

Change - for our constant growth!



The only constant in life, they say, is change! Change for the better. Change as synonymous for growth. Change as in reaching out to new territories and change that accrues with the achievement of objectives.

Jyothy Laboratories Limited represents an example of this phenomenon of continuous change. A company that began 30 years ago with idealistic values as its most important raw material! Values that touched upon product features, customer satisfaction, innovativeness and financial operations. Sure enough, the Jyothy basket of products reflected those values. Products that clean, whiten, refresh, delight and protect.

It began with our flagship brand - Ujala - a liquid fabric whitener. A product that has become a universal symbol of purity and integrity. This was followed by other products - each an offering that touched the lives of consumers in a binding way. The cyclothrin powered mosquito repellent 'Maxo'. Utensil cleaners under the brand name 'Exo'. Fragrance Incense sticks called 'Maya'. A range of personal care products under the brand name 'Jeeva'. And a new retail space has been created for 'Fabric Spa', a laundry chain with brand extensions. Add to that the 'Henkel' brand that was acquired by Jyothy, with their basket of product lines.

Each and every step in line with our mission of constantly changing to new and higher paradigms of growth and diversification.





# 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

CFO & 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 LLP**

Solicitors & Advocates

**AZB Partners**

**Law & Prudence**

**V. Lakshmikumaran**

Bankers

**Axis Bank Ltd.**

**ICICI Bank Ltd.**

**The Federal Bank Ltd.**

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# Letter from the Chairman

## Dear Shareholders

“The world as we have created it is a process of our thinking. It cannot be changed without changing our thinking.”

~ **Albert Einstein**

The above quotation effectively captures what each one of us at Jyothy Laboratories has been focusing on during FY 2013. We have had a long track record of success at creating brands and achieving high market shares with a certain business model that we had shaped up over the years. We have defended our brands when they were challenged by larger competitors based on the insights we had of our customer's requirements. We used them effectively to build a value for money portfolio for our consumers.

However, with the acquisition of Henkel India, we needed to make big changes, since we moved into a more competitive arena where we hope to cater to a larger consumer base and diverse segments of the market.

Our idea in FY 2012-13 was to optimise our processes by fine-tuning our business to benefit an entity of our size post Henkel and to compete in the new categories we have entered into. We revisited each functional area of our business and made the required changes to ensure operational

efficiencies and garner full benefits of synergies on account of the acquisition.

Once we have that in place, and I believe we are not too far away from it, we will shift focus to scalability. This sequence will ensure that benefits of scalability percolate effectively to the bottom-line and on a sustainable basis.

## Early Signs of an Economic Revival

Asia's third largest economy, saw urban consumers spend less in calendar year 2012 due to high inflation, muted salary hikes, and slowing economic growth that affected both real wages and sentiment.

We continue to face a tough economic environment characterised by rising commodity costs and high inflation. Most agencies have forecasted an improvement in the GDP number for FY 2013-14 and even more so for FY 2014-15. The first signs of a turnaround are now visible as inflation seem to be under control while private consumption and investment growth have increased.

As per the latest India Development Update of the World Bank, it is estimated that the Indian economy would grow by 6.1% in 2013-14 on account of robust domestic demand, strong savings and investment rate. Against the backdrop of a normal monsoon projection this year, the



## **M. P. Ramachandran**

Founder, Chairman and Managing Director



World Bank has indicated that India is regaining economic momentum and growth is expected to recover gradually and fulfil its high long-term growth potential.

Compared with other sectors, the consumption story remains intact, though the pace of growth has slowed compared with previous years.

The FMCG sector continues to do well on the back of robust consumption driven by the sheer size of the Indian economy. We believe that the improving macroeconomic trends are a positive sign for us. Despite increasing short-term economic uncertainty and GDP projections being revised frequently, consumption in India is expected to touch US\$ 3,600 billion in 2020 from US\$ 900 billion in 2010, according to the CII and Boston Consulting Group (BCG) report on Retail and FMCG.

### **Translating our Efforts into Numbers**

For FY 2012-13, Net Sales grew by 53.5%, to ₹ 1,01,738 lakhs on a standalone basis. In terms of profitability the operating profits, which stood at ₹ 12,374 lakhs resulted in a growth of 48.8%. The



EBITDA Margins stood at 12.2% as opposed to 12.5% in the last year. Our EBITDA margins grew steadily quarter on quarter, except for the Q4 where we undertook a one-time write off and also reduced the supply of Ujala for almost 45 days, to facilitate the New Shrink Packaged Ujala.

Given that Operating Profits and corresponding margins had been the areas where we spent most of the time during the year, we have managed to set the ball rolling in a direction and manner whereby the topline growth which we will achieve hereon will be optimised.

We registered a Profit after Tax of ₹ 4,404 lakhs after considering other income. We believe that hereafter, with our focus on sales and a re-engineered business model; we should see an improvement in bottom-line growth.

Our Debt Equity Ratio stands at 0.66. We draw comfort from the fact that we have real estate on hand to sell and pay off to extinguish this debt, though we are clear that we would do this only at the right price and time. We are comfortably servicing the same from internal cash accruals and it is hence, fairly & comfortably manageable.

Having created a sustainable business model for our size and scale, achieving scalability and driving growth through higher market share should keep us busy in FY 2013-14. Greater awareness and visibility will be where most of the efforts will remain concentrated.

Accelerating growth will require being smarter and faster in everything we do. Today's consumer is very discerning and wants value, and value doesn't

necessarily mean a low price. It means offering innovative products that are incremental, transformational and in the nature of breakthroughs.

Another important milestone and an outcome of our integration with Henkel has been the establishment of a Research and Development Laboratory in Mumbai. This underlines our commitment to provide constant development of products. Going forward, this initiative will play a big role in driving our Company's growth in the times to come.

### **Catalysts of Change**

With a larger business to manage, we needed more hands and particularly, experienced and expert ones. The year saw the introduction of our CEO to the Company supported by a strong team of 15 senior professionals across Marketing, Distribution, Packaging, Manufacturing, Operations and all the key functions that are present in every multinational FMCG Company.

We have key brand managers now, who focus on the brands. Along with new recruitments, our existing team too is being groomed to take on greater responsibilities. Setting up a second line of management was necessary to induce fresh thinking for the larger entity that Jyothy Laboratories is now. Going forward, I strongly believe that the long standing experience of the Promoters and the complementing professional skill sets of our second line of management will ensure that we emerge further strong in FMCG sector.

While I discussed a lot of changes which we have initiated, I must hasten to add here that at the heart of our core business principle continues to be that of providing value for the money that our customers spend on the products across categories. This remains our organisational goal and all activities and efforts abide by this core value.

### **The Road Ahead**

During FY 2013-14, we hope to strengthen brands which will encompass new creatives, marketing spends and leveraging on the re-engineering distribution system while maintaining production efficiencies. Over a period of time, we hope to grow in excess of the industry mean.

### **A Vote of Thanks**

Although change is a constant phenomenon, it is never easy to manage. The transitional phase through which our Company is passing too is hence not an easy one by any yardstick. My colleagues deserve a special mention here for being the driving force behind the Company's achievements. I acknowledge and salute the high level of commitment and dedication that they have always brought to the table and this will continue to be crucial in the future and even bigger successes achieved by our company.

I also take this opportunity to thank each one of our stakeholders who have reposed their trust in us as we work towards a bigger and better tomorrow.

### **M. P. Ramachandran**

(CMD)



## Ullas Kamath

Joint Managing Director



# A 360 degree View

## From the desk of the Joint Managing Director

Ullas Kamath shares his vision for Jyothy Laboratories and his thoughts on the changes happening at the Company and the rationale behind the same.

### **On Change -- and why now ?**

“Jyothy Laboratories has undergone a lot of transformation in FY 2012-13. Let me first put this in perspective from a management’s viewpoint. We have had a glorious past with brand successes and being market leaders and we had a certain way of functioning which brought us to the stage where we had reached.

“After we acquired Henkel, not only did we grow in size, but we had to integrate the two organisations such that as a combined entity it would function like a well-oiled machine and derive optimal benefits of the synergies be it sourcing, manufacturing, distribution or marketing.”

More importantly it had to compete and thrive. For this we had to shift away from the way we had been functioning and incorporate the best industry practices so as to be at par in the competitive arena in which the merged entity operates. This was the primary driver of the changes that we have

made during FY 2012-13. “

“The core values of our Company remain intact, which is to provide commensurate value for the association our stakeholders have with our Company, be it customers who spend on buying our products, our vendor partners, our employees or shareholders.”

### **On Adding New People....**

“The Promoters of Jyothy Laboratories have a long standing experience in the industry spanning 30 years. With Henkel, we grew in size and had products which catered to a wider customer base as well as different markets. Further, we were convinced that given the stage which our Company had reached, it was time to introduce freshness into our thought process. Thus, we brought in a CEO who would be responsible for the fine tuning and functioning of the company as a well oiled machinery and under him, we have a professional team comprising functional heads for various key division in the Company like Manufacturing, Sourcing, Distribution and Brand Management. “

“We were sure that if the synergies between Henkel and Jyothy Laboratories were to fructify optimally, we needed to deploy specialists in each of the areas of operations, so that each functional area gets its due attention and it could be run in the most efficient way. It has also paved the way for our organisation to become process driven in as many ways as possible.”

“Notably, the introduction of this new team also facilitates the grooming of our existing members across the organisation. We believe that this fusion gives us the best of both worlds as it combines the passion and commitment of a family run entity and the niche organisational skill sets of professionals.

Ultimately, our progress will be driven by people who take personal ownership in both the results and the process to get there. Each of us will play an important role in ensuring we deliver excellent results and achieve our goals.”

### **On what remains unchanged...**

“We started the business in Kerala in 1983 and it took us almost 17 years to grow from zero revenue to ₹ 100 crore. However, it took us only 12 years to grow from ₹ 100 crore to ₹ 1,000 crore. At Jyothy Labs, we believe in simplicity. We never complicate things and that is our success formula. Our values remain the same and that is to ensure value for what we provide and get paid for by our



**Jyothy Laboratories  
Awarded at the  
Emerging India Awards  
2013**

# Financial Review

## Profit & Loss Account

(₹ in lacs)

Particulars	Standalone Year Ended	
	31-03-2013	31-03-2012
Net Sales	1,01,738	66,278
Other Income - Operating	136	66
<b>Total Income</b>	<b>1,01,874</b>	<b>66,344</b>
Cost of Goods Sold	56,767	37,259
Employee cost	11,056	7,802
Advertisement and Sales Promotion	8,181	4,283
Other expenditure	13,496	8,686
<b>EBITDA</b>	<b>12,374</b>	<b>8,314</b>
<b>EBITDA % to Net Sales</b>	<b>12.2%</b>	<b>12.5%</b>
Depreciation and Impairment	6,164	1,703
Interest	6,608	1,943
Other Income - Non Operating	4,985	5,654
<b>Profit before Prior Period</b>	<b>4,587</b>	<b>10,322</b>
Prior Period Item	183	-
<b>Profit Before Tax</b>	<b>4,404</b>	<b>10,322</b>
Tax	-	1,970
<b>Profit After Tax</b>	<b>4,404</b>	<b>8,352</b>

## Balance Sheet

(₹ in lacs)

Particulars	Standalone as on	
	31-03-2013	31-03-2012
Share Capital	1,612.64	806.32
Share Capital Suspense	5,527.92	-
Reserves and Surplus	65,261.73	66,544.25
Net Worth	72,402.29	67,350.57
Long Term borrowings	41,120.00	43,000.00
Deferred Tax Liabilities (net)	-	1,533.79
Long Term Liabilities	180.00	270.00
Long Term Provisions	917.68	631.76
Net Block	67,149.35	20,343.58
Capital Work in Progress	326.71	281.81
Non Current Investments	2,470.73	34,546.69
Long Term Loans & Advances	49,626.42	54,857.92
Long Term Other Assets	13.05	23.59
Cash and Bank Balances	3,813.59	5,099.40
Current Assets (Excluding Cash)	32,567.22	20,539.22
Current Liabilities	41,347.10	22,906.09

# Business Review

## Our Brands

Fabric Care

Ujala  
Henko  
Mr. White  
Chek

Household  
Insecticide

Maxo

Utensil Care

Exo  
Pril

Personal Care

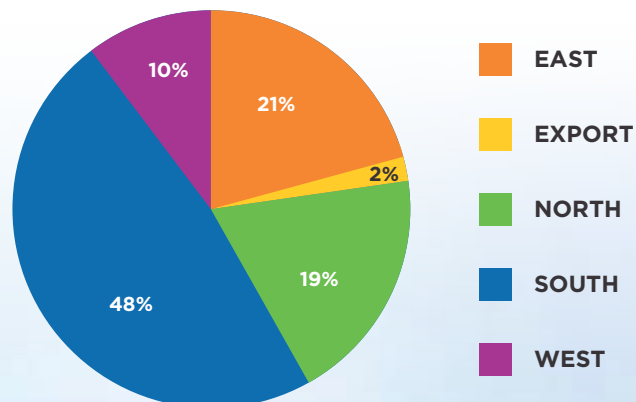
Margo  
Fa  
Neem



## Geographical Distribution

Region	Sales (₹ In lacs)	Total % Distribution
EAST	21,230	21%
NORTH	19,449	19%
SOUTH	48,698	48%
WEST	10,500	10%
EXPORT	1,861	2%
<b>Grand Total</b>	<b>1,01,738</b>	

## Regional Presence for FY 2012-13



**A RANGE OF FABULOUSLY  
FRESH DEODORANTS.**



# Fabric Care

Product Name : Ujala Fabric Whitener		
Market Share by Value	Market Share by Volumes	Retail Penetration
<b>72.6%</b>	<b>59.06%</b>	<b>70.1%</b>

Category	Product Portfolio
Popular/Economy	Check Morelight
Mid-Premium	Ujala Mr.White
Premium	Henko



# Household Insecticide

Product Name	Market Share by Value	Market Share by Volumes	Retail Penetration
Maxo Coils	16.2%	17.9%	25.4%
Maxo Liquid	4.8%	4.8%	16%

Segment	Product Portfolio
Coil	Maxo A Grade Green Maxo A Grade Red Maxo Low Smoke
Liquid Vapouriser	Maxo A Grade AIK
Aerosol	Maxo A Grade AIK



# Utensil Care

Product Name	Market Share by Value	Market Share by Volumes	Retail Penetration
Exo Bar	11.1%	9.6%	18.1%
Exo Bar (South)	27.3%	24.4%	43.5%
Exo Liquid (South)	5.2%	5.2%	16.7%
Pril Liquid	20.8%	20.2%	25.3%

Category	Product Portfolio
Utensil Cleaning Bar	Exo Anti-Bacterial Pril Perfect
Utensil Cleaning Liquid	Exo Anti-Bacterial Pril Perfect
Scrubber & Wipes	ExoSafai
Floor Cleaner	Exo Floor Shine



# Personal Care

Category	Product Portfolio
Soap Bar	Margo Fa Jeeva Niki
Face Wash	Jmargo
Toothpaste	Neem
Deodorants	Fa
Talc	Fa



# Fabric SPA

## JFSL PRESENCE



### Highlights:

- Country's biggest laundry chain with 103 retail outlets
- Current Operation in Bangalore, Delhi, Mumbai, Pune, Chennai, Jaipur and Ahmedabad.
- Total turnover of ₹ **4427.95** lakhs as on 31st March, 2013.



Map is indicative only & not to scale.

# CEO's Viewpoint

## A Note from the CEO's Desk



### **S. Raghunandan**

Wholetime Director & Chief Executive Officer

Jyothy Laboratories currently has a formidable array of brands with strong consumer equities, excellent product quality and an amazingly loyal consumer base. Ujala, Maxo, Exo , Pril , Margo, Fa are household names in the country today. The company has had a history of successful new product launches, has had the gumption to enter competitive market segments and create brands

that are either Number 1 or Number 2 or strong challenger brands in every category where it is present. The bedrock of its success has been great consumer insights, deep distribution reach, strong execution capabilities, fiercely passionate employees and an aggressive feet-on-street army scouring all rural markets and distributing products with great pride, vigour and passion.

When I joined this company, I realised that it had all the necessary ingredients which can be harnessed successfully. The acquisition of Henkel had made the company a formidable player in the FMCG domain. Business Model Re-engineering thus became the order of the day. Each aspect of the business was scrutinised in detail and then infused with best practices primed to enhance both image and market share. This "Fit to Complete" mantra helped achieve excellence across all aspects of business, in a highly competitive environment.

In the current year therefore, we as an organisation are ready to be "Fit to Win" and our focus areas

now would be on great execution, harnessing and motivating the Human resource talent that we possess as an organisation, build strong systems and processes, fine tune our manufacturing strategy, improve our working capital management, and more importantly grow our brands to their potential and build a strong, sustainable growth business for the future.

Last but not the least; we needed the power of an organisation to realise our dreams. So, we focussed on building a world class team which was capable of dreaming and also achieving new frontiers. Departmental heads supported by a dedicated team have been put in place based on their activities to ensure consistent efforts and results in each business function.

I would now enumerate below in some detail on the finer details of what we accomplished as a team in the last year and more importantly give a flavour of what we intend to focus on in the coming year.

### **Distribution and Channel Management**

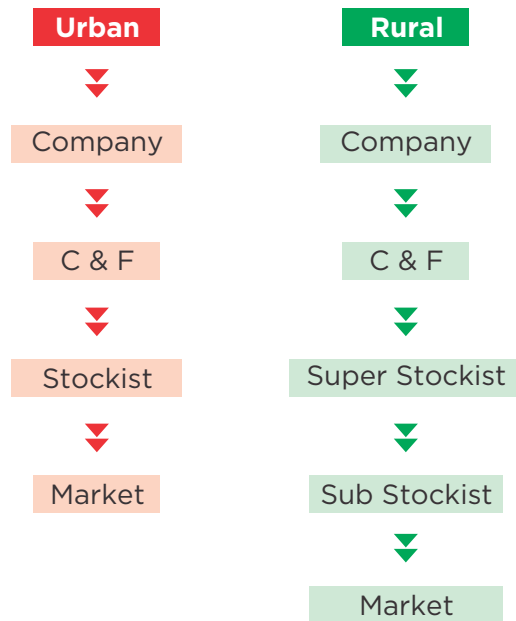
We needed to have a unified sales strategy in the market place wherein we believed in “Bigger is

better” as a guiding philosophy and today we have a single distributor selling all our products under one unified umbrella.

The number of distributors has been rationalised. Earlier, the company was functioning with owned depots and Commercial Sales Agents whereas we have now shifted our thrust to C&F outlets. The top 20 per cent of our key distributors will be covered by the company’s field force, while the rest will be taken care of by the distributor’s salesmen.

In the rural areas, we are distributing through a super stockist. Zonal Commercial Structure has been set up, to expedite business with distributors and faster settlements. This will result in good savings in distribution cost.

Automation of Secondary Sales and Order booking has been implemented and eventually all Distributor Claims and Secondary Schemes will be automated through the same software by the end of this financial year. We have rationalised our channel margins in line with the competition.



## Manufacturing & Packaging

When we set out to revamp the manufacturing processes, our primary objective was to deliver quality in a cost efficient manner. We also wanted to consolidate our operations and ensure safety as well as adherence to our manufacturing schedule which has been aligned to scientific demand forecasting. The process began with standardisation and re-organisation of our machinery across locations. Again, at each of our locations we have commenced rationalisation of

processes such that products are processed at a particular location till it is cost effective to do so. The final stages of packaging, however, could either be at the same unit or another unit which is closer to the market and more cost effective.

We are working on the removal of overlaps and are focusing on de-bottlenecking and higher capacity utilisation to reduce the cost per ton of the products we manufacture. We have also commenced benchmarking the costs internally across locations to ensure optimisation of manufacturing activities.

We have worked on our packaging which has been improved upon significantly to appeal to rural as well as urban customers. We are implementing a 360 degree approach where we are keeping the spotlight simultaneously on cost efficiency, aesthetic appeal as well as the user friendliness of our packaging.

## Supply Chain Management

Changes in the crucial Supply Chain Management have been broadly undertaken at three levels – strategic, tactical and operational. We have deployed Information Technology to facilitate

better planning of manufacturing schedules in accordance with demand forecasting. It also helps us source raw materials efficiently by availing of economies of scale as we can place orders in bulk at an integrated level. Resultantly, we are able to place orders at the optimal time and Inventory and Despatch of goods is also undertaken optimally. The entire exercise is aimed at ensuring lower blockage of funds in inventories, deriving benefits on account of scale and timely transit of goods to distributors. The icing on the cake comes in the form of cost savings.

### **Sourcing**

With centralised demand forecasting and co-ordination of schedules for manufacturing, we are also able to centrally source and leverage on our scale and derive the benefits of Henkel's integration. We follow the simple but highly effective cost plus model in terms of pricing. A core purchase team has been put in place for vendor management and their core functions include negotiating with existing vendors, scouting for new suppliers, engaging them etc. We have implemented a request for quotation format where we invite suppliers to a bidding process for the

supply of specific raw material, thereby ensuring that we get best prices.

### **Research & Development**

In today's competitive landscape with increasing consumer awareness, constant improvisation of the product is a must. It is a step forward in quality management and improvement as we will be undertaking product testing, competition benchmarking and cost reduction initiatives through this route. Additionally we will have accelerated storage stability facility to help us forecast the long term stability of our products. We will also be exploring tie-ups with external laboratories, universities and suppliers to develop technology for our innovations.

# Excerpts from M.R.Jyothy



## M.R.Jyothy

Executive Director and Marketing Head at Jyothy Laboratories, shares her vision for Jyothy brands

“We are in the process of rejuvenating most of our brands in line with our marketing goals. The categories we operate in offer great opportunities to grow, and all our efforts are directed to ensure our brands are positioned in a rightful and valuable manner in all aspects to serve the discerning consumer”

## UJALA



**Ujala Supreme (fabric whitener):** “The brand has a legacy of market leadership for over 20 years. In our pursuit to attract new users and drive category growth, we felt the brand needed a complete makeover. However, we had to be extremely careful in making any change to the product or packaging, as we didn’t want to lose its value proposition and identity amongst its loyal customer base. This gave birth to the new contemporary packaging for Ujala, an attractive sleeved bottle, giving the brand the much needed modern outlook.

The new advertising campaign showcases the new look with a new TV Commercial titled ‘Safedi Ke Aage Ujala’, built on the legacy of ‘Aaya Naya Ujala’ TV commercial first aired in the late 90’s. The TV commercial attributes usage of the brand to success. We believe these initiatives will help the brand reinforce its value to current users and will appeal to new users for its radiance which is beyond whiteness.”

## Ujala Detergent Powder:



“We launched Ujala IBF100, a mid-price segment detergent powder in the four southern states of India. It is the first of its kind detergent powder in the

country. It has a unique product feature called 'Intense Brightness Factor' that makes clothes much brighter than any other product in the segment. With a great value proposition of 100 watt brightness, we believe this product will only grow with time"

### HENKO : Premium Detergent

"Henko failed to gain the desired traction and grow



in the premium detergent space while it was with the erstwhile Henkel team, owing to multiple reasons. Yet it has high brand saliency and equity amongst the target consumers. Our initial efforts were intended to capitalise on this

equity by making the product easily available. We have further enhanced the product quality and changed the positioning of the brand with a promise to remove stains but without causing any damage to the fabric. We want the consumers to know this inherent feature of the product that comes with 'Oxygen Power'. The catchy phrase "Daag Nikale Magar Pyar Se" seemed to have already caught on."

### MAXO : Insect Repellent



"Maxo is one of the top three mosquito coil brands today, and with an innovation in liquid repellent that fits into any vapouriser machine, the brand is poised to lead its way into the competitive liquid space. The brand underwent a complete overhaul last year, with change in the

brand logo, followed with packaging and the introduction of the new liquid repellent with actor R. Madhavan endorsing it, Maxo has set its foot to become one amongst the top three liquid vaporizer brands. With new products planned there is a lot of excitement around the brand to be unfolded"

### PRIL : Premium Dish Wash



"The Liquid Dish wash category is growing at a healthy rate of 30%. Pril is India's first dish wash liquid brand. It enjoys high saliency and our efforts have been directed to make the product easily available to the consumers in convenient pack sizes. The advertising campaign attempts to connect with the young and progressive individuals. **They see their better halves as their equals; here the** relationship takes precedence over anything else. With our extensive understanding of this category and the consumer, new variants will be introduced as we go along to strengthen the product offering. With these efforts we believe Pril will soon reclaim its top position in the liquid dish wash segment"

### EXO : Dish Wash Bars



"Exo is one of the fastest growing brands in our portfolio. We were the first to offer the bar in a round format inside a plastic container. Soon many followed us, but none could offer the quality and precision with which Exo delivers its superior value of Zero Wastage and Effective



grease removal. Winning the 'Product of the Year' award stands testimony to the value Exo delivers. Not the least, Exo was India's first anti-bacterial dish wash brand. Being the pioneers of this property and the Round format, our efforts are to ensure we make the product easily available across India and let the consumers make an informed choice.

The current campaign on the bar aims to educate the consumer about the source of bacteria on utensils and how Exo can help one stay healthy; and the campaign for Exo Round showcases the benefits that won the brand the coveted 'Product of the year' title. We already have a sizeable market share in South, with all the current activities and the initiatives planned, we believe this brand will soon become the most preferred dish wash bar across India"

### MARGO: Neem based Soap



"Margo as a brand has been in existence for over 95 years. It is one of the few brands which contain

authentic Neem extracts. Neem is considered as a natural anti-bacterial agent especially used in skin care products. Margo is one of the largest selling Neem oil based soaps in WB and has a sizeable market share in the East and South regions of India. Our last campaign on Margo gave us good results. We consider our efforts to make the brand appeal to younger women was successful. Going forward we will ensure to keep up the momentum by deploying the right marketing mix to communicate the proposition of "clear skin is beautiful skin".

