

Analyst Call

October 22, 2013



Jyothy LABORATORIES LIMITED

Agenda

Company Overview

Financial Performance: Q2FY14

- Results
- Analysis

New Business Initiatives

- Key Initiatives – Q2FY14
- Key Initiatives FY14

Company
Overview



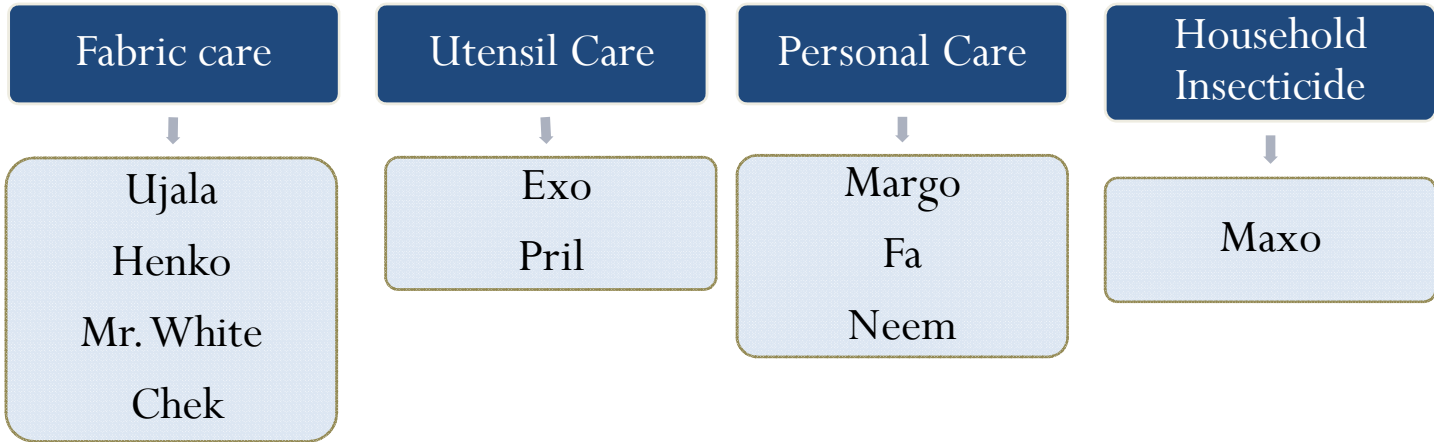
About us

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 71%* market share, Ujala continues its dominance in fabric whitener market

Our brands



*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
Q2 FY14
&
H1 FY14



Results - Profit & Loss

Particulars	Quarter Ended			Half Year Ended		Year Ended
	30.09.2013	30.06.2013	30.09.2012	30.09.2013	30.09.2012	31-03-13
Net Sales	30,592	31,819	22,983	62,411	51,105	1,01,738
Other Income - Operating	17	96	31	114	58	136
Total Income	30,609	31,915	23,014	62,524	51,163	1,01,874
Cost of Goods Sold	16,249	16,811	12,416	33,060	29,182	56,767
Employee cost	2,856	3,049	2,969	5,905	5,728	11,056
Advertisement and Sales Promotion expense	2,960	3,868	2,268	6,828	4,557	8,181
Other expenditure	4,277	3,326	3,228	7,603	6,312	13,496
EBITDA	4,266	4,862	2,133	9,128	5,384	12,374
EBITDA % to Net Sales	13.9%	15.3%	9.3%	14.6%	10.5%	12.2%
Depreciation and Impairment	418	404	419	822	839	1,695
Amortisation of Brand & Goodwill	1,127	1,115	1,111	2,241	2,226	4,470
Finance Cost	1,793	1,666	1,648	3,459	3,138	6,608
Other Income - Non Operating	1,315	1,286	1,177	2,601	2,362	4,985
Profit Before Prior Period Item and tax	2,243	2,963	132	5,206	1,543	4,586
Prior Period/Exceptional Item	137	93	-	230	-	183
Profit before Tax	2,106	2,870	132	4,976	1,543	4,404
Tax	19	-	-	19	-	-
Profit After Tax	2,087	2,870	132	4,957	1,543	4,404

Highlights for Q2 FY2014

Sales growth of 33%. 8% by price and 25% by volume.

Advt. and Sales Promo exp. for the quarter Rs 30 crore increase of 31%.

