

Analyst Meeting

May 22, 2014



Jyothy LABORATORIES LIMITED

Agenda

Company Overview

Financial Performance

- Results for Q4FY14 & FY14
- EBITDA Analysis
- Sales Analysis

Business Initiatives

- Brand Highlights
- Brand Innovation

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 72.5%* market share, Ujala continues its dominance in fabric whitener market

Our brands

Fabric care

Ujala

Henko

Mr. White

Chek

Utensil Care

Exo

Pril

Personal Care

Margo

Fa

Neem

Household
Insecticide

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

What did we achieve 2013-14

Guidance

May 22, 2013

Sales Growth of 20 to 25%

Advt. & SP Expense FY14 8 to 10%

EBITDA of 14 to 15%

Delivery

May 22, 2014

Sales Growth for FY14 23%

Advt. & SP Expense FY14 11%

EBITDA for FY14 13.3%

Financial
Performance
Q4 FY14
&
FY14



Results - Profit & Loss

In Rs. Lacs

| Particulars | Quarter Ended | | | Year Ended | |
|---|---------------|------------|------------|------------|------------|
| | 31.03.2014 | 31.12.2013 | 31.03.2013 | 31.03.2014 | 31.03.2013 |
| Net Sales | 32,991 | 29,699 | 27,212 | 1,25,511 | 1,01,738 |
| Other Income - Operating | 350 | 44 | 85 | 507 | 181 |
| Total Income | 33,341 | 29,743 | 27,297 | 1,26,018 | 1,01,919 |
| Cost of Goods Sold | 18,876 | 15,724 | 15,536 | 67,660 | 56,767 |
| Employee cost | 3,082 | 2,878 | 2,457 | 11,866 | 11,056 |
| Advertisement and Sales Promotion expense | 3,960 | 2,748 | 2,022 | 13,536 | 8,181 |
| Other expenditure | 4,082 | 4,153 | 3,857 | 16,247 | 13,471 |
| EBITDA | 3,341 | 4,240 | 3,425 | 16,709 | 12,444 |
| EBITDA % to Net Sales | 10.1% | 14.3% | 12.6% | 13.3% | 12.2% |
| Depreciation and Impairment | 426 | 442 | 461 | 1,690 | 1,695 |
| Amortisation of Brand & Goodwill | 1,115 | 1,115 | 1,115 | 4,470 | 4,470 |
| Finance Cost | 405 | 1,447 | 1,751 | 5,311 | 6,608 |
| Other Income - Non Operating | 1,522 | 1,501 | 1,267 | 5,623 | 4,915 |
| Profit Before Prior Period Item and tax | 2,917 | 2,738 | 1,365 | 10,860 | 4,586 |
| Prior Period/Exceptional Item | - | - | 183 | 230 | 183 |
| Profit before Tax | 2,917 | 2,738 | 1,182 | 10,630 | 4,404 |
| Tax | - | - | - | 19 | - |
| Profit After Tax | 2,917 | 2,738 | 1,182 | 10,611 | 4,404 |

Results - Consolidated

In Rs. Lacs

| Particulars | Standalone | | Consolidated | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 31.03.2014 | 31.03.2013 | 31.03.2014 | 31.03.2013 |
| Net Sales | 1,25,511 | 1,01,738 | 1,31,839 | 1,10,415 |
| Other Income - Operating | 507 | 181 | 547 | 242 |
| Total Income | 1,26,018 | 1,01,919 | 1,32,387 | 1,10,657 |
| Cost of Goods Sold | 67,660 | 56,767 | 69,438 | 58,436 |
| Employee cost | 11,866 | 11,056 | 13,815 | 13,048 |
| Advertisement and Sales Promotion expense | 13,536 | 8,181 | 14,421 | 9,554 |
| Other expenditure | 16,247 | 13,471 | 18,991 | 16,567 |
| EBITDA | 16,709 | 12,444 | 15,721 | 13,053 |
| EBITDA % to Net Sales | 13.3% | 12.2% | 11.9% | 11.8% |
| Depreciation and Impairment | 1,690 | 1,695 | 2,432 | 2,243 |
| Amortisation of Brand & Goodwill | 4,470 | 4,470 | - | - |
| Finance Cost | 5,311 | 6,608 | 5,527 | 6,822 |
| Other Income - Non Operating | 5,623 | 4,915 | 818 | 434 |
| Profit Before Prior Period Item and tax | 10,860 | 4,586 | 8,580 | 4,422 |
| Prior Period/Exceptional Item | 230 | 183 | 395 | 4,298 |
| Profit before Tax | 10,630 | 4,404 | 8,185 | 124 |
| Tax | 19 | - | 64 | (1,487) |
| Profit After Tax | 10,611 | 4,404 | 8,121 | 1,611 |
| Minority Interest (share in loss) | - | - | 22 | 354 |
| Profit After Tax | 10,611 | 4,404 | 8,143 | 1,965 |