### FA : Deodorant



"Fa is commonly known in India as a women's deodorant brand. The deodorant category for women in India is pegged at ₹ 500 crore with growth rates of over 30%.

Being an international brand, we look to capitalise on this opportunity by focusing on the product offering and reach.

We have introduced 4 new fragrances in a smaller sized bottle that can easily fit into a ladies handbag. The rationale here is that we'd be focusing on women's range of products for some time now. 'Fa Feel Fantastic' is a global positioning for the brand. Our recent campaign that beautifully captures the feel fantastic moments expressed through 'Hugs' has got us very good reviews and results. Riding on the existing brand equity and our continued efforts, we are very bullish about Fa growing more than the category growth rates".

# Management Discussion And Analysis

## **Macro Economic Scenario**

The World Bank has revised India's growth forecast to 6.1% for the current fiscal which is a downward revision. This was largely due to the decline in agriculture sector growth estimate which is expected to grow at 2% during 2013-14 against the previous estimate of 2.7%, despite a normal monsoon projection. However, the multilateral funding agency has opined that India is regaining economic momentum and growth is expected to recover gradually to help fulfil its strong long-term potential.

Growth projections for 2013-14 have been arrived at by taking into account present internal and external factors. Growth is expected to increase further to 6.7% in 2014-2015. Recent data point to some improvements in economic activity: the inflation and trade deficit came down in recent months, while private consumption and investment growth accelerated in the third quarter of 2012-2013.

Indians have been the most confident consumers globally in the fourth quarter of 2012 according to a recent study by Nielsen. Consumer confidence in the country increased by 2 points to 121 between Q4, 2012 and Q3, 2012. Indian consumer markets which can be broadly categorised into rural and urban markets – are primarily being driven by factors like favourable demographics, higher disposable incomes, rising middle class, government support, internet revolution and digitisation.

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

As per CII, the Indian FMCG sector is the fourth largest sector in the economy with a total market size in excess of US\$ 13.1 billion. It has a strong MNC presence and is characterised by a well-established distribution network, intense competition between the organised and unorganised segments and low operational cost. 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 US\$ 11.6 billion in 2003 to US\$ 33.4 billion in 2015. Penetration level as well as per capita consumption in most product categories in India is low, indicating untapped market potential. The rapidly growing Indian population, particularly the middle class and the rural segments, presents an opportunity to makers of branded products to convert consumers to branded products. Growth is also likely to come from consumer 'upgradation' in the matured product categories.

The urban markets in India are poised for exponential growth in the coming years as the urban population has been estimated to grow at about 2.3 per cent between 2006-2016 while the overall population is anticipated to grow at an annual rate of about 1.4 per cent. Thus, acknowledging urbanisation at such a massive scale facilitates multiple opportunities to domestic and foreign majors to invest and expand their presence in the Indian urban markets. The urban markets in India are primarily driven by the youth and their growth is propagated by better infrastructure and facilities disseminated by the

Government. Urban expansion in India is anticipated to pace-up unlike anything the country or the world has seen before. It took nearly 40 years (from 1971 to 2008) for India's urban population to rise by nearly 230 million but it will now take only half that time to add the next 250 million, according to a report by McKinsey.

At the same time, with about 70 per cent of the Indian population residing in the hinterlands, the rural markets too present a significant opportunity for business conglomerates. Rural spending was significantly higher at ₹ 3, 75, 000 crore (US\$ 69.44 billion) than urban consumption at ₹ 2, 99, 400 crore (US\$ 55.44 billion) between 2009-10 and 2011-12; wherein rural consumption per person outpaced its urban counterpart by 2 per cent, according to a study by CRISIL and preliminary data released for 2011-12 by the National Sample Survey Organisation (NSSO).

## Key Industry Trends & Growth Drivers

### 1. Inflationary Pressures cooling off marginally

The upward trend in raw material costs which has been witnessed has tapered off towards the end of the year. This has released some pressure on the FMCG sector's margins.

## **2. Rural Demand continues to drive growth**

The Government of India has been supporting the rural population with higher minimum support prices (MSPs), loan waivers, and disbursements through the National Rural Employment Guarantee Act (NREGA) programme. These measures have helped in reducing poverty in rural India and have thus propped up rural purchasing power. Resultantly, Rural India continues to be the largest market for FMCG Companies.

## **3. Modern Trade continues to gain momentum**

Modern Trade (MT) has a market share of 9.2% in overall FMCG sales. But MT still continues to be an urban phenomenon. As per Nielsen, 17 key metros account for a whopping 73% of overall modern trade in India and accounted for a third of the general trade's sales in those geographies. Further, one in every five urban shoppers now frequents Modern Trade in the form of super or hyper markets. This growing importance of MT has also resulted in FMCG companies setting up sales and marketing teams dedicated only to MT. As per Nielsen, the proportion of consumers who claim to shop at MT "occasionally" has grown from 54% last year to 66% in 2012. This growth is being fuelled by many factors such as a comfortable and modern

shopping experience, access to diverse categories as well as a wide variety of brands under a single roof and attractive prices.

## **4. Improving Macroeconomic Scenario to benefit FMCG space**

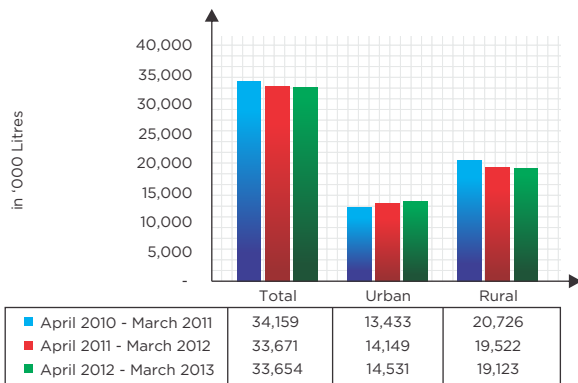
With the rise in disposable incomes, mid and high-income consumers in urban areas have shifted their purchasing trend from essential to premium products. In response, firms have started enhancing their premium products portfolio. Indian and multinational FMCG players are leveraging India as a strategic sourcing hub for cost-competitive product development and manufacturing to cater to international markets.

## **5. Reforms Initiatives required**

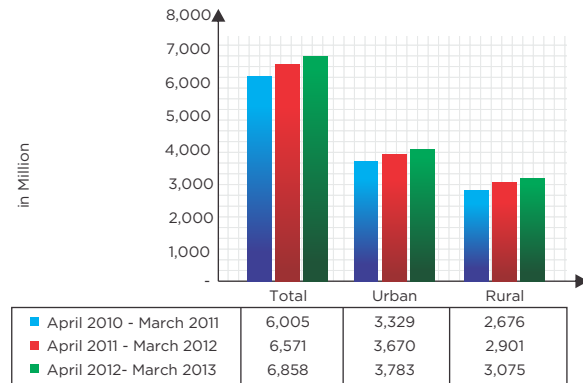
The multiple taxation system in India is yet to be overhauled and simplified. With implementation of GST which has been facing delays, pricing is expected to become more efficient.

## Industry Size and Statistics (source: AC Neilson )

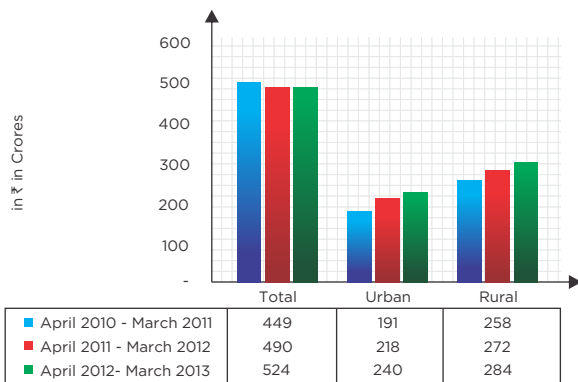
**Liquid Blues - Volumes**



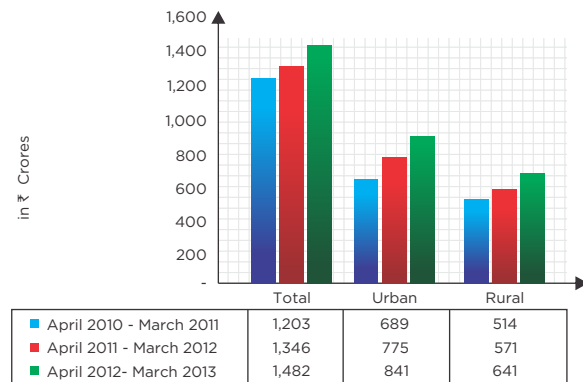
**Coils - Volumes**

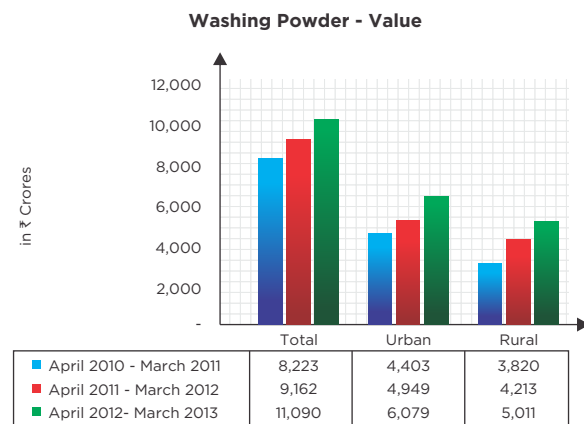
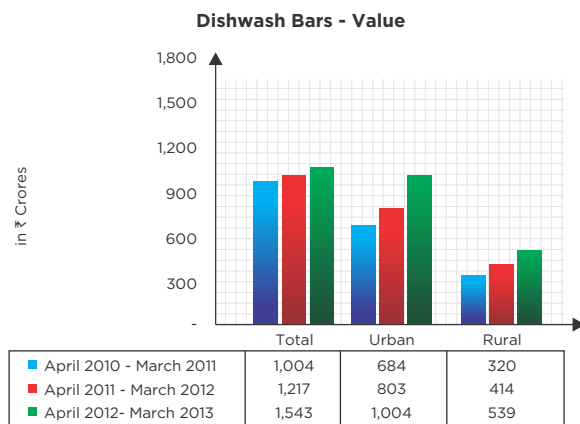
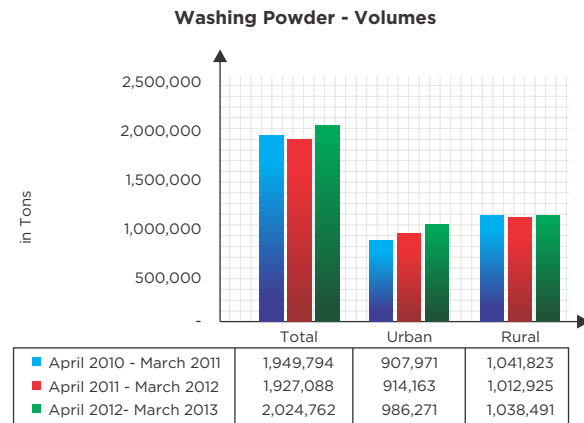
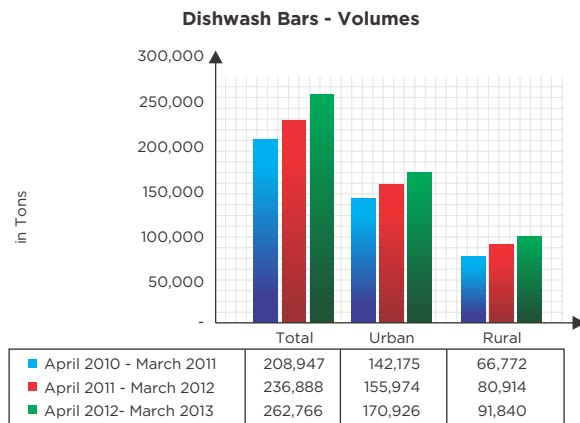


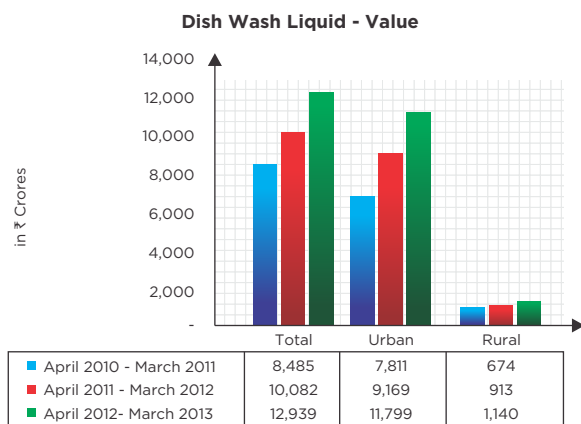
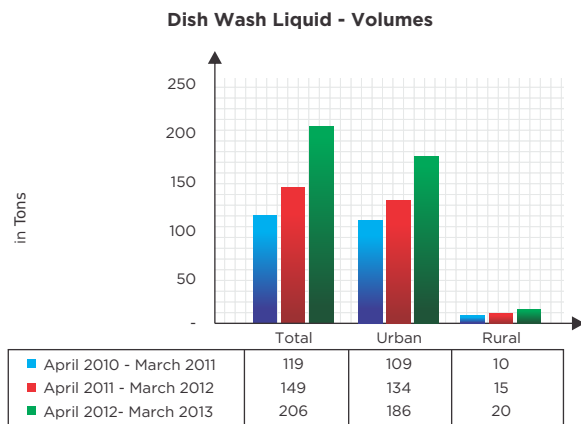
**Liquid Blues - Value**



**Coils - Value**







## **Jyothy Laboratories' Competitive**

### **Positioning**

- Renewed identity of the Company with a professional team of second line management backed by the long standing experience of the promoters.
- Strong presence in Rural as well as Urban markets with products available in 2.9 million outlets in India as of March 31, 2013, alongside 1 million direct outlets
- Consolidated Distribution network of 1700 distributors in Urban and 200 Super Stockists & 2000 Sub Stockists in Rural across the country.
- Zonal Commercial Structures in place with seven Zonal Sales Managers encompassing 2 in South India, 2 in North, 2 in East and 1 in the West.
- Higher capacity utilization to reduce cost / ton of product being worked upon. Manufacturing Schedules closely co-ordinate with scientific demand forecasting.

### **Risk Addressal**

- Rising Input Costs: With the integration in place, Jyothy is able to leverage on the benefits provided by its scale. Further, the Company has dedicated staff for vendor management and purchases are made through request for quotation format to avail of the best prices.
- Flat growth in Maxo: Maxo is presently in the highly competitive segment. The company is working on the packaging for Aerosols and different containers for Vapourisers which are the key focus areas. Further, the Company is implementing cost savings measures on the production side. Achieved 15% growth in the year 2012-13.
- Supply Chain Management: With Henkel's integration completed, Jyothy has moved towards a scientific process of demand forecasting using Information Technology and this is aligned with raw material purchases, manufacturing etc which results in better inventory management and is easy in servicing distributors.
- Competition: Jyothy has moved into a very competitive landscape. The Company will

thus be investing in advertisements and promoting brand awareness. 7 power brands have been identified which will be marketed aggressively with new communication.

## 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 2012-13

Total Revenue rose by 48.4% at ₹ 1,06,859 on y-o-y 12 months period including non-operating income of ₹ 4,985 lacs. Net Sales registered a 53.5% growth at ₹ 1,01,738 lacs on standalone basis.

The following table indicates the category wise growth rates for the 12 months period April 1, 2012 to March 31, 2013.

Category	Amount in ₹ Lac	
	2013	2012
Fabric Care	44,349	31,503
Household Insecticide	16,902	14,773
Dishwashing	27,013	16,329
Personal Care	9,635	657
Others	3,839	3016
<b>Total</b>	<b>1,01,738</b>	<b>66,278</b>

### Cost Analysis

Total cost (excluding interest and depreciation) of the company grew by 54.2% to ₹ 89,500 lacs in the 12 months period ended March 31, 2013 from ₹ 58,030 lacs in corresponding period of 2011-12 on account of an increased operational scale.

(₹ in lacs)

Particulars	Year Ended	
	FY 2013	FY 2012
Net Sales	1,01,738	66,278
Other Income - Operating	136	66
<b>Total Income</b>	<b>1,01,874</b>	<b>66,344</b>
Cost of Goods Sold	(56,767)	(37,259)
Employee cost	(11,056)	(7,802)
Advertisement and Sales Promotion expense	(8,181)	(4,283)
Other expenditure	(13,496)	(8,686)
<b>Total Expenditure</b>	<b>(89,500)</b>	<b>(58,030)</b>
<b>Operating EBITDA</b>	<b>12,374</b>	<b>8,314</b>
Depreciation and Impairment	(6,164)	(1,703)
Interest	(6,608)	(1,943)
Other Income - Non Operating	4,985	5,654
<b>Profit before Prior Period</b>	<b>4,587</b>	<b>10,322</b>
Prior Period Item	183	-
<b>Profit Before Tax</b>	<b>4,404</b>	<b>10,322</b>
Tax	-	1,970
<b>Profit After Tax</b>	<b>4,404</b>	<b>8,352</b>

**Cost of Goods Sold:** During the financial year, COGS of the Company increased from ₹ 37,259 lacs in FY 2011-12 to ₹ 56,767 lacs in FY 2012-13 due

to rise in operations. Cost of goods sold as a percent of net sales decreased from 56.22% over the corresponding period to 55.80% for the year ending March 2013.

**Employee cost:** For the year 2012-13 stood at ₹ 11,056 lacs while the corresponding figure for 2011-12 was ₹ 7,802 lacs, translating into a 41.7% growth. This was mainly on account of annual increments to staff, Cost of New Management and salary of JCPL employees (₹ 1,870 lacs). Employee cost as a proportion to total cost was at 12.35% as compared to 13.44% in last year.

**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 55.4% from ₹ 8,686 lacs in 2011-12 to ₹ 13,496 lacs in 2012-13. This was mainly on account of expenses of JCPL (₹ 2,998 lacs) and increase in operations. Other Expenses as a percentage to Net sales is similar as compared to last year at 13%.

**Advertisement and Sales promotion expenses** of the Company increased by 91% from ₹ 4,283 lacs in 2011-12 to ₹ 8,181 lacs in 2012-13 due to increase in advertisement expenditure on JCPL brands like

Margo, Henko and Pril. Further, advertisement expenditure as percentage to net sales have gone up from 6% in 2011-12 to 8% in 2012-13 with a view for generating better pull for all the Brands.

### **Margins**

EBIDTA margin of the Company was 12.2% in 2012-13 as compared to 12.5% in 2011-12. This was mainly on account of the business model re-engineering exercise we undertook during the year. Further, in 2011-12 the margins were for standalone Jyothy Laboratories Limited whereas for 2012-13 it included margins for Jyothy Consumer Products Limited which was loss making in the previous years.

PAT stood at ₹ 4404 lacs as compared to ₹ 8,352 lacs in the previous year on account of cascading effect from the operational level and mainly due to amortization of brand and goodwill to the tune of ₹ 4,471 lacs.

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

Total capital employed stood at ₹ 72,402 lacs for the 12-month year ending on March 31, 2013. For the 12-month year March 2012, it stood at ₹ 67,351 lacs.

### **Own funds**

The net worth of the Company increased by 7.5%

from ₹ 67,351 lacs as on March 31st, 2012 to ₹ 72,402 lacs as on March 31st, 2013.

**Return on net worth** of the Company for 12 month year ending March 2013 stood at 6.08% as compared to 12.4% for the corresponding period of the previous year.

**Equity:** The equity share capital (issued and subscribed) of the Company consists of 161,264,000 equity shares of ₹ 1 each.

**Reserves and surplus:** The reserves and surplus of the Company stood at ₹ 65,262 lacs.

### **Loan funds**

The debt portfolio of the Company comprises of bank overdraft, commercial paper, bank term loans and secured redeemable non convertible debentures amounting to ₹ 53,720 lacs.

### **Net block**

The net block of the Company as on 31st March, 2013 stood at ₹ 67,149 lacs, which includes asset taken over from JCPL of ₹ 37,874 lacs.

**Net working capital** of the Company stood at ₹ 3820.40 lacs as on March 31, 2013 as compared to ₹ 6700.09 lacs as on March 31, 2012 due to effective working capital management.

**Inventory:**

Inventory of the company stood at ₹ 16,744.64 lacs as on March 31, 2013 as compared to ₹ 7928.19 lacs as on March 31, 2012. Inventory turnover for the company stood at 108 days for 12 months year ending March 2013 as against 78 days against the corresponding period of 2011-12.

**Sundry debtors:**

Sundry debtors for the Company stood at ₹ 11,001.76 lacs for 12 month year ending March 2013.

Debtor turnover stood at 22 days for 12-month year ending March 2013. For the corresponding period of the previous year, the same stood at 23 days.

**Cash and bank balances:**

Cash and bank balances for the Company stood at ₹ 3,813.59 lacs.

**Loans and advances:**

Loans and advances for the Company stood at ₹ 54,042.16 lacs as on 31st March, 2013 as against ₹ 59,771.93 lacs as on 31st March, 2012.

**Other liabilities and provisions:**

Other liabilities and provisions for the Company stood at ₹ 18,344.34 lacs.

**Working Capital**

Particulars	2013	2012
<b>Current assets</b>		
Inventories	16,744.64	7,928.19
Trade receivables	11,001.76	4,251.55
Loans and advances	4,415.74	4,914.01
Other assets	405.08	221.18
	<b>32,567.22</b>	<b>17,314.93</b>
<b>Current Liabilities</b>		
Trade payables	11,500.16	6,326.44
Other current liabilities	10,196.04	1,498.58
Provisions	7,050.62	2,789.82
	<b>28,746.82</b>	<b>10,614.84</b>
<b>Net working Capital</b>	<b>3,820.40</b>	<b>6,700.09</b>

Sundry creditors for the Company stood at ₹ 11,500.16 lacs as on March 2013 as against ₹ 6,326.44 lacs as on March 31, 2012.

**Dividend**

The board has recommended a dividend @ ₹ 2.5/- (250%) per share for the financial year 2012-2013 against the dividend of ₹ 2.5/- (250%) per share paid for the year 2011-12.

# Directors' report

To,

The Members,

Your Board of Directors is pleased to present the 22<sup>nd</sup> Annual Report together with the Audited Financial Statements for the year ended March 31, 2013 compared with previous financial year as follows:

(₹ in lacs)

Financial results	Financial Year ended March 31, 2013	Financial Year ended March 31, 2012
<b>Net Sales</b>	<b>101,737.67</b>	<b>66,278.15</b>
Other Income	305.56	517.63
<b>Earnings before interest, tax, depreciation, amortization and impairment</b>	<b>12,543.48</b>	<b>8,765.36</b>
Interest & Finance Charges/(Income) Net	1,792.67	(3,259.35)
Depreciation, Amortization and Impairment - Tangibles	1,516.24	1,434.73
Depreciation and Amortization - Intangibles	4648.28	268.46
Prior year items- Expenses	182.71	-
<b>Profit before tax</b>	<b>4,403.58</b>	<b>10,321.52</b>
Provision for tax		
- Current tax - (MAT Payable)	885.00	2,010.00
- MAT Credit (entitlement)	(885.00)	-
- Deferred tax charge/(reversal)	-	(40.04)
<b>Profit after tax</b>	<b>4,403.58</b>	<b>8,351.56</b>
Balance as per last Balance Sheet		
- Brought forward	6,745.54	2,736.79
Balance available for appropriations	11,149.12	11,088.35
<b>Appropriations:</b>		
Final Dividend on Equity Shares	4,150.59	2,015.80
Corp. Dividend Tax	705.39	327.01
Transfer to General Reserve	500.00	2,000.00
Transfer to Debenture Redemption Reserve	1,250.00	-
Balance Carried Forward (Profit and Loss Account)	4543.14	6,745.54
Earning Per Share (Basic and Diluted)	2.65#	5.18@
Cash Profit	10,568.10	10,054.75
Cash EPS	6.37#	6.23@
Dividend Per Share	2.50#	1.25@

# On post bonus and post merger equity capital.

@ On post bonus pre merger equity capital.

## Amalgamation of Jyothy Consumer Products Limited (Formerly Henkel India Limited) with the Company

Your Directors are pleased to inform that the process of amalgamation of Jyothy Consumer Products Limited (Transferor Company) (formerly known as Henkel India Limited) was completed on April 12, 2013, when the Honourable judge of Bombay High Court approved the Scheme of Amalgamation. Appointed Date was April 1, 2012, whereas compliances like filing of necessary e-Forms with Registrar of Companies were completed on May 13, 2013 and the amalgamation has become effective from that date.

Your Directors had fixed May 28, 2013 as the 'Record Date' to determine eligibility of shareholders of the Transferor Company to get shares of the Company. Process of allotment and listing of shares is expected to be completed around June end, 2013. Directors welcome the shareholders of the Transferor Company.

### Performance

The financials for the current financial year are not comparable with the previous financial year. Financials for the year under review reflect the affect of merger of Jyothy Consumer Products Limited (JCPL) with the Company for the full year. Financials for the financial year 2011-12 are in respect of the full year of the Company as it stood prior to the merger of JCPL.

