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Jyothy LABORATORIES LIMITED

Jyothy Laboratories Limited

Analyst Call

February 7, 2013





Company Overview

Financial Summary for Q3 FY 2013

Segment-wise Analysis

New Management Team

New Business Initiatives





- A FMCG company with presence in the fabric care, household insecticide, surface cleaning, personal care and air care segments
- Promoted by Mr. M.P. Ramachandran in 1983
- Leadership through Key Brands:
 - **Ujala**: #1 in Fabric Care: 72.8% all-India market share by value and 59 % by volume for the year ended December 2012* (73.6% by value and 60.1% by volume – December 2011)
 - **Maxo Coil**: 17.2% all-India market share by value and 19.8 % by volume for the year ended December 2012 (19.8% by value and 22.0 by volume – December 2011)
 - 24.3 % Rural India market share by volume for December 2012*
 - **Exo Bar** : 27.8 % South India market share by value and 25.0 % by volume for year ended December 2012
 - * - No. 2 (26% by value and 24% by volume – December 2011)
 - 53.9 % Kerala market share by value and 51.5 % by volume for year ended December 2012 * - No 1

Liquid Blue Category

*Source: A.C. Nielsen





■ Extensive Distribution Network

- Available in ~ 2.9 mn outlets in India as of December 31, 2012 (Source: A.C. Nielson)
- Field staff have a direct reach of ~ 1 million outlets
- Strong presence in both rural and urban markets

Offering Value-for-Money Products to the Common Man



Financial Summary 2012-13



Profit & Loss Account



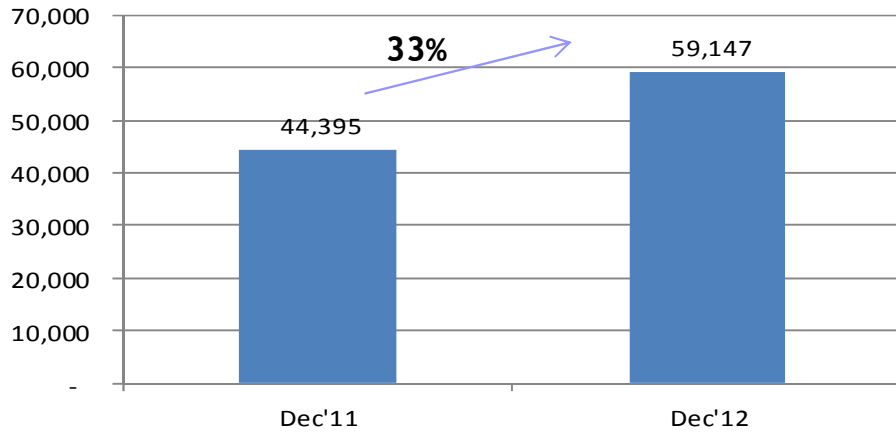
Particulars	Quarter Ended			Nine Months Ended		Year ended
	31-12-2012	30-09-2012	31-12-2011	31-12-2012	31-12-2011	31-03-2012
Net Sales	20,378	17,783	16,631	59,147	44,395	66,278
Other Income - Operating	74	23	27	121	73	19
Total Income	20,452	17,805	16,658	59,268	44,468	66,297
Cost of Goods Sold	11,117	9,065	8,681	32,489	24,015	37,259
Employee cost	2,269	2,355	2,214	6,867	6,256	7,802
Advertisement and Sales Promotion expense	1,069	1,592	659	4,293	3,270	4,283
Other expenditure	2,346	2,554	2,279	7,238	6,244	8,686
EBITDA	3,651	2,239	2,825	8,380	4,683	8,266
EBITDA % to Net Sales	17.9%	12.6%	17.0%	14.2%	10.5%	12.5%
Depreciation and Impairment	325	330	622	991	1,361	1,703
Finance Cost	1,719	1,648	229	4,853	605	1,943
Other Income - Non Operating	1,725	1,637	1,429	4,987	4,122	5,701
Profit Before Tax	3,332	1,899	3,403	7,523	6,839	10,322
Tax	726	372	495	1,628	1,280	1,970
Profit After Tax	2,606	1,527	2,908	5,895	5,559	8,352
EPS	1.62	0.95	1.80	3.66	3.45	5.18