Highlights for Q4 FY2014

Sales growth of 21% (15% by volume and 6% by value)

**Advt. & Sales Promo exp. for the qtr - Rs 40 crore increase of 96%.
A&P to Sales Ratio 12%.**

Gross Margin stands at 43% as compared to 43% in last year same period

EBITDA at Rs. 3341 lacs as compared to Rs 3425 lacs in last year same period

PAT stands at Rs. 2917 lacs as compared to 1182 lacs in last year same period

Cash Profit for the quarter at Rs 4458 lacs

Media Investment positive; this trend will continue as we drive brands through innovation

Highlights for 2013-14

Sales growth of 23% (15% by volume and 8% by value)

**Advt. & Sales Promo exp. for the year Rs 135 crore increase of 65%.
A&P to Sales Ratio 11%.**

Gross Margin stands at 46% as compared to 44% in last year same period

EBITDA at Rs. 16709 lacs as compared to Rs 12444 lacs in last year same period

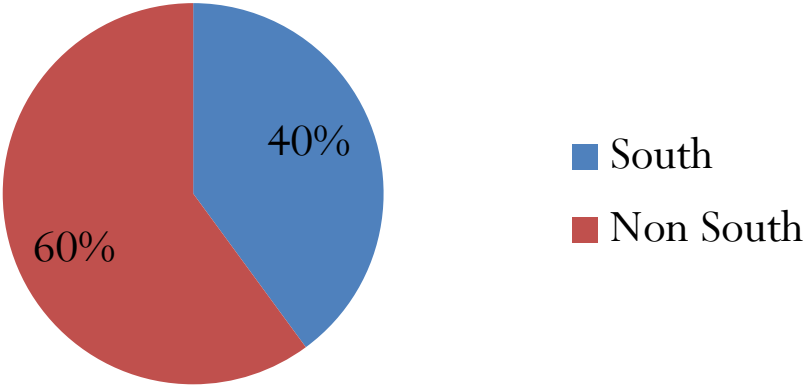
PAT stands at Rs. 10611 lacs as compared to 4404 lacs in last year same period

Cash Profit for the year at Rs 16771 lacs

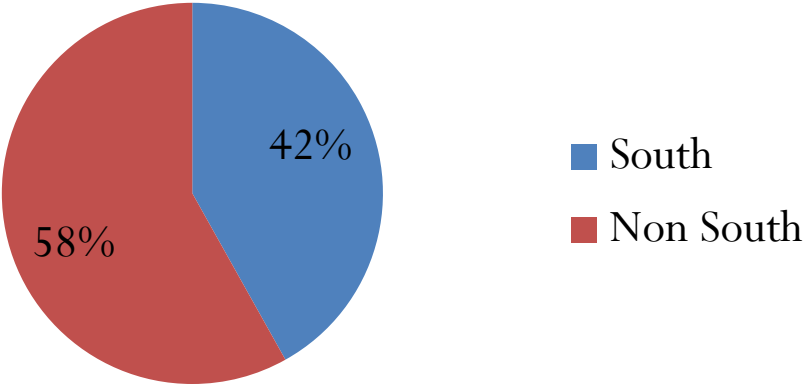
Media Investment positive; Whole portfolio performance strong; All POWER Brands in a growth trajectory.