During the financial year ended March 31, 2013, the Company recorded Net Sales at ₹ 1,01,737.67 lac compared to ₹ 66,278.15 lac in the previous financial year. In the financial year under review, Profit after Tax and Cash Profit compare as follows:

(₹ lac)

Particulars	2012-13	2011-12
Profit after tax but before depreciation and amortization of Goodwill, Copyrights and Trademarks acquired due to amalgamation of JCPL	8,874.12	8,351.56
Depreciation and amortization of Goodwill, Copyrights and Trademarks acquired due to amalgamation of JCPL	4,470.54	Nil
Profit after Tax	4,403.58	8,351.56

During the year under review, the sales of soaps and detergents was ₹ 75,594.59 lac compared to ₹ 44,554.67 lac in previous year and the sales in homecare segment grew to ₹ 24,490.86 lac compared to ₹ 21,785.18 lac in previous year. The sales and profit in soaps and detergents reflect the effect of amalgamation of JCPL as well. The profitability in homecare segment improved considerably from a segment loss of ₹ 1,594.59 lac in previous year to profit of ₹ 794.13 lac in the current year.

### Finance

The borrowings as on March 31, 2013 was at ₹ 53,720.28 lac (previous year ₹ 55,291.25 lac). Net working capital as on March 31, 2013 was at ₹ 3,820.41 lac compared to ₹ 6,700.08 lac at the end of previous year.

### Issue of Bonus Shares

During the year, the Board of Directors of your Company had issued and allotted bonus shares in the ratio of one new bonus equity share of face value of ₹ 1/- each for every one equity share held by the members as on July 16, 2012 (Record Date decided for the purpose). After bonus issue, paid up capital of the Company was augmented and stood at ₹ 16,12,64,000/-.

### Dividend

For the financial year under review, the Board is pleased to recommend a dividend @ 250% of face Value of Equity Shares of ₹ 1/- each (i.e. ₹ 2.50 per equity share), aggregating to cash outlay of ₹ 4,855.98 lac including dividend distribution tax of ₹ 705.39 lac. The dividend is payable on the equity capital enhanced by the issue of bonus shares in the ratio of 1:1 and also on 47,59,496 equity shares of ₹ 1/- each of the Company to be issued to the shareholders of erstwhile JCPL consequent upon its amalgamation with the Company. In the previous financial year, the Board had recommend and paid a dividend @ 250% of face Value of Equity Shares of ₹ 1/- each (i.e. ₹ 2.50 per equity share) on pre- bonus equity capital of the Company involving cash outlay of ₹ 2,342.81 lac including dividend distribution tax of ₹ 327.01 lac.

The dividend will be paid to eligible members if approved by them at the ensuing Annual General Meeting of the Company.

### New Developments & Initiatives

- Creation of new and vibrant organization structure.
- Realisation of synergy with the integration of Henkel operations with the Company.
- Business model re-engineering to drive efficiency and improve profitability across entire value chain.
  - Better and packaging
  - Supply Chain project to improve working capital management through business planning and improvements in operating processes
  - Integration of sales and distribution of Henkel with the Company
  - Consolidation of distribution network and movement to C & F model
  - Rationalisation of channel margins
- Consolidation of manufacturing facilities and improving cost competitiveness through improvement in operational efficiencies and capacity debottlenecking.
- New Brand Strategy.

## Bangladesh

- Commercial production expected to start in second quarter of financial year 2013-14.

## Management Discussion & Analysis Report:

Management's Discussion & Analysis Report is attached and forms part of this Directors' 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 Consolidated Financial Reports 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 letter, 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 is attached to the Consolidated Balance Sheet. 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 doorstep" and other related services through its subsidiary company namely Jyothy Fabricare Services Limited (JFSL).

The Laundry Plant with 10 tons/day capacity at Ahmedabad, set up on BOOT model by JFSL – JLL (JV) for the Western Railways,

has commenced its operation in the month of January, 2013. By adopting improvised methods, the JV has achieved capital utilisation at 130% of its installed capacity. Further the BOOT project at Delhi International Airport is being pursued for commencing its operation in the month of April, 2014.

During the financial year 2012-13, JFSL focused on rationalising and improving financial efficiency in its operations at all levels after its expansion drive in previous financial year 2011-12. As a result, Loss before Interest, Tax and Depreciation & Amortization reduced by 28.24% at consolidated level and JFSL recorded a total consolidated turnover of ₹ 44.28 crore up by 16.50%, during the year under review.

For financial year 2013-14, JFSL has concrete plans for enhanced focus on retail; aligning the institutional & railway business and also concentrate to further increase volumes of the BOOT project and thereby improve profitability.

## 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, 2013.

## Directors

In accordance with the requirements of the Companies Act, 1956, and the Articles of Association of the Company, Mr. K. P. Padmakumar and Mr. Bipin R. Shah, 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.

## Auditors

During the year, they had informed the Company vide their letter dated April 2, 2013, that their firm has been converted into Limited Liability Partnership and now it would be known as "S. R. Batliboi & Associates LLP".

M/s. S. R. Batliboi & Associates LLP, Chartered Accountants, Mumbai, having registration number 101049W, Statutory Auditors of the Company, continue to hold office until conclusion of the 22<sup>nd</sup> 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.

### Auditors' Report

Auditors' Report under heading 'Emphasis of Matter' has drawn attention to Note 41 to the Financial Statements of the Company (on stand-alone basis) which form part of this annual report. It is further stated that the managerial remuneration amounting to ₹ 1,113.72 lacs is paid/ provided during the year under review of which ₹ 921.72 lac is in excess of the limits prescribed under Schedule XIII of the Companies Act, 1956 (the said Act).

As explained in the Note 41 referred above, the maximum remuneration payable to Managerial Personnel amounts to ₹ 1025.37 lacs, i.e. 10% of the profits computed under section 198 of the said Act as against ₹ 1113.72 lacs paid/provided during the year resulting in excess payment/provision of ₹ 88.35 lacs. The Company has applied to the Central Government seeking their approval and will also seek approval of its shareholders in the ensuing Annual General Meeting for the remuneration paid/ payable to the Whole Time Directors. Pending receipt of such approval from the Central Government, the excess amount paid, if any, shall be held in trust by such Directors.

### 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 various specified products of the Company for the financial year 2013-14. Cost Audit Report for the year 2011-12 was filed within due date. The due date for filing of the Cost Audit Report for the year 2012-13 is September 30, 2013.

### 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, 2013, 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, 2013 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, 2013 on a 'going concern' basis.

### Conservation of Energy & 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 Lacs)		
Particulars	2012-13	2011-12
Foreign exchange earnings	890.74	872.98
Foreign exchange outgo	1,072.85	382.16

### Particulars of Employees

Particular of employees as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended and forming part of the Directors' Report for the year ended March 31, 2013 are set out as an annexure to this report. However, as per provisions of Section 219(1) (b)(iv) of the Companies Act, 1956, the report and the accounts are being sent to all the shareholders excluding the aforesaid information. Any shareholder desirous of obtaining such particulars may write to the Company Secretary at the registered office of the Company.

### Risk and Concerns

The high rate of inflation and depreciation of Rupee continue to cause anxiety about the growth of Indian economy and the performance of the Corporates including FMCG sector. 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, to some extent, 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 and product appeal, 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 was perceived to depend for Turnover and Profits on a few products and that any adverse movement in sale or profitability of such products may compromise its performance. The Company, being aware of the matter, has been continuously extending its products range and geographical reach within India and reducing cost through greater operational efficiency without any compromise in quality. In the previous year, the Company had acquired 83.66% stake in Henkel India Limited (later renamed as Jyothy Consumer Products Limited), which has since been amalgamated with the Company. The consolidated operations after amalgamation, have further broad-based its product portfolio and consumers.

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 22, 2013

# 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 8 (Eight) Directors of whom 4 (Four) are Executive Directors and 4 (Four) 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 the Member of the Board	Relationship with other Directors
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. S. Raghunandan Rao	None
Mr. Nilesh B. Mehta	None
Mr. K. P. Padmakumar	None
Mr. Bipin R. Shah	None
Mr. R. Lakshminarayanan	None

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

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

On May 23, 2012, June 15, 2012, July 25, 2012, November 1, 2012, and on February 7, 2013. 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	5	Yes
Mr. K. Ullas Kamath	5	Yes
Mr. S. Raghunandan Rao*	5	Yes
Ms. M. R. Jyothy	5	Yes
Mr. Nilesh B. Mehta	5	Yes
Mr. K. P. Padmakumar	4	Yes
Mr. Bipin R. Shah	3	Yes
Mr. R. Lakshminarayanan*	3	Yes

\*Joined the Board on May 23, 2012.

## 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	5	2 (1)
Mr. K. Ullas Kamath	Executive	3	3 (Nil)
Mr. S. Raghunandan Rao	Executive	1	0
Ms. M. R. Jyothy	Executive	4	1 (Nil)
Mr. Nilesh B. Mehta	Independent	5	3 (Nil)
Mr. K. P. Padmakumar	Independent	4	2 (0)
Mr. Bipin R. Shah	Independent	5	6 (2)
Mr. R. Lakshminarayanan	Independent	2	0

## Remuneration of Executive Directors:

Details of Remuneration of Executive Directors of the Company are as under:

Sr. No.	Particulars	M. P. Ramachandran	K. Ullas Kamath	M. R. Jyothy	S. Raghunandan Rao
1	Salary & Perquisites	2,16,00,000	1,80,00,000	42,00,000	3,39,58,065
2	Provident Fund	Nil	21,60,000	5,04,000	40,74,968
3	Superannuation Fund	Nil	18,00,000	4,20,000	33,95,807
4	Commission	1,11,88,038	1,00,70,134	Nil	Nil

Refer Note No. 41 of the Notes to Accounts which is part of the Annual Report.

## Non-Executive Directors' Compensation and Shareholding:

As per resolution dated May 23, 2012, passed by the shareholders of the Company through Postal Ballot, the members had approved compensation payable to Non-Executive and Independent Directors on the Board of the Company for an amount not exceeding 1% of the net profits of the Company calculated in accordance with the provisions of Section 309 of the Companies Act, 1956.

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 Directors	Sitting Fees (₹)	Commission (₹)	No. of Shares held
1	Mr. Nilesh B. Mehta	1,45,000	8,00,000	Nil
2	Mr. K. P. Padmakumar	1,00,000	8,00,000	Nil
3	Mr. Bipin R. Shah	95,000	8,00,000	100
4	Mr. R. Lakshminarayanan	60,000	8,00,000	Nil

## 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 the 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 the Secretary to the Audit Committee. The Audit Committee meetings

were held on May 23, 2012, July 25, 2012, November 1, 2012 and February 7, 2013.

The attendance at these meetings was as under:

Sr. No.	Name of the Directors	No. of Meetings Attended
1	Mr. Nilesh B. Mehta	4
2	Mr. K. P. Padmakumar	3
3	Mr. Bipin R. Shah	3
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 Remuneration Committee is duly constituted in accordance with the provisions of Clause 49 of the Stock Exchange Listing Agreement which inter alia shall include as under:

- (1) To design Company's policy on specific remuneration packages for Executive/ Whole-Time Directors including pension rights and any other compensation payment.
- (2) To determine, peruse and finalize terms and conditions including remuneration payable to Executive/ Whole-Time Directors of the Company from time to time.

(3) To review, amend or ratify the existing terms and conditions including remuneration payable to Executive/ Whole-Time Directors of the Company.

(4) To recommend to the Board of Directors their decisions and further actions as they may deem fit.

Members of the Committee are: Mr. Nilesh B. Mehta (Chairman), Mr. K. P. Padmakumar, & Mr. Bipin R. Shah. All the members are Independent/ Non-Executive Directors.

The Remuneration Committee held one meeting on November 1, 2012 and all the members attended the meeting.

#### 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 23, 2012, July 25, 2012, November 1, 2012 and February 7, 2013.

The attendance at these meetings was as under:

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

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

During the financial year, the Company received 15 complaints and 15 were disposed off. The Company does not have any 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, 2013, 1,100 Equity Shares belonging to 11 applicants were lying in Depository Escrow Account.

Aggregate number of shareholders in the suspense account lying 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 lying at the end of the year	11
Aggregate number of outstanding shares in the suspense account lying at the end of the year	1,100 *
Aggregate number of applicants in the IPO Refund Account lying at the end of the year	7
Aggregate amount in IPO Refund Account lying at the end of the year (₹)	1,03,500

\* Includes allotment Bonus Shares issued during the year.

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 the application moneys lying in IPO Refund Account.

## General Body Meeting

Last four 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
2011-12	August 14, 2012	10.30 a.m.	2	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 5 (Five) Special and 1 (One) Ordinary Resolutions were passed through postal ballot process. Detail of voting conducted through Postal Ballot for the business stated in the Notice dated July 3, 2012 of the Company was in respect of the following Resolutions:

Sr. No.	Resolution - Description	Valid Postal Ballot forms received	Votes in favour of the Resolution	Votes against the Resolution	Invalid Postal Ballot forms received	Results
1.	Special Resolution under Sections 94(1)(a), 16 and 31 of the Companies Act, 1956 for increase in Authorised Share Capital to ₹ 17 Crore and making consequential amendments in Capital Clauses of Memorandum and Articles of Association of the Company	858	6,22,22,138	1,045	2,994	Approved
2.	Special Resolution under Sections 198, 269, 309, 349 and 350 read with Schedule XIII to the Companies Act, 1956, for appointment of Mr. K. Ullas Kamath as Joint Managing Director of the Company	858	6,22,22,138	1,045	2,994	Approved
3	Special Resolution under Sections 198, 309, 349 and 350 of the Companies Act, 1956, for payment of remuneration by way of commission to Independent/ Non-Whole Time Directors of the Company.	858	6,10,04,231	6,553	12,15,393	Approved
4	Special Resolution for Re-appointment of Mr. M. P. Sidharthan as Production Manager of the Company.	858	6,09,72,257	15,833	12,38,087	Approved
5	Special Resolution for increase in remuneration payable to Mr. M. P. Divakaran, General Manager of the Company	858	6,09,68,343	19,206	12,38,628	Approved
6	Ordinary Resolution for issue of Bonus Shares	858	6,13,70,009	795	8,55,373	Approved

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

### Procedure for postal ballot:

Mr. Anish Gupta, Proprietor of Anish Gupta & Associates, Company Secretary 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, 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 they submitted their report to the Company. Resolution(s) 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 resolution were deemed to have been passed, if votes cast in favor were more than the votes cast against.

The results of Postal Ballot were declared on July 3, 2012. Postal Ballot Register and Minutes were completed. Necessary forms/returns were filed on July 3, 2012.

### Details of Directors Seeking Appointment/ Reappointment

#### (a) Mr. K. P. Padmakumar

Mr. K. P. Padmakumar, 69, is a Non-Executive, Independent Director of the Company since June 2007. A banker with nearly 42 years of association in India and abroad in Commercial Banking, Treasury Management, Capital Markets and Mutual Funds, is a Graduate in Agriculture and a Certified Associate of Indian Institute of Bankers CAIIB. During his long 27 years of service in State Bank of India, he had handled many operational assignments including Treasury

Managership of State Bank of India's Bahrain Offshore Banking Unit and that of Fund Manager of State Bank of India Mutual Fund. He was Chairman of The Federal Bank Ltd for 6 years from 1999 to 2005 and was instrumental in the transformation of that Bank as a tech savvy vibrant Bank with commanding presence in the Indian Banking Universe.

Details of other companies in which directorships are held:

<u>Name of Companies</u>	<u>Nature of Interest</u>
Muthoot Vehicle & Asset Finance Limited	Director
Muthoot Securities Limited	Director
Muthoot Commodities Limited	Director
Jyothy Consumer Products Limited	Director

#### (b) Mr. Bipin R. Shah

Mr. Bipin R. Shah, 81, is a Non-Executive, Independent Director of the Company since June 2007. He is a B.Com from Bombay University and a member of The Institute of Chartered Accountants of India. In 1956, he joined Hindustan Lever (subsidiary of Unilever) as Management Trainee. From 1958 to 1978 he held various Senior Commercial Assignments in Hindustan Lever Ltd., including Commercial Manager at its largest soaps, detergents and foods factory in Bombay, Chief Buyer Raw Materials and Head of Foods Business.

He became a Director of Hindustan Lever Ltd. in 1979. In that capacity he was responsible for Foods, Animal Feeds, Agri Products and Exports Businesses. In that capacity he was responsible for a very commendable turnaround of the Company's dairy business.

In 1981, he was assigned the additional responsibility of being Chairman of another Unilever subsidiary Lipton India Ltd., which was facing considerable losses and financial crisis. Mr. Shah managed not only to turn around the Company but also to restore the confidence of the shareholders and employees. Under his stewardship Lipton India grew into a more diversified and profitable foods company with edible fats, dairy products and animal feeds which were added to the original tea business. As a result, the profitability of the company improved substantially and the share price of Lipton India which was quoted below its par value of ₹ 10/- in 1981 rose to be over ₹ 400/- by 1992 when he retired from its Chairmanship.

In addition to Lipton responsibilities, Mr. Shah was also Chairman of Export Business of four Unilever Companies in India viz., Hindustan Lever Ltd., Lipton India Ltd., Brooke Bond India Ltd. and Ponds India Ltd.

In 1989 he attended Senior Executive Programme conducted by Sloan School of Business, Massachusetts Institute of Technology at Boston, USA.

On his retirement from the Lever Group of Companies in 1992, he joined Indus Venture Management Ltd. where he was the Vice Chairman until May, 2006.

Details of other companies in which directorships are held:

<u>Name of Companies</u>	<u>Nature of Interest</u>
Dolphin Offshore Enterprises (India) Limited	Chairman
Kotak Mahindra Asset Management Co. Limited	Director
Dolphin Shipping Company Limited	Chairman
Jyothy Consumer Products Limited	Director
Global Pharmatech Private Limited	Director

## 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, 2013.
- (iii) 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 have been denied access to the Ombuds person.

## Risk Management

The Company has laid down procedures and appraised 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](http://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 was also made to institutional investor/ 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 August 12, 2013 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, 2012 to March 31, 2013.

- c) **Dates of Book Closure:** From July 27, 2013 to August 12, 2013.

- d) **Dividend Payment:** After August 12, 2013.

(Dividend @ ₹ 2.50 Per Equity Share shall also be payable on 47,59,496 Equity Shares of ₹ 1/- each of the Company to be allotted to erstwhile shareholders of Jyothy Consumer Products Limited, consequent upon its amalgamation with the Company).

- 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 022 25946970, Fax: 0091 022 25946969  
E-mail: [rnt.helpdesk@linkintime.co.in](mailto: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:

Month	BSE Market Price (₹)		NSE Market Price (₹)	
	High	Low	High	Low
April 2012	178.40	160.35	178.40	159.50
May 2012	225.00	173.70	224.90	170.10
June 2012	244.90	208.25	245.00	203.95
July 2012	250.00	115.45	250.40	117.10
August 2012	165.30	123.20	165.80	123.05
September 2012	183.65	145.40	184.20	146.00
October 2012	181.00	151.55	182.00	151.00
November 2012	208.30	160.00	211.25	169.00
December 2012	195.85	155.10	195.50	154.50
January 2013	171.80	147.20	171.80	143.40
February 2013	159.05	140.00	159.50	138.75
March 2013	174.55	151.05	174.45	142.00

j) Shareholding pattern as on March 31, 2013:

(Before giving effect to the proposed allotment of 47,59,496 Equity Shares of ₹ 1/- each of the Company consequent upon amalgamation of Jyothy Consumer Products Limited with the Company.)

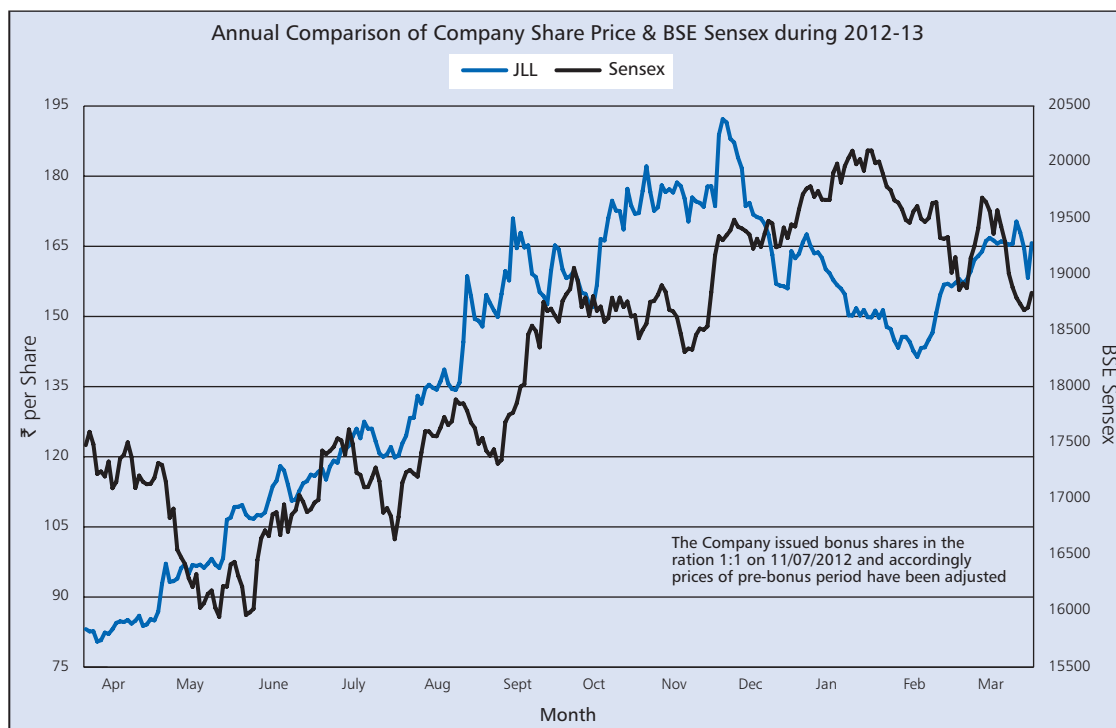
Category	No. of Shares	Percent
1 Promoter and Promoter Group	10,57,44,118	65.57
2 Institutions		
Mutual Funds	82,00,193	5.08
Financial Institutions/Banks	7,283	0.00
Insurance Companies	71,99,897	4.46
Foreign Institutional Investors	2,65,48,160	16.46
3 Non-Institutions		
Bodies Corporate	55,19,318	3.42
Individuals	73,91,746	4.58
Non Resident Indians (Repat & Non-Repat)	3,42,775	0.21
Office Bearers	965	0.00
Clearing Member	1,89,051	0.12
Directors & their Relatives	1,08,736	0.07
Trusts	11,758	0.01
<b>Total</b>	<b>16,12,64,000</b>	<b>100.00</b>

k) Distribution of Shareholding as on March 31, 2013:

(Before giving effect to the proposed allotment of 47,59,496 Equity Shares of ₹ 1/- each of the Company consequent upon amalgamation of Jyothy Consumer Products Limited with the Company.)

Sr. No.	Slab of shareholding No. of Equity shares held		Shareholders		Shares Value	
	From	To	Num-bers	In %	Face Value (₹)	In %
1.	1	5,000	39,134	99.4081	65,06,265	4.0345
2.	5,001	10,000	81	0.2058	6,20,629	0.3849
3.	10,001	20,000	47	0.1194	7,21,022	0.4471
4.	20,001	30,000	6	0.0152	1,56,142	0.0968
5.	30,001	40,000	12	0.0305	4,31,872	0.2678
6.	40,001	50,000	4	0.0102	1,81,930	0.1128
7.	50,001	1,00,000	16	0.0406	12,64,276	0.7840
8.	1,00,001	and above	67	0.1702	15,13,81,864	93.8721
Total			39367	100.0000	16,12,64,000	100.0000

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



**m) Dematerialization:**

As on March 31, 2013, out of total of 16,12,64,000 Shares, 16,12,63,670 (99.99%) shares are held in dematerialized form and the balance 330 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:-**

- Plot No. 656, New Light House More, Bishnupur, Dist.: Bankura - 722 122, West Bengal.
- E.P.I.P Complex, AIDC-Amingaon, Guwahati - 781 031, Assam.
- Village: Katha, P.O.: Baddi, Dist.: Solan - 173 205, Himachal Pradesh.
- Lane No 2, Phase No 2, SIDCO Industrial Complex, Bari Barhmana, Dist.: Samba (Jammu) - 180001, Jammu & Kashmir.
- Kandanassery, Via-Ariyannur, Guruvayur - 680 101, Dist.: Trichur, Kerala
- 131 Peralam Main Road, P.O.: Thirunallar, Dist.: Karaikkal - 609 607, Pondicherry.
- Shed No. 25/26, IDA Kothur, Dist.: Mehboob Nagar - 509 228, Andhra Pradesh.

- Plot No 201, Sector I, Pithampur Industrial Area, Dist. Dhar - 454 775, Madhya Pradesh.
- R.S. No 12/1 & 2, Ujala Nagar Indl. Estate, Ujala Road, Thethampakkam, Vai Vazhudavur, P.O.: Suthukeny - 605 502, Pondicherry.
- SF No. 111/5, Sri Sakthi Factory, Moolapillayar Koil Street, Village: Pallapatti, Kandampatty, Salem - 636 005, Tamilnadu.
- Survey No. 910/7/1, Dokmardi, Amli, Silvassa - 396 230, Dadra & Nagar Haveli.
- Plot No. 6,7 & 8, Bearing Khasara Nos. 361, 366 & 370, Kie Industrial Estate, Village: Mundiyaiki- 247 667, Uttarakhand.
- MP IV/101 B, P.O.: Kolagappara, Sulthan Bathery - 673 591, Kerala.