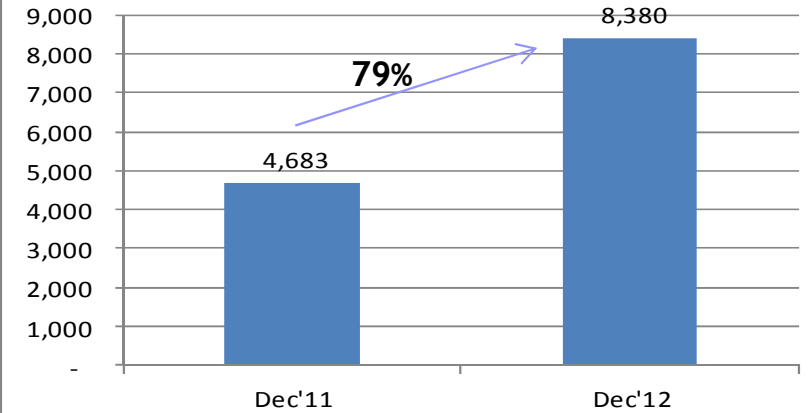
Highlights of Profit & Loss (YTD) - 9 Months



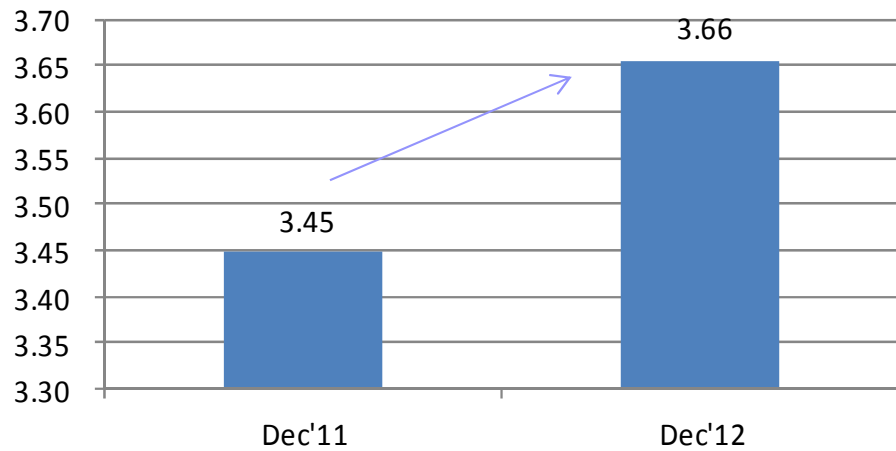
Net Sales – Rs. In lacs



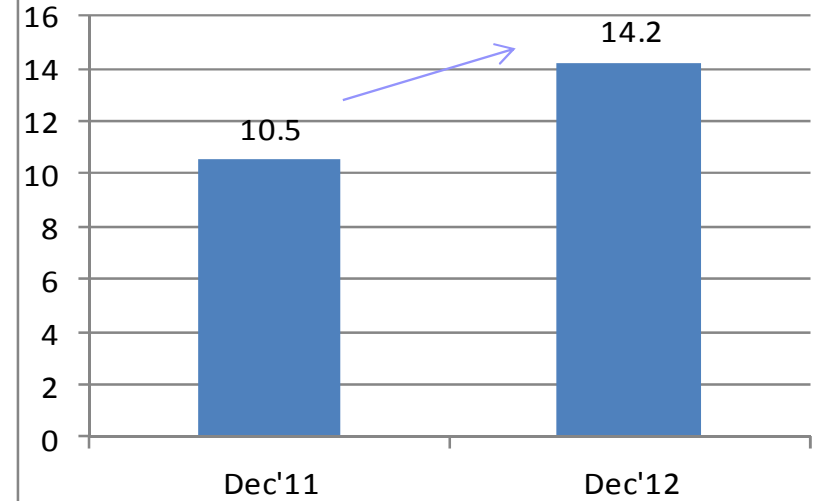
EBITDA - Rs. in lacs



EPS



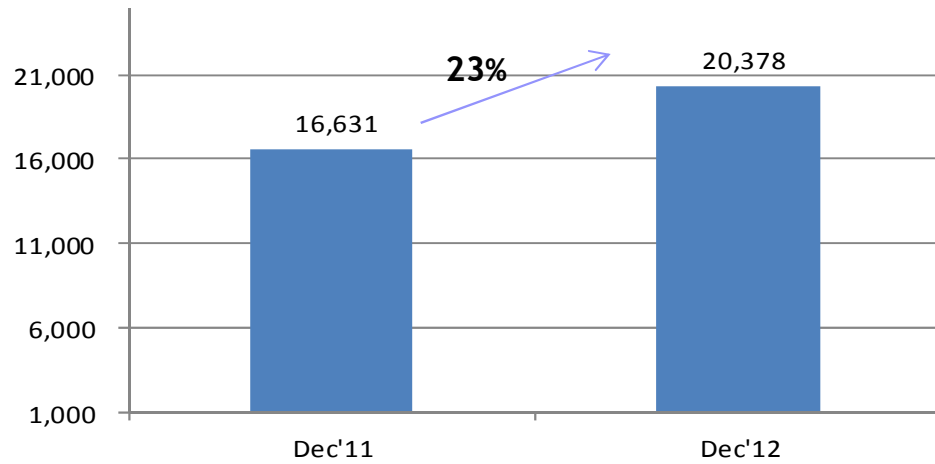
EBITDA %



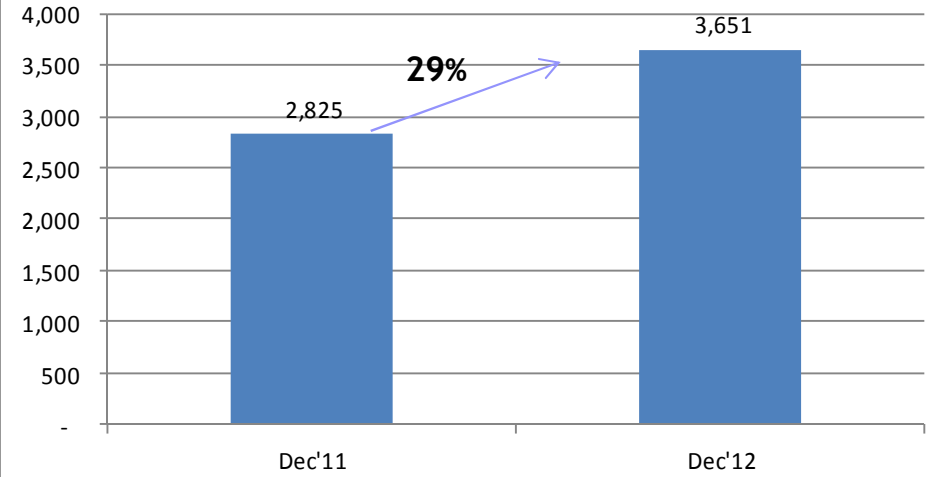
Highlights of Profit & Loss (Q3)



