril, among others, in its fold. The company is focused on improving its direct distribution network and reduce dependence on wholesale trade to drive growth in the coming quarters.

Implementation of GST is expected to benefit organised players such as JYL as unorganised players would find it difficult to compete under the new structure.

We expect JYL to report net sales of ₹1,920 crore and ₹2,200 crore and net profit of ₹210 crore and ₹260 crore in FY18E and FY19E, respectively.

Based on expected EPS of ₹14.4, the stock currently trades at reasonable valuations of 25.5x FY19E earnings, which is at a 30 per cent discount to sector multiples.

Business Line is not responsible for the recommendations sourced from third party brokerages. Reports may be sent to: blmarketwatch@gmail.com