Jyothy LABORATORIES LIMITED

ANNUAL REPORT 2011-12

# Shaping a bright future

The spread
of a truly
Indian multinational.
Jyothy Laboratories Limited

A multi-brand portfolio across fabric care, household insecticides, surface cleaning and personal care.

Exo
Safai
Fa
MEGA PRIZE
Exo
Safai
Floor Shine
Exo
Floor Shine
Exo
Floor Shine
Pril
Active
Pril
Pril
Pril
Pril
Pril
Pril
Pril
Exo
Safai
Exo
Safai
Exo
DISH SHINE
Exo
Exo
Safai
Exo
Safai
Exo
Safai
Exo
ROUND
Exo
ROUND
Exo
Exo
Margo
Margo
Margo
Margo
Margo
Margo
Margo
Neem
Neem
Neem
SPEEDSTER
COOL WAVE
Jasmine

# Index

# Corporate Information

**M. P. Ramachandran**
Chairman & Managing Director

**K. Ullas Kamath**
Joint Managing Director

**S. Raghunandan**
Whole-time Director & CEO

**M. R. Jyothy**
Whole-time Director

Company Secretary
**M.L. Bansal**

**Nilesh B. Mehta**
Independent Director

**K. P. Padmakumar**
Independent Director

**Bipin R. Shah**
Independent Director

**R. Lakshminarayanan**
Independent Director

Statutory Auditors
**S.R.Batliboi & Associates**

**Solicitors & Advocates**

Law & Prudence

V. Lakshmikumaran

AZB Partners

**Bankers**

Axis Bank Ltd.

ICICI Bank Ltd.

Kotak Bank Ltd.

The Federal Bank Ltd.

**M. P. Ramachandran**
Founder, Chairman and Managing Director

# Letter from the Chairman

## Dear Shareholders

### The Backdrop

A year ago, we set out to write a new chapter in our history. We embarked on our plan to reap new opportunities as we acquired controlling stake in Henkel India Limited and commenced the process of integrating newly acquired business of Henkel with our core operations.

I must state here that we remained on track with our planned integration in the midst of an economy which was witnessing high inflationary pressures.

In spite of the present economic turmoil, the opportunities in India is expected to be good and consumer spending in India is expected to grow phenomenally driven by rising incomes and aspirations, widespread media proliferation and better physical reach across the country.

Hence, while the economic scenario remains volatile and uncertain across the globe, we believe that the impact will be relatively lesser in India on companies in the consumer goods space. Due to the large consumer base that India has, excellent opportunities lie ahead.

### The Outcome

We continue to focus on the landscape of our business, our products and our consumers to determine where our biggest opportunities lie. We identified our strengths and where improvements could be made, we did that. We also developed key strategic objectives and consciously worked on them. Since then, the results confirm that our strategy is working.

Net Sales grew by 10%, at ₹ 66,278 lakhs on a standalone basis. In terms of profitability the operating profits stood at ₹ 8,266 lakhs and Profit after Tax at ₹ 8,352 lakhs after considering other income. If we account for the entire 12 month period in terms of erstwhile Henkel as well as Jyothy Laboratories' Net sales would be ₹ 107,091 lakhs. The profit growth was flat on account of restructuring of the distribution network from tier 3 to tier 2 model due to which inventory levels was brought down to almost one week stock at CSA level and receivables was brought down to ₹ 4251.55 lakh as on March 31, 2012 from ₹ 10349.89 as on March 31, 2011.

**Behind the Scenes**

Our integration strategy was divided into phases, which is why the numbers have panned out just as we had planned. We commenced with streamlining the management at Henkel by retaining certain select middle level managers handling brands and distribution.

Looking at the future for the product lines that we acquired, we have rationalised all sales promotions and offers and brought the advertising under Jyothy Laboratories' umbrella. We have and will continue to increase retail prices across products keeping in mind reasonable profitability, cost of production and other operational costs in line with their positioning, during the year.

We have shifted erstwhile Henkel's corporate office functions from Chennai to Mumbai. The Production activity has been streamlined to ensure procurement, production and logistics efficiencies. The Purchase and Supply Chain activities are centrally undertaken from Mumbai, again to ensure, cost efficiencies. Marketing strategies for the new products brought under our umbrella like Margo, Pril, Henko and Fa which have immense potential, new campaign will be rolled out as we attempt to reposition these flagship products in FY 2012-13.

The trade environment in India is unique with different urban and rural market dynamics. With a strong presence now in urban and rural markets, our product visibility has improved manifold and across the board. The process of having a balanced presence in small stores to modern trade formats is ongoing and the results will be visible over the next few quarters.

Another important step which we have undertaken in the area of distribution is that we made a deliberate move from a three tier to two tier system by phasing out state level super stockists (CSA) resulting into cost savings and higher efficiencies.

The year gone by was like a tightrope walk as we preserved organic growth of Jyothy's product line, even while turning around erstwhile Henkel's business. Moving forward, although we will continue to focus on operational efficiency with expectations of further improvement in our key operating and financial metrics, our primary focus will be on accelerating the growth of our brands and expanded combined portfolio.

Certain measures have already been initiated in this direction, including contemporary packaging, a streamlined product portfolio and regional focus.

Notably, the efforts have been across the spectrum of our business – production, sales, marketing, management bandwidth, supply chain and finance , in a phased manner. This is also evident from our quarter on quarter numbers where in the first quarter of FY 2011-12 we did register a de-growth followed by gradual ascent in the sales figures and eventually turning it around to record 40% growth in the last quarter.

A similar trend has been observed in our EBITDA growth, quarter on quarter. I believe that this is an indication of our integration process bearing fruit and we understand that while there will be some pain initially and the integration and turnaround process will be complete over the next quarters.

**Overcoming Challenges**

There have been concerns about the Debt which we have taken on our books on account of the Henkel acquisition. Our thought process has been that while we have real estate on hand to sell and pay off to extinguish this debt, we would do it only if required and only at the right price and time.

We are confident that the growth and profits generated by the erstwhile Henkel products itself will help us service this debt. Our focus will be on enhancing our profitability numbers which will, in turn, take care of the debt servicing and repayment.

We have setup a joint venture in Bangladesh with Kallol Enterprise Limited for setting up a state-of-the-art manufacturing facility as we propose to manufacture and market the entire range of our products portfolio in Bangladesh. Needless to say, this will be done in a phased manner.

**Growth Story Continues**

The Jyothy Fabric Care Services Limited is now the biggest laundry chain with 122 outlets and we are on track with our expansion across the length and breadth of the country with presence in Bangalore, Delhi, Mumbai, Hyderabad, Pune and Chennai. We have grown both organically and through inorganic route here and going forward the potential is immense, especially in the light of new contracts bagged recently.

**Shaping a New Future**

According to Confederation of Indian Industries (CII), the Indian FMCG sector is the fourth largest sector in the economy with a total market size in excess of USD 13.1 billion. Availability of key raw materials, cheaper labour costs and presence across the entire value chain gives India a competitive advantage.

The FMCG market is set to treble from USD 11.6 billion in 2003 to USD 33.4 billion in 2015. Penetration levels as well as per capita consumption in most product categories in India is low indicating the untapped market potential.

The burgeoning Indian population, particularly the middle class and the rural segments, presents an opportunity to makers of branded products to convert these consumers into using branded products.

With long term structural strengths in the industry, we have stepped forward with confidence and aligned our organisation and infrastructure to support our new corporate strategy. In the process, we reduced non-value-added costs and imposed new financial discipline across the company.

With the acquisition of Henkel, we have emerged as Company with a suite of products across categories like Fabric Care, Surface Cleaning, Household Insect repellents and Personal care. Within each of these categories too we have a diversified portfolio of products across socio-economic categories ranging from premium to niche category products. This widens our presence across FMCG market categories and will be the key growth driver.

Simultaneously, we developed the necessary capabilities to improve our competitiveness and today, we are better positioned to manage our business at enhanced scale and to allocate our resources to the most promising opportunities.

**A Vote of Thanks**

I extend my gratitude to all of you who have helped us at every step to march forward successfully and continue to shape our bright future —our employees, our consumers, our suppliers, our bankers and our shareholders. I am also grateful to our Executive Leadership Team for its exceptional management skill and commitment of our Board of Directors for their continuing guidance.  I do ensure that we will strive hard to continue to earn the trust, confidence and pride of all our stakeholders.

Signed

(CMD)

# Financial Review

### Profit & Loss Account

(₹ in lacs)

| Particulars | Year Ended | |
|---|---|---|
| | FY 2012 | FY 2011 |
| Net Sales | 66,278 | 59,983 |
| Other Income - Operating | 19 | 693 |
| **Total Income** | **66,297** | **60,676** |
| Cost of Goods Sold | (37,259) | (31,147) |
| Employee cost | (7,802) | (7,479) |
| Advertisement and Sales Promotion expense | (4,283) | (5,378) |
| Other expenditure | (8,686) | (8,074) |
| **Total Expenditure** | **(58,030)** | **(52,078)** |
| **Operating EBITDA** | **8,266** | **8,598** |
| Other Income - Non Operating | 5,701 | 2,068 |
| **EBITDA** | **13,968** | **10,666** |
| Depreciation and Impairment | (1,703) | (1,079) |
| Interest | (1,943) | (30) |
| **Profit Before Tax** | **10,322** | **9,557** |
| Tax | (1,970) | (1,530) |
| **Profit After Tax** | **8,352** | **8,027** |
| **EPS** | **10.36** | **10.35** |
| **Book Value Per Share** | **83.53** | **80.95** |

### Balance Sheet

| Particulars | As on 31 March 2012 | As on 31 March 2011 |
|---|---|---|
| Share Capital | 806 | 806 |
| Reserves and Surplus | 66,544 | 64,467 |
| Net Worth | 67,351 | 65,273 |
| Long Term borrowings | (43,000) | (17) |
| Long Term Liabilities | (1,804) | (2,009) |
| Long Term Provisions | (632) | (466) |
| Net Block | 20,344 | 20,601 |
| Capital Work in Progress | 282 | 1,016 |
| Non Current Investments | 34,547 | 7,996 |
| Long Term Loans & Advances | 54,858 | 6,714 |
| Long Term Other Assets | 24 | 22 |
| Cash and Bank Balances | 5,099 | 27,789 |
| Current Assets (Excluding Cash) | 20,539 | 19,749 |
| Current Liabilities | (22,906) | (16,123) |

# Unveiling the emerging Financial picture - Post Acquisition

The Company has undertaken several steps to improve the financial position, and this will be discernible over the next few quarters. Some of the key steps undertaken include:

**Working Capital Management:**

The Company has undertaken various initiatives to better its working capital management. The pipeline inventory has been reduced from ₹ 70 crores to ₹ 18 crores. This has resulted in reduction in investment in working capital. Further, the Debtors have also come down from ₹ 103 crores as on March 31, 2011 to ₹ 43 crores as on March 31, 2012.

**Manufacturing Facilities:**

The company has streamlined and restructured the manufacturing facilities by integrating most of Henkel's production facilities in-house and outsourcing wherever it is more economic to do so.

**Distribution Network:**

The Company has moved from a three tier to a two tier model of distribution, thus eliminating one intermediary and the proportionate cost. While this impacted sales in the near term, given that any new system would require a few months to show results, this too is expected to result into higher sales and reduction in costs over a period of time.

**Rationalisation of Advertisement Spends**

Advertisement costs have been rationalised and the Company has released new commercials for specific products which it intends focusing on. Furthermore, the strategy will be to consolidate its positioning in the regions where the products have been traditionally strong and then expand the geographies, by rolling out products in a phased manner.

**Boosting Top line**

The Company has a strong reach in rural and semi urban areas and with Henkel's acquisition , Jyothy's presence in Urban areas and especially the modern trade formats, has increased significantly. This will help the combined entity to boost its top line.

# Business Review

(₹ in lacs)

| Category | Jyothy | % of JLL Sales | Jyothy + Henkel | % of total sales |
|---|---|---|---|---|
| | FY 2012 | | FY 2012 | (Consolidated) |
| Fabric Care | 31,503 | 48% | 50,765 | 47% |
| Household Insecticides | 14,773 | 22% | 14,773 | 14% |
| Surface Cleaning | 16,329 | 25% | 24,085 | 23% |
| Other Products | 3,673 | 5% | 17,467 | 16% |
| **Total** | **66,278** | | **107,091** | |

**Combined Net Sales for Analysis year ended March 2012**
**Total ₹ 107,091 Lacs**

**Fabric Care**
**47% (₹ 50,765 lacs)**


**Mosquito Repellent**
**14% (₹ 14,773 lacs)**


**Dishwashing Products**
**23% (₹ 24,085 lacs)**


**Personal Care & others**
**16% (₹ 17,467 lacs)**

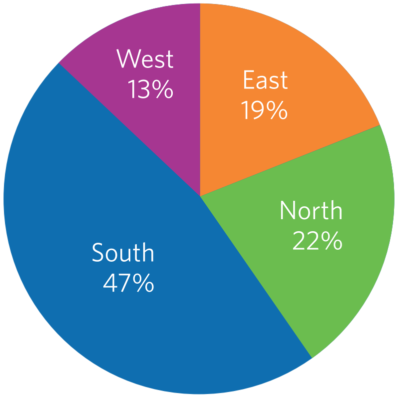

• As per the statutory guidelines, we have integrated only September 2011-March 2012 numbers in our statutory results. The above numbers are for analytical purpose and constitute total sales of erstwhile Henkel and Jyothy Laboratories from April 2011-March 2012.

# Geographical Distribution -Pan Indian Presence

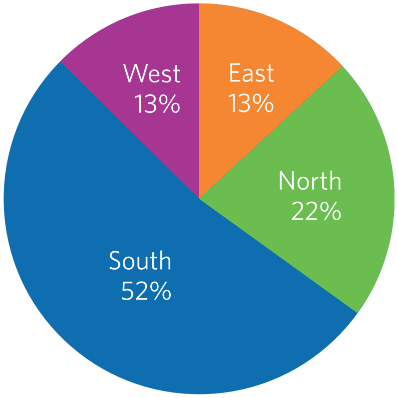
After Henkel acquisition, Jyothy Laboratories has pan Indian presence today with synergies in manufacturing, supply chain and distribution network.

| Region | JLL | % | HIL | % | Total | Total % Distribution |
|---|---|---|---|---|---|---|
| EAST | 8,716 | 13% | 11,189 | 27% | 19,904 | 19% |
| NORTH | 14,441 | 22% | 9,084 | 22% | 23,525 | 22% |
| SOUTH | 34,778 | 52% | 15,025 | 37% | 49,803 | 47% |
| WEST | 8,343 | 13% | 5,515 | 14% | 13,858 | 13% |
| **Grand Total** | **66,278** | | **40,813** | | **107,091** | |

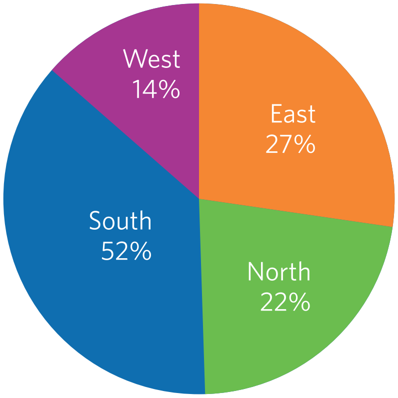
**Regional Presence for FY 2011-12**




**Geographical Distribution - Combined**




**Geographical Distribution - Jyothy**




**Geographical Distribution - Henkel**

UJALA
Detergent Powder
Henko
Henko
Stain Champion
Mr. White
LONG LASTING WHITENESS
UJALA
UJALA
TECHNO BRIGHT
Henko
Stain Champion
Mr. White
Henko
Henko
UJALA
TECHNO BRIGHT
TOP LOAD
UJALA
TECHNO MATIC
Stain Out
Henko
Matic
Super power Chek
Super power Chek
Chek
Chek

# Fabric Care

| Product Name : Ujala Fabric Whitener | | |
|---|---|---|
| Market Share by Value | Market Share by Volumes | Retail Penetration |
| 74.0% | 60.0% | 72.2% |

The segment grew 5%, organically. While it continues to have strong presence in the South, with merger of Henkel, the Company now has widespread presence, in terms of both geography and categories.

| Segment | Product portfolio |
|---|---|
| **Popular/Economy** | Chek<br>More Light |
| **Mid Premium** | Ujala Detergent Powder<br>Mr. White |
| **Premium** | Henko Stain Champion<br>Henko Matic Stain Champion<br>Ujala Techno Bright<br>Ujala Techno Matic |

**Ujala Whitener** continues to be the market leader in the 28th year of its existence and grow consistently with a market dominant position.

**Ujala Detergent and Ujala Stiff and Shine** continue to provide the incremental growth in this category with roll out in various Southern states underway.

Notably, Ujala Stiff and Shine which was launched in Kerala in 2005, has surpassed Ujala Fabric Whitener in terms of sales numbers in absolute terms and with our marketing efforts we expect the growth and visibility to increase.

**Henko Stain Champion and Matic,** which are premium products are well positioned in the Southern as well as Northern markets. Due to temporary shutdown of Karaikal plant for 61 days on account of labour unrest we saw a loss to our sales. We expect to see the results of the streamlined production facilities this year as we have the right mix of in-house and outsourcing facilities. It is going to be one of the main focus areas of the Company and with efforts already underway to strengthen its sales and minimise costs, it is expected to be a major growth driver going forward. It has been positioned as a superior fabric cleaning solution that not just cleans clothes effectively but also ensures the fabric remains undamaged. Efforts like contemporary packaging, premium and fresh positioning for the brand are underway.

**Chek** has a strong presence in Eastern and Southern markets and is expected to continue to do well in those regions.

**Mr. White :** The product continues to do well in the South, North and Eastern states especially in the modern trade formats and is expected to maintain its growth rates.


MAXO
A-GRADE
12 HOUR PROTECTION
MAXO
A-GRADE
10 HOUR PROTECTION
MAXO
A-GRADE

# Household Insecticide

| Product Name : Maxo Coils | | |
|---|---|---|
| Market Share by Value | Market Share by Volumes | Retail Penetration |
| 19.4% | 21.5% | 32.2% |

| Segment | Product portfolio |
|---|---|
| **Coil** | Maxo A Grade Green<br>Maxo A Grade Red |
| **Liquid vaporizer** | Maxo A Grade MaxPower |
| **Aerosol** | Maxo A Grade AIK |
| **Wipes and Cream** | Maxo A Grade Military |

Maxo's performance has been flat given the highly competitive segment in which it operates and due to restructuring exercise undertaken in the distribution network. The Company moved from a three tier to a two tier systems especially in areas in which Maxo was strong which has impacted the sales.

The strategy to remain focused on Liquids and Aerosols and increasing their share in the overall sales mix will continue. At present the share of Maxo's liquid is 11% of the total Maxo sales which will improve going forward. The Company has recently launched the advanced version of liquid – Fit all machines product and this is expected to drive growth across markets, especially through erstwhile Henkel's modern trade presence. New advertisements have already been released to this effect and results should be discernible in the coming quarters. In fact in Q4, FY2012, the category has recorded a 32% growth.

As indicated earlier the target is to reach the 60:40 ratio of sales of coils to liquid aerosols/sprays in line with the industry standard.

The Retail penetration stands at 27% in Urban areas and 35% in Rural areas.


Sugar
Pril
Exo
Floor Shine
Dish Shine
Exo Safai
Super Wiper
Jumbo
Scrub n' Shine
Monthly Saver Pack

# Surface Cleaning

The Surface Cleaning segment is expected to be one of our core growth drivers for the Company. The acquisition of Henkel has strengthened Jyothy's positioning in this segment to a great extent with end to end product in terms of category presence.

| Product Name | Market Share by Value | Market Share by Volumes | Retail Penetration |
|---|---|---|---|
| Exo Bar | 11.0% | 9.6% | 18% |
| Exo Bar (South) | 27.7% | 25.0 | 43% |
| Exo Liquid (South) | 5.6% | 5.5% | 21% |
| Pril Liquid | 26.7% | 25.7% | 23% |

| Category | Product portfolio |
|---|---|
| **Utensil cleansing bar** | Exo Anti-Bacterial<br>Pril Perfect |
| **Utensil cleansing Liquid** | Exo Anti-Bacterial<br>Pril Perfect |
| **Utensil cleansing Gel** | Exo Anti-Bacterial |
| **Scrubber & Wipes** | Exo Safai |
| **Floor cleaner** | Exo Floor Shine |

The Company offers **Exo Dish Wash Bar** for the rural markets and Exo Dish Wash Liquid to target the urban audience.

The uniqueness of Company's product lies in Cyclozan which offers protection positioned as a brand giving consumers protection against bacterial contamination of utensils.

The **Exo Round Bar**, which stood out during its launch phase on account of the easy to use packaging , continues to be a major growth driver for this segment.

The products are doing well in the Southern parts of India where they were initially launched in line with the Company policy and with access to Henkel's distribution presence in modern trade it has been doing well in the other parts of India in urban cities.

Further, the National Rollout has begun seeing results as the category grew by 43% and is expected to see similar growth rates.

Pril Bar as well as Liquid are well known brands in the markets and are also expected to boost the sales significantly in light of the new marketing campaigns launched for the same. Additionally, the products have been launched in a new packaging for differentiating purposes.

Internationally, Pril has been positioned as the new benchmark in removing grease from utensils post cooking and eating. This product claim is backed by advanced Active+ molecules, a technological breakthrough from Germany and Pril is one of the market leaders, worldwide. In India too, Jyothy will position it as a premium product and several measures have been undertaken for the same. To build a superior imagery, the packaging was redone across all variants and the communication will be aimed at positioning Pril as a superior brand.

MEGA SIZE PRIZE
Fa
DEODORANT
Spicy Black
Aqua
PINK PASSION
MEGA PRIZE
NutriFresh
₹130/-
MYSTIC MOMENTS
Fa MEN Xtreme
Fa MEN AFTER SHAVE LOTION SPEEDSTER
Fa MEN AFTER SHAVE LOTION
Fa MEN SHAVING CREAM
SPEEDSTER
20% EXTRA
Margo
Glycerine
Original Neem
Moisture
Anti Acne
Neem active Toothpaste
Complete Care
Niki
JEEVA Naturals
& MILK PROTEIN

# Personal Care Products

With Henkel's acquisition, Jyothy Laboratories has added the Personal care product segment to its product portfolio. The personal care industry is directly aligned with the population base and with the median age at 25 years, India is among the world's youngest nations, resulting in immense potential for this segment. As per researchandmarkets.com, the personal care market in India is one of the fastest-growing with a growth rate of 13 per cent per annum and valued at USD 8.6 billion in 2010; personal care product market at USD 5.7 billion and wellness service market valued USD 2.9 billion in 2010. The sector is expected to reach USD 20.23 billion by 2017.

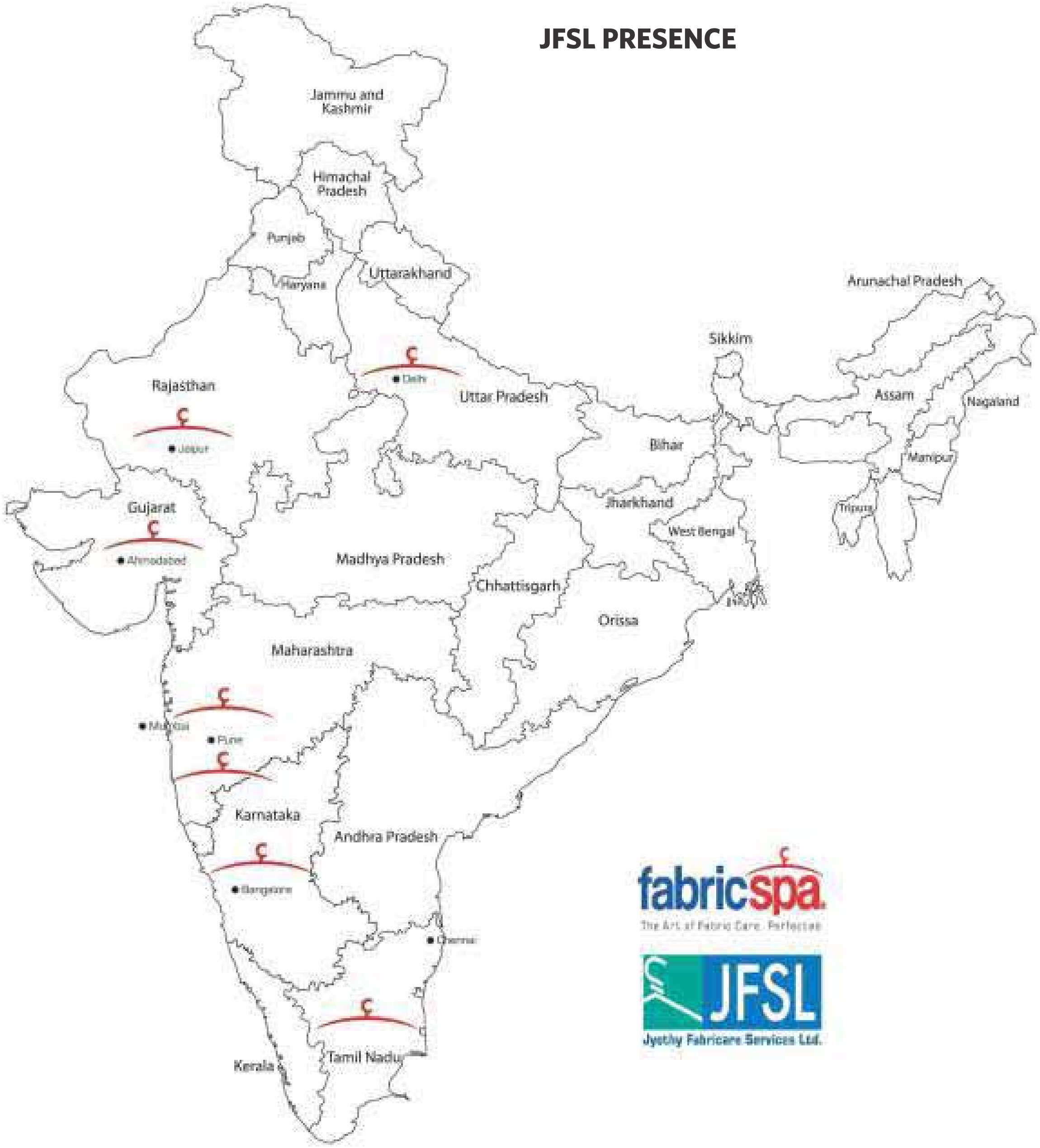
| Category | Product portfolio |
|---|---|
| **Soap bar** | Margo<br>Fa<br>Jeeva<br>Niki |
| **Face Wash** | Margo |
| **Toothpaste** | Neem |
| **Deodorants** | Fa |

Margo , a 95 year brand, with pure neem extracts and made from original neem oil is a well accepted brand in West Bengal and South, especially in the modern trade formats and will be one of the key focus areas for the Company. It has been positioned as a brand for youngsters and extensions are being launched.

Fa is well known for its quality and with new creatives being released for the product, it will be relaunched in a new light. It has a strong presence except in the Eastern markets. The Indian Fragrance Industry, which is growing at a compounded annual growth rate (CAGR) of 40 per cent, is likely to reach a figure of ₹ 10,000 crore by the year 2015. According to a study released by the industry body, the Associated Chambers of Commerce and Industry of India (ASSOCHAM) titled 'Domestic Fragrance Industry: The way ahead', the industry is currently poised at around ₹ 3,700 crores.

These products will be sold by Jyothy's distributors and hence receive wider coverage in addition to renewed marketing thrust.

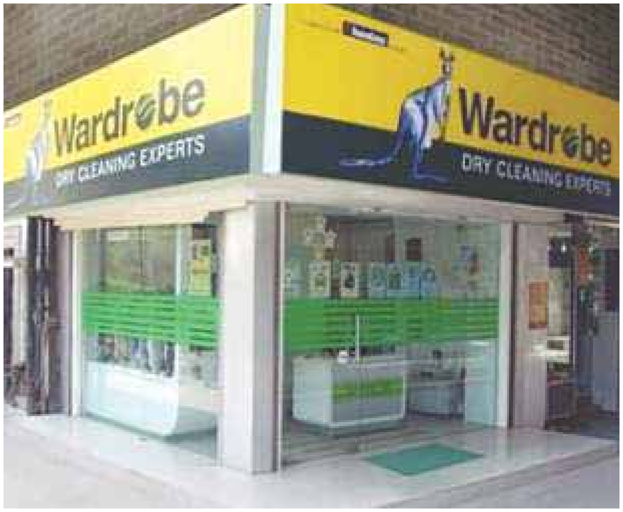
## JFSL PRESENCE

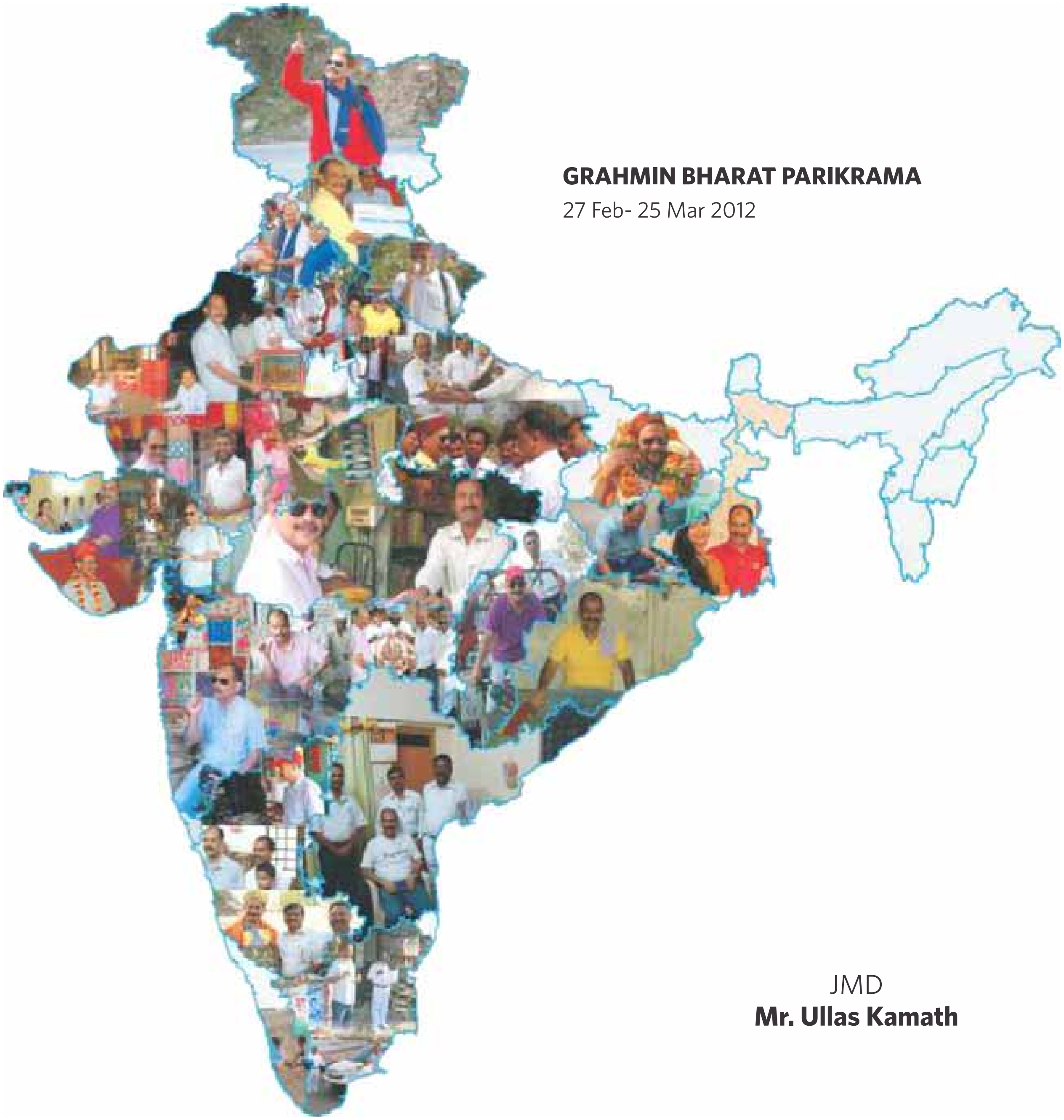


# Jyothy Fabricare


**Highlights:**

- Country's biggest laundry chain with 122 retail outlets which service brands like Fabric Spa and Wardrobe.
- Current Operation in Bengaluru, Delhi, Mumbai, Pune and Chennai
- Investments to the tune of ₹ 100 crores made by IL&FS for a 25% equity stake at an Enterprise Valuation of ₹ 400 crores. ₹ 50 crores investment have been made and the balance ₹ 50 crores is expected to come in for Chennai and Hyderabad expansion.
- Bagged Prestigious Western Railways at Ahmedabad– BOOT contract for 10 years
- Bagged Prestigious DIAL (Delhi International Airport Limited) project for 15 years on BOOT basis
- Total turnover of ₹ 3801 lakhs as on 31st March, 2012. (₹ 941 lakhs for FY ended March 2011)





**GRAHMIN BHARAT PARIKRAMA**

27 Feb- 25 Mar 2012

JMD

**Mr. Ullas Kamath**

# Celebrating a Momentous Journey

**GRAHMIN BHARAT PARIKRAMA**

The Joint MD of Jyothy Laboratories, Ullas Kamath, undertook a month-long Grahmin Bharat Parikrama, to understand the grassroot level mindset in different states.

The journey encompassing 14,000 km by road across the length and breadth of the country was a part of the Company's strategy to understand the pulse of the markets. The learnings from this journey shall form the basis of its marketing and product strategy going forward.

Ullas Kamath spent a lot of time with retailers, distributors, stockists, Company employees and their families to understand their requirements. We expect this effort in terms of understanding intermediary and customer requirements in addition to building a rapport at the grassroot level will go a long way in making the products of our Company preferred brands.

Ullas Kamath also met lots of villagers in different states to understand their needs as consumers, Government programmes in various states affecting the FMCG Companies.

# Shaping a new future – the catalyst

In line with our tradition of conducting a freewheeling interview with our Joint MD, Ullas Kamath, we present hereunder key excerpts from this year's interview wherein he shares his experiences of the year gone by and his outlook for the year to come.

**Q1. How has the journey been thus far as regards Henkel's Integration? How do you see Jyothy Laboratories shaping up?**

We have completed the integration of Henkel with Jyothy and as I see it, Jyothy Laboratories has now entered the bigger league of FMCG players. In the Fabric Care , Household Insect Repellent and Surface Cleaning segment, we have achieved end to end presence. Alongside, we have added personal care products to our portfolio like Fa and Margo which are known for their quality and hold immense potential.

Our goal in the last financial year was to see improvement in our EBITDA and Topline performance quarter on quarter as we went through the pains of integration. This I believe was a better indicator to gauge the last year's performance (reflected in the following table).

Financial Turnaround Snapshot – Standalone Numbers

| Quarter | EBITDA% |
|---|---|
| Q1 | 8.84 |
| Q2 | 4.98 |
| Q3 | 16.98 |
| Q4 | 16.64 |
| FY 2012 | 12.47 |
| FY 2011 | 14.33 |

| Quarter | Sales FY 2012 | Sales FY 2011 | Growth % |
|---|---|---|---|
| Q1 | 12,299 | 15,132 | -19% |
| Q2 | 15,465 | 14,483 | 7% |
| Q3 | 16,631 | 14,842 | 12% |
| Q4 | 21,883 | 15,598 | 40% |
| **Total** | **66,278** | **59,983** | **10%** |

Operationally we have achieved the fine balance of urban –rural presence and our distribution as well as production facilities have been streamlined. We are thus well positioned for long term growth which is both sustainable and scalable as we are financially strong and are market leaders in many of our core categories that we have presence in and have the right strategies in place to succeed.

**Q2. How do you see the product portfolio of Jyothy Laboratories shaping up given that the integration process has been formally completed?**

The Fabric Care segment, where have been traditionally strong, has further strengthened with erstwhile Henkel's products. We are now present across economic categories here and it has also given us broad based presence both in terms of geographies and markets. Maxo portfolio remains as it is and we are trying to increase the share of liquid and sprays which should take care of the margins. As regards the Exo Portfolio, it has grown tremendously and we expect it to grow at a good rate given the industry potential. Of the Henkel's basket of offerings, Margo, Fa, Pril and Henko will remain our key focus areas for the next few quarters. We plan to revitalise the marketing strategy for these products to begin with, as we see tremendous potential in the same. The product streamlining and re-positioning efforts will also see new talent being added to the organisation so that they get the focus they deserve in terms of managerial bandwidth. Further, it will be done in a phased manner so that the ground work is strong enough to manage scalability of various products. Notably, all the products of our combined entity fall in one of the top 3 positions in their respective categories.

