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Jyothy LABORATORIES LIMITED

Jyothy Laboratories Limited

November 9, 2011



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Company Overview



- 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
 - Mr. Ramachandran has over 38 years of experience in production, sales and management
- Leadership through Key Brands:
 - **Ujala**: #1 in Fabric Care: 73.5% all-India market share by value and 59.9 % by volume for the year ended September 2011*
 - **Maxo**: 21.5 % all-India market share by value and 24.0 % by volume (No. 2) for the year ended September 2011
 - 30.5% Rural India market share by volume for September 2011* - No. 1
 - **Exo**: 27.2 % South India market share by value and 24.8 % by volume for year ended September 2011*
No. 2
 - 53.6 % Kerala market share by value and 52.0 % by volume for year ended September 2011* - No 1

Liquid Blue Category

*Source: A.C. Nielsen



Financial Summary 2011-12



Profit & Loss Account



Particulars (Rs. in lacs)	3 months ended 31, Sept 2011	3 months ended 31, Sept 2010	6 months ended 31, Sept 2011	6 months ended 31, Sept 2010	12 months ended 31, March 2011
Net sales	15,465	14,483	27,764	29,615	59,983
Other income	1,515	527	2,739	927	2,760
Total Income	16,979	15,010	30,503	30,542	62,744
Cost of Goods Sold	(8,982)	(7,541)	(15,334)	(14,727)	(31,147)
Employee Cost	(2,074)	(1,785)	(4,042)	(3,780)	(7,479)
Advertisement & Promo Exp.	(1,687)	(1,722)	(2,611)	(2,682)	(5,378)
Other Expenses	(1,983)	(1,874)	(3,965)	(3,718)	(8,074)
EBITDA	2,253	2,087	4,551	5,634	10,666
Depreciation	(360)	(297)	(739)	(601)	(1,079)
Interest and Finance Charges	(199)	(2)	(376)	(3)	(30)
Profit before and tax	1,694	1,788	3,436	5,030	9,557
Tax	(445)	(251)	(785)	(933)	(1,530)
Profit after tax	1,249	1,537	2,651	4,097	8,027
EPS	1.55	2.01	3.29	5.50	10.35



EBITDA Analysis



Rs. In lakhs

Particulars	Q2	
	Amount	%
Increase in Raw Material	453	2.93%
Increase in Traded Material	238	1.54%
Employee cost	168	1.09%
Change in Product Mix	52	0.34%
Total	911	5.89%

Steps taken to improve EBITDA

- Increased in retail price of all the brands by 7 % effective september 2011.
- Savings from change in distribution system expected by 3 to 4%
- Increase Employee cost to justify on annual sales



Highlights



- Reduced pipeline inventory from Rs.70 cr to Rs.20 cr
- Investment in working capital reduced from Rs.160 cr on March 31 to Rs.89 cr
- Debtors from Rs.103 cr. as on March 31, 2011 to Rs.42 cr.
- 120 days turnaround plan (Phase 1) for Henkel is complete (June to September 2011)
- Ujala was ranked 3rd by Brand Equity in fabric care category with Surf and Rin being No.1 and No. 2, while Tide and Ariel secured No.4 and No. 5 respectively



Category-wise performance



Brand Tree



Category-wise Revenue Mix for 6 M FY2012



Combined Entity Will Have Market Leading Brands In Multiple Categories



Combined Sales for Analysis
6 Month Ended September 2011
Total Rs. 50822 lacs)