A&P Ratio 9.68% of Net Sales

Gross Margin stands at 47% as compared to 46% in last year same period

EBITDA improved to 13.9% of Net Sales from 9.3% in last year same period

PAT stands at Rs. 2087 lacs as compared to 132 lacs in last year same period

Cash Profit for the quarter at Rs 36.3 crore

Media Investment positive; Whole portfolio performance strong; All POWER Brands in a growth trajectory.

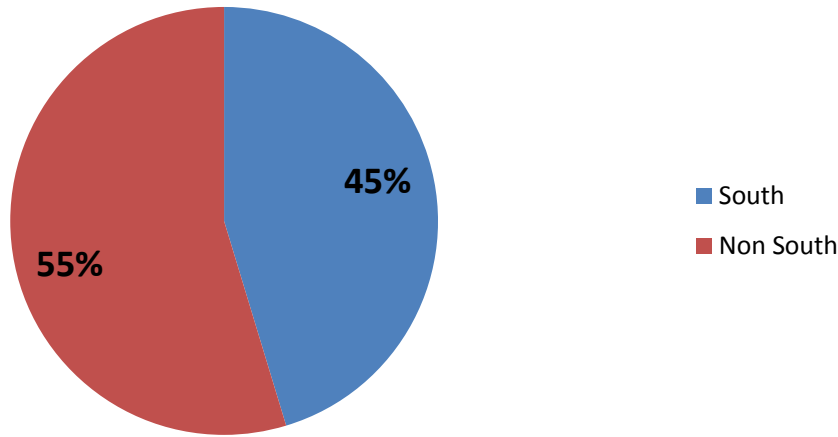
Detergent Business growth slower than other categories; intense price/promotion war in category

New Campaign in Ujala with tag line of “Safedi Ke Aage Ujala” being well received and the re-launch of Ujala helping brand to grow volumes in the quarter.

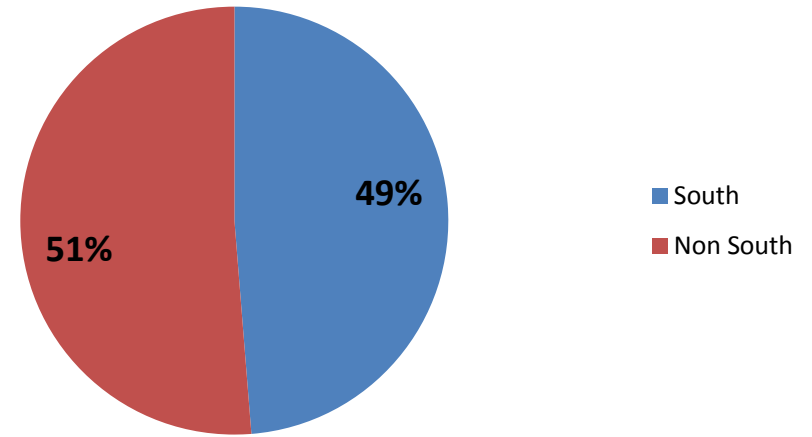
67% of media investments in Non-South markets; 125% increase in Media investment; Non-South Market growing at 42%