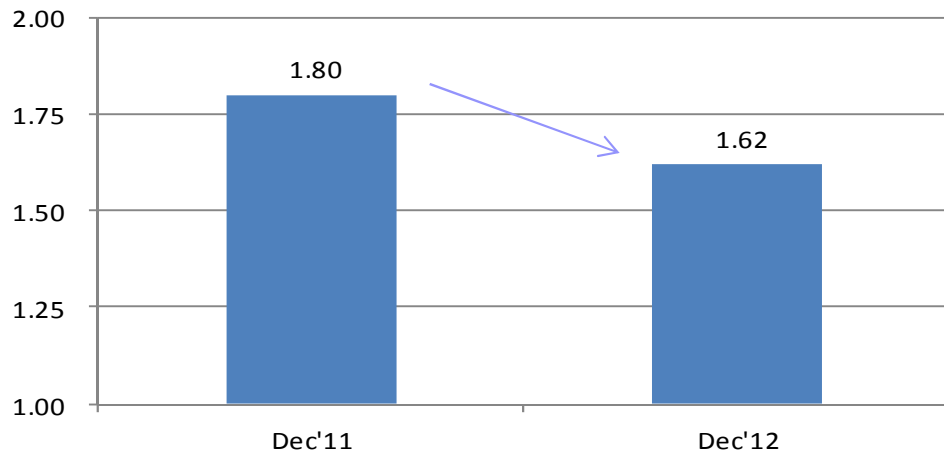
Net Sales - Rs. In lacs



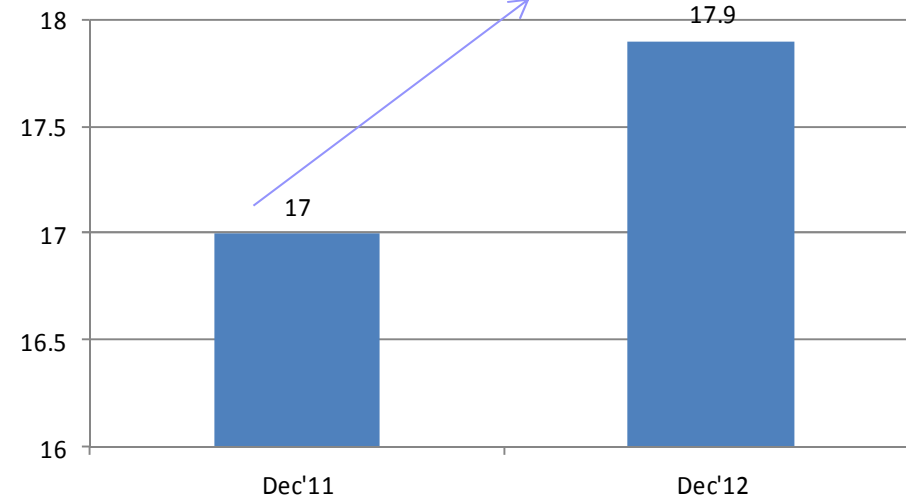
EBITDA - Rs. in lacs



EPS



EBITDA %





Segment-wise Net Sales for Q3 FY13

Rs. In Lacs

Category	3 Months Ended December		
	2012-13	2011-12	Growth %
Soaps & Detergent	15,763	11,990	31%