Thrust on Regional Brands becoming National

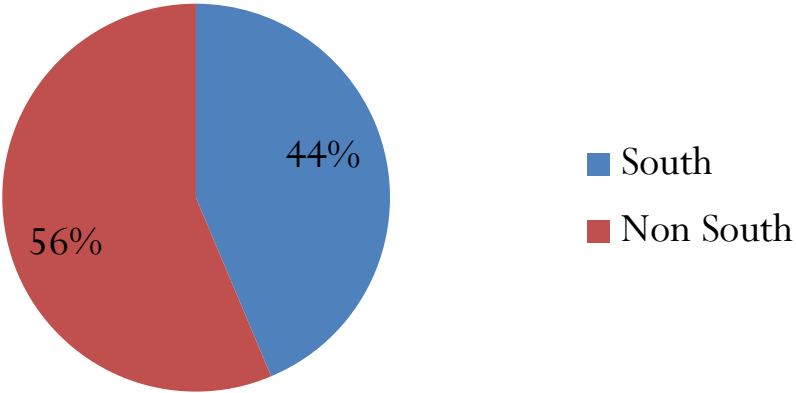
Q4FY2014



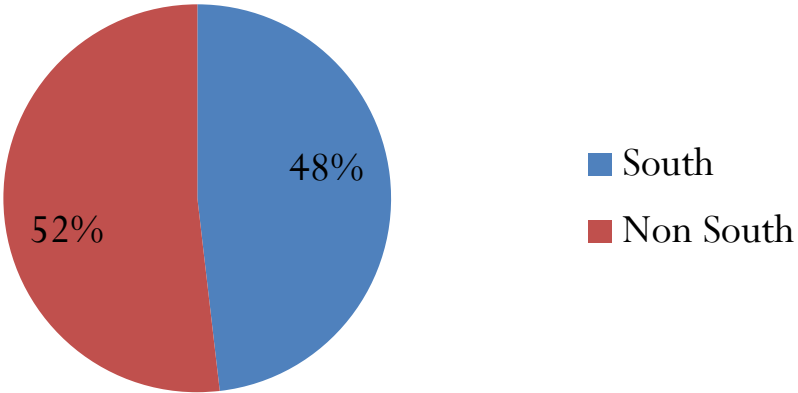
Q4FY2013



FY14

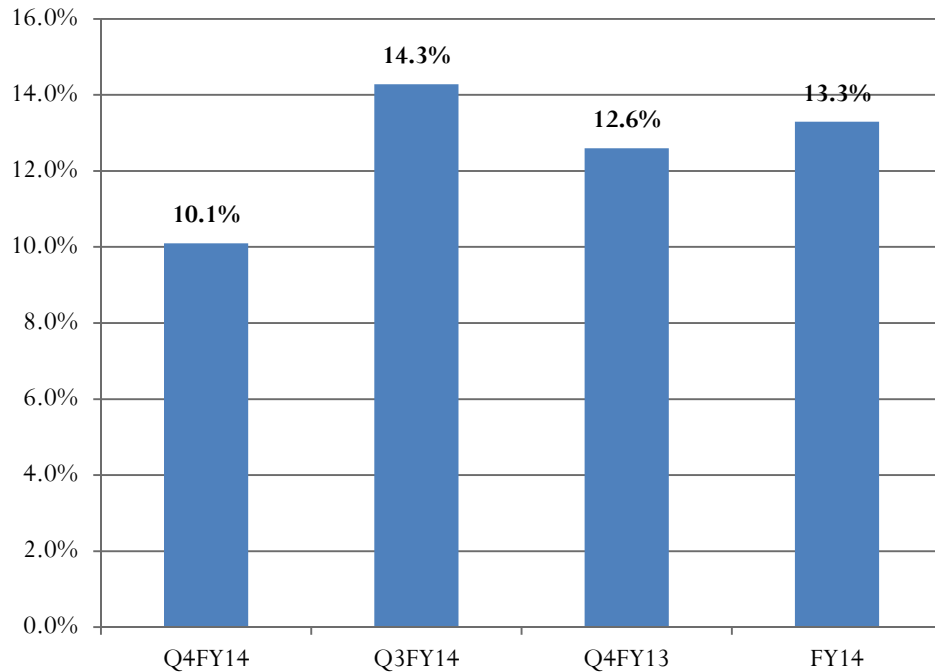


FY13



EBITDA Analysis – FY14

EBITDA %



- Decrease in EBITDA in Q4FY14 as compared to last year same period is due to increase in Advertisement and sales promotion expenses which is partly offset by reduction in other expenses
- FY14 EBITDA is at 13.3% after spending 11% on Advertisement and promotions

| Q1 | Q2 | Q3 | Q4 | FY14 | FY13 | % Increase |
|-------|-------|-------|-------|--------|--------|------------|
| 4,862 | 4,266 | 4,240 | 3,341 | 16,709 | 12,444 | 34.3% |

EBITDA Movement

In %

| Particulars | Q4FY14 vs Q4FY13 | Q4FY14 vs Q3FY14 | FY14 vs FY13 |
|-----------------------------------|------------------|------------------|--------------|
| EBITDA % - Previous period | 12.6 | 14.3 | 12.2 |
| Other Operating Income | 0.7 | 0.9 | 0.2 |
| Gross Margin | (0.1) | (4.3) | 1.9 |
| Employee Cost | (0.3) | 0.3 | 1.4 |
| Advertisement & Sales Promotion | (4.6) | (2.8) | (2.7) |
| Other Expenditure | 1.8 | 1.6 | 0.3 |
| EBITDA % - Current period | 10.1 | 10.1 | 13.3 |

