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Jyothy LABORATORIES LIMITED

Jyothy Laboratories Limited

Analyst Call

November 1, 2012





Company Overview

Financial Summary for Q2 FY 2013

Category-wise Analysis

New Business Initiatives

New Management Team

JCPL (Formerly Henkel India Limited) Update





- 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: 72.9% all-India market share by value and 59 % by volume for the year ended September 2012* (73.8% by value and 60.4% by volume – September 2011)
 - **Maxo Coil**: 18.6% all-India market share by value and 20.7 % by volume for the year ended September 2012 (20.2% by value and 22.3 by volume – September 2011)
 - 26.5 % Rural India market share by volume for September 2012*
 - **Exo Bar** : 28.3 % South India market share by value and 25.5 % by volume for year ended September 2012 * - No. 2 (25% by value and 22% by volume – September 2011)
 - 54.9 % Kerala market share by value and 52.7 % by volume for year ended September 2012 * - No 1

Liquid Blue Cate0gory

*Source: A.C. Nielsen





■ Extensive Distribution Network

- Available in ~ 2.8 mn outlets in India as of September 30, 2012 (Source: A.C. Nielson)
- Sales staff of over 1,500 people servicing approx. 3,500 distributors
- Field staff have a direct reach of ~ 1 million outlets
- Strong presence in both rural and urban markets

■ Manufacturing

- 28 manufacturing facilities in 16 locations across India – some of these are tax efficient units

Offering Value-for-Money Products to the Common Man



Financial Summary 2012-13



Profit & Loss Account



Particulars	Quarter Ended			Half Year Ended		Year ended
	30-09-2012	30-06-2012	30-09-2011	30-09-2012	30-09-2011	31-03-2012
Net Sales	17,783	20,986	15,465	38,769	27,764	66,278
Other Income - Operating	23	24	32	47	46	19
Total Income	17,805	21,010	15,497	38,816	27,810	66,297
Cost of Goods Sold	9,065	12,308	8,982	21,372	15,334	37,259
Employee cost	2,355	2,242	2,074	4,598	4,042	7,802
Advertisement and Sales Promotion expense	1,592	1,633	1,687	3,224	2,611	4,283
Other expenditure	2,554	2,338	1,983	4,892	3,965	8,686
EBITDA	2,239	2,490	770	4,729	1,858	8,266
EBITDA % to Net Sales	12.6%	11.9%	5.0%	12.2%	6.7%	12.5%
Depreciation and Impairment	330	336	360	666	739	1,703
Finance Cost	1,648	1,486	199	3,134	376	1,943
Other Income - Non Operating	1,637	1,624	1,482	3,262	2,693	5,701
Profit Before Tax	1,899	2,292	1,694	4,191	3,436	10,322
Tax	372	530	445	902	785	1,970
Profit After Tax	1,527	1,762	1,249	3,289	2,651	8,352
EPS	0.95	1.09	0.77	2.04	1.64	5.18





Category-wise Net Sales for Q2 FY13

Rs. In Lacs

Category	3 Months Ended September		
	2012-13	2011-12	Growth %
Fabric Care	6,449	6,508	-1%
Mosquito Repellent	3,846	3,895	-1%
Dishwashing	4,687	3,973	18%
Other Products	2,799	1,089	157%
	17,782	15,465	15%

Rs. In Lacs

Category	6 Months Ended September		
	2012-13	2011-12	Growth %
Fabric Care	14,886	13,282	12%
Mosquito Repellent	7,583	5,720	33%
Dishwashing	10,317	6,908	49%
Other Products	5,981	1,855	223%
	38,768	27,764	40%



Category-wise performance





Category-wise Revenue Mix for H1 FY2013
Rs. 38,768 lacs (Rs.27,764 for FY 2012)

Fabric Care
38% (48%)
Net Sales : Rs. 14,886 lacs
(Rs. 13,282 for 2012)



Mosquito Repellent
20% (21%)
Net Sales : Rs. 7,583 lacs
(Rs.5,721 for 2012)



Dishwashing Products
27% (25%)
Net Sales : Rs. 10,317 lacs
(Rs.6,908 for 2012)



Other Products
15% (6%)
Net Sales : Rs. 5,981 lacs
(Rs. 1,855 for 2012)





Largest Brand in Fabric Whitener



Brand Facts

- ❑ Launched in 1983 – A 29-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: 72.9% all-India market share by value for September, 2012*
- ❑ Kerala – 99.99% by value for March 2010*

Brand Extension

- ❑ Washing Powder – Launched in 2003 in Kerala. Relaunch in other southern states in Q4 of 2012.
- ❑ Ujala Stiff and Shine – Launched in Kerala in 2005. For the year 2012 Kerala sells more than Ujala Fabric Whitener

Going Forward

- ❑ New Communication will be on air from November 2012
- ❑ Working on Brand Extensions

* Source: A.C. Nielsen





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

- 26.5% Rural India market share by volume for Sept., 2012*
- 20.7 % all-India market share by volume for Sept., 2012*

Brand Extension

- Liquids /Aerosols
- DEPA products for outdoor application

Brand Ambassador

- Madhavan for Liquid Vapouriser

Going Forward

- Focus on increase turnover of advanced version of liquid

*Source: A.C. Nielsen





*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

- ❑ 28.3 % market share by value in South India for September 2012
* - No. 2
- ❑ 54.9 % Kerala market share by value for September 2012* – No 1
- ❑ 59.2% Rural Kerala by volume for September 2012

Brand Extension

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

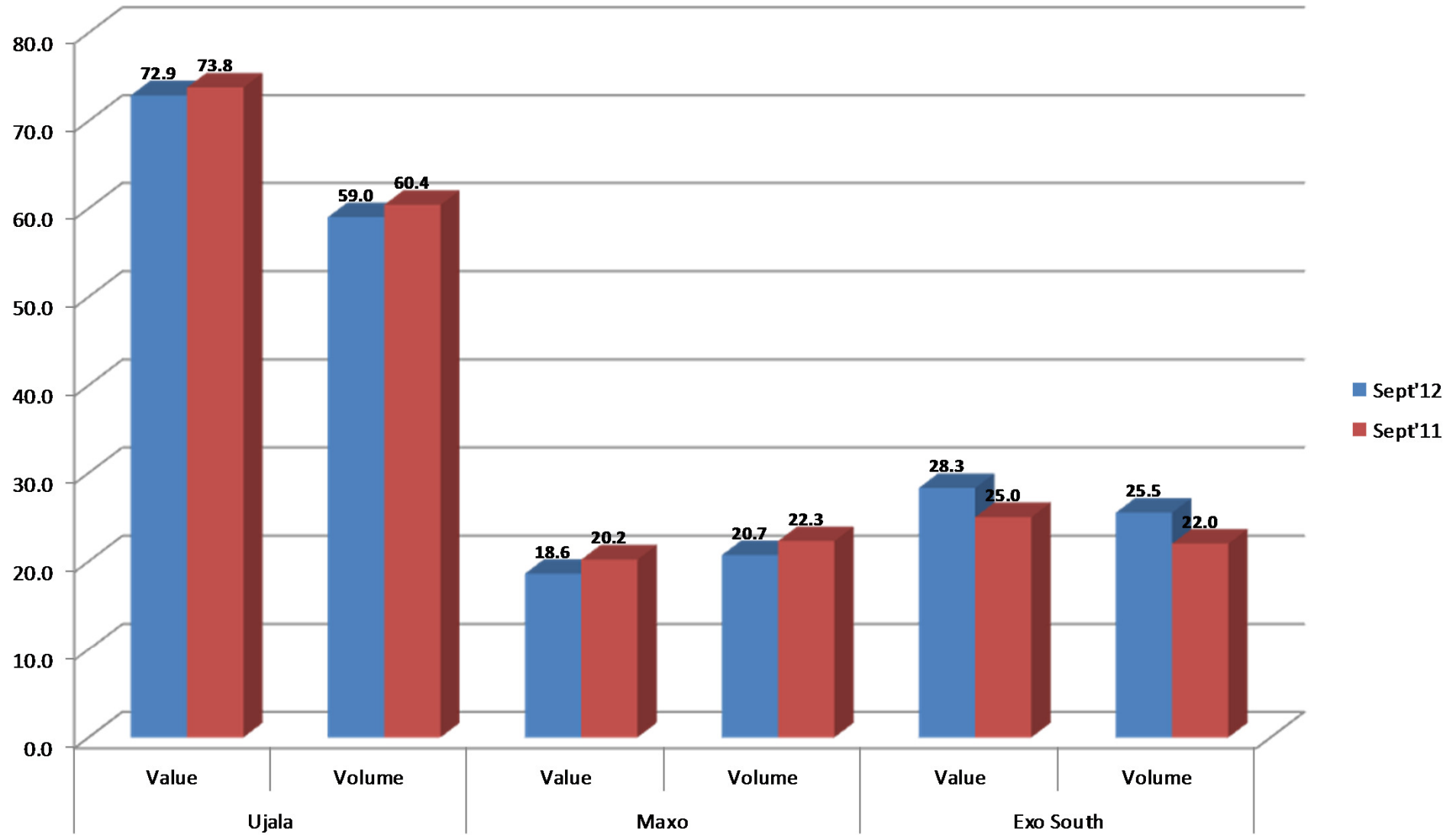
Going Forward

- ❑ National roll out started in phased manner

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



Market Shares at a Glance



New Business Initiatives





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





- New Management team in place (Team of 9)
- Integration of Sales and distribution with Henkel
- Moving from Own Depot to C & F - saving of 2%
- 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 of 4%
- Identified savings opportunities in sourcing and packaging expected to result in 2% margin improvement
- New manufacturing strategy being prepared
- New Brand strategy implementation underway
- Creation of a modern R&D lab in Mumbai
- Supply Chain project to significantly improve working capital management





SALES ORGANIZATION

CEO

NATIONAL SALES
MANAGER
(vacant)

MODERN TRADE
HEAD ACCOUNTS
MANAGER

GENERAL TRADE
ZONAL SALES MANAGER

CANTEEN STORES
DEPARTMENT
HEAD-INSTITUTIONAL
SALES



General Trade Organization Structure



General Trade will be Lead by Zonal Sales Manager (ZSM)

Our New Sales Geography has 7 Zones

- SOUTH I - Kerala
- SOUTH II - Andhra Pradesh, Karnataka and Tamilnadu
- WEST - Maharashtra, MP, Chattisgarh and Gujarat
- 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



General Trade - Journey so far



- Integration approach finalized and in the process of roll out. Expected completion by December'12
- Highlights of the new sales approach
 - Distributor consolidation : Min. 15 lac per month turnover in large towns
 - Wholesale margin rationalization
 - ROI model to distributors
 - Top 20% key outlets to be covered by company field force. Rest by distributor salesman.
 - Super stockist system for Rural
 - Channel management structure viz. General Trade / Modern Trade / Canteen Stores Department



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
- Legal compliance
- Innovation in key brands
- Systems development



Packaging Development



- Category created - 4 verticals of Fabric Wash, Dishwash, Household Insecticide and Personal Care
- 1 new Category Head Recruited
- New Brand communication for Ujala from November 2012. Finalised Brand strategy on Ujala
- Exo Dishwash Bar being extended nationally, additional Brand investment to support National launch
- New Campaign on Pril being rolled out nationally
- Summer strategy for Fa Brand being finalised for relaunch next year
- New Margo Campaign extended nationally in October 2012





■ 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



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

Note:- 2 more ZSMs to join by November 15, 2012 for East & North II



JCPL - Status Update



Rs. In lakhs

Period	Net Sales	EBITDA %
Jan-Mar'11 (3 mths)	11,921	-6.4 %
Apr-Jun'11 (3 mths)	12,311	8.8 %
Jul - Sept'11 (3 mths)	10,746	10.6 %
*Oct - Dec'11 (3 mths)	7,691	1.61 %
Jan-March'12 (3 mths)	11,063	14.2%
Apr-Jun'12 (3 mths)	11,489	10.2%
#July-Sept'12 (3 mths)	8,452	-0.26%

*Oct-Dec'11 - Due to temporary shut down of Karaikal plant on account of Labour unrest from September 26, 2011 to December 26, 2011, 61 days. Sales of Henko Detergent lost 27 Crores and thereby loss of Rs. 7 crores in EBIDTA (10%)

July-Sept'12 - Rationalisation of Henkel distributors done in the month of August/September resulting in temporary loss in primary sales. Integration of JLL and Henkel distribution underway and expected to be completed by December 2012 and sales expected to be normal from coming quarters.





Thank You