Home Care	4,478	4,632	-3%
Other Products	138	9	1433%
	20,378	16,631	23%

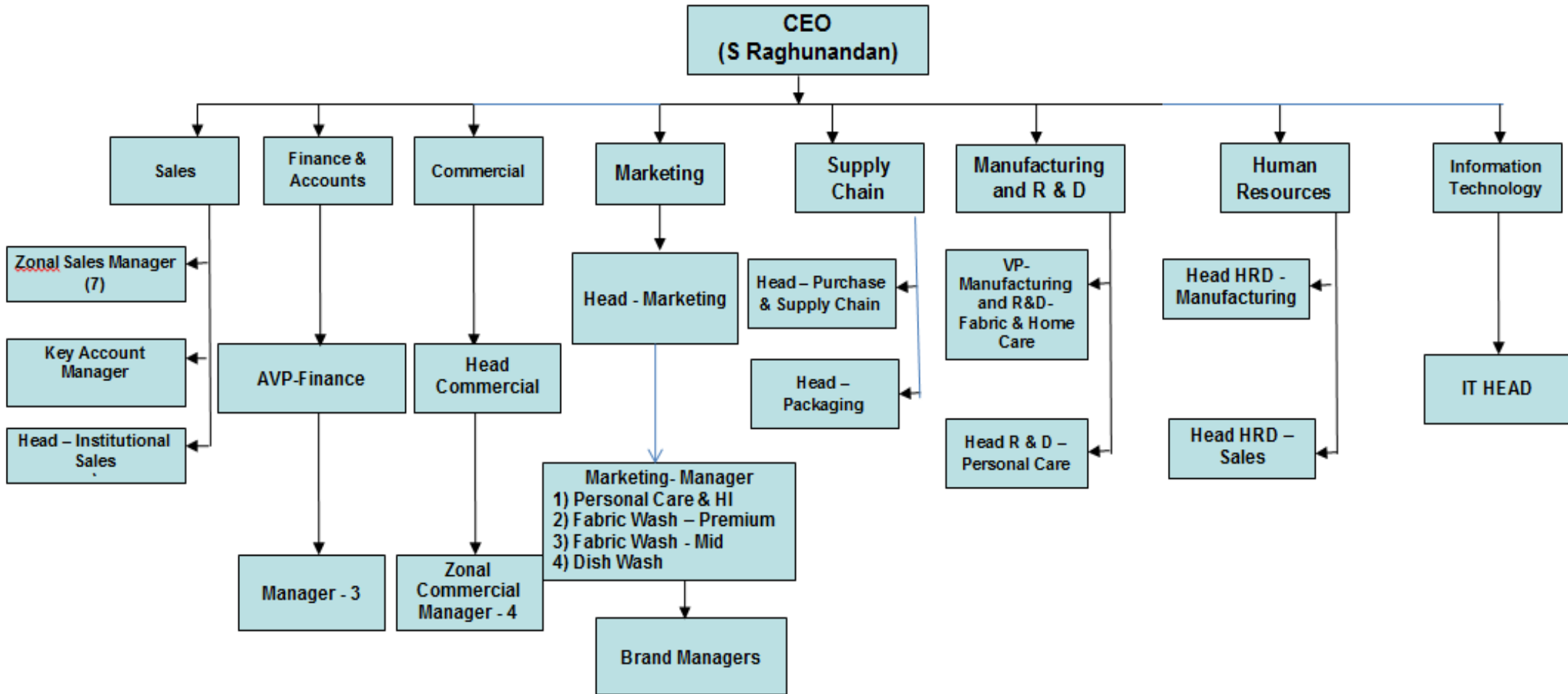
Rs. In Lacs

Category	9 Months Ended December		
	2012-13	2011-12	Growth %
Soaps & Detergent	42,818	30,834	39%
Home Care	16,093	13,527	19%
Other Products	236	34	594%
	59,147	44,395	33%

