Analyst Meet

May 22,2013

Jyothy LABORATORIES LIMITED

Agenda

Company Overview

Financial Performance: 2012-13

- Results
- Merger Effect

New Business Initiatives

- Mgt. Team Organisation Structure
- New Management Team
- Business Model
- Manufacturing Strategy
- Marketing Initiatives

Company Overview

About us

Mumbai based FMCG company founded in 1983 by Mr. M. P. Ramachandran

Pan India presence catering to consumer needs in various categories

Our portfolio includes leading household brands led by the flagship brand Ujala, with 72.6%* market share, Ujala continues its dominance in fabric whitener market

Our brands

Fabric care	Utensil Care	Personal Care	Household Insecticide
Ujala Henko Mr. White Chek	Exo Pril	Margo Fa Neem	Maxo

*Source: Ac Nielsen

Our Network

Extensive Distribution Network*

- Products available in 2.9 mn outlets in India as of March 31, 2013
- Directly reaching 1 million outlets
- Strong presence across geographies, Urban and Rural

*Source: Ac Nielsen

Offering Value-for-Money Products to the Common Man

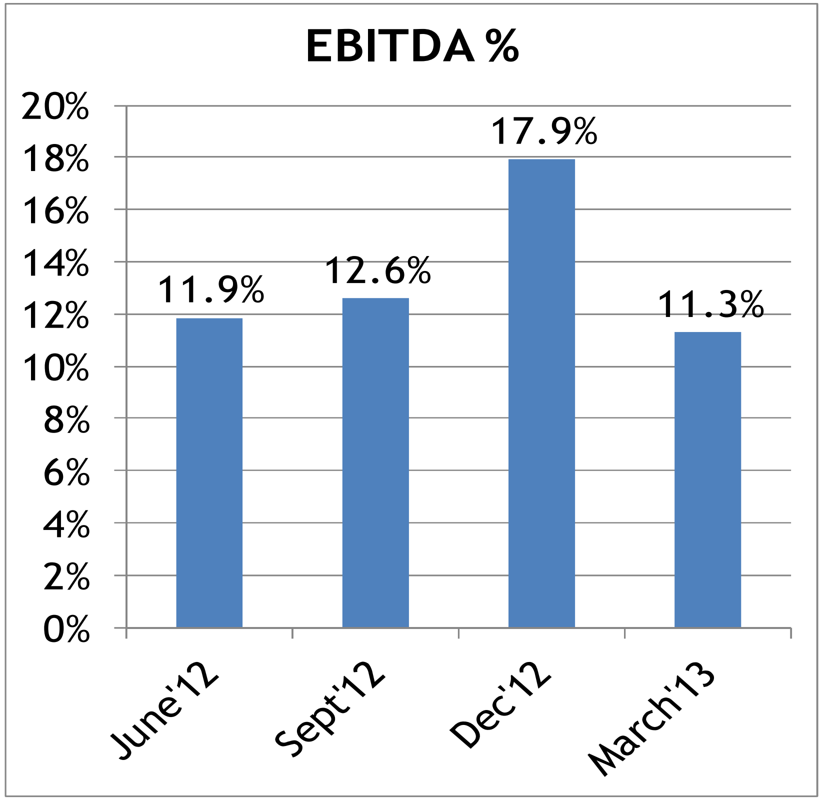
Financial Performance 2012-13

Profit & Loss Account – JLL Standalone Pre Merger

Particulars	Quarter Ended				Year ended	Year ended
	31-03-13	31-12-12	30-09-12	30-06-12	31-03-2013	31-03-2012
Net Sales	24,314	20,378	17,783	20,986	83,461	66,278
Other Income - Operating	(80)	74	23	24	41	19
Total Income	**24,233**	**20,452**	**17,805**	**21,010**	**83,501**	**66,297**
Cost of Goods Sold	14,492	11,117	9,065	12,308	46,981	37,259
Employee cost	2,319	2,269	2,355	2,242	9,186	7,802
Advertisement and Sales Promotion expense	1,391	1,069	1,592	1,633	5,684	4,283
Other expenditure	3,275	2,346	2,554	2,338	10,513	8,686
EBITDA	**2,756**	**3,651**	**2,239**	**2,490**	**11,136**	**8,266**
EBITDA % to Net Sales	**11.3%**	**17.9%**	**12.6%**	**11.9%**	**13.3%**	**12.5%**
Depreciation and Impairment	377	325	330	336	1,368	1,703
Interest	1,713	1,719	1,648	1,486	6,566	1,943
Other Income - Non Operating	1,927	1,725	1,637	1,624	6,914	5,701
Profit before Prior Period	**2,593**	**3,332**	**1,899**	**2,292**	**10,115**	**10,322**
Prior Period Item	183				183	
Profit Before Tax	**2,410**	**3,332**	**1,899**	**2,292**	**9,932**	**10,322**
Profit After Tax	**2,051**	**2,606**	**1,527**	**1,762**	**7,946**	**8,352**