Sales Analysis

Segmentwise Sales Growth

| Segment | Q4FY14 | Q4FY13 | Growth % | FY14 | FY13 | Growth % |
|-----------------------------|---------------|---------------|------------|-----------------|-----------------|------------|
| Soaps & Detergent | 22,777 | 18,295 | 24% | 95,324 | 75,595 | 26% |
| Home Care | 9,906 | 8,393 | 18% | 29,132 | 24,491 | 19% |
| Other Products | 648 | 524 | 24% | 2,265 | 1,659 | 37% |
| Total | 33,331 | 27,212 | 22% | 1,26,721 | 1,01,744 | 25% |
| Less: Inter Segment Revenue | -340 | - | | -1,210 | -6.49 | |
| Net Sales | 32,991 | 27,212 | 21% | 1,25,511 | 1,01,738 | 23% |

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

Home Care includes Household insecticide, Incense sticks & Scrubber

Others includes Body care

Category Wise Sales

| Category | Q4FY14 | Q4FY13 | Growth % | FY14 | FY13 | Growth % |
|--------------------|---------------|---------------|------------|-----------------|-----------------|------------|
| Fabric Care | 13,468 | 10,590 | 27% | 55,219 | 44,349 | 25% |
| Dishwashing | 8,250 | 6,244 | 32% | 34,691 | 27,013 | 28% |
| Mosquito Repellent | 8,321 | 6,770 | 23% | 19,969 | 16,902 | 18% |
| Personal Care | 2,668 | 2,858 | -7% | 13,206 | 10,343 | 28% |
| Other Products | 285 | 750 | -62% | 2,425 | 3,131 | -23% |
| Grand Total | 32,991 | 27,212 | 21% | 1,25,511 | 1,01,738 | 23% |

Cash Profit

In Rs. Lacs

| Particulars | Q4FY14 | FY14 |
|---------------|--------|----------|
| Revenue | 32,991 | 1,25,511 |
| EBITDA | 3,341 | 16,709 |
| PAT | 2,917 | 10,611 |
| Depreciation | 426 | 1,690 |
| *Amortisation | 1,115 | 4,470 |
| Cash Profit | 4,458 | 16,771 |

***Charge of Rs. 4470 lakhs (every year) will be there in financials for next 8 years
This will be tax deductible**

Net Debt Status – March 31, 2014

| Particulars | 31/03/14 | 31/03/13 |
|---|------------|------------|
| Term Loan from Banks @ 11.25% | - | 430 |
| Working Capital – 11.5% from Axis Bank | - | 62 |
| Short Term Loan from Banks | - | - |
| 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 | - |
| Zero Coupon Non Convertible Debenture @ 11% | 400 | - |
| Excess cash/investment in Debt Funds | (115) | - |
| Total | 400 | 607 |

Note:-

1. Reserves as on March 31, 2014 – Rs. 905 crore
2. Debt Equity Ratio - 0.44

Business Initiatives



Brand Highlights FY14

UJALA - Brand Objective & Way Forward

To reinforce the power of Ujala on whites, through consistent brand communication through the year.

To increase volume share in low market share states and drive category growth across all markets.

Reinforce brand value by attributing usage to success.
ATL & BTL communication beginning June 2013

Showcase power of Ujala on whites

Showcase & engage category users with the new sleeve pack;
Consumer activations;
Contests

Drive against local products

Establish the difference in whiteness on usage and non usage of Ujala. Differentiated marketing mix

Drive category growth

Action Steps

Ujala FY14



- ❖ Fabric Whitener Growth : 43 %
- ❖ Backed by Strong media Support
- ❖ Ujala Non South Business Growth: 47 %



Exo in FY14: High Visibility for the Brand

Exo brand to be differentiated on anti-bacterial position

Real life consumer experience of “pest in the kitchen” to evoke the need for an anti-bacterial dishwash product

More communications executed on:

- Exo ‘Round’ Shape as Product-of-the-Year. Property - ‘India’s Dancing SuperStar’ Powered by Exo DishWash
- Exo Safai – Super Steel & Heavy Duty Scrubbers.
- High Frequency activity - Exo Promotions (eg. Scrubber free with 300gm + Roll).

Overarching strategy to make Exo a national brand.