**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 022 25946970, Fax: 0091 022 25946969

E-mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

Contact Person: Mr. Dnyanesh Gharote / 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, 2013.

For Jyothy Laboratories Limited

M. P. Ramachandran  
Chairman & Managing Director

Mumbai, May 22, 2013.

## 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, 2013, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

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 LLP**  
Chartered Accountants  
ICAI Firm registration number: 101049W

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

Mumbai  
May 22, 2013

# Independent Auditor's Report

To,  
The Members of  
Jyothy Laboratories Limited

## Report on the Financial Statements

We have audited the accompanying financial statements of Jyothy Laboratories Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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, 2013;

(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 the Cash Flow Statement, of the cash flows for the year ended on that date.

## Emphasis of Matter

Without qualifying our report, we draw attention to Note 41 to the financial statements regarding managerial remuneration amounting to Rs 1,113 lacs paid / provided during the year of which Rs 921 lacs is in excess of the limits prescribed under Schedule XIII of the Companies Act, 1956. As informed to us, the Company has filed an application with the Central government and is in the process of obtaining necessary approval from shareholders for approval of such excess remuneration.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) 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;
  - (c) 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;
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S.R. Batliboi & Associates LLP  
Chartered Accountants  
ICAI Firm Registration Number: 101049W

per Vikram Mehta  
Partner  
Membership No.: 105938

Place of Signature: Mumbai  
Date: May 22, 2013

# Annexure to the Auditors' Report

Annexure referred to in paragraph 1 of section "Report on Other Legal and Regulatory Requirements" 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, material discrepancies were identified on such verification. These have been properly dealt with in the books of accounts.*
- (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 *except at one unit where physical verification was conducted only 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 material, and have been properly dealt with in the books of account.*
- (iii) (a) The Company has granted loan to two subsidiaries covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 37,478 lacs and the year- end balance of loans granted to such parties was ₹ 36,925 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 either re-payable on demand or after a stipulated period of time 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 subsidiary, 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 Order 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 ₹ 386 lacs to a subsidiary which are of specialized nature, where in the absences of the 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 *except in respect of the erstwhile Jyothy Consumer Products Limited business where scope and coverage needs to be significantly enlarged.*

- (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. We have not, however, made a detailed examination of the same.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including 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 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 income tax, sales tax, service tax and excise duty on account of any dispute, are as follows:

(₹ in lacs)						
Matter	Year	Forum where dispute is pending				
		Commissionerate and appellate authorities	Tribunal	High Court	Supreme Court	Total
Sales Tax	1998-02	131				131
	2002-05	918	11			929
	2005-06	535	213		44	792
	2006-07	349	168	13	112	642
	2007-08	625	123			748
	2008-09	609	39		165	813
	2009-11	709			355	1,064
	2006-10	358				358
	2011-12	170				170
	2012-13	3			25	28
Excise duty	1999-00	5				5
	2000-04	35				35
	2004-05		6			6
	2005-06	34	3			37
	2008-12	225				225
Income Tax	AY 2011-12	80				80
Service Tax	2005-10	31				31
	2010-11	101				101
<b>Total</b>		<b>4,917</b>	<b>563</b>	<b>13</b>	<b>701</b>	<b>6,195</b>

- (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

<p>of security by way of pledge of shares, debentures and other securities.</p> <p>(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 Order are not applicable to the Company.</p> <p>(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p>	<p>(xix) According to the information and explanations given to us, the Company had issued 500 secured redeemable non-convertible debentures of Rs 1,00,000/- each during the period covered by our audit report. The Company has created a security in favour of the debenture trust for the period the debentures are outstanding.</p> <p>(xx) The Company has not raised money through public issues during the year.</p> <p>(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.</p> <p>For <b>S.R. Batliboi &amp; Associates LLP</b> Chartered Accountants ICAI Firm Registration Number: 101049W</p> <p><b>per Vikram Mehta</b> Partner Membership No.: 105938</p> <p>Place of Signature: Mumbai Date: May 22, 2013</p>
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# Balance Sheet As at March 31, 2013

	Note	2013	2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	4	1,612.64	806.32
Share capital suspense (Refer Note 36)		5,527.92	-
Reserves and surplus	5	65,261.73	66,544.25
		72,402.29	67,350.57
<b>Non-current liabilities</b>			
Long-term borrowings	6	41,120.00	43,000.00
Deferred tax liabilities (Net)	7	-	1,533.79
Other Long-term liabilities	8	180.00	270.00
Provisions	9	917.68	631.76
		42,217.68	45,435.55
<b>Current liabilities</b>			
Short-term borrowings	10	12,600.28	12,291.25
Trade payables	11	11,500.16	6,326.44
Other current liabilities	12	10,196.04	1,498.58
Provisions	9	7,050.62	2,789.82
		41,347.10	22,906.09
<b>TOTAL</b>		<b>155,967.07</b>	<b>135,692.21</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	13		
(i) Tangible assets		26,160.90	19,472.20
(ii) Intangible assets		40,988.45	871.38
(iii) Capital work-in-progress		326.71	281.81
Non-current investments	14	2,470.73	34,546.69
Loans and advances	15	49,626.42	54,857.92
Other assets	16	13.05	23.59
		119,586.26	110,053.59
<b>Current assets</b>			
Current investments	17	-	3,224.29
Inventories	18	16,744.64	7,928.19
Trade receivables	19	11,001.76	4,251.55
Cash and Bank balances	20	3,813.59	5,099.40
Loans and advances	15	4,415.74	4,914.01
Other assets	16	405.08	221.18
		36,380.81	25,638.62
<b>TOTAL</b>		<b>155,967.07</b>	<b>135,692.21</b>
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 LLP**

Chartered Accountants

ICAI Firm Registration No. 101049W

per **Vikram Mehta**

Partner

Membership No.: 105938

Place: Mumbai

Date: May 22, 2013

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 22, 2013

# Statement of Profit and Loss For the year ended March 31, 2013

			₹ In Lacs
	NOTE	2012-13	2011-12
<b>REVENUE</b>			
Sales (net of trade discount)		106,452.04	68,835.43
Less: Excise duty		(4,714.37)	(2,557.28)
Net sales		101,737.67	66,278.15
Other operating income	21	136.03	66.53
Revenue from operations		101,873.70	66,344.68
Other income	22	169.53	451.10
<b>Total Revenue (I)</b>		<b>102,043.23</b>	<b>66,795.78</b>
<b>EXPENSES</b>			
Cost of raw material and components consumed	23	32,439.61	22,488.80
Purchase of traded goods		30,022.12	14,726.18
(Increase)/decrease in inventories of finished goods, work-in-progress and traded goods	24	(5,694.77)	43.82
Employee benefits expense	25	11,056.18	7,802.18
Other expenses	26	21,676.61	12,969.44
<b>Total Expense (II)</b>		<b>89,499.75</b>	<b>58,030.42</b>
<b>EARNINGS BEFORE INTEREST, TAX, DEPRECIATION, AMORTISATION AND IMPAIRMENT (EBITDA) (I) – (II)</b>			
		<b>12,543.48</b>	<b>8,765.36</b>
Depreciation, amortisation and impairment	13	6,164.52	1,703.19
Finance Costs	27	6,608.27	1,943.25
Interest Income	28	4,815.60	5,202.60
<b>Profit before prior period items and tax</b>		<b>4,586.29</b>	<b>10,321.52</b>
Prior period items	40	182.71	-
<b>PROFIT BEFORE TAX</b>		<b>4,403.58</b>	<b>10,321.52</b>
Current tax (MAT Payable)		885.00	2,010.00
Less MAT credit entitlement		(885.00)	-
- Net Current Tax		-	2,010.00
- Deferred tax charge/(reversal)		-	(40.04)
<b>PROFIT AFTER TAX</b>		<b>4,403.58</b>	<b>8,351.56</b>
EARNINGS PER SHARE (EPS)	42		
Basic and Diluted (₹)		2.65	5.18
Nominal value per share (₹)		1	1
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 LLP**  
Chartered Accountants  
ICAI Firm Registration No. 101049W

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

Place: Mumbai  
Date: May 22, 2013

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

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

**M.L. Bansal**  
Company Secretary

**K. Ullas Kamath**  
Joint Managing Director

Place: Mumbai  
Date: May 22, 2013

# Cash Flow Statement

For the year ended March 31, 2013

	₹ In Lacs	
	2012-13	2011-12
<b>A. CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES:</b>		
Profit before Tax	4,403.58	10,321.52
<b>Adjustments to reconcile profit before tax to net cash flows :</b>		
Depreciation, amortisation and impairment (net)	6,164.52	1,703.19
Loss on fixed assets discarded	8.12	166.62
Profit on sale of fixed assets	(5.80)	(2.83)
Interest and finance charges	6,608.27	1,943.25
Interest on fixed deposit	(259.45)	(392.11)
Interest earned on Loans to subsidiary company	(4,494.67)	(4,751.36)
Excess provision written back	(45.47)	-
Profit on sale of investments	-	(430.65)
Provision for doubtful debts	22.93	28.22
Provision for doubtful advances	30.96	-
<b>Operating profit before working capital changes</b>	<b>12,432.99</b>	<b>8,585.85</b>
Movements in working capital :		
Increase/(decrease) in trade payables	(1.53)	2,373.74
Increase/(decrease) in provisions	396.12	174.11
Increase/(decrease) in other liabilities	1,053.68	160.85
Decrease/(increase) in trade receivables	(3,125.74)	6,070.12
Decrease/(increase) in inventories	(5,422.65)	(1,093.50)
Decrease/(increase) in Loans and advances	(2,773.37)	(1,668.86)
Decrease/(increase) in other current assets	(148.12)	(59.84)
<b>Cash generated from operations</b>	<b>2,411.38</b>	<b>14,542.47</b>
Taxes paid (net)	(1,642.93)	(2,004.17)
<b>Net cash (used in)/generated from operating activities (A)</b>	<b>768.45</b>	<b>12,538.30</b>
<b>B. CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:</b>		
Purchase of fixed assets including capital work-in-progress and capital advances	(893.00)	(1,369.31)
Proceeds from sale of fixed assets	28.58	21.38
Maturity/(Investment) in fixed deposit (having original maturity of more than three months)	(785.24)	15,006.04
Investment in shares of subsidiaries	(435.29)	(29,738.51)
Investment in partnership firm	(73.75)	(37.50)
Proceeds from Sale of investment	-	431.65
Loan given to subsidiary company	(5,109.45)	(82,245.80)
Proceeds of loan given to subsidiary company	2,302.06	33,605.82
Interest received on fixed deposits	250.43	453.48
Interest received on loans to subsidiaries	4,494.67	4,751.36
<b>Net cash used in investing activities (B)</b>	<b>(220.99)</b>	<b>(59,121.39)</b>

# Cash Flow Statement (Contd.)

For the year ended March 31, 2013

	₹ In Lacs	
	2012-13	2011-12
<b>C. CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES:</b>		
Interest and finance charges paid	(5,993.82)	(1,943.25)
Proceeds from short-term borrowings	21,911.20	6,460.13
Repayment of short-term borrowings	(21,602.17)	-
Proceeds from long-term borrowings	-	43,000.00
Issue of Debentures	5,000.00	-
Redemption of Debentures	-	(3,769.48)
Expenses incurred on issue of Debentures	-	(161.53)
Dividend paid	(2,015.80)	(4,031.60)
Dividend tax paid	(327.01)	(654.03)
<b>Net cash (used in)/generated from financing activities (C)</b>	<b>(3,027.60)</b>	<b>38,900.24</b>
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(2,480.14)	(7,682.85)
Cash and cash equivalents at the beginning of the year	3,267.45	10,950.30
Cash and cash equivalents pursuant to scheme of Merger with Jyothy Consumer Products Limited (Refer Note 36)	398.16	-
<b>Cash and cash equivalents at the end of the year</b>	<b>1,185.47</b>	<b>3,267.45</b>
<b>Components of cash and cash equivalents as per Note 20</b>		
Cash in hand	18.56	13.79
Balance with scheduled banks - Current account	1,159.06	3,246.94
Unclaimed dividend accounts*	7.85	6.72
<b>Cash and cash equivalents considered for cash flows statement</b>	<b>1,185.47</b>	<b>3,267.45</b>
* Not available for use by the management for any other purpose		
Summary of significant accounting policies	<b>Note 3</b>	

As per our report of even date

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

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

Place: Mumbai  
Date: May 22, 2013

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

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

**M.L. Bansal**  
Company Secretary

**K. Ullas Kamath**  
Joint Managing Director

Place: Mumbai  
Date: May 22, 2013

## 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, bodycare 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 which has been recorded on fair value and 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.

## Note 3

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are as follows:

#### a) Use of estimate

The preparation of financial statements, in conformity with Indian GAAP requires management to make judgments, 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.

#### b) Tangible fixed assets

Fixed assets are initially recorded at cost. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. The cost of the tangible assets acquired in an amalgamation in the nature of purchase is their fair value as at the date of amalgamation. Following initial recognition, tangible assets are carried at cost less accumulated depreciation and impairment losses, if any.

Gains or losses arising from derecognition of tangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

#### c) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of the intangible assets acquired in an amalgamation in the nature of purchase is their fair value as at the date of amalgamation. 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.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized

#### d) Depreciation and amortization

Depreciation is provided using the Straight Line Method as per the useful lives of the tangible assets estimated by the management, or at the rates prescribed under Schedule XIV of the Companies Act, 1956 whichever is higher. Intangible assets are amortized on straight line basis on the estimated useful economic life.

## 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	10-30
Building (Other than Factory Building)	10-60
Plant and machinery	13-21
Furniture and fixtures	5-16
Dies and moulds	3
Computers	6
Office equipments	5-21
Vehicles	6-10
Know-how	3-5
Trademarks and Copyrights	9-10
Brands	10
Softwares and Licences	10

Goodwill purchased is not amortized but tested for impairment every year. The goodwill arising on amalgamation is amortized to the statement of profit and loss over 10 years.

Assets costing less than ₹ 5,000 are depreciated at the rate of 100%. Leasehold land is amortized over the period of the lease on a straight-line basis which ranges between 60-90 years.

The amortization/depreciation period and the amortization/depreciation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization/depreciation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization/depreciation method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

### e) Impairment

- 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 exceeds 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.
- After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.
- A previously recognized impairment loss is 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.

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

### f) Borrowing Costs

Borrowing costs consist of interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings. 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.

### g) Operating Leases

#### i. Where the Company is a lessee;

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.

#### ii. Where the Company is a lessor;

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

### h) 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.

### i) 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. 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.

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 recognise a decline other than temporary in the value of the investments.

An investment in land or building, which is not intended to be occupied substantially for use by, or in the operations of the Company is classified as investment property. Investment properties are stated at cost, net of accumulated depreciation and impairment losses, if any.

### j) 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.

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

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.

Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a FIFO basis.

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 recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific criteria must also be met before revenue is recognized;

#### *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 (gross) and not the entire amount of liability arising 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.

### 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.

#### 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. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

#### 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 recognized as income or as expenses in the year in which they arise.

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

### m) Retirement and other employee benefits

- i. Retirement benefit in the form of provident fund and superannuation fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the respective fund. The Company recognizes contribution payable to the provident fund/super annuation scheme as an expenditure, when an employee renders the related service.
- ii. Gratuity benefit 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.

### 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 for deductible timing differences 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.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Company restricts recognition of 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. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

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 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.)

Minimum alternative tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. 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 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.

### p) 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.

### 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 recognized as income/expense as the case may be, separately in the statement of profit and loss.

### r) 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.

### 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 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.

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

### t) 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.

### u) 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.

### v) 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, interest income and tax expense.

₹ In Lacs

	2013	2012
<b>Note 4 SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
170,000,000 (2012 - 120,000,000) equity shares of ₹ 1 (2012 - ₹ 1) each	1,700.00	1,200.00
	1,700.00	1,200.00
<b>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>		
161,264,000 (2012 - 80,632,000) equity shares of ₹ 1 (2012 - ₹ 1) each fully paid	1,612.64	806.32
	1,612.64	806.32

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

	2013		2012	
	No.	Amount	No.	Amount
At the beginning of the period	80,632,000	806.32	80,632,000	806.32
Issued during the period - Bonus issue	80,632,000	806.32	-	-
Outstanding at the end of the period	161,264,000	1,612.64	80,632,000	806.32

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

	2013		2012	
	No.	% Holding in the class	No.	% Holding in the class
Equity shares of ₹ 1 each fully paid				
M. P. Ramachandran	71,974,777	44.63%	35,855,297	44.47%

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.

## 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, 2013, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 2.50 (2012: ₹ 2.50).

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.

### d. Aggregate number of bonus shares issued, shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

	2013 No.	2012 No.
Equity shares allotted as fully paid bonus shares by capitalization of securities premium	80,632,000	-
	<b>80,632,000</b>	<b>-</b>

	2013	2012
<b>Note 5 RESERVES AND SURPLUS</b>		
<b>Surplus in the statement of profit and loss:</b>		
Balance, beginning of the year	6,745.54	2,736.79
Profit for the year	4,403.58	8,351.56
	11,149.12	11,088.35
Less: Appropriations		
Proposed dividend (amount per share ₹ 2.5 (2012 : ₹ 2.5))*	(4,150.59)	(2,015.80)
Tax on proposed dividend *	(705.39)	(327.01)
Transfer to general reserves	(500.00)	(2,000.00)
Transfer to Debenture Redemption Reserve	(1,250.00)	-
Net surplus in the statement of profit and loss	4,543.14	6,745.54
<b>Capital Reserve</b>	24.95	24.95
<b>Securities premium</b>		
Balance, beginning of the year	28,785.42	32,716.43
Less: Premium on redemption of Debentures	-	(3,769.48)
Less: Expenses incurred on issue of Debentures	-	(161.53)
Less: Amount utilized towards issue of fully paid bonus shares **	(830.12)	-
Balance, end of the year	27,955.30	28,785.42
<b>Debenture Redemption Reserve</b>		
Balance, beginning of the year	-	-
Add: Amount transferred from surplus in the statement of profit and loss	1,250.00	-
Balance, end of the year	1,250.00	-
<b>Investment subsidy</b>	106.90	106.90

# Notes to Financial Statements For the year ended March 31, 2013

₹ In Lacs

	2013	2012
<b>Note 5</b> <b>RESERVES AND SURPLUS (Contd.)</b>		
<b>General reserves</b>		
Balance, beginning of the year	30,881.44	28,881.44
Add: Amount transferred from surplus balance in the statement of profit and loss	500.00	2,000.00
Balance, end of the year	31,381.44	30,881.44
	<b>65,261.73</b>	<b>66,544.25</b>

\* Includes Proposed dividend and tax on proposed dividend of ₹ 118.99 lacs and ₹ 20.22 lacs respectively pertaining to equity shares pending to be allotted to shareholders of Jyothy Consumer Products Limited as per the scheme of amalgamation.

\*\* Includes ₹ 23.80 lacs pertaining to bonus shares to be allotted to shareholders of Jyothy Consumer Products Limited (Refer Note 36).

	Non-Current		Current	
	2013	2012	2013	2012
<b>Note 6</b> <b>LONG-TERM BORROWINGS</b>				
Term loans from Bank (secured)	36,120.00	43,000.00	6,880.00	-
10.25% Secured Redeemable Non Convertible Debentures	5,000.00	-	-	-
Deferred sales tax loan (Unsecured)	-	-	17.45	17.45
Amount disclosed under 'Other Current Liabilities' (Note 12)	-	-	(6,897.45)	(17.45)
	<b>41,120.00</b>	<b>43,000.00</b>	-	-

## Details of loan

- Term Loan has been taken from Banks 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 installment starting from June 30, 2013. The term loan is secured against first charge on the immovable properties, trademarks 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 receivables, revenues, bank accounts together with investment, fixed deposits and book debts, stock in trade and all the properties mentioned above.
- 10.25% Debentures are redeemable at par at the end of 3 years and 7 days from the date of allotment i.e. November 7, 2012. The Debentures are secured by first charge on all movable fixed assets, property and fixtures, movable plant and machinery and all other equipment of the Company.
- Deferred sales tax loan is interest free and is due for payment.

	2013	2012
<b>Note 7</b> <b>DEFERRED TAX LIABILITY (Net)</b>		
<b>a) Deferred tax liability</b>		
Depreciation	3,043.88	2,055.98
<b>Gross Deferred tax liability</b>	<b>3,043.88</b>	<b>2,055.98</b>
<b>b) Deferred tax assets</b>		
Technical royalty	2.77	2.82
Provision for gratuity	311.92	204.97
Provision for doubtful debts	50.66	21.07

# Notes to Financial Statements For the year ended March 31, 2013

₹ In Lacs

	2013	2012
<b>Note 7</b> <b>DEFERRED TAX LIABILITY (Net) (Contd.)</b>		
Provision for doubtful advances	459.56	-
Provision for leave encashment	181.37	106.39
Provision for impairment losses	140.62	160.07
Disallowance u/s 40 a (ia) of the Income Tax Act	8.84	8.11
Disallowance u/s 43B of the Income Tax Act	19.65	18.76
Carry forward losses and unabsorbed depreciation	1,868.49	-
<b>Gross Deferred tax assets</b>	<b>3,043.88</b>	<b>522.19</b>
<b>Net Deferred Tax Liabilities</b>	<b>-</b>	<b>1,533.79</b>

	Non-Current		Current	
	2013	2012	2013	2012
<b>Note 8</b> <b>OTHER LONG-TERM LIABILITIES</b>				
Deferred Payment Liability (Unsecured)	180.00	270.00	180.00	90.00
Amount disclosed under 'Other Current Liabilities' (Note 12)	-	-	(180.00)	(90.00)
	<b>180.00</b>	<b>270.00</b>	<b>-</b>	<b>-</b>

	2013	2012	2013	2012
<b>Note 9</b> <b>PROVISIONS</b>				
<b>Provision for employee benefits</b>				
Provision for leave encashment	-	-	533.59	327.90
Provision for gratuity (Note 29)	917.68	631.76	-	-
	<b>917.68</b>	<b>631.76</b>	<b>533.59</b>	<b>327.90</b>
<b>Other provisions</b>				
Provision for wealth tax	-	-	4.13	3.00
Provision for income tax (net of advance tax)	-	-	15.00	116.11
Provision for contingencies	-	-	1,641.92	-
Proposed dividend	-	-	4,150.59	2,015.80
Tax on proposed dividend	-	-	705.39	327.01
	<b>-</b>	<b>-</b>	<b>6,517.03</b>	<b>2,461.92</b>
	<b>917.68</b>	<b>631.76</b>	<b>7,050.62</b>	<b>2,789.82</b>

Provision for contingencies:

During the year, management has reviewed all the excise and VAT cases pending at various levels and accordingly believes that outflow of resources embodying economics benefits is probable for certain cases and the estimated amount of outflow is ₹ 1,641.92 lacs.

# Notes to Financial Statements For the year ended March 31, 2013

	₹ In Lacs	
	2013	2012
<b>Note 10</b> <b>SHORT-TERM BORROWINGS</b>		
Short term loan (Secured)	-	2,000.00
Bank overdraft (Secured)	6,189.08	7,791.25
Commercial Paper (Unsecured)	6,411.20	2,500.00
	<b>12,600.28</b>	<b>12,291.25</b>

## Details of loan

- a) Short-term loan and bank overdraft carries interest @ 11.25% and 11.50% p.a. respectively payable monthly and is repayable on demand. For details of securities refer note 6(a).
- (b) Commercial paper issued 800 units of face value of ₹ 5 lacs each, maturing on May 3, 2013.
- (c) Commercial paper issued 500 units of face value of ₹ 5 lacs each, maturing on June 24, 2013.