In Rs. Lacs

EBITDA Analysis - Quarterly



- EBITDA improvement in Q3
- Q4 EBITDA low due to change in product sales mix

Product	Q4 2011-12	Q4 2012-13
Ujala Fabric Whitener	24%	15%
Maxo	28%	26%
Others	48%	59%

- One time write offs in Q4 – 500 lakhs – approx (Impact 2% on EBITDA)
- Reduction in Supply of Ujala for almost 45 days - Paving way to launch New Shrink Packaged Ujala (Impact of 5% on EBITDA)

Profit & Loss Account – JLL Post Merger

Particulars	Year Ended - March 2013				Year Ended March 2012
	JLL	JCPL	Elimination	JLL -Post Merger	JLL
Net Sales	83,461	31,434	(13,157)	1,01,738	66,278
Other Income - Operating	41	95		136	67
Total Income	**83,501**	**31,530**	**(13,157)**	**1,01,874**	**66,345**
Cost of Goods Sold	46,981	22,783	(13,157)	56,607	37,259
Employee cost	9,186	1,870		11,056	7,802
Advertisement and Sales Promotion expens	5,684	2,657		8,341	4,283
Other expenditure	10,513	2,998		13,511	8,686
EBITDA	**11,136**	**1,222**	**-**	**12,359**	**8,314**
EBITDA % to Net Sales	**13.3%**	**3.9%**	**0.0%**	**12.1%**	**12.5%**
Depreciation and Impairment	1,368	4,796		6,165	1,703
Interest	6,566	1,978	(1,978)	6,566	1,943
Other Income - Non Operating	6,914	23	(1,978)	4,959	5,654
Profit before Prior Period	**10,115**	**(5,529)**	**-**	**4,587**	**10,322**
Prior Period Item	183	-		183	
Profit Before Tax	**9,932**	**(5,529)**	**-**	**4,404**	**10,322**
Tax	1,986	(1,986)		-	1,970
Profit After Tax	**7,946**	**(3,542)**	**-**	**4,404**	**8,352**
EPS				**2.65**	**5.18**

In Rs. Lacs

Jyothy LABORATORIES LIMITED

Results – Quarter after Merger Impact

Particulars	Quarter Ended			Standalone Year Ended		Consolidated Year Ended	
	31-03-13	31-12-12	31-03-12	31-03-13	31-03-2012	31-03-13	31-03-2012
Net Sales	27,212	23,280	21,883	1,01,738	66,278	1,10,415	91,262
Other Income - Operating	40	37	52	136	67	181	38
Total Income	**27,252**	**23,316**	**21,935**	**1,01,874**	**66,345**	**1,10,596**	**91,300**
Cost of Goods Sold	15,536	12,023	13,244	56,767	37,259	58,436	50,299
Employee cost	2,299	2,867	1,546	11,056	7,802	13,048	11,367
Advertisement and Sales Promotion	2,180	1,606	1,013	8,181	4,283	9,554	6,952
Other expenditure	3,859	3,188	2,443	13,496	8,686	16,592	14,274
EBITDA	**3,378**	**3,633**	**3,690**	**12,374**	**8,314**	**12,967**	**8,409**
EBITDA % to Net Sales	**12.4%**	**15.6%**	**16.9%**	**12.2%**	**12.5%**	**11.7%**	**9.2%**
Depreciation and Impairment	1,576	1,524	343	6,165	1,703	2,243	2,465
Interest	1,751	1,719	1,338	6,608	1,943	6,822	2,383
Other Income - Non Operating	1,314	1,289	1,474	4,985	5,654	520	2,273
Profit before Prior Period	**1,365**	**1,679**	**3,483**	**4,586**	**10,322**	**4,422**	**5,834**
Prior Period Item	183	-	-	183	-	4,298	-
Profit Before Tax	**1,182**	**1,679**	**3,483**	**4,404**	**10,322**	**124**	**5,834**
Tax	-	-	690	-	1,970	(1,487)	1,993
Profit After Tax	**1,182**	**1,679**	**2,793**	**4,404**	**8,352**	**1,611**	**3,841**