Thrust on Regional Brands becoming National

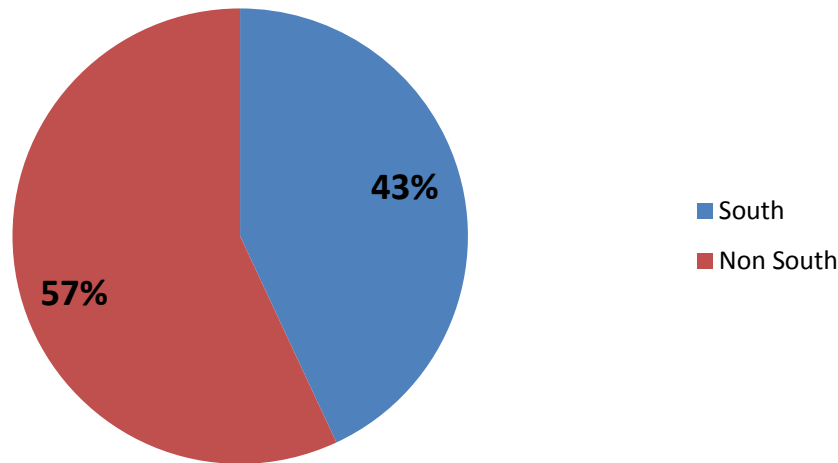
Q2FY2014



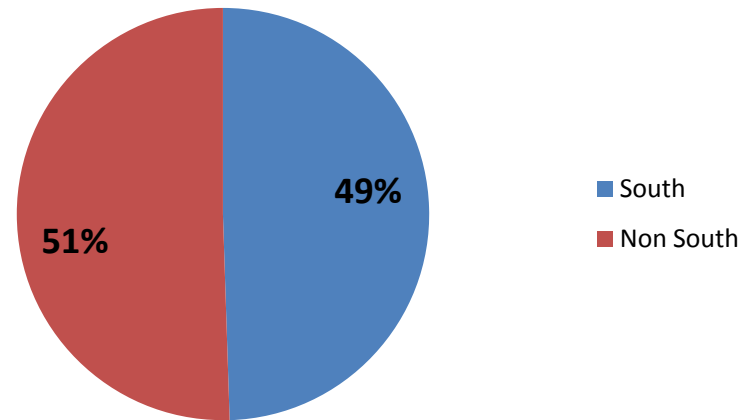
Q2FY2013



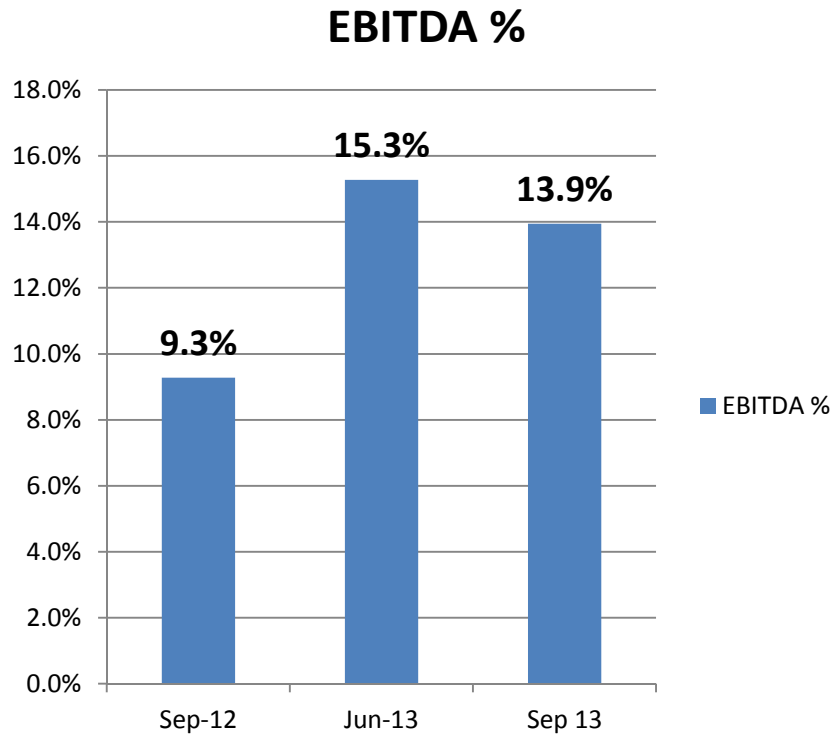
H1FY2014



H1FY2013



EBITDA Analysis - Quarterly



- Improvement in EBITDA in current Quarter as compared to last year same period is sales mix in favour of ujala and margin efficiency drives.
- Decrease in EBITDA in Q2 as compared to Q1 of FY 2013-14 is sales mix in favour of lower margin products like Maxo

Product	Q2 FY 2012-13	Q1 FY 2013-14	Q2 FY 2013-14
Ujala Fabric Whitener	15%	20%	20%
Maxo	17%	11%	17%
Others	68%	69%	63%

EBITDA Improvement

Particulars	In %		
	Q2FY14 vs Q2FY13	Q2FY14 vs Q1FY14	H1FY14 vs H1FY13
EBITDA % - Previous period	9.3	15.3	10.5
Other Operating Income	(0.1)	(0.2)	0.1
Gross Margin	0.9	(0.3)	4.1
Employee Cost	3.6	0.2	1.7
Advertisement & Sales Promotion	0.2	2.5	(2.0)
Other Expenditure	0.1	(3.5)	0.2
EBITDA % - Current period	13.9	13.9	14.6

Sales Analysis

Segmentwise Sales Growth

Segment	2013-14	2012-13	Growth %
Soaps & Detergent	22,752	16,828	35%
Home Care	7,761	5,683	37%
Other Products	439	478	-8%
Total	30,952	22,989	35%
Less: Inter Segment Revenue	-360	-6	
Net Sales	30,592	22,983	33%

