

Analyst Call

January 28, 2014



Jyothy LABORATORIES LIMITED

Agenda

Company Overview

Financial Performance: Q3FY14

- Results
- Analysis

New Business Initiatives

- Business Initiatives
- Key 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 72.5%* 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

Financial
Performance
Q3 FY14
&
9M FY14



Results - Profit & Loss

Particulars	Quarter Ended			Nine Months Ended		Year Ended
	31.12.2013	30.09.2013	31.12.2012	31.12.2013	31.12.2012	31-03-13
Net Sales	29,699	30,855	23,421	92,519	74,525	1,01,738
Other Income - Operating	44	17	38	157	96	136
Total Income	29,743	30,873	23,459	92,677	74,622	1,01,874
Cost of Goods Sold	15,724	16,249	12,048	48,784	41,231	56,767
Employee cost	2,878	2,856	2,872	8,783	8,599	11,056
Advertisement and Sales Promotion expense	2,748	2,960	1,601	9,576	6,158	8,181
Other expenditure	4,153	4,541	3,302	12,166	9,614	13,496
EBITDA	4,240	4,266	3,635	13,368	9,019	12,374
EBITDA % to Net Sales	14.3%	13.8%	15.5%	14.4%	12.1%	12.2%
Depreciation and Impairment	442	430	409	1,276	1,245	1,695
Amortisation of Brand & Goodwill	1,115	1,115	1,115	3,344	3,344	4,470
Finance Cost	1,447	1,793	1,719	4,906	4,858	6,608
Other Income - Non Operating	1,501	1,315	1,286	4,102	3,648	4,985
Profit Before Prior Period Item and tax	2,738	2,243	1,679	7,944	3,222	4,586
Prior Period/Exceptional Item	-	137	-	230	-	183
Profit before Tax	2,738	2,106	1,679	7,713	3,222	4,404
Tax	(0)	19	-	19	-	-
Profit After Tax	2,738	2,087	1,679	7,695	3,222	4,404

Highlights for Q3 FY2014

Sales growth of 27% (22% by volume and 5% by value)

Advt. & Sales Promo exp. for the qtr Rs 28 crore increase of 72%.A&P to Sales Ratio 9.3%.

Market Shares started showing improvement

Gross Margin stands at 47% as compared to 49% in last year same period

EBITDA at Rs. 4240 lacs as compared to Rs 3635 lacs in last year same period

PAT stands at Rs. 2738 lacs as compared to 1679 lacs in last year same period

Cash Profit for the quarter at Rs 4294 lacs

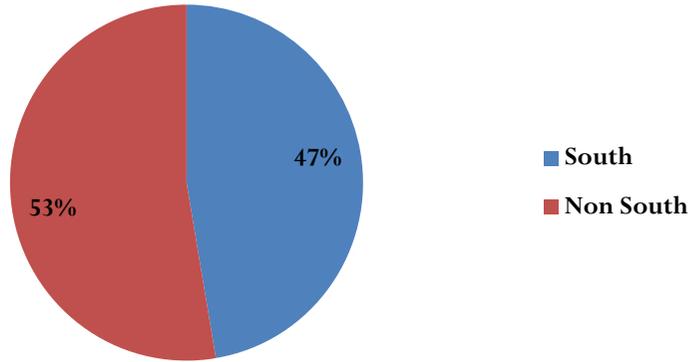
Media Investment positive; Whole portfolio performance strong; All POWER Brands in a growth trajectory.

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

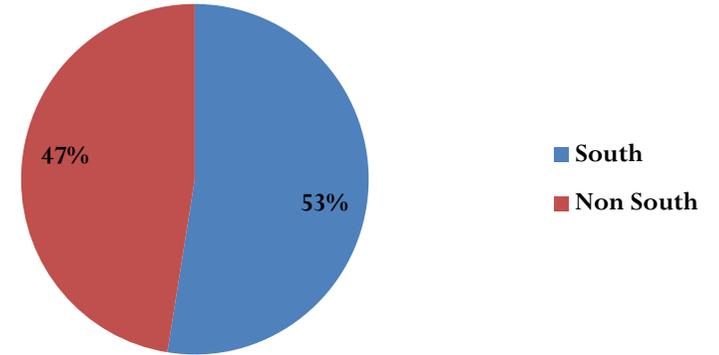
New Campaign in Ujala with tag line of “ Safedi Ke Aage Ujala” being well received and the re-launch of Ujala helping brand to grow volumes in the quarter.

Thrust on Regional Brands becoming National

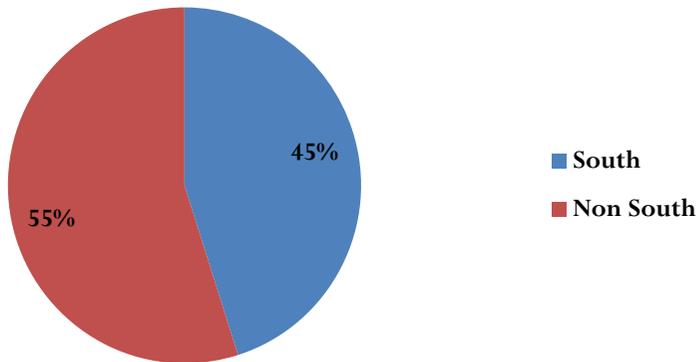
Q3FY2014



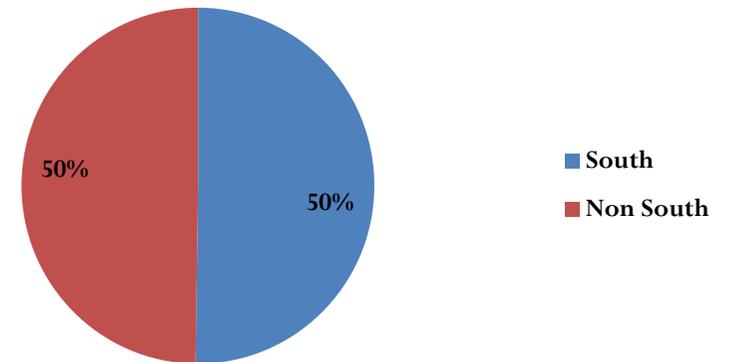
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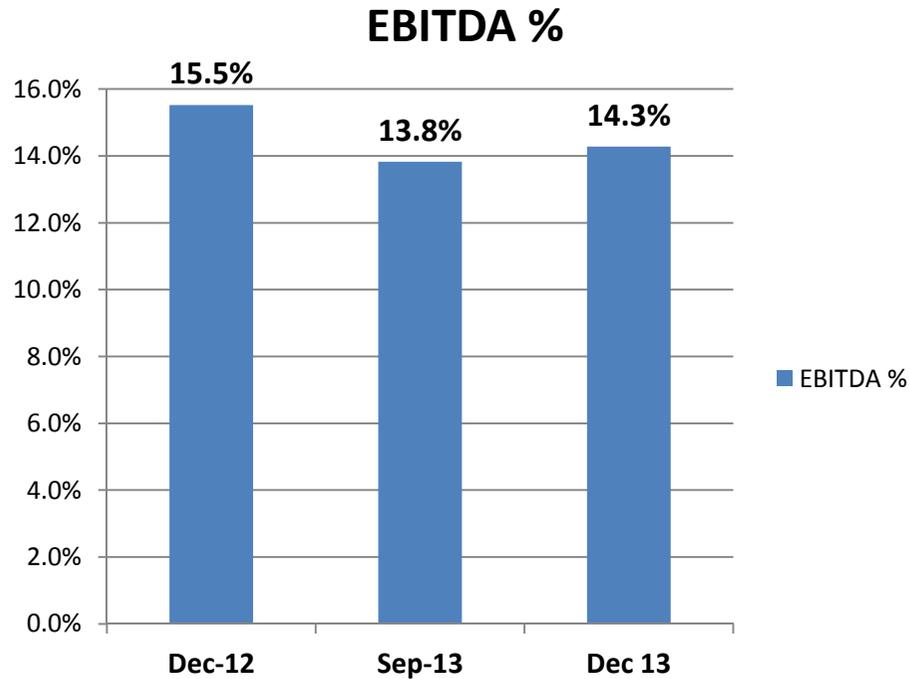
9M FY14



9M FY13



EBITDA Analysis - Quarterly



- Decrease in EBITDA in current Quarter as compared to last year same period is lower Gross margins and increase in Advertisement and sales promotion expenses in Q3FY14.

Product	Sales Q2 FY14	Sales Q3 FY14
Ujala Fabric Whitener	20%	18%
Maxo	17%	9%
Others	63%	73%

Q1	Q2	Q3	9MFY14	9MFY13	% Increase
4,862	4,266	4,240	13,368	9019	48.2%

EBITDA Movement

In %

Particulars	Q3FY14 vs Q3FY13	Q3FY14 vs Q2FY14	9MFY14 vs 9MFY13
EBITDA % - Previous period	15.5	13.8	12.1
Other Operating Income	(0.0)	0.1	(0.0)
Gross Margin	(1.5)	(0.3)	2.6
Employee Cost	2.6	(0.4)	2.0
Advertisement & Sales Promotion	(2.4)	0.3	(2.1)
Other Expenditure	0.1	0.7	(0.2)
EBITDA % - Current period	14.3	14.3	14.4

Sales Analysis

Segmentwise Sales Growth

Segment	Q3FY14	Q3FY13	Growth %
Soaps & Detergent	24,039	18,722	28%
Home Care	5,638	4,478	26%
Other Products	394	221	78%
Total	30,071	23,421	28%
Less: Inter Segment Revenue	-372	-	
Net Sales	29,699	23,421	27%

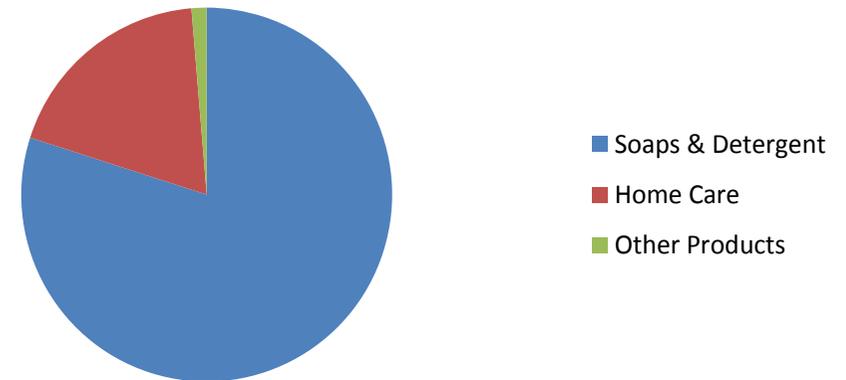
Soaps & Detergents include Fabric Wash, Dish Wash Bar, Beauty Soap

Home Care includes Household insecticide, Incense sticks, Scrubber. (26% growth is mainly on account of Maxo Liquid growth)

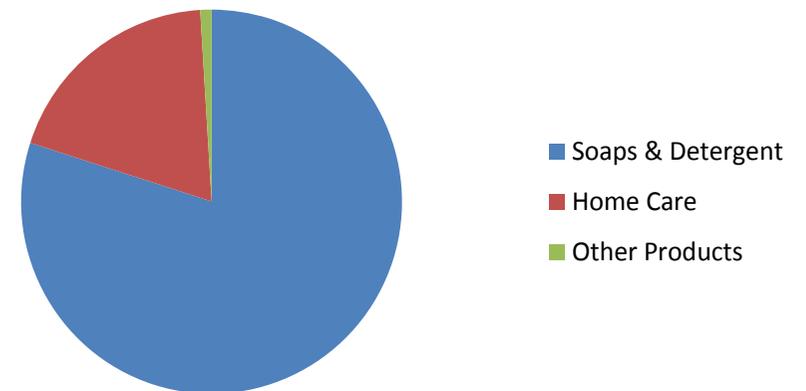
Others includes Body care

Segment wise Sales Contribution

Sales - Dec' 13



Sales - Dec' 12



Advertisement & Promotion Expenditure

Particulars	Q3 FY14	Q3 FY13	% Increase
Advertisement Expenses	1,504	1,201	25%
Sales Promotion	1,244	400	211%
Total	2,748	1,601	72%
% of Sales	9.25%	6.84%	

Particulars	9M FY14	9M FY13	% Increase
Advertisement Expenses	6,454	4,325	49%
Sales Promotion	3,122	1,833	70%
Total	9,576	6,158	55%
% of Sales	10.35%	8.26%	

Cash Profit

In Rs. Lacs

Particulars	Q3FY14	9MFY14
Revenue	29,699	92,519
EBITDA	4,240	13,368
PAT	2,738	7,695
Depreciation	442	1,276
*Amortisation	1,115	3,344
Cash Profit	4,294	12,314