In Rs. Lacs

Amortisation of Goodwill & Brand

Rs. In lakhs

Item	Asset Created on Merger	Amortisation taken in March 31, 2013 (10 Years)
Brand	303,66	3,036
Goodwill on Merger	14,339	1,434
Total	**44,705**	**4,470**

Charge of Rs. 4470 lakhs will be there in financials for next 10 years

This will be tax effecient

Merger Accounting Impact

Standalone	Consolidation
• Merger accounted under purchase method at fair values • Brand recognised – 303 crores • Resulting Goodwill – 143 crores • Additional amortisation (depreciated over 10 years) during the year 44.70 crore – non cash • No impact on EBITDA or Cash Profits • EPS lower due to non-cash expense	• No impact on CFS since subsidiary was already consolidated in the previous year • CFS continues at book values • Hence no amortisation in CFS • Fair value exercise for merger resulted in certain assets being written off, same recorded as prior period in CFS • One time impact of prior period charges in EPS • EBITDA and Cash Profits continue to be strong

In Rs. Lacs

Merger Impact

Particulars	Amount in lacs
Revenue	101737
EBITDA	12374
Cash Profit before tax	10751
Depreciation/Amortisation	6165
PAT	4404
Cash Profit	10569

Debt Status – March 31, 2013

Particulars	31/03/13	31/12/12	30/09/12
Term Loan from Axis Bank (Tenure – 5 years starting from January 27, 2012 @ 11.25%)	430	430	430
Working Capital – 11.5% from Axis Bank	62	64 8	83
Commercial Paper @ 10.95%	25	25	25
Commercial Paper (@ 9.3% to 9.5%)	40	40	65
Non Convertible Debenture @ 10.25%	50	50	-
Total	607	617	603

Note:-

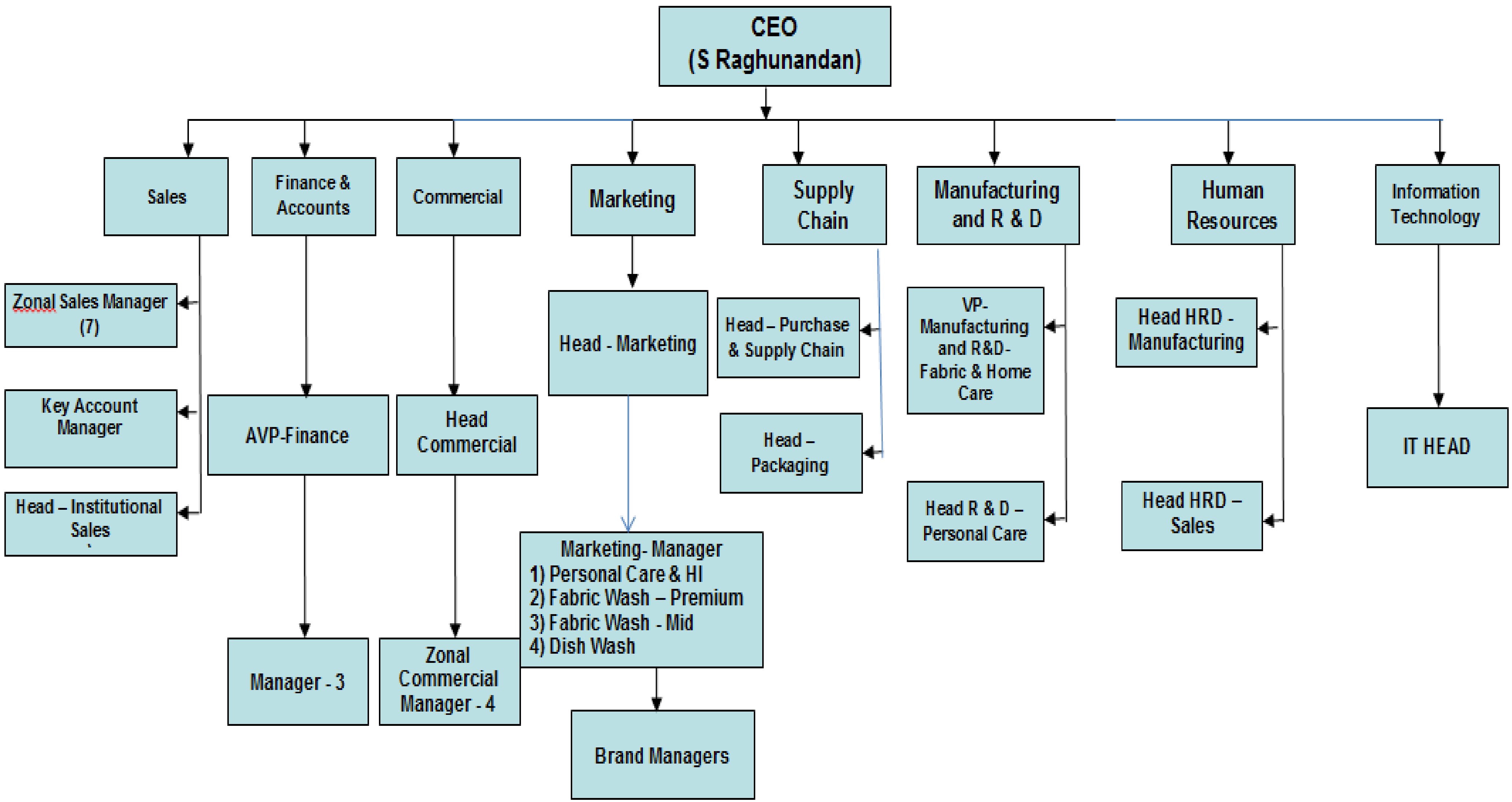
1. *Reserves as on March 31, 2013 – Rs. 749 crore*
2. *Debt Equity Ratio - 0.81*
3. *As on date debt is Rs. 542 crore*