Alongside Jyothy Fabricare Services continues to grow at the desired rate and I am confident that it will continue to do so.

**Q3. What changes have you brought about in the Company in terms of distribution which is the key function of the FMCG industry ?**

The trade environment in emerging markets especially the rural areas is often predominantly small stores whereas the urban markets are moving towards modern trade formats. Jyothy Laboratories has traditionally been strong in the rural markets which represent majority of the Indian population. With Henkel integration we have direct access to the urban markets especially the modern trade formats. Hence in terms of distributorship we have evened out our presence to a great extent in the rural as well as urban markets. Our thought process is clear, where we are already strong, we propose to retain it and push erstwhile Henkel's products along with Jyothy's. Where we are weak, we propose to strengthen the team and thereby distribution. From May 2012, the entire distribution network has been integrated and under Jyothy's umbrella and we expect the synergies to bear fruit over a period of time, in a phased manner.

**Q4. There have been concerns over the Debt on the books. How do you see the financials shaping up in the future?**

As regards our financial performance, our aim as an organisation is to remain ahead of the industry in terms of margins and revenue growth. Therefore, debt servicing and repayment becomes a function of the same. We have the land bank on our books and we would exercise the option of selling the same, if required, at the right price. In the meanwhile, if the new product lines that we have acquired provide the cash flows to service the debt and after that help maintain profitability at a rate higher than that of the industry, we would consider that as an optimal situation. We propose to raise prices across product categories, reposition and market erstwhile Henkel's products which hold potential and complete the streamlining of manufacturing facilities which will boost margins.

We are working towards the same and we believe that the coming financial year we will prove ourselves as a bigger and stronger entity with a complete range of products having pan-Indian presence.

**Q5. How has the cultural integration taken place ?**

Culturally, the erstwhile Henkel's style of working has been significantly different from ours and one of our major strategic focus areas has been to align the same. We have chosen to retain certain select middle managers in key functions like operations, distribution, marketing and finance. We have already appointed our CEO – Mr. S Raghunandan, who will build the talent pool in the form of Category Heads, Supply Chain Head, etc. This will make us more accountable and process driven as an organisation, which we believe will lay the foundation for our better and new future.

**Q6. What is the outlook for the next year ?**

The financial year 2012-13 will show the results of integration. On the expenditure side, we have rationalised our advertisement and sales expenses. Steps are underway to strengthen the distribution network while simultaneously streamlining our manufacturing facilities. The management and supply chain functions will be managed from Mumbai while vertical heads are expected to be appointed during the year for focused marketing. Overall, one will see a new entity with the same values showcasing what the new future holds in store for all stakeholders.

# Board of Directors

**M.P.Ramchandran**

Chairman and Managing Director

M.P.Ramchandran remains the driving force behind the company's progress. His vision and understanding of the customer's pulse has led to the company emerging as a formidable player in the FMCG segment.

**K.Ullas Kamath**

Joint Managing Director

Ullas Kamath has been promoted as the Joint Managing Director from January 2012. A qualified Chartered Accountant and Company Secretary, he has topped it with a Degree in Law and has attended the Advanced Management Programme at Wharton Business School and Harvard Business School. It is under his leadership that the company has diversified and become a multi product FMCG company. He has spearheaded the successful setting up of Fabric Spa and the Henkel acquisition.

**S. Raghunandan**
Wholetime Director & Chief Executive Officer

S. Raghunandan has a degree in Chemical Engineering from Birla Institute of Technology and Science (Pilani) and has topped it with a postgraduation degree from IIM-Kolkota. Having joined in May 2012, he brings to the table his vast industry experience in areas of sales, marketing and strategic & tactical planning. He has worked with FMCG players in the bigger league which is the space Jyothy has now entered into.

**M.R.Jyothy**
Wholetime Director

A postgraduate in Management with an additional diploma in Family Managed Business Administration, M.R.Jyothy contributes significantly to the sales, marketing and brand communication aspects of the company. She has recently completed the Owner / President Management Programme from Harvard University.

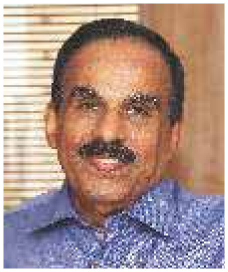
## NON EXECUTIVE INDEPENDENT DIRECTOR

**Bipin R. Shah**

Bipin R. Shah is a Chartered Accountant with a postgraduate degree in Management. He has also attended Senior Executive Programme conducted by Sloan School of Business, Massachusetts Institute of Technology at Boston, USA. Currently he serves on the Board of various companies and the Company benefits from his experience with leading FMCG players.

**Nilesh Mehta**

Nilesh Mehta was the Managing Partner of Aureos Capital since January 2005. He is a qualified CA with a postgraduate degree from IIM. His experience spans various fields in finance ranging from investment banking, private equity to fund-related activities. He is a veteran in the field of private equity and mergers and acquisitions of mid cap Indian companies.



**K.P.Padmakumar**

K.P.Padmakumar brings to the table more than four decades of experience in the field of Commercial Banking, Treasury Management, Capital Markets and Mutual Funds. A Graduate in Agriculture and a Certified Associate of Indian Institute of Bankers – CAIIB, Padmakumar has vast experience in the banking and capital markets arena.

**Ramakrishnan Lakshminarayanan**

An IIT and IIM alumnus, Lakshminarayanan has a string of successes in his career. He has worked with leading FMCG conglomerates across product categories and held eminent positions with top notch advertisement companies in India. He has keen interest in Business Strategy, Brand Strategy, Media Plural Communications and Portfolio management.

# Management Discussion and Analysis

**Macro Economic Scenario**

The UN has cut down its growth forecast for India for the year 2012, predicting a 6.7 per cent growth rate rather than a 7.7 per cent rise predicted earlier, while listing euro debt crisis as the biggest threat to world economy. In its World Economic Situation and Prospects mid-year update, the UN said the global economic situation continues to be challenging and global growth will likely remain tepid in 2012 following a marked slowdown in 2011. However, the Consumer spending in India is likely to grow nearly four times to touch USD 3.6 trillion by 2020, driven by rising incomes and aspirations, widespread media proliferation and better physical reach across the country, according to a joint report titled, 'The Tiger Roars - How a billion plus people consume and shop' by Boston Consulting Group (BCG) and the Confederation of Indian Industry (CII).

The near term outlook however is cautious as reflected in the GDP data showing that the manufacturing sector shrank 0.3 per cent compared with a year earlier. The farm sector grew just 1.7 per cent. Gross domestic product rose 6.5 per cent in the fiscal year to the end of March 2012. Inflationary pressures amidst the backdrop of rising fuel prices and weakened rupee continue to have their overhang on the Indian economy and there does not seem to be a quick respite.

**The Fast Moving Consumer Goods (FMCG) Industry**

The Indian FMCG sector is the fourth largest sector in the economy with a total market size in excess of USD 13.1 billion. Further, the availability of key raw materials, cheaper labour costs and presence across the entire value chain gives India a competitive advantage. The FMCG market is set to treble from USD 11.6 billion in 2003 to USD 33.4 billion in 2015. Penetration level as well as per capita consumption in most product categories in India is low indicating the untapped market potential. (www.cii.in)

Urban FMCG Markets: (Modern Trade Formats: Business Monitor International (BMI) has recently released its India retail report for the first quarter of 2012 which projects that total retail sales will grow from USD 422.09 billion in 2011 to USD 825.46 billion by 2015. Explosion of organised retail in a big way is one of the major factors behind such a positive forecast and this is expected to boost the FMCG segment. The

Indian consumers' spending on FMCG items at modern retail stores is set to nearly triple to USD 5 billion by 2015 from USD 1.8 billion at present, according to market research firm, the Nielsen Company.

Rural FMCG Markets: It is interesting to note that a mere one per cent increase in India's rural income translates to a large buying power of Rs 10,000 crore (USD 1.79 billion). Nearly two-thirds of all middle-income households in the country are in rural India. According to consulting firm BCG, 50 per cent of the market is made up of bottom of the pyramid consumers while another 24 per cent at present comes from small town and rural India. A report by the National Council of Applied Economic Research (NCAER) shows that rural segment comprises more than 50 per cent of consumers constituting as a prime market for consumer goods. Two-thirds of the country's one billion consumers live in rural India, where almost 50 per cent of the national income is generated. Higher rural incomes have meant larger markets.

## Key Industry Trends & Growth Drivers

### 1. Spike in Raw Material Prices and consequently Selling Prices

The upward trend in raw material costs is expected to continue with companies increasing their selling price across product categories to counter the same. This should result in margin improvements.

### 2. Rural Demand continues to be the biggest growth driver while modern trade is also expected to grow at a faster rate.

Around 73% of Indian population lives in the rural areas. Rapid urbanisation, increased literacy and rising per capita income are the key growth drivers for the sector. Nielsen estimates that the country's rural FMCG retail landscape will grow from USD 12 billion in 2011 to USD 100 billion by 2025 as per its consumer 360 report.

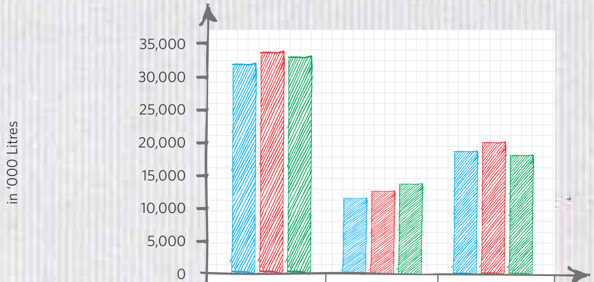
### 3. Inflationary Trends to continue

Input cost inflation, persistent rise in raw material price, rising fuel costs, fluctuation in the currency, dipping industrial growth, slowing global economy needs to be monitored closely in terms of its impact on volumes.

### 4. Implementation of Goods and Service Tax: Need of the Hour

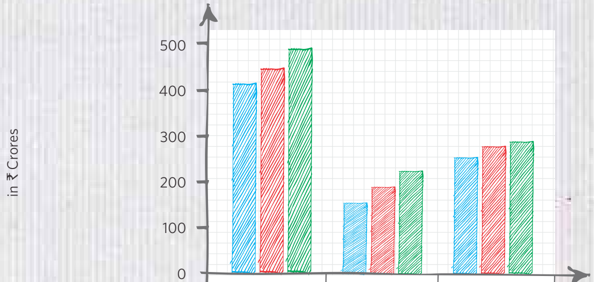
This tax would replace multiple indirect taxes levied on products and would lead to a uniform, simplified and single-point taxation. This helped to reduce prices. GST will be beneficial for the government as consumption growth and improvement in tax compliance would help boost the Government’s tax collection kitty.

## Liquid Blues - Volumes



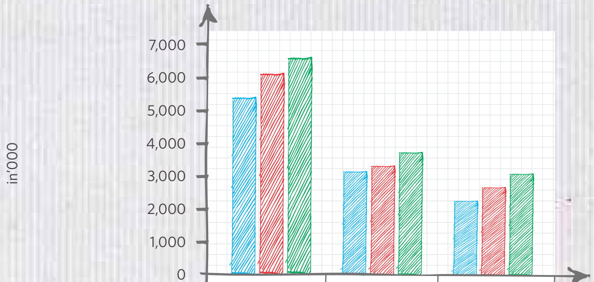

| | Total | Urban | Rural |
|---|---|---|---|
| April 2009 - March 2010 | 33,139 | 13,178 | 19,961 |
| April 2010 - March 2011 | 34,159 | 13,433 | 20,726 |
| April 2011 - March 2012 | 33,671 | 14,149 | 19,522 |

## Liquid Blues - Value



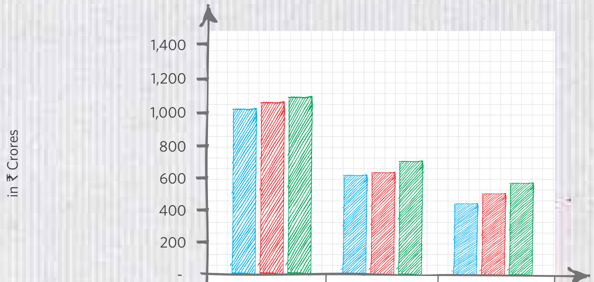

| | Total | Urban | Rural |
|---|---|---|---|
| April 2009 - March 2010 | 406 | 176 | 230 |
| April 2010 - March 2011 | 449 | 191 | 258 |
| April 2011 - March 2012 | 490 | 218 | 272 |

## Coils - Volumes



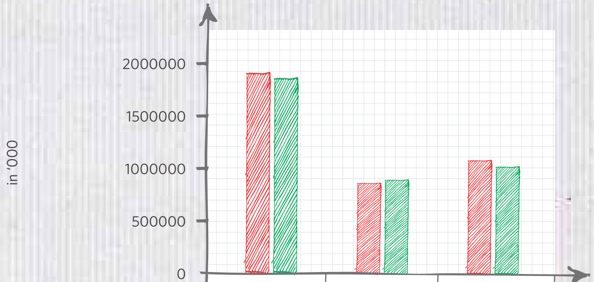

| | Total | Urban | Rural |
|---|---|---|---|
| April 2009 - March 2010 | 5,461 | 3,106 | 2,355 |
| April 2010 - March 2011 | 6,005 | 3,329 | 2,676 |
| April 2011 - March 2012 | 6,571 | 3,670 | 2,901 |

## Coils - Value



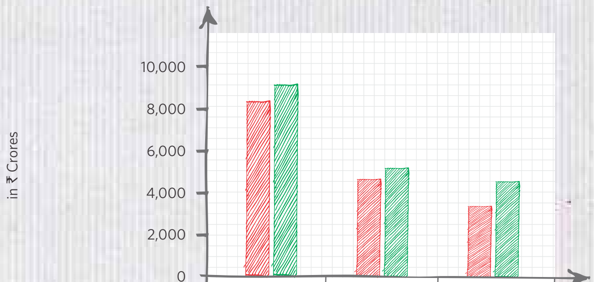

| | Total | Urban | Rural |
|---|---|---|---|
| April 2009 - March 2010 | 1,107 | 648 | 459 |
| April 2010 - March 2011 | 1,203 | 689 | 514 |
| April 2011 - March 2012 | 1,346 | 775 | 571 |

**Washing Powder - Volumes**



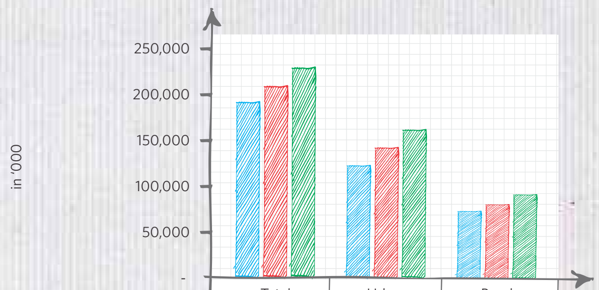

| | Total | Urban | Rural |
|---|---|---|---|
| April 2010 - March 2011 | 1949794 | 907971 | 1041823 |
| April 2011 - March 2012 | 1927088 | 914163 | 1012925 |

**Washing Powder - Value**



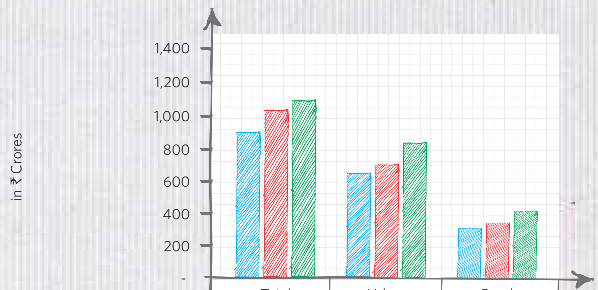

| | Total | Urban | Rural |
|---|---|---|---|
| April 2010 - March 2011 | 8,223 | 4,403 | 3,820 |
| April 2011 - March 2012 | 9,162 | 4,949 | 4,213 |

### Dishwash Bars - Volumes



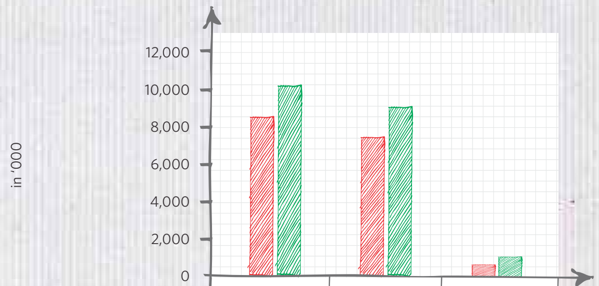

| | Total | Urban | Rural |
|---|---|---|---|
| April 2009 - March 2010 | 191,490 | 130,432 | 61,508 |
| April 2010 - March 2011 | 208,947 | 142,175 | 66,772 |
| April 2011 - March 2012 | 236,888 | 155,974 | 80,914 |

### Dishwash Bars - Value



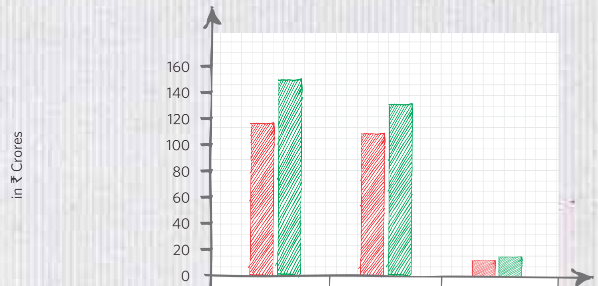

| | Total | Urban | Rural |
|---|---|---|---|
| April 2009 - March 2010 | 943 | 639 | 304 |
| April 2010 - March 2011 | 1005 | 684 | 320 |
| April 2011 - March 2012 | 1217 | 803 | 414 |

### Dish Wash Liquid - Volumes




| | Total | Urban | Rural |
|---|---|---|---|
| April 2010 - March 2011 | 8,486 | 7,811 | 674 |
| April 2011 - March 2012 | 10,082 | 9,169 | 913 |

### Dish Wash Liquid - Value




| | Total | Urban | Rural |
|---|---|---|---|
| April 2010 - March 2011 | 119 | 109 | 10 |
| April 2011 - March 2012 | 149 | 134 | 15 |

**Jyothy Laboratories' Competitive Positioning**

- Complete basket of portfolio with integration of Henkel products giving the company end to end presence especially in the Fabric Care and Dish Washing segment.

- Better regional presence in line with access to Henkel's markets both in terms of geographies and rural-urban markets. Henkel's products have strong presence in the Western and Northern region while Jyothy has strong presence in the South and East. Further, with Jyothy's tradionally strong presence it will now find good visibility in modern trade formats.

- Production and Supply Chain synergies will further enhance the cost effectiveness of its Manufacturing activities resulting in production efficiencies.

- The company will have a stronger distribution network as a result of integration with erstwhile Henkel. The company has a Sales staff of over 1,300 people servicing approx. 3,500 distributors and a Field staff have a direct reach of ~ 1 million outlets. Jyothy's products are available in ~ 2.7 mn outlets in India as of December 31, 2011.

- The company has also forayed into the Bangladesh market which will mark its entry into oversees segment. In addition to setting up local manufacturing plants, the company also intends transferring some of its experienced sales team to market the entire range of products in these countries, the results of which should be visible towards end of FY 2012-13.

- With a proven management track record, the company will now have dedicated heads for specific functions, resulting in broader management bandwidth and focused marketing approach. This will also make the organisation more process driven.

- Jyothy Fabricare Services Limited continues to witness good traction as is expected to de-risk the company's business model and drive growth. With new and prestigious orders bagged, the potential for this subsidiary is immense.

**Risk Addressal**

- Rising Input Costs: The company will derive greater economies of scale as it has shifted Henkel's production to Jyothy's manufacturing facilities. Further, the company plans to raise the price of all its products in a phased manner and also withdraw trade incentives resulting in better prices to counter rising input costs.

- Flat growth in Maxo : Maxo is present in the highly competitive segment. With launch of liquid aerosols and sprays the volumes as well as margins in this segment are expected to pick up over a period of time.

- Supply Chain Management: With Henkel's integration, supply chain management is expected to further enhance in terms of efficiencies.
- Integration: Given the first phase of integration strategies in place, the company expects the second round of integration to bring in tangible results. Appointment of new functional heads, synergies in distribution, supply chain, manufacturing and product repositioning are some of the areas which will see major efforts in the financial year 2012-13 and bring in results.
- Debt: The Company expects its integrated business model to take care of the debt by providing top-line and bottom-line growth.

## Financial Performance

**Accounting policy**

The Company follows the Generally Accepted Accounting Principles (GAAP) in India, applicable accounting standards and other necessary requirements of the Companies Act, 1956 for the preparation of its financial statements. The Company uses accrual basis of accounting except in cases of assets for which provision for impairment is made.

**The Year 2011-12**

Total Revenue rose by 14.7% at ₹ 71998.38 lacs on y-o-y 12 months period including non-operating income of ₹ 5701.49 lacs. Net Sales registered a 10.5% growth at ₹ 66278.15 lacs on a standalone basis.

The following table indicates the category wise growth rates for the 12 months period April 1, 2011 to March 31, 2012.

| Category | Amount in Rs Lac | | Growth |
|---|---|---|---|
| | 2012 | 2011 | (%) |
| Fabric Care | 31,503 | 29,977 | 5% |
| Household Insecticide | 14773 | 14594 | 1% |
| Surface Cleaning | 16329 | 11398 | 43% |
| Other Products | 3673 | 4014 | -8% |
| Total | 66,278 | 59,983 | 10% |

**Cost analysis**

Total cost (excluding interest and depreciation) of the company grew by 11.43% to ₹ 58,030.42 lacs in the 12 month period ended March 31, 2012 from ₹ 52,078.28 lacs in corresponding period of 2010-11 on account of an increased operational scale.

(₹ in lacs)

| Particulars | Year Ended | |
|---|---|---|
| | FY 2012 | FY 2011 |
| Net Sales | 66,278 | 59,983 |
| Other Income - Operating | 19 | 693 |
| **Total Income** | **66,297** | **60,676** |
| Cost of Goods Sold | (37,259) | (31,147) |
| Employee cost | (7,802) | (7,479) |
| Advertisement and Sales Promotion expense | (4,283) | (5,378) |
| Other expenditure | (8,686) | (8,074) |
| **Total Expenditure** | **(58,030)** | **(52,078)** |
| **Operating EBITDA** | **8,266** | **8,598** |
| Other Income - Non Operating | 5,701 | 2,068 |
| **EBITDA** | **13,968** | **10,666** |
| Depreciation and Impairment | (1,703) | (1,079) |
| Interest | (1,943) | (30) |
| **Profit Before Tax** | **10,322** | **9,557** |
| Tax | (1,970) | (1,530) |
| **Profit After Tax** | **8,352** | **8,027** |
| **EPS** | **10.36** | **10.35** |
| **Book Value Per Share** | **83.53** | **80.95** |

**Cost of Goods sold:** During the financial year, COGS of the Company increased from ₹ 31,147 lacs in 12 months of FY 2010-11 to ₹ 37,259 lacs in 12 months of FY 2011-12. Cost of goods sold as a per cent of net sales increased from 51.93% over the corresponding period to 56.22% for the 12 month year ending March 2012. This was mainly due to increase in raw material costs and also change in sales mix.

**Employee cost:** For the 12 month year 2011-12 stood at ₹ 7,802.18 lacs while the corresponding figure for 2010-11 was ₹ 7,479.24 lacs, translating into a 4.32% growth. This was on account of annual increments to the staff. Employee cost as a proportion of total cost was at 13.44% for the year ended March 2012.

**Other expenses (excluding advertisement and sales promotion expenses):** Other expenses of the Company include power & fuel, rent, legal & profession, freight outwards, communication expenses, repairs, travelling & other miscellaneous expenses. Other expenses increased by 7.58 % from ₹ 8,074.29 lacs in 2010-11 to ₹ 8,686.41 lacs in 2011-12. This mainly on account of increase in freight outwards expenses due to increase in petrol and diesel prices.

**Advertisement and Sales promotion expenses** of the Company decreased by 20.36% from ₹ 5,378.05 lacs in 2010-11 to ₹ 4,283.02 lacs in 2011-12 due to reduction in Ujala Detergent advertisement expenses.

**Margins**

EBIDTA margin of the Company has increased by 329 basis points from 17.80% in 2010-11 to 21.07% in 2011-12. This was mainly on account of increase in other non-operating income. Operating EBIDTA of the Company however reduced from 14.33% to 12.47% due to lower gross margins.

The PAT Margins declined by 78 basis points over the same period on account of cascading effect from the operational level also higher interest rate costs on account of debt on the books due to Henkel acquisition.

Given that the first phase of integration is over, we expect our sales to improve the margins going forward.

**Taxation**

Total tax charge (including current tax, deferred tax, excess provision for tax of earlier year and MAT credit entitlement) for the Company increased by 28.74% from ₹ 1,530 lacs in 12 months of 2010-11 to ₹ 1,970 lacs in 2011-12. Effective tax rate stood at 19.07% for the year 2011-12 as compared to 16.01 in 2010-11.

**Capital employed (taken from segment wise revenue and capital employed data)**

Total capital employed stood at ₹ 67,350.57 lacs for the 12 month year ending on March 31, 2012. For the 12 month year March 2011, it stood at ₹ 65,272.83 lacs.

**Own funds**

The net worth of the Company grew by 3.18% from ₹ 65,272.82 lacs as on 31st March, 2011 to ₹ 67,350.57 lacs as on 31st March 2012.

**Equity:** The equity share capital (issued and subscribed) of the Company consists of 80,632,000 equity shares of ₹ 1 each.

**Reserves and surplus:** The reserves and surplus of the Company stood at 66,544.25 lacs as on 31st March, 2012. It stood at 64,466.50 lacs as on 31st March, 2011. The increase was on account of transfer from profit and loss account.

### Loan funds

The debt portfolio of the Company comprises of bank overdraft, commercial paper & bank term loans amounting to ₹ 55,291.25 lacs as on 31st March, 2012.

### Net block

The net block of the company as on 31st March, 2012 stood at ₹ 20,343.58 lacs as compared to ₹ 20,600.75 lacs for the corresponding period of the previous year.

### Investments

Investments of the company as on 31st March, 2012 stood at ₹ 37,770.98 lacs as compared to ₹ 7,995.98 lacs for the corresponding period of the previous year. This increase is mainly due to acquisition of controlling stake in Henkel India Limited.

### Working capital

| Particulars | 2011-12 | 2010-11 |
|---|---|---|
| **Current assets** | | |
| Inventories | 7,928.19 | 6,834.69 |
| Trade receivables | 4,251.55 | 10,349.89 |
| Loans and advances | 4,914.01 | 2,342.09 |
| Other assets | 221.18 | 222.71 |
| | **17,314.92** | **19,749.38** |
| **Current liabilities** | | |
| Trade payables | 6,326.44 | 3,952.70 |
| Other current liabilities | 1,498.58 | 1,230.29 |
| Provisions | 2,789.82 | 5,109.09 |
| | **10,614.84** | **10,292.07** |
| **Net Working Capital** | **6,700.08** | **9,457.30** |

**Net working capital** of the Company stood at ₹ 6,700.08 lacs as on March 31, 2012 as compared to ₹ 9,457.30 lacs as on March 31, 2011 due to effective working capital management.

### Inventory:

Effective inventory management is an important driver for working capital efficiency. Inventory of the company stood at ₹ 7,928.19 lacs as on March 31, 2012 as compared to ₹ 6,834.69 lacs as on March 31, 2011. Inventory turnover for the company stood at 78 days for 12 months year ending March 2012 as against 80 days against the corresponding period of 2010-2011.

**Sundry debtors:** There has been a remarkable improvement Debtors position for the Company as on March 31, 2012 as compared to March 31, 2011. Sundry debtors for the Company stood at ₹ 4,251.55 lacs as on 31st March, 2012 as compared to ₹ 10,349.89 lacs as on 31st March, 2011.

Debtor turnover stood at 23 days for 12 month year ending March 2012. For the corresponding period of the previous year, the same stood at 63 days.

**Cash and bank balances:** Cash and bank balances for the Company stood at ₹ 5,099.40 lacs as on 31st March, 2012 as against ₹ 27,789.46 lacs as on 31st March, 2011.

**Loans and advances:** Loans and advances for the Company stood at ₹ 59,771.93 lacs as on 31st March, 2012 as against ₹ 9,055.77 lacs as on 31st March, 2011.

**Other liabilities and provisions:** Other liabilities and provisions for the Company stood at ₹ 5,190.16 lacs as on 31st March, 2012 as against ₹ 7,239.88 lacs as on 31st March, 2011.

**Trade Payables:** Trade Payables for the Company stood at ₹ 6,326.44 lacs as on March 31, 2012 as against ₹ 3,952.70 lacs as on March 31, 2011.

**Dividend**

The board has recommended a dividend @ ₹ 2.5/- (250%) per share for the financial year 2011-2012 against the dividend of ₹ 5/- (500%) per share paid for the year 2010-2011.

# Directors' report

To,

The Members,

Your Board of Directors is pleased to present the 21st Annual Report together with the Audited Financial Statements for the year ended March 31, 2012 compared with previous financial year as follows:

(₹ in lac)

| Financial results | Financial Year ended March 31, 2012 | Financial Year ended March 31, 2011 |
|---|---|---|
| **Sales (net of trade discount and sales tax)** | 68,835.43 | 61,720.67 |
| Other Income | 5,720.23 | 2,760.44 |
| **Profit before depreciation and interest** | 13,967.96 | 10,665.63 |
| Interest and Finance Charges | 1,943.25 | 30.17 |
| Depreciation, Amortization and Impairment | 1,703.19 | 1,078.55 |
| **Profit before tax** | 10,321.52 | 9,556.91 |
| Provision for tax | | |
| - Current tax | 2,010.00 | 1,295.00 |
| - Deferred tax charge/(reversal) | (40.04) | 296.72 |
| - (Excess) provision for current tax of earlier year | - | (61.48) |
| **Profit after tax** | 8,351.56 | 8,026.67 |
| Balance as per last Balance Sheet – Brought Forward | 2,736.79 | 1,524.30 |
| Debit Balance of Profit and Loss Account of Sri Sai Homecare Products Private Limited pursuant to Scheme of Amalgamation | - | (128.55) |
| Balance available for appropriations | 11,088.35 | 9,422.42 |
| **Appropriations:** | | |
| Final Dividend on Equity Shares | 2,015.80 | 4,031.60 |
| Corp. Dividend Tax | 327.01 | 654.03 |
| Transfer to General Reserve | 2,000.00 | 2,000.00 |
| Balance Carried Forward (Profit and Loss Account) | 6,745.54 | 2,736.79 |
| Earning Per Share (Basic and Diluted) | 10.36 | 10.35 |
| Dividend Per Share | 2.50 | 5.00 |

## Performance

During the financial year ended March 31, 2012, the Company recorded Sales (net of trade discount and sales tax) at ₹ 68,835.43 lac compared to ₹ 61,720.67 lac in the previous financial year. In the financial year under review, Profit before Tax stood at ₹ 10,321.52 lac compared to ₹ 9,556.91 lac in previous financial year.

The Sales (net of trade discount & sales tax) in financial year under review had grown by 11.53% compared to the previous year. This increase in sales was achieved despite drastically bringing down the inventory levels (to almost one week's stocks) at super distributors in pursuance to converting three tier distribution system to two tier distribution system. Trade receivables were brought down from ₹ 10,349.89 lac as at March 31, 2011 to ₹ 4,251.55 lac as at March 31, 2012.

During the year under review, the sales of soaps and detergents grew to ₹ 44,554.67 lac from ₹ 38,599.19 lac in the previous year and the sales in homecare segment grew to ₹ 21,785.18 lac from ₹ 21,651.99 lac in the previous year. The profitability in homecare segment was adversely affected due to lower margins in case of mosquito repellant coils and substantial increase in raw materials and other costs.

## Finance

Your Company, for the first time, has borrowed funds to finance the acquisition of Henkel India Limited. The borrowings as on March 31, 2012 stood at ₹ 55,291.25 lac.

## Dividend

For the financial year under review, the Board is pleased to recommend a dividend @ ₹ 2.50 per equity share of face value of ₹ 1/- each (i.e. 250% of face value of equity shares), aggregating to ₹ 2,015.80 lac. In the previous financial year, the Board had recommended and paid a dividend @ ₹5.00 per equity share of face value of ₹ 1/- each (i.e. 500% of face value of equity share), aggregating to ₹ 4,031.60 lac. The reduction in dividend was with a view to conserve cash resources of the Company for financing its increasing business activity.

The dividend on the existing equity shares of the Company will be paid to eligible members after its approval by the Members in the ensuing Annual General Meeting.

## Bonus Issue

The Board of Directors of your Company declared to issue bonus shares in the ratio of one new bonus equity share of face value of ₹ 1/- each to be issued for every one equity share held by the members. The approval of the members is being sought through postal ballot process. The bonus shares shall be allotted to the members as on book closure date/ record date to be announced after the approval of bonus issue by the members. The bonus shares shall be eligible for dividend that may be declared for the financial year 2012-13 and thereafter.

## Increase in Authorised Share Capital

The Company has sought approval of its members through postal ballot to increase its authorized share capital to 17,00,00,000 equity shares of ₹ 1/- each aggregating to ₹ 17,00,00,000 (Rupees Seventeen Crore only) to accommodate issue of bonus shares.

## Utilization of Qip Proceeds

During the financial year ended March 31, 2011, the Company had issued 80,63,200 equity shares of ₹1/- each at a premium of ₹281.62 per equity share to Qualified Institutional Buyers (QIP) in terms of Chapter XIII A of the Securities & Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000.

The Audit Committee and the Board of Directors of the Company have taken on record the following statement of utilization of the proceeds of the amounts raised by the Company:

(₹ in lac)

| Particulars | Amount |
|---|---|
| Gross proceeds | 22,788.22 |
| Less: Expenses incurred | 644.29 |
| Net proceeds | 22,143.93 |
| Utilization | |
| Acquisition of Henkel India Limited | 22,143.93 |
| Total utilization | 22,143.93 |

The funds raised through QIP proceeds have now been utilized in full.

## New Developments

### Henkel India Limited

- The Company has acquired 83.66% of paid up equity share capital and the entire preference share capital of Henkel India Limited (HIL). The equity shares of HIL are listed on Bombay, Madras and Calcutta Stock exchanges.

### Jyothy Kallol Bangladesh Limited

- The Company has set up a joint venture in Bangladesh with Kallol Enterprise Limited for setting up a state-of-art manufacturing facility and marketing of all products of the Company and HIL in a phased manner.
- The commercial production is expected to start in the 2nd half of the financial year 2012-13.

## Management Discussion and Analysis Report

Management Discussion and Analysis Report is attached and forms part of this Report.

## Corporate Governance

As per Clause 49 of the Listing Agreement with the stock exchanges, a section on Corporate Governance is presented separately and forms part of this Report.

## Consolidated Financial Statements

In accordance with Accounting Standard 21, issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements have been provided in the Annual Report. These Statements provide financial information about your Company and its subsidiary companies as a single economic entity. The Consolidated Financial Statements form part of this Annual Report.

## Subsidiary Companies

The Central Government vide General Circular No. 2/2011 dated February 8, 2011 has exempted the holding companies from attaching Annual Accounts and other documents in respect of its subsidiaries to the Annual Report of the holding companies from the financial years ended on or after March 31, 2011. As required vide above circular, a statement in respect of each of its subsidiary, giving details of capital, reserves, total assets and liabilities, details of investments, turnover, profit before taxation and proposed dividend forms part of this Annual Report. Annual accounts of the subsidiary companies and the related detailed information will be made available to the shareholders of the Company, seeking such information and will also be made available for inspection at the Registered Office of the Company.

## Jyothy Fabricare Services Limited

Members are aware that the Company had started a new Value Added Service in fabric care segment to provide "World-class laundry at affordable price at your door step" and other related services through its subsidiary company namely Jyothy Fabricare Services Limited (JFSL).

Major highlights of JFSL are as follows:

- Country's biggest laundry chain with 122 retail outlets which service brands like Wardrobe and Fabric Spa;
- Currently operating in Bangalore, Delhi, Mumbai, Pune and Chennai;
- Investment to the tune of ₹ 100 crore committed by IL&FS for a 25% equity stake at an Enterprise Valuation of ₹ 400 crore. ₹ 50 crore investment have been made and the balance ₹ 50 crore is expected to come in for expansion of operations at Chennai and Hyderabad;
- Bagged prestigious laundry maintenance project for Western Railways at Ahmedabad – contract for 10 years on BOOT basis;
- Bagged prestigious laundry maintenance project for DIAL (Delhi International Airport Limited) – contract for 15 years on BOOT basis;
- Total turnover of ₹ 3,801 lac for the financial year ended March 31, 2012 (Previous year ₹ 941 lac).