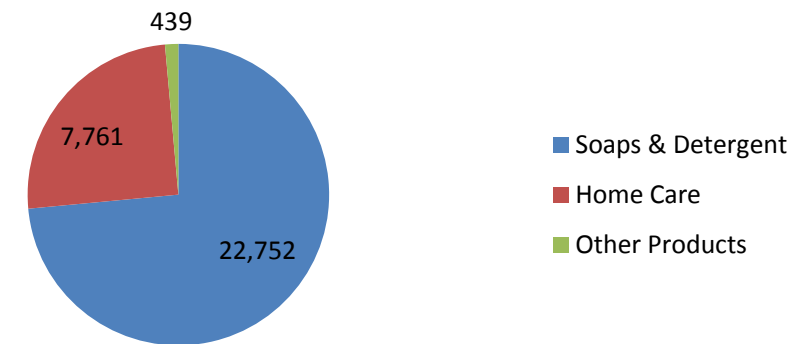
Soaps & Detergents include Fabric Wash, Dish Wash Bar, Beauty Soap

Home Care includes Household insecticide, Incense sticks, Scrubber

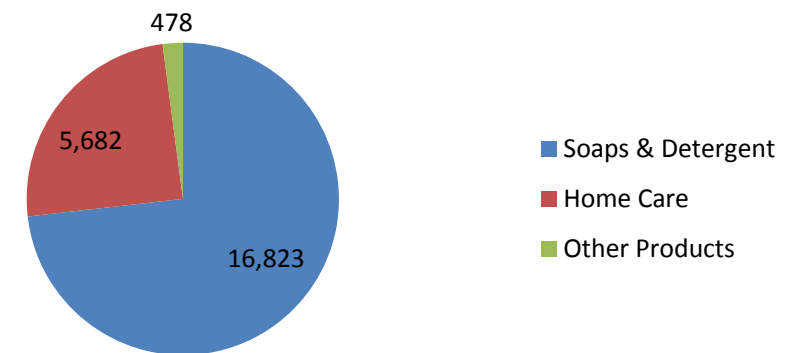
Others includes Body care

Segment wise Sales Contribution

Sales - Sep' 13



Sales - Sep' 12



Increase in Advertisement Expenditure

Particulars	Q2 2013-14	Q2 2012-13	% Increase
Advertisement Expenses	1,996	1,632	22%
Sales Promotion	964	636	52%
Total	2,960	2,268	31%
% of Sales	9.68%	9.87%	

Particulars	H1 2013-14	H1 2012-13	% Increase
Advertisement Expenses	4,950	3,124	58%
Sales Promotion	1,878	1,433	31%
Total	6,828	4,557	50%
% of Sales	10.94%	8.92%	

Cash Profit

In Rs. Lacs

Particulars	Q2 FY14	H1 FY14
Revenue	30,592	62,411
EBITDA	4,266	9,128
PAT	2,087	4,957
Depreciation	418	822
*Amortisation	1,127	2,241
Cash Profit	3,632	8,020