Rs. In cr

Business Initiatives

Jyothy LABORATORIES LIMITED

Management Team – Organisational Structure



New Management Team

Designation	Age (yr)	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 Care	31	7 years of experience in Paras, RBI, HDFC Bank, Pepsico
Marketing Manager – Utensil Care	35	12 years of experience in Tata Global, Mahindra & Mahindra
Head R & D – Personal Care	43	19 years of experience in Marico, Paras, Embay
Head – Legal	36	11 years of experience in Marico, HUL, Johnson & Jonhnson

Business Model

- New Management team in place (Team of 15)
- Integration of sales and distribution with Henkel completed
- Consolidation of Distribution network – 1700 distributors in Urban and 200 Super Stockists & 2000 Sub Stockists in Rural across the country

Urban

Company → C & F → Stockist → Market

Rural

Company → C & F → Super - Stockist → Sub - Stockist → Market

Business Model – Drive Efficiency

Other Initiatives

- Better sourcing and Packaging. Expected savings 2%
- Supply Chain project to improve working capital management. Start Jan. 2013
- New Manufacturing Strategy being prepared
- New brand strategy implementation underway
- Rationalised channel margins to improve GM 4%
- Moving Depot to C&F: Savings 2%

General Trade – Led by Zonal Sales Manager (ZSM)

Sales Geography: 7 Zones

- NORTH 1 - Delhi, Uttar Pradesh, Uttarakhand and Nepal
- NORTH 2 - Rest of North viz. Punjab, HP, J&K, Haryana & Rajasthan
- EAST 1 - Bihar, Jharkhand & West Bengal
- EAST 2 - Orissa and North Eastern States
- WEST – Maharashtra, MP, Chattisgarh, Goa and Gujarat
- SOUTH I – Kerala
- SOUTH II - Andhra Pradesh, Karnataka and Tamilnadu

General Trade – Way Forward

- Focus on implementation of the Integration process by ZSM's
- Automation of Secondary Sales and Order booking: Secondary Sales software started 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

Manufacturing strategy – Progress Update

Consolidation of Manufacturing Units	Currently capacity utilization across units is around 40%
	Least cost sourcing model. Now fewer units running with ~ 70% capacity utilization, supported /complemented by 3P units or low cost own units
	Balances benefits of scale in own factories and outsourcing
	Layouts & Hardware reorganized in some units for reducing operational costs

Manufacturing strategy – Progress Update

Cost competitiveness	Improving operational efficiencies	Higher capacity utilization to reduce cost / ton of product manufactured	Maximize production in fiscal benefit factories. Internal benchmarking of costs across units and improvement plans.
		Cost reduction initiatives for 2013-14	Reduce power & fuel costs by 15-20% in coils manufacture Automation to reduce manpower costs by 25%.
	Capacity debottlenecking	Highest ever production achieved this year both for spray dried powder in Karaikal (60T in one day) and for Exo round bars in Ponchicherry (>1,00,000 cs in a month)	