## Employee Relations

Employee relations remained cordial during the year under review.

## Fixed Deposits

The Company did not take any fixed deposits from the public and no fixed deposits were outstanding or unclaimed as on March 31, 2012.

## Directors

In accordance with the requirements of the Companies Act, 1956, and the Articles of Association of the Company, Mr. Nilesh B. Mehta and Ms. M. R. Jyothy, Directors of the Company will retire by rotation at the ensuing Annual General Meeting of the Company and being eligible have offered themselves for re-appointment. The Board recommends their re-appointment.

Mr. K. Ullas Kamath was appointed as Joint Managing Director of the Company at the Board Meeting held on January 23, 2012 with increase in remuneration payable to him. The approval to this appointment and remuneration payable to him is being sought from the members of the Company through postal ballot process.

Mr. S. Raghunandan was appointed as Whole-time Director and Chief Executive Officer of the Company and Mr. Ramakrishnan Lakshminarayanan was appointed as independent Director of the Company on May 23, 2012. In terms of Section 260 of the Companies Act, 1956, the term of Mr. Raghunandan and Mr. Laksminarayanan will expire at the conclusion of the ensuing Annual General Meeting. They being eligible offer themselves for appointment at the ensuing Annual General Meeting.

Your Company has received notice under Section 257 of the said Act along with requisite deposit, in respect of Mr. Raghunandan and Mr. Lakshminarayanan, proposing their appointments as Directors of the Company. Resolutions seeking approval of the members for their appointments have been incorporated in the Notice of the ensuing Annual General Meeting and brief details about them have been provided in the Corporate Governance Report.

## Auditors

M/s. S. R. Batliboi & Associates, Chartered Accountants, Mumbai, having registration number 101049W, Statutory Auditors of the Company, continue to hold office until conclusion of the 21st Annual General Meeting and being eligible offer themselves for re-appointment.

A certificate has been received from the Auditors to the effect that their appointment, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956. The Auditors have advised that they have subjected themselves to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the Peer Review Board of the ICAI.

## Cost Auditors

In compliance with the Central Government's Order No. 52/26/CAB-2010 dated June 30, 2011, the Board has appointed M/s. R. Nanabhoy & Co., Cost Accountants, Mumbai to carry out the cost audit in respect of insecticide products of the Company for the financial year 2011-12.

The due date for filling of the Cost Audit Reports for the financial year 2011-12 is September 30, 2012.

## Directors Responsibility Statement

Pursuant to requirements of Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

1. in the preparation of the annual accounts for the financial year ended March 31, 2012, the applicable accounting standards have been followed;
2. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of the profit of the Company for the financial year ended on that date;
3. the Directors have taken proper and sufficient care in the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the Directors have prepared the annual accounts for the financial year ended March 31, 2012 on a 'going concern' basis.

## Conservation of Energy and Technology Absorption

With regard to the requirements of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, the Company has nothing specific to report.

## Foreign Exchange Earnings and Outgo

(₹ in lac)

| Particulars | 2011-12 | 2010-11 |
|---|---|---|
| Foreign exchange earnings | 872.98 | 699.88 |
| Foreign exchange outgo | 382.16 | 377.86 |

## Particulars of Employees

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, are attached to this report.

## Risk and Concerns

The high rate of inflation continues to cause anxiety about the growth of Indian economy and the performance of the corporates including FMCG sector.

We believe that the Company operates in certain segments of FMCG space where demand for the Company's products is driven more by needs and may be impacted more by weather conditions and color trends in wearing apparels. To some extent, the Company is protected from pressures like slow down of economy due to small unit values of consumer packs of its products. The Company continues to promote usage of white apparels, widen its products range, introducing new variants of its products, brand extensions, create awareness and communicate utility value of its products to consumers through mass media advertisements and increasing geographical reach of its products.

The Company would continue to try to protect profitability by containing cost increases through greater efficiency in operation and judicious increase in prices. During the year, the Company increased the price of all its products including flagship brand 'Ujala' due to increase in prices of raw materials.

The Company is perceived to depend for turnover and profit on a few products and that any adverse movement in sale or profitability of such products may compromise its performance. The Company is aware of the matter and has been continuously extending its products range and geographical reach within India and reducing cost through greater operational efficiency without any compromise in quality. The Company has acquired 83.66% stake in Henkel India Limited with the objective to broad base its product portfolio and to grow inorganically as well.

The management will continue to monitor the risks concerning the Company and will respond appropriately to every situation.

### Internal Control Systems and its Adequacy

The Company has adequate internal control systems and procedures in place for effective and smooth conduct of business and to meet exigencies of operation and growth. The key business processes have been documented. The transactions are recorded and reported in conformity with generally accepted accounting practices. The internal control systems and procedures ensure reliability of financial reporting, compliance with the Company's policies and practices, governmental regulations and statutes. Internal Audit is conducted by independent firm of auditors. Internal Auditors regularly check the adequacy of the system, their observations are reviewed by the management and remedial measures, as necessary, are taken.

### Cautionary Note

Certain statements in the "Management Discussion and Analysis" section may be 'forward-looking'. Such 'forward looking' statements are subject to risks and uncertainties and therefore actual results could be different from what the Directors envisage in terms of future performance and outlook.

### Acknowledgement

The Board of Directors express their sincere appreciation for the contribution and commitment of the employees of the Company and for the excellent support provided by the shareholders, customers, distributors, suppliers, bankers, media and other service providers during the financial year under review.

For and on behalf of the Board of Directors
For **Jyothy Laboratories Limited**

**M. P. Ramachandran**
Chairman & Managing Director

Mumbai, May 23, 2012

## Particulars of Employees

The information pursuant to the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended, regarding the employees is given below.

| Name of the Employees | Designation | Qualification | Age in Years | Date of Joining | Experience | Gross Remuneration Per Annum (₹ in lac) | Previous Employment, Designation |
|---|---|---|---|---|---|---|---|
| Mr. M. P. Ramachandran | Chairman and Managing Director | Postgraduate Degree in Financial Management | 66 | 15-01-1992 | 38 years | 437.76 | Proprietor – Jyothy Laboratories |
| Mr. K. Ullas Kamath | Joint Managing Director | M.Com., F.C.A., A.C.S., L.L.B., A.M.P. – Wharton Business School and Harward Business School | 49 | 26-03-1997 | 27 years | 363.01 | Practicing Chartered Accountant |

Notes:

1. Remuneration shown above are salary, allowances, bonus (based on receipt), Company's contribution to Provident Fund and other perquisites valued as per Income Tax Rules, 1962.
2. Mr. M. P. Ramachandran holds 44.47% and Mr. K. Ullas Kamath holds 0.90% of equity shares in the Company.

# Report on Corporate Governance

## Company's Philosophy on Corporate Governance

The Company's philosophy is to conduct business and its dealings with all stakeholders in compliance with law and high standards of business ethics and to exceed the statutory requirements with regard to Corporate Governance. The Company would continue to strengthen its principles of transparency, fairness, and accountability to generate long-term value for its shareholders on a continuous and sustainable basis in harmony with the interests of all the other stakeholders.

The Company is in compliance with all the regulations stipulated by the Companies Act, 1956, and Securities and Exchange Board of India (SEBI) with regard to Corporate Governance. The following together with information contained in Management Discussion and Analysis and other parts of Annual Report constitutes the Company's compliance with the Corporate Governance.

## Board of Directors

**Composition:**

During the year, the Board comprised of 6 (Six) Directors of whom 3 (Three) are Executive Directors and 3 (Three) are Non-Executive/ Independent Directors. Mr. M. P. Ramachandran is Promoter and the Chairman & Managing Director of the Company. In accordance with the provisions of Clause 49 of the Listing Agreement, not less than 50% of the Board consists of Non-Executive and Independent Directors.

The composition of the Board of Directors is as under:

| Name of Director | Relationship with other Director |
|---|---|
| Mr. M. P. Ramachandran | Father of Ms. M. R. Jyothy |
| Mr. K. Ullas Kamath | None |
| Ms. M. R. Jyothy | Daughter of Mr. M. P. Ramachandran |
| Mr. Nilesh B. Mehta | None |
| Mr. K. P. Padmakumar | None |
| Mr. Bipin R. Shah | None |

**Attendance of Directors at Board Meetings and Annual General Meeting:**

There were seven Board meetings held during the financial year under review:

On April 29, 2011; May 5, 2011; May 30, 2011; June 28, 2011; August 12, 2011; November 9, 2011 and on January 23, 2012. Details of attendance of Directors are as under:

| Name of Director | Number of Board Meetings attended | Last Annual General Meeting attended |
|---|---|---|
| Mr. M. P. Ramachandran | 7 | Yes |
| Mr. K. Ullas Kamath | 6 | Yes |
| Ms. M. R. Jyothy | 5 | Yes |
| Mr. Nilesh B. Mehta | 6 | Yes |
| Mr. K. P. Padmakumar | 3 | Yes |
| Mr. Bipin R. Shah | 5 | Yes |

**Board Members and their Directorships in other public limited companies:**

| Name of Director | Executive/ Non-Executive/ Independent | Directorships in other public limited companies | Committee positions in other public limited companies (as Chairman) |
|---|---|---|---|
| Mr. M. P. Ramachandran | Executive | 4 | 2 (Nil) |
| Mr. K. Ullas Kamath | Executive | 3 | 3 (Nil) |
| Ms. M. R. Jyothy | Executive | 4 | 1 (Nil) |
| Mr. Nilesh B. Mehta | Independent | 3 | 3 (Nil) |
| Mr. K. P. Padmakumar | Independent | 4 | 1 (Nil) |
| Mr. Bipin R. Shah | Independent | 4 | 5 (1) |

## Remuneration of Executive Directors:

Details of Remuneration of Executive Directors of the Company are as under: (Amount in ₹)

| Sr. No. | Particulars | M. P. Ramachandran | K. Ullas Kamath | M. R. Jyothy |
|---|---|---|---|---|
| 1 | Salary & Perquisites | 2,18,98,332 | 1,55,82,290 | 28,00,000 |
| 2 | Provident Fund | Nil | 18,69,875 | 3,36,000 |
| 3 | Superannuation Fund | Nil | 15,58,229 | 2,80,000 |
| 4 | Commission | 2,18,77,657 | 1,72,91,284 | Nil |

## Non-Executive Directors' Compensation and Shareholding:

At the Annual General Meeting held on September 25, 2007, the members had approved compensation payable to Non-Executive and Independent Directors on the Board of the Company.

Independent Directors are paid sitting fees and commission during the year under review. The Company does not have any stock option scheme provided to Directors or Officers of the Company.

Details of sitting fees & commission paid to Independent Directors along with their Shareholding are as under:

| Sr. No. | Name of the Director | Sitting Fees (₹) | Commission (₹) | No. of Shares held |
|---|---|---|---|---|
| 1 | Mr. Nilesh B. Mehta | 1,50,000 | 7,00,000 | Nil |
| 2 | Mr. K. P. Padmakumar | 75,000 | 7,00,000 | Nil |
| 3 | Mr. Bipin R. Shah | 1,40,000 | 7,00,000 | 50 |

## Audit Committee

The Audit Committee is duly constituted in accordance with Clause 49(II) of the Listing Agreement. Members of the Committee are: Mr. Nilesh B. Mehta (Chairman), Mr. K. P. Padmakumar, Mr. Bipin R. Shah and Mr. K. Ullas Kamath. Mr. Nilesh B. Mehta, Mr. K. P. Padmakumar and Mr. Bipin R. Shah are Independent/Non-Executive Directors and Mr. K. Ullas Kamath is Joint Managing Director of the Company.

Members of the Audit Committee possess expert knowledge of Accounts, Audit and Finance. The Company Secretary is acting as Secretary to the Audit Committee. The Audit Committee meetings were held on May 30, 2011; August 12, 2011; November 9, 2011 and January 23, 2012.

The attendance at these meetings was as under:

| Sr. No. | Name of the Director | No. of Meetings Attended |
|---|---|---|
| 1 | Mr. Nilesh B. Mehta | 3 |
| 2 | Mr. K. P. Padmakumar | 3 |
| 3 | Mr. Bipin R. Shah | 4 |
| 4 | Mr. K. Ullas Kamath | 4 |

The powers and role of the Audit Committee is in accordance with the provisions of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, and includes oversight of the Company's financial process, reviewing the financial statements, review of significant related party transactions, adequacy of internal audit and look into such matters as mandated under the Listing Agreement as amended from time to time. The role of Audit Committee includes the discussions with internal and statutory auditors periodically about their scope of audit and adequacy of internal control systems.

In addition, the Committee also reviews the Management Discussion and Analysis of the financial condition and results of operations and in respect of unlisted subsidiary companies, the financial statements, investments made and minutes of Board Meetings.

## Remuneration Committee

The Board of Directors of the Company have not constituted a Remuneration Committee.

## Shareholders' & Investors' Grievance Committee

Shareholders' & Investors' Grievance Committee of the Company, inter-alia, reviews and considers the report of Link Intime India Private Limited regarding number of various types of complaints/requests received, handled and balances, if any. Members of the Committee are: Mr. Nilesh B. Mehta (Chairman), Mr. Bipin R. Shah and Mr. M. P. Ramachandran. The Committee meetings were held on May 30, 2011; August 12, 2011; November 9, 2011 and January 23, 2012.

The attendance at these meetings was as under:

| Sr. No. | Name of the Director | No. of Meetings Attended |
|---|---|---|
| 1 | Mr. Nilesh B. Mehta | 3 |
| 2 | Mr. Bipin R. Shah | 4 |
| 3 | Mr. M. P. Ramachandran | 4 |

Mr. M. L. Bansal, Company Secretary is the Compliance Officer.

During the financial year, the Company received 13 complaints and 12 were disposed off. One complaint was resolved on April 9, 2012. The Company does not have any other complaint, unattended/unresolved at the closure of the year under review. All complaints/queries were generally disposed of within one week of receipt of the complaint/query.

### Depository Escrow Account

As on March 31, 2012, 550 Equity Shares belonging to 11 applicants were lying in Depository Escrow Account.

| | |
|---|---|
| Aggregate number of shareholders in the suspense account at the beginning of the year | 11 |
| Aggregate number of outstanding shares in the suspense account lying at the beginning of the year | 550 |
| Number of shareholders who approached for transfer of shares from suspense account during the year | Nil |
| Number of shareholders to whom shares were transferred from suspense account during the year | Nil |
| Number of shares transferred from suspense account during the year | Nil |
| Aggregate number of shareholders in the suspense account at the end of the year | 11 |
| Aggregate number of outstanding shares in the suspense account lying at the end of the year | 550 |
| Aggregate number of applicants in the IPO Refund Account at the end of the year | 7 |
| Aggregate amount in IPO Refund Account lying at the end of the year (₹) | 1,03,500 |

The Company officials have made several efforts for communicating with investors appearing in Escrow Account and IPO Refund Account for transfer of shares in Escrow and repayment of application monies lying in IPO Refund Account.

### General Body Meeting

Last three Annual General Meetings of the Company were held at the venue and time as under:

| Year | Date of Annual General Meeting | Time of Meeting | Number of Special Resolutions passed | Venue |
|---|---|---|---|---|
| 2008-09 | July 30, 2009 | 11.00 a.m. | 1 | Patkar Hall, Nathibai Thackersey Road, New Marine Lines, Mumbai - 400 020. |
| 2009-10 | July 27, 2010 | 11.00 a.m. | 4 | M. C. Ghia Hall, Indian Textile Accessories & Machinery Manufacturers' Association, Bhogilal Hargovindas Building, 4th Floor, 18/20 K. Dubhash Marg, Kala Ghoda, Mumbai - 400 001 |
| 2010-11 | September 20, 2011 | 11.00 a.m. | 4 | M. C. Ghia Hall, Indian Textile Accessories & Machinery Manufacturers' Association, Bhogilal Hargovindas Building, 4th Floor, 18/20 K. Dubhash Marg, Kala Ghoda, Mumbai - 400 001 |

All special resolutions at the above Annual General Meetings were passed by show of hands.

## Postal Ballot

During the year under review, 4 (Four) Special and 2 (Two) Ordinary Resolutions were passed through postal ballot process. Details of voting conducted through postal ballot process for the business stated in the Notice dated May 30, 2011 in respect of aforesaid Resolutions were as follows:

| Sr. No. | Particulars | Valid Postal Ballot forms received | Votes in favour of the Resolution | Votes against the Resolution | Invalid Postal Ballot forms received | Results |
|---|---|---|---|---|---|---|
| 1 | Special Resolution for making loan, investment, guarantee or provide security beyond the prescribed limits under Section 372A of the Companies Act, 1956, up to ₹ 1,000 crore. | 126 | 5,88,46,199 | 60,373 | 13 | Approved |
| 2 | Ordinary Resolution for enhancing the power of Board of Directors of the Company to borrow funds under Section 293(1)(d) of the Companies Act, 1956, up to ₹ 1,000 crore. | 126 | 5,61,47,582 | 27,58,990 | 13 | Approved |
| 3 | Ordinary Resolution empowering the Board of Directors of the Company to create charge over the assets of the Company in terms of Section 293(1)(a) of the Companies Act, 1956, up to ₹ 1,000 crore. | 126 | 5,61,47,532 | 27,59,040 | 13 | Approved |
| 4 | Special Resolution for re-appointment of Ms. M. R. Deepthi as Manager – Finance in terms of Section 314 of the Companies Act, 1956. | 126 | 5,89,06,186 | 386 | 13 | Approved |
| 5 | Special Resolution for re-appointment of Mr. Ravi Razdan as Head – I.T. in terms of Section 314 of the Companies Act, 1956. | 126 | 5,89,06,186 | 386 | 13 | Approved |
| 6 | Special Resolution for appointment of Mr. M. P. Divakaran as General Manager in terms of Section 314 of the Companies Act, 1956. | 125 | 5,89,06,206 | 336 | 14 | Approved |

No other special resolution was proposed through postal ballot process during the year under review.

### Procedure for Postal Ballot:

Mr. Jatin Popat, Proprietor of JSP Associates, Company Secretary and Trade Mark Attorney conducted the postal ballot exercise. The postal ballot forms and the draft Resolution(s) along with the Explanatory Statement pertaining to the said Resolution(s) explaining in detail the material facts and the self-addressed, postage prepaid envelope were sent to all the members. The Company published advertisement in requisite newspapers specifying date of completion of dispatch of postal ballot notice, date of end of voting and other matters as specified in Rule 3 of Postal Ballot Rules. The Company did not avail e-voting facility.

The members were required to read the instructions printed in the postal ballot form, give their assent or dissent on the Resolution(s) at the end of the form and sign the same as per specimen signatures available with the Company or Depository Participant, as the case may be, and return the form duly completed in the self-addressed postage pre-paid envelope. The said envelope should have reached the scrutinizer before the close of working hours of the last date fixed for the purpose. Postal ballot forms received after that date were treated by the Scrutinizer as if the forms have not been received from the members.

Voting rights were reckoned on the basis of number of shares and paid-up value of shares registered in the name of shareholders as on the date of dispatch of the postal ballot notice.

The Scrutinizer, appointed for the purpose, had scrutinized the postal ballot forms received and he submitted his report to the Company. Resolutions were deemed to have been passed as Special Resolution if the votes cast in favour are at least three times the votes cast against and in case of Ordinary Resolution, the Resolutions were deemed to have been passed, if votes cast in favour were more than the votes cast against.

The results of postal ballot process were declared on July 30, 2011. Postal ballot register and minutes were completed. Necessary forms/returns were filed on August 2, 2011.

### Details of Directors Seeking Appointment/Reappointment

(a) Mr. Nilesh B. Mehta

Mr. Nilesh B. Mehta has rich experience in the field of financial services like investment banking, venture capital/private equity and corporate strategy. He currently runs Aureos Capital's India business as Co-Head and Managing Partner. Aureos raised US$ 100 million as India Opportunities Fund to invest in mid market opportunities in India. The investors in the fund include some development financial institutions of Europe, insurance companies, commercial banks and family offices. The Fund has already made five investments of expansion capital nature.

Since year 2000, he has been General Partner of eIndia Venture Fund/Infinity II, where he led four IT-related investments in India/US. Prior to this, he spent 16 years in investment banking, private equity and fund-related activities, occupying positions as Managing Director of Meghraj Financial Services (India) Ltd. (MFSI) and Executive Director of Anagram Finance Ltd. At MFSI, he led several private equity transactions and mergers and acquisitions of mid cap Indian companies.

He is a member of the Institute of Chartered Accountants of India and holds a Post Graduate Diploma in Management from the Indian Institute of Management, Ahmedabad, where he also taught Finance and Control Systems as a visiting faculty for a few years. He is also member of the Boards of a few public and private companies, and is one of the founder trustees of Aavishkaar Micro Venture Fund.

Details of other companies in which directorships are held:

| Name of Companies | Nature of Interest |
|---|---|
| Panchmahal Steel Ltd. | Director |
| Suashish Diamonds Ltd. | Director |
| Vikalpa Financial & Management Services Pvt. Ltd. | Director |
| Access Asset Managers Pvt. Ltd. | Director |
| Access Trusteeship Company Pvt. Ltd. | Director |
| Aavishkar Venture Trustees Pvt. Ltd. | Director |
| Henkel India Ltd. | Director |

(b) Ms. M. R. Jyothy

Ms. M. R. Jyothy is a Whole-Time Director of Jyothy Laboratories Limited. She holds a bachelor's degree in Commerce from the University of Mumbai and MBA from Wellingker's Institute of Management and Research, Mumbai. She has undertaken a course in Family Managed Business Administration from S. P. Jain Institute of Management, Mumbai. She has also done 'Owner/President Management Program' from Harvard University. She has been on the Board of the Company since October 2005 and handles sales administration, marketing and brand communication.

Details of other companies in which directorships are held:

| Name of Companies | Nature of Interest |
|---|---|
| Jyothy Fabricare Services Ltd. | Director |
| Henkel India Ltd. | Director |
| Henkel Marketing India Ltd. | Director |
| Sahyadri Agencies Ltd. | Director |

(c) Mr. Ramakrishnan Lakshminarayanan

Mr. Ramakrishnan Lakshminarayanan was appointed as Independent Director on the Board w.e.f. May 23, 2012.

He is an alumnus of the Indian Institute of Technology, Delhi, where he did his Master of Science in Industrial Chemistry. Thereafter, he passed out of the Indian Institute of Management, Bangalore with a specialization in Marketing. Being a National Talent Scholar throughout school and college helped him to complete his education most entirely on scholarships.

He started his career in year 1979 with Hindustan Unilever in Retail Sales and learnt Sales & Territory Management and also Brand Management in Detergents, Toilet Soaps and Edible Oils. Then he spent 3 years with International Best Foods in New Product Development and Brand Portfolio Management across Packaged Foods, Desserts and Soft Drink Concentrates.

He also worked with Smith Kline Beecham, Bangalore, heading their OTC and Vitamins Range and was responsible for moving several brands from Ethical to the OTC markets.

In year 1988, he joined Ogilvy & Mather Direct as the National Account Director and soon was promoted to head their Chennai office. In 18 months, he turned around a loss-making operations into a profitable one with a young and highly motivated team. The Chennai office was recognized as the Best Office throughout the network in 1990.

In year 1992 he moved to Mudra Communications as the Chief Operating Officer, supervising five southern offices. From then, he has been responsible for building a series of businesses across Out-of-Home; Interactive & Digital; Direct Response; Activation and Health & Wellness, in addition to expanding the business in south India to over ₹ 1,000 million. He also took Mudra outside India including a joint-venture in Sri Lanka.

Over 15 years, he has built businesses with a top line of over ₹ 5,000 million with attractive margins. He has put together a strong team of over 2,500 people.

He also led a team of sales outsourcing professionals that numbered over 2,000 and worked with clients like Motorola, HP, Pepsi and Unilever.

He had been on the Executive Board of Mudra from 1996 and was titled Executive Director and Chief Executive Officer of Mudra Marketing Services when he left in October, 2008.

He has worked across numerous categories of FMCG and Durables and Services and Corporates and is equally familiar with Global as well as Regional brands. He has always been passionate about people development and training and represented India on the DDB Global University.

He is a frequent teacher at the IIM, Bangalore, MICA, BIM, TAPMI and several other institutes. He considers himself a life-long student of Marketing, Sales and Advertising and is a keen reader. His areas of interest include Business Strategy, Brand Strategy, Media Plural Communications and Portfolio Management.

Details of other companies in which directorships are held:

| Name of Companies | Nature of Interest |
|---|---|
| Henkel India Ltd. | Director |
| Henkel Marketing India Ltd. | Director |

**(d) Mr. S. Raghunandan**

Mr. S. Raghunandan was appointed as Additional Director and Whole-time Director and Chief Executive Officer of the Company w.e.f. May 23, 2012.

He is MBA from Indian Institute of Management, Kolkata and Chemical Engineering graduate from BITS, Pilani. He has over twenty-two years of experience in FMCG industry.

He has worked in various leadership roles in companies like Unilever and Dabur, and was the Managing Director of Reckitt Benckiser (India) Limited until recently and has now taken over as the Chief Executive Officer of Jyothy Laboratories Limited. Earlier to Reckitt Benckiser, he was the Managing Director and Chief Executive Officer of Paras Pharmaceutical (a Reckitt Benckiser Company), which has strong presence in Personal Care & Health Care business.

Mr. Raghunandan has a proven track record in leadership roles and was instrumental in turnaround of Paras Pharma business in a record period of three years and the company was recently acquired by FMCG major, Reckitt Benckiser for ₹ 32.6 billion, termed as a blockbuster deal in FMCG space.

Prior to Paras, he was the Chief Executive Officer of Dabur International business based at Dubai and has also handled Indian operations of Dabur as Vice President - Sales.

He has adequate experience in professionalizing family run businesses in all earlier assignments and has contributed in areas of Strategy, Sales & Marketing, Channel Management, Mergers & Acquisition and Change Management.

He is not a Director in any other Company.

The details of remuneration payable to him are provided in the Explanatory Statement attached to the Notice of 21st Annual General Meeting.

## Disclosures

(i) No transaction of material nature has been entered into by the Company with its Directors or Management and their relatives, etc., that may have potential conflict with the interests of the Company. The Register of Contracts/Statement of Related Party transactions are placed before the Audit Committee/Board regularly for their review/approval, with a confirmation that those contracts were in the ordinary course of business and on arm's length basis. Transactions with related parties are disclosed in Note No. 31 to the Accounts in the Annual Report.

(ii) No penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets from December 19, 2007 (date of Listing of the Company's equity shares) to March 31, 2012.

(iii) The Company has fully complied with mandatory requirements of the revised Clause 49 of the Listing Agreement. As regards, non-mandatory requirements, the Company has adopted Whistle Blower Policy and the same is posted on the website of the Company. No personnel has been denied access to the Ombudsperson.

### Risk Management

The Company has laid down procedures and apprised the Board of Directors regarding key risk assessment and risk mitigation mechanisms.

### Code of Conduct

The Board has adopted the code of conduct for all its Directors and Senior Management which has been displayed on the Company's website www.jyothylaboratories.com.

### Means of communication

The Company publishes its Quarterly and Annual results in requisite newspapers. The said results are also available at the website of the Company. During the year, the Company has released official news of the Company as well as presentation made to institutional investors/analysts and the same are available on website of the Company.

### CEO/CFO Certificate

A certificate was obtained from the Managing Director (CEO), Joint Managing Director (COO) and Chief Financial Officer (CFO) in terms of Clause 49(V) of the Listing Agreement.

### General Shareholder Information

a) **Annual General Meeting** of the Company will be held on Tuesday, August 14, 2012 at 10.30 a.m. at M. C. Ghia Hall, Indian Textile Accessories & Machinery Manufacturers' Association, Bhogilal Hargovindas Building, 4th Floor, 18/20, K. Dubhash Marg, Kala Ghoda, Mumbai - 400 001.

b) **The financial year covered by this Annual Report:** April 1, 2011 to March 31, 2012.

c) **Date of Book Closure:** On July 16, 2012.

d) **Dividend Payment:** After August 14, 2012.

e) **Listing on Stock Exchanges and Stock Codes:**

- Bombay Stock Exchange Limited - 532926
- National Stock Exchange of India Limited - JYOTHYLAB

f) **Dematerialization:** ISIN Number **INE668F01031**

g) **Registrars & Share Transfer Agents:**

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound, L. B. S. Marg,
Bhandup (West), Mumbai - 400 078,
Phone: 0091 (0)22 25946970, Fax: 0091 (0)22 25946969
E-mail: rnt.helpdesk@linkintime.co.in

h) **Share Transfer System:**

Transfers are registered and returned within a period of 30 days from the date of receipt. The requests for dematerialization of shares are confirmed within 15 days from the date of receipt.

i) **Stock Market Price for the year:**

| | BSE Market Price (₹) | | NSE Market Price (₹) | |
|---|---|---|---|---|
| Month | High | Low | High | Low |
| April, 2011 | 223.95 | 174.80 | 223.70 | 198.70 |
| May, 2011 | 244.50 | 182.00 | 247.75 | 181.35 |
| June, 2011 | 225.00 | 192.00 | 225.00 | 190.00 |
| July, 2011 | 252.00 | 210.10 | 252.00 | 209.10 |
| August, 2011 | 244.50 | 163.10 | 244.25 | 164.00 |
| September, 2011 | 181.70 | 150.80 | 182.00 | 148.25 |
| October, 2011 | 166.20 | 131.40 | 165.00 | 131.50 |
| November, 2011 | 159.60 | 125.00 | 159.90 | 130.65 |
| December, 2011 | 165.00 | 144.15 | 186.00 | 141.00 |
| January, 2012 | 179.95 | 156.00 | 179.75 | 140.20 |
| February, 2012 | 209.50 | 160.60 | 216.00 | 162.25 |
| March, 2012 | 205.00 | 156.00 | 203.90 | 155.80 |

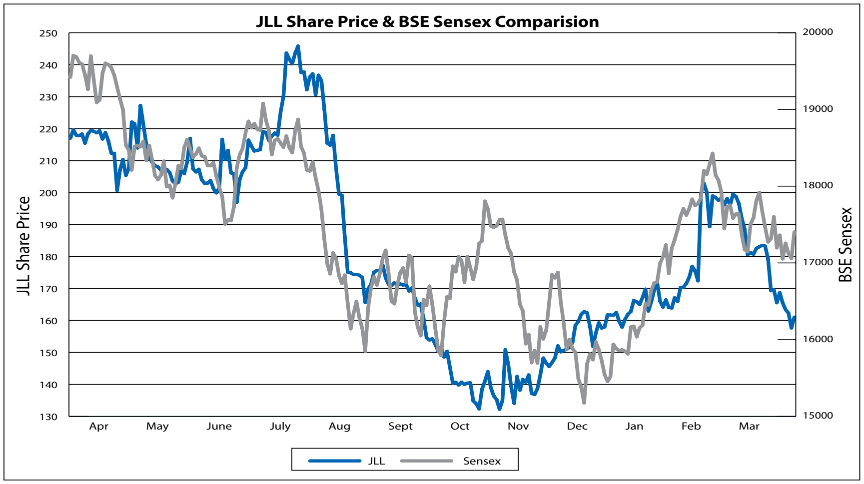
j) Shareholding Pattern as on March 31, 2012:

| | Category | No. of Shares | Percent |
|---|---|---|---|
| 1 | **Promoter and Promoter Group** | 5,26,16,120 | 65.25 |
| 2 | **Institutions** | | |
| | Mutual Funds | 53,61,018 | 6.65 |
| | Financial Institutions/Banks | 4,47,718 | 0.55 |
| | Insurance Companies | 48,21,113 | 5.98 |
| | Foreign Institutional Investors | 1,02,21,622 | 12.68 |
| 3 | **Non-Institutions** | | |
| | Bodies Corporate | 28,36,149 | 3.52 |
| | Individuals | 38,58,524 | 4.79 |
| | Clearing Members | 1,96,642 | 0.24 |
| | Foreign Holding/Nationals | 2,68,094 | 0.33 |
| | Independent Directors/Relatives | 50 | 0.00 |
| | Trusts | 4,950 | 0.01 |
| | **Total:** | **8,06,32,000** | **100.00** |

k) Distribution of Shareholding as on March 31, 2012:

| Sr. No. | Slab of shareholding No. of Equity shares held | | Shareholders | | Shares Value | |
|---|---|---|---|---|---|---|
| | From | To | Numbers | In % | Face Value (₹) | In % |
| 1. | 1 | 5,000 | 37,071 | 97.4066 | 23,35,796 | 2.8969 |
| 2. | 5,001 | 10,000 | 492 | 1.2928 | 3,99,145 | 0.4950 |
| 3. | 10,001 | 20,000 | 205 | 0.5387 | 3,17,577 | 0.3939 |
| 4. | 20,001 | 30,000 | 73 | 0.1918 | 1,87,707 | 0.2328 |
| 5. | 30,001 | 40,000 | 37 | 0.0972 | 1,33,089 | 0.1650 |
| 6. | 40,001 | 50,000 | 22 | 0.0578 | 1,01,235 | 0.1255 |
| 7. | 50,001 | 1,00,000 | 56 | 0.1471 | 4,39,179 | 0.5447 |
| 8. | 1,00,001 | and above | 102 | 0.2680 | 7,67,18,272 | 95.1462 |
| **Total** | | | **38,058** | **100.0000** | **8,06,32,000** | **100.0000** |

l) Share Price (₹) in comparison with BSE Sensex:




m) Dematerialization:

As on March 31, 2012, out of total of 8,06,32,000 shares, 8,06,31,955 (99.9999%) shares are held in dematerialized form and the balance 45 shares are held in Physical Form.

n) Outstanding GDRs/ADRs/Warrants or any convertible instruments: There has been no issue of GDRs/ADRs/ Warrants or any convertible instruments.

o) Plant Locations: Manufacturing plants of the Company are situated at following places:

- Village: Katha, P.O.: Baddi, Tahsil: Baddi, Dist.: Solan, H.P. – 173 205.
- New Light House More, Bishnupur, Bankura, West Bengal – 722 122.
- No. 43A, T. H. Road, KKD Nagar, Kodungaiyur, Chennai – 600 118.
- 13, CNI Complex, Patia, Bhubaneshwar, Odisha – 751 024.
- E.P.I.P. Complex, A.I.D.C. Amingaon, Guwahati – 781 301.
- Lane No. 2, Phase No. 2, SIDCO Industrial Complex, Bari Brahmana, Jammu, J&K – 181 133.
- C/o Himalaya Industries, Lane – 4, Phase – 2, SIDCO Industrial Complex, Bari Brahmana, Jammu, J&K – 181 133.
- Kandanassery, Ariyannur Via Trichur, District: Trichur, Kerala – 680 102.
- Shed Nos. 21, 24 to 26, IDA Kothur, Mehboob Nagar, Hyderabad, A. P. – 509 228.
- Plot No. 201, Sector – 1, Industrial Area, Pitampur, Dist.: Dhar, M. P. – 454 775.
- Thethampakkam, Suthukeny Post, Via Vazhudavoor, Pondicherry - 605 502.
- Moolapillayar, Kovil Street, Pallapatti Village, Salem, Tamilnadu – 636 005.
- Kandampatti, Salem, Tamilnadu – 636 005.
- Survey No. 910/7/1, Dokmardi, Amli Silvassa, Dadra & Nager Haveli, Silvassa – 396 230.
- Kie Industrial Estate, Opp. Uttam Sugar Mill, Mundayaki Village, Roorkee, Uttarakhand – 247 667.
- IV 101-B, Kolokappara Road, Wayanad District, Kerala – 673 591.

p) Shareholders & Investors Correspondence:

Shareholders should address their correspondence to Company's Registrars and Share Transfer Agents at the following address:

Link Intime India Private Limited
Unit: Jyothy Laboratories Limited
C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West),
Mumbai – 400 078,
Phone: 0091 (0)22 25946970, Fax: 0091 (0)22 25946969
E-mail: rnt.helpdesk@linkintime.co.in
Contact Person: Mr. N. Mahadevan Iyer/Ms. Chanda Valeja

## Declaration by the Managing Director under Clause 49 of the Listing Agreement regarding compliance with the Code of Conduct

In accordance with Clause 49 I(D) of the Listing Agreement with the Stock Exchanges, I hereby confirm that all the Directors and the Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct, as applicable to them, for the financial year ended March 31, 2012.