	2013	2012
<b>Note 11</b> <b>TRADE PAYABLES</b>		
Micro, Small and Medium Enterprises (Refer Note 37)	2,994.01	1,441.29
Other trade payable	3,968.05	2,307.93
Accrual for expenses	4,538.10	2,577.22
	<b>11,500.16</b>	<b>6,326.44</b>

<b>Note 12</b> <b>OTHER CURRENT LIABILITIES</b>		
Statutory Dues	1,275.29	861.98
Unclaimed dividend *	7.85	6.72
Interest accrued but not due	614.45	-
Security deposits	330.59	330.61
Advances from customers	890.41	191.82
Current maturities of deferred payment liability (Note 8)	180.00	90.00
Current maturities of loan (Note 6)	6,897.45	17.45
	<b>10,196.04</b>	<b>1,498.58</b>

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

# Notes to Financial Statements For the year ended March 31, 2013

₹ In lacs

## Note 13

## FIXED ASSETS

Particulars	Gross Block					Depreciation and Amortization				Impairment			Net Block	
	As at April 1, 2012	Additions pursuant to Scheme of Amalgamation with Jyothy Consumer Products Limited (Refer Note 36)	Addition	Deletions	As at March 31, 2013	As at April 1, 2012	For the year	Deletions	As at March 31, 2013	As at April 1, 2012	Charge/ (Reversal) For the year*	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
<b>Intangible assets</b>														
Goodwill on Amalgamation	-	14,339.41	-	-	14,339.41	-	1,433.94	-	1,433.94	-	-	-	12,905.47	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Goodwill	301.60	-	-	-	301.60	-	-	-	-	51.50	-	51.50	250.10	250.10
	301.60	-	-	-	301.60	-	-	-	-	-	51.50	51.50	-	-
Brands	-	30,366.00	-	-	30,366.00	-	3,036.60	-	3,036.60	-	-	-	27,329.40	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trademarks and Copyrights\$	580.81	-	-	-	580.81	342.27	46.54	-	388.81	23.68	-	23.68	168.32	214.86
	580.81	-	-	-	580.81	281.15	61.12	-	342.27	-	23.68	23.68	-	-
Know-how	647.12	-	-	-	647.12	335.45	120.00	-	455.45	-	-	-	191.67	311.67
	647.12	-	-	-	647.12	211.69	123.76	-	335.45	-	-	-	-	-
Softwares and Licences	103.35	-	59.94	-	163.29	8.60	11.20	-	19.80	-	-	-	143.49	94.75
	47.70	-	55.65	-	103.35	0.20	8.40	-	8.60	-	-	-	-	-
<b>Total intangible assets</b>	<b>1,632.88</b>	<b>44,705.41</b>	<b>59.94</b>	<b>-</b>	<b>46,398.23</b>	<b>686.32</b>	<b>4,648.28</b>	<b>-</b>	<b>5,334.60</b>	<b>75.18</b>	<b>-</b>	<b>75.18</b>	<b>40,988.45</b>	<b>871.38</b>
	1,577.23	-	55.65	-	1,632.88	493.04	193.28	-	686.32	-	75.18	75.18	871.38	-
<b>Tangible assets</b>														
Freehold land	1,842.34	3,773.00	-	-	5,615.34	-	-	-	-	-	-	-	5,615.34	1,842.34
	1,842.34	-	-	-	1,842.34	-	-	-	-	-	-	-	-	-
Leasehold land	274.83	-	-	-	274.83	26.34	3.75	-	30.09	-	-	-	244.74	248.49
	274.83	-	-	-	274.83	21.79	4.55	-	26.34	-	-	-	-	-
Building#	11,486.79	1,184.96	53.61	-	12,725.36	2,006.99	423.08	-	2,430.07	-	-	-	10,295.29	9,479.80
	11,431.25	-	150.20	94.66	11,486.79	1,703.49	331.62	28.12	2,006.99	-	-	-	-	-
Plant and machinery @	10,273.42	2,451.81	500.53	71.09	13,154.67	3,272.39	847.96	61.80	4,058.55	402.11	(4.48)	397.63	8,698.49	6,598.92
	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	-	-
Dies and moulds	530.68	-	32.10	3.47	559.31	405.76	66.28	0.21	471.83	-	-	-	87.48	124.92
	418.97	-	125.74	14.03	530.68	344.98	74.81	14.03	405.76	-	-	-	-	-
Furniture and fixture	684.55	38.34	23.34	0.49	745.74	251.88	49.40	0.26	301.02	1.07	-	1.07	443.65	431.60
	554.02	-	135.19	4.66	684.55	211.87	42.33	2.32	251.88	6.27	(5.20)	1.07	-	-
Office equipments	748.14	35.65	59.98	5.02	838.75	378.19	63.62	3.41	438.40	14.09	-	14.09	386.26	355.86
	705.34	-	51.28	8.48	748.14	327.23	60.27	9.31	378.19	14.83	(0.74)	14.09	-	-
Vehicle	679.15	24.02	58.51	42.97	718.71	287.97	66.63	26.45	328.15	0.91	-	0.91	389.65	390.27
	663.55	-	40.65	25.05	679.15	237.72	66.80	16.55	287.97	3.51	(2.60)	0.91	-	-
<b>Total tangible assets</b>	<b>26,519.90</b>	<b>7,507.78</b>	<b>728.07</b>	<b>123.04</b>	<b>34,632.71</b>	<b>6,629.52</b>	<b>1,520.72</b>	<b>92.13</b>	<b>8,058.11</b>	<b>418.18</b>	<b>(4.48)</b>	<b>413.70</b>	<b>26,160.90</b>	<b>19,472.20</b>
	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	-
<b>Total</b>	<b>28,152.78</b>	<b>52,213.19</b>	<b>788.01</b>	<b>123.04</b>	<b>81,030.94</b>	<b>7,315.84</b>	<b>6,169.00</b>	<b>92.13</b>	<b>13,392.71</b>	<b>493.36</b>	<b>(4.48)</b>	<b>488.88</b>	<b>67,149.35</b>	<b>20,343.58</b>
<b>Previous year</b>	<b>27,172.78</b>	<b>-</b>	<b>1,631.20</b>	<b>651.20</b>	<b>28,152.78</b>	<b>6,249.46</b>	<b>1,532.40</b>	<b>466.02</b>	<b>7,315.84</b>	<b>322.57</b>	<b>170.79</b>	<b>493.36</b>	<b>20,343.58</b>	<b>-</b>

\$ Includes trademarks and copyrights of ₹ 315.63 (2012 - 315.63) pending for registration in the name of the Company.

# Includes ₹ 452.19 (2012 ₹ 452.19) represented by unquoted fully paid shares at cost in various co-operative societies. Further, also refer Note 33.

@ Addition in plant and machinery includes Salary and wages of ₹ 47.37 (2012 - ₹ Nil) and Power and Fuel ₹ 2.72 (2012 - ₹ Nil) pertaining to revenue expenses capitalized during the year.

\* Charge for the previous year includes impairment provision of ₹ 95.61 lacs and ₹ 75.18 lacs for the Pithampur washing powder unit and Ruby Brand respectively. The same was included in the soaps and detergent in Note 31.

Figures in italics are in respect of the previous year.

# Notes to Financial Statements

For the year ended March 31, 2013

₹ In lacs

## Note 14 NON CURRENT INVESTMENTS (at cost)

### Trade Investments (Quoted)

#### Investment in subsidiaries -

Jyothy Consumer Products Ltd. (Formerly Henkel India Limited)

Nil (2012 - 97,426,487) equity shares of Nil (2012 - ₹ 10) each fully paid up

### Trade Investments (Unquoted)

#### Investment in subsidiaries -

Associated Industries Consumer Products Private Limited

4,970,000 (2012 - 4,970,000) equity shares of ₹ 10 (2012 - ₹ 10) each fully paid up

Jyothy Fabricare Services Limited

9,750,000 (2012 - 9,750,000) equity shares of ₹ 10 (2012 - ₹ 10) each fully paid up

Jyothy Kallol Bangladesh Limited

6,597,000 (2012 - 37,500) equity shares of BDT 10 (2012 - BDT 10) each fully paid up

Jyothy Consumer Products Ltd (Formerly Henkel India Limited)

Nil (2012- 28,000,000) 9% Redeemable Non-Cumulative Preference Shares of

Nil (2012- ₹ 10) each fully paid up

Jyothy Consumer Products Marketing Ltd (Formerly Henkel Marketing India Limited)\*

825,550 (2012 - Nil) equity shares of ₹ 10 (2012- ₹ Nil) each fully paid up

#### Investments in Others

Henkel SPIC Employees Co-operative Thrift and Credit Society Limited

2,000 (2012 - Nil) equity shares of ₹ 100 (2012 - ₹ Nil) each fully paid up

Capexil (Agencies) Ltd\*

5 (2012 - Nil) equity shares of ₹ 10,000 (2012- ₹ Nil) each fully paid up

Madras Industrial Cooperative Analytical Laboratory Limited\*

2 (2012 - Nil) equity shares of ₹ 500 (2012- ₹ Nil) each fully paid up

Ambattur Industrial Estate Manufacturers Service Industrial Cooperative Society Ltd\*

1 (2012 - Nil) equity shares of ₹ 100 (2012- ₹ Nil) each fully paid up

#### Investments in Partnership Firm

M/s JFSL - JLL (Refer Note -39)

### Non-Trade Investment (Unquoted)

#### Investment in Government Securities

Indira Vikas Patra

National Saving Certificates (Pledged with Government authorities)

Investment property

Aggregate amount of unquoted investments

Aggregate amount of quoted investments

Market Value of quoted investments

\* Investment has been fair valued on amalgamation at a nominal value of ₹ 1/-

# Notes to Financial Statements For the year ended March 31, 2013

₹ In lacs

	Non-Current		Current	
	2013	2012	2013	2012
<b>Note 15</b> <b>LOANS AND ADVANCES</b>				
<b>Unsecured, considered good unless otherwise stated</b>				
Capital Advances	1,139.00	1,078.92	-	-
Advances and loans to subsidiaries (Refer Note - 38)	40,484.98	50,632.54	301.84	1,551.29
Inter corporate deposit to third parties	-	-	514.79	519.97
Advance to suppliers	419.83	419.83	2,403.90	1,226.68
Balance with excise and VAT authorities	-	-	1,350.87	542.28
MAT Credit entitlement	1,584.11	-	-	600.00
Deposits	552.49	302.33	-	-
Balance with government authorities	4,250.44	2,424.30	-	-
Prepaid Expenses	-	-	415.28	291.73
Advance income tax (net of provisions)	704.07	-	-	10.45
Other receivables	623.00	-	649.60	171.61
Less: Provisions for doubtful advances	(131.50)	-	(1,220.54)	-
	<b>49,626.42</b>	<b>54,857.92</b>	<b>4,415.74</b>	<b>4,914.01</b>

## Note:

Advances to suppliers, Balance with excise and VAT authorities, Deposits and Other receivables include ₹ 309.72 (2012 - Nil), ₹ 881.50 (2012 - Nil), ₹ 58.74 (2012 - Nil) and ₹ 102.08 (2012 - Nil) respectively, considered doubtful and fully provided for.

## **Note 16**   **OTHER ASSETS**

<b>Unsecured, considered good</b>				
Inventory-Sales Promotions Items	-	-	374.43	199.54
Interest accrued but not due	-	-	30.65	21.64
Fixed deposit with Banks having original maturity of more than 12 months (Refer Note 20)	13.05	23.59	-	-
	<b>13.05</b>	<b>23.59</b>	<b>405.08</b>	<b>221.18</b>

## **Note 17**   **CURRENT INVESTMENTS (Cost or fair value whichever is lower)**

Jyothy Consumer Products Ltd (Formerly Henkel India Limited)	-	3,224.29
Nil (2012 - 40,000,000) 4% redeemable cumulative preference shares of Nil (2012- ₹10 each fully paid up)	-	-
	<b>-</b>	<b>3,224.29</b>

## **Note 18**   **INVENTORIES (Valued at lower of cost or net realisable value)**

Raw and packing materials (including goods in transit ₹ Nil (2012- ₹ 1.93))	4,322.55	3,358.52
Work in progress	946.66	717.89
Finished goods manufactured	5,027.25	1,998.15
Traded Goods (including goods in transit ₹ 2.89 (2012 - ₹ 66.38))	6,049.50	1,258.71
Stores and spare parts	395.76	273.78
Inventory for Capital Goods	2.92	321.14
	<b>16,744.64</b>	<b>7,928.19</b>

# Notes to Financial Statements For the year ended March 31, 2013

₹ In lacs

	2013	2012
<b>Note 19</b> <b>TRADE RECEIVABLES</b>		
Unsecured		
a) Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	736.24	-
Considered doubtful	149.04	64.95
Less: Provision for doubtful receivables	(149.04)	(64.95)
	736.24	-
b) Other receivable, considered good	10,265.52	4,251.55
	<b>11,001.76</b>	<b>4,251.55</b>

	Non-Current		Current	
	2013	2012	2013	2012
<b>Note 20</b> <b>CASH AND BANK BALANCES</b>				
<b>Cash and cash equivalents</b>				
Cash in hand	-	-	18.56	13.79
Balance with banks - Current account	-	-	1,159.06	3,246.94
Unclaimed dividend accounts	-	-	7.85	6.72
	-	-	1,185.47	3,267.45
<b>Other bank balances</b>				
Deposits with original maturity for more than 12 months*	13.05	23.59	2,628.12	1,831.95
Amount disclosed under 'other assets' (Refer Note 16)	(13.05)	(23.59)	-	-
	-	-	2,628.12	1,831.95
	-	-	<b>3,813.59</b>	<b>5,099.40</b>

\* Includes deposits provided as securities against bank guarantees /bank overdraft - ₹ 662.98 (2012 - ₹ 425.66)

	2012-13	2011-12
<b>Note 21</b> <b>OTHER OPERATING INCOME</b>		
Export incentives	-	7.17
Royalty Income	4.28	6.37
Sales of Scrap	82.37	5.20
Agricultural Income	8.59	2.57
Others	40.79	45.22
	<b>136.03</b>	<b>66.53</b>

<b>Note 22</b> <b>OTHER INCOME</b>		
Lease rent income	27.91	6.93
Foreign exchange fluctuation gain (net)	25.06	10.53
Profit on sale of investments (current)	-	430.65
Profit on sale of inventory of capital goods	62.49	-
Profit on sale of fixed assets	5.80	2.83
Excess provision written back	45.47	-
Miscellaneous income	2.80	0.16
	<b>169.53</b>	<b>451.10</b>

# Notes to Financial Statements For the year ended March 31, 2013

₹ In lacs

	2012-13	2011-12
<b>Note 23</b> <b>COST OF RAW MATERIALS AND COMPONENTS CONSUMED</b>		
Opening stock	3,358.52	2,252.40
Opening stock pursuant to Scheme of amalgamation with Jyothy Consumer Products Limited (Refer Note 36)	1,235.85	-
Add: Cost of purchases	32,167.78	23,594.92
	<b>36,762.15</b>	<b>25,847.32</b>
Less: Closing stock	4,322.54	3,358.52
	<b>32,439.61</b>	<b>22,488.80</b>

## **Note 24** **(INCREASE)/ DECREASE IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND TRADED GOODS**

### **Closing stock**

Finished goods	5,027.25	1,998.15
Traded Goods	6,049.50	1,258.71
Work in progress	946.66	717.89
	<b>12,023.41</b>	<b>3,974.75</b>

### **Opening stock**

Finished goods	1,998.15	2,011.07
Traded Goods	1,258.71	1,750.37
Work in progress	717.89	257.94
	<b>3,974.75</b>	<b>4,019.38</b>

### **Opening stock pursuant to Scheme of amalgamation with Jyothy Consumer Products Limited (Refer Note 36)**

Finished goods	309.98	-
Traded Goods	1,804.96	-
Work in progress	90.16	-
	<b>2,205.10</b>	<b>-</b>

**Sub-total (A)** **(5,843.56)** **44.63**

### **(Increase)/decrease in excise duty**

Excise duty on closing stock	186.13	37.34
Excise duty on opening stock	37.34	38.15
	<b>Sub-total (B)</b> <b>(148.79)</b> <b>0.81</b>	
	<b>Total (A-B)</b> <b>(5,694.77)</b> <b>43.82</b>	

## **Note 25** **EMPLOYEE BENEFITS EXPENSES**

Salaries, wages and bonus	8,450.26	5,717.24
Contribution to provident and other funds (Refer Note 29)	605.03	513.19
Gratuity (Refer Note 29)	239.68	166.25
Staff welfare expenses	477.67	373.06
Directors' remuneration (Refer Note 41)	901.13	440.26
Commission to directors (Refer Note 41)	212.59	391.69
Field staff incentives	169.82	200.49
	<b>11,056.18</b>	<b>7,802.18</b>

# Notes to Financial Statements For the year ended March 31, 2013

₹ In lacs

	2012-13	2011-12
<b>Note 26</b> <b>OTHER EXPENSES</b>		
Power and fuel expenses	2,114.69	1,489.32
Rent	930.85	511.90
Insurance	93.77	19.72
Repairs and maintenance		
- Building	55.49	24.45
- Plant and machinery	202.97	53.63
- Others	152.07	78.55
Consumption of stores and spares	197.56	329.73
Research and development	23.75	14.67
Excise duty	233.85	192.01
Printing and stationery	83.25	47.71
Communication costs	243.99	156.41
Legal and professional fees (Refer Note 30(E))	1,029.00	667.68
Rates and taxes	502.79	286.48
Directors' sitting fees	5.65	3.65
Vehicle maintenance	189.13	158.34
Donation (Refer Note 30(F))	9.18	4.75
Loss on fixed assets discarded	8.12	166.62
Provision for doubtful debts	22.93	28.22
Provision for doubtful advances	30.96	-
Advertisement and publicity	5,584.31	3,044.17
Sales promotion and schemes	2,596.25	1,238.86
Carriage outwards	3,970.78	2,305.08
Field staff expenses	940.92	994.52
Travelling and conveyance	486.54	203.81
Brokerage on sales	513.61	468.37
Royalty	153.03	-
Miscellaneous expenses	1,301.17	480.79
	<b>21,676.61</b>	<b>12,969.44</b>

## **Note 27** **FINANCE COST**

Interest expense	5,751.64	1,807.65
Other Borrowing Cost	856.63	135.60
	<b>6,608.27</b>	<b>1,943.25</b>

## **Note 28** **INTEREST INCOME**

Interest on fixed deposit	259.45	392.11
Interest on loans to subsidiaries	4,494.67	4,751.36
Interest on intercorporate deposit	61.48	59.13
	<b>4,815.60</b>	<b>5,202.60</b>

## Note 29

## 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.

	2012-13	2011-12
	Gratuity	Gratuity
	Funded	Funded
<b>(A) Summary of the Actuarial Assumptions</b>		
Mortality	LIC (1994-96) Ult	LIC (1994-96) Ult
Discount rate	8.05%	8.50%
Rate of increase in compensation	8.00%	8.00%
Withdrawal rates	10.00%	10.00%
Rate of return (expected) on plan assets	10.00%	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.		
<b>(B) Changes in present value of obligations (PVO)</b>		
PVO at beginning of period	1,287.56	1,107.91
Adjustment pursuant to scheme of amalgamation with Jyothy Consumer Products Limited	133.10	-
Interest cost	115.77	90.09
Current Service Cost	161.59	133.46
Benefits Paid	(185.06)	(44.99)
Actuarial (gain)/loss on obligation	20.16	1.09
PVO at end of period	<b>1,533.12</b>	<b>1,287.56</b>
<b>(C) Changes in fair value of plan assets</b>		
Fair value of plan assets at the beginning of period	655.80	642.40
Adjustment pursuant to scheme of amalgamation with Jyothy Consumer Products Limited	2.57	-
Expected return on plan assets	56.57	57.65
Contributions	0.88	-
Benefit paid	(101.66)	(44.99)
Actuarial gain/(loss) on plan assets	1.28	0.74
Fair value of plan assets at end of period	<b>615.44</b>	<b>655.80</b>

# Notes to Financial Statements For the year ended March 31, 2013

₹ In lacs

## Note 29 EMPLOYEE BENEFIT (Contd.)

### (D) Net Assets/(Liabilities) recognised in the balance sheet

	2012-13	2011-12
PVO at end of period	(1,533.12)	(1,287.56)
Fair value of plan assets at end of period	615.44	655.80
Funded status (deficit in plan assets over fair value of PVO)	(917.68)	(631.76)
Net assets / (Liability) recognised in the balance sheet	<b>(917.68)</b>	<b>(631.76)</b>

### (E) Expenses recognised in the statement of profit and loss

Current service cost	161.59	133.46
Interest cost	115.77	90.09
Expected return on plan assets	(56.57)	(57.65)
Net Actuarial (Gain)/Loss recognised for the period	18.89	0.35
Expense recognised in the statement of profit and loss	<b>239.68</b>	<b>166.25</b>

### (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) Amounts for the current and previous four periods are as follows:

	April to March 2013	April to March 2012	April to March 2011	April to March 2010	July to March 2009
Defined benefit obligation	1,533.12	1,287.56	1,107.91	861.58	710.67
Plan assets	615.44	655.80	642.40	406.50	296.15
Surplus/(Deficit)	917.68	631.76	465.51	455.08	414.52
Experience adjustment on plan liabilities	20.16	1.09	129.73	17.27	57.26
Experience adjustment on plan assets	1.28	0.74	8.49	4.01	12.43

(H) The Company expects to contribute ₹ Nil (2012- ₹ Nil) to gratuity fund and ₹ 76.70 (2012 - ₹ 37.03) to Superannuation fund in the next year.

(ii) Defined Contribution Plans -

Amount of ₹ 728.58 (2012 - ₹ 553.63 ) is recognised as an expense and included in Note 25 in the Statement of profit and loss.

# Notes to Financial Statements For the year ended March 31, 2013

₹ In lacs

## Note 30 SUPPLEMENTARY INFORMATION

### A) Earnings in foreign currency (accrual basis):

FOB value of exports	890.74	872.98
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### B) Expenditure in foreign currency (accrual basis):

i) Royalty	153.03	-
ii) Travelling And Conveyance	60.60	7.50

### C) CIF value of imports

(i) Raw material	764.07	20.91
(ii) Capital goods	4.74	6.57

### D) Unhedged foreign currency exposure:

Particulars	Foreign Currency	2012-13		2011-12	
		₹ in Lacs	Amount in Foreign Currency	₹ in Lacs	Amount in Foreign Currency
Export trade receivables	US \$	45.61	83,852	100.32	196,110
Advance and Investment in Jyothy Kallol Bangladesh Limited	BDT	437.59	65,970,000	347.18	52,500,000

### E) Payment to auditors

	2012-13	2011-12
i) As Auditors	50.40	45.00
ii) In other capacity		
- Tax audit fees	9.55	9.83
- Certification	3.66	1.65
iii) Reimbursement of expenses	2.56	3.07
	<b>66.17</b>	<b>59.55</b>

### F) Donations to political parties

	2012-13	2011-12
Name of the Party		
Communist Party of India	-	0.01
Congress Party	-	0.02
Bharatiya Janata Party	0.07	0.01
LDF Election Fund	-	0.03
	<b>0.07</b>	<b>0.07</b>

# Notes to Financial Statements For the year ended March 31, 2013

₹ In lacs

## Note 30 SUPPLEMENTARY INFORMATION (Contd.)

### G) Details of Raw and packing material consumed:

Particulars	Consumption	
	Value	
	2012-13	2011-12
Synthetic Dye	550.68	647.17
Soap Noodles	86.34	273.39
Dyes & Chemicals	6,600.53	4,833.10
Fatty Oils, Powder & Perfumes	11,159.59	7,510.85
Plastic	2,082.33	2,287.60
Others	4,455.28	1,775.76
Packing materials	7,504.86	5,160.93
<b>Total</b>	<b>32,439.61</b>	<b>22,488.80</b>

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

Particulars	Raw Materials				Stores and Spare parts			
	2012-13		2011-12		2012-13		2011-12	
	Value	%	Value	%	Value	%	Value	%
Imported	138.53	0.43%	5.14	0.02%	0.29	0.15%	0.52	0.16%
Indigenous	32,301.08	99.57%	22,483.66	99.98%	197.27	99.85%	329.21	99.84%
<b>Total</b>	<b>32,439.61</b>		<b>22,488.80</b>		<b>197.56</b>		<b>329.73</b>	

### I) Value of opening stock , purchases , sales and closing stock

Item	Type	Opening Inventory	Purchases	Sales	Closing Inventory
Home Care	Traded	878.51	9,743.78	11,021.17	1,787.05
			<i>10,303.25</i>	<i>12,301.32</i>	
	Manufactured	474.73		13,468.61	2,070.43
				<i>9,504.55</i>	
Soaps & Detergents	Traded	394.18	19,305.22	35,506.67	3,889.15
			<i>4,422.93</i>	<i>5,590.33</i>	
	Manufactured	1,509.44		40,082.51	2,956.82
				<i>38,892.95</i>	
Others	Traded	-	973.12	1,658.71	373.30
			-	<i>(11.00)</i>	
<b>Total</b>		<b>3,256.86</b>	<b>30,022.12</b>	<b>101,737.67</b>	<b>11,076.75</b>
			<b><i>14,726.18</i></b>	<b><i>66,278.15</i></b>	

Figures in italics are in respect of the previous year

### J) Value of closing stock of work in progress

Particulars	2013	2012
Home Care	227.54	370.68
Soaps & Detergents	719.12	347.21
<b>Total</b>	<b>946.66</b>	<b>717.89</b>

## Note 31

## 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 bodycare, 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 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.