Exo FY14

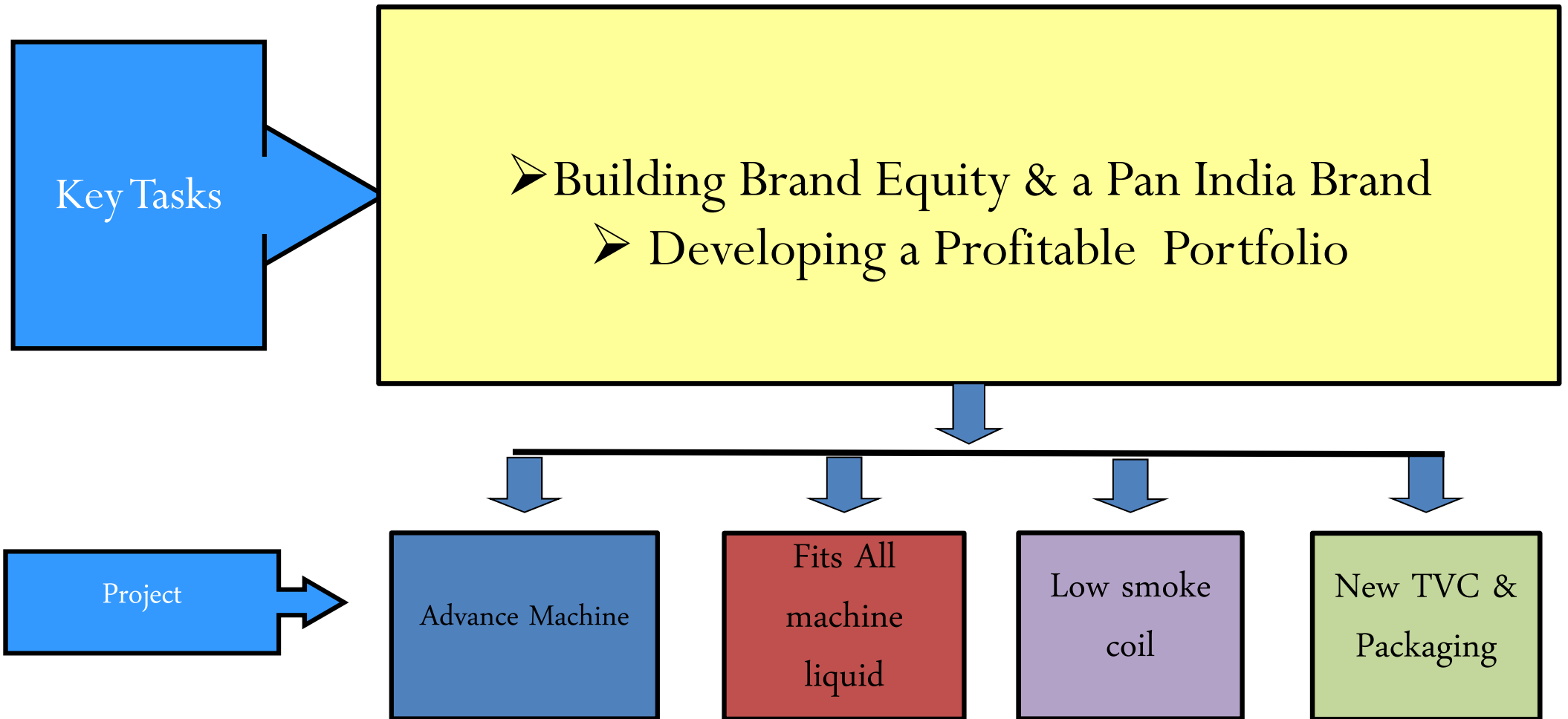
No.



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

- ❖ Brand Growth - 29 %
- ❖ Non South Business Growth - 74 %

Maxo 13-14 Approach



Maxo FY14



- ❖ Liquid Vaporiser business Growth : 95 %
- ❖ Profitable (40% GM)
- ❖ High Growth Segment (18%- 2 year CAGR)

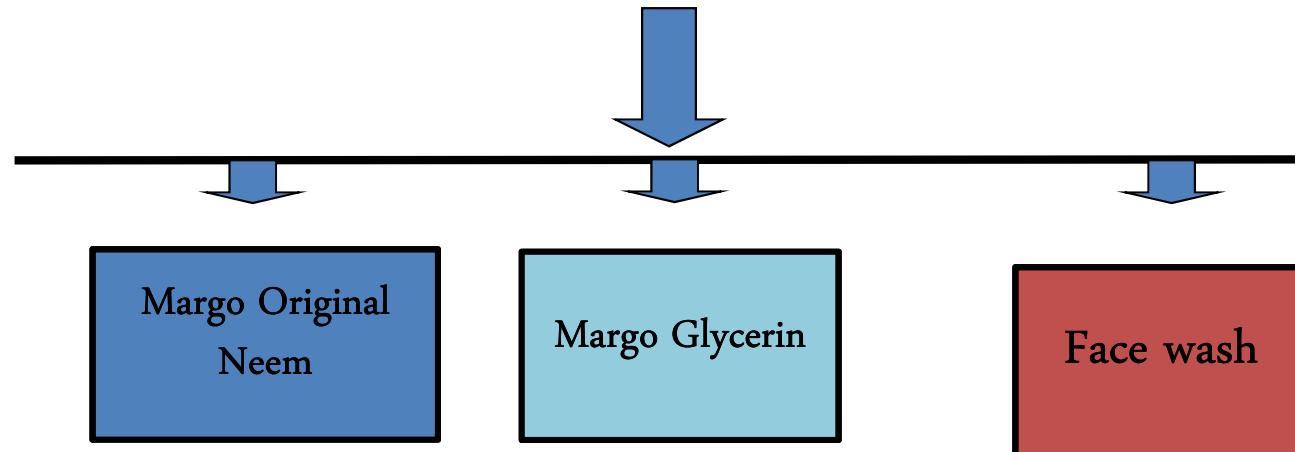
Improved Margin profile on Coils

Innovation pipeline in place on LV machine

Margo 13-14 Approach

Key Task

- Grow Margo Core by Expanding Geography (Pan India)
 - Leveraging Equity to go beyond Core