For **Jyothy Laboratories Limited**

**M. P. Ramachandran**
Chairman & Managing Director

Mumbai, May 23, 2012.

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## Auditors' Certificate on Corporate Governance

To

The Members of Jyothy Laboratories Limited

We have examined the compliance of conditions of corporate governance by Jyothy Laboratories Limited, for the year ended on March 31, 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **S.R. Batliboi & Associates**
Firm registration number: 101049W
Chartered Accountants

**per Vikram Mehta**
Partner
Membership No.: 105938

Mumbai
**Date: May 23, 2012**

# Auditors' Report

To,

The Members of

Jyothy Laboratories Limited

1. We have audited the attached Balance Sheet of Jyothy Laboratories Limited ('the Company') as at March 31, 2012 and also the Statement of profit and loss and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:

   i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   iii. The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;

   iv. In our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

   v. On the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

   vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

      a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2012;

      b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and

      c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For **S. R. BATLIBOI & ASSOCIATES**
Firm Registration Number: 101049W
Chartered Accountants

**per Vikram Mehta**
Partner
Membership No.: 105938

Mumbai
Date: May 23, 2012

# Annexure to the Auditors' Report

**Annexure referred to in paragraph 3 of our report of even date**
**Re: Jyothy Laboratories Limited ('the Company')**

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.

(c) There was no disposal of a substantial part of fixed assets during the year.

(ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. Inventories lying with outside parties have been confirmed by them as at year end.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory. Discrepancies noted on physical verification of inventories were not material, and have been properly dealt with in the books of account.

(iii) (a) The Company has granted loan to three subsidiaries covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 53,697 lacs and the year- end balance of loans granted to such parties was ₹ 51,012 lacs.

(b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.

(c) The loans granted are re-payable on demand for all subsidiaries. In respect of one subsidiary, the interest is payable on demand. We are informed that the Company has not demanded repayment of any such loan or interest during the year, and thus, there has been no default on the part of the parties to whom the money has been lent. In respect of the other two subsidiaries, the payment of interest has been regular.

(d) There is no overdue amount of loans granted to subsidiary companies listed in the register maintained under Section 301 of the Companies Act, 1956.

(e) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of Clause 4(iii)(e) to (g) of the Companies (Auditors' Report) Order, 2003 (as amended) are not applicable to the Company and hence not commented upon.

(iv) (a) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. The activities of the Company do not involve rendering of services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that need to be entered into the register maintained under Section 301 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time *except in respect of sale of goods of ₹ 1,086.84 lacs and purchase of material of ₹ 519.50 lacs from a non wholly owned subsidiary, where in the absence of comparable prices, we are unable to* *comment whether the transactions were made at prevailing market prices at the relevant time.*

(vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it. There are no amounts due in respect of investor education and protection fund.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, there are no dues of income tax, wealth tax, customs duty and cess which have not been deposited on account of any dispute. According to the records of the Company, the dues outstanding of sales tax, service tax and excise duty on account of any dispute, are as follows:

| **Matter** | **Year** | Forum where the dispute is pending | | | | |
|---|---|---|---|---|---|---|
| | | **Commissioner ate and appellate authorities** | **Tribunal** | **High Court** | **Supreme Court** | **Total** |
| Sales Tax | 2001-05 | 48 | - | - | - | 48 |
| | 2005-09 | 1,171 | - | 60 | 175 | 1,406 |
| | 2009-11 | 104 | - | - | 353 | 457 |
| The Central Excise Act, 1944 | 1999-00 | - | 9 | - | - | 9 |
| | 2001-02 | - | 3 | - | - | 3 |
| | 2004-05 | 3 | 2 | - | - | 5 |
| | 2005-06 | - | - | - | - | - |
| | 2006-08 | 5 | - | - | - | 5 |
| | 2008-11 | 139 | 1 | - | - | 140 |
| Service Tax Act, 1994 | 2005-10 | 42 | - | - | - | 42 |
| | 2010-11 | 76 | - | - | - | 76 |
| | 2011-12 | 24 | - | - | - | 24 |
| **Total** | | **1,612** | **15** | **60** | **528** | **2,216** |

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

(xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. However, during the year, the Company has temporarily invested surplus funds in units of mutual funds. In our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The investments have been held by the Company, in its own name.

(xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from banks, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Company. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from financial institutions.

(xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) According to the information and explanations given to us, the Company had issued unsecured debentures during the period covered by our audit report. The Company had created a security or charge in favour of the debenture trust for the period the debentures were outstanding.

(xx) The Company has not raised money through public issues during the year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For **S. R. BATLIBOI & ASSOCIATES**
Firm Registration Number: 101049W
Chartered Accountants

**per Vikram Mehta**
Partner
Membership No.: 105938

Mumbai
Date: May 23, 2012

# Balance Sheet As at March 31, 2012

| | Note | 2012 | 2011 |
|---|---|---|---|
| | | | ₹ in Lacs |
| **EQUITY AND LIABILITIES** | | | |
| **Shareholders' funds** | | | |
| Share capital | 4 | 806.32 | 806.32 |
| Reserves and surplus | 5 | 66,544.25 | 64,466.51 |
| | | 67,350.57 | 65,272.83 |
| **Non-current liabilities** | | | |
| Long-term borrowings | 6 | 43,000.00 | 17.45 |
| Deferred tax liabilities (Net) | 7 | 1,533.79 | 1,573.83 |
| Other Long-term liabilities | 8 | 270.00 | 435.00 |
| Provisions | 9 | 631.76 | 465.51 |
| | | 45,435.55 | 2,491.79 |
| **Current liabilities** | | | |
| Short-term borrowings | 10 | 12,291.25 | 5,831.12 |
| Trade payables | 11 | 6,326.44 | 3,952.70 |
| Other current liabilities | 12 | 1,498.58 | 1,230.29 |
| Provisions | 9 | 2,789.82 | 5,109.09 |
| | | 22,906.09 | 16,123.20 |
| **TOTAL** | | **135,692.21** | **83,887.82** |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Fixed assets | 13 | | |
| (i) Tangible assets | | 19,472.20 | 19,516.56 |
| (ii) Intangible assets | | 871.38 | 1,084.19 |
| (iii) Capital work-in-progress | | 281.81 | 1,016.16 |
| Non-current investments | 14 | 34,546.69 | 7,995.98 |
| Loans and advances | 15 | 54,857.92 | 6,713.68 |
| Other assets | 16 | 23.59 | 22.41 |
| | | 110,053.59 | 36,348.98 |
| **Current assets** | | | |
| Current investments | 17 | 3,224.29 | - |
| Inventories | 18 | 7,928.19 | 6,834.69 |
| Trade receivables | 19 | 4,251.55 | 10,349.89 |
| Cash and Bank balances | 20 | 5,099.40 | 27,789.46 |
| Loans and advances | 15 | 4,914.01 | 2,342.09 |
| Other assets | 16 | 221.18 | 222.71 |
| | | 25,638.62 | 47,538.84 |
| **TOTAL** | | **135,692.21** | **83,887.82** |
| Summary of significant accounting policies | 3 | | |

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **S. R. BATLIBOI & ASSOCIATES**
Firm Registration No. 101049W
Chartered Accountants

**per Vikram Mehta**
Partner
Membership No. 105938

Place: Mumbai
Date: May 23, 2012

For and on behalf of the Board of Directors of
**Jyothy Laboratories Limited**

**M. P. Ramachandran**
Chairman and Managing Director

**K. Ullas Kamath**
Joint Managing Director

**M. L. Bansal**
Company Secretary

Place: Mumbai
Date: May 23, 2012

# Statement of Profit and Loss For the year ended March 31, 2012

₹ in Lacs

| | NOTE | 2011-12 | 2010-11 |
|---|---|---|---|
| **REVENUE** | | | |
| Sales (net of trade discount) | | 68,835.43 | 61,720.67 |
| Less: Excise duty | | (2,557.28) | (1,737.20) |
| Net sales | | 66,278.15 | 59,983.47 |
| Other operating income | 21 | 18.74 | 692.84 |
| Revenue from operations | | 66,296.89 | 60,676.31 |
| Other income | 22 | 5,701.49 | 2,067.60 |
| **Total Revenue (I)** | | **71,998.38** | **62,743.91** |
| **EXPENSES** | | | |
| Cost of raw material and components consumed | 23 | 22,488.80 | 15,634.53 |
| Purchase of traded goods | | 14,726.18 | 15,026.14 |
| (Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods | 24 | 43.82 | 486.03 |
| Employee benefits expense | 25 | 7,802.18 | 7,479.24 |
| Other expenses | 26 | 12,969.44 | 13,452.34 |
| **Total Expense (II)** | | **58,030.42** | **52,078.28** |
| **EARNINGS BEFORE INTEREST, TAX, DEPRECIATION, AMORTIZATION AND IMPAIRMENT (EBITDA) (I) – (II)** | | **13,967.96** | **10,665.63** |
| Depreciation, amortisation and impairment | 13 | 1,703.19 | 1,078.55 |
| Finance Costs | 27 | 1,943.25 | 30.17 |
| **PROFIT BEFORE TAX** | | **10,321.52** | **9,556.91** |
| **Tax expense:** | | | |
| **Provision for tax** | | | |
| Current tax (MAT Payable) | | 2,010.00 | 1,895.00 |
| Less: MAT credit entitlement | | - | (600.00) |
| - Net Current Tax | | 2,010.00 | 1,295.00 |
| - Deferred tax charge/(reversal) | | (40.04) | 296.72 |
| - Excess provision for current tax of earlier years | | - | (61.48) |
| **PROFIT AFTER TAX** | | **8,351.56** | **8,026.67** |
| EARNINGS PER SHARE (EPS) | | | |
| Basic and Diluted (₹) | | 10.36 | 10.35 |
| Nominal value per share (₹) | | 1 | 1 |
| Weighted average number of shares outstanding for calculation of Basic and Diluted EPS | | 80,632,000 | 77,583,448 |
| Summary of significant accounting policies | 3 | | |

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **S. R. BATLIBOI & ASSOCIATES**
Firm Registration No. 101049W
Chartered Accountants

**per Vikram Mehta**
Partner
Membership No. 105938

Place: Mumbai
Date: May 23, 2012

For and on behalf of the Board of Directors of
**Jyothy Laboratories Limited**

**M. P. Ramachandran**
Chairman and Managing Director

**K. Ullas Kamath**
Joint Managing Director

**M. L. Bansal**
Company Secretary

Place: Mumbai
Date: May 23, 2012

# Statement of Cash Flow For the year ended March 31, 2012

| | | ₹ in Lacs | |
|---|---|---|---|
| | | **2011-12** | **2010-11** |
| **A.** | **CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES:** | | |
| | Profit before Tax | 10,321.52 | 9,556.91 |
| | **Non-cash adjustment:** | | |
| | Depreciation, amortisation and impairment (net) | 1,703.19 | 1,078.55 |
| | Loss on discarded of fixed assets | 166.62 | 61.10 |
| | Profit on sale of fixed assets | (2.83) | (144.18) |
| | Premium on conversion of Preference shares | - | (150.00) |
| | Dividend income | - | (8.85) |
| | Interest and finance charges | 1,943.25 | 30.17 |
| | Interest on fixed deposit | (392.11) | (932.99) |
| | Interest earned on Loans to subsidiary company | (4,751.36) | (232.27) |
| | Excess provision written back | - | (447.56) |
| | Excise duty provision written back (Refer Note 35) | - | (189.68) |
| | Profit on sale of investments | (430.65) | (331.24) |
| | Interest Income on Debentures | - | (136.36) |
| | Provision for doubtful debts | 28.22 | - |
| | Provision for doubtful advances w/back | - | (16.63) |
| | **Operating profit before working capital changes** | **8,585.85** | **8,136.97** |
| | Movements in working capital: | | |
| | Increase/(decrease) in trade payables | 1,976.27 | 1,574.38 |
| | Increase/(decrease) in provisions | 174.11 | 289.54 |
| | Increase/(decrease) in other liabilities | 160.85 | (3,071.75) |
| | Decrease/(increase) in trade receivables | 6,070.12 | (3,385.06) |
| | Decrease/(increase) in inventories | (1,093.50) | 102.20 |
| | Decrease/(increase) in Loans and advances | (2,066.33) | (2,145.06) |
| | Decrease/(increase) in other current assets | (59.84) | (29.47) |
| | **Cash generated from operations** | **13,747.53** | **1,471.75** |
| | Taxes paid (net) | (2,004.17) | (2,215.77) |
| | **Net cash (Used in)/generated from operating activities (A)** | **11,743.36** | **(744.02)** |
| **B.** | **CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:** | | |
| | Purchase of fixed assets including capital work-in-progress and capital advances | (574.37) | (2,375.60) |
| | Proceeds from sale of fixed assets | 21.38 | 159.02 |
| | Maturity/(Investment) in fixed deposit (having original maturity of more than three months) | 15,006.04 | (7,698.95) |
| | Investment in shares of subsidiaries | (29,738.51) | (6,075.39) |
| | Investment in debentures | - | (5,000.00) |
| | Proceeds from redemption of debentures | - | 5,136.36 |
| | Investment in partnership firm | (37.50) | - |
| | Proceeds from Sale of investment (net) | 431.65 | 331.24 |
| | Loan given to subsidiary company | (82,245.80) | (1,694.74) |
| | Proceeds of loan given to subsidiary company | 33,605.82 | 295.00 |
| | Interest received on fixed deposits | 453.48 | 880.96 |
| | Interest received on loans to subsidiaries | 4,751.36 | 232.27 |
| | Dividend received | **-** | **8.85** |
| | **Net cash used in investing activities (B)** | **(58,326.45)** | **(15,800.97)** |

# Statement of Cash Flow (Contd.) For the year ended March 31, 2012

₹ in Lacs

| | | 2011-12 | 2010-11 |
|---|---|---|---|
| **C.** | **CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES:** | | |
| | Interest and finance charges paid | (1,943.25) | (30.17) |
| | Proceed from issue of equity shares | - | 22,788.22 |
| | Proceeds from short-term borrowings (net) | 6,460.13 | 5,831.12 |
| | Proceeds from long-term borrowings | 43,000.00 | - |
| | Redemption of Debentures (net) | (3,769.48) | - |
| | Expenses incurred on issue of Debentures | (161.53) | - |
| | Expenses incurred on issue of equity shares on Qualified Institutional placement basis | - | (644.29) |
| | Dividend paid | (4,031.60) | (2,902.75) |
| | Dividend tax paid | (654.03) | (482.11) |
| | **Net cash (used in)/generated from financing activities (C)** | **38,900.24** | **24,560.02** |
| | Net increase/(decrease) in cash and cash equivalents (A+B+C) | (7,682.85) | 8,015.03 |
| | Cash and cash equivalents at the beginning of the year | 10,950.30 | 2,923.86 |
| | Cash and cash equivalents pursuant to scheme of amalgamation with Sri Sai Homecare Product Private limited | - | 11.41 |
| | **Cash and cash equivalents at the end of the year** | **3,267.45** | **10,950.30** |
| | **Components of cash and cash equivalents as per Note 20** | | |
| | Cash in hand | 13.79 | 23.03 |
| | Balance with scheduled banks - Current account | 3,246.94 | 2,511.56 |
| | - Deposit account * | - | 8,411.24 |
| | Unclaimed dividend accounts * | 6.72 | 4.47 |
| | **Cash and cash equivalents considered for cash flows statement** | **3,267.45** | **10,950.30** |
| | * Not available for use by the management for any other purpose | | |
| | Summary of significant accounting policies Note 3 | | |

As per our report of even date

For **S. R. BATLIBOI & ASSOCIATES**
Firm Registration No. 101049W
Chartered Accountants

**per Vikram Mehta**
Partner
Membership No. 105938

Place: Mumbai
Date: May 23, 2012

For and on behalf of the Board of Directors of
**Jyothy Laboratories Limited**

**M. P. Ramachandran**
Chairman and Managing Director

**K. Ullas Kamath**
Deputy Managing Director

**M. L. Bansal**
Company Secretary

Place: Mumbai
Date: May 23, 2012

₹ in Lacs

## Note 1 BACKGROUND

Jyothy Laboratories Limited ('the Company') is public company incorporated on January 15, 1992 under the provisions of the Companies Act, 1956. The Company is principally engaged in manufacturing and marketing of fabric whiteners, soaps, detergents, mosquito repellents, scrubber, and incense sticks.

## Note 2 BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year, except for the change in accounting policy explained below.

## Note 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are as follows:

### a) Change in accounting policy

During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

### b) Use of estimate

The preparation of financial statements, in conformity with Indian GAAP requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

### c) Tangible fixed assets

Fixed assets are stated at cost, less accumulated depreciation, amortisation and impairment losses if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use.

### d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use.

### e) Depreciation and amortization

Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management, or at the rates prescribed under Schedule XIV of the Companies Act, 1956 whichever is higher.

₹ in Lacs

Note 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

The estimated useful life of the assets is as follows:

| Category | Estimated useful life (in years) |
|---|---|
| Factory Buildings | 30 |
| Building (Other than Factory Building) | 60 |
| Plant and machinery | 21 |
| Furniture and fixtures | 16 |
| Dies and moulds | 3 |
| Computers | 6 |
| Office equipments | 21 |
| Vehicles | 8-10 |
| Know-how | 3-5 |
| Trademarks and Copyrights | 9-10 |
| Softwares and Licences | 10 |

The goodwill purchased is not amortised but tested for impairement purposes for every year. Assets costing less then ₹ 5,000 are depreciated at the rate of 100%. Leasehold land is amortized over the period of the lease on a straight-line basis.

**f) Impairment**

i. The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. An impairment loss is recognized wherever the carrying amount of an asset exceed its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the pre-tax discount rate.

ii. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

iii. A previously recognized impairment loss is increased or reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

**g) Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and amortisation of ancillary costs incurred in connection with the arrangement of borrowings.

Note 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

**h) Operating Leases**

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased iterm, are classified as operating leases. Lease payments on operating leases are recognized as an expense in the statement of profit and loss on a straight-line basis, over the lease term.

**i) Government Grants and Subsidies**

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/ subsidy will be received and all attaching conditions will be complied with. When the grant or subsidy relates to revenue item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the grant or subsidy relates to an asset, its value is deducted from the gross value in arriving at the carrying amount of the related asset. Government grant in the nature of promoters' contribution is credited to the investment subsidy reserve.

**j) Investment**

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties and other costs that arise on acquisition of investment. Investments that are readily realisable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

**k) Inventories**

Inventories of raw materials, packing materials, work-in-progress, finished goods, stores and consumables items are valued at cost or net realizable value, whichever is lower. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Cost is ascertained on First-in-First out ('FIFO') basis and includes all applicable costs incurred in bringing goods to their present location and condition. Cost of work-in-progress, manufactured packing material and finished goods includes materials and all applicable manufacturing overheads. The Company accrues for excise duty liability in respect of manufactured finished goods/intermediary inventories lying in the factory.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated cost necessary to make the sale.

**l) Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

*Sale of Goods*

Revenue is recognized when all the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Excise Duty, Sales Tax and VAT deducted from turnover (gross) is the amount that is included in the amount of turnover

Note 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

(gross) and not the entire amount of liability arised during the year. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Revenue includes the amount of excise duty refund received/due in accordance with incentive scheme. Revenue is net of trade discount given.

*Interest*

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

**m) Foreign currency translation**

*(i) Initial Recognition*

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

*(ii) Conversion*

Foreign currency monetary items are reported using the exchange rate prevailing at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

*(iii) Exchange Differences*

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

**n) Retirement and other employee benefits**

(i) Retirement benefits in the form of Provident Fund and Superannuation Fund are defined contribution schemes and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective fund.

(ii) Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

(iii) Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

(iv) The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

(v) Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

Note 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

**o) Sales promotion items**

Sales promotion items are valued at cost. Cost is ascertained on First-in-First out ('FIFO') basis and includes all applicable costs incurred in bringing goods to their present location and condition.

**p) Income-tax**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the Guidance Note on Accounting for credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the MAT credit entitlement at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

**q) Provisions**

A provision is recognized when the Company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**r) Excise duty**

Excise duty on turnover is reduced from turnover. Excise duty relating to the difference between the opening stock and closing stock is recognized as income/expense as the case may be, separately in the statement of profit and loss.

Note 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

**s) Segment Reporting**

*Identification of segments:*

The Company's operating businesses are organized and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

*Segment accounting policies :*

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

*Intersegment transfer :*

The Company generally accounts for inter segment sales and transfers as if the sales or transfer were to third parties at market price.

*Allocation of common costs:*

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

*Unallocated items:*

It includes general corporate income and expense items which are not allocated to any business segment.

**t) Earnings per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year are adjusted for event of bonus issue, bonus element in a rights issue to existing shareholders, share split, and reverse share split that have changed the number of equity shares outstanding,without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**u) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

**v) Cash and Cash equivalents**

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

₹ in Lacs

Note 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

**w) Measurement of EBITDA**

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. In its measurement, the Company does not include depreciation and amortization expense, finance costs and tax expense.

| | 2012 | 2011 |
|---|---|---|
| **Note 4 SHARE CAPITAL** | | |
| **Authorized Capital** | | |
| 120,000,000 (2011 - 120,000,000) equity shares of ₹ 1 (2011 - ₹ 1) each | 1,200.00 | 1,200.00 |
| | 1,200.00 | 1,200.00 |
| **Issued, Subscribed and Paid Up Capital** | | |
| 80,632,000 (2011 - 80,632,000) equity shares of ₹ 1 (2011 - ₹ 1) each fully paid | 806.32 | 806.32 |
| | 806.32 | 806.32 |

**a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

| | 2012 | | 2011 | |
|---|---|---|---|---|
| | No. | Amount | No. | Amount |
| At the beginning of the period | 80,632,000 | 806.32 | 72,568,800 | 725.69 |
| Issued during the period - Qualified Institutions Placement | - | - | 8,063,200 | 80.63 |
| Outstanding at the end of the period | 80,632,000 | 806.32 | 80,632,000 | 806.32 |

**b. Details of shareholders holding more than 5% shares in the Company**

| | 2012 | | 2011 | |
|---|---|---|---|---|
| | No. | % Holding in the class | No. | % Holding in the class |
| Equity shares of ₹ 1 each fully paid | | | | |
| ICICI Prudential Life Insurance Company Limited | 3,991,449 | 4.95% | 4,249,669 | 5.27% |
| M. P. Ramachandran | 35,855,297 | 44.47% | 34,757,550 | 43.11% |

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

**c. Terms/rights attached to equity shares**

The Company has only one class of equity shares having par value of 1 ₹ per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2012, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 2.50 (2011: ₹ 5). In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

₹ in Lacs

| Note 5 RESERVES AND SURPLUS | 2012 | 2011 |
|---|---|---|
| **Surplus in the statement of profit and loss :** | | |
| Balance, beginning of the year | 2,736.79 | 1,524.30 |
| Profit for the year | 8,351.56 | 8,026.67 |
| Debit balance of profit and loss account of Sri Sai Homecare Products Private | | |
| Limited pursuant to scheme of amalgamation | - | (128.55) |
| | 11,088.35 | 9,422.42 |
| Less: Appropriations | | |
| Proposed dividend (amount per share ₹ 2.5 (2011 : ₹ 5)) | (2,015.80) | (4,031.60) |
| Tax on proposed dividend | (327.01) | (654.03) |
| Transfer to general reserves | (2,000.00) | (2,000.00) |
| Net surplus in the statement of profit and loss | 6,745.54 | 2,736.79 |
| **Capital Reserve** | | |
| Balance, beginning of the year | 24.95 | - |
| Add: Adjustment pursuant to scheme of Amalgamation with Sri Sai Homecare Products Private Limited | - | 24.95 |
| Balance, end of the year | 24.95 | 24.95 |
| **Securities premium** | | |
| Balance, beginning of the year | 32,716.43 | 10,653.13 |
| Add : Premium received on issue of equity shares on Qualified Institutional Placement basis | - | 22,707.59 |
| Less: Expenses incurred on issue of equity shares on Qualified Institutional Placement Basis | - | (644.29) |
| Less: Premium on redemption of Debentures | (3,769.48) | - |
| Less: Expenses incurred on issue of Debentures | (161.53) | - |
| Balance, end of the year | 28,785.42 | 32,716.43 |
| **Investment subsidy** | 106.90 | 106.90 |
| **General reserves** | | |
| Balance, beginning of the year | 28,881.44 | 26,881.44 |
| Add: Amount transferred from surplus balance in the statement of profit and loss | 2,000.00 | 2,000.00 |
| Balance, end of the year | 30,881.44 | 28,881.44 |
| | **66,544.25** | **64,466.51** |

| | NON CURRENT | | CURRENT | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| Note 6 LONG-TERM BORROWINGS | | | | |
| Term loans from Bank (secured ) | 43,000.00 | - | - | - |
| Deferred sales tax loan (Unsecured ) | - | 17.45 | 17.45 | - |
| Amount disclosed under 'Other Current Liabilities' (Note 12) | - | - | (17.45) | - |
| | 43,000.00 | 17.45 | - | - |

₹ in Lacs

## Note 6 LONG-TERM BORROWINGS (Contd.)

**Details of loan**

a) Term Loan has been taken from Axis Bank during the financial year 2011-12 and carries interest @ 11.25% p.a payable monthly. Interest rate is fixed for period of one year and floating thereafter. Term loan to be repaid in 16 quarterly instalment starting from June 30, 2013. The term loan is secured against first charge on the immovable properties at Andheri, trade marks of Maxo and Exo, all the rights, title, interest, benefits, claims and demands of the Company in respect of all document, agreements, contracts, clearance, insurance contract entered both present and future and all rights, claims and benefits to all monies receivable thereunder and all other claims thereunder which description shall include all properties of the above whether presently in existence or acquired hereafter and second charge on all the inventories, current assets, all monies, securities, contractor guarantees, performance bonds, cash flows and receviables, revenues, bank accounts together with investment, fixed deposits and book debts, stock in trade and all the properties mentioned above.

b) Deferred sales tax loan is interest free and payable in financial year 2012-13 in one installment.

| | 2012 | 2011 |
|---|---|---|
| **Note 7 DEFERRED TAX LIABILITY (Net)** | | |
| **a) Deferred tax liability** | | |
| Depreciation | 2,055.98 | 1,949.97 |
| **Gross Deferred tax liability** | 2,055.98 | 1,949.97 |
| **b) Deferred tax assets** | | |
| Technical royalty | 2.82 | 4.70 |
| Provision for gratuity | 204.97 | 125.70 |
| Provision for doubtful debts | 21.07 | 11.92 |
| Provision for leave encashment | 106.39 | 103.91 |
| Provision for impairment losses | 160.07 | 104.66 |
| Disallowance u/s 40 a (ia) of the Income Tax Act | 8.11 | 6.49 |
| Disallowance u/s 43B of the Income Tax Act | 18.76 | 18.76 |
| **Gross Deferred tax assets** | 522.19 | 376.14 |
| **Net Deferred Tax Liabilities** | 1,533.79 | 1,573.83 |

| | NON-CURRENT | | CURRENT | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| **Note 8 OTHER LONG-TERM LIABILITIES** | | | | |
| Deferred Payment Liability (Unsecured) | 270.00 | 435.00 | 90.00 | 90.00 |
| Amount Disclosed under 'Other Current Liabilities' (Note 12) | - | - | (90.00) | (90.00) |
| | 270.00 | 435.00 | - | - |

₹ in Lacs

| | NON-CURRENT | | CURRENT | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| **Note 9 PROVISIONS** | | | | |
| **Provision for employee benefits** | | | | |
| Provision for leave encashment (Note 28) | - | - | 327.90 | 320.29 |
| Provision for gratuity (Note 28) | 631.76 | 465.51 | - | - |
| | 631.76 | 465.51 | 327.90 | 320.29 |
| **Other provisions** | | | | |
| Provision for wealth tax | - | - | 3.00 | 2.75 |
| Provision for income tax | - | - | 116.11 | 100.42 |
| Proposed dividend | - | - | 2,015.80 | 4,031.60 |
| Tax on proposed dividend | - | - | 327.01 | 654.03 |
| | - | - | 2,461.92 | 4,788.80 |
| | **631.76** | **465.51** | **2,789.82** | **5,109.09** |

| | 2012 | 2011 |
|---|---|---|
| **Note 10 SHORT-TERM BORROWINGS** | | |
| Short-term loan (Secured) | 2,000.00 | - |
| Bank overdraft (Secured) | 7,791.25 | 5,831.12 |
| Commercial Paper (Unsecured) | 2,500.00 | - |
| | **12,291.25** | **5,831.12** |
| **Details of loan** | | |
| (a) Refer Note 6 (a) for Short-term loan and Bank overdraft | | |
| (b) Commercial paper issued 500 units of face value of ₹ 500,000 each, maturing on April 17, 2012. | | |
| **Note 11 TRADE PAYABLES** | | |
| Micro and Small Enterprises | 1,441.29 | 507.80 |
| Other trade payable | 2,307.93 | 1,681.10 |
| Accrual for expenses | 2,577.22 | 1,763.80 |
| | **6,326.44** | **3,952.70** |

The above information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors. There are no delays in payments to Micro, Small and Medium Enterprises in current year as well as in previous year.

| | 2012 | 2011 |
|---|---|---|
| **Note 12 OTHER CURRENT LIABILITIES** | | |
| Statutory Dues | 861.98 | 712.34 |
| Unclaimed dividend * | 6.72 | 4.47 |
| Security deposits | 330.61 | 42.01 |
| Advances from customers | 191.82 | 381.47 |
| Current maturities of deferred payment liability (Note 8) | 90.00 | 90.00 |
| Current maturities of deferred sales tax loan (Note 6) | 17.45 | - |
| | **1,498.58** | **1,230.29** |

* There are no amounts payable/due to be credited to Investor Education and Protection Fund.

₹ in Lacs

## Note 13 FIXED ASSETS

| Particulars | Gross Block | | | | Depreciation and Amortisation | | | | Impairment | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at April 1, 2011** | Addition | Deletions | As at March 31, 2012 | As at April 1, 2011 | For the year | Deletions | As at March 31, 2012 | As at April 1, 2011 | Charge / (Reversal) For the year* | As at March 31, 2012 | As at March 31, 2012 | As at March 31, 2011 |
| **Intangible assets** | | | | | | | | | | | | | |
| Goodwill | 301.60 | - | - | 301.60 | - | - | - | - | - | 51.50 | 51.50 | 250.10 | 301.60 |
| | *301.60* | - | - | *301.60* | - | - | - | - | - | - | - | *301.60* | *301.60* |
| Trademarks and Copyrights$ | 580.81 | - | - | 580.81 | 281.15 | 61.12 | - | 342.27 | - | 23.68 | 23.68 | 214.86 | 299.66 |
| | *580.81* | - | - | *580.81* | *219.52* | *61.63* | - | *281.15* | - | - | - | *299.66* | *361.29* |
| Know-how | 647.12 | - | - | 647.12 | 211.69 | 123.76 | - | 335.45 | - | - | - | 311.67 | 435.43 |
| | *647.12* | - | - | *647.12* | *75.99* | *135.70* | - | *211.69* | - | - | - | *435.43* | *571.13* |
| Software and Licences | 47.70 | 55.65 | - | 103.35 | 0.20 | 8.40 | - | 8.60 | - | - | - | 94.75 | 47.50 |
| | - | *47.70* | - | *47.70* | - | *0.20* | - | *0.20* | - | - | - | *47.50* | - |
| **Total intangible assets** | **1,577.23** | **55.65** | **-** | **1,632.88** | **493.04** | **193.28** | **-** | **686.32** | **-** | **75.18** | **75.18** | **871.38** | **1,084.19** |
| | *1,529.53* | *47.70* | - | *1,577.23* | *295.51* | *197.53* | - | *493.04* | - | - | - | *1,084.19* | |
| **Tangible assets** | | | | | | | | | | | | | |
| Freehold land | 1,842.34 | - | - | 1,842.34 | - | - | - | - | - | - | - | 1,842.34 | 1,842.34 |
| | *1,842.34* | - | - | *1,842.34* | - | - | - | - | - | - | - | *1,842.34* | *1,842.34* |
| Leasehold land | 274.83 | - | - | 274.83 | 21.79 | 4.55 | - | 26.34 | - | - | - | 248.49 | 253.04 |
| | *279.24* | - | *4.41* | *274.83* | *18.48* | *3.68* | *0.37* | *21.79* | *10.37* | *(10.37)* | - | *253.04* | *250.39* |
| Building# | 11,431.25 | 150.20 | 94.66 | 11,486.79 | 1,703.49 | 331.62 | 28.12 | 2,006.99 | - | - | - | 9,479.80 | 9,727.76 |
| | *11,236.52* | *194.73* | - | *11,431.25* | *1,409.85* | *293.64* | - | *1,703.49* | *143.35* | *(143.35)* | - | *9,727.76* | *9,683.32* |
| Plant and machinery @ | 9,705.25 | 1,072.49 | 504.32 | 10,273.42 | 2,909.34 | 758.74 | 395.69 | 3,272.39 | 297.96 | 104.15 | 402.11 | 6,598.92 | 6,497.95 |
| | *8,664.24* | *1,163.57* | *122.56* | *9,705.25* | *2,421.67* | *550.31* | *62.64* | *2,909.34* | *297.96* | - | *297.96* | *6,497.95* | *5,944.61* |
| Dies and moulds | 418.97 | 125.74 | 14.03 | 530.68 | 344.98 | 74.81 | 14.03 | 405.76 | - | - | - | 124.92 | 73.99 |
| | *375.72* | *46.15* | *2.90* | *418.97* | *310.70* | *37.18* | *2.90* | *344.98* | - | - | - | *73.99* | *65.02* |
| Furniture and fixture | 554.02 | 135.19 | 4.66 | 684.55 | 211.87 | 42.33 | 2.32 | 251.88 | 6.27 | (5.20) | 1.07 | 431.60 | 335.88 |
| | *513.03* | *42.11* | *1.12* | *554.02* | *178.88* | *34.08* | *1.09* | *211.87* | *6.27* | - | *6.27* | *335.88* | *327.88* |
| Office equipments | 705.34 | 51.28 | 8.48 | 748.14 | 327.23 | 60.27 | 9.31 | 378.19 | 14.83 | (0.74) | 14.09 | 355.86 | 363.28 |
| | *710.23* | *79.81* | *84.70* | *705.34* | *347.07* | *59.40* | *79.24* | *327.23* | *14.83* | - | *14.83* | *363.28* | *348.33* |
| Vehicle | 663.55 | 40.65 | 25.05 | 679.15 | 237.72 | 66.80 | 16.55 | 287.97 | 3.51 | (2.60) | 0.91 | 390.27 | 422.32 |
| | *537.68* | *138.72* | *12.85* | *663.55* | *187.64* | *56.45* | *6.37* | *237.72* | *3.51* | - | *3.51* | *422.32* | *346.53* |
| **Total tangible assets** | **25,595.55** | **1,575.55** | **651.20** | **26,519.90** | **5,756.42** | **1,339.12** | **466.02** | **6,629.52** | **322.57** | **95.61** | **418.18** | **19,472.20** | **19,516.56** |
| | *24,159.00* | *1,665.09* | *228.54* | *25,595.55* | *4,874.29* | *1,034.74* | *152.61* | *5,756.42* | *476.29* | *(153.72)* | *322.57* | *19,516.56* | |
| Total | **27,172.78** | **1,631.20** | **651.20** | **28,152.78** | **6,249.46** | **1,532.40** | **466.02** | **7,315.84** | **322.57** | **170.79** | **493.36** | **20,343.58** | **20,600.75** |
| **Previous year** | ***25,688.53*** | ***1,712.79*** | ***228.54*** | ***27,172.78*** | ***5,169.80*** | ***1,232.27*** | ***152.61*** | ***6,249.46*** | ***476.29*** | ***(153.72)*** | ***322.57*** | ***20,600.75*** | |

$ Includes trademarks and copyrights of ₹ 315.63 (2011 - 315.63) pending for registration in the name of the Company.

# Includes ₹ 452.19 (2011 ₹ 452.19) represented by unquoted fully paid shares at cost in various co-operative societies. Further also refer Note 32.

@ Addition in plant and machinary includes Salary and wages of ₹ Nil (2011 - ₹ 37.63), Power and Fuel ₹ Nil (2011 - ₹ 2.15), and other expenses of ₹ Nil (2011 - ₹ 0.03) pertaining to revenue expenses capitalised during the year.