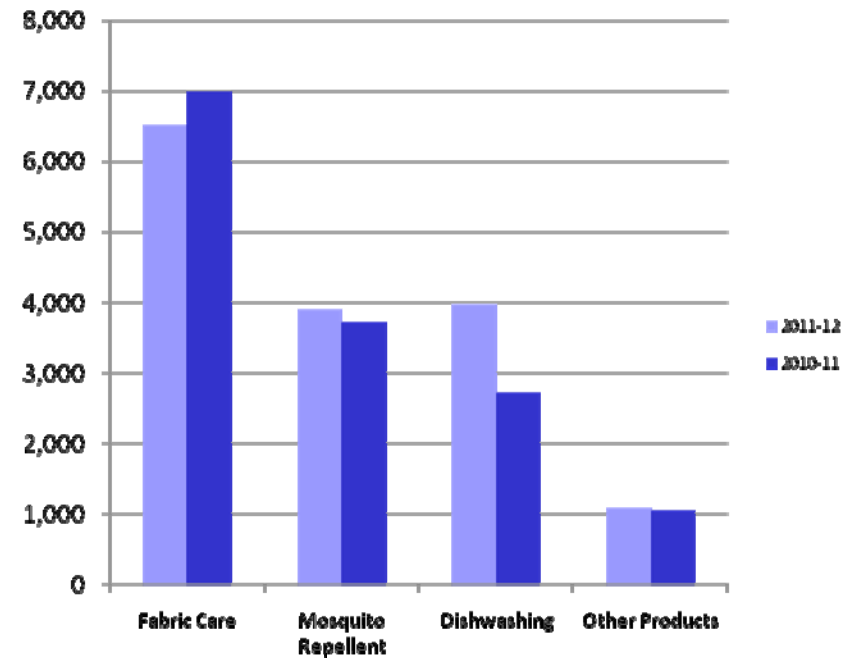


Financial Snapshot - Sales



Category-wise Net Sales

Category	3 Months ended September		
	2011-12	2010-11	Growth %
Fabric Care	6,509	6,985	-7%
Mosquito Repellent	3,895	3,719	5%
Dishwashing	3,979	2,721	46%
Other Products	1,082	1,057	2%
	15,465	14,483	7%



Receivables



Steps taken to reduce debtors from 103 crores as on March 31, 2011 to 42.67 crores as on September 30, 2011 – to align with credit policy of Henkel India (Post merger)

Date	Amount (Rs. In lakhs)
September 30, 2011	4,267
June 30, 2011	4,803
March 31, 2011	10,350
December 31, 2010	9,888

Collection of Rs. 61 crores



Fabric Care: UJALA



Largest Brand in Fabric Whitener



Brand Facts

- Launched in 1983 – A 27-year old Brand
- Largest brand in the fabric whiteners segment

Positioning

- Positioned as a *liquid* fabric whitener that do not cause the clothes to “blue” or appear patchy

Market Share

- #1 in Product Category: 73.5% all-India market share by value for September, 2011*
- Kerala – 99.99% by value for March 2010*

Brand Extension

- Washing Powder – Launched in 2003 in Kerala & extended to other southern states in January 2009.
- Ujala Stiff and Shine – Launched in Kerala in 2005 and nationally in March 2008

Brand Endorsement

- SACHIN TENDULKAR – Brand Ambassador for 30 months till March, 2012

Going Forward

- Detergent – Rollout in other states underway
- Looking for Brand Extensions

* Source: A.C. Nielsen



Mosquito Repellent: MAXO



Largest Player in Rural Market



Brand Facts

- One of the leading brands in the mosquito repellent segment; launched in 2000

Positioning

- Positioned as a mosquito repellent offering “corner to corner” protection

Market Share Position

- 30.5% Rural India market share by volume for September, 2011*- No. 1
- 24.0 % all-India market share by volume for September 2011* - No. 2

Brand Extension

- Liquids /Aerosols
- DEPA products for outdoor application

Going Forward

- Launching advanced version of liquid in Q3

*Source: A.C. Nielsen



Dishwashing Products: EXO



*Source: A.C. Nielsen

Brand Facts

- ❑ **Exo Dishwash Bar** - India's first anti-bacterial dish wash launched in 2000
 - Features Cyclozan, which gives a protective cover against bacterial contamination of utensils

Positioning

- ❑ Positioned as a brand giving consumers protection against bacterial contamination of utensils in addition to the promise of “clean and shiny” utensils – EXO Family HEALTHY Family.

Market Share

- ❑ 27.2 % market share by value in Southern India for September 2011* - No. 2
- ❑ 53.6 % Kerala market share by value for September 2011* – No 1

Brand Extension

- ❑ Dishwashing liquid - **Exo Liquid /Exo Gel**
- ❑ Dishwashing scrubber - **Exo Safai**