Margo FY14



- ❖ Margo Growth: 28 %
- ❖ Profitable brand: 43 % GM
- ❖ Non South Business Growth: 27%

Strong Innovation Pipeline in Place - Glycerine Soap & face Wash

Pril: - The Approach For Year FY 2014....

Communication Approach for FY14-

- Clutter breaking Communication showcasing Superior Benefits from use of Pril
 - Scenes from a happy marriage.
 - Regular Indian upper middle class Imagery.
 - Progressive couple indulging in 'friendly husband-wife banters'.
- Benefit communicated –
 - Dishes get done faster due to Superior Degreasing properties of Pril
 - Emotive Benefit - More time with your beloved

'Bartan Chamkein aur Ristein bhi'

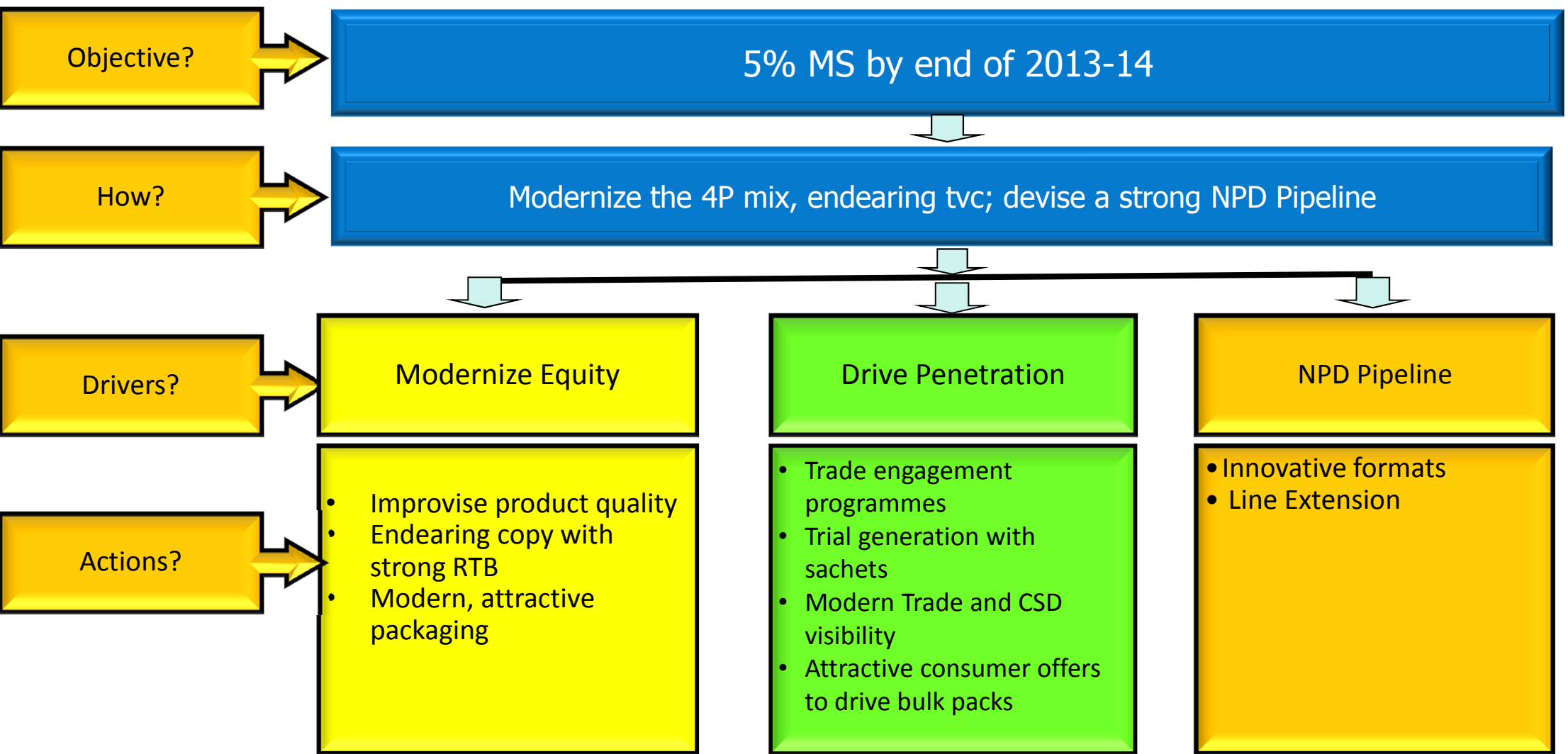
Pril FY14



- ❖ Brand Growth: 26 %
- ❖ Profitable: 33% GM
- ❖ Non South Business Growth: 29 %