* Impairment provision charge for the year includes impairment provision of ₹ 95.61 lacs and ₹ 75.18 lacs for the Pithampur washing powder unit and Ruby Brand respectively. The same is included in the soaps and detergent in Note 30.

** Previous year numbers includes additions pursuant to Scheme of Amalgamation with Sri Sai Homecare Products Private Limited in Building - ₹ 94.65, Plant and Machinery - ₹ 549.84, Dies and Moulds - ₹ 20.62, Furniture and fixture - ₹ 6.27, Office equipments ₹ 9.89.

Figures in italics are in respect of the previous year

# Notes to financial statement For the year ended March 31, 2012

₹ in Lacs

| Note 14 NON-CURRENT INVESTMENTS (at cost) | 2012 | 2011 |
|---|---|---|
| **Trade Investments (Quoted)** | | |
| Investment in subsidiaries - | | |
| Henkel India Limited (Refer Note 38) | | |
| 97,426,487 (2011 - 17,351,686) equity shares of ₹ 10 (2011 - ₹ 10) each fully paid up | 31,548.66 | 6,073.09 |
| **Trade Investments (Unquoted)** | | |
| Investment in subsidiaries - | | |
| Associated Industries Consumer Products Private Limited | | |
| 4,970,000 (2011 - 4,970,000) equity shares of ₹ 10 (2011 - ₹ 10) each fully paid up | 497.00 | 497.00 |
| Jyothy Fabricare Services Limited | | |
| 9,750,000 (2011 - 9,750,000) equity shares of ₹ 10 (2011 - ₹ 10) each fully paid up | 1,275.00 | 1,275.00 |
| Jyothy Kallol Bangladesh Limited | | |
| 37,500 (2011 - 37,500) equity shares of BDT 10 (2011 - BDT 10) each fully paid up | 2.30 | 2.30 |
| Henkel India Limited (Refer Note 38) | | |
| 28,000,000 (2011- Nil) 9% Redeemable Non-Cumulative Preference Shares of ₹10 | | |
| (2011 - ₹ Nil) each fully paid up | 1,038.64 | - |
| Investments in Partnership Firm | | |
| M/s JFSL - JLL (Refer Note - 39) | 37.50 | - |
| **Non-Trade Investment (Unquoted)** | | |
| Investment in Government Securities | | |
| Indira Vikas Patra | 0.02 | 0.02 |
| National Saving Certificates (Pledged with Government authorities) | 0.27 | 1.27 |
| Investment property | 147.30 | 147.30 |
| | **34,546.69** | **7,995.98** |
| Aggregate amount of unquoted investments | 2,998.03 | 1,922.89 |
| Aggregate amount of quoted investments | 31,548.66 | 6,073.09 |
| Market Value of quoted investments | 23,577.21 | 7,287.71 |

₹ in Lacs

| | Non-Current 2012 | Non-Current 2011 | Current 2012 | Current 2011 |
|---|---|---|---|---|
| **Note 15 LOANS AND ADVANCES** | | | | |
| **Unsecured, considered good** | | | | |
| Capital Advances | 1,078.92 | 681.45 | - | - |
| Advances and loans to subsidiaries (Refer Note - 37) | 50,632.54 | 3,543.86 | 1,551.29 | - |
| Inter corporate deposit to third parties | - | - | 519.97 | - |
| Advance to suppliers | 419.83 | 424.74 | 1,226.68 | 1,146.13 |
| Balance with excise authorities | - | - | 489.82 | 351.28 |
| MAT Credit entitlement | - | - | 600.00 | 600.00 |
| Deposits | 302.33 | 346.78 | - | - |
| Balance with government authorities | 2,424.30 | 1,716.85 | 52.46 | 21.83 |
| Prepaid Expenses | - | - | 291.73 | 26.89 |
| Advance income tax | - | - | 10.45 | 0.59 |
| Other receivables | - | - | 171.61 | 195.37 |
| | 54,857.92 | 6,713.68 | 4,914.01 | 2,342.09 |

| | Non-Current 2012 | Non-Current 2011 | Current 2012 | Current 2011 |
|---|---|---|---|---|
| **Note 16 OTHER ASSETS** | | | | |
| **Unsecured, considered good unless stated otherwise** | | | | |
| Inventory - Sales Promotions Items | - | - | 199.54 | 139.70 |
| Interest accrued but not due | - | - | 21.64 | 83.01 |
| Fixed deposit with Banks having original maturity of more than 12 months (Refer Note 20) | 23.59 | 22.41 | - | - |
| | 23.59 | 22.41 | 221.18 | 222.71 |

| | 2012 | 2011 |
|---|---|---|
| **Note 17 CURRENT INVESTMENTS (at cost)** | | |
| Henkel India Limited (Refer Note - 38) | | |
| 40,000,000 (2011 - Nil) 4% Redeemable Cumulative Preference Shares of ₹ 10 | 3,224.29 | - |
| (2011 - ₹ Nil) each fully paid up | | |
| | 3,224.29 | - |

| | 2012 | 2011 |
|---|---|---|
| **Note 18 INVENTORIES (Valued at lower of cost or net realizable value)** | | |
| Raw and packing materials (including goods in transit ₹ 1.93 (2011 - ₹ 28.75)) | 3,358.52 | 2,252.40 |
| Work-in-progress (including goods in transit ₹ Nil (2011 - ₹ 1.83)) | 717.89 | 257.94 |
| Finished goods manufactured | 1,998.15 | 2,011.07 |
| Traded Goods (including goods in-transit ₹ 66.38 (2011 - ₹ 78.74)) | 1,258.71 | 1,750.37 |
| Stores and spare parts | 273.78 | 358.17 |
| Inventory for Capital Goods | 321.14 | 204.74 |
| | 7,928.19 | 6,834.69 |

₹ in Lacs

| | 2012 | 2011 |
|---|---|---|
| **Note 19** TRADE RECEIVABLES | | |
| Unsecured | | |
| a) Outstanding for a period exceeding six months from the date they are due for payment | | |
| Considered good | - | 42.30 |
| Considered doubtful | 64.95 | 36.73 |
| Less: Provision for doubtful receivables | (64.95) | (36.73) |
| | - | 42.30 |
| b) Other receivable, considered good | 4,251.55 | 10,307.59 |
| | **4,251.55** | **10,349.89** |

| | NON-CURRENT | | CURRENT | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| **Note 20** CASH AND BANK BALANCES | | | | |
| **Cash and cash equivalents** | | | | |
| Cash in hand | - | - | 13.79 | 23.03 |
| Balance with banks - Current account | - | - | 3,246.94 | 2,511.56 |
| - Deposit account (Original maturity of less than three months) | - | - | - | 8,411.24 |
| Unclaimed dividend accounts | - | - | 6.72 | 4.47 |
| **Other bank balances** | | | | |
| Deposits with original maturity for more than 12 months* | 23.59 | 22.41 | 1,831.95 | 16,839.16 |
| Amount disclosed under 'other assets' (Note 16) | (23.59) | (22.41) | - | - |
| | - | - | **5,099.40** | **27,789.46** |

* Includes deposits provided as securities against bank guarantees/bank overdraft - ₹ 425.66 (2011 - ₹ 13,805.75)

| | 2011-12 | 2010-11 |
|---|---|---|
| **Note 21** OTHER OPERATING INCOME | | |
| Export incentives | 7.17 | 5.16 |
| Excess provision written back | - | 447.56 |
| Royalty Income | 6.37 | 7.49 |
| Sales of Scrap | 5.20 | 42.95 |
| Differential Excise duty benefit | - | 189.68 |
| | **18.74** | **692.84** |

₹ in Lacs

| Note 22 OTHER INCOME | 2011-12 | 2010-11 |
|---|---|---|
| Dividend income | - | 8.85 |
| Interest on fixed deposit (Tax deducted at source - ₹ 36.25 (2011 - ₹ 93.00)) | 392.11 | 932.99 |
| Lease rent income | 6.93 | 5.80 |
| Interest earned on loans to subsidiaries (Tax deducted at source - ₹ 475.14 (2011 - ₹ 27.32)) | 4,751.36 | 232.27 |
| Profit on sale of investments | 430.65 | 331.24 |
| Interest Income On Debentures (Tax deducted at source - ₹ Nil (2011 - ₹ 13.64)) | - | 136.36 |
| Profit on sale of fixed assets | 2.83 | 144.18 |
| Premium on conversion of Preference shares | - | 150.00 |
| Power subsidy | - | 5.00 |
| Foreign exchange fluctuation gain (net) | 10.53 | 0.95 |
| Agricultural Income | 2.57 | 11.02 |
| Miscellaneous income | 104.51 | 108.94 |
| | **5,701.49** | **2,067.60** |

| Note 23 COST OF RAW MATERIALS AND COMPONENTS CONSUMED | 2011-12 | 2010-11 |
|---|---|---|
| **Raw and packing materials consumed** | | |
| Opening stock | 2,252.40 | 2,032.61 |
| Opening stock pursuant to Scheme of Amalgamation with Sri Sai Homecare Products Private Limited | - | 139.52 |
| Add: Cost of purchases (net) | 23,594.92 | 15,714.80 |
| | 25,847.32 | 17,886.93 |
| Less: Closing stock | 3,358.52 | 2,252.40 |
| | **22,488.80** | **15,634.53** |

# Notes to financial statement For the year ended March 31, 2012

₹ in Lacs

| | 2011-12 | 2010-11 |
|---|---|---|
| **Note 24** CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE | | |
| **(Increase)/decrease in inventories** | | |
| **Closing stock** | | |
| Finished Goods | 1,998.15 | 2,011.07 |
| Traded Goods | 1,258.71 | 1,750.37 |
| Work-in-progress | 717.89 | 257.94 |
| | 3,974.75 | 4,019.38 |
| **Opening stock** | | |
| Finished goods | 2,011.07 | 1,407.32 |
| Traded Goods | 1,750.37 | 2,787.24 |
| Work-in-progress | 257.94 | 176.52 |
| | 4,019.38 | 4,371.08 |
| Opening stock pursuant to Scheme of Amalgamation with | | |
| Sri Sai Homecare Products Private Limited | | |
| Finished goods | - | 136.35 |
| Work-in-progress | - | 5.06 |
| | - | 141.41 |
| **Sub-total (A)** | **44.63** | **493.11** |
| **(Increase)/decrease in excise duty** | | |
| Excise duty on closing stock | 37.34 | 38.15 |
| Excise duty on opening stock | 38.15 | 24.92 |
| Excise duty on opening stock pursuant to Scheme of Amalgamation with | | |
| Sri Sai Homecare Products Private Limited | - | 20.31 |
| **Sub-total (B)** | **0.81** | **7.08** |
| **Total (A-B)** | **43.82** | **486.03** |

| **Note 25** EMPLOYEE BENEFITS EXPENSES | 2011-12 | 2010-11 |
|---|---|---|
| Salaries, wages and bonus | 5,717.24 | 5,564.19 |
| Contribution to provident and other funds (Refer Note 28) | 553.63 | 510.99 |
| Gratuity (Refer Note 28) | 166.25 | 212.73 |
| Staff welfare expenses | 373.06 | 368.96 |
| Directors' remuneration | 399.82 | 387.72 |
| Commission to directors | 391.69 | 342.50 |
| Field staff incentives | 200.49 | 92.15 |
| | **7,802.18** | **7,479.24** |

₹ in Lacs

## Note 26 OTHER EXPENSES

| | 2011-12 | 2010-11 |
|---|---|---|
| Conversion charges | 2.50 | 33.69 |
| Power and fuel expenses | 1,489.32 | 1,438.60 |
| Rent | 511.90 | 489.48 |
| Insurance | 19.72 | 24.69 |
| Repairs and maintenance | | |
| - Building | 24.45 | 92.46 |
| - Plant and machinery | 53.63 | 24.05 |
| - Others | 78.55 | 116.46 |
| Consumption of stores and spares | 329.73 | 337.85 |
| Research and development | 14.67 | 27.52 |
| Excise duty | 192.01 | 216.56 |
| Printing and stationery | 47.71 | 54.21 |
| Communication costs | 156.41 | 134.82 |
| Legal and professional fees (Refer Note 29(D)) | 667.68 | 584.44 |
| Rates and taxes | 286.48 | 366.27 |
| Directors' sitting fees | 3.65 | 3.45 |
| Vehicle maintenance | 158.34 | 148.94 |
| Donation (Refer Note 29(E)) | 4.75 | 11.09 |
| Loss on discarded of fixed assets | 166.62 | 61.10 |
| Provision for doubtful debts | 28.22 | - |
| Advertisement and publicity | 3,044.17 | 4,038.33 |
| Sales promotion and schemes | 1,238.86 | 1,339.72 |
| Carriage outwards | 2,305.08 | 1,794.94 |
| Field staff expenses | 994.52 | 1,045.35 |
| Travelling and conveyance | 203.81 | 216.49 |
| Brokerage on sales | 468.37 | 373.83 |
| Others | 478.29 | 478.00 |
| | **12,969.44** | **13,452.34** |

## Note 27 FINANCE COST

| | 2011-12 | 2010-11 |
|---|---|---|
| Interest on Banks | 1,807.65 | 30.17 |
| Other Borrowing Cost | 135.60 | - |
| | **1,943.25** | **30.17** |

₹ in Lacs

## Note 28 EMPLOYEE BENEFIT

(i) Defined Benefit Plans -

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation of India.

The following tables summarises the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans.

| | 2011-12 | 2010-11 |
|---|---|---|
| | Gratuity | Gratuity |
| | Funded | Funded |
| **(A) Summary of the Actuarial Assumptions** | | |
| Mortality | LIC (1994-96) Ult | LIC (1994-96) Ult |
| Discount rate | 8.50% | 8.30% |
| Rate of increase in compensation | 8.00% | 8.00% |
| Withdrawal rates | 10.00% | 10.00% |
| Rate of return (expected) on plan assets | 9.30% | 9.30% |
| The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.<br>The overall expected rate of return on assets is determined based on the market price prevailing on that date, applicable to the period over which the obligation is to be settled. | | |
| | | |
| **(B) Changes in present value of obligations (PVO)** | | |
| PVO at beginning of period | 1,107.91 | 861.58 |
| Adjustment pursuant to scheme of amalgamation with Sri Sai Homecare | | |
| Products Private Limited | - | 11.28 |
| Interest cost | 90.09 | 65.53 |
| Current Service Cost | 133.46 | 112.40 |
| Benefits Paid | (44.99) | (32.15) |
| Actuarial (gain) / loss on obligation | 1.09 | 89.27 |
| PVO at end of period | 1,287.56 | 1,107.91 |
| | | |
| **(C) Changes in fair value of plan assets** | | |
| Fair value of plan assets at the beginning of period | 642.40 | 406.50 |
| Expected return on plan assets | 57.65 | 45.99 |
| Contributions | - | 213.57 |
| Benefit paid | (44.99) | (32.15) |
| Actuarial gain / (loss) on plan assets | 0.74 | 8.49 |
| Fair value of plan assets at end of period | 655.80 | 642.40 |

₹ in Lacs

| | 2011-12 | 2010-11 |
|---|---|---|
| **Note 28 EMPLOYEE BENEFIT (Contd.)** | | |
| **(D) Net Assets/(Liabilities) recognised in the balance sheet** | | |
| PVO at end of period | (1,287.56) | (1,107.91) |
| Fair value of plan assets at end of period | 655.80 | 642.40 |
| Funded status (deficit in plan assets over fair value of PVO) | (631.76) | (465.51) |
| Net assets/(Liability) recognised in the balance sheet | (631.76) | (465.51) |
| | | |
| **(E) Expenses recognised in the statement of profit and loss** | | |
| Current service cost | 133.46 | 112.40 |
| Interest cost | 90.09 | 65.53 |
| Expected return on plan assets | (57.65) | (45.99) |
| Net Actuarial (Gain)/Loss recognised for the period | 0.35 | 80.79 |
| Expense recognised in the statement of profit and loss | 166.25 | 212.73 |
| | | |
| **(F) The major categories of plan assets as a percentage of the fair value of total** | | |
| plan assets are as follows: | | |
| Investment with insurer | 100.00% | 100.00% |

**(G) Experience adjustments***

| | April to March 12 | April to March 11 | April to March 10 | July to March 09 |
|---|---|---|---|---|
| On plan liabilities | 1.09 | 129.73 | 17.27 | 57.26 |
| On plan assets | (0.74) | 8.49 | 4.01 | 12.43 |

* The Company does not have data available for the period prior to 2008-09

**(H)** The Company expects to contribute ₹ Nil (2011 - ₹ 78.08) to gratuity fund and ₹ 37.03 (2011 - ₹ 32.77) to Superannuation fund.

(ii) Defined Contribution Plans -

Amount of ₹ 553.63 (2011 - ₹ 510.99) is recognised as an expense and included in Note 25 - "Contribution to provident and other funds” in the Statement of profit and loss.

₹ in Lacs

| | 2011-12 | 2010-11 |
|---|---|---|
| **Note 29 SUPPLEMENTARY INFORMATION** | | |
| **A) Earnings in foreign currency (accrual basis):** | | |
| FOB value of exports | 872.98 | 699.88 |
| **B) Expenditure in foreign currency (accrual basis):** | | |
| a) CIF value of imports | | |
| (i) Raw material | 20.91 | 55.76 |
| (ii) Capital goods | 6.57 | 283.74 |
| b) Other expenses | 7.50 | 36.06 |

**C) Unhedged foreign currency exposure:**

| Particulars | Foreign Currency | 2011-12 | | 2010-11 | |
|---|---|---|---|---|---|
| | | ₹ in Lacs | Amount in Foreign Currency | ₹ in Lacs | Amount in Foreign Currency |
| Export trade receivables | US $ | 100.32 | 196,110 | 22.56 | 50,535 |
| Advance and Investment in Jyothy Kallol Bangladesh Limited | BDT | 347.18 | 52,500,000 | 2.30 | 375,000 |

**D) Payment to auditors**

| | 2011-12 | 2010-11 # |
|---|---|---|
| i) As Auditors | 45.00 | 38.14 |
| ii) In other capacity | | |
| - Tax audit fees | 9.83 | 8.55 |
| - Certification | 1.65 | 1.03 |
| iii) Reimbursement of expenses | 3.07 | 1.26 |
| | **59.55** | **48.98** |

# Does not include payment made amounting to ₹ 18.33 Lacs in respect of QIP Issue since the same has been adjusted against security premium account as a part of share issue expenses.

**E) Donations to political parties**

| | 2011-12 | 2010-11 |
|---|---|---|
| **Name of the Party** | | |
| Communist Party of India | 0.01 | 0.01 |
| Congress Party | 0.02 | 0.01 |
| Bharatiya Janata Party | 0.01 | 0.07 |
| Shiv sena | - | 0.02 |
| Others | - | 0.03 |
| LDF Election Fund | 0.03 | - |
| | **0.07** | **0.14** |

₹ in Lacs

Note 29 SUPPLEMENTARY INFORMATION (Contd.)

F) Consumption of Raw and Packing material

| Particulars | UOM | Consumption | | | |
|---|---|---|---|---|---|
| | | Quantity | | Value | |
| | | 2011-12 | 2010-11 | 2011-12 | 2010-11 |
| Synthetic Dye | Tons | 855 | 890 | 647.17 | 606.65 |
| Soap Noodles | Tons | 476 | 876 | 273.39 | 395.86 |
| Dyes and Chemicals | Tons | 21,313 | 18,907 | 4,833.10 | 3,573.62 |
| Fatty Oils, Powder and Perfumes | Tons | 35,223 | 21,446 | 7,510.85 | 4,714.52 |
| Plastic | Tons | 2,814 | 2,903 | 2,287.60 | 2,096.37 |
| Others (Refer Note - i) | Tons | 3,185 | 1,206 | 1,775.76 | 858.79 |
| Packing materials (Refer Note - i) | Tons | 224 | 344 | 417.42 | 574.75 |
| | Rolls (1000s) | 94 | 67 | 37.79 | 24.67 |
| | No (1000s) | 477,817 | 314,655 | 4,705.72 | 2,789.30 |
| **Total** | | | | **22,488.80** | **15,634.53** |

i. It is not practicable to furnish quantitative information in view of the large number of items which differ in size and nature, each being less than 10% in value of the total.

ii. Previous year consumption includes ₹ 139.52 opening stock pursuant to Scheme of Amalgamation with Sri Sai Homecare Products Private Limited.

G) Value of Imported and Indigenous Raw Materials, Packing Materials, Stores and Spare Parts Consumed

| Particulars | Raw Materials | | | | Stores and Spare parts | | | |
|---|---|---|---|---|---|---|---|---|
| | 2011-12 | | 2010-11 | | 2011-12 | | 2010-11 | |
| | Value | % | Value | % | Value | % | Value | % |
| Imported | 5.14 | 0.02% | 290.69 | 1.86% | 0.52 | 0.16% | - | - |
| Indigenous | 22,483.66 | 99.98% | 15,343.84 | 98.14% | 329.21 | 99.84% | 337.85 | 100.00% |
| **Total** | **22,488.80** | | **15,634.53** | | **329.73** | | **337.85** | |

H) Value of closing stock of work-in-progess

| Particulars | 2011-12 | 2010-11 |
|---|---|---|
| Home Care | 370.68 | 150.13 |
| Soaps and Detergents | 347.21 | 107.81 |
| **Total** | **717.89** | **257.94** |

₹ in Lacs

## Note 29 SUPPLEMENTARY INFORMATION (Contd.)

### I) Opening and Closing Inventories, Production, Purchases and Sales in Respect of each Class of Goods Manufactured and Traded

| Item | Traded / Mfg | UOM | Opening Inventory | | Opening stock pursuant to Scheme of Amalgamation with Sri Sai Homecare Products Private Limited | | Production | Purchases | | Sales | | Closing Inventory | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Quantity | Amount | Quantity | Amount | Quantity | Quantity | Amount | Quantity | Amount | Quantity | Amount |
| Home Care | Traded | Dozen | 6.24 | 219.11 | - | - | - | 76.76 | 2,695.68 | 63.75 | 3,029.44 | 19.25 | 311.18 |
| | | | *6.93* | *246.83* | - | - | - | *71.44* | *2,194.83* | *72.13* | *2,646.00* | *6.24* | *219.11* |
| | Traded | Nos | 699.13 | 1,131.13 | - | - | - | 4,621.01 | 7,607.57 | 4,829.41 | 9,271.88 | 490.73 | 567.33 |
| | | | *1,211.22* | *1,530.95* | - | - | - | *6,165.71* | *8,966.28* | *6,677.80* | *11,817.39* | *699.13* | *1,131.13* |
| | Manufactured | Nos | 602.45 | 677.67 | - | - | 8,598.81 | - | - | 8,843.60 | 9,504.55 | 357.66 | 474.73 |
| | | | *366.67* | *282.37* | *127.01* | *136.35* | *6,772.08* | - | - | *6,663.31* | *6,879.60* | *602.45* | *677.67* |
| Soaps and Detergents | Traded | Kgs | 12.67 | 355.79 | - | - | - | 172.94 | 4,422.93 | 170.71 | 5,590.33 | 14.90 | 394.18 |
| | | | *37.85* | *944.94* | - | - | - | *173.20* | *3,865.03* | *198.38* | *6,118.72* | *12.67* | *355.79* |
| | Manufactured | Kgs | 37.43 | 1,331.70 | - | - | 650.71 | - | - | 638.90 | 38,892.95 | 49.24 | 1,509.44 |
| | | | *37.85* | *1,124.95* | - | - | *503.12* | - | - | *503.54* | *32,532.92* | *37.43* | *1,331.70* |
| Others | | Kgs | 0.12 | 45.88 | - | - | - | - | - | (0.00) | (7.85) | 0.12 | 0.00 |
| | | | *1.13* | *64.42* | - | - | - | - | - | *1.01* | *(10.97)* | *0.12* | *45.88* |
| | | Nos | 0.01 | 0.16 | - | - | - | - | - | (0.02) | (3.15) | 0.03 | (0.00) |
| | | | *0.01* | *0.10* | - | - | - | - | - | *0.00* | *(0.19)* | *0.01* | *0.16* |
| **Total** | | | 1,358.05 | 3,761.44 | - | - | 9,249.52 | 4,870.71 | 14,726.18 | 14,546.35 | 66,278.15 | 931.93 | 3,256.86 |
| | | | ***1,661.66*** | ***4,194.56*** | ***127.01*** | ***136.35*** | ***7,275.20*** | ***6,410.35*** | ***15,026.14*** | ***14,116.17*** | ***59,983.47*** | ***1,358.05*** | ***3,761.44*** |

1. Figures in italics are in respect of the previous year.
2. Sales quantities are netted off for sales promotion items and other adjustments.
3. All quantities are in lacs.

## Note 30 SEGMENT REPORTING

**Business segments:**

The primary segment of the Company has been determined on the basis of business segment. The Company is organized into following business segments - Soaps and Detergents, Home Care and others. Segments have been identified taking into account the nature of the products, the differing risks and returns, the organization structure and the internal reporting system.

Soaps and Detergents includes fabric whiteners, fabric detergents, dish wash bar and soaps including ayurvedic soaps. Home Care products include incense sticks, scrubber, dhoop and mosquito repellents. Others includes tea and coffee.

**Secondary segment:**

The Company mainly caters to the needs of the domestic market. The export turnover is not significant in the context of total turnover. As such, there is only one reportable geographical segments.

**Segment revenue and result:**

The income/expense that are not directly attributable to the business segments are shown as unallocated corporate costs.

**Segment assets and liabilities:**

Segment assets include all operating assets used by a segment and consist principally of debtors, inventories, advances and fixed assets. Assets at corporate level are not allocable to segments on a reasonable basis and thus the same have not been allocated.

Segment liabilities include all operating liabilities and consist principally of creditors and accrued liability.

₹ in Lacs

Note 30 SEGMENT REPORTING (Contd.)

## Information about Business Segments

| | Soaps and Detergents | | Home care | | Others | | Eliminations | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 |
| Revenue | | | | | | | | | | |
| External Revenue | 44,498.59 | 38,599.19 | 21,787.40 | 21,351.88 | (7.84) | 32.40 | - | - | 66,278.15 | 59,983.47 |
| Inter Segment Revenue | 56.08 | - | (2.22) | 300.11 | - | - | (53.86) | (300.11) | - | - |
| Net Revenue | 44,554.67 | 38,599.19 | 21,785.18 | 21,651.99 | (7.84) | 32.40 | (53.86) | (300.11) | 66,278.15 | 59,983.47 |
| Segment Result | 9,085.97 | 8,818.18 | (1,594.59) | 191.46 | 1.22 | (17.07) | - | - | 7,492.60 | 8,992.57 |
| Unallocated expenditure | | | | | | | | | (869.38) | (1,240.09) |
| Unallocated Income | | | | | | | | | 5,641.55 | 1,834.61 |
| Interest and finance expenses | | | | | | | | | (1,943.25) | (30.17) |
| Profit before tax | | | | | | | | | 10,321.52 | 9,556.91 |
| Provision for tax | | | | | | | | | (1,969.96) | (1,530.24) |
| Profit after tax | | | | | | | | | 8,351.56 | 8,026.67 |
| Other Information | | | | | | | | | | |
| Segment assets | 19,672.40 | 25,123.54 | 10,069.06 | 12,988.96 | - | 43.57 | - | - | 29,741.46 | 38,156.07 |
| Unallocated assets | | | | | | | | | 105,950.73 | 45,731.72 |
| Total assets | | | | | | | | | 135,692.19 | 83,887.79 |
| Segment liabilities | 5,147.24 | 3,323.08 | 3,568.37 | 2,908.74 | - | - | - | - | 8,715.61 | 6,231.82 |
| Unallocated liabilities | | | | | | | | | 59,626.03 | 12,383.17 |
| Total liabilities | | | | | | | | | 68,341.64 | 18,614.99 |
| Segment capital expenditure (including capital work-in-progress) | 438.33 | 1,460.97 | 285.81 | 1,700.22 | - | - | - | - | 724.14 | 3,161.19 |
| Unallocated capital expenditure (including capital work-in-progress) | | | | | | | | | 172.71 | 190.34 |
| Total capital expenditure (including capital work-in-progress) | | | | | | | | | 896.85 | 3,351.53 |
| Segment depreciation and amortisation | 823.95 | 747.65 | 399.80 | 312.04 | - | - | - | - | 1,223.75 | 1,059.69 |
| Unallocated depreciation and amortisation | | | | | | | | | 308.65 | 172.58 |
| Total depreciation and amortisation | | | | | | | | | 1,532.40 | 1,232.27 |
| Segment impairment loss reversal | - | (153.72) | - | - | - | - | - | - | - | (153.72) |
| Segment impairment loss | 170.79 | - | - | - | - | - | - | - | 170.79 | - |
| Total impairment loss/(Reversal) | | | | | | | | | 170.79 | (153.72) |
| Segment non-cash expenses other than depreciation | 19.06 | 14.76 | 175.75 | 40.70 | - | - | - | - | 194.81 | 55.46 |
| Unallocated non-cash expenses other than depreciation | | | | | | | | | 0.03 | 5.64 |
| Total non-cash expenses other than depreciation | | | | | | | | | 194.84 | 61.10 |

## Information about Geographical segment

| | 2011-12 | 2011-12 | 2010-11 | 2010-11 |
|---|---|---|---|---|
| | Domestic | Export | Domestic | Export |
| Revenue | 65,387.94 | 890.21 | 59,273.04 | 710.43 |

All assets of the company are located in India

₹ in Lacs

## Note 31 RELATED PARTY DISCLOSURES

a) Parties where control exists

Individual having control

| | |
|---|---|
| M.P. Ramachandran | Chairman and Managing Director |

As the Managing Director of the Company is an individual having control and hence not separately disclosed as a Key management personnel.

Wholly Owned Subsidiaries

Associated Industries Consumer Products Pvt. Ltd.

Other Subsidiaries

| | |
|---|---|
| Jyothy Fabricare Services Limited | |
| Jyothy Kallol Bangladesh Limited | w.e.f. October 14, 2010 |
| Henkel India Limited | w.e.f. August 23, 2011 |
| Henkel Marketing India Limited | w.e.f. August 23, 2011 |
| Diamond Fabcare Private Limited | w.e.f. April 1, 2011 |
| Akash Cleaners Private Limited | w.e.f. April 1, 2011 |
| Four Seasons Drycleaning Company Private Limited | w.e.f. February 15, 2012 |
| Fab Clean & Care Private Limited | w.e.f. June 1, 2011 |
| Snoways Laundrers & Drycleaners Private Limited | |

b) Related party relationships where transactions have taken place during the year

**Partnership firm**

M/s. JFSL-JLL (JV)

**Firm / HUF in which the relatives of individual having control are partners/ members/ proprietor.**

Beena Agencies
Quilon Trading Co.
Travancore Trading Corp.
Sree Guruvayurappan Agencies
M.P. Agencies
Tamil Nadu Distributors
Deepthy Agencies
Sahyadri Agencies
Sreehari Stock Suppliers
Sujatha Agencies
M.P. Divakaran - H.U.F.
M.P. Sidharthan - H.U.F.

**Relative of individual having control**

M.P. Sidharthan
M.R. Jyothy (Director)
M.R. Deepthi
Ananth Rao T.
Ravi Razdan
M. G. Santhakumari
M.P. Divakaran

**Enterprises significantly influenced by key management personnel or their relatives**

Sahyadri Agencies Ltd.

**Key management personnel**

| | |
|---|---|
| K. Ullas Kamath | Joint Managing Director |

₹ in Lacs

Note 31 RELATED PARTY DISCLOSURES (Contd.)

c) Transactions with related parties during the year

| | 2011-12 | 2010-11 |
|---|---|---|
| Individual having control | | |
| Remuneration* | 218.98 | 220.18 |
| Commission | 218.78 | 195.72 |
| Dividend | 1,785.73 | 1,390.30 |
| Associated Industries Consumer Products Pvt. Ltd. | | |
| Sale of Finished goods (net of sales return) Raw material, Packing material and Stores and Spares | 114.38 | 237.07 |
| Royalty Income | 7.03 | 10.02 |
| Rent Income | 2.32 | 2.58 |
| Purchase of Finished goods (Net of purchase return), raw and packing material | 489.61 | 385.71 |
| Reimbursement | 118.31 | 0.53 |
| Interest Income | 468.98 | - |
| Loan given | 25,582.01 | - |
| Repayment of loan given | 25,996.90 | - |
| Enterprises in which relatives are interested | | |
| Sale /(sales return) of finished goods | | |
| Beena Agencies | - | (1.36) |
| Sahyadri Agencies | - | 2.32 |
| Deepthy Agencies | - | (0.79) |
| Travancore Trading Corporation | - | 8.26 |
| M.P. Agencies | - | (3.90) |
| Sree Guruvayurappan Agencies | - | (0.71) |
| **Claims for reimbursement for sales promotion expenses/discounts given** | | |
| Travancore Trading Corporation | - | 2.99 |
| Sahyadri Agencies | - | 2.23 |
| Deepthy Agencies | - | 0.74 |
| M.P. Agencies | - | 1.36 |
| Beena Agencies | - | 2.44 |
| **Commission paid** | | |
| Sreehari Stock Suppliers | 29.40 | 28.40 |
| Sujatha Agencies | 30.21 | 26.20 |
| Tamil Nadu Distributors | 11.95 | 7.43 |
| Beena Agencies | 48.70 | 36.35 |
| Sahyadri Agencies | 81.63 | 64.24 |
| Travancore Trading Corporation | 57.46 | 44.13 |
| Deepthy Agencies | 25.83 | 18.81 |

₹ in Lacs

Note 31 RELATED PARTY DISCLOSURES (Contd.)

c) Transactions with related parties during the year (Contd.)

| | 2011-12 | 2010-11 |
|---|---|---|
| **Rent Paid** | | |
| Quilon Trading Company | 1.20 | 1.20 |
| **Dividend** | 80.60 | 64.48 |
| **Jyothy Fabricare Services Limited** | | |
| Loan given | 8,813.25 | 1,744.00 |
| Repayment of loan given | 5,525.00 | 295.00 |
| Redemption of 0.1% Convertible preference shares | - | 750.00 |
| Premium on redemption of 0.1% Convertible Preference shares | - | 150.00 |
| Allotment of Equity Shares including premium of ₹ 300 Lacs on conversion of | | |
| 0.1% Convertible Preference shares | - | 900.00 |
| Reimbursement | 101.11 | 1.18 |
| Interest Income | 669.91 | 232.27 |
| Sales of Finished goods | 0.43 | 0.04 |
| Purchases of services | 0.08 | - |
| Guarantees given to Bank on behalf of the Company | - | - |
| (Outstanding balance of term loan ₹ 793.26 (2011 ₹ 1,057.46)) | | |
| **Henkel India Limited** | | |
| Loan given | 1,847.59 | - |
| Repayment of loan given | 25.00 | - |
| Sales of Finished goods | 1,086.84 | - |
| Purchase of Finished goods (Net of purchase return) | 515.91 | - |
| Interest Income | 1,190.88 | - |
| Other reimbursement | 141.42 | - |
| Reimbursement of expenses | 604.40 | - |
| **Henkel Marketing India Limited** | | |
| Repayment of loan given # | 2,037.42 | - |
| Interest Income | 2,275.96 | - |
| # Loan given before August 23, 2011. | | |
| **Diamond Fabcare Private Limited** | | |
| Loan given | 70.00 | - |
| Interest Income | 0.44 | - |
| **Akash Cleaners Private Limited** | | |
| Loan given | 446.50 | - |
| Repayment of loan given | 21.50 | - |
| Sales of Finished goods | 0.09 | - |
| Interest Income | 1.64 | - |

₹ in Lacs

Note 31 RELATED PARTY DISCLOSURES (Contd.)

c) Transactions with related parties during the year (Contd.)

| | 2011-12 | 2010-11 |
|---|---|---|
| Jyothy Kallol Bangladesh Limited | | |
| Investment in share capital | - | 2.30 |
| Share application Money | 346.89 | - |
| Relatives of individuals having control | | |
| Remuneration* | | |
| M. R. Jyothy (Director) | 31.36 | 24.19 |
| M. P. Sidharthan | 12.00 | 12.00 |
| M. R. Deepthi | 15.01 | 9.34 |
| Ananth Rao T. | 20.16 | 16.80 |
| Ravi Razdan | 15.90 | 5.99 |
| M. P. Divakaran | 11.00 | - |
| Dividend | 710.08 | 551.89 |
| Contribution to Superannuation fund | | |
| M. R. Jyothy | 2.80 | 2.16 |
| Ananth Rao T. | 1.80 | 1.50 |
| M. R. Deepthi | 1.27 | 0.66 |
| Ravi Razdan | 1.38 | - |
| Key management personnel | | |
| Remuneration* | 174.52 | 168.13 |
| Commission | 172.91 | 146.79 |
| Dividend | 36.28 | 29.03 |
| Contribution to Superannuation fund | 15.58 | 15.01 |

* As the future liabilities for gratuity is provided on an actuarial basis for the Company as a whole, the amount pertaining to individual is not ascertainable and therefore not included above.

d) Related party balances

| | 2011-12 | 2010-11 |
|---|---|---|
| Amounts receivable | | |
| Associated Industries Consumer Products Pvt. Ltd. | 330.00 | 672.16 |
| Jyothy Fabricare Services Limited | 6,807.48 | 2,871.70 |
| Henkel India Ltd. | 14,204.40 | - |
| Henkel Marketing India Limited | 30,000.00 | - |
| Akash Cleaners Private Limited | 425.06 | - |
| Diamond Fabcare Private Ltd. | 70.00 | - |
| Jyothy Kallol Bangladesh Limited | 346.89 | - |

₹ in Lacs

## Note 31 RELATED PARTY DISCLOSURES (Contd.)

d) Related party balances (Contd.)

| | 2011-12 | 2010-11 |
|---|---|---|
| **Amounts payable** | | |
| Individual having control | 218.78 | 195.72 |
| Key management personnel | 172.91 | 146.79 |
| Deposit received from subsidiary company | 0.51 | 0.51 |
| Enterprises in which relatives of individual having control are interested | | |
| Beena Agencies | 38.11 | 36.57 |
| Deepthy Agencies | 102.06 | 99.47 |
| M.P. Agencies | 37.92 | 37.92 |
| Sahyadri Agencies | 11.24 | 10.25 |
| Sujatha Agencies - Tirunelveli | 12.35 | 7.06 |
| Tamil Nadu Distributors | 10.86 | 8.56 |
| Travancore Trading Corporation | 112.05 | 110.60 |
| Quilon Trading Company | 0.20 | 0.10 |
| Sree Guruvayurappan Agencies | 0.71 | 0.71 |
| Srihari Stock Suppliers - Coimbatore | 6.39 | 4.20 |
| Enterprises significantly influenced by key management personnel or their relatives | | |
| Sahyadri Agencies Ltd. | 6.20 | 6.20 |

## Note 32 OPERATING LEASES

<u>In case of assets taken on lease</u>

The Company has entered into Lease agreements for premises, which expire at various dates over the next five years. Certain agreements provide for increase in rent. Lease rental expense for the year ended March 31, 2012 was ₹ 511.90 (2011 - ₹ 489.48). There are no restrictions imposed by lease arrangements. There are no subleases.

| | 2011-12 | 2010-11 |
|---|---|---|
| <u>Future lease payment under non-cancellable operating leases are as follows:</u> | | |
| Payable not later than one year | 41.85 | 4.66 |
| Payable later than one year and not later than five years | 37.93 | - |
| Payable later than five years | - | - |
| | **79.78** | **4.66** |

<u>In case of assets given on lease</u>

The Company has leased out few of its premises on operating lease. The Gross carrying amount and accumulated depreciation as at March 31, 2012 is ₹ 147.98 and ₹ 21.27 (2011 - ₹ 139.46 and ₹ 15.92) respectively. Lease rent income for the year ended March 31, 2012 was ₹ 6.93 (2011 – ₹ 5.8). There is no escalation clause in the lease agreement and the lease is cancellable in nature. There are no restrictions imposed by lease arrangements.