### Information about Business Segments

	Soaps and Detergents		Home care		Others		Eliminations		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
<b>Revenue</b>										
External Revenue	75,589.18	44,498.59	24,489.78	21,787.40	1,658.71	(7.84)	-	-	101,737.67	66,278.15
Inter Segment Revenue	5.41	56.08	1.08	(2.22)	-	-	(6.49)	(53.86)	-	-
Net Revenue	75,594.59	44,554.67	24,490.86	21,785.18	1,658.71	(7.84)	(6.49)	(53.86)	101,737.67	66,278.15
Segment Result	7,654.71	9,085.97	794.13	(1,594.59)	43.69	1.22	-	-	8,492.53	7,492.60
Unallocated expenditure									(2,301.38)	(869.38)
Unallocated Income									5,003.41	5,641.55
Interest and finance expenses									(6,608.27)	(1,943.25)
Profit before tax and prior period items									4,586.29	10,321.52
Prior Period Items									(182.71)	-
<b>Profit before tax</b>									<b>4,403.58</b>	<b>10,321.52</b>
Provision for tax									-	(1,969.96)
Profit after tax									<b>4,403.58</b>	<b>8,351.56</b>
<b>Other Information</b>										
Segment assets	68,454.45	19,672.40	12,380.75	10,069.06	3,336.56	-	-	-	84,171.76	29,741.46
Unallocated assets									71,795.31	105,950.75
<b>Total assets</b>									<b>155,967.07</b>	<b>135,692.21</b>
Segment liabilities	12,821.05	5,147.24	3,714.65	3,568.37	507.67	-	-	-	17,043.37	8,715.61
Unallocated liabilities									66,521.41	59,626.03
<b>Total liabilities</b>									<b>83,564.78</b>	<b>68,341.64</b>
Segment capital expenditure (including capital work in progress)	584.98	438.33	48.66	285.81	-	-	-	-	633.64	724.14
Unallocated capital expenditure (including capital work in progress)									199.27	172.71

# Notes to Financial Statements For the year ended March 31, 2013

₹ In lacs

## Note 31 SEGMENT REPORTING (Contd.)

	Soaps and Detergents		Home care		Others		Eliminations		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Total capital expenditure (including capital work in progress)									832.91	896.85
Segment depreciation and amortisation	3,882.27	823.95	410.70	399.80	246.39	-	-	-	4,539.36	1,223.75
Unallocated depreciation and amortisation									1,629.64	308.65
Total depreciation and amortisation									6,169.00	1,532.40
Segment impairment loss / (Reversal)	(4.48)	170.79	-	-	-	-	-	-	(4.48)	170.79
Total impairment loss/ (Reversal)									(4.48)	170.79
Segment non cash expenses other than depreciation	44.45	19.06	15.81	175.75	0.37	-	-	-	60.63	194.81
Unallocated non cash expenses other than depreciation									1.38	0.03
Total non cash expenses other than depreciation									62.01	194.84

### Information about geographical segment :

	2012-13	2012-13	2011-12	2011-12
	India	Outside India	India	Outside India
Revenue	99,860.36	1,877.31	65,387.94	890.21

All assets of the Company are located in India

## Note 32 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

Jyothy Consumer Products Ltd (Formerly know as Henkel India Limited)

upto March 31, 2012, now merged with Jyothy Laboratories Limited w.e.f. April 1,2012.

Jyothy Consumer Products Marketing Ltd.

(Formerly know as Henkel Marketing India Limited)

w.e.f August 23, 2011

Diamond Fabcare Private Ltd

w.e.f April 1, 2011

## Note 32

### RELATED PARTY DISCLOSURES (Contd.)

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
Snowways Launderers & 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

S.Raghunandan

Joint Managing Director

Whole Time Director & CEO

# Notes to Financial Statements For the year ended March 31, 2013

₹ In lacs

## Note 32 RELATED PARTY DISCLOSURES (Contd.)

### c) Transactions with related parties during the year

	2012-13	2011-12
<b><u>Individual having control</u></b>		
Remuneration*	216.00	218.98
Commission	111.89	218.78
Dividend	896.38	1,785.73
<b><u>Associated Industries Consumer Products Pvt. Ltd.</u></b>		
Sale of Finished goods (net of sales return) Raw material, Packing material and stores & spares	59.45	114.38
Royalty Income	4.81	7.03
Rent Income	2.52	2.32
Purchase of Finished goods (Net of purchase return), raw and packing material	125.67	489.61
Reimbursement	80.13	118.31
Interest Income	-	468.98
Loan given	-	25,582.01
Repayment of loan given	246.06	25,996.90
<b><u>Commission paid</u></b>		
Sreehari Stock Suppliers	8.47	29.40
Sujatha Agencies	8.66	30.21
Tamil Nadu Distributors	3.53	11.95
Beena Agencies	15.17	48.70
Sahyadri Agencies	23.29	81.63
Sahyadri Agencies Limited	75.06	-
Travancore Trading Corporation	17.07	57.46
Deepty Agencies	7.19	25.83
<b><u>Rent Paid</u></b>		
Quilon Trading Company	1.20	1.20
Dividend (M.P. Divakaran - H.U.F. and M.P. Sidharthan - H.U.F.)	40.30	80.60
<b><u>Jyothy Fabricare Services Limited</u></b>		
Loan given	1,218.12	8,813.25
Repayment of loan given	2,050.00	5,525.00
Reimbursement	380.04	101.11
Interest Income	719.64	669.91
Sale of Finished goods (net of sales return)	7.47	0.43
Purchases of services	0.62	0.08
Guarantees given to Bank on behalf of the Company	-	-
(Outstanding balance of term loan ₹ 487.25 (2012 ₹ 793.26)		
<b><u>Jyothy Consumer Products Ltd (Formerly Henkel India Limited)</u></b>		
Loan given	-	1,847.59
Repayment of loan given	-	25.00

## Note 32 RELATED PARTY DISCLOSURES (Contd.)

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

	2012-13	2011-12
Sale of Finished goods (net of sales return)	-	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
<b><u>Jyothy Consumer Products Marketing Ltd (Formerly Henkel Marketing India Limited)</u></b>		
Repayment of loan given #	-	2,037.42
Interest Income	3,450.00	2,275.96
Reimbursement of expenses	308.62	-
Other reimbursement	609.24	-
Purchase of Finished goods (Net of purchase return)	131.04	-
Sale of Finished goods (net of sales return)	17,369.08	-
# Loan given before August 23, 2011.		
<b><u>Diamond Fabcare Private Ltd.</u></b>		
Sales of finished goods	0.34	-
Loan given	2,603.00	70.00
Repayment of loan given	2.50	-
Interest Income	258.24	0.44
<b><u>Akash Cleaners Private Limited</u></b>		
Loan given	231.50	446.50
Repayment of loan given	3.50	21.50
Sales of Finished goods	-	0.09
Interest Income	66.79	1.64
<b><u>Jyothy Kallol Bangladesh Limited</u></b>		
Investment in share capital	435.29	-
Sale of inventory of capital goods	386.06	-
Share application Money	-	346.89
<b><u>Relatives of individuals having control</u></b>		
Remuneration*		
M. R. Jyothy (Director)	56.28	31.36
M. P. Sidharthan	20.00	12.00
M. R. Deepthi	20.16	15.01
Ananth Rao T	26.49	20.16
Ravi Razdan	20.16	15.90
M. P. Divakaran	20.00	11.00
Dividend	362.38	710.08

# Notes to Financial Statements

For the year ended March 31, 2013

₹ In lacs

## Note 32 RELATED PARTY DISCLOSURES (Contd.)

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

	2012-13	2011-12
<b>Contribution to Superannuation fund</b>		
M. R. Jyothy	4.20	2.80
Ananth Rao T.	2.33	1.80
M. R. Deepthi	1.80	1.27
Ravi Razdan	1.80	1.38
<b>Key management personnel</b>		
Remuneration*	581.93	174.52
Commission	100.70	172.91
Dividend	19.19	36.28
Contribution to Superannuation fund	51.96	15.58

\* 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

	2012-13	2011-12
<b>Amounts receivable</b>		
<b>Loans and advances:</b>		
Associated Industries Consumer Products Pvt. Ltd.	246.06	330.00
Jyothy Fabricare Services Limited	6,622.84	6,807.48
Jyothy Consumer Products Limited (Formerly Henkel India Limited)	-	14,204.40
Jyothy Consumer Products Marketing Ltd (Formerly Henkel Marketing India Limited)	30,301.84	30,000.00
Akash Cleaners Private Limited	713.17	425.06
Diamond Fabcare Private Ltd.	2,902.92	70.00
Jyothy Kallol Bangladesh Limited	-	346.89
<b>Trade receivable:</b>		
Jyothy Consumer Products Marketing Ltd (Formerly Henkel Marketing India Limited)	4,835.94	-
<b>Amounts payable</b>		
Individual having control	111.89	218.78
Key management personnel	100.70	172.91
Deposit received from subsidiary company	0.51	0.51
Enterprises in which relatives of individual having control are interested (Security deposits)		
Beena Agencies	35.00	38.11
Deepthy Agencies	100.00	102.06
M. P. Agencies	37.92	37.92
Sahyadri Agencies	5.00	11.24
Sujatha Agencies	5.00	12.35
Tamil Nadu Distributors	7.81	10.86
Travancore Trading Corporation	107.61	112.05
Quilon Trading Company	0.10	0.20
Sree Guruvayurappan Agencies	0.71	0.71
Srihari Stock Suppliers	-	6.39
Enterprises significantly influenced by key management personnel or their relatives		
Sahyadri Agencies Ltd.	19.45	6.20

## Note 33 OPERATING LEASES

### In case of assets taken on lease

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, 2013 was ₹ 930.85 (2012 - ₹ 511.90). There are no restrictions imposed by lease arrangements.

	2012-13	2011-12
<b>Future lease payment under non - cancellable operating leases are as follows:</b>		
Payable not later than one year	53.76	41.85
Payable later than one year and not later than five years	44.96	37.93
Payable later than five years	-	-
	<b>98.72</b>	<b>79.78</b>

### 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, 2013 is ₹ 105.98 and ₹ 19.94 (2012 - ₹ 147.98 and ₹ 21.27) respectively. Lease rent income for the year ended March 31, 2013 was ₹ 27.91 (2012 - ₹ 6.93). 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 34 CONTINGENT LIABILITIES

	2013	2012
Contingent liabilities not probable and hence not provided by the Company in respect of:		
(i) Amount outstanding in respect of corporate guarantees	1,975.75	1,301.35
(ii) Tax matters		
(a) Disputed sales tax demands – matters under appeal	6,295.13	3,274.03
(b) Disputed excise duty and service tax demand - matter under appeal	2,438.36	1,867.85
(c) Disputed income tax demands – matters under appeal	79.56	-
(iii) Other statutory dues	8.00	20.11
(iv) Claims against the Company not acknowledged as debt	-	120.00

## Note 35 CAPITAL COMMITMENTS (NET OF ADVANCES)

	2013	2012
Estimated amount of contracts remaining to be executed on capital account and not provided for	270.45	310.22
	<b>270.45</b>	<b>310.22</b>

## Note 36

The Honorable High Court of Mumbai, on April 12, 2013, approved the scheme of amalgamation (the scheme) under sections 391 to 394 of the Companies Act, 1956. In accordance with the scheme, Jyothy Consumer Products Limited (transferor Company) merged with the Company with effect from 1 April 2012. The transferor Company was engaged in the business of manufacturing and sale of body care, soap and detergent. The amalgamation is expected to channelize synergies and lead to better utilization of available resources and result in greater economies of scale.

The salient features of the scheme is as given below:-

- The Company has accounted for the amalgamation under the purchase method and recognised assets and liabilities acquired at fair value.
- The investments held by the Company in the Transferor Company has been cancelled.

## Note 36 (Contd.)

- c. The inter-corporate investments and inter-corporate deposits / loans and advances outstanding between the Company and the Transferor Company has been cancelled.
- d. The excess of the purchase consideration paid by the Company over the value of net assets of the Transferor Company and after giving effect to point b) and c) above has been treated as goodwill.

Goodwill arising above has been amortised over a period of 10 years from the date of amalgamation as management believes that benefits due to acquisition in form of distribution synergies, economies of scale, overheads optimisation and brand category expansion shall be available for at least 10 years.

The purchase consideration is to be discharged through issue of 23,79,748 equity shares. Pending such allotment, the fair value of the consideration of ₹ 5,504.12 lacs has been shown under 'Share capital suspense account' in the balance sheet. Further, the shareholders of the transferor Company are also entitled to equivalent number of bonus shares. Accordingly, an amount of ₹ 23.80 lacs has been utilised from securities premium and disclosed under 'Share capital suspense account'.

### The assets and liabilities of Jyothy Consumer Products Limited:-

Particulars	₹ in Lacs
<b>Assets Taken Over</b>	
Tangible fixed assets	7,507.78
Intangible assets	30,366.00
Investments	2.30
Deferred tax assets	1,533.79
Loans and advances	1,322.91
Other assets	27.17
Inventories	3,393.81
Trade receivables	3,647.39
Cash and bank balances	398.16
<b>Total Assets</b>	<b>48,199.31</b>
<b>Liabilities Taken Over</b>	
Borrowings	14,204.40
Trade payables	5,175.25
Other liabilities	59.35
Provisions	1,784.01
<b>Total Liabilities</b>	<b>21,223.01</b>
<b>Net assets</b>	<b>26,976.30</b>
Investment in Jyothy Consumer Products Limited	35,811.59
Purchase consideration	5,504.12
	<b>41,315.71</b>
<b>Goodwill</b>	<b>14,339.41</b>

## Note 37 MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 ('MSMED')

### The disclosure pursuant to the said Act is as under :

	2013	2012
Principal amount due to suppliers under MSMED Act	2,994.01	1,441.29
Interest accrued and due to suppliers under Section 16 of MSMED Act, 2006 on the above amount, unpaid	64.67	-
Interest paid to suppliers under the MSMED Act	-	-
Interest due and payable towards suppliers under MSMED Act towards payment already made	-	-
Interest accrued and remaining unpaid at the end of accounting year	64.67	-

The above information has been determined to the extent such parties have been identified on the basis of information available with the Company.

# Notes to Financial Statements For the year ended March 31, 2013

₹ In lacs

## Note 38 DETAILS OF LOAN / ADVANCES GIVEN TO SUBSIDIARY COMPANIES

Particulars	As at March 31, 2013	Maximum balance during the year	As at March 31, 2012	Maximum balance during the year
Associated Industries Consumer Products Pvt. Ltd.	246.06	302.78	330.00	25,819.67
Jyothy Fabricare Services Limited	6,622.84	6,976.19	6,807.48	8,613.98
Jyothy Consumer Products Ltd. (Formerly known as Henkel India Limited)	-	-	14,204.40	14,204.40
Jyothy Consumer Products Marketing Ltd (Formerly known as Henkel Marketing India Limited)	30,301.84	30,501.90	30,000.00	30,881.44
Akash Cleaners Private Limited	713.17	713.17	425.06	426.08
Diamond Fabcare Private Ltd.	2,902.92	2,902.92	70.00	70.00

## Note 39 DETAILS OF INVESTMENTS IN PARTNERSHIP FIRM

Name of Partner	Share of partner in profits (%)	
	2013	2012
Share of partner in profits (%)		
Jyothy Fabricare Services Limited	75.00%	75.00%
Jyothy Laboratories Limited	25.00%	25.00%
Total capital of the firm	445.00	150.00

## Note 40 PRIOR PERIOD ITEM

	2012-13	2011-12
Provision for leave encashment	182.71	-
	<b>182.71</b>	<b>-</b>

## Note 41 MANAGERIAL REMUNERATION

Employee benefit expenses include ₹ 1,113.72 lacs paid / payable during the year towards remuneration payable to its Whole Time Directors. The maximum remuneration payable under Para (1) (B) of Section II of Part II of Schedule XIII of the Companies Act, 1956 ('Act') is ₹ 192 lacs. Based on the legal advice received by the Company, management has computed the maximum remuneration payable to its Whole Time Directors amounting to ₹ 1,025 lacs.

The Company has filed an application with the Central government and is in the process of obtaining necessary approval from shareholders for remuneration payable to its Whole Time Directors. Pending receipt of such approval, the excess remuneration paid to the Directors is held in trust by the said Directors.

## Note 42 EARNING'S PER SHARE

	2013	2012
Net Profit for calculation of basic and diluted EPS	4,403.58	8,351.56
Weighted average number of shares for calculation of basic and diluted EPS *	166,023,496	8,06,32,000
Basic and Diluted EPS (₹) **	2.65	5.18

\* Current year includes 23,79,748 equity shares pending to be allotted to shareholders of Jyothy Consumer Products Limited as per the scheme of amalgamation and equivalent bonus thereon.

\*\* 8,06,32,000 bonus shares issued in current year have been considered for calculation of basic and diluted EPS of the previous year.

Note 43

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, the Jammu High Court has also given favourable order. Based on the orders of High Court, the Company has accrued an additional benefit of ₹ 438.50 lacs (2012 - ₹ 186.54) in the current year.

Note 44

In the previous year, the Company has entered into an option agreement dated May 5, 2011 with Henkel AG & Co. KGaA (Henkel AG) 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 45

PREVIOUS YEAR FIGURES

Previous year figures have been regrouped / reclassified , where necessary, to conform to this year classification.

Signatures to Notes 1 to 45

As per our report of even date  
For S.R. Batliboi & Associates LLP  
Chartered Accountants  
ICAI Firm Registration No. 101049W  
  
per Vikram Mehta  
Partner  
Membership No.: 105938  
  
Place: Mumbai  
Date: May 22, 2013

For and on behalf of the Board of Director 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 22, 2013

# Auditors' Report on Consolidated Financial Statements

To the Board of Directors of

## Jyothy Laboratories Limited

We have audited the accompanying consolidated financial statements of Jyothy Laboratories Limited ("the Company") and its subsidiaries (collectively referred to as 'the Group'), which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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 Company as at March 31, 2013;
- (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.

### Emphasis of Matter

Without qualifying our report, we draw attention to Note 40 to the consolidated financial statements regarding managerial remuneration amounting to Rs 1,113 lacs paid / provided during the year of which Rs 921 lacs is in excess of the limits prescribed under Schedule XIII of the Companies Act, 1956. As informed to us, the Company has filed an application with the Central government and is in the process of obtaining necessary approval from shareholders for approval of such excess remuneration.

### Other Matter

We did not audit total assets of Rs. 3,910 lacs as at March 31, 2013, total revenues of Rs. 3,126 lacs and net cash outflows amounting to Rs. 105 lacs for the year then ended, included in the accompanying consolidated financial statements in respect of certain subsidiaries, whose financial statements and other financial information have been audited by other auditors and whose reports have been furnished to us. Our opinion, in so far as it relates to the affairs of such subsidiaries is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W

**per Vikram Mehta**

Partner

Membership No.: 105938

Place of Signature: Mumbai

Date: May 22, 2013

# Consolidated Balance Sheet as at March 31, 2013

	Note	2013	2012
₹ In Lacs			
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	4	1,612.64	806.32
Share capital suspense (Refer Note 37)		5,527.92	-
Reserves and surplus	5	56,714.44	60,435.71
		63,855.00	61,242.03
Minority Interest		488.11	668.59
<b>Non-current liabilities</b>			
Long-term borrowings	6	42,500.42	43,794.47
Deferred tax liabilities (Net)	7	91.34	1,610.16
Other Long term liabilities	8	180.00	270.00
Provisions	9	1,021.66	831.18
		43,793.42	46,505.81
<b>Current liabilities</b>			
Short-term borrowings	10	12,678.47	12,366.84
Trade payables	11	12,347.98	15,451.44
Other current liabilities	12	11,091.16	2,827.42
Provisions	9	7,670.47	2,871.52
		43,788.08	33,517.22
<b>TOTAL</b>		<b>151,924.61</b>	<b>141,933.65</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	13		
(i) Tangible assets		29,959.72	32,100.55
(ii) Intangible assets		76,277.33	70,926.92
(iii) Capital work-in-progress		729.94	308.62
Non-current investments	14	149.89	149.89
Loans and advances	15	9,798.59	5,377.83
Other assets	16	157.15	186.09
		117,072.62	109,049.90
<b>Current assets</b>			
Inventories	17	17,216.88	12,197.84
Trade receivables	18	8,078.70	8,072.36
Cash and Bank balances	19	4,631.43	6,622.18
Loans and advances	15	4,432.87	5,562.22
Other assets	16	492.11	429.15
		34,851.99	32,883.75
<b>TOTAL</b>		<b>151,924.61</b>	<b>141,933.65</b>
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 LLP**  
Chartered Accountants  
ICAI Firm Registration No. 101049W

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

Place: Mumbai  
Date: May 22, 2013

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

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

**M.L. Bansal**  
Company Secretary

**K. Ullas Kamath**  
Joint Managing Director

Place: Mumbai  
Date: May 22, 2013

# Consolidated Statement of Profit and Loss For the year ended March 31, 2013

	Note	2012-13	2011-12
₹ In Lacs			
<b>REVENUE</b>			
Sales (net of trade discount)		110,743.77	90,915.27
Less: Excise duty		(4,756.43)	(3,454.19)
Net sales		105,987.34	87,461.08
Sale of services		4,427.95	3,800.62
Other operating income	20	180.87	67.42
Revenue from operations		110,596.16	91,329.12
Other income	21	124.60	547.48
<b>Total Revenue ( I )</b>		<b>110,720.76</b>	<b>91,876.60</b>
<b>EXPENSES</b>			
Cost of raw material and components consumed	22	33,981.11	26,340.67
Purchase of traded goods		29,822.14	24,399.98
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	23	(5,367.66)	(441.85)
Employee benefits expense	24	13,048.30	11,366.50
Other expenses	25	26,145.45	21,225.45
<b>Total Expense ( II )</b>		<b>97,629.34</b>	<b>82,890.75</b>
<b>EARNINGS BEFORE INTEREST, TAX, DEPRECIATION, AMORTISATION AND IMPAIRMENT (EBITDA) (I) – (II)</b>		<b>13,091.42</b>	<b>8,985.85</b>
Depreciation, amortisation and impairment	13	2,242.86	2,465.36
Finance Costs	26	6,822.25	2,383.14
Interest Income	27	395.56	1,696.92
<b>PROFIT BEFORE PRIOR PERIOD ITEMS AND TAX</b>		<b>4,421.87</b>	<b>5,834.27</b>
Prior Period items	38	4,297.83	-
<b>PROFIT BEFORE TAX</b>		<b>124.04</b>	<b>5,834.27</b>
Current tax (MAT Payable)		916.93	2,034.50
Less MAT credit entitlement		(885.00)	-
- Net Current Tax		31.93	2,034.50
- Deferred tax charge/(reversal)		(1,518.81)	(41.20)
<b>PROFIT AFTER TAX</b>		<b>1,610.92</b>	<b>3,840.97</b>
Minority Share (share in loss)		353.91	617.22
<b>PROFIT AFTER TAX AND MINORITY SHARE</b>		<b>1,964.83</b>	<b>4,458.19</b>
<b>EARNINGS PER SHARE (EPS)</b>			
Basic and Diluted (₹)	41	1.18	2.76
Nominal value per share (₹)		1	1
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 LLP**  
Chartered Accountants  
ICAI Firm Registration No. 101049W

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

Place: Mumbai  
Date: May 22, 2013

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

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

**M.L. Bansal**  
Company Secretary

**K. Ullas Kamath**  
Joint Managing Director

Place: Mumbai  
Date: May 22, 2013

# Consolidated Cash Flow Statements For the year ended March 31, 2013

	₹ In Lacs	
	2012-13	2011-12
<b>A. CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES:</b>		
Profit before Tax	124.04	5,834.27
<b>Adjustment to reconcile profit before tax to net cash flow</b>		
Depreciation, amortisation and impairment (net)	2,242.86	2,465.36
Prior Period Item	4,297.83	-
Loss on fixed assets discarded	33.03	173.77
Profit on sale of fixed assets	(5.80)	(78.93)
Interest expenses	6,822.25	2,383.14
Interest income on fixed deposit	(334.08)	(433.09)
Interest income on loans given	-	(1,204.70)
Excess provision written back	(61.66)	(18.77)
Profit on sale of investments	-	(430.65)
Bad debt written off	4.64	0.44
Provision for doubtful debts	75.09	104.03
Provision for doubtful advances	58.58	55.00
<b>Operating profit before working capital changes</b>	<b>13,256.78</b>	<b>8,849.87</b>
Movements in working capital :		
Increase/ (decrease) in trade payables	(2,138.32)	(10,679.23)
Increase / (decrease) in provisions	2,377.24	402.51
Increase/ (decrease) in other liabilities	592.95	263.56
Decrease / (increase) in trade receivables	(86.07)	16,046.21
Decrease / (increase) in inventories	(5,276.95)	(1,215.37)
Decrease / (increase) in Loans and advances	(4,268.37)	1,041.69
Decrease / (increase) in other current assets	32.73	27.63
<b>Cash generated from operations</b>	<b>4,489.99</b>	<b>14,736.87</b>
Taxes paid (net)	(1,711.15)	(2,278.95)
<b>Net cash (used in) / generated from operating activities (A)</b>	<b>2,778.84</b>	<b>12,457.92</b>
<b>B. CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:</b>		
Purchase of fixed assets including capital work-in-progress and Capital Advances	(2,785.52)	(2,465.92)
Acquisition of subsidiaries	-	(33,508.63)
Proceeds from sale of fixed assets	46.49	130.06
Proceeds from sale of investment in current mutual funds	-	431.65
Loan given to subsidiary company (pre acquisition)	-	(42,538.57)
Maturity/(Investment) in fixed deposit (having original maturity of more than three months)	(425.45)	14,745.55
Interest received on fixed deposits	318.97	488.74
Interest received on Loans	-	1,204.70
<b>Net cash (used in) / generated from investing activities (B)</b>	<b>(2,845.51)</b>	<b>(61,512.42)</b>

# Consolidated Cash Flow Statements (Contd.)

For the year ended March 31, 2013

	₹ In Lacs	
	2012-13	2011-12
<b>C. CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES:</b>		
Interest paid	(6,218.60)	(2,383.14)
Proceeds from long-term borrowings	1,610.94	49,460.13
Repayment of long-term borrowings	(927.85)	(2,018.47)
Proceeds from short-term borrowings	21,911.20	-
Repayment of short-term borrowings	(21,599.57)	-
Proceed from issue of Debentures	5,000.00	-
Premium on redemption of Debentures (net)	-	(3,769.48)
Proceed from issue of shares by subsidiary	173.43	5,000.00
Expenses incurred on issue of debentures by Company / shares by subsidiary	-	(280.91)
Dividend paid	(2,015.80)	(4,031.60)
Dividend tax paid	(327.01)	(654.03)
<b>Net cash (used in) /generated from financing activities (C)</b>	<b>(2,393.26)</b>	<b>41,322.50</b>
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(2,459.93)	(7,732.00)
Cash and cash equivalents at the beginning of the year	4,391.77	11,034.05
Cash and cash equivalents taken over on acquisitions in the Previous year	-	1,089.72
<b>Cash and cash equivalents at the end of the year</b>	<b>1,931.84</b>	<b>4,391.77</b>
<b>Components of cash and cash equivalents as per Note 19</b>		
Cash in hand	60.47	41.08
Balance with scheduled banks - Current account	1,457.31	4,032.10
- Deposit account	406.21	311.87
Unclaimed dividend accounts *	7.85	6.72
<b>Cash and cash equivalents considered for cash flows statement</b>	<b>1,931.84</b>	<b>4,391.77</b>
* Not available for use by the management for any other purpose		
Summary of significant accounting policies	<b>Note 3</b>	

As per our report of even date

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

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

Place: Mumbai  
Date: May 22, 2013

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

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

**M.L. Bansal**  
Company Secretary

**K. Ullas Kamath**  
Joint Managing Director

Place: Mumbai  
Date: May 22, 2013

# Notes to Consolidated Financial Statements For the year ended March 31, 2013

## 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

- 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.
- 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 profits unrealised profits/losses on intra-group transactions as per Accounting Standard 21(AS 21) "Consolidated Financial Statements". 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 statements as goodwill/capital reserves, as the case may be. Goodwill on consolidation is tested for impairment at every reporting date.
- 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.
- The Consolidated Financial Statements for the year ended March 31, 2013 includes the financial statements of the following subsidiaries.