Henko Way Forward 2014



Henko FY14



- ❖ Brand Growth: 17 %
- ❖ Profitable: 28% GM
- ❖ Non South Business Growth: 28 %

Overview :Brand & Innovation FY 15

Structure

- Opportunities & Initiatives
 - Ujala
 - Dishwash
 - Household Insecticide
 - Skin Cleansing
 - Laundry

Ujala

1. Opportunity on Core
~550 Cr Market - stagnant

2. Opportunity to tap into adjacent post wash Markets

~50 Cr Market - stagnant

Share Growth

Winning against low cost Competition

Market Expansion

Grow user base

Market Expansion in Select Geographies

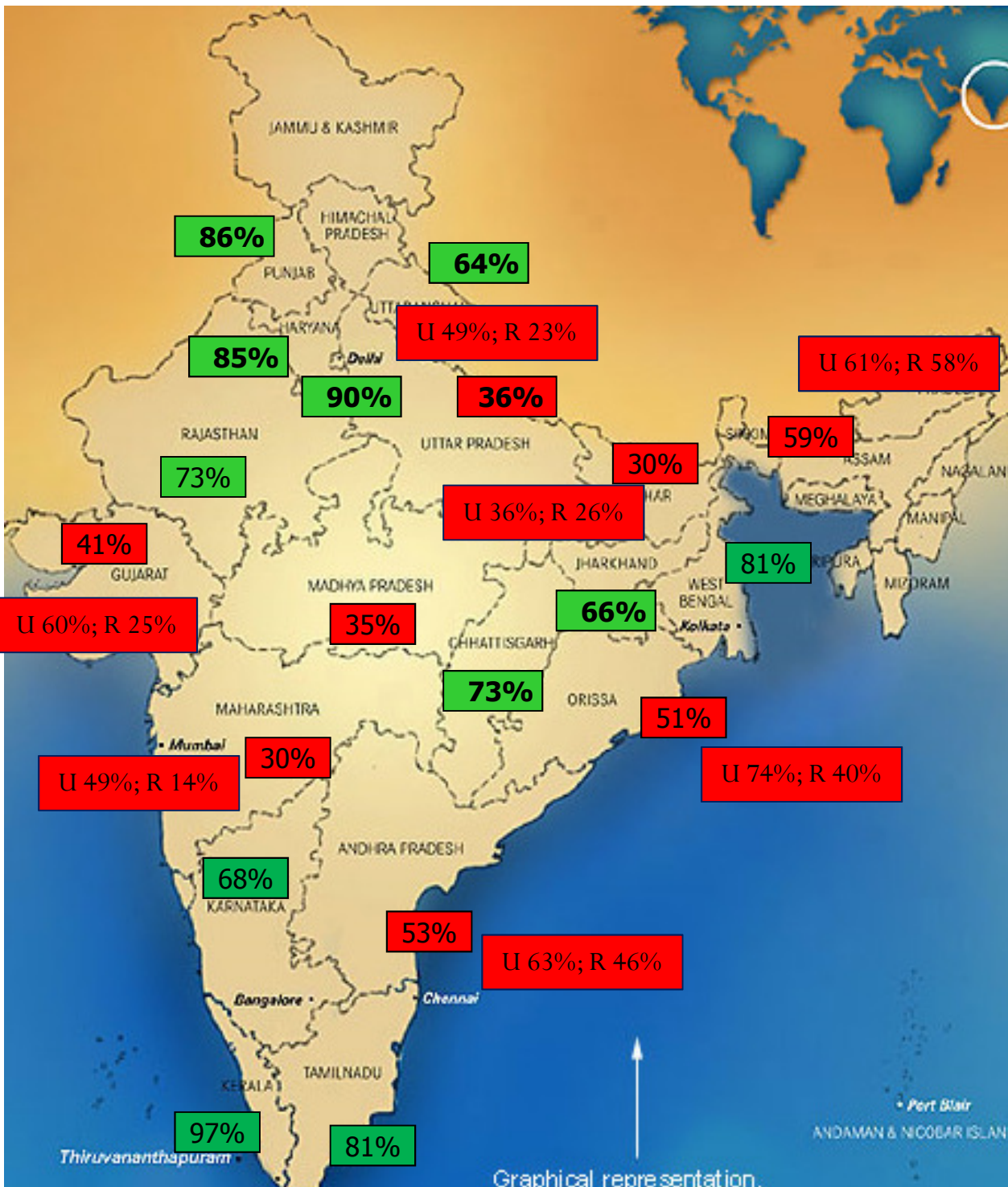
Offer Fabric Care to colored loads

3. Opportunity to leverage Equity into Detergent Powders in Citadel Market (Kerala)
~ 400 Cr Market – 14 % share



Opportunity on Core

~550 Cr Market - stagnant



Grow share in low market share areas through functional superiority.

Drive category growth in high market share areas by bringing in new users

Graphical representation.

LIMITED

MS by Vol MAT Dec 13

Initiatives

Liquid Blues : Path to Growth

➤ Expand Usage : Demonstrate Yellow removal superiority & bring in new users



➤ Push back low cost competition :
Demonstrate Proof of superiority



➤ Grow at Bottom of Pyramid through relevant offering for single use consumers

Household Insecticides

Mosquito Coils

~1000 Cr Market – 5 % Growth

- ❑ Still relevant in small towns & Rural Markets
- ❑ Innovation is key to building a Profitable play

Liquid Vaporisers

~1500 Cr Market – 18% Growth

- ❑ Largely Urban centric
- ❑ Maxo is # 4 player : Needs to Invest in brand building & land relevant Innovations

Initiatives



MAXO – MOSQUITO REPELLANT COIL:

- Consumer Reality : Health concerns due to high smoke content a major issue
- ❑ Launch of MAXO LOW SMOKE COIL (JQ '14)



Initiatives

MAXO – MOSQUITO LIQUID VAPORISER :

- Consumer Reality : LV choices confound consumers even as they grapple with increasing menace of mosquitoes
- Launch of Maxo Genius Next Generation LV (Jul '14)

Dish Wash

Bars

~1800 Cr Market – 12 % Growth

- Primary DW format
- Undifferentiated & single player dominance
- RSPL & JLL are challengers

Liquids

~450 Cr Market – 30% Growth

- Rapidly Growing
- Dominant Market leader
- Dettol : challenger ; Pril - undifferentiated

Initiatives



DISHWASH

- Consumer Opportunity :
 - Still nascent, the category offers immense scope for (a) conversion at the lower end from proxies & (b) at the top end for conversion to liquids.
- ☐ Unique opportunity for a Portfolio Play
 - Superior De Greasing space is not unique
 - Health concerns related to germ/bacterial contamination presents a need gap



Initiatives - Pril



- ❑ Premium equity offering
- ❑ Superior de greasing solution expressed through “so easy to clean – thus freeing up time from dishwash.....”

PRIL : Re Launch (Jul '14)



Best in Class De Greasing formulation

INITIATIVES : EXO

EXO : Fresh Campaign(Jun '14)



Heightening Relevance of Antibacterial Efficacy in a Compelling manner

Building Brand Affinity



Scrubbers

~250 Cr Branded Market
Double Digit Growth



Exo Scrubber : Path to Growth

- Largely penetrated in Urban Market .
- Scrubber Market Estimated at 267 cr growing at 15 % CAGR .
- The category is dominated by the unorganized segment.
- **Expand Usage** : Demonstrate product superiority among the steel & bring in new users
- **Launch of Anti-bacterial Scrubber (Jul 14)**



Skin Cleansing

Soaps

~13000 Cr Market – 8 % Growth

- Cluttered Market
- Most Positions taken
- Margo positioning Unique
: Authentic Neem Credentials
offering efficacious Skin care with
Strong Beauty Cues



Initiatives

Growing the soap Portfolio

- Pricing on Core

Glycerine Soap (Oct'13)



Adjacent Opportunity

- Opportunity : As consumers become increasingly conscious of their skin condition (especially facial Skin) & aware of limitations of soap - cleansing format up gradation to credibly superior solutions is a clear opportunity.
- ❑ Extension to Face Washes (JQ '14)

Laundry



- Category reality : Dominated by Global market leaders with strong multi brand portfolios
- Opportunity : Evolving lifestyles & affluence means need for superior care than currently offered by existing players
- ❑ Henko to address need squarely (JQ '14)

Finally.....

Big Picture

2012-2014

Fit to Compete

Business Model Re-jig

Integration of Sales & Distribution system

Operational Efficiency Drive to save 10%

New Organisation Structure

More Brand investments and make regional Brands national

2015

Fit to Win

Focus on Brand Innovation; improve margin profile and aggressively spend behind brands

Greater portfolio clarity and sharper messaging to win with consumers

Re-launch of various Brands

Thank You