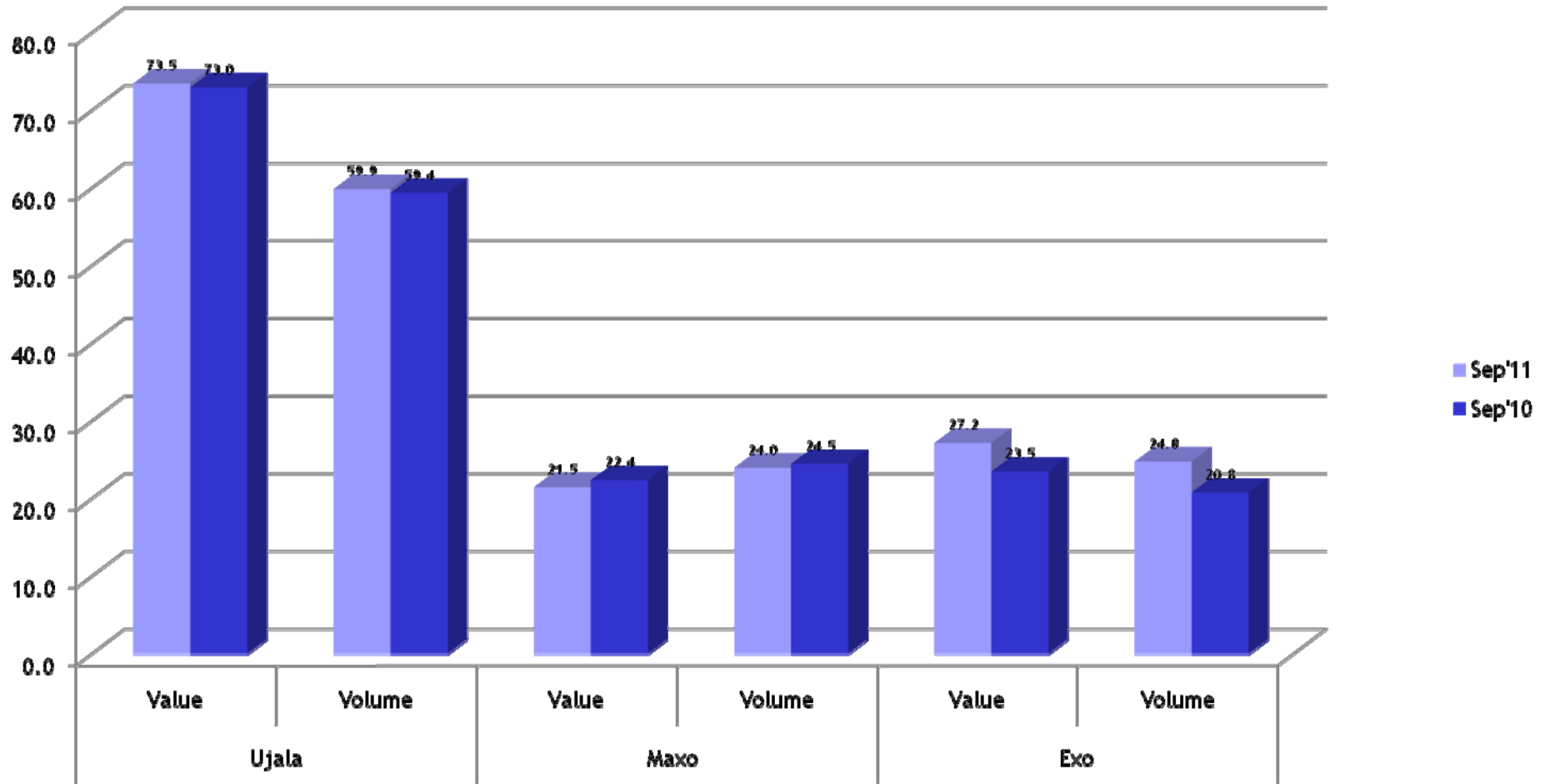
Going Forward

- ❑ National roll out started in phased manner
- ❑ **Presently available in 0.6 mn retail outlets**

¹ Southern states include T.N., Karnataka, Kerala and A.P.



Market Shares at a Glance



Recent Development



Henkel Acquisition



- Acquired controlling stake in Henkel India Limited
- Board re-constituted on May 31, 2011



Brands very well known amongst consumers and retailers due to superior product quality



Henkel Acquisition



INR Rs. Cr

Seller	% of shares	Value
TPL	16.66	67.9
Henkel AG	50.97	143.0
Open Market	3.97	18.9
Open offer	12.05	57.8
Other Transaction Cost		27.88
Preference Capital		42.6
Loan Repayment		425.0
Total	83.65	783.0



Open offer closed on August 22, 2011



Henkel Turnaround Plan – 120 days (Phase 1)



June to September 2011 - Executed

- ❑ Shifted the corporate office with 30 employees from Finance/Operations/Marketing to Mumbai w.e.f October 2011
- ❑ Employees as on March 31, 2011 was 421 and as on September 30, 2011 - 275