Name of the Company		Country of incorporation	Percentage of ownership either directly or indirectly through subsidiaries as at	
			March 31, 2013	March 31, 2012
<b>(a) Direct Subsidiaries</b>				
	1. Associated Industries Consumer Products Pvt. Ltd.	India	100.00	100.00
	2. Jyothy Fabricare Services Limited	India	74.71	74.71
	3. Jyothy Consumer Products Ltd (formerly known as Henkel India Limited)	India	Refer Note 37	83.65
	4. Jyothy Kallol Bangladesh Limited	Bangladesh	75.00	75.00
	5. Jyothy Consumer Products Marketing Ltd. (formerly known as Henkel Marketing India Limited)	India	95.99**	80.30
<b>(b) Indirect Subsidiaries *</b>				
	6. Snoways Launderers and Drycleaners Pvt. Ltd. (Note 1)	India	36.61	36.61
	7. Diamond Fabcare Private Limited	India	74.71	74.71
	8. Akash Cleaners Private Limited	India	74.71	74.71
	9. Fab Clean & Care Private Limited	India	74.71	74.71
	10. Four Seasons Dry Cleaning Co. Private Limited	India	74.71	74.71
<b>(c)</b>	11. JFSL-JLL(JV)	India	81.03	81.03

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

\*\* Increase in % of holding is due to merger of Jyothy Consumer Products Ltd. with Jyothy Laboratories Ltd., making Jyothy Consumer Products Marketing Ltd. a direct Subsidiary of the Company.

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

Note :

1. 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.

## **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) Use of estimates**

The preparation of financial statements, in conformity with Indian GAAP requires management to make judgments, 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.

### **b) 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.

Gains or losses arising from derecognition of tangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

### **c) 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 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.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

### **d) Depreciation and amortisation**

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.

The estimated useful life of the assets is as follows:

Category	Estimated useful life (in years)
Factory Buildings	10-30
Building (Other than Factory Building)	10-60
Plant and machinery	13-21
Furniture and fixtures	5-16
Leasehold Improvements	
- Outlets on lease	3
- Others	9
Dies and moulds	3
Computers	6
Office equipment's	5-21
Vehicles	6-10
Know-how	3-5
Trademarks and Copyrights	9-10
Software's and Licences	5-10

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

The goodwill purchased is not amortised but tested for impairment purposes for every year. Assets costing less than ₹ 5,000 are depreciated at the rate of 100 %. Leasehold land is amortised over the period of the lease on a straight-line basis which ranges between 60-90 years.

The amortization/depreciation period and the amortization/depreciation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization /depreciation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization/depreciation method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

### **e) 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 recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's 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 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.

### **f) Operating Leases**

- i. Where the Group is a lessee;  
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.
- ii. Where the Group is a lessor;  
Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

### **g) 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.

### **h) 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.

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

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.

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 recognise a decline other than temporary in the value of the investments.

An investment in land or building, which is not intended to be occupied substantially for use by, or in the operations of the Group is classified as investment property. Investment properties are stated at cost, net of accumulated depreciation and impairment losses, if any.

### **i) Inventories**

Inventories of raw materials, packing materials, work-in-progress, finished goods, operating supplies, 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 Group accrues for excise duty liability in respect of manufactured finished goods/intermediary inventories lying in the factory.

Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a FIFO basis.

Operating supplies are items in circulation. Cost is ascertained on First-in-First out ('FIFO') basis and includes all applicable cost incurred in bringing goods to their present location 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.

### **j) 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. The following specific criteria must also be met before revenue is recognised;

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.

### **k) 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.

## **l) Retirement and other employee benefits**

- i) Retirement benefit in the form of provident fund and super annuation fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the respective fund. The Group recognizes contribution payable to the provident fund/ super annuation scheme as an expenditure, when an employee renders the related service.
- 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 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.

## **m) 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.

## **n) 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.

Minimum Alternative Tax (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 MAT credit becomes eligible to be recognized as an asset

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

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.

### **o) 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.

### **p) 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.

### **q) Segment Reporting**

Identification of segments:

The Group'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 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.

### **r) 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.

### **s) 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.

### **t) Borrowing Costs**

Borrowing costs consist of interest and amortisation of ancillary costs incurred in connection with the arrangement of borrowings. 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.

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

### 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 Group 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 Group does not recognize a contingent liability but discloses its existence in the financial statements.

### v) 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 amortization (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 amortization expense, finance costs, interest income and tax expense.

	2013	2012
<b>Note 4 SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
170,000,000 (2012 - 120,000,000 ) equity shares of ₹ 1 (2012 - ₹ 1) each	1,700.00	1,200.00
	<b>1,700.00</b>	<b>1,200.00</b>
<b>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>		
161,264,000 (2012 - 80,632,000) equity shares of ₹ 1 (2012 - ₹ 1) each fully paid	1,612.64	806.32
	<b>1,612.64</b>	<b>806.32</b>

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

	2013		2012	
	No.	Amount	No.	Amount
At the beginning of the period	80,632,000	806.32	80,632,000	806.32
Issued during the period -Bonus issue	80,632,000	806.32	-	-
Outstanding at the end of the period	<b>161,264,000</b>	<b>1,612.64</b>	<b>80,632,000</b>	<b>806.32</b>

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

	2013		2012	
	No.	% Holding in the class	No.	% Holding in the class
Equity shares of ₹ 1 each fully paid				
M. P. Ramachandran	71,974,777	44.63%	35,855,297	44.47%

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, 2013, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 2.50 (2012: ₹ 2.50). 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.

# Notes to Consolidated Financial Statements For the year ended March 31, 2013

₹ In Lacs

## Note 4 SHARE CAPITAL (Contd.)

	2013 No.	2012 No.
<b>d. Aggregate number of bonus shares issued, shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:</b>		
Equity shares allotted as fully paid bonus shares by capitalization of securities premium	80,632,000	-
	80,632,000	-

	2013	2012
<b>Note 5 RESERVES AND SURPLUS</b>		
<b>Surplus in the statement of profit and loss :</b>		
Balance, beginning of the year	(2,888.18)	641.80
Profit for the year	1,964.83	4,458.19
Minority Interest in negative networth of Jyothy Consumer Products Ltd. (formerly known as Henkel India Limited) on acquisition	-	(3,645.36)
	(923.35)	1,454.63
Less: Appropriations		
Proposed dividend (amount per share ₹ 2.5 (2012 : ₹ 2.5))*	(4,150.59)	(2,015.80)
Tax on proposed dividend*	(705.39)	(327.01)
Transfer to Debenture Redemption Reserve	(1,250.00)	-
Transfer to general reserves	(500.00)	(2,000.00)
<b>Net (deficit) / surplus in the statement of profit and loss</b>	<b>(7,529.33)</b>	<b>(2,888.18)</b>
Reserve arising on dilution (Refer Note 43)	3,592.50	3,592.50
<b>Securities premium</b>		
Balance, beginning of the year	28,785.41	32,716.42
Less: Amount utilised towards issue of fully paid bonus shares **	(830.12)	-
Less: Premium on redemption of Debentures	-	(3,769.48)
Less: Expenses incurred on issue of Debentures	-	(161.53)
Balance, end of the year	27,955.29	28,785.41
<b>Investment subsidy</b>	106.90	106.90
<b>Debenture Redemption Reserve</b>		
Balance, beginning of the year	-	-
Add: Amount transferred from surplus balance in the statement of profit and loss	1,250.00	-
<b>Balance, end of the year</b>	<b>1,250.00</b>	<b>-</b>
<b>General reserves</b>		
Balance, beginning of the year	30,839.08	28,839.08
Add: Amount transferred from surplus balance in the statement of profit and loss	500.00	2,000.00
<b>Balance, end of the year</b>	<b>31,339.08</b>	<b>30,839.08</b>
	<b>56,714.44</b>	<b>60,435.71</b>

\* Includes Proposed dividend and tax on proposed dividend of ₹ 118.99 lacs and ₹ 20.22 lacs respectively pertaining to equity shares pending to be allotted to shareholders of Jyothy Consumer Products Limited as per the scheme of amalgamation.

\*\* Includes ₹ 23.80 lacs pertaining to bonus shares to be allotted to shareholders of Jyothy Consumer Products Limited (Refer Note 37)

# Notes to Consolidated Financial Statements For the year ended March 31, 2013

₹ In Lacs

## Note 6 LONG-TERM BORROWINGS

	NON CURRENT		CURRENT	
	2013	2012	2013	2012
Term loans from Bank (secured)	37,500.42	43,794.47	7,397.14	420.00
10.25% Secured Redeemable Non Convertible Debentures	5,000.00	-	-	-
Deferred sales tax loan (Unsecured)	-	-	17.45	17.45
Amount disclosed under 'Other Current Liabilities' (Note 12)	-	-	(7,414.59)	(437.45)
	<b>42,500.42</b>	<b>43,794.47</b>	<b>-</b>	<b>-</b>

### Details of loan

- Term Loan of ₹ 43,000 (2012 : ₹ 43,000) has been taken from Banks during the financial year 2011-12 and carries interest @ 11.25% p.a payable monthly. Interest rate is fixed for the period of one year and floating thereafter. Term loan to be repaid in 16 quarterly installment starting from June 30, 2013. The term loan is secured against first charge on the all immovable properties, trademarks 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 receivables, revenues, bank accounts together with investment, fixed deposits and book debts, stock in trade and all the properties mentioned above.
- Term loan from bank of ₹ 482.09 (2012 : ₹ 793.27) 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 monthly installments of ₹ 25.00 each along with interest from 1 July, 2010. This is secured by mortgage of leased land & building of Jyothy Fabricare Services Limited situated at Doddaballapura, Bangalore.
- Term loan of ₹ 312 (2012 : 432) is repayable in 60 monthly installment along with interest from May 10, 2010. Term Loan is secured by hypothecation of plant & machinery & all movables present & 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.
- Term loan of ₹ 1,103.47 (2012 : Nil) from Axis bank has been taken during the year. The loan is repayable in 32 quarterly installment beginning from August 2013. The loan is secured by Exclusive first charge on the entire fixed assets and current assets of the JFSL-JLL (JV) and further secured by corporate guarantee given by the Company.
- 10.25% Debenture are redeemable at par at the end of 3 years and 7 days from the date of allotment i.e. November 7, 2012. The Debenture are secured by first charge on all moveable fixed assets, property and fixtures, movable plant and machinery and all other equipment of the Company.
- Deferred sales tax loan is interest free and is due for payment.

	2013	2012
<b>Note 7 DEFERRED TAX LIABILITIES, (NET)</b>		
<b>a) Deferred tax liability</b>		
Depreciation	3,486.03	2,314.26
<b>Gross Deferred tax liability</b>	<b>3,486.03</b>	<b>2,314.26</b>
<b>b) Deferred tax assets</b>		
Technical royalty	2.77	2.82
Provision for gratuity	332.36	220.58
Provision for doubtful debts	81.56	28.11

# Notes to Consolidated Financial Statements For the year ended March 31, 2013

		₹ In Lacs	
		2013	2012
<b>Note 7</b>	<b>DEFERRED TAX LIABILITIES, (NET) (Contd.)</b>		
Provision for doubtful advances		476.25	16.99
Provision for leave encashment		192.00	127.19
Provision for impairment losses		140.62	160.07
On carry forward loss and unabsorbed depreciation		2,138.27	118.23
Other disallowances		30.86	30.11
<b>Gross Deferred tax assets</b>		<b>3,394.69</b>	<b>704.10</b>
<b>Net Deferred tax liabilities</b>		<b>91.34</b>	<b>1,610.16</b>

		NON CURRENT		CURRENT	
		2013	2012	2013	2012
<b>Note 8</b>	<b>OTHER LONG-TERM LIABILITIES</b>				
Deferred Payment Liability (Unsecured)		180.00	270.00	180.00	90.00
Amount Disclosed under 'Other Current Liabilities' (Note 12)		-	-	(180.00)	(90.00)
		<b>180.00</b>	<b>270.00</b>	<b>-</b>	<b>-</b>

		NON CURRENT		CURRENT	
		2013	2012	2013	2012
<b>Note 9</b>	<b>PROVISIONS</b>				
<b>Provision for employee benefits</b>					
Provision for leave encashment		26.68	29.08	589.84	382.89
Provision for gratuity (Note 28)		994.98	802.10	11.97	21.31
Provision for bonus		-	-	-	4.86
		<b>1,021.66</b>	<b>831.18</b>	<b>601.81</b>	<b>409.06</b>
<b>Other provisions</b>					
Provision for wealth tax		-	-	4.13	3.00
Provision for income tax (net of advance tax)		-	-	32.96	116.65
Provision for contingencies		-	-	2,175.59	-
Proposed dividend		-	-	4,150.59	2,015.80
Tax on proposed dividend		-	-	705.39	327.01
		-	-	<b>7,068.66</b>	<b>2,462.46</b>
		<b>1,021.66</b>	<b>831.18</b>	<b>7,670.47</b>	<b>2,871.52</b>

## Provision for contingencies:

During the year, management has reviewed all the excise and VAT cases pending at various levels and accordingly believes that outflow of resources embodying economics benefits is probable for certain cases and the estimated amount of outflow is ₹ 2,175.59 lacs.

# Notes to Consolidated Financial Statements For the year ended March 31, 2013

		₹ In Lacs
	2013	2012
<b>Note 10</b>	<b>SHORT-TERM BORROWINGS</b>	
Short term loan from bank (Secured)	-	2,000.00
Bank overdraft (Secured)	6,267.27	7,866.84
Commercial Paper (Unsecured)	6,411.20	2,500.00
	<b>12,678.47</b>	<b>12,366.84</b>

## Details of loan

- (a) Short term loan and bank overdraft carries interest @ 11.25% and 11.50-15.00% p.a respectively payable monthly and is repayable on demand.  
For details of securities refer note 6(a).
- (b) Commercial paper issued 800 units of face value of ₹ 5 lacs each, maturing on May 3, 2013.
- (c) Commercial paper issued 500 units of face value of ₹ 5 lacs each, maturing on June 24, 2013.

	2013	2012
<b>Note 11</b>	<b>TRADE PAYABLES</b>	
Micro, Small and Medium Enterprises (Refer Note 42)	3,068.39	3,097.72
Other trade payable	4,194.74	4,188.19
Accrual for expenses	5,084.85	8,165.53
	<b>12,347.98</b>	<b>15,451.44</b>

## **Note 12** **OTHER CURRENT LIABILITIES**

Interest accrued but not due on loans	614.45	10.80
Statutory Dues	1,371.74	1,407.96
Unclaimed dividend *	7.85	6.72
Security deposits	341.69	415.96
Advances from customers	1,121.31	437.51
Current maturities of deferred payment liability (Note 8)	180.00	90.00
Current maturities of loan (Note 6)	7,414.59	437.45
Other liabilities	39.53	21.02
	<b>11,091.16</b>	<b>2,827.42</b>

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

# Notes to Consolidated Financial Statements For the year ended March 31, 2013

₹ In lacs

## Note 13 FIXED ASSETS

	Gross Block					Depreciation and Amortisation					Impairment			Net Block	
Particulars	As at April 1, 2012	Addition pursuant to acquisition during the previous year (Refer Note 36)	Addition	Deletions	As at March 31, 2013	As at April 1, 2012	Addition pursuant to acquisition during the previous year (Refer Note 36)	For the year	Deletions	As at March 31, 2013	As at April 1, 2012	Charge For the year*	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
<b>Intangible assets</b>															
Goodwill	70,601.17	-	5,504.12	-	76,105.29	373.54	-	-	-	373.54	51.50	-	51.50	75,680.25	70,176.13
	589.30	17,944.13	52,067.74	-	70,601.17	149.54	224.00	-	-	373.54	-	51.50	51.50		
Trademarks and Copyrights\$	618.44	-	-	-	618.44	347.25	-	51.62	-	398.87	23.68	-	23.68	195.89	247.51
	618.44	-	-	-	618.44	281.99	-	65.26	-	347.25	-	23.68	23.68		
Know-how	647.12	-	-	-	647.12	335.45	-	120.00	-	455.45	-	-	-	191.67	311.67
	647.12	-	-	-	647.12	211.69	-	123.76	-	335.45	-	-	-		
Software's and Licences	260.80	-	60.50	-	321.30	69.19	-	42.59	-	111.78	-	-	-	209.52	191.61
	138.28	28.04	94.48	-	260.80	19.56	11.83	37.80	-	69.19	-	-	-		
<b>Total intangible assets</b>	<b>72,127.53</b>	<b>-</b>	<b>5,564.62</b>	<b>-</b>	<b>77,692.15</b>	<b>1,125.43</b>	<b>-</b>	<b>214.21</b>	<b>-</b>	<b>1,339.64</b>	<b>75.18</b>	<b>-</b>	<b>75.18</b>	<b>76,277.33</b>	<b>70,926.92</b>
	1,993.14	17,972.17	52,162.22	-	72,127.53	662.78	235.83	226.82	-	1,125.43	-	75.18	75.18	70,926.92	
<b>Tangible assets</b>															
Freehold land ^	3,692.52	-	1.45	-	3,693.97	-	-	-	-	-	-	-	-	3,693.97	3,692.52
	1,875.57	1,280.54	536.41	-	3,692.52	-	-	-	-	-	-	-	-		
Leasehold land	390.74	-	-	-	390.74	26.58	-	3.99	-	30.57	-	-	-	360.17	364.16
	372.09	18.65	-	-	390.74	21.80	-	4.78	-	26.58	-	-	-		
Building#	14,730.66	-	295.49	-	15,026.15	2,532.98	-	416.95	-	2,949.93	-	-	-	12,076.22	12,197.68
	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	-	-	-		
Plant and machinery @	21,371.48	-	1,660.59	110.89	22,921.18	7,525.61	-	1,196.05	73.71	8,647.95	402.11	2,009.76	2,411.87	11,861.36	13,443.76
	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		
Dies and moulds	538.70	-	32.51	3.47	567.74	412.99	-	67.03	0.21	479.81	-	-	-	87.93	125.71
	426.99	-	125.74	14.03	538.70	350.62	-	76.40	14.03	412.99	-	-	-		
Furniture and fixture	1,125.98	-	73.25	167.14	1,032.09	432.05	-	59.60	97.02	394.63	1.07	-	1.07	636.39	692.86
	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		
Leasehold Improvements	473.40	-	32.90	-	506.30	268.19	-	86.94	-	355.13	-	-	-	151.17	205.21
	90.83	276.69	105.88	-	473.40	34.13	140.75	93.31	-	268.19	-	-	-		
Office equipment's	1,931.69	-	85.01	714.61	1,302.09	1,145.79	-	111.15	555.39	701.55	14.08	-	14.08	586.46	771.82
	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		
Vehicle	1,044.21	-	58.51	169.93	932.79	436.47	-	91.42	102.06	425.83	0.91	-	0.91	506.05	606.83
	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		
<b>Total tangible assets</b>	<b>45,299.38</b>	<b>-</b>	<b>2,239.71</b>	<b>1,166.04</b>	<b>46,373.05</b>	<b>12,780.66</b>	<b>-</b>	<b>2,033.13</b>	<b>828.39</b>	<b>13,985.40</b>	<b>418.17</b>	<b>2,009.76</b>	<b>2,427.93</b>	<b>29,959.72</b>	<b>32,100.55</b>
	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	
<b>Total</b>	<b>117,426.91</b>	<b>-</b>	<b>7,804.33</b>	<b>1,166.04</b>	<b>124,065.20</b>	<b>13,906.09</b>	<b>-</b>	<b>2,247.34</b>	<b>828.39</b>	<b>15,325.04</b>	<b>493.35</b>	<b>2,009.76</b>	<b>2,503.11</b>	<b>106,237.05</b>	<b>103,027.47</b>
Previous year	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	

\$ Includes trademarks and copyrights of ₹ 315.63 (2012 - ₹ 315.63) pending for registration in the name of the Company and ₹ 37.63 (2012 - ₹ 37.63) pending for registration in the name of the Jyothy Fabricare Services Limited.

# Includes ₹ 452.19 (2012 ₹ 452.19) represented by unquoted fully paid shares at cost in various co-operative societies. Further, also refer Note 32.

@ Addition in plant and machinery includes Salary and wages of ₹ 47.37 (2012 - ₹ Nil) and Power and Fuel ₹ 2.72 (2012 - ₹ Nil) pertaining to revenue expenses capitalised during the year.

\* Impairment provision charge for the year includes ₹ 2014.24 shown as prior period adjustment, (Refer note 38). Previous year impairment provision charges includes impairment provision of ₹ 95.61 lacs and ₹ 75.18 lacs for the Pithampur washing powder and for the Goodwill, Trademark and Copyright of Ruby Brand respectively). The same is included in the soaps and detergent in Note 29.

^ Land title deed relating to freehold land of ₹ 536.41 (2012: ₹ 536.41) are pending for registration in the name of Jyothy Fabricare Services Limited.  
Refer note 37 for addition to Goodwill in the current year.

Figures in italics are in respect of the previous year

# Notes to Consolidated Financial Statements For the year ended March 31, 2013

₹ In lacs

	2013	2012
<b>Note 14</b> <b>NON CURRENT INVESTMENTS (at cost, unless stated otherwise)</b>		
<b>Trade Investments (Unquoted)</b>		
<b>Henkel SPIC Employees Co-operative Thrift and Credit Society Limited</b>		
2,000 (2012 - 2,000) equity shares of ₹ 100 (2012 - ₹ 100) each fully paid up	2.00	2.00
<b>Capexil (Agencies) Ltd.*</b>		
5 (2012 - 5) equity shares of ₹ 1,000 (2012 - ₹ 1,000) each fully paid up	0.05	0.05
<b>Madras Industrial Cooperative Analytical Laboratory Limited*</b>		
2 (2012 - 2) equity shares of ₹ 500 (2012 - ₹ 500) each fully paid up	0.01	0.01
<b>Ambattur Industrial Estate Manufactures Service Industrial Cooperative Society Ltd.*</b>		
1 (2012 - 1) equity shares of ₹ 100 (2012 - ₹ 100) each fully paid up	0.00	0.00
	<b>2.06</b>	<b>2.06</b>
Less: *Provision for diminution in the value of investments	(0.06)	(0.06)
	<b>2.00</b>	<b>2.00</b>
<b>Non-Trade Investment (Unquoted)</b>		
<b>Investment in Government Securities</b>		
Indira Vikas Patra	0.02	0.02
National Saving Certificates (Pledged with Government authorities)	0.57	0.57
Investment property	147.30	147.30
	<b>147.89</b>	<b>147.89</b>
	<b>149.89</b>	<b>149.89</b>
Aggregate amount of unquoted investments	149.89	149.89
Aggregate amount of quoted investments	-	-
Market Value of quoted investments	-	-

	NON-CURRENT		CURRENT	
	2013	2012	2013	2012
<b>Note 15</b> <b>LOANS AND ADVANCES</b>				
<b>Unsecured, considered good unless otherwise stated</b>				
Capital Advances	1,206.56	1,142.57	-	-
Inter corporate deposit to third parties	-	-	514.79	519.97
Advance to suppliers	426.47	426.47	2,495.85	2,008.61
Balance with excise and VAT authorities	-	-	1,355.76	551.07
MAT Credit entitlement	1,584.11	-	-	699.11
Deposits	881.29	1,195.04	107.09	101.19
Balance with government authorities	4,351.24	2,424.30	99.26	988.82
Prepaid Expenses	1.17	-	432.38	299.12
Advance income tax (net of provision)	885.97	37.10	-	138.35
Other receivables	646.05	189.59	677.15	273.74
Less: Provisions for doubtful advances and deposits	(184.27)	(37.24)	(1,249.41)	(17.76)
	<b>9,798.59</b>	<b>5,377.83</b>	<b>4,432.87</b>	<b>5,562.22</b>

Advance to Suppliers, Balance with excise and VAT authorities, Deposits, other receivables and Capital Advances include ₹ 338.59 (2012 - ₹ 1.25) ₹ 881.50 (2012 - ₹ NIL), ₹ 74.31 (2012 - ₹ 16.51) ₹ 102.08 (2012 - ₹ Nil) and ₹ 37.20 (2012 - ₹ 37.24) respectively, considered doubtful and fully provided for.

