



# Value for **Many!**



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To many, we are one of India's most successful homegrown FMCG companies.

To some, we are a proxy of the Indian consumption growth story.

To others, we are a household name and an integral component of everyday lives.

Jyothy Laboratories Limited.

One company providing 'Value to Many'!

Jyothy Laboratories Limited.

More than just a company.  
A metaphor.

A metaphor for a brand that  
reinvents rules.

A metaphor for a personality  
that is fundamentally Indian.

A metaphor for a local  
company challenging global  
brands.

A metaphor for the small  
prevailing over the large.

A metaphor for a commitment  
to enhance stakeholder wealth.

#### Anchor

Jyothy Laboratories Limited has touched millions of Indian lives by providing 'value for many'. The Company's products provide relevant solutions in line with evolving everyday consumer needs. This democratisation of consumption has empowered Jyothy Laboratories to report sustainable growth in an industry marked by intense competition, innumerable variables and unprecedented volatility.

#### Vision

Our vision is to deliver premium products and quality solutions as well as building strong relationships with consumers. We plan to achieve this through robust research and development in compliance with the stringent quality standards. We promise to offer the right products at the right price according to the growing demands of all sections of consumers.

#### Mission

Our mission is to understand the often unspoken needs of the consumers improve our product formulations, offer better solutions, build our brands and satisfy each customer. We encourage small ideas in the organisation as we believe that they have the power to make a great impact.

## History

Jyothy Laboratories began its journey in 1983 with a single product – Ujala Supreme – in the fabric whitener category. The product was woven around a unique proposition. An iconic jingle 'Aaya naya Ujala, chaar boondo waala' was created to market this product. The message to the consumer was that now spotlessly clean clothes were possible by using only four drops of Ujala Supreme. Over the years, the Company invested in market and product research to diversify into various household product categories such as insecticides, fabric stiffeners and soap, leading to the launch of successful products like Ujala, Maxo and Exo. A turning point was reached in 2011, with the Company's acquisition of a controlling stake in Henkel India Limited, the local arm of the German FMCG giant Henkel AG & Co. This business association widened the Company's opportunity landscape as consumer business segments of Jyothy Laboratories and this global giant were clubbed. We take pride in being the first major Indian company to take such a leap with the backing of necessary resources.

## Plants and locations

Jyothy Laboratories' pan-India presence covers many manufacturing facilities and two research and development centres. Most of the Company's plants are proximate to major consumption centres and tax-friendly zones.

## Key product categories and brands

5

Product categories in which Jyothy Laboratories is present:

Fabric care  
Dish wash  
Household insecticides  
Personal care  
Laundry services

6

The number of the Company's Power Brands:

UJALA  
Supreme

Henko

MAXO  
A-GRADE

Margo

EXO

Pril

Revenues from these Power Brands accounted for 86.4% of the Company's sales in FY2016-17.

## Key financial highlights, FY2016-17

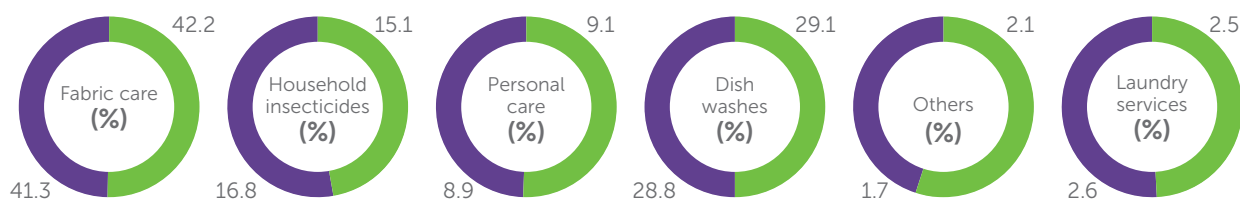
- ROCE increased 1,060 basis points to 18.7%
- Net sales increased 5.4% to ₹1,747.4 crore
- Power Brand sales increased by 4.4% to ₹1,510 crore
- Gross profit margins declined by 50 bps to 45%
- Operating profit margins increased by 30 bps to 14.7%
- Net profit increased by 176.6% to ₹204.2 crore
- Earnings per share increased by 175.7% to ₹11.2

## Listing details

- Jyothy Laboratories is listed on BSE Limited and National Stock Exchange of India Limited.
- The Company's market capitalisation increased from ₹5,240 crore (as on 31 March 2016) to ₹6,471 crore (as on 31 March 2017)
- An investment of ₹69 (after bonus and share split) in the IPO had grown to ₹357.3 as on 31 March 2017 (excluding dividends)
- The promoters held 66.89% of the Company's equity capital (as on 31 March 2017)
- The face value of each Jyothy equity share stands at Re. 1; the Company declared/paid a dividend of ₹6 per share for FY2016-17 (₹5 per share for FY2015-16)

## Category contribution

FY2016-17 FY2015-16







Value for Many!

## Jyothy in the heart of India

"Jyothy, kapda aur makaan! Life mein sukoon hai!" "Hamare ghar mein kapde ki safedi Ujala se hi aati hai!" "Nahin, Pril hi dena. Aur kuch nahi!" "Jyothy ne hamare dhande mein ujala laya hai!" "Woh stand-wala macchar dani dena; haan-haan bhai, Maxo!" "Square dishwash bar jaldi pighal jaata hai. Par circular Exo bar toh chalta hi jaata hai!" "Madamji, Henko isi liye intelligent hai kyunki woh kapde ke reshon, jise English mein lint kehte hain, usse bachaa ke rakhta hai!" "Bahu ko laayi hoon. Dekh lo! Woh bhi Pril hi khareedegi!" "Original neem saabun matlab Margo. Bas!" "Aji sunte ho, ghar mein saabun khatam ho gaya hai." "Theek hai Margo le aaonga!" "Fits all machines? Accha! Tab toh Maxo A-grade liquid vaporiser bade kaam ki cheez hai!" "Bahu raani, maine dekha hai. Exo mein 'Anti-Sogg' formula hai jisse bar jaldi nahin pighalta! Hum bhi research karte hai!" "Henko ki dhulaai aur Ujala ki safedi. Mast hai bhai!"