Soaps & Detergents include Fabric Wash, Dish Wash Bar, Beauty Soap
Home Care includes Household insecticide, Incense sticks, Scrubber



New Management Team



New Management Team



Designation	Age	Brief Background
VP-Manufacturing and R & D	41	19 years of experience in HUL
Head - Packaging Development	48	25 years of experience in HUL, Marico, Cavin Care, Sara Lee, Paras & Havell's
Head - Purchase & Supply Chain	42	19 years of experience in S.C.Johnson, Clariant, Sandoz and Paras
Marketing Manager - Personal Care	41	20 years of experience in Mudra and Paras
ZSM - South (AP, TN & Karnataka)	41	19 years of experience in FMCG industry
ZSM -North I	43	18 years of experience in Colgate
ZSM - West	41	19 years of experience in HUL and Pidilite
Head - Key Accounts	41	14 years of experience in Paras and Lorea'l
Head HRD - Mfg Operation	49	27 years of experience in UTC, Novartis and Raymonds
ZSM-North II	39	15 years of experience in philips, RBI
ZSM - East I	40	18 years of experience in Dabur, Cadbury and Aircel
Marketing Manager- Fabric Wash	31	7 years of experience in Paras, RBI, HDFC Bank, Pepsico
Marketing Manager - Dish Wash	35	12 years of experience in Tata Global, Mahindra & Mahindra
Head R & D - Personal Care	43	19 years of experience in Merico, Paras, Embay



New Business Initiatives



Business Model Updates



- New Management team in place (Team of 15)
- Integration of Sales and distribution with Henkel Completed
- Consolidation of Distribution network (Fewer Stronger)
Urban: Co. → C & F → Stockists → Market
Rural :Co. → C & F → Super Stockists → Sub-Stockists → Market
- Rationalised the channel margins resulting in Gross margin improvement
- Identified savings opportunities in sourcing and packaging expected to result in 2% margin improvement - Implementation underway
- New manufacturing strategy being prepared
- New Brand strategy implementation underway
- Creation of a modern R&D lab in Mumbai - Lab to be operational by March 2013
- Supply Chain project to significantly improve working capital management - Started in January 2013





- Business Model
- Organisation Structure
- Strategy for Sales & Marketing



General Trade - Way Forward



- Focus on implementation of the Integration process by ZSM's
- Automation of Secondary Sales and Order booking : Secondary Sales software will be LIVE from April 2013.
- All Distributor Claims and Secondary Schemes will be automated through the same software - September 2013
- Creation of Zonal Commercial Structure - Completed



Channel Margin Rationalisation



Brand	Stockist Margin		Retailer Margin	
	Old	Revised	Old	Revised
EXO	6-8	6	8-15	8-10
MAXO	6-8	6	10	10
MAYA	6-8	6	10-20	10-15
MORE LIGHT	6-11	6	10-15	10
UJALA	8	6	10-14	10
INDUSTRY		4-5		8-10

Channel Margins are rationalised to match Industry standards

Total estimated annual savings – 4% of Net Sales from December 2012 quarter



Packaging Development - Key Priorities



- Cost Reduction
- Quality Improvement / packaging upgradation
- Innovation in key brands
- Systems development





■ Analytical & Micro lab in Mumbai

□ Key capabilities

- Proof of Principle validation for new technologies
- New Product development
- performance appraisal & competition benchmarking

□ Additionally will have accelerated storage stability facility to help predict long term stability of products.

■ Pilot plant in one of our Units. Pondicherry is the lead candidate.

■ Tie-ups with External labs, Universities & Suppliers to develop technology for our innovations

Look for exclusive development with key partners and patenting new technologies.





■ Strategic

- Manufacturing strategy for each product
- Consolidation of manufacturing units
- Low cost business model for new launches in future

■ Operational

- Cost efficiency at each location
- Capacity mapping, de-bottlenecking
- Benchmarking across factories and with industry standards

■ Long term

- Safety & Quality Assurance
- Statistical Process Control





Thank You