# Notes to Consolidated Financial Statements For the year ended March 31, 2013

₹ In lacs

		NON-CURRENT		CURRENT	
		2013	2012	2013	2012
<b>Note 16</b>	<b>OTHER ASSETS</b>				
<b>Unsecured, considered good</b>					
Inventory-Sales Promotions Items		-	-	461.46	366.09
Interest accrued but not due		11.82	-	30.65	27.36
Unbilled services		-	-	-	18.00
Fixed deposit with Banks having maturity of more than 12 months (Refer Note 19)		145.33	186.09	-	2.97
Others		-	-	-	14.73
		<b>157.15</b>	<b>186.09</b>	<b>492.11</b>	<b>429.15</b>

		2013	2012
<b>Note 17</b>	<b>INVENTORIES (Valued at lower of cost or net realisable value)</b>		
Raw and packing materials (including goods in transit ₹ Nil (2012- ₹ 1.93))		4,501.61	4,726.11
Work in progress		946.72	808.37
Finished goods manufactured		5,038.43	2,352.35
Traded Goods (including goods in transit ₹ 2.89 (2012- ₹ 45.78))		6,243.28	3,555.58
Stores, Operating supplies and spare parts		483.92	434.29
Inventory for Capital Goods		2.92	321.14
		<b>17,216.88</b>	<b>12,197.84</b>

		2013	2012
<b>Note 18</b>	<b>TRADE RECEIVABLES</b>		
<u>Unsecured</u>			
a) Outstanding for a period exceeding six months from the date they are due for payment			
Considered good		920.42	26.58
Considered doubtful		1,031.06	1,013.64
Less: Provision for doubtful receivables		(1,031.06)	(1,013.64)
		<b>920.42</b>	<b>26.58</b>
b) Other receivable, considered good		7,158.28	8,045.78
		<b>8,078.70</b>	<b>8,072.36</b>

# Notes to Consolidated Financial Statements

For the year ended March 31, 2013

₹ In lacs

		NON-CURRENT		CURRENT	
		2013	2012	2013	2012
<b>Note 19</b>	<b>CASH AND BANK BALANCES</b>				
<b>Cash in hand</b>		-	-	60.47	41.08
Balance with banks - Current account		-	-	1,457.31	4,032.10
- Deposit account (Original maturity of less than three months)		-	-	406.21	311.87
Unclaimed dividend accounts		-	-	7.85	6.72
		-	-	<b>1,931.84</b>	<b>4,391.77</b>
<b>Other bank balances</b>					
Deposits with original maturity for more than 12 months*		145.33	186.09	2,699.59	2,230.41
Amount disclosed under 'other assets' (Note 16)		(145.33)	(186.09)	-	-
		-	-	<b>2,699.59</b>	<b>2,230.41</b>
		-	-	<b>4,631.43</b>	<b>6,622.18</b>

\* Includes deposits provided as securities against bank and performance guarantees/Bank Overdraft - ₹ 1,192.99 (2012 - ₹ 704.39)

		2012-13	2011-12
<b>Note 20</b>	<b>OTHER OPERATING INCOME</b>		
Export incentives		-	7.17
Agricultural Income		8.59	2.57
Sale of scrap		131.01	5.20
Miscellaneous operating revenue		41.27	52.48
		<b>180.87</b>	<b>67.42</b>

<b>Note 21</b>	<b>OTHER INCOME</b>		
Lease rent income		25.39	4.61
Profit on sale of investments (current)		-	430.65
Profit on sale of fixed assets		5.80	78.93
Foreign exchange fluctuation gain (net)		25.24	4.57
Excess provision written back		61.66	18.77
Miscellaneous income		6.51	9.95
		<b>124.60</b>	<b>547.48</b>

<b>Note 22</b>	<b>COST OF RAW MATERIALS AND COMPONENTS CONSUMED</b>		
Opening stock		4,726.11	2,453.57
Add: Adjustment of opening stock pursuant to acquisitions made in the Previous year (Refer Note 36)		-	1,715.81
Add: Cost of purchases		33,756.61	26,897.40
		<b>38,482.72</b>	<b>31,066.78</b>
Less: Closing stock		4,501.61	4,726.11
		<b>33,981.11</b>	<b>26,340.67</b>

# Notes to Consolidated Financial Statements For the year ended March 31, 2013

₹ In lacs

	2012-13	2011-12
<b>Note 23</b> <b>(INCREASE)/ DECREASE IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND TRADED GOODS</b>		
<b>(Increase)/ decrease in inventories</b>		
<b>Closing stock</b>		
Finished goods	5,038.43	2,352.35
Traded Goods	6,243.28	3,555.58
Work in progress	946.72	808.37
	<b>12,228.43</b>	<b>6,716.30</b>
<b>Opening stock</b>		
Finished goods	2,352.35	2,051.54
Traded Goods	3,555.58	1,794.43
Work in progress	808.37	270.20
	<b>6,716.30</b>	<b>4,116.17</b>
Adjustment of opening stock of pursuant acquisitions made in the Previous year (Refer Note 36)		
Traded Goods	-	2,050.44
Work in progress	-	106.94
	-	2,157.38
<b>Sub-total (A)</b>	<b>(5,512.13)</b>	<b>(442.75)</b>
<b>(Increase)/ decrease in excise duty</b>		
Excise duty on closing stock	187.41	42.94
Excise duty on opening stock	42.94	42.04
<b>Sub-total (B)</b>	<b>(144.47)</b>	<b>(0.90)</b>
<b>Total (A-B)</b>	<b>(5,367.66)</b>	<b>(441.85)</b>
	<b>2012-13</b>	<b>2011-12</b>
<b>Note 24</b> <b>EMPLOYEE BENEFITS EXPENSES</b>		
Salaries, wages and bonus	10,213.18	8,921.74
Contribution to provident and other funds (Refer Note 28)	732.38	656.14
Gratuity (Refer Note 28)	271.37	300.50
Staff welfare expenses	547.83	455.68
Directors' remuneration (Refer Note 40)	901.13	440.26
Commission to directors (Refer Note 40)	212.59	391.69
Field staff incentives	169.82	200.49
	<b>13,048.30</b>	<b>11,366.50</b>

# Notes to Consolidated Financial Statements

For the year ended March 31, 2013

₹ In lacs

	2012-13	2011-12
<b>Note 25</b> <b>OTHER EXPENSES</b>		
Power and fuel expenses	2,890.00	2,321.08
Rent	1,468.90	1,173.51
Insurance	103.24	86.25
Repairs and maintenance		
- Building	97.43	71.72
- Plant and machinery	290.86	223.36
- Others	185.54	118.42
Consumption of stores and spares	197.56	330.85
Research and development	23.75	15.27
Excise duty	237.05	196.93
Printing and stationery	113.59	81.12
Communication costs	336.19	281.08
Legal and professional fees	1,123.44	868.19
Rates and taxes	576.41	432.34
Directors' sitting fees	5.65	4.55
Vehicle maintenance	465.85	436.07
Donation	9.18	4.79
Loss on fixed assets discarded	33.03	173.77
Bad debt written off	4.64	0.44
Provision for doubtful debts	75.09	104.03
Provision for doubtful advances	58.58	55.00
Advertisement and publicity	5,620.80	3,399.05
Sales promotion and schemes	3,933.08	3,552.60
Carriage outwards	4,496.30	4,119.80
Field staff expenses	940.92	994.52
Travelling and conveyance	541.53	395.53
Brokerage on sales	589.52	670.38
Royalty	153.03	133.95
Miscellaneous expenses	1,574.29	980.85
	<b>26,145.45</b>	<b>21,225.45</b>
	<b>2012-13</b>	<b>2011-12</b>
<b>Note 26</b> <b>FINANCE COST</b>		
Interest expenses	5,951.79	2,026.94
Other Borrowing Cost	870.46	356.20
	<b>6,822.25</b>	<b>2,383.14</b>

# Notes to Consolidated Financial Statements For the year ended March 31, 2013

₹ In lacs

## Note 27 INTEREST INCOME

	2012-13	2011-12
Interest on fixed deposit	334.08	433.09
Interest on inter-corporate deposit	61.48	59.13
Interest earned on loans	-	1,204.70
	<b>395.56</b>	<b>1,696.92</b>

## Note 28 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 of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans.

	2012-13	2011-12
	Gratuity	Gratuity
	Partly Funded	Partly Funded
<b>(A) Summary of the Actuarial Assumptions</b>		
<b>Mortality</b>	LIC (1994-96) Ult	LIC (1994-96) Ult
Discount rate	8.05%-8.30%	8.25%-8.50%
Rate of increase in compensation	8%-8.15%	5%-8%
Withdrawal rates	2%-10%	2%-10%
Rate of return (expected) on plan assets	8%-10%	9%-9.3%

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.

	2012-13	2011-12
<b>(B) Changes in present value of obligations (PVO)</b>		
PVO at beginning of period	1,500.66	1,117.93
Opening balance adjustment pursuant to acquisition made in the previous year	-	226.53
Interest cost	121.94	111.85
Current Service Cost	194.44	192.28
Benefits Paid	(188.51)	(206.85)
Actuarial (gain) / loss on obligation	14.43	58.92
PVO at end of period	<b>1,642.96</b>	<b>1,500.66</b>

# Notes to Consolidated Financial Statements For the year ended March 31, 2013

₹ In lacs

	2012-13	2011-12
<b>Note 28</b>		
<b>EMPLOYEE BENEFIT (Contd.)</b>		
<b>(C) Changes in fair value of plan assets</b>		
Fair value of plan assets at the beginning of period	677.25	642.40
Opening balance adjustment pursuant to acquisition made in the previous year	-	191.51
Expected return on plan assets	58.17	69.54
Contributions	0.98	3.00
Benefit paid	(101.66)	(189.50)
Actuarial gain / (loss) on plan assets	1.28	(39.70)
Fair value of plan assets at end of period	636.02	677.25
<b>(D) Net Assets/(Liabilities) recognised in the balance sheet</b>		
PVO at end of period	(1,642.96)	(1,500.66)
Fair value of plan assets at end of period	636.02	677.25
Funded status (deficit in fair value of plan assets over PVO)	(1,006.94)	(823.41)
Net assets / (Liability) recognised in the balance sheet	(1,006.94)	(823.41)
<b>(E) Expenses recognised in the statement of profit and loss</b>		
Current service cost	194.44	192.28
Adjustment pursuant to acquisition made in the previous year	-	(32.71)
Interest cost	121.94	111.85
Expected return on plan assets	(58.17)	(69.54)
Net Actuarial (Gain)/Loss recognised for the period	13.16	98.62
Expense recognised in the statement of profit and loss	271.37	300.50
<b>(F) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows :</b>		
Investment with insurer	100.00%	100.00%

**(G) Amounts for the current and previous four periods are as follows:**

	April to March 2013	April to March 2012	April to March 2011	April to March 2010	July to March 2009
Defined benefit obligation	1,642.96	1,500.66	1,117.93	880.23	729.30
Plan assets	636.02	677.25	642.40	406.41	296.15
Surplus/ (Deficit)	1,006.94	823.41	475.53	473.82	433.15
Experience adjustments on plan liabilities	14.43	58.92	77.99	7.03	65.70
Experience adjustments on plan assets	1.28	(39.70)	8.49	4.01	12.43

**(H)** The Group expects to contribute ₹ Nil (2012 - ₹ Nil) to gratuity fund and ₹ 76.70 (2012 - ₹ 37.03) to Superannuation fund in the next year.

**(ii) Defined Contribution Plans -**

Amount of ₹ 855.93 (2012 - ₹ 696.58) is recognised as an expense and included in Note 24 in the Statement of Profit and Loss.

# Notes to Consolidated Financial Statements For the year ended March 31, 2013

₹ In lacs

## Note 29 SEGMENT REPORTING

### Business segments:

The primary segment of the Group has been determined on the basis of business segment. The Group is organized 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 repellents and scrubber. Laundry services include dry-cleaning & 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.

### 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.

### Information about Business Segments:

	Soaps and Detergents		Home care		Laundry Services		Others		Eliminations		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
<b>Revenue</b>												
External Revenue	79,669.05	63,677.84	24,491.62	21,804.01	4,427.95	3,800.70	1,826.67	1,979.15	-	-	110,415.29	91,261.70
Inter Segment Revenue	5.41	56.08	1.08	(2.22)	-	-	-	-	(6.49)	(53.86)	-	-
Net Revenue	79,674.46	63,733.92	24,492.70	21,801.79	4,427.95	3,800.70	1,826.67	1,979.15	(6.49)	(53.86)	110,415.29	91,261.70
Segment results	13,168.61	10,145.45	791.65	(1,556.97)	(1,292.24)	(1,456.77)	453.85	(145.41)	-	-	13,121.87	6,986.30
Unallocated expenditure											(2,483.86)	(976.50)
Unallocated income											606.11	2,207.61
Interest & finance expenses											(6,822.25)	(2,383.14)
Profit before tax and prior period items											4,421.87	5,834.27
Prior Period items											4,297.83	-
Profit before tax											124.04	5,834.27
Provision for tax											1,486.88	(1,993.30)
Profit after tax before Minority Interest											1,610.92	3,840.97
Minority Interest (share of loss)											353.91	617.22
Profit after tax after Minority Interest											1,964.83	4,458.19
<b>Other Information</b>												
Segment assets	55,239.76	54,353.86	12,380.76	10,099.80	12,115.20	10,736.29	2,473.04	2,445.84	-	-	82,208.76	77,635.79
Unallocated assets											69,715.85	64,297.86
<b>Total assets</b>											<b>151,924.61</b>	<b>141,933.65</b>
Segment liabilities	13,291.54	15,341.21	3,714.67	3,569.15	2,652.29	1,642.91	532.62	675.05	-	-	20,191.12	21,228.32
Unallocated liabilities											67,390.38	58,794.71
<b>Total liabilities (excluding minority interest)</b>											<b>87,581.50</b>	<b>80,023.03</b>

# Notes to Consolidated Financial Statements For the year ended March 31, 2013

₹ In lacs

## Note 29 SEGMENT REPORTING (Contd.)

	Soaps and Detergents		Home care		Laundry Services		Others		Eliminations		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Segment Capital expenditure (including capital work in progress)	982.86	638.07	48.66	285.81	1,490.44	1,309.12	-	-	-	-	2,521.96	1,911.85
Unallocated capital expenditure (including capital work in progress)											199.57	174.66
Total capital expenditure (including capital work in progress and excluding the Goodwill on consolidation)											2,721.53	2,086.51
Segment depreciation and amortisation	1,196.35	1,199.18	410.70	399.80	441.12	386.95	3.46	-	-	-	2,051.63	1,985.93
Unallocated depreciation and amortisation											195.71	308.64
<b>Total depreciation and amortisation</b>											<b>2,247.34</b>	<b>2,294.57</b>
Segment impairment loss Reversal	(4.48)	-	-	-	-	-	-	-	-	-	(4.48)	-
Segment impairment loss	-	170.79	-	-	-	-	-	-	-	-	-	170.79
<b>Total impairment loss/ (Reversal)</b>											<b>(4.48)</b>	<b>170.79</b>
Segment non cash expenses other than depreciation	74.43	21.30	15.81	175.74	77.30	79.02	1.48	-	-	-	169.02	276.06
Unallocated non cash expenses other than depreciation											1.37	0.03
<b>Total non cash expenses other than depreciation</b>											<b>170.39</b>	<b>276.09</b>

Information about geographical segment :	2012-13		2011-12	
	India	Outside India	India	Outside India
1. Segment Revenue	108,537.98	1,877.31	89,944.25	1,317.45
2. Segment Assets	151,264.86	659.75	141,602.76	330.89
3. Capital Expenditure	2,210.04	511.49	2,086.51	-

## Note 30 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

## Note 30 RELATED PARTY DISCLOSURES (Contd.)

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  
S.Raghunandan

Joint Managing Director  
Whole Time Director & CEO

	2012-13	2011-12
<b>c) Transactions with related parties during the year</b>		
<u>Individual having control</u>		
Remuneration*	216.00	218.98
Commission	111.89	218.78
Dividend	896.38	1,785.73
<u>Commission paid</u>		
Sreehari Stock Suppliers	8.47	29.40
Sujatha Agencies	8.66	30.21
Tamil Nadu Distributors	3.53	11.95
Beena Agencies	15.17	48.70
Sahyadri Agencies	23.29	81.63
Travancore Trading Corporation	17.07	57.46
Deepthy Agencies	7.19	25.83
Sahyadri Agencies Limited	75.06	-
<u>Rent Paid</u>		
Quilon Trading Company	1.20	1.20
Dividend (M.P. Divakaran - H.U.F. and M.P. Sidharthan - H.U.F.)	40.30	80.60

# Notes to Consolidated Financial Statements For the year ended March 31, 2013

₹ In lacs

## Note 30 RELATED PARTY DISCLOSURES (Contd.)

	2012-13	2011-12
<u>Relatives of individuals having control</u>		
Remuneration*		
M R Jyothy (Director)	56.28	31.36
M P Sidharthan	20.00	12.00
M R Deepthy	20.16	15.01
Ananth Rao T	26.49	20.16
Ravi Razdan	20.16	15.90
M. P. Divakaran	20.00	11.00
Dividend	362.38	710.08
Contribution to Superannuation fund		
M R Jyothy	4.20	2.80
Ananth Rao T	2.33	1.80
M R Deepthi	1.80	1.27
Ravi Razdan	1.80	1.38
<u>Key management personnel</u>		
Remuneration*	581.93	174.52
Commission	100.70	172.91
Dividend	19.19	36.28
Contribution to Superannuation fund	51.96	15.58
* As the future liabilities for gratuity is provided on an actuarial basis for the Company as a whole, the amount pertaining to individual basis is not ascertainable and therefore not included above.		
<b>d) Related party balances</b>		
<u>Amounts payable</u>		
<u>Trade Payables:</u>		
Individual having control	111.89	218.78
Key management personnel	100.70	172.91
<u>Enterprises in which relatives of individual having control are interested (Security deposits)</u>		
Beena Agencies	35.00	38.11
Deepthy Agencies	100.00	102.06
M.P.Agencies	37.92	37.92
Sahyadri Agencies	5.00	11.24
Sujatha Agencies	5.00	12.35
Tamil Nadu Distributors	7.81	10.86
Travancore Trading Corporation	107.61	112.05
Quilon Trading Company	0.10	0.20
Sree Guruvayurappan Agencies	0.71	0.71
Srihari Stock Suppliers	-	6.39
<u>Enterprises significantly influenced by key management personnel or their relatives</u>		
Sahyadri Agencies Ltd.	19.45	6.20

# Notes to Consolidated Financial Statements For the year ended March 31, 2013

₹ In lacs

## Note 31 UNHEDGED FOREIGN CURRENCY EXPOSURE

Particulars	Foreign Currency	2012-13		2011-12	
		₹ in Lacs	Amount in Foreign Currency	₹ in Lacs	Amount in Foreign Currency
Export debtors	US \$	45.61	83,582	100.32	196,110

## Note 32 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 five 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, 2013 was ₹ 1,468.90 (2012 - ₹ 1,173.51). There are no restrictions imposed by lease arrangements. There are no subleases.

	2012-13	2011-12
Future lease payment under non - cancellable operating leases are as follows:		
Payable not later than one year	205.43	349.11
Payable later than one year and not later than five years	102.84	582.51
Payable later than five years	-	5.35
	<b>308.27</b>	<b>936.97</b>

### 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, 2013 is ₹ 54.95 and ₹ 6.05 (2012 - ₹ 54.95 and ₹ 5.15) respectively. Lease rent income for the year ended March 31, 2013 was ₹ 4.57 (2012 - ₹ 4.61). 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 33 CONTINGENT LIABILITIES

	2013	2012
Contingent liabilities not probable and hence not provided by the Group in respect of:		
(i) Tax matters		
(a) Disputed sales tax demands – matters under appeal	6,304.90	3,352.35
(b) Disputed excise duty and service tax demand - matter under appeal	2,504.91	1,888.84
(c) Disputed income tax demand - matter under appeal	79.56	32.82
(ii) Claims against the Company not acknowledged as debt	-	120.00
(iii) Other Statutory dues	9.16	67.85

## Note 34 CAPITAL COMMITMENTS (NET OF ADVANCES)

	2013	2012
Estimated amount of contracts remaining to be executed on capital account and not provided for	298.95	2,017.20
	<b>298.95</b>	<b>2,017.20</b>

## 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, the Jammu High Court has also given favourable order. Based on the orders of High Court, the Company has accrued an additional benefit of ₹ 438.50 (2012 - ₹ 186.54) in the current year.

## Note 36

The Group has acquired the following subsidiaries in the previous year

Name of the subsidiary	Date of acquisition
1. Henkel India Limited (Now known as Jyothy Consumer Products 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 31 March 2012 are (₹ 18,855.96) (before elimination), net revenue for the period from date of acquisition to 31 March 2012 are ₹ 23,385.04 (before elimination) and the loss after tax during the period from date of acquisition to 31 March 2012 are ₹ 2,945.16 (before elimination).

## Note 37

The Honourable High Court of Mumbai, on April 12, 2013, approved the scheme of amalgamation (the scheme) under sections 391 to 394 of the Companies Act, 1956. In accordance with the scheme, Jyothy Consumer Products Limited (transferor Company or JCPL) merged with the company with effect from 1 April 2012.

There is no impact of this merger on consolidated financial statements of the group since the business was already included in the consolidated financial statements of the previous year (Refer Note 38).

As per the Scheme, the purchase consideration is to be discharged through issue of 23,79,748 equity shares. Pending such allotment, the fair value of the consideration of ₹ 5,504.12 lacs has been shown under 'Share capital suspense account' in the balance sheet and corresponding effect has been given in goodwill. Further, the shareholders of the transferor Company are also entitled to equivalent number of bonus shares. Accordingly, an amount of ₹ 23.80 lacs has been utilised from securities premium and disclosed under 'Share capital suspense account'.

# Notes to Consolidated Financial Statements For the year ended March 31, 2013

₹ In lacs

## Note 38 PRIOR PERIOD ITEM

	2012-13	2011-12
<b>Prior period expenses</b>		
Provision for leave encashment	182.71	-
Provision for Doubtful Advances/Debts	2,577.89	-
Inventory written off	162.54	-
Impairment of Assets	2,014.24	-
Fixed assets written off	263.93	-
	<b>5,201.31</b>	-
<b>Prior period income</b>		
Excess provisions written back	903.48	-
	<b>903.48</b>	-
<b>Prior period expenses (Net)</b>	<b>4,297.83</b>	-

## Note 39

In the previous year, the Company has entered into an option agreement dated May 5, 2011 with Henkel AG & Co. KGaA (Henkel AG) 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 40 MANAGERIAL REMUNERATION

Employee benefit expenses include ₹ 1,113.72 lacs paid / payable during the year towards remuneration payable to its Whole Time Directors. The maximum remuneration payable under Para (1) (B) of Section II of Part II of Schedule XIII of the Companies Act, 1956 ('Act') is ₹ 192 lacs. Based on the legal advice received by the Company, management has computed the maximum remuneration payable to its Whole Time Directors amounting to ₹ 1,025 lacs.

The Company has filed an application with the Central government and is in the process of obtaining necessary approval from shareholders for remuneration payable to its Whole Time Directors. Pending receipt of such approval, the excess remuneration paid to the Directors is held in trust by the said Directors.

## Note 41 EARNING'S PER SHARE

	2013	2012
Net Profit for calculation of basic and diluted EPS	1,964.83	4,458.19
Weighted average number of shares for calculation of basic and diluted EPS*	166,023,496	80,632,000
Basic and Diluted EPS (₹)**	1.18	2.76

\* Current year Includes 23,79,748 equity shares pending to be allotted to shareholders of Jyothy Consumer Products Limited as per the scheme of amalgamation and equivalent bonus thereon. (Refer Note 37)

\*\* 8,06,32,000 bonus shares issued in current year have been considered for calculation of basic and diluted EPS of the previous year.

## Note 42 MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 ('MSMED')

The disclosure pursuant to the said Act is as under :

	2013	2012
Principal amount due to suppliers under MSMED Act	3,068.39	3,097.72
Interest accrued and due to suppliers under Section 16 of MSMED Act, 2006 on the above amount, unpaid	64.67	-
Interest paid to suppliers under the MSMED Act	-	-
Interest due and payable towards suppliers under MSMED Act towards payment already made	-	-
Interest accrued and remaining unpaid at the end of accounting year	64.67	-

The above information has been determined to the extent such parties have been identified on the basis of information available with the Group.

## Note 43

During the previous year, Jyothy Fabricare Services Limited has issued 50,000 equity shares to IL&FS Trust a 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 44 PREVIOUS YEAR FIGURES

Previous year figures have been regrouped / reclassified, where necessary, to conform to this year classification.

## Signatures to Notes 1 to 44

As per our report of even date

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

per Vikram Mehta  
Partner  
Membership No.: 105938

Place: Mumbai  
Date: May 22, 2013

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

M.P. Ramachandran  
Chairman and Managing Director

M.L. Bansal  
Company Secretary

K. Ullas Kamath  
Joint Managing Director

Place: Mumbai  
Date: May 22, 2013

# 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	Jyothy Kallol Bangladesh Limited	Snowways 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 #	Jyothy Consumer Products Marketing Ltd. (Formerly know as Henkel Marketing India Limited)
	<b>Country</b>	India	India	Bangladesh	India	India