₹ in Lacs

## Note 33 CONTINGENT LIABILITIES

| | 2012 | 2011 |
|---|---|---|
| Contingent liabilities not probable and hence not provided by the Company in respect of: | | |
| (i) Amount outstanding in respect of corporate and other bank guarantees | 1,366.84 | 1,122.96 |
| (ii) Tax matters | | |
| (a) Disputed sales tax demands – matters under appeal | 3,274.03 | 2,290.92 |
| (b) Disputed excise duty and service tax demand – matter under appeal | 1,867.85 | 1,592.72 |
| (iii) Others | 20.11 | 20.11 |
| (iv) Claims against the Company not acknowledged as debt | 120.00 | 120.00 |

## Note 34 CAPITAL COMMITMENTS (NET OF ADVANCES)

| | 2012 | 2011 |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 310.22 | 664.55 |
| | 310.22 | 664.55 |

## Note 35

As per the Notification No. 32/99-CE dated July 8, 1999, the Company was entitled to refund of excise duty in Guwahati and Jammu units equivalent to the amount of the duty paid through Personal Ledger Account ('PLA'). During an earlier year, the Government issued notifications No. 17/2008-CE and 19/2008-CE dated March 27, 2008 restricting the refund amount to a maximum percentage specified in the notification. The Company had filed a writ petition in the Guwahati High Court and the Jammu and Kashmir High Court against the respective notifications and obtained stay orders from both the High Courts. During the previous years, the Guwahati High Court has given a favourable order in case of a similar matter against which the Department has filed an appeal in the Supreme Court. Further, during the previous year, the Jammu High Court has also given favourable order. Based on the orders of High Court, the Company has accrued ₹ Nil (2011 - ₹ 953.84) lacs as excise duty receivable pertaining to the earlier years (of which an amount of ₹ Nil (2011 - ₹ 478.58) Lacs adjusted from the material consumed) and an additional benefit of ₹ 186.54 (2011 - ₹ 413.21) Lacs accrued in the current year, of which an amount of ₹ Nil (2011 - ₹ 189.68) Lacs pertains to previous year.

## Note 36

During the previous year, the Company had issued 8,063,200 shares of ₹ 1 each to Qualified Institutional Buyers (QIBs) in terms of Chapter VIII of SEBI (ICDR) Regulations, 2009 at a premium of ₹ 281.62 to generate funds for primarily for acquisition in the future and to expand inorganically by identifying acquisition opportunities as part of Company's growth strategy in India and, if required, for general corporate purposes as well. The total sum received aggregated to ₹ 22,788.22 lacs (including ₹ 22,707.58 Lacs towards Securities premium). In the current year, the Company has utilised the above money for the acquisition of Henkel India Limited.

## Note 37 DETAILS OF LOAN/ADVANCES GIVEN TO SUBSIDIARY COMPANIES -

| Particulars | As at March 31, 2012 | Maximum balance during the year | As at March 31, 2011 | Maximum balance during the year |
|---|---|---|---|---|
| Associated Industries Consumer Products Pvt. Ltd. | 330.00 | 25,819.67 | 672.16 | 821.93 |
| Jyothy Fabricare Services Limited | 6,807.48 | 8,613.98 | 2,871.70 | 2,965.25 |
| Henkel India Ltd. | 14,204.40 | 14,204.40 | - | - |
| Henkel Marketing India Limited | 30,000.00 | 30,881.44 | - | - |
| Akash Cleaners Private Limited | 425.06 | 426.08 | - | - |
| Diamond Fabcare Private Ltd. | 70.00 | 70.00 | - | - |

₹ in Lacs

## Note 38

In the current year, Company has entered into a share purchase agreement with Henkel AG & Co. KGaA (Henkel AG) for acquiring 50.97% equity share capital and 100% preference share capital in Henkel India Limited. In accordance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 1997, the Company had made a public announcement on May 9, 2011, to acquire 20% of the emerging voting capital of Henkel India Limited from the public at an offer price of ₹ 41.20 per equity share.

The Company has completed the open offer formalities and acquired 14,035,431 equity shares from the shareholders of Henkel India Limited. Consequent to the completion of the open offer, the equity holding of the Company in Henkel India Limited as at March 31, 2012 is 83.65% and investment is treated as investment in subsidiary. Further, the Company has also entered into an option agreement dated May 5, 2011 whereby the Company has granted Henkel AG a firm and irrevocable option, at its sole discretion at any time after the beginning of the fifth year and ending upon the expiry of the sixth year of the said agreement or such other mutually extended period, to acquire a maximum of 26% of the issued equity share capital of the Company at a price which will be mutually determined by the parties at a later date.

## Note 39 DETAILS OF INVESTMENTS IN PARTNERSHIP FIRM

| | Share of partner in profits (%) | |
|---|---|---|
| | 2012 | 2011 |
| Name of Partner | | |
| Share of partner in profits (%) | | |
| Jyothy Fabricare Services Limited | 75.00% | - |
| Jyothy Laboratories Limited | 25.00% | - |
| Total capital of the firm | 150.00 | - |

## Note 40 PREVIOUS YEAR FIGURES

Till the year ended March 31, 2011, the Company was using pre-revised Schedule VI to the Companies Act, 1956, for preparation and presentation of its financial statements. During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company. The Company has reclassified previous year figures to conform to this year's classification.

Signatures to Notes 1 to 40

As per our report of even date

For **S. R. Batliboi & Associates**
Firm Registration No. 101049W
Chartered Accountants

**per Vikram Mehta**
Partner
Membership No. 105938

Place: Mumbai
Date: May 23, 2012

For and on behalf of the Board of Directors of
**Jyothy Laboratories Limited**

**M. P. Ramachandran**
Chairman and Managing Director

**K. Ullas Kamath**
Joint Managing Director

**M. L. Bansal**
Company Secretary

Place: Mumbai
Date: May 23, 2012

# Statement Pursuant to exemption received under Section 212 (8)

of the Companies Act,1956, relating to subsidiary companies.

₹ in Lacs

| Sr. No | Name of the Subsidiary Company | Associated Industries Consumer Products Pvt. Ltd. | Jyothy Fabricare Services Limited | Henkel India Limited | Jyothy Kallol Bangladesh Limited | Snoways Laundrers and Drycleaners Pvt. Ltd. # | Diamond Fabcare Private Limited # | Akash Cleaners Private Limited # | Fab Clean & Care Private Limited # | Four Seasons Dry Cleaning Co. Private Limited # | Henkel Marketing India Limited @ |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Country | India | India | India | Bangladesh | India | India | India | India | India | India |
| | Financial Year / Period | April 1, 2011 to March 31, 2012 | April 1, 2011 to March 31, 2012 | January 1, 2011 to March 31, 2012 | April 1, 2011 to March 31, 2012 | April 1, 2011 to March 31, 2012 | April 1, 2011 to March 31, 2012 | April 1, 2011 to March 31, 2012 | April 1, 2011 to March 31, 2012 | April 1, 2011 to March 31, 2012 | January 1, 2011 to March 31, 2012 |
| 1 | Capital | 497.00 | 1,635.00 | 18,446.45 | 3.05 | 100.00 | 1,000.00 | 50.00 | 2.28 | 220.70 | 86.00 |
| 2 | Reserves | 84.87 | 985.05 | (3,120.52) | (0.03) | (8.86) | (2,509.23) | (42.27) | 211.92 | (233.23) | (33,017.42) |
| 3 | Total Assets | 1,073.24 | 10,447.79 | 35,283.42 | 331.72 | 97.43 | 1,243.19 | 622.12 | 237.78 | 139.90 | 3,127.24 |
| 4 | Total Liabilities | 491.37 | 7,827.74 | 19,957.49 | 328.70 | 6.29 | 2,752.42 | 614.39 | 23.58 | 152.43 | 36,058.66 |
| 5 | Details of Investment (except investment in subsidiries) | - | - | 2.30 | - | - | - | - | - | - | - |
| 6 | Turnover (Net) | 1,404.99 | 1,675.68 | 44,800.85 | - | - | 1,228.99 | 913.05 | 137.24 | 230.94 | 37,725.84 |
| 7 | Profit /(Loss) before taxation | 123.34 | (1,492.21) | (6,056.66) | - | (1.33) | (1,009.86) | (89.16) | 2.81 | (7.85) | 4,503.64 |
| 8 | Provision for taxation | 33.24 | - | - | - | - | (72.87) | (17.52) | 7.62 | - | - |
| 9 | Profit /( Loss) after taxation | 90.10 | (1,492.21) | (6,056.66) | - | (1.33) | (936.99) | (71.64) | (4.81) | (7.85) | 4,503.64 |
| 10 | Proposed /Interim Dividend | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | Exchange rate used | - | - | - | 1BDT = 0.62 INR | - | - | - | - | - | - |
| | Local Currency | INR | INR | INR | BDT | INR | INR | INR | INR | INR | INR |

@ Henkel Marketing India Limited is a subsidiary of Henkel India Limited.

# Snoways Laundrers and Drycleaners Pvt. Limited, Diamond Fabcare Pvt. Limited, Akash Cleaners Private Limited, Fab Clean & Care Private Limited, Four Seasons Dry-Cleaning Co. Pvt. Limited is a subsidiaries of Jyothy Fabricare Services Limited.

For and on behalf of the Board of Directors of Jyothy Laboratories Limited

M. P. Ramachandran
Chairman & Managing Director

K. Ullas Kamath
Joint Managing Director

Mumbai
Date: May 23, 2012

# Auditors' Report on Consolidated Financial Statements

The Board of Directors

**Jyothy Laboratories Limited**

1. We have audited the attached consolidated balance sheet of **Jyothy Laboratories Limited** ('the Company') and its subsidiaries (collectively referred to as 'the Group'), as at March 31, 2012, and also the consolidated statement of profit and loss and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of ₹ 40,112 lacs as at March 31, 2012, the total revenue of ₹ 24,790 lacs and cash outflows amounting to ₹ 126 lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements notified pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended).

5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2012;

   (b) in the case of the consolidated statement of profit and loss, of the profit for the year ended on that date; and

   (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For **S. R. BATLIBOI & ASSOCIATES**
Firm Registration No. 101049W
Chartered Accountants

**per Vikram Mehta**
Partner
Membership No. 105938

Mumbai
Date: May 23, 2012

# Consolidated Balance Sheet As at March 31, 2012

₹ *in lacs*

| | Note | 2012 | 2011 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Shareholders' funds** | | | |
| Share capital | 4 | 806.32 | 806.32 |
| Reserves and surplus | 5 | 60,435.71 | 62,304.20 |
| | | 61,242.03 | 63,110.52 |
| | | | |
| Minority Interest | | 668.59 | 47.93 |
| | | | |
| **Non-current liabilities** | | | |
| Long-term borrowings | 6 | 43,794.47 | 774.92 |
| Deferred tax liabilities (Net) | 7 | 1,610.16 | 1,632.20 |
| Other Long-term liabilities | 8 | 270.00 | 435.00 |
| Provisions | 9 | 831.18 | 475.55 |
| | | 46,505.81 | 3,317.67 |
| **Current liabilities** | | | |
| Short-term borrowings | 10 | 12,366.84 | 5,831.12 |
| Trade payables | 11 | 15,451.44 | 4,188.15 |
| Other current liabilities | 12 | 2,827.42 | 1,583.56 |
| Provisions | 9 | 2,871.52 | 5,125.26 |
| | | 33,517.22 | 16,728.09 |
| **TOTAL** | | 141,933.65 | 83,204.21 |
| | | | |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Fixed assets | 13 | | |
| (i) Tangible assets | | 32,100.55 | 22,574.93 |
| (ii) Intangible assets | | 18,859.18 | 1,330.36 |
| (iii) Capital work-in-progress | | 629.76 | 1,256.72 |
| Goodwill on consolidatation | 13 | 52,067.74 | - |
| Non-current investments | 14 | 149.89 | 6,221.68 |
| Loans and advances | 15 | 5,377.83 | 3,495.64 |
| Other assets | 16 | 186.09 | 128.54 |
| | | 109,371.04 | 35,007.87 |
| **Current assets** | | | |
| Inventories | 17 | 11,876.70 | 6,940.34 |
| Trade receivables | 18 | 8,072.36 | 10,534.98 |
| Cash and Bank balances | 19 | 6,622.18 | 27,959.33 |
| Loans and advances | 15 | 5,562.22 | 2,526.02 |
| Other assets | 16 | 429.15 | 235.67 |
| | | 32,562.61 | 48,196.34 |
| **TOTAL** | | 141,933.65 | 83,204.21 |
| Summary of significant accounting policies | 3 | | |

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **S. R. BATLIBOI & ASSOCIATES**
Firm Registration No. 101049W
Chartered Accountants

**per Vikram Mehta**
Partner
Membership No. 105938

Place: Mumbai
Date: May 23, 2012

For and on behalf of the Board of Directors of
**Jyothy Laboratories Limited**

**M. P. Ramachandran**
Chairman and Managing Director

**K. Ullas Kamath**
Joint Managing Director

**M. L. Bansal**
Company Secretary

Place: Mumbai
Date: May 23, 2012

# Consolidated Statement of Profit and Loss Account For the year ended March 31, 2012

₹ in lacs

| | NOTE | 2011-12 | 2010-11 |
|---|---|---|---|
| REVENUE | | | |
| Sales (net of trade discount) | | 90,915.27 | 62,782.78 |
| Less: Excise duty | | (3,454.19) | (1,774.31) |
| Net sales | | 87,461.08 | 61,008.47 |
| Sale of services | | 3,800.62 | 940.66 |
| Other operating revenue | 20 | 38.40 | 689.13 |
| Revenue from operations | | 91,300.10 | 62,638.26 |
| Other income | 21 | 2,273.42 | 1,691.07 |
| **Total Revenue (I)** | | **93,573.52** | **64,329.33** |
| | | | |
| EXPENSE | | | |
| Cost of raw material and components consumed | 22 | 26,340.67 | 16,420.38 |
| Purchase of traded goods | | 24,399.98 | 15,075.57 |
| (Increase)/decrease in inventories of finished goods, work-in-progress and traded goods | 23 | (441.85) | 531.61 |
| Employee benefits expense | 24 | 11,366.50 | 8,131.28 |
| Other expenses | 25 | 21,225.45 | 14,551.16 |
| **Total Expense (II)** | | **82,890.75** | **54,710.00** |
| **EARNINGS BEFORE INTEREST, TAX, DEPRECIATION, AMORTIZATION AND IMPAIRMENT (EBITDA) (I) – (II)** | | **10,682.77** | **9,619.33** |
| Depreciation, amortisation and impairment | 13 | 2,465.36 | 1,303.14 |
| Finance Costs | 26 | 2,383.14 | 199.07 |
| **PROFIT BEFORE TAX** | | **5,834.27** | **8,117.12** |
| **Tax expense:** | | | |
| **Provision for tax** | | | |
| Current tax (MAT Payable) | | 2,034.50 | 1,901.16 |
| Less MAT credit entitlement | | - | (600.00) |
| - Net Current Tax | | 2,034.50 | 1,301.16 |
| - Deferred tax charge/(reversal) | | (41.20) | 304.02 |
| - Excess provision for current tax of earlier years | | - | (61.78) |
| **PROFIT AFTER TAX** | | **3,840.97** | 6,573.72 |
| **Minority Share (share in loss)** | | **617.22** | 302.53 |
| **PROFIT AFTER TAX AND MINORITY SHARE** | | **4,458.19** | 6,876.25 |
| | | | |
| **EARNINGS PER SHARE (EPS)** | | | |
| Basic and Diluted (₹) | | 5.53 | 8.86 |
| Nominal value per share (₹) | | 1.00 | 1.00 |
| Weighted average number of shares outstanding for calculation of Basic and Diluted EPS | | 80,632,000 | 77,583,448 |
| Summary of significant accounting policies | 3 | | |

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **S. R. BATLIBOI & ASSOCIATES**
Firm Registration No. 101049W
Chartered Accountants

**per Vikram Mehta**
Partner
Membership No. 105938

Place: Mumbai
Date: May 23, 2012

For and on behalf of the Board of Directors of
**Jyothy Laboratories Limited**

**M. P. Ramachandran**
Chairman and Managing Director

**K. Ullas Kamath**
Joint Managing Director

**M. L. Bansal**
Company Secretary

Place: Mumbai
Date: May 23, 2012

# Consolidated Cash Flows Statement For the year ended March 31, 2012

*₹ in lacs*

| | 2011-12 | 2010-11 |
|---|---|---|
| A. CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES: | | |
| Profit before Tax | 5,834.27 | 8,117.12 |
| **Non-cash adjustment :** | | |
| Depreciation, amortisation and impairment (net) | 2,465.36 | 1,303.14 |
| Loss on fixed assets discarded | 173.77 | 63.15 |
| Profit on sale of fixed assets | (78.93) | (144.18) |
| Dividend income | - | (8.85) |
| Interest expenses | 2,383.14 | 199.07 |
| Interest income on fixed deposit | (433.09) | (941.12) |
| Interest income on loans given | (1,204.70) | - |
| Interest income on debentures | - | (136.36) |
| Excess provision written back | (18.77) | (447.56) |
| Excise duty provision written back (Refer Note 34) | - | (189.68) |
| Profit on sale of investments | (430.65) | (331.24) |
| Bad debt written off | 0.44 | 20.95 |
| Provision for doubtful debts | 104.03 | 16.71 |
| Provision for doubtful advances (written back) | 55.00 | (16.63) |
| **Operating profit before working capital changes** | **8,849.87** | **7,504.52** |
| Movements in working capital : | | |
| Increase / (decrease) in trade payables | (10,679.24) | (1,552.79) |
| Increase / (decrease) in provisions | 402.51 | 76.43 |
| Increase / (decrease) in other liabilities | 270.21 | 3.88 |
| Decrease / (increase) in trade receivables | 16,046.21 | (3,499.69) |
| Decrease / (increase) in inventories | (894.23) | 333.90 |
| Decrease / (increase) in Loans and advances | 662.30 | (1,799.97) |
| Decrease / (increase) in other current assets | 27.63 | (8.86) |
| **Cash generated from operations** | **14,685.26** | **1,057.42** |
| Taxes paid (net) | (2,278.95) | (2,246.23) |
| **Net cash (Used in)/generated from operating activities (A)** | **12,406.31** | **(1,188.81)** |
| B. CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES: | | |
| Purchase of fixed assets including capital work-in-progress and | | |
| Capital advances | (2,407.66) | (2,877.76) |
| Acquisition of subsidiaries | (33,508.63) | - |
| Proceeds from sale of fixed assets | 130.06 | 159.48 |
| Proceeds from sale of investment in current mutual funds (net) | 431.65 | 331.25 |
| Loan given to subsidiary company (pre acquisition) | (42,538.57) | - |
| Investment in shares | - | (6,073.09) |
| Investment in debentures | - | (5,000.00) |
| Proceeds from redemption of debentures | - | 5,136.36 |
| Maturity/(Investment) in fixed deposit (having original maturity of more than three months) | 14,745.55 | (7,840.72) |
| Interest received on fixed deposits | 488.74 | 889.10 |
| Interest received on Loans to subsidiaries | 1,204.70 | - |
| Dividend received | - | 8.85 |
| **Net cash used in investing activities (B)** | **(61,454.16)** | **(15,266.53)** |

# Consolidated Cash Flows Statement (Contd.) For the year ended March 31, 2012

₹ in lacs

| | 2011-12 | 2010-11 |
|---|---|---|
| C. CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES: | | |
| Interest paid | (2,383.14) | (199.07) |
| Proceed from issue of equity shares | - | 22,788.22 |
| Proceeds from borrowings | 49,460.13 | 5,831.12 |
| Repayment of borrowings | (2,025.12) | (230.00) |
| Premium on redemption of Debentures (net) | (3,769.48) | - |
| Proceed from issue of shares by subsidiary | 5,000.00 | 300.77 |
| Expenses incurred on issue of debentures by Company/shares by subsidiary | (280.91) | - |
| Expenses incurred on issue of equity shares | - | (644.29) |
| Dividend paid | (4,031.60) | (2,902.75) |
| Dividend tax paid | (654.03) | (482.11) |
| **Net cash (used in)/generated from financing activities (C)** | **41,315.85** | **24,461.89** |
| Net increase/(decrease) in cash and cash equivalents (A+B+C) | (7,732.00) | 8,006.55 |
| Cash and cash equivalents at the beginning of the year | 11,034.05 | 3,027.50 |
| Cash and cash equivalents taken over on acquisitons in the current year | 1,089.72 | - |
| **Cash and cash equivalents at the end of the year** | **4,391.77** | **11,034.05** |
| | | |
| **Components of cash and cash equivalents as per Note 19** | | |
| Cash in hand | 41.08 | 36.85 |
| Balance with scheduled banks - Current account | 4,032.10 | 2,581.49 |
| - Deposit account | 311.87 | 8,411.24 |
| Unclaimed dividend accounts * | 6.72 | 4.47 |
| **Cash and cash equivalents considered for cash flows statement** | **4,391.77** | **11,034.05** |
| * Not available for use by the management for any other purpose | | |
| Summary of significant accounting policies Note 3 | | |

As per our report of even date

For **S. R. BATLIBOI & ASSOCIATES**
Firm Registration No. 101049W
Chartered Accountants

**per Vikram Mehta**
Partner
Membership No. 105938

Place: Mumbai
Date: May 23, 2012

For and on behalf of the Board of Directors of
**Jyothy Laboratories Limited**

**M. P. Ramachandran**
Chairman and Managing Director

**K. Ullas Kamath**
Joint Managing Director

**M. L. Bansal**
Company Secretary

Place: Mumbai
Date: May 23, 2012

₹ *in lacs*

## Note 1 BACKGROUND

The Consolidated financials statement comprise the financial statements of Jyothy Laboratories Limited ('the Company') and its subsidiaries hereinafter referred to as 'the Group'. The Group is principally engaged in manufacturing and marketing of fabric whiteners, soaps, detergents, mosquito coils and incense sticks and also provides laundry and dry cleaning services.

## Note 2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

a) The financial statements of the Group have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). These financial statements have been prepared to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made. The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year, except for the changes in accounting policy explained in Note 3 (a).

b) The consolidated financial statements of the Group have been consolidated on a line-by-line basis by adding together the book values of subsidiary companies like items of assets, liabilities, income and expenses, after eliminating intra-group balances and the unrealised profits/ losses on intra-group transactions as per Accounting Standard 21(AS 21) " Consolidated Financial Statement". The results of subsidiaries are included from the date of acquisition of a controlling interest. The excess/shortfall of cost to the Company of its investments in the subsidiary companies is recognised in the financial statement as goodwill/capital reserves, as the case may be. Goodwill on consolidation is tested for impairment at every reporting date.

c) Minority interest in net asset of consolidated subsidiary consist of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in subsidiary Companies and further movement in their share in equity, subsequent to the dates of investment.

d) The Consolidated Financial Statements for the year ended March 31, 2012 includes the financial statements of the following Subsidiaries and partnership firm.

| Name of the Company | | Country of incorporation | Percentage of ownership either directly or indirectly through subsidiaries as at | |
|---|---|---|---|---|
| | | | March 31, 2012 | March 31, 2011 |
| (a) | Direct Subsidiaries | | | |
| | 1. Associated Industries Consumer Products Pvt. Ltd. | India | 100.00 | 100.00 |
| | 2. Jyothy Fabricare Services Limited | India | 74.71 | 75.00 |
| | 3. Henkel India Limited (Note II) | India | 83.65 | - |
| | 4. Jyothy Kallol Bangladesh Limited | Bangladesh | 75.00 | 75.00 |
| (b) | Indirect Subsidiaries * | | | |
| | 5. Snoways Laundrers and Drycleaners Pvt. Ltd. (Note I) | India | 36.61 | 36.75 |
| | 6. Diamond Fabcare Private Limited (Note II) | India | 74.71 | - |
| | 7. Akash Cleaners Private Limited (Note II) | India | 74.71 | - |
| | 8. Fab Clean & Care Private Limited (Note II) | India | 74.71 | - |
| | 9. Four Seasons Dry Cleaning Co. Private Limited (Note II) | India | 74.71 | - |
| | 10. Henkel Marketing India Limited (Note II) | India | 80.30 | - |
| (c) | | | | |
| | 11. JFSL-JLL(JV) (Note II) | India | 81.03 | - |

* Effective holding % of Company directly and indirectly through its subisidiaries.

## Note 2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Contd.)

Note:

I. Jyothy Fabricare Services Limited has 49% share in Snoways Laundrers & Drycleaners Pvt. Ltd. and has entered into agreement which enable it to control the composition of the Board of Directors of the latter, making it a subsidiary company of Jyothy Fabricare Services Limited.

II. The Group has acquired these investments in the current year.

## Note 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the Group, in respect of the consolidated financial statements are as follows:

a) Change in accounting policy

i) During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Group, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Group has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

ii) Hitherto, the Group used to charged off goodwill arising on consolidation in the year in which it arose since the acquisitions were not material. Considering the size and nature of the acquisitions in the current year, the Group has changed its accounting policy to testing the same for impairment annually since these acquisitions will result in significant future economic benefits to the Group. Had the Group continued to use the earlier policy of writting off the goodwill on consolidation in the year in which it arose, the debit to the statement of profit and loss for the current year would have been higher by ₹ 52,067.74 lacs and goodwill on consolidation would have been lower by ₹ 52,067.74 lacs.

b) Use of estimates

The preparation of financial statements, in conformity with Indian GAAP requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c) Tangible fixed assets

Fixed assets are stated at cost, less accumulated depreciation amortisation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over the estimated useful economic life. The Group uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use.

e) Depreciation and amortisation

Depreciation is provided using the Straight Line Method at the rates determined as per the useful lives of the assets estimated by the management, or at the rates prescribed under Schedule XIV of the Companies Act, 1956 whichever is higher.

₹ in lacs

Note 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

The estimated useful life of the assets is as follows:

| Category | Estimated useful life (in years) |
|---|---|
| Factory Buildings | 30 |
| Building (Other then Factory Building) | 60 |
| Plant and machinery | 21 |
| Furniture and fixtures | 16 |
| Leasehold Improvements | |
| - Outlets on lease | 3 |
| - Others | 9 |
| Dies and moulds | 3 |
| Computers | 6 |
| Office equipments | 21 |
| Vehicles | 8-10 |
| Know-how | 3-5 |
| Trademarks and Copyrights | 9-10 |
| Softwares and Licences | 5-10 |

The goodwill purchased is not amortised but tested for impairement purposes for every year. Assets costing less then Rs 5,000 are depreciated at the rate of 100%. Leasehold land is amortised over the period of the lease on a straight-line basis.

f) Impairment

i) The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. An impairment loss is recognised wherever the carrying amount of an asset exceed its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the pre-tax discount rate.

ii) After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

iii) A previously recognised impairment loss is increased or reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

g) Operating Leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Lease payments on operating leases are recognized as an expense in the statement of profit and loss on a straight-line basis, over the lease term.

h) Government grants and subsidies

Grants and subsidies from the government are recognised when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with. When the grant or subsidy relates to revenue item, it is recognised as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the grant or subsidy

Note 3 | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

relates to an asset, its value is deducted from the gross value in arriving at the carrying amount of the related asset. Government grant in the nature of promoters' contribution is credited to the investment subsidy reserve.

i) Investment

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties and other costs that arise on acquisition of investment. Investments that are readily realisable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost unless otherwise stated. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

j) Inventories

Inventories of raw materials, packing materials, work-in-progress, finished goods, operating supplies, stores and consumable items are valued at cost or net realizable value, whichever is lower. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Cost is ascertained on First-in-First out ('FIFO') basis and includes all applicable costs incurred in bringing goods to their present location and condition. Cost of work-in-progress, manufactured packing material and finished goods includes materials and all applicable manufacturing overheads. The Group accrues for excise duty liability in respect of manufactured finished goods/intermediary inventories lying in the factory.

Operating supplies are items in circulation which are originally recognised at FIFO and then written off over their estimated period of usage.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated cost necessary to make the sale.

k) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

*Sale of Goods:*

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Excise Duty, Sales Tax and VAT deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability arising during the year. The Group collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Group. Hence, they are excluded from revenue. Revenue includes the amount of excise duty refund received/due in accordance with incentive scheme. Revenue is net of trade discount given.

*Sale of Services:*

Service revenue is recognised on completion of services and where no significant uncertainty exists regarding the amount of the consideration that will be derived from rendering the service. Service revenue are net of service tax.

*Interest:*

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

l) Foreign currency translation

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Note 3 | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

(ii) Conversion

Foreign currency monetary items are reported using the exchange rate prevailing at the reporting date.

Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

m) Retirement and other employee benefits

i) Retirement benefits in the form of Provident Fund and Superannuation Fund are defined contribution schemes and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective fund.

ii) Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

iii) Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

iv) The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

v) Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

n) Sales promotion items

Sales promotion items are valued at cost. Cost is ascertained on First-in-First-out ('FIFO') basis and includes all applicable costs incurred in bringing goods to their present location and condition.

o) Income-tax

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations of unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date unrecognised deferred tax assets are re-assessed. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. Write-down of the carrying amount of a deferred tax asset is done to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Note 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that normal income tax will be paid during the specified period. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognised as an asset in accordance with the Guidance Note on Accounting for credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961, the said asset is created by way of a credit to the statement profit and loss and shown as MAT Credit Entitlement. MAT credit entitlement is reviewed at each balance sheet date and is written down to the extent there is no longer convincing evidence to the effect that normal Income Tax will be paid during the specified period.

p) Provisions

A provision is recognised when there is a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

q) Excise duty

Excise duty on turnover is reduced from turnover. Excise duty relating to the difference between the opening stock and closing stock is recognised as income/expense as the case may be, separately in the statement of profit and loss.

r) Segment Reporting Policies

*Identification of segments:*

The Group's operating businesses are organised and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products and serves different markets.

The analysis of geographical segments is based on the areas in which major operating divisions of the Group operate.

*Segment accounting policies:*

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole.

*Intersegment transfer:*

The Group generally accounts for inter segment sales and transfers as if the sales or transfer were to third parties at market price.

*Allocation of common costs:*

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

*Unallocated items:*

It includes general corporate income and expense items which are not allocated to any business segment.

s) Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year are adjusted for event of bonus issue, bonus element in a rights issue to existing shareholders, share split, and reverse share split that have changed the number of equity shares outstanding,without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

t) Cash and Cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

₹ in lacs

## Note 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

u) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the respective asset.

All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

v) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

w) Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Group has elected to present earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the statement of profit and loss. In its measurement, the Group does not include depreciation and amortisation expense, finance costs and tax expense.

| | 2012 | 2011 |
|---|---|---|
| **Note 4 SHARE CAPITAL** | | |
| AUTHORISED CAPITAL | | |
| 120,000,000 (2011 - 120,000,000) equity shares of ₹ 1 (2011 - ₹ 1) each | 1,200.00 | 1,200.00 |
| | 1,200.00 | 1,200.00 |
| ISSUED, SUBSCRIBED AND PAID-UP CAPITAL | | |
| 80,632,000 (2011 - 80,632,000) equity shares of ₹ 1 (2011 - ₹ 1) each fully paid | 806.32 | 806.32 |
| | 806.32 | 806.32 |

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

| | 2012 | | 2011 | |
|---|---|---|---|---|
| | No. | Amount | No. | Amount |
| At the beginning of the period | 80,632,000 | 806.32 | 72,568,800 | 725.69 |
| Issued during the period - Qualified Institutions Placement | - | - | 8,063,200 | 80.63 |
| Outstanding at the end of the period | 80,632,000 | 806.32 | 80,632,000 | 806.32 |

b. Details of shareholders holding more than 5% shares in the Company

| | 2012 | | 2011 | |
|---|---|---|---|---|
| | No. | % Holding in the class | No. | % Holding in the class |
| Equity shares of ₹ 1 each fully paid | | | | |
| ICICI Prudential Life Insurance Company Limited | 3,991,449 | 4.95% | 4,249,669 | 5.27% |
| M. P. Ramachandran | 35,855,297 | 44.47% | 34,757,550 | 43.11% |

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

₹ *in lacs*

**Note 4** | **SHARE CAPITAL (Contd.)**

c. Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2012, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 2.50 (2011: ₹ 5). In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

| | 2012 | 2011 |
|---|---|---|
| **Note 5** RESERVES AND SURPLUS | | |
| **Surplus in the statement of profit and loss:** | | |
| Balance, beginning of the year | 641.80 | 451.18 |
| Profit for the year | 4,458.19 | 6,876.25 |
| Minority Interest in negative networth of Henkel India Ltd. on acquisition | (3,645.36) | - |
| | 1,454.63 | 7,327.43 |
| Less: Appropriations | | |
| Proposed dividend (amount per share ₹ 2.50 (2011 : ₹ 5)) | (2,015.80) | (4,031.60) |
| Tax on proposed dividend | (327.01) | (654.03) |
| Transfer to general reserves | (2,000.00) | (2,000.00) |
| **Net (deficit)/surplus in the statement of profit and loss** | **(2,888.18)** | **641.80** |
| | | |
| Reserve arising on dilution (Refer Note 38) | 3,592.50 | - |
| | | |
| **Securities premium** | | |
| Balance, beginning of the year | 32,716.42 | 10,653.13 |
| Add: Premium received on issue of equity shares | - | 22,707.58 |
| Less: Expenses incurred on issue of equity shares | - | (644.29) |
| Less: Premium on redemption of Debentures | (3,769.48) | - |
| Less: Expenses incurred on issue of Debentures | (161.53) | - |
| **Balance, end of the year** | **28,785.41** | **32,716.42** |
| | | |
| **Investment subsidy** | **106.90** | **106.90** |
| | | |
| **General reserves** | | |
| Balance, beginning of the year | 28,839.08 | 26,839.08 |
| Add: Amount transferred from surplus balance in the statement of profit and loss | 2,000.00 | 2,000.00 |
| **Balance, end of the year** | **30,839.08** | **28,839.08** |
| | **60,435.71** | **62,304.20** |

*₹ in lacs*

| | NON CURRENT | | CURRENT | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| **Note 6 LONG-TERM BORROWINGS** | | | | |
| Term loans from Bank (secured) | 43,794.47 | 757.47 | 430.80 | 300.00 |
| Deferred sales tax loan (Unsecured) | - | 17.45 | 17.45 | - |
| Amount disclosed under 'Other Current Liabilities' (Note 12) | - | - | (448.25) | (300.00) |
| | 43,794.47 | 774.92 | - | - |

Details of loan

a) Term Loan of ₹ 43,000 (2011 : ₹ Nil) has been taken from Axis Bank during the financial year 2011-12 and carries interest @ 11.25% p.a. payable monthly fixed for the period of one year and floating thereafter. Term loan to be repaid in 16 quarterly instalment starting from June 30, 2013. The term loan is secured against first charge on the immovable properties at Andheri, trade marks of Maxo and Exo, all the rights, title, interest, benefits, claims and demands of the Company in respect of all document, agreements,contracts, clearance, insurance contract entered both present and future and all rights, claims and benifits to all monies receivable threunder and all other claims threunder which description shall include all properties of the above whether presently in existence or acquired hereafter and second charge on all the inventories, current assets, all monies, securities, contractor guarantees, performance bonds, cash flows and receviables, revenues, bank accounts together with investment, fixed deposits and book debts , stock in trade and all the properties mentioned above.

b) Term loan from bank of ₹ 793.27 (2011 : ₹ 1,057.47) was taken during the financial year 2009-10 and carries interest rate of 0.75% below BPLR or a minimum 11.25% p.a. The loan is repayable in monthy installments of ₹ 25.00 each along with interest from 1 July 2010.