***Charge of Rs. 4470 lakhs (every year) will be there in financials for next 9 years**

This will be tax deductible

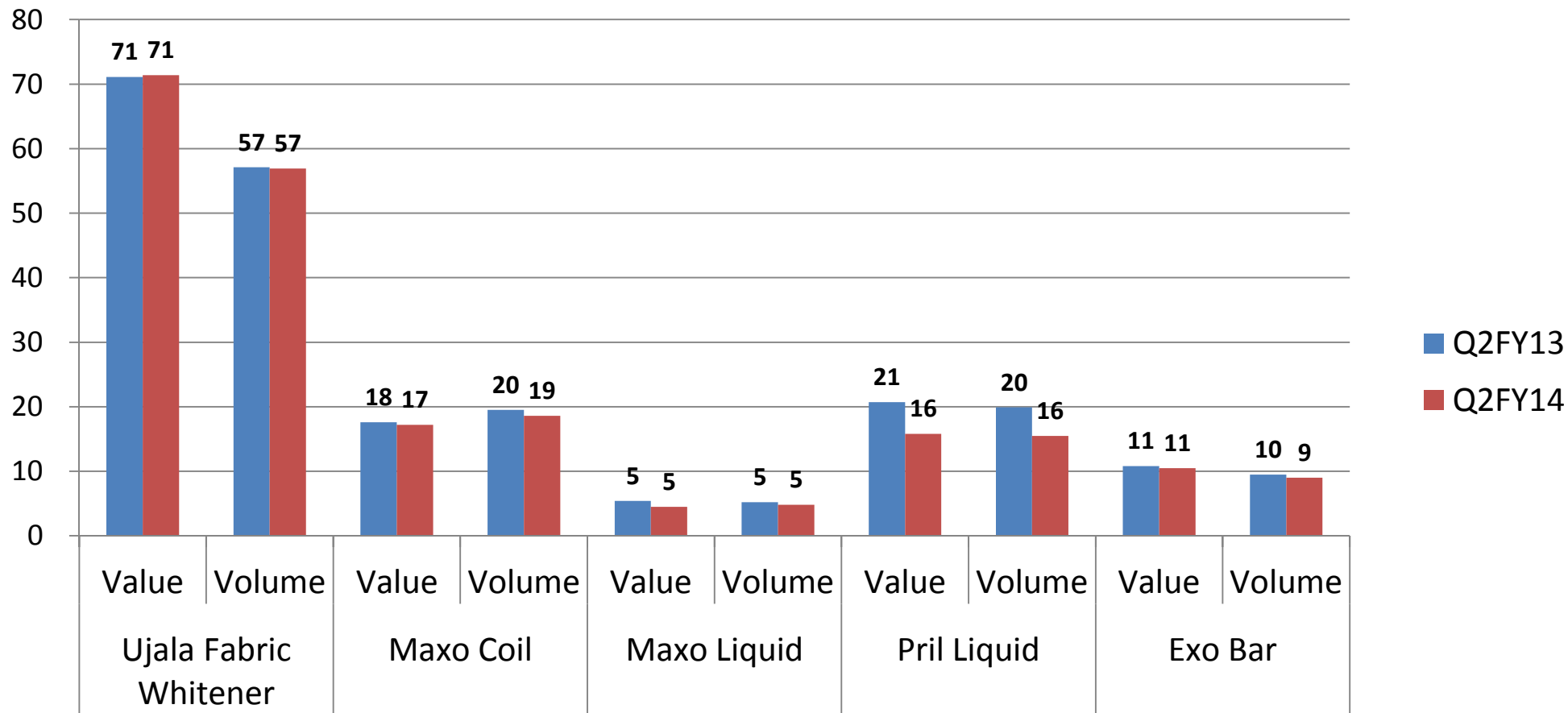
Debt Status – September 30, 2013

Particulars	30/09/13	31/03/13
Term Loan from Banks (Tenure – 5 years starting from January 27, 2012 @ 11.25%)	396	430
Working Capital – 11.5% from Axis Bank	104	62
Short Term Loan from Banks	20	-
Commercial Paper @ 10.95%	-	25
Commercial Paper (@ 9.3% to 9.5%)	-	40
Non Convertible Debenture @ 10.25%	50	50
Non Convertible Debenture @ 9.65%	65	
Total	635	607

Note:-

1. Reserves as on September 30, 2013 – Rs. 756 crore
2. Debt Equity Ratio - 0.66

Market Share – Our Brands



*Source: Ac Nielsen

Brand investments have kicked in from Q1 and impact on Market share will be visible from coming quarters

Business Initiatives



Management Team

New Appointment

Vice President – Sales & Marketing - RAJNIKANT SABNAVIS

B.E & MBA

22 years of experience with HUL in Hair Care, Fabric Care and Personal Care

Bangladesh

Commercial operation started for production of Ujala on August 29, 2013.

R&D Laboratory

R&D Lab operational from 9th July 2013 at Corporate Office

- In house Analytical, Product Appraisal & Microbiological facility operational.
- R&D facility to improve the quality of the product in line with the competitor brands.
- Set up to reduce the innovation turnover time and attract top talent from industry.

Supply Chain Efficiencies

- Centralised the sourcing of Indirect spent items like House Keeping, stationary and courier thru e sourcing.
- Successfully implemented collaborative partnership of primary logistics for North and East Zones thru Enterprise force and expect a cost reduction of Rs50lacs per annum.
- Inventory of FG reduced from 55 days to 47 days
- Partnered with IBM to improve efficiencies in Forecasting/Demand planning and thereby targeting initially an inventory reduction of FG by further 5 days from Jan onwards.
- Systematically implemented right source and sink for FG procurement on Total Delivered Cost basis.

Key Initiatives – 2013-14

- Continue Brand Investments PAN India
- Gain market shares across all Power Brands
- Consolidate Sales & Distribution across India
- Grow detergent business and House Hold Insecticide business through breakthrough innovations

Thank You