Henkel Turnaround Status



Rs. In lakhs

Period	Net Sales	EBITDA %
Jan-Dec'10 (12 months)	53,390	-3.2 %
Jan-Mar'11 (3 months)	11,921	-6.4 %
Apr-Jun'11 (3 months)	12,311	8.8 %
Jul – Sept'11 (3 months estimate)	10,746	10.6 %



Our Turnaround Plan For The Business



Operational Measures

Clean up (6-12 months)

- Change top management – retain select middle managers handling brands and distribution
- Remove all sales promotions and offers
- Increase retail prices across products appropriate to their positioning
- Remove current advertising agencies

Revitalize (12-24 months)

- Recruit a fresh field force of 200 sales persons
- Appoint a Special Task Force at Key positions including CEO, Marketing head and Supply Chain
- Transfer a few best-in-class sales heads from Jyothy to drive transformation
- Focus on South & East based stockists / distributors in the first phase and increase their productivity based incentives
- Transfer all manufacturing to single low-cost contract manufacturer / Jyothy's tax free facilities
- Re-launch brands with new creative and positioning in a phased manner

Expected Financial Impact

	Dec-10	6-12 months	Year 1	Year 2	Year 3	Year 4
Revenue	5,339		5,000	7,000	10,000	12,000
<i>growth (%)</i>	-10%			40%	43%	20%
Gross Profit	2,406		1,500	2,100	3,000	3,600
<i>margin (%)</i>	45%		30%	30%	30%	30%
A&P Spend		Clean up phase; c.15-20% revenue degrowth possible	(800)	(980)	(1,200)	(1,200)
			16.0%	14.0%	12.0%	10.0%
Salaries			(230)	(265)	(304)	(350)
Sales force			(180)	(207)	(238)	(274)
Management			(50)	(58)	(66)	(76)
Overheads			(30)	(33)	(36)	(40)
EBITDA	(169)		440	823	1,460	2,010
<i>margin (%)</i>	-3.2%		8.8%	11.8%	14.6%	16.8%





- ❑ Looks very positive post Henkel acquisition
- ❑ Bangladesh to start operations from April 2012 and Sri Lanka from July 2012
- ❑ Already setup JV in Bangladesh with Kallol Enterprise Limited for setting up state of art manufacturing facility and marketing of detergent powder and toilet soaps
- ❑ Shifting best in class sales staff from West Bengal to Bangladesh and from Kerala and Tamil Nadu to Sri Lanka for 6 months to build the sales in the respective countries










Jyothy Fabricare Services Ltd.

Jyothy Fabricare Services Limited



Service Brand	Location	Retail Outlets
 <p>The Art of Fabric Care. Perfected</p>	Bangalore	10
	Mumbai	1
	Chennai	1
 <p>ಸನ್ನಿವೇಶ್ SNOWAYS LAUNDERS & DRY CLEANERS</p>	Bangalore	25
 <p>Wardrobe DRY CLEANING EXPERTS</p>	Delhi	58
 <p>EXPERT DRY CLEANERS</p>	Bangalore	3
 <p>AKASH DRY CLEANERS</p>	Mumbai	4
 <p>DHULAAI LAUNDRY & DRY CLEANING PROFESSIONALS</p>	Pune	2
	Total	104



JFSL – Turnover



Rs. In lakhs

Location	Turnover			
	Year Ended March 31, 2011	Actual 6 Month ended Sept 11	Projected 6 Month Oct to March 12	Total for 2011-12
Bangalore	941	818	1,414	2,232
Mumbai	-	438	1,217	1,655
Delhi	-	470	1,132	1,602
Pune	-	52	228	280
Chennai	-	2	24	26
Total	941	1,780	4,015	5,795



JFSL – Next 4 Year Business Plan



Rs. In lacs

Particulars	2011-12	2012-13	2013-14	2014-15
Service Income	5,795	11,291	19,257	34,978
Washing Expenses	2,408	4,302	6,988	12,855
Gross Margin	3,387	6,989	12,269	22,123
Gross Margin%	58%	62%	64%	64%
Manpower Cost	1,356	2,236	2,930	3,762
Rent	672	1,334	1,555	1,854
Other Overheads	1,036	1,846	2,766	4,503
EBITDA	323	1,573	5,018	12,004
EBITDA % to Income	6%	14%	26%	34%
PBT	(276)	718	4,022	1,189
PAT	(276)	718	2,950	7,459