This is secured by mortage of leased land and building of Jyothy Fabricare Services Limited situated at Doddaballapura, Banglore.

c) Term loan of ₹ 432.00 (2011 : ₹ Nil) is repayable in 60 monthly installment along with interest from May 10, 2010. Term Loan is secured by hypothecation of plant and machinery and all movables present and future of Diamond Fabcare Private Limited subject to prior charge in favour of the bankers on stock of stores and books debts for working capital limits and further secured by Corporate Guarantee given by the Company.

d) Deferred Sales tax Loan is interest free and payable in financial year 2012-13 in one installment.

| | 2012 | 2011 |
|---|---|---|
| **Note 7 DEFERRED TAX LIABILITIES, (NET)** | | |
| **a) Deferred tax liability** | | |
| Depreciation | 2,314.26 | 2,076.24 |
| **Gross Deferred tax liability** | 2,314.26 | 2,076.24 |
| **b) Deferred tax assets** | | |
| Technical royalty | 2.82 | 4.70 |
| Provision for gratuity | 220.58 | 128.50 |
| Provision for doubtful debts | 28.11 | 16.39 |
| Provision for doubtful advances | 16.99 | - |
| Provision for leave encashment | 127.19 | 108.72 |
| Provision for impairment losses | 160.07 | 104.66 |
| On carry forward loss and unabsorbed depreciation (recognised to the extend of deferred tax liability) | 118.23 | 55.82 |
| Other disallowances | 30.11 | 25.25 |
| **Gross Deferred tax assets** | 704.10 | 444.04 |
| **Net deferred tax liabilities** | **1,610.16** | **1,632.20** |

₹ *in lacs*

| Note 8 OTHER LONG-TERM LIABILITIES | NON-CURRENT 2012 | NON-CURRENT 2011 | CURRENT 2012 | CURRENT 2011 |
|---|---|---|---|---|
| Deferred Payment Liability (Unsecured) | 270.00 | 435.00 | 90.00 | 90.00 |
| Amount Disclosed under 'Other Current Liabilities' (Note 12) (Unsecured) | - | - | (90.00) | (90.00) |
| | **270.00** | **435.00** | **-** | **-** |

| Note 9 PROVISIONS | NON-CURRENT 2012 | NON-CURRENT 2011 | CURRENT 2012 | CURRENT 2011 |
|---|---|---|---|---|
| **Provision for employee benefits** | | | | |
| Provision for leave encashment (Note 27) | 29.08 | 1.02 | 382.89 | 335.43 |
| Provision for bonus | - | - | 4.86 | - |
| Provision for gratuity (Note 27) | 802.10 | 474.53 | 21.31 | 1.00 |
| | 831.18 | 475.55 | 409.06 | 336.43 |
| **Other provisions** | | | | |
| Provision for wealth tax | - | - | 3.00 | 2.75 |
| Provision for income tax (net of advance tax) | - | - | 116.65 | 100.45 |
| Proposed dividend | - | - | 2,015.80 | 4,031.60 |
| Tax on proposed dividend | - | - | 327.01 | 654.03 |
| | - | - | 2,462.46 | 4,788.83 |
| | **831.18** | **475.55** | **2,871.52** | **5,125.26** |

| Note 10 SHORT-TERM BORROWINGS | 2012 | 2011 |
|---|---|---|
| Short-term loan from bank (Secured) | 2,000.00 | - |
| Bank overdraft (Secured) | 7,866.84 | 5,831.12 |
| Commercial Paper (Unsecured) | 2,500.00 | - |
| | **12,366.84** | **5,831.12** |

**Details of loan**

(a) Refer Note 6 (a) for Short-term loan from bank and Bank overdraft

(b) Commercial Paper issued 500 units of face value of ₹ 500,000 each, maturing on April 17, 2012.

₹ in lacs

| Note 11 TRADE PAYABLES | 2012 | 2011 |
|---|---|---|
| Micro and Small Enterprises | 3,097.72 | 520.45 |
| Other trade payable | 4,188.19 | 1,784.97 |
| Accrual for expenses | 8,165.53 | 1,882.73 |
| | **15,451.44** | **4,188.15** |

The above information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Group. This has been relied upon by the Auditors.'There are no delays in payments to Micro, Small and Medium Enterprises in current year as well as in previous year.

| Note 12 OTHER CURRENT LIABILITIES | 2012 | 2011 |
|---|---|---|
| Statutory Dues | 1,407.96 | 743.34 |
| Unclaimed dividend * | 6.72 | 4.47 |
| Security deposits | 415.96 | 41.50 |
| Current maturities of long-term borrowing (Note 6) | 430.80 | 300.00 |
| Advances from customers | 437.51 | 391.10 |
| Current maturities of deferred payment liability (Note 8) | 90.00 | 90.00 |
| Current maturities of deferred sales tax loan (Note 6) | 17.45 | - |
| Other liabilities | 21.02 | 13.15 |
| | **2,827.42** | **1,583.56** |

* There are no amounts payable/due to be credited to Investor Education and Protection Fund.

₹ in lacs

## Note 13 FIXED ASSETS

| Particulars | Gross Block | | | | | Depreciation and Amortisation | | | | | Impairment | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at April 1, 2011 | Addition pursuant to acquisition during the period (Refer Note 35) | Addition | Deletions | As at March 31, 2012 | As at April 1, 2011 | Addition pursuant to acquisition during the period (Refer Note 35) | For the year | Deletions | As at March 31, 2012 | As at April 1, 2011 | Charge For the year* | As at March 31, 2012 | As at March 31, 2012 | As at March 31, 2011 |
| Goodwill arising on consolidation | 149.54 | - | 52,067.74 | - | 52,217.28 | 149.54 | - | - | - | 149.54 | - | - | - | 52,067.74 | - |
| | *149.54* | - | - | - | *149.54* | *149.54* | | - | - | *149.54* | - | - | - | - | - |
| Intangible assets | | | | | | | | | | | | | | | |
| Goodwill | 439.76 | 17,944.13 | - | - | 18,383.89 | - | 224.00 | - | - | 224.00 | - | 51.50 | 51.50 | 18,108.39 | 439.76 |
| | *429.76* | - | *10.00* | - | *439.76* | - | | - | - | - | - | - | - | *439.76* | *429.76* |
| Trademarks and Copyrights$ | 618.44 | - | - | - | 618.44 | 281.99 | - | 65.26 | - | 347.25 | - | 23.68 | 23.68 | 247.51 | 336.45 |
| | *580.81* | | *37.63* | - | *618.44* | *219.52* | | *62.47* | - | *281.99* | - | - | - | *336.45* | *361.29* |
| Know-how | 647.12 | - | - | - | 647.12 | 211.69 | - | 123.76 | - | 335.45 | - | - | - | 311.67 | 435.43 |
| | *647.12* | | - | - | *647.12* | *75.99* | | *135.70* | - | *211.69* | - | - | - | *435.43* | *571.13* |
| Softwares and Licences | 138.28 | 28.04 | 94.48 | - | 260.80 | 19.56 | 11.83 | 37.80 | - | 69.19 | - | - | - | 191.61 | 118.72 |
| | *50.00* | | *88.28* | | *138.28* | *3.89* | | *15.67* | - | *19.56* | - | - | - | *118.72* | *46.11* |
| Total intangible assets | 1,843.60 | 17,972.17 | 94.48 | - | 19,910.25 | 513.24 | 235.83 | 226.82 | - | 975.89 | - | 75.18 | 75.18 | 18,859.18 | 1,330.36 |
| | *1,707.69* | - | *135.91* | - | *1,843.60* | *299.40* | - | *213.84* | - | *513.24* | - | - | - | *1,330.36* | *1,408.29* |
| Tangible assets | | | | | | | | | | | | | | | |
| Freehold land ^ | 1,875.57 | 1,280.54 | 536.41 | - | 3,692.52 | - | - | - | - | - | - | - | - | 3,692.52 | 1,875.57 |
| | *1,875.57* | | - | - | *1,875.57* | - | | - | - | - | - | - | - | *1,875.57* | *1,875.57* |
| Leasehold land | 372.09 | 18.65 | - | - | 390.74 | 21.80 | - | 4.78 | - | 26.58 | - | - | - | 364.16 | 350.29 |
| | *376.50* | | - | *4.41* | *372.09* | *18.49* | | *3.68* | *0.37* | *21.80* | *10.37* | *(10.37)* | - | *350.29* | *347.64* |
| Building# | 13,266.46 | 1,158.15 | 400.71 | 94.66 | 14,730.66 | 1,825.97 | 313.56 | 421.57 | 28.12 | 2,532.98 | - | - | - | 12,197.68 | 11,440.49 |
| | *13,017.26* | | *249.20* | - | *13,266.46* | *1,469.80* | | *356.17* | - | *1,825.97* | *143.35* | *(143.35)* | - | *11,440.49* | *11,404.11* |
| Plant and machinery @ | 10,647.82 | 9,741.13 | 1,487.99 | 505.46 | 21,371.48 | 3,032.75 | 3,699.89 | 1,189.03 | 396.06 | 7,525.61 | 297.96 | 104.15 | 402.11 | 13,443.76 | 7,317.11 |
| | *9,545.21* | | *1,225.17* | *122.56* | *10,647.82* | *2,467.07* | | *628.32* | *62.64* | *3,032.75* | *297.96* | - | *297.96* | *7,317.11* | *6,780.18* |
| Dies and moulds | 426.99 | - | 125.74 | 14.03 | 538.70 | 350.62 | - | 76.40 | 14.03 | 412.99 | - | - | - | 125.71 | 76.37 |
| | *383.03* | | *46.86* | *2.90* | *426.99* | *313.88* | | *39.64* | *2.90* | *350.62* | - | - | - | *76.37* | *69.15* |
| Furniture and fixture | 693.79 | 295.42 | 141.81 | 5.04 | 1,125.98 | 231.03 | 142.78 | 60.56 | 2.32 | 432.05 | 6.27 | (5.20) | 1.07 | 692.86 | 456.49 |
| | *628.93* | | *66.06* | *1.20* | *693.79* | *187.89* | | *44.24* | *1.10* | *231.03* | *6.27* | - | *6.27* | *456.49* | *434.77* |
| Leasehold Improvements | 90.83 | 276.69 | 105.88 | - | 473.40 | 34.13 | 140.75 | 93.31 | - | 268.19 | - | - | - | 205.21 | 56.70 |
| | *47.42* | | *43.41* | - | *90.83* | *3.56* | | *30.57* | - | *34.13* | - | - | - | *56.70* | *43.86* |
| Office equipments | 818.73 | 1,065.16 | 84.55 | 36.75 | 1,931.69 | 348.27 | 696.60 | 122.63 | 21.71 | 1,145.79 | 14.82 | (0.74) | 14.08 | 771.82 | 455.64 |
| | *776.79* | | *126.77* | *84.83* | *818.73* | *357.95* | | *69.56* | *79.24* | *348.27* | *14.82* | - | *14.82* | *455.64* | *404.02* |
| Vehicle | 812.25 | 228.01 | 57.04 | 53.09 | 1,044.21 | 262.47 | 96.42 | 99.47 | 21.89 | 436.47 | 3.51 | (2.60) | 0.91 | 606.83 | 546.27 |
| | *648.57* | | *179.43* | *15.75* | *812.25* | *198.58* | | *70.84* | *6.95* | *262.47* | *3.51* | - | *3.51* | *546.27* | *446.48* |
| Total tangible assets | 29,004.53 | 14,063.75 | 2,940.13 | 709.03 | 45,299.38 | 6,107.04 | 5,090.00 | 2,067.75 | 484.13 | 12,780.66 | 322.56 | 95.61 | 418.17 | 32,100.55 | 22,574.93 |
| | *27,299.28* | | *1,936.90* | *231.65* | *29,004.53* | *5,017.22* | | *1,243.02* | *153.20* | *6,107.04* | *476.28* | *(153.72)* | *322.56* | *22,574.93* | *21,805.78* |
| Total | 30,997.67 | 32,035.92 | 55,102.35 | 709.03 | 117,426.91 | 6,769.82 | 5,325.83 | 2,294.57 | 484.13 | 13,906.09 | 322.56 | 170.79 | 493.35 | 103,027.47 | 23,905.29 |
| *Previous year* | *29,156.51* | - | *2,072.81* | *231.65* | *30,997.67* | *5,466.16* | - | *1,456.86* | *153.20* | *6,769.82* | *476.28* | *(153.72)* | *322.56* | *23,905.29* | |

$ Includes trademarks and copyrights of ₹ 315.63 (2011 - ₹ 315.63) pending for registration in the name of the Company and ₹ 37.63 (2011 - ₹ 37.63) pending for registration in the name of the Jyothy Fabricare Services Limited.

# Includes ₹ 452.19 (2011 ₹ 452.19) represented by unquoted fully paid shares at cost in various co-operative societies. Further, also refer Note 31.

@ Addition in plant and machinery includes Salary and wages of ₹ Nil (2011 - ₹ 37.63), Power and Fuel ₹ Nil (2011 - ₹ 2.15), and other expenses of ₹ Nil (2011 - ₹ 0.03) pertaining to revenue expenses capitalised during the year.

* Impairment provision charge for the year includes impairment provision of ₹ 95.61 lacs and ₹ 75.18 lacs for the Pithampur washing powder unit and for the Goodwill, Trademark and Copyright of Ruby Brand respectively. The same is included in the Soap & detergent in Note 28.

^ As at March 31 2012, the Land title deed relating to freehold land of ₹ 536.41 (2011: Nil) are pending for registration in the name of Jyothy Fabricare Services Limited.

Figures in italics are in respect of the previous year.

₹ in lacs

| Note 14 NON-CURRENT INVESTMENTS (at cost, unless stated otherwise) | 2012 | 2011 |
|---|---|---|
| Trade Investments (Quoted) | | |
| Henkel India Limited (Refer Note 36) | - | 6,073.09 |
| 97,426,487 # (2011 -17,351,686) equity shares of ₹ 10 (2011 - ₹ 10) each fully paid-up | | |
| # These investments have been eliminated on consolidation. | | |
| Trade Investments (Unquoted) | | |
| **Henkel SPIC Employees Co-operative Thrift and Credit Society Limited** | | |
| 2,000 (2011 - 2,000) equity shares of ₹ 100 (2011 - ₹ 100) each fully paid-up | 2.00 | - |
| **Capexil (Agencies) Ltd.*** | | |
| 5 (2011 - 5) equity shares of ₹ 1,000 (2011 - ₹ 1,000) each fully paid-up | 0.05 | - |
| **Madras Industrial Co-operative Analytical Laboratory Limited*** | | |
| 2 (2011 - 2) equity shares of ₹ 500 (2011 - ₹ 500) each fully paid-up | 0.01 | - |
| **Ambattur Industrial Estate Manufacturers Service Industrial Cooperative Society Ltd.*** | | |
| 1 (2011 - 100) equity shares of ₹ 1 (2011 - ₹ 100) each fully paid-up | - | - |
| | 2.06 | 6,073.09 |
| **Less: * Provision for diminution in the value of investments** | (0.06) | - |
| | 2.00 | 6,073.09 |
| Non-Trade Investment (Unquoted) | | |
| Investment in Government Securities | | |
| Indira Vikas Patra | 0.02 | 0.02 |
| National Saving Certificates (Pledged with Government authorities) | 0.57 | 1.27 |
| | | |
| Investment property | 147.30 | 147.30 |
| | **149.89** | **6,221.68** |
| | | |
| Aggregate amount of unquoted investments | 149.89 | 148.59 |
| Aggregate amount of quoted investments | - | 6,073.09 |
| Market Value of quoted investments | - | 7,287.71 |

| Note 15 LOANS AND ADVANCES | Non-Current | | Current | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| **Unsecured, considered good** | | | | |
| Capital Advances | 1,142.57 | 763.17 | - | - |
| Inter corporate deposit to third parties | - | - | 519.97 | - |
| Advance to suppliers | 426.47 | 431.35 | 2,008.61 | 1,185.39 |
| Balance with excise authorities | - | - | 498.61 | 357.62 |
| MAT Credit entitlement | - | - | 699.11 | 600.00 |
| Deposits | 1,195.04 | 459.76 | 101.19 | 48.49 |
| Balance with government authorities | 2,424.30 | 1,716.85 | 1,041.28 | 56.55 |
| Prepaid Expenses | - | - | 299.12 | 28.84 |
| Advance income tax (net of provision) | 37.10 | 11.29 | 138.35 | 2.62 |
| Advances given to other companies | - | - | - | 50.00 |
| Other receivables | 189.59 | 113.22 | 273.74 | 196.51 |
| Provision for Doubtful Advances and Deposits | (37.24) | - | (17.76) | - |
| | 5,377.83 | 3,495.64 | 5,562.22 | 2,526.02 |

₹ in lacs

| | Non-Current | | Current | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| **Note 16** **OTHER ASSETS** | | | | |
| **Unsecured, considered good unless stated otherwise** | | | | |
| Inventory - Sales Promotions Items | - | - | 366.09 | 143.80 |
| Interest accrued but not due | - | - | 27.36 | 83.01 |
| Unbilled services | - | - | 18.00 | 8.86 |
| Fixed deposit with Banks having maturity of more than 12 months (Refer Note 19) | 186.09 | 128.54 | 2.97 | - |
| Others | - | - | 14.73 | - |
| | 186.09 | 128.54 | 429.15 | 235.67 |

| | 2012 | 2011 |
|---|---|---|
| **Note 17** **INVENTORIES (Valued at lower of cost or net realisable value)** | | |
| Raw and packing materials (including goods in transit ₹ 1.93 (2011 - ₹ 28.75)) | 4,726.11 | 2,453.57 |
| Work in progress (including goods in transit | 808.37 | 270.20 |
| Finished goods manufactured | 4,672.57 | 2,051.54 |
| Traded Goods (including goods in-transit ₹ 45.78 (2011 - ₹ 78.74)) | 1,235.36 | 1,794.43 |
| Stores, Operating supplies and spare parts | 434.29 | 370.60 |
| | 11,876.70 | 6,940.34 |

| | 2012 | 2011 |
|---|---|---|
| **Note 18** **TRADE RECEIVABLES** | | |
| Unsecured | | |
| a) Outstanding for a period exceeding six months from the date they are due for payment | | |
| Considered good | 26.58 | 76.66 |
| Considered doubtful | 1,013.64 | 56.85 |
| Less: Provision for doubtful receivables | (1,013.64) | (56.85) |
| | 26.58 | 76.66 |
| b) Other receivable, considered good | 8,045.78 | 10,458.32 |
| | 8,072.36 | 10,534.98 |

₹ in lacs

| | Non-Current | | Current | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| **Note 19** CASH AND BANK BALANCES | | | | |
| **Cash and cash equivalents** | | | | |
| Cash in hand | - | - | 41.08 | 36.85 |
| Balance with banks - Current account | - | - | 4,032.10 | 2,581.49 |
| - Deposit account (Original maturity of less than three months) | - | - | 311.87 | 8,411.24 |
| Unclaimed dividend accounts | - | - | 6.72 | 4.47 |
| **Other bank balances** | | | | |
| Deposits with original maturity for more than 12 months* | 186.09 | 128.54 | 2,230.41 | 16,925.28 |
| Amount disclosed under 'other assets' ( Note 16) | (186.09) | (128.54) | - | - |
| | - | - | 6,622.18 | 27,959.33 |

* Includes deposits provided as securities against bank and performance guarantees/Bank Overdraft - ₹ 704.39 (2011 - ₹ 13,998)

| | 2011-12 | 2010-11 |
|---|---|---|
| **Note 20** OTHER OPERATING REVENUE | | |
| Export incentives | 7.17 | 5.16 |
| Excess provision written back | 18.77 | 447.56 |
| Sales of scrap | 5.20 | 42.95 |
| Differential excise duty benefit | - | 189.68 |
| Miscellaneous operating revenue | 7.26 | 3.78 |
| | 38.40 | 689.13 |

| | 2011-12 | 2010-11 |
|---|---|---|
| **Note 21** OTHER INCOME | | |
| Dividend income | - | 8.85 |
| Interest on fixed deposit | 433.09 | 941.12 |
| Lease rent income | 4.61 | 3.22 |
| Interest earned on loans | 1,204.70 | - |
| Profit on sale of investments | 430.65 | 331.24 |
| Interest Income on Debentures | - | 136.36 |
| Profit on sale of fixed assets | 78.93 | 144.18 |
| Power subsidy | - | 5.00 |
| Foreign exchange fluctuation gain (net) | 4.57 | 1.14 |
| Agricultural Income | 2.57 | 11.02 |
| Miscellaneous income | 114.30 | 108.94 |
| | 2,273.42 | 1,691.07 |

₹ in lacs

| Note 22 COST OF RAW MATERIALS AND COMPONENTS CONSUMED | 2011-12 | 2010-11 |
|---|---|---|
| **Raw and packing materials consumed** | | |
| Opening stock | 2,453.57 | 2,390.05 |
| Add: Adjustment of opening stock pursuant to acquisitions made in the current year (Refer Note 35) | 1,715.81 | - |
| Add: Cost of purchases (net) | 26,897.40 | 16,483.90 |
| | 31,066.78 | 18,873.95 |
| Less: Closing stock | 4,726.11 | 2,453.57 |
| | **26,340.67** | **16,420.38** |

| Note 23 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS | 2011-12 | 2010-11 |
|---|---|---|
| (Increase)/decrease in inventories | | |
| Closing stock | | |
| Finished goods | 4,672.57 | 2,051.54 |
| Traded Goods | 1,235.36 | 1,794.43 |
| Work-in-progress | 808.37 | 270.20 |
| | 6,716.30 | 4,116.17 |
| **Opening stock** | | |
| Finished goods | 2,051.54 | 1,603.00 |
| Traded Goods | 1,794.43 | 2,868.22 |
| Work-in-progress | 270.20 | 186.65 |
| | 4,116.17 | 4,657.87 |
| Adjustment of opening stock of pursuant acquisitions made in the current year (Refer Note 35) | | |
| Finished goods | 2,050.44 | - |
| Work in progress | 106.94 | - |
| | 2,157.38 | - |
| Sub-total (A) | (442.75) | 541.70 |
| (Increase)/decrease in excise duty | | |
| Excise duty on closing stock | 42.94 | 42.04 |
| Excise duty on opening stock | 42.04 | 52.13 |
| Sub-total (B) | (0.90) | 10.09 |
| Total (A-B) | (441.85) | 531.61 |

₹ in lacs

| Note 24 EMPLOYEE BENEFITS EXPENSES | 2011-12 | 2010-11 |
|---|---|---|
| Salaries, wages and bonus | 8,921.74 | 6,120.13 |
| Contribution to provident and other funds (Refer Note 27) | 696.58 | 554.50 |
| Gratuity (Refer Note 27) | 300.50 | 215.37 |
| Staff welfare expenses | 455.68 | 418.91 |
| Directors' remuneration | 399.82 | 387.72 |
| Commission to directors | 391.69 | 342.50 |
| Field staff incentives | 200.49 | 92.15 |
| | **11,366.50** | **8,131.28** |

| Note 25 OTHER EXPENSES | 2011-12 | 2010-11 |
|---|---|---|
| Conversion charges | 2.50 | 33.69 |
| Power and fuel expenses | 2,321.08 | 1,607.91 |
| Rent | 1,173.51 | 616.24 |
| Insurance | 86.25 | 26.00 |
| Repairs and maintenance | | |
| - Building | 71.72 | 102.38 |
| - Plant and machinery | 223.36 | 42.01 |
| - Others | 118.42 | 130.30 |
| Consumption of stores and spares | 330.85 | 337.85 |
| Research and development | 15.27 | 27.52 |
| Excise duty | 196.93 | 219.88 |
| Printing and stationery | 81.12 | 71.13 |
| Communication costs | 281.08 | 170.39 |
| Legal and professional fees | 868.19 | 760.54 |
| Rates and taxes | 432.34 | 427.77 |
| Directors' sitting fees | 4.55 | 3.45 |
| Vehicle maintenance | 436.07 | 212.54 |
| Donation | 4.79 | 11.09 |
| Loss on discarded of fixed assets | 173.77 | 63.15 |
| Bad debt written off | 0.44 | 20.95 |
| Provision for doubtful debts | 104.03 | 16.71 |
| Provision for doubtful advances | 55.00 | - |
| Exchange loss, net | 19.20 | - |
| Advertisement and publicity | 3,399.05 | 4,179.29 |
| Sales promotion and schemes | 3,552.60 | 1,378.67 |
| Carriage outwards | 4,119.80 | 1,858.44 |

₹ in lacs

| Note 25 OTHER EXPENSES (Contd.) | 2011-12 | 2010-11 |
|---|---|---|
| Field staff expenses | 994.52 | 1,045.35 |
| Travelling and conveyance | 395.53 | 235.29 |
| Brokerage on sales | 670.38 | 380.52 |
| Bank charges and commission | 61.34 | 15.89 |
| Royalty | 133.95 | - |
| Others | 897.81 | 556.21 |
| | 21,225.45 | 14,551.16 |

| Note 26 FINANCE COST | 2011-12 | 2010-11 |
|---|---|---|
| Interest on loan from Banks | 2,022.82 | 199.07 |
| Other Borrowing Cost | 360.32 | - |
| | 2,383.14 | 199.07 |

## Note 27 EMPLOYEE BENEFIT

**(i) Defined Benefit Plans -**

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation of India.

The following tables summarise the components of net benefit expense recognised in the Statement profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans.

| | 2011-12 | 2010-11 |
|---|---|---|
| | Gratuity | Gratuity |
| | Partly Funded | Partly Funded |
| **(A) Summary of the Actuarial Assumptions** | | |
| Mortality | LIC (1994-96) Ult | LIC (1994-96) Ult |
| Discount rate | 8.25%-8.50% | 8.30% |
| Rate of increase in compensation | 5%-8% | 8.00% |
| Withdrawal rates | 2%-10% | 2%-10% |
| Rate of return (expected) on plan assets | 9%-9.3% | 9.30% |

The estimates of future salary increases, considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market price prevailing on that date, applicable to the period over which the obligation is to be settled.

₹ in lacs

| Note 27 EMPLOYEE BENEFIT (Contd.) | 2011-12 | 2010-11 |
|---|---|---|
| | Gratuity | Gratuity |
| | Partly Funded | Partly Funded |
| **(B) Changes in present value of obligations (PVO)** | | |
| PVO at beginning of period | 1,117.93 | 880.23 |
| Opening balance adjustment pursuant to acquisition made in the current year | 226.53 | - |
| Interest cost | 111.85 | 66.14 |
| Current Service Cost | 192.28 | 125.72 |
| Benefits Paid | (206.85) | (32.15) |
| Actuarial (gain)/loss on obligation | 58.92 | 77.99 |
| PVO at end of period | 1,500.66 | 1,117.93 |
| **(C) Changes in fair value of plan assets** | | |
| Fair value of plan assets at the beginning of period | 642.40 | 406.41 |
| Opening balance adjustment pursuant to acquisition made in the current year | 191.51 | - |
| Expected return on plan assets | 69.54 | 45.99 |
| Contributions | 3.00 | 213.57 |
| Benefit paid | (189.50) | (32.06) |
| Actuarial gain/(loss) on plan assets | (39.70) | 8.49 |
| Fair value of plan assets at end of period | 677.25 | 642.40 |
| **(D) Net Assets/(Liabilities) recognised in the balance sheet** | | |
| PVO at end of period | (1,500.66) | (1,117.93) |
| Fair value of plan assets at end of period | 677.25 | 642.40 |
| Funded status (deficit in fair value of plan assets over PVO) | (823.41) | (475.53) |
| Net assets/(Liability) recognised in the balance sheet | (823.41) | (475.53) |
| **(E) Expenses recognised in the statement of profit and loss** | | |
| Current service cost | 192.28 | 125.72 |
| Adjustment pursuant to acquisition made in the current year | (32.71) | - |
| Interest cost | 111.85 | 66.14 |
| Expected return on plan assets | (69.54) | (45.99) |
| Net Actuarial (Gain)/Loss recognised for the period | 98.62 | 69.50 |
| Expense recognised in the statement of profit and loss | 300.50 | 215.37 |
| **(F) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows: Investment with insurer** | 100.00% | 100.00% |

₹ in lacs

Note 27 EMPLOYEE BENEFIT (Contd.)

(G) Experience adjustments*

| | April 1, 2011 to March 31, 2012 | April 1, 2010 to March 31, 2011 | April 1, 2009 to March 31, 2010 | July 1, 2008 to March 31, 2009 |
|---|---|---|---|---|
| On plan liabilities | (5,145.73) | 118.45 | 7.03 | 65.70 |
| On plan assets | (0.86) | 8.49 | 4.01 | 12.43 |

* The Company does not have data available for the period prior to 2008-09.

(H) The Company expects to contribute ₹ Nil (2011 - ₹ 78.08) to gratuity fund in 2012-13 and ₹ 37.03 (2011 - ₹ 32.77) to Superannuation fund in 2012-13

(ii) Defined Contribution Plans -
Amount of ₹ 696.58 (2011 - ₹ 554.50) is recognised as an expense and included in Note 24 - "Contribution to provident and other funds" in the Statement of Profit and Loss.

Note 28 SEGMENT REPORTING

Business segments:

The primary segment of the Group has been determined on the basis of business segment. The Group is organised into four business segments - Soaps and Detergents, Home Care, Laundry services and Others. Segments have been identified taking into account the nature of the products and services, the differing risks and returns, the organization structure and the internal reporting system.

Soaps and Detergents includes fabric whiteners, fabric detergents, dishwash bar and soaps including ayurvedic soaps. Home Care products include incense sticks, dhoop, mosquito repellants and scrubber. Laundry services include drycleaning and providing linen on rental. Others includes Body care, Tea and coffee.

Secondary segment:

The Group mainly caters to the needs of the domestic market. The export turnover is not significant in the context of total turnover. As such, there is only one reportable geographical segment.

Segment revenue and result:

The income/expense that are not directly attributable to the business segments are shown as unallocated corporate costs.

Segment assets and liabilities:

Segment assets include all operating assets used by a segment and consist principally of debtors, inventories, advances and fixed assets. Assets at corporate level are not allocable to segments on a reasonable basis and thus the same have not been allocated.

Segment liabilities include all operating liabilities and consist principally of creditors and accrued liability.

₹ in lacs

## Note 28 SEGMENT REPORTING (Contd.)

### Information about Business Segments

| | Soaps and Detergents | | Home care | | Laundry Services | | Others | | Eliminations | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 | 2011-12 | 2010-11 |
| **Revenue** | | | | | | | | | | | | |
| External Revenue | 63,677.84 | 39,346.50 | 21,804.01 | 21,629.57 | 3,800.70 | 940.66 | 1,979.15 | 32.40 | - | - | 91,261.70 | 61,949.13 |
| Inter Segment Revenue | 56.08 | - | (2.22) | 300.11 | - | - | - | - | (53.86) | (300.11) | - | - |
| Net Revenue | 63,733.92 | 39,346.50 | 21,801.79 | 21,929.68 | 3,800.70 | 940.66 | 1,979.15 | 32.40 | (53.86) | (300.11) | 91,261.70 | 61,949.13 |
| Segment results | 10,145.45 | 8,880.00 | (1,556.97) | 173.38 | (1,456.77) | (820.83) | (145.41) | (17.07) | - | - | 6,986.30 | 8,215.49 |
| Unallocated expenditure | | | | | | | | | | | (976.50) | (1,339.98) |
| Unallocated income | | | | | | | | | | | 2,207.61 | 1,440.68 |
| Interest and finance expenses | | | | | | | | | | | (2,383.14) | (199.07) |
| Profit before tax | | | | | | | | | | | 5,834.27 | 8,117.12 |
| Provision for tax | | | | | | | | | | | (1,993.30) | (1,543.40) |
| Profit after tax before Minority Interest | | | | | | | | | | | 3,840.97 | 6,573.72 |
| Minority Interest (share of loss) | | | | | | | | | | | 617.22 | 302.53 |
| Profit after tax after Minority Interest | | | | | | | | | | | 4,458.19 | 6,876.25 |
| **Other Information** | | | | | | | | | | | | |
| Segment assets | 54,353.86 | 26,191.80 | 10,099.80 | 13,098.14 | 10,736.29 | 3,399.94 | 2,445.84 | 43.57 | | | 77,635.79 | 42,733.45 |
| **Unallocated assets** | | | | | | | | | | | 64,297.86 | 40,470.76 |
| Total assets | | | | | | | | | | | 141,933.65 | 83,204.21 |
| Segment liabilities | 15,341.21 | 3,373.30 | 3,569.15 | 2,909.93 | 1,642.91 | 1,310.18 | 675.05 | - | | | 21,228.32 | 7,593.41 |
| Unallocated liabilities | | | | | | | | | | | 58,794.71 | 12,452.35 |
| Total liabilities (excluding minority interest) | | | | | | | | | | | 80,023.03 | 20,045.76 |
| Segment Capital expenditure (including capital work-in-progress) | 638.07 | 1,469.34 | 285.81 | 1,700.22 | 1,309.12 | 414.53 | - | - | | | 2,233.00 | 3,584.09 |
| Unallocated capital expenditure (including capital work-in-progress) | | | | | | | | | | | 174.66 | 190.34 |
| Total capital expenditure (including capital work-in-progress and excluding the Goodwill on consolidation) | | | | | | | | | | | 2,407.66 | 3,774.43 |
| Segment depreciation and amortisation | 1,199.18 | 785.66 | 399.80 | 312.04 | 386.95 | 186.58 | - | - | | | 1,985.92 | 1,284.28 |
| Unallocated depreciation and amortisation | | | | | | | | | | | 308.65 | 172.58 |
| Total depreciation and amortisation | | | | | | | | | | | 2,294.57 | 1,456.86 |
| Segment impairment loss Reversal | - | (153.72) | - | - | - | - | - | - | | | - | (153.72) |
| Segment impairment loss | 170.79 | - | - | - | - | - | - | - | | | 170.79 | - |
| Total impairment loss/(Reversal) | | | | | | | | | | | 170.79 | (153.72) |
| Segment non-cash expenses other than depreciation | 21.30 | 17.66 | 175.74 | 40.70 | 79.02 | 36.81 | - | - | | | 276.06 | 95.17 |
| Unallocated non-cash expenses other than depreciation | | | | | | | | | | | 0.03 | 5.64 |
| Total non-cash expenses other than depreciation | | | | | | | | | | | 276.09 | 100.81 |

₹ in lacs

## Note 29 RELATED PARTY DISCLOSURES

a) Parties where control exists

Individual having control

M.P. Ramachandran — Chairman and Managing Director

As the Managing Director of the Company is an individual having control and hence not separately disclosed as a key management personnel

b) Related party relationships where transactions have taken place during the year

**Firm/HUF in which the relatives of individual having control are partners/members/proprietor**

Beena Agencies
Quilon Trading Co.
Travancore Trading Corp.
Sree Guruvayoorappan Agencies
M.P. Agencies
Tamil Nadu Distributors
Deepthy Agencies
Sahyadri Agencies
Sreehari Stock Suppliers
Sujatha Agencies
M.P. Divakaran - H.U.F.
M.P. Sidharthan - H.U.F.