Supply Chain Project

- Project Objective : Sales & operations planning redesign and plan visage implementation

Long Term Network Planning

↓

Annual Business Planning

↓

Strategic

Demand Forecasting and Sales Planning

Tactical

Material Planning Medium Term (Months)	↔	Production Planning Medium Term (Months)	↔	Inventory Planning Medium Term (Months)	↔	Distribution Planning Medium Term (Months)
↓		↓		↓		↓
Material Delivery Scheduling Short Term (Days)		Production Scheduling Short Term (Days)		Inventory Deployment Short Term (Days)		Dispatch Planning Short Term (Days)

Operational

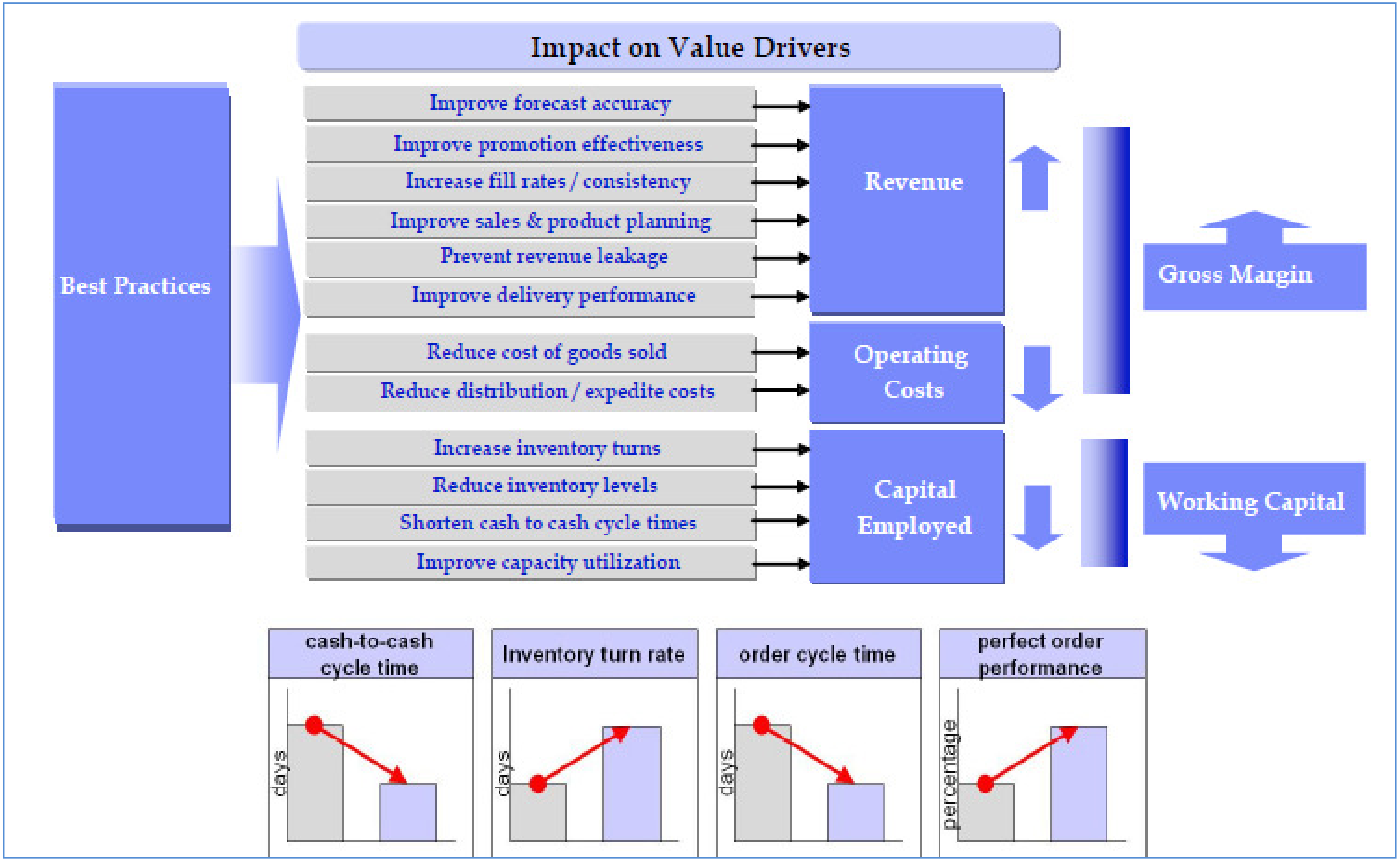
Sales & Operations Planning

Medium Term Supply Planning

Short Term Supply Planning

A robust S&OP process will have direct impact on revenue and cost value drivers

Direct Impact of Improving S&OP processes



Our Power Brands

Jyothy LABORATORIES LIMITED

Introducing
New Ujala Detergent with
IBF 100

Henko


New
Henko
Stain Champion
Oxygen Power
GENTLE
STAIN REMOVAL

Exo Wins Product of the Year 2013

No. 1

Anti-Bacterial EXO®
With Cyclozan®
ROUND

VOTED PRODUCT OF THE YEAR®
Consumer Survey of
Product Innovation
2013

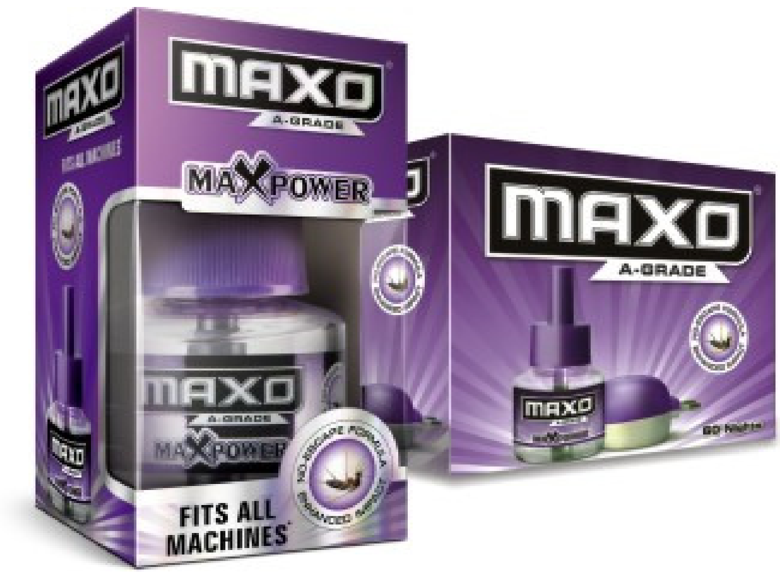
Winner Dish Wash Category. Survey of over 18,000 people by Nielsen

PRIL


Pril
PERFECT
Active+
Molecules
Pril
PERFECT
Sparkling Fresh
Lemon Burst
Utensil Cleaner Concentrate

MAXO®

A-GRADE


MAXO
A-GRADE
MAXPOWER
FITS ALL MACHINES


MAXO
A-GRADE
8 HOUR PROTECTION


MAXO
A-GRADE
8 HOUR PROTECTION

Margo®
ANTI-BACTERIAL NEEM

Fa® feel fantastic

Business Turnaround Plan Status Update

Committed on May 23, 2012	Status
Appoint a Special Task Force at Key positions including CEO, Marketing head and Supply Chain	Appointment of CEO and other key managers
Change top management – retain select middle managers handling brands and distribution	New Zonal Sales Managers and Category heads hired
Remove current advertising agencies	Ujala, Maxo & Exo have new Ad Agencies
Increase retail prices across products appropriate to their positioning	MRP corrections done in line with Market
Remove all sales promotions and offers	Rationalised trade margins and sales promotions and plough back the same in Brand building
Recruit a fresh field force of 200 sales persons	Zonal Sales Managers and Area Managers Hired,thereby frontline filed force strenthened
Focus on South & East based stockists / distributors in the first phase and increase their productivity based incentives	New Distribution structure in place
Transfer all manufacturing to single low-cost contract manufacturer / Jyothy's tax free facilities	New manufacturing strategy initiated
Re-launch brands with new creative and positioning in a phased manner	Significant effort made in all Brands having new creatives. Implementation of new strategy underway with more spends

Priorities and Way Forward

Focus for the year 2012-13 was on

- Creating new organisation structure
- Integrating Henkel with Jyothy and realising synergies
- Business Model re-engineering to improve profitability by focusing on the entire value chain
- Crafting a New Brand Strategy

Way Forward

- Achieve topline growth 5% in excess of FMCG industry
- Strengthen Brands and improve Brand salience and target to spend 10% of revenues on television
- Target EBITDA to 15% of consolidated revenues as against 12% in FY 2013

Thank You