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

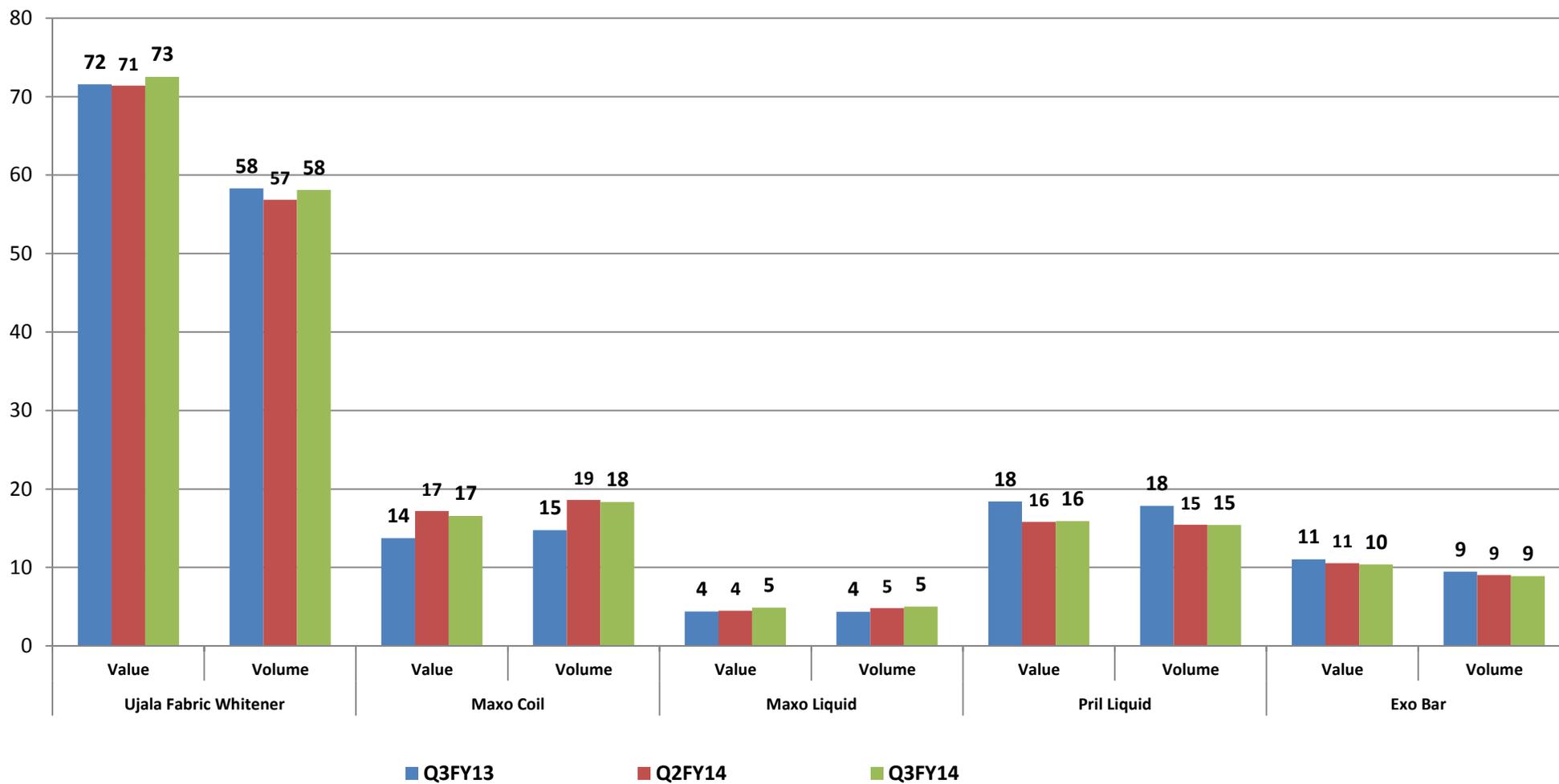
Net Debt Status – December 31, 2013

Particulars	31/12/13	31/03/13
Term Loan from Banks @ 11.25%	-	430
Working Capital – 11.5% from Axis Bank	-	62
Short Term Loan from Banks	50	-
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 invested in Debt Funds	(103)	-
Total	462	607

Note:-

1. Reserves as on December 31, 2013 – Rs. 1043 crore
2. Debt Equity Ratio - 0.49

Market Share – Our Brands



*Source: Ac Nielsen

Brand investments have kicked in from Q1 and impact on Market share improvement is visible from this quarter

Business Initiatives



Marketing Initiatives

UJALA FABRIC WHITENER



A4 Sticker

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.

Marketing Initiatives

Henko



- ❑ Strong competitive intensity with aggressive promotional pressure through last 12 months.
- ❑ Our plan is to stay on course through a re-worked mix which is under development.
- ❑ New initiatives on brand in Q1 FY15

Marketing Initiatives

Margo



- ❑ Significant Media presence helped strong growth in the last 12 months.
- ❑ Brand extension to adjacent category leveraging Margo equity planned for Q1FY15

Marketing Initiatives

Maxo



MAXO – MOSQUITO LIQUID VAPORISER :

- Continue aggressive growth path in the category by investing behind brand.

MAXO – MOQUITO REPELLANT COIL:

- Launch of MAXO LOW SMOKE COIL

Supply Chain & IT

Supply Chain: IBM tool implementation progress

- Demand Planning Tool implemented
- Trial run for Production and Despatch planning done. Data validation in progress.
- KPI parameters defined.
- KPI tracking tool under progress

IT:

- Time saving and effortless Primary trade scheme module implemented and running successfully.
- 'CONNECT' an online tool for 3P's implemented for tracking daily 3P production and FG despatches.

R&D

Manufacturing:

- Strong product innovation in pipeline, focusing short and long term investment.
- Manufacturing units consolidation for effective cost reduction and improvement of COGS:
 - Ujala Fabric Whitener manufacturing units consolidations completed.
 - Detergent manufacturing units consolidation in progress. Timeline for completion : Q2 - 2014-15
- Strategic innovation on cost reduction through R&D is on track

Key Initiatives

- 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