**Relative of individual having control**

M.P. Sidharthan
M.R. Jyothy (Director)
M.R. Deepthy
Ananth Rao T.
Ravi Razdan
M. G. Santhakumari
M. P. Divakaran

**Enterprises significantly influenced by key management personnel or their relatives**

Sahyadri Agencies Ltd.

**Key management personnel**

K. Ullas Kamath — Joint Managing Director

| | | 2011-12 | 2010-11 |
|---|---|---|---|
| c) | Transactions with related parties during the year | | |
| | Individual having control | | |
| | Remuneration* | 218.98 | 220.18 |
| | Commission | 218.78 | 195.72 |
| | Dividend | 1,785.73 | 1,390.30 |
| | Enterprises in which relatives are interested | | |
| | Sale/(sales return) of finished goods | | |
| | Beena Agencies | - | (1.36) |
| | Sahyadri Agencies | - | 2.32 |

₹ in lacs

Note 29 RELATED PARTY DISCLOSURES (Contd.)

| | 2011-12 | 2010-11 |
|---|---|---|
| Deepthy Agencies | - | (0.79) |
| Travancore Trading Corporation | - | 8.26 |
| M.P. Agencies | - | (3.90) |
| Sree Guruvayoorappan Agencies | - | (0.71) |
| Claims for reimbursement for sales promotion expenses/discounts given | | |
| Travancore Trading Corporation | - | 2.99 |
| Sahyadri Agencies | - | 2.23 |
| Deepthy Agencies | - | 0.74 |
| M.P. Agencies | - | 1.36 |
| Beena Agencies | - | 2.44 |
| Commission paid | | |
| Sreehari Stock Suppliers | 29.40 | 28.40 |
| Sujatha Agencies | 30.21 | 26.20 |
| Tamil Nadu Distributors | 11.95 | 7.43 |
| Beena Agencies | 48.70 | 36.35 |
| Sahyadri Agencies | 81.63 | 64.24 |
| Travancore Trading Corporation | 57.46 | 44.13 |
| Deepthy Agencies | 25.83 | 18.81 |
| Rent Paid | | |
| Quilon Trading Company | 1.20 | 1.20 |
| Dividend | 80.60 | 64.48 |
| Relatives of individuals having control | | |
| Remuneration* | | |
| M.R. Jyothy (Director) | 31.36 | 24.19 |
| M.P. Sidharthan | 12.00 | 12.00 |
| M.R. Deepthy | 15.01 | 9.34 |
| Ananth Rao T. | 20.16 | 16.80 |
| Ravi Razdan | 15.90 | 5.99 |
| M.P. Divakaran | 11.00 | - |
| Dividend | 710.08 | 551.89 |
| Contribution to Superannuation fund | | |
| M.R. Jyothy | 2.80 | 2.16 |
| Ananth Rao T. | 1.80 | 1.50 |
| M.R. Deepthi | 1.27 | 0.66 |
| Ravi Razdan | 1.38 | - |

₹ *in lacs*

Note 29 RELATED PARTY DISCLOSURES (Contd.)

| | | 2011-12 | 2010-11 |
|---|---|---|---|
| | Key management personnel | | |
| | Remuneration* | 174.52 | 168.13 |
| | Commission | 172.91 | 146.79 |
| | Dividend | 36.28 | 29.03 |
| | Contribution to Superannuation fund | 15.58 | 15.01 |
| | Allotment of Equity shares in Jyothy Fabricare Services Limited | - | 300.00 |
| | including premium of ₹ 1 Crore 2,000,000 Equity Shares of ₹ 10 each fully paid-up at premium of ₹ 5 each. | | |
| | * As the future liabilities for gratuity is provided on an acturial basis for the Company as a whole, the amount pertaining to individual basis is not ascertainable and therefore not included above. | | |
| | | | |
| d) | **Related party balances** | | |
| | **Amounts payable** | | |
| | Individual having control | 218.78 | 195.72 |
| | Key management personnel | 172.91 | 146.79 |
| | Enterprises in which relatives of individual having control are interested | | |
| | Beena Agencies | 38.11 | 36.57 |
| | Deepthy Agencies | 102.06 | 99.47 |
| | M.P. Agencies | 37.92 | 37.92 |
| | Sahyadri Agencies | 11.24 | 10.25 |
| | Sujatha Agencies - Tirunelveli | 12.35 | 7.06 |
| | Tamil Nadu Distributors | 10.86 | 8.56 |
| | Travancore Trading Corporation | 112.05 | 110.60 |
| | Quilon Trading Company | 0.20 | 0.10 |
| | Sree Guruvayurappan Agencies | 0.71 | 0.71 |
| | Srihari Stock Suppliers - Coimbatore | 6.39 | 4.20 |
| | Enterprises significantly influenced by key management personnel or their relatives | | |
| | Sahyadri Agencies Ltd. | 6.20 | 6.20 |

*₹ in lacs*

## Note 30 UNHEDGED FOREIGN CURRENCY EXPOSURE

| Particulars | Foreign Currency | 2011-12 | | 2010-11 | |
|---|---|---|---|---|---|
| | | ₹ in Lacs | Amount in Foreign Currency | ₹ in Lacs | Amount in Foreign Currency |
| Export debtors | US $ | 100.32 | 196,110 | 22.56 | 50,535 |
| Advance for Capital Goods | Euro | - | - | 2.05 | 3,255 |

## Note 31 OPERATING LEASES

In case of assets taken on lease

The Group has entered into Lease agreements for premises, which expire at various dates over the next six years. Certain agreements provide for increase in rent. All lease agreements are cancellable except in case of few agreements wherein there is a lock in period in the range of 11 months to 3 years. Lease rental expense for the year ended March 31, 2012 was ₹ 1,173.51 (2011 - ₹ 616.24). There are no restrictions imposed by lease arrangements. There are no subleases.

| | 2011-12 | 2010-11 |
|---|---|---|
| Future lease payment under non-cancellable operating leases are as follows: | | |
| Payable not later than one year | 349.11 | 24.08 |
| Payable later than one year and not later than five years | 582.51 | 26.35 |
| Payable later than five years | 5.35 | - |
| | 936.97 | 50.43 |

In case of assets given on lease

The Company has leased out few of its premises on operating lease. The Gross carrying amount and accumulated depreciation as at March 31, 2012 is ₹ 54.95 and ₹ 5.15 (2011 – ₹ 54.95 and ₹ 4.25) respectively. Lease rent income for the year ended March 31, 2012 was ₹ 4.61 (2011 – ₹ 3.22). There is no escalation clause in the lease agreement and the lease is cancellable in nature. There are no restrictions imposed by lease arrangements.

## Note 32 CONTINGENT LIABILITIES

| | 2012 | 2011 |
|---|---|---|
| Contingent liabilities not probable and hence not provided by the Group in respect of: | | |
| (i) Amount outstanding in respect of corporate and other bank guarantees | 1,069.39 | 1,126.21 |
| (ii) Tax matters | | |
| (a) Disputed sales tax demands – matters under appeal | 3,352.35 | 2,295.79 |
| (b) Disputed excise duty and service tax demand-matter under appeal | 1,888.84 | 1,592.72 |
| (c) Disputed income tax demand-matter under appeal | 32.82 | - |
| (iii) Claims against the Company not acknowledged as debt | 120.00 | 120.00 |
| (iv) Others | 67.85 | 20.11 |
| | 6,531.25 | 5,154.83 |

## Note 33 CAPITAL COMMITMENTS (NET OF ADVANCES)

| | 2012 | 2011 |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 2,017.20 | 1,050.96 |
| | 2,017.20 | 1,050.96 |

₹ in lacs

## Note 34

As per the Notification No. 32/99-CE dated July 8, 1999, the Company was entitled to refund of excise duty in Guwahati and Jammu units equivalent to the amount of the duty paid through Personal Ledger Account ('PLA'). During an earlier year, the Government issued notifications No. 17/2008-CE and 19/2008-CE dated March 27, 2008 restricting the refund amount to a maximum percentage specified in the notification. The Company had filed a writ petition in the Guwahati High Court and the Jammu and Kashmir High Court against the respective notifications and obtained stay orders from both the High Courts. During the previous years, the Guwahati High Court has given a favourable order in case of a similar matter against which the Department has filed an appeal in the Supreme Court. Further, during the previous year, the Jammu High Court has also given favourable order. Based on the orders of High Court, the Company has accrued ₹ Nil (2011 - ₹ 953.84) as excise duty receivable pertaining to the earlier years (of which an amount of ₹ Nil (2011 - ₹ 478.58) adjusted from the material consumed) and an additional benefit of ₹ 186.54 (2011 - ₹ 413.21) accrued in the current year, of which an amount of ₹ - Nil (2011 - ₹ 189.68) pertains to previous year.

## Note 35

The Group has acquired the following subsidiaries in the current year and hence the consolidated financial statements for the year ended March 31, 2012 are not comparable with the previous year.

| Name of the subsidiary | Date of acquisition |
|---|---|
| 1. Henkel India Limited | August 23, 2011 |
| 2. Diamond Fabcare Pvt. Limited | April 1, 2011 |
| 3. Akash Cleaners Private Limited | April 1, 2011 |
| 4. Fab Clean & Care Private Limited | June 1, 2011 |
| 5. Four Seasons Dry-Cleaning Co. Pvt. Ltd. | February 15, 2012 |

The details of financial information on acquisition date are provided below:-

| Particulars | Amount |
|---|---|
| Net assets | (18,559.11) |
| Purchase consideration | 33,508.63 |
| Goodwill on consolidation | 52,067.74 |

The net assets of the acquired subsidiaries as on March 31, 2012 are (₹ 18,855.96) (before elimination), net revenue for the period from date of acquisition to March 31, 2012 are ₹ 23,385.04 (before elimination) and the loss after tax during the period from date of acquisition to March 31, 2012 are ₹ 2,945.16 (before elimination).

## Note 36

In the current year, Company has entered into a share purchase agreement with Henkel AG & Co. KGaA (Henkel AG) for acquiring 50.97% equity share capital and 100% preference share capital in Henkel India Limited. In accordance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 1997, the Company had made a public announcement on May 9, 2011, to acquire 20% of the emerging voting capital of Henkel India Limited from the public at an offer price of ₹ 41.20 per equity share. The Company has completed the open offer formalities and acquired 14,035,431 equity shares from the shareholders of Henkel India Limited. Consequent to the completion of the open offer, the equity holding of the Company in Henkel India Limited as at March 31, 2012 is 83.65% and investment is treated as investment in subsidiary. Further, the Company has also entered into an option agreement dated May 5, 2011 whereby the Company has granted Henkel AG a firm and irrevocable option, at its sole discretion at any time after the beginning of the fifth year and ending upon the expiry of the sixth year of the said agreement or such other mutually extended period, to acquire a maximum of 26% of the issued equity share capital of the Company at a price which will be mutually determined by the parties at a later date.

*₹ in lacs*

## Note 37

During the previous year, the Company had issued 8,063,200 shares of ₹ 1 each to Qualified Institutional Buyers (QIBs) in terms of Chapter VIII of SEBI (ICDR) Regulations, 2009 at a premium of ₹ 281.62 to generate funds for primarily for acquisition in the future and to expand inorganically by identifying acquisition opportunities as part of Company's growth strategy in India and, if required, for general corporate purposes as well. The total sum received aggregated to ₹ 22,788.22 (including ₹ 22,707.58 towards Securities premium). In the current year, the Company has utilised the above money for the acquisition of Henkel India Limited.

## Note 38

During the year ended March 31, 2012, Jyothy Fabricare Services Limited has issued 3,300,000 compulsorily convertible preference (CCP) shares of ₹ 10 each fully paid-up amounting to ₹ 330 along with a securities premium of ₹ 4,620 to IL&FS Trust Company Limited. CCP carry cumulative dividend @ 0.1% p.a. Jyothy Laboratories Limited and Jyothy Fabricare Services Limited have provided the investors various conversion and exit options at an agreed internal rate of return as per the terms of the Investment Agreement. Further, Jyothy Fabricare Services Limited has also issued 50,000 equity shares to IL&FS Trust Company Limited at a premium of ₹ 90 per share as a result of which the effective holding of the Company in Jyothy Fabricare Services Limited has reduced from 75% to 74.71%.

## Note 39 PREVIOUS YEAR FIGURES

Till the year ended March 31, 2011, the Group was using pre-revised Schedule VI to the Companies Act, 1956, for preparation and presentation of its financial statements. During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Group. The Group has reclassified previous year figures to conform to this year's classification.

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Signatures to Notes 1 to 39

As per our report of even date

For **S. R. BATLIBOI & ASSOCIATES**
Firm Registration No. 101049W
Chartered Accountants

**per Vikram Mehta**
Partner
Membership No. 105938

Place: Mumbai
Date: May 23, 2012

For and on behalf of the Board of Directors of
**Jyothy Laboratories Limited**

**M. P. Ramachandran**
Chairman and Managing Director

**K. Ullas Kamath**
Joint Managing Director

**M. L. Bansal**
Company Secretary

Place: Mumbai
Date: May 23, 2012

# NOTES

# NOTES

Jyothy Laboratories Limited

UJALA HOUSE, Ramkrishna Mandir Road, Kondivita, Andheri (East), Mumbai - 400 059.
Tel. No.: 022-6689 2800, Fax: 6689 2805, Website: www.jyothylaboratories.com

Designed by Adfactors

# Notice

**NOTICE** is hereby given that the 21st Annual General Meeting of the Company will be held on Tuesday, August 14, 2012 at 10.30 a.m. at M. C. Ghia Hall, Indian Textile Accessories & Machinery Manufacturers' Association, Bhogilal Hargovindas Building, 4th Floor, 18/20, K. Dubhash Marg, Kala Ghoda, Mumbai – 400001 to transact the following business:

## Ordinary Business:

1. To consider and adopt the Audited Balance Sheet as at March 31, 2012 and Statement of Profit & Loss for the financial year April 1, 2011 to March 31, 2012 together with the reports of the Board of Directors and the Auditors thereon.
2. To declare dividend for the Financial Year April 1, 2011 to March 31, 2012.
3. To appoint a Director in place of Mr. Nilesh B. Mehta, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Ms. M. R. Jyothy, who retires by rotation and being eligible offers herself for re-appointment.
5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** M/s. S. R. Batliboi & Associates, Chartered Accountants (Registration No. 101049W), Mumbai, ('the Auditors') be and are hereby re-appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and that they may be paid such remuneration as may be agreed by and between the Board of Directors and the Auditors plus reimbursement of out of pocket/ traveling expenses plus Service Tax as may be applicable".

## Special Business:

6. **To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**

   "**RESOLVED THAT** Mr. Ramakrishnan Lakshminarayanan who was appointed by the Board of Directors of the Company as an Additional Director on May 23, 2012 and who holds office up to the conclusion of this Annual General Meeting and in respect of whom the Company has, as required by Section 257 of the Companies Act, 1956, received a notice from a member signifying his intention to propose him as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

7. **To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:**

   "**RESOLVED THAT** Mr. S. Raghunandan who was appointed by the Board of Directors of the Company as an Additional Director on May 23, 2012 and who holds office up to the conclusion of this Annual General Meeting and in respect of whom the Company has, as required by Section 257 of the Companies Act, 1956, received a notice from a member signifying his intention to propose him as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

   **RESOLVED FURTHER THAT** in terms of Article 148 of the Articles of Association of the Company and pursuant to the provisions of Sections 198, 269, 309, 349 and 350 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, as amended from time to time or any re-enactment thereof and all applicable guidelines for managerial remuneration issued by the Central Government from time to time and subject to such limits as may be stipulated by such approvals including that of Central Government, as may be necessary, the appointment of Mr. Raghunandan Sathyanarayan Rao (hereinafter referred to as Mr. S. Raghunandan) as "Whole-Time Director and Chief Executive Officer" of the Company be and is hereby approved for a period of 3 (three) years commencing from May 23, 2012 to May 22, 2015 at a remuneration, perquisites and other terms and conditions set out in the Agreement to be executed between the Company and Mr. S. Raghunandan and the Explanatory Statement appended hereto.

   **RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to alter or vary the terms of remuneration as may be agreed upon with Mr. S. Raghunandan, subject however, to the overall ceiling on remuneration of ₹ 5,00,00,000 (Rupees Five crore only) per annum.

   **RESOLVED FURTHER THAT** Mr. S. Raghunandan will be eligible to participate in stock option scheme as may be approved by the Board and members of the Company."

8. **To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:**

   "**RESOLVED THAT** pursuant to the provisions contained in Section 314 of the Companies Act, 1956, as amended to date, read with Director's Relatives (Office or Place of Profit) Rules, 2011, Mr. T. Ananth Rao, a relative of Mr. M. P. Ramachandran, Chairman and Managing Director and Ms. M. R. Jyothy, Whole-Time Director of the Company, be and is hereby re-appointed as 'Head - Operations' for a tenure of 5 years with effect from October 1, 2012 at a remuneration as under:

- **Salary**: ₹ 2,25,000/- per month with an increase of ₹ 50,000 per month every year and first such increase to be effective from April 1, 2013 and thereafter April 1, every year.
- **Perquisites**: Company's contribution towards provident fund and superannuation fund, gratuity, personal accident insurance coverage and reimbursement of medical expenses as per policy framed by the Company from time to time for similar category of staff."

By Order of the Board of Directors
For **Jyothy Laboratories Limited**

**M. L. Bansal**
Company Secretary

Mumbai, May 23, 2012

**Registered Office**:
'Ujala House', Ram Krishna Mandir Road,
Kondivita, Andheri (East), Mumbai - 400 059

## Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING MAY APPOINT A PROXY TO ATTEND, AND, ON A POLL, VOTE INSTEAD OF HIMSELF/HERSELF. A PROXY NEED NOT BE A MEMBER.** Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the commencement of Annual General Meeting.
2. The documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on all days, except Saturdays, Sundays and holidays, up to the date of the Annual General Meeting.
3. The Book Closure Date for the purpose of payment of dividend will be July 16, 2012.
4. Dividend, if approved by the Members at the ensuing Annual General Meeting, will be paid to eligible members after August 14, 2012.
5. Reserve Bank of India (RBI) vide its circular 376-DPSS. (CO). EPPD No. 191-04.01.01-2009-2010 dated July 29, 2009 has instructed banks to move to the NECS platform w.e.f. October 1, 2009. In this regard, you may note that in case you have not provided to your Depository Participant (DP) the new account number as allotted to you after implementation of Core Banking System (CBS) by your Bank, NECS credit of future dividends to your old account number may be rejected or returned by the banking system. In the above circumstances, you are advised to forthwith provide your new bank account number allotted to you after your Bank has implemented CBS, along with the name of your Bank, Branch, 9 digit MICR Bank/Branch code and account type to your DP, so that the future dividends can be credited to your new account number.
6. In case of remittance in electronic form, an intimation of the dividend payment would be sent to the shareholders. Shareholders who are not covered by NECS facility, the dividend amount will be remitted by means of dividend warrants which will be posted to their addresses.
7. Members holding shares in electronic form may note that as per the regulations of National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), the Company is obliged to print the details on the dividend warrants as furnished by these Depositories to the Company. The Company cannot entertain any direct request from Members in this regard.
8. Members may note that their addresses/Mandates/Bank details like name of the bank/branch/account number are provided to the Company by DP in case of shares held in electronic form. Members are requested to notify immediately any change in their address/Mandates/Bank details to their respective DP for shares held in electronic form and to the Company's Registrars and Share Transfer Agents for shares held in physical form.
9. Members are also requested to notify their email address/phone numbers/mobile numbers to their respective DP for shares held in electronic form.
10. Shareholders who have not encashed their dividend warrants for the dividends declared for the financial years 2007-08, 2008-09, 2009-10 and for 2010-11 are requested to send a letter along with unclaimed dividend warrant, if any or letter of undertaking for issue of duplicate dividend warrant/Demand draft.

    In terms of Sections 205A and 205C of the Companies Act, 1956, any dividend remaining unpaid for a period of seven years from the due date of payment is required to be transferred to the "Investor Education & Protection Fund" (IEPF). Members are requested to encash their Dividend Warrants promptly. It may be noted that once the unclaimed dividend is transferred to the IEPF as above, no claim shall lie with the Company in respect of such amount.
11. Members holding shares in physical form and desirous of making a nomination in respect of their shareholdings in the Company,

as permitted under Section 109A of the Companies Act, 1956, may fill Form 2B (in duplicate) and send the same to the office of the Registrars and Share Transfer Agents of the Company. In case of shares held in dematerialized form, the nomination/change in nomination should be lodged with their DPs.

12. Members are requested to correspond with Registrars and Share Transfer Agents of the Company for all matters relating to shareholding in the Company.
13. Members attending the Annual General Meeting (AGM) of the Company are requested to bring their copy of this Annual Report and duly filled in Attendance Slip to the Meeting.
14. Corporate Members are requested to send to the Company's Registrars and Share Transfer Agents, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the AGM.
15. Members are requested to hand over the enclosed Attendance Slip, duly filled in and signed in accordance with their specimen signature(s) registered with the Company for admission to the AGM hall. Members who hold shares in dematerialized form are requested to bring their client ID and DP ID Numbers for identification.
16. Members desiring any information on the accounts are requested to write to the Company at least seven days in advance of the AGM.
17. As required under Clause 49 of the Listing Agreement, executed with the stock exchanges, the details of Directors retiring by rotation and seeking re-appointment at the ensuing AGM are provided in the Corporate Governance Report forming part of the Annual Report.
18. Prevention of Frauds: You are advised to exercise due diligence and notify your DP of any change in address, stay abroad or demise of any shareholder as soon as possible. Do not leave your Demat account dormant for long. Periodic statement of holdings should be obtained from the concerned DP and holdings should be verified.
19. Confidentiality of Security Details: Do not disclose your Folio Nos./DP ID/Client ID to unknown persons. Do not hand over signed blank transfer deeds and delivery instruction slips to any unknown persons.
20. Dealing of Securities with Registered Intermediaries: Members must ensure that they deal with only SEBI registered intermediaries and must obtain a valid contract note/confirmation memo from the broker/sub-broker, within 24 hours of execution of the trade and it should be ensured that the Contract Note/Confirmation Memo contains order no., trade no., trade time, quantity, price and brokerage.
21. The shareholders can get more information about the Company on Company's website, i.e., www.jyothylaboratories.com or on Stock Exchange websites, which are www.bseindia.com and www.nseindia.com
22. Green Initiative
    - Ministry of Corporate Affairs ("MCA") has launched a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies. MCA has issued circular nos. 17/2011 dated 21.04.2011 & 18/2011 dated 29.04.2011 stating that the service of a notice/documents by a company to its shareholders can now be made through electronic mode.
    - In view of the above, the Company proposes to henceforth send Annual Report (Audited Financial Statements, Directors' Report, Auditors' Report, etc.) and documents such as the Notice of the Annual General Meeting, to the shareholders in Electronic Form to the e-mail address registered with their Depository Participants.
    - Shareholders are requested to furnish their e-mail IDs to enable the Company forward all the requisite information in electronic mode. In case of shareholders, holding shares in demat form, the e-mail IDs of the shareholders, registered with the DP and made available to the Company, shall be the registered e-mail IDs unless communication is received to the contrary.
    - Shareholders requiring a printed copy of the Annual Report, should inform the details like name, PAN, DP ID and Client ID through an e-mail at rnt.helpdesk@linkintime.co.in or a letter to Registrars and Share Transfer Agents of the Company.

By Order of the Board of Directors
For **Jyothy Laboratories Limited**

**M. L. Bansal**
Company Secretary

Mumbai, May 23, 2012

**Registered Office**:
'Ujala House', Ram Krishna Mandir Road,
Kondivita, Andheri (East), Mumbai - 400 059

# Explanatory Statement

**Pursuant to Section 173 of the Companies Act, 1956**

*Item No. 6*

Mr. Ramakrishnan Lakshminarayanan was appointed by the Board of Directors as an Additional Director on May 23, 2012. He holds office up to the date of this annual general meeting. As required by Section 257 of the Companies Act, 1956, the Company has received a notice in writing along with deposit from a member signifying the intention to propose him as a candidate for the office of the Director.

He is an alumnus of the Indian Institute of Technology, Delhi, where he did his Master of Science in Industrial Chemistry. Thereafter, he passed out of the Indian Institute of Management, Bangalore, with a specialization in Marketing. Being a National Talent Scholar throughout school and college helped him to complete his education almost entirely on scholarships.

He started his career in year 1979 with Hindustan Unilever in Retail Sales and learnt Sales & Territory Management and also Brand Management in Detergents, Toilet Soaps and Edible Oils. Then he joined International Best Foods in New Product Development and Brand Portfolio Management across Packaged Foods, Desserts and Soft Drink Concentrates.

He also worked with Smith Kline Beecham, Bangalore, heading their OTC and Vitamins Range and was responsible for re-energising large brands like Iodex as also moving several brands from Ethical to the OTC markets.

In year 1988, he joined Ogilvy & Mather Direct as the National Account Director and soon was promoted to head their Chennai office. In 18 months, he turned around a loss making operation into a profitable one with a young and highly motivated team. The Chennai office was recognized as the Best Office throughout the network in 1990.

In year 1992, he moved to DDB Mudra Communications as the Chief Operating Officer supervising five southern offices. From then he has been responsible for building a series of businesses across Out-of-Home; Interactive & Digital; Direct Response; Activation and Health & Wellness, in addition to expanding the business in south India to over ₹ 1,000 million. He also took DDB Mudra outside India including a joint venture in Sri Lanka.

Over 15 years, he built businesses with a top line of ₹ 5,000 million with attractive margins. He had put together a strong team of over 2,500 people. He also led a team of sales out sourcing professionals that numbered over 2,000 and worked with clients like Motorola, HP, Pepsi and Unilever.

He had been on the Executive Board of DDB Mudra from 1996 and was titled Executive Director and Chief Executive Officer of Mudra Marketing Services when he left in October, 2008.

He has worked across numerous categories of FMCG and Durables and Services and Corporates and is equally familiar with Global as well as Domestic brands. He has always been passionate about people development and training and represented India on the DDB Global University.

He is a frequent teacher at the IIM, Bangalore, MICA, BIM, TAPMI and several other institutes. He considers himself a life-long student of Marketing, Sales and Advertising and is a keen reader. His areas of interest include Business Strategy, Brand Strategy, Media Plural Communications and Portfolio management.

He is holding Directorship in Henkel India Limited and Henkel Marketing India Limited.

None of the other Directors is in any way concerned or interested in the above resolution.

The Board recommends the resolution for approval by the members.

*Item No. 7*

The Board at its meeting held on May 23, 2012, appointed Mr. Raghunandan Sathyanarayan Rao (hereinafter referred to as Mr. S. Raghunandan) as an Additional Director of the Company. He holds office up to the date of this annual general meeting. As required by Section 257 of the Companies Act, 1956, the Company has received a notice in writing along with deposit from a member signifying the intention to propose him as a candidate for the office of the Director. The Board at its said meeting also appointed Mr. S. Raghunandan as Whole-Time Director and Chief Executive Officer of the Company.

He, is MBA from Indian Institute of Management, Kolkata and Chemical Engineering graduate from BITS, Pilani. He has over twenty-two years of experience in FMCG industry.

He has worked in various leadership roles in companies like Unilever and Dabur, and was the Managing Director of Reckitt Benckiser (India) Limited until recently and has now taken over as the Chief Executive Officer of Jyothy Laboratories Limited. Earlier to Reckitt Benckiser, he was the Managing Director and Chief Executive Officer of Paras Pharmaceutical (a Reckitt Benckiser Company), which has strong presence in Personal Care & Health Care business.

Mr. Raghunandan has a proven track record in leadership roles and was instrumental in turnaround of Paras Pharma business in a record period of three years and the company was recently acquired by FMCG major, Reckitt Benckiser for ₹ 32.6 billion, termed as a blockbuster deal in FMCG space.

Prior to Paras, he was the Chief Executive Officer of Dabur International business based at Dubai and has also handled Indian operations of Dabur as Vice President - Sales.

He has adequate experience in professionalizing family run businesses in all earlier assignments and has contributed in the areas of Strategy, Sales & Marketing, Channel Management, Mergers & Acquisitions and Change Management.

He is not holding Directorship in any Indian company.

By his joining the Company, the Board is confident of achieving better performance in the years to come. The gist of terms and conditions including remuneration payable to him as incorporated in the agreement to be executed between the Company and Mr. S. Raghunandan are as under:

***Term***: May 23, 2012 to May 22, 2015

***Designation***: Whole-Time Director and Chief Executive Officer

***Salary***: ₹ 33,00,000 (Rupees Thirty Three Lac Only) per month from May 23, 2012 to May 22, 2015.

***Perquisites:***

a) Housing: Deposit in respect of the house that may be leased by him in Mumbai and brokerage payable for leasing, if any.

b) Medical Expenses: Reimbursement of medical expenses incurred for self and family including hospitalization, subject to a limit of ₹ 15,000/- per annum.

c) Leave Travel Allowance: For self and family subject to a maximum of ₹ 2,00,000 per annum.

d) Personal Accident Insurance coverage for self, as per Rules of the Company.

e) Use of Company Car with Driver and telephones at the residence. Use of car with driver and telephones for office purposes will not be considered as perquisites.

f) Company contribution towards Provident Fund and Superannuation Fund as per Rules applicable to senior management staff of the Company.

g) Leave and encashment of leave, in accordance with the Rules of the Company.

However, the total salary and perquisites shall not exceed ₹ 5,00,00,000 (Rupees Five Crore only) per annum.

***Minimum Remuneration:***

Where in any financial year comprised in the period of appointment, the Company has no profits or its profits are inadequate, the foregoing amount of remuneration and benefits shall be paid or given to the Whole-Time Director and Chief Executive Officer as Minimum Remuneration.

***Limit:***

Remuneration of Mr. Raghunandan shall, however, be subject to the compliance with such provisions of the Companies Act, 1956, schedules to the said Act and Rules there-under, as applicable and subject to such limits as may be stipulated by such approvals, including that of Central Government, as may be necessary in this regard.

Members' approval is sought for appointment of Mr. S. Raghunandan for the position of Whole-Time Director and Chief Executive Officer of the Company in terms of provisions of Sections 269, 309 and all other applicable provisions, if any, of the Companies Act, 1956.

The Board considers that remuneration and perquisites payable to Mr. S. Raghunandan upon his appointment as Whole-Time Director and Chief Executive Officer are commensurate with his duties and responsibilities and therefore recommend the Special Resolution as set out at Item No. 7 of the Notice for approval of the members.

The above terms and conditions are, and should be deemed to be an abstract of the Agreement between the Company and Mr. S. Raghunandan pursuant to Section 302 of the Companies Act, 1956.

A copy of the agreement to be executed between the Company and Mr. S. Raghunandan will be available for inspection at the Registered Office of the Company between 11.00 a.m. to 1 p.m. on all days except Saturdays, Sundays and holidays up to the date of Annual General Meeting.

Mr. S. Raghunandan, Whole-Time Director and Chief Executive Officer is interested in Item No.7 of the Notice since it relates to his appointment as the Whole-Time Director and Chief Executive Officer and payment of his remuneration. No other Director of the Company is deemed to be concerned or interested in the resolution.

***Item No. 8***

Mr. T. Ananth Rao is a Bachelor of Business Management and has completed Intermediate Examinations conducted by the Institute of Chartered Accountants of India. Mr. Rao has been in-charge of the Bangalore office of the Company, looking after entire gamut of sales activities in the southern states of India. Mr. Rao also has been in-charge of Indirect Taxation for the Bangalore office looking after compliances with regard to Service Tax, Excise Duty, Sales Tax and other indirect taxation laws. Mr. Rao is having working knowledge of operating procedures, 'Code of Conduct', 'Insider Trading Regulations' and 'Whistle Blower Policy' and in view of IPO in year 2007, was entrusted with the responsibility of preparation of processes and procedures to comply with the 'Code of Conduct', 'Insider Trading Regulations' and 'Whistle Blower Policy' of the Company. He has successfully implemented, the above processes and procedures.

Mr. T. Ananth Rao has been working with the Company since December, 2003. He was appointed as 'Manager – Operations' from October 1, 2007 to September 30, 2012. His appointment and remuneration was approved by the members of the Company in the annual general meeting held on September 25, 2007 and thereafter by the Ministry of Corporate Affairs, Government of India as required under the provisions of Section 314 of the Companies Act, 1956. The said approval will come to an end on 30.09.2012.

Mr. Rao has gained considerable experience in operations and has been very active in successfully integrating the production and supply chain activities. Considering, the performance of Mr. T. Ananth Rao in the past years, the Board of Directors of the Company in their meeting held on May 23, 2012, have re-appointed him as 'Head – Operations' for a further period of 5 years at the Salary and Perquisites given in the resolution at Item No. 8 in the above Notice.

Your Directors recommend the passing of the resolution at Item No. 8 as a Special Resolution.

Mr. M. P. Ramachandran, Chairman and Managing Director and Ms. M. R. Jyothy, Whole-Time Director are interested in the resolution mentioned under Item no.8. None of the other Directors are in any way concerned or interested in the above resolution.

By Order of the Board of Directors
For **Jyothy Laboratories Limited**

**M. L. Bansal**
Company Secretary

Mumbai, May 23, 2012

Registered Office:

'Ujala House', Ram Krishna Mandir Road,
Kondivita, Andheri (East), Mumbai - 400 059

Jyothy Laboratories Limited

Registered Office: 'Ujala House', Ram krishna Mandir Road, Kondivita, Andheri (East), Mumbai – 400 059.

## Proxy Form

### 21st Annual General Meeting – August 14, 2012

DP ID & Client ID / Folio No.:__________________________

I/We, ____________________________________________________________ of ________________________________________________________

in the district of __________________________________________ being a member / members of the above named Company hereby appoint

____________________________________________________________ of ____________________________________________________________

in the district of ______________________________________________ or failing him/her _______________________________________________

of _______________________________________ in the district of ______________________________________________ as my / our proxy to vote for me / us in my / our behalf at the 21st Annual General Meeting of the Company to be held on **Tuesday, August 14, 2012 at 10.30 a.m.**, and at any adjournment thereof.

Signed this __________________ day of ____________________________, 2012

Signature: ____________________________________________________________

Affix ₹ 1 Revenue Stamp

Note: The duly filled in proxy form must be received at the **Secretarial & Legal Department**, Jyothy Laboratories Limited, 'Ujala House', Ram krishna Mandir Road, Kondivita, Andheri (East), Mumbai – 400 059, not less than **FORTY EIGHT HOURS** before the time for commencement of the aforesaid Annual General Meeting..

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Jyothy Laboratories Limited

Registered Office: 'Ujala House', Ram krishna Mandir Road, Kondivita, Andheri (East), Mumbai – 400 059.

## Attendance Slip

### 21st Annual General Meeting – August 14, 2012

DP ID & Client ID / Folio No.:__________________________

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company (Member's / proxy's name and address in block letters to be furnished below).

________________________________________________________________________________________________________________________

________________________________________________________________________________________________________________________

________________________________________________________________________________________________________________________

I hereby record my presence at the 21st Annual General Meeting of the Company on **Tuesday, August 14, 2012 at 10.30 a.m.**, at **'M. C. Ghia Hall'**, of Indian Textile Accessories & Machinery Manufacturers' Association, Bhogilal Hargovindas Building, 4th Floor, 18/20, K. Dubhash Marg, Kala Ghoda, Mumbai – 400 001.

___________________________________ ___________________________________

(Member's/Proxy's name in Block Letter) (Member's/Proxy's Signature)

Note: Please fill in this attendance slip and hand it over at the entrance of the place of meeting.