# FROM THE CHAIRMAN & MANAGING DIRECTOR'S DESK



*Dear shareholders,*

It gives me pleasure to highlight that inspite of the FMCG sector slowdown, Jyothy Laboratories performed reasonably well in the industry. We are largely an 'organic' growth story in India's FMCG consumption space with limited advertisement and marketing spending.

So what lies at the heart of Jyothy's performance?

It is our ability to identify the everchanging needs of consumers and devising products that address these new desires. In turn, this has been made possible owing to our efforts in connecting with consumers at various levels, forums and occasions; the ability to aggregate insights and develop impact-driven products around a unique need- based proposition that translates into a consumer buy-in.

## **FMCG: The backbone of India's consumption story**

The Indian FMCG industry is poised to grow at a healthy ~20% CAGR to 2020, according to A.C. Nielsen.

Some of the factors that we feel will make this a reality are robust expected GDP growth, increasing disposable incomes and growing living standards. Besides, evolving preferences, increased demand and expansion of product categories could catalyse offtake.

We believe that some trends that catalyse the sector could comprise the following:

- Smaller SKUs: to make products affordable for even the lower income group
- Product extensions and innovations: To enhance consumer excitement
- E-commerce: To widen purchase options and convenience.

As a Company deeply enmeshed in India's consumption space, we focus on remaining ahead of the curve, anticipating consumer needs and turning these into valuable customer propositions.



## At the heart of Jyothy

At Jyothy, our objective is to provide superior returns to all our stakeholders through continuous new product formulations research as well as deliverables enhancement by its products.

Innovation is Jyothy's principal business driver. We compete with ourselves in creating progressively better products. Our robust R&D process focuses on process modification, enhancing overall product quality.

## Eight-eleven and its impact on us (Demonetisation)

For a company that generates substantial revenues from semi urban and rural India, it would have been reasonable to believe that the demonetisation would affect our revenues. Even as much of India saw the demonetisation as a threat, we considered 8/11 as an opportunity for innovation and better market outreach. Some of the initiatives we undertook to overcome demonetisation included the launch of smaller SKUs and superior supply chain integration; even as there was some downtrading, there was little shift in product loyalty. The reality was that Brand Jyothy rose to the challenge during this environment. Our net sales increased by 3.1% during the third quarter of the year under review when compared with the corresponding quarter of the previous year, EBIDTA increased 2.5% and net profit grew a much sharper 12% (standalone).

We have always professed that building trust-based consumer relationships will lead us to success, not just in numbers but in terms of enriched value. We believe in coordinating with different functions, integrating the company's core virtues into the system, strengthening the emotional connect and reinforcing the distributor-staff-organization relationship.

## Projecting the future

At Jyothy, it would have been relatively easy to predict the future. Rather, we engage in the more challenging task of projecting it. Our strong ear-on-the-ground approach enables us to gauge consumption insights first-hand, which we translate into productisation that results in a strong solutions-driven proposition.

Specifically, during the year 2016-17, with a view to take advantage of the Northeast as a large and relatively untapped geography, we invested in setting up three proximate manufacturing facilities in Assam for the manufacture of Ujala, Margo and Maxo liquid, the full impact of which will be reflected in 2017-18. These facilities also possess multi-year tax and fiscal benefits.

The proposed implementation of the Goods and Services Tax (GST) will have a positive outlook on the consumption sector; we foresee the unorganized sector vacating market share in favour of the organized FMCG industry. For frontline players like Jyothy, consumption tailwinds will not only be reflected in organic sectoral growth but also increase market share transfer to the organized sector of which we expect to emerge as an important beneficiary.

For us, winning in the marketplace means making the world a better place. At our Company, we have demonstrated a proven model; we desire to make a difference to consumer lives. We have a world-class team and we have important work to do. I am looking forward to all that we have targeted to accomplish in 2017-18.

With enthusiasm,

M.P. Ramachandran



# 2,190

No. of Jyothy products are sold every second



# ₹14.7

Revenue generated from every advertising rupee spent in India

# KEY PERFORMANCE INDICATORS (CONSOLIDATED FINANCIALS)

Net revenues  
(₹ crore)



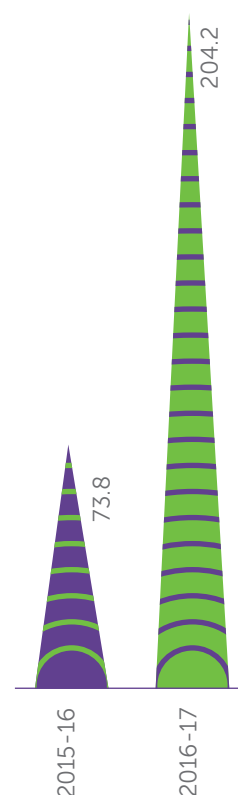
**Analysis:** Consistent growth in product offtake paired with a sustainable increase in average realisations led to a 5.4% revenue growth over the previous year.

Gross margins (%)



**Analysis:** Our aggressive focus on cost containment, process debottlenecking, value engineering and portfolio reorientation allowed us to rein in the fall in gross margins to 50 bps during a tumultuous year.

Net profit  
(₹ crore)



**Analysis:** Our net profit margin of 11.7% (FY2016-17) was among the best in the country's FMCG industry as our net profit increased substantially during the year under report.