



Jyothy LABORATORIES LIMITED

Jyothy Laboratories Limited

Analyst Call

January 23, 2012





Company Overview

Financial Summary for Q3 FY 2012

Category-wise Analysis

Recent Developments – Henkel Acquisition

JFSL Status 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: 73.6% all-India market share by value and 60.1 % by volume for the year ended December 2011*
 - **Maxo**: 19.8 % all-India market share by value and 22.0 % by volume for the year ended December 2011
 - 27.7 % Rural India market share by volume for December 2011*
 - **Exo**: 26.3 % South India market share by value and 23.8 % by volume for year ended December 2011* - No. 2
 - 53.5 % Kerala market share by value and 51.5 % by volume for year ended December 2011* - No 1

Liquid Blue Cate0gory

*Source: A.C. Nielsen



Financial Summary 2011-12



Profit & Loss Account



Particulars	Quarter ended			Year to date		Year ended
	31-12-2011	30-09-2011	31-12-2010	31-12-2011	31-12-2010	31-03-2011
Net Sales	16,631	15,465	14,842	44,395	44,385	59,983
Other Operating Income	1,456	1,515	783	4,194	1,711	2,760
Total Income	18,087	16,979	15,626	48,590	46,096	62,744
Cost of Goods Sold	8,681	8,982	7,647	24,015	22,303	31,147
Employee cost	2,214	2,074	1,889	6,256	5,668	7,479
Advertisement and Sales Promotion expense	659	1,687	1,534	3,270	4,216	5,378
Other expenditure	2,279	1,983	2,148	6,244	5,866	8,074
EBITDA	4,254	2,253	2,409	8,804	8,042	10,666
Depreciation and Impairment	622	360	315	1,361	916	1,079
Interest	229	199	3	605	6	30
Profit Before Tax	3,403	1,694	2,091	6,839	7,121	9,557
Tax	495	445	460	1,280	1,394	1,530
Profit After Tax	2,908	1,249	1,630	5,559	5,727	8,027
EPS	3.61	1.55	2.02	6.89	7.48	10.35





Quarter	EBITDA %
Q1	8.84
Q2	4.98
Q3	16.98
Total - 9 MFY2012	10.55
FY 2011 (Full Year)	14.54

Steps taken to improve EBITDA

- Increased in retail price of all the brands by 5 % effective september 2011
- Change in Sales Mix
- Rationalization of Advertisement & Sales Promotion spends
- Moving towards C & F – 2 tier Model





- Increase in MRP 5% across all the categories
- Better EBITDA margin from 11.63% to 16.98%
- Effective Working Capital Management
 - Reduced pipeline inventory from Rs.70 cr to Rs 18 cr
 - Investment in working capital reduced from Rs.160 cr on March 31 to Rs.94 cr
 - Debtors from Rs.103 cr. as on March 31, 2011 to Rs.39 cr.
- Moving from CSA/Superstockist to Depot/C & F is underway





Category-wise Revenue Mix for 9 M FY2012

Fabric Care

49% (51%)

Net Sales : Rs. 21,883 lacs
(Rs. 22,783 for 2011)



Mosquito Repellent

19% (22%)

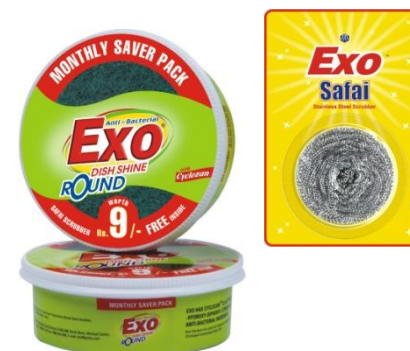
Net Sales : Rs. 8,573 lacs
(Rs. 9,904 for 2011)



Dishwashing Products

25% (19%)

Net Sales : Rs. 11,178 lacs
(Rs.8,600 for 2011)



Other Products

6% (7%)

Net Sales : Rs. 2,734 lacs
(Rs. 3,098 for 2011)



Combined Entity Will Have Market Leading Brands In Multiple Categories



Combined Sales for Analysis
9 Month Ended December 2011
Total Rs. 75,145 lacs

Fabric Care
48% (Rs. 35,911 lacs)



Mosquito Repellent
11% (Rs. 8,573 lacs)



Dishwashing Products
22% (Rs. 16,802 lacs)



Personal Care & Others
19% (Rs. 13,859 lacs)

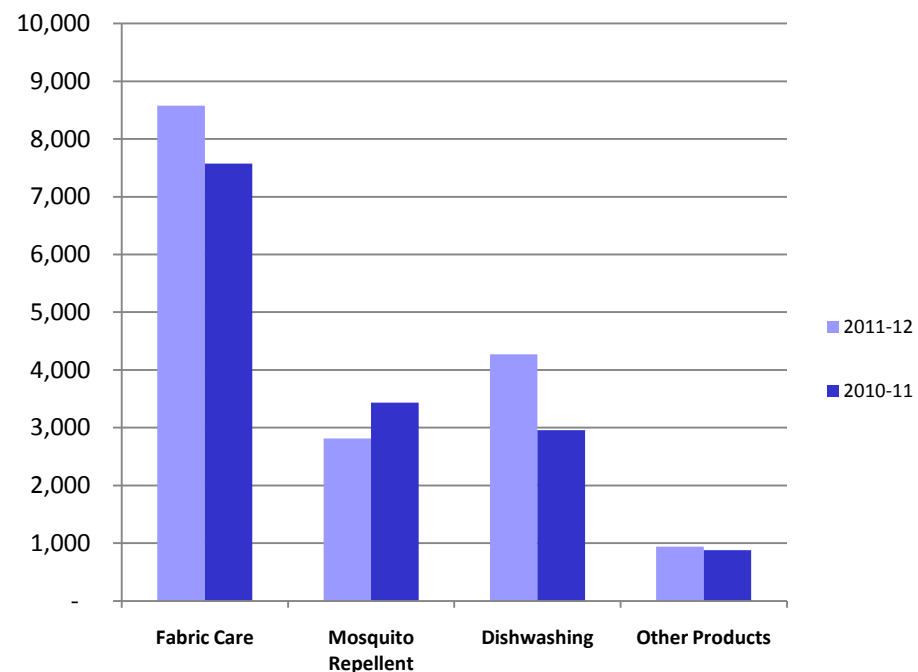




Category-wise Net Sales

Rs. In Lacs

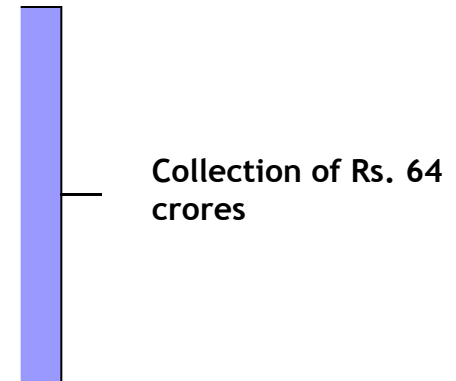
Category	3 Months Ended December		
	2011-12	2010-11	Growth %
Fabric Care	8,574	7,572	14%
Mosquito Repellent	2,816	3,434	-18%
Dishwashing	4,270	2,957	44%
Other Products	944	879	7%
	16,631	14,842	12%





Steps taken to reduce debtors from Rs. 103 crores as on March 31, 2011 to 39 crores as on December 31, 2011 - to align with credit policy of Henkel India (Post merger)

Date	Amount (Rs. In lakhs)
December 31, 2011	3,939
September 30, 2011	4,267
June 30, 2011	4,803
March 31, 2011	10,350





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: 73.6% all-India market share by value for December, 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





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

- 27.7% Rural India market share by volume for December, 2011*
- 22.0 % all-India market share by volume for December 2011*

Brand Extension

- Liquids /Aerosols
- DEPA products for outdoor application

Going Forward

- Launching advanced version of liquid in Q4

*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

- ❑ 26.3 % market share by value in Southern India for December 2011* - No. 2
- ❑ 53.5 % Kerala market share by value for December 2011* – No 1

Brand Extension

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

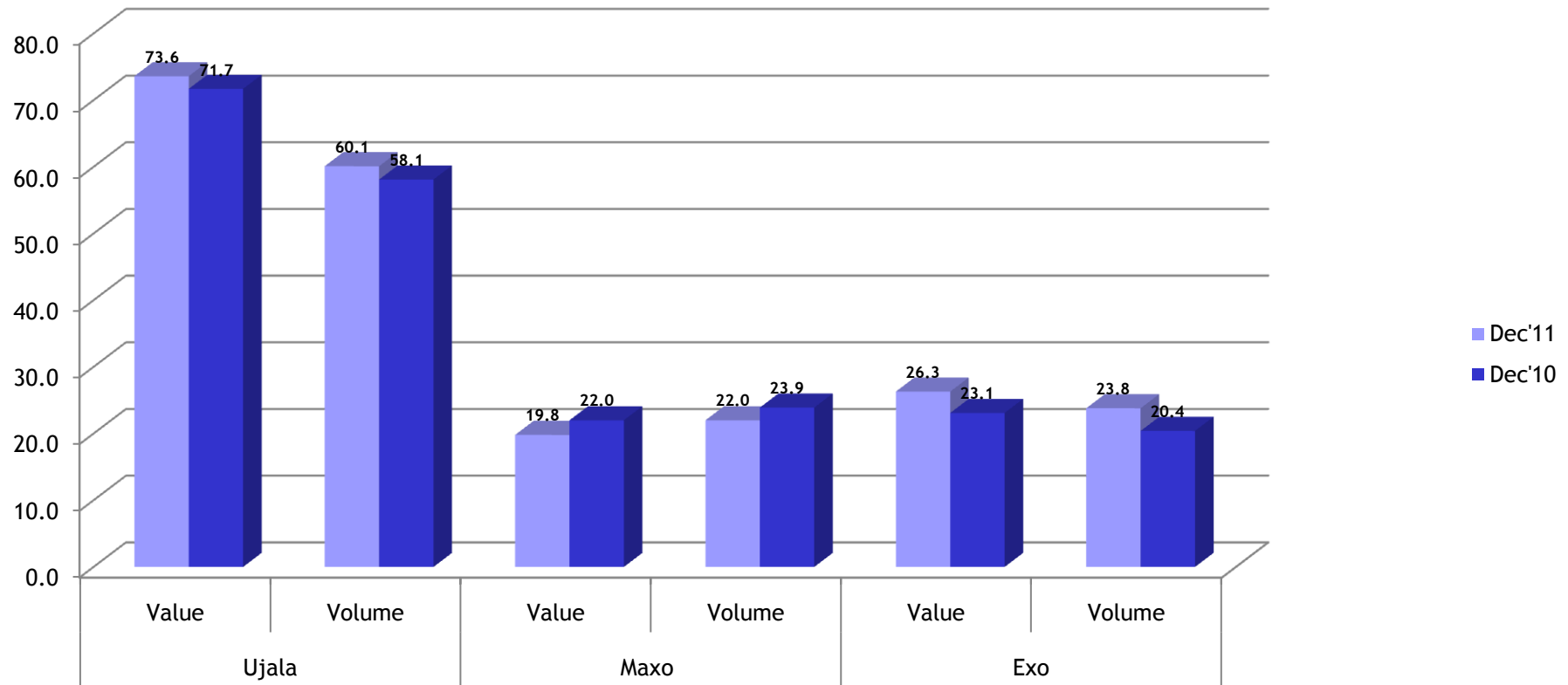
Going Forward

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

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



Market Shares at a Glance



MAXO Market share lost 2% trailing 12 months due to aggressive Trade Schemes by the competitors





- ❑ 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





June to September 2011 - Executed

- Shifted corporate office from Chennai to Mumbai
- Production – taken control keeping only key important manufacturing location – Karaikal/Ambatoor
- All other outsourcing arrangements shifted to JLL manufacturing facilities
- Purchase/Supply chain shifted to Mumbai w.e.f August 2011
- Marketing – New Campaign to start from February 2012 on select brands like Margo & Pril. Rest from April 2012
- Employees as on March 31, 2011 was 421 and as on December 31, 2011 - 265





October 2011 to March 2012

- ❑ Management team to be in place
- ❑ Takeover of sales of weaker zone i.e., North and West
- ❑ Synergize distribution network of JLL and Henkel
- ❑ Revisit positioning and pricing of Henkel products



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)	10,746	10.6 %
Oct – Dec'11 (3 months)	7,691	1.61 %

Note:-

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%)



Our Turnaround Plan For The Business



Operational Measures

Clean up (March 31, 2012)

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

Revitalize (2012-2014)

- 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	2012-13	2013-14	2014-15	2015-16
Revenue	5,339		6,000	7,000	10,000	12,000
growth (%)	-10%			17%	43%	20%
Gross Profit	2,406		2,000	2,100	3,000	3,600
margin (%)	45%		30%	30%	30%	30%
A&P Spend		Clean up phase; c. 15-20% revenue degrowth possible	(1020)	(822)	(1,060)	(1,050)
			17.0%	11.7%	10.6%	8.7%
Salaries			(230)	(265)	(304)	(350)
Sales force			(180)	(207)	(238)	(274)
Management			(50)	(58)	(66)	(76)
Overheads			(30)	(33)	(36)	(40)
EBITDA	(169)		720	980	1,600	2,160
margin (%)	-3.2%		12.0%	14.0%	16.0%	18.0%





- ❑ 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 entire JLL/Henkel products potfolio in a phased manner
- ❑ 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
 The Art of Fabric Care. Perfected	Bangalore	10
	Mumbai	3
	Chennai	2
	Bangalore	28
	Delhi	61
	Bangalore	3
	Mumbai	4
	Pune	2
	Total	113



Rs. In lakhs

Location	Turnover			
	Year Ended March 31, 2011	Actual 9 Month ended Dec 11	Projected 3 Month Jan to March 12	Total for 2011-12
Bangalore	941	1,315	602	1,917
Mumbai	-	687	514	1,201
Delhi	-	821	586	1,406
Pune	-	93	114	207
Chennai	-	6	22	28
Total	941	2,921	1,838	4,759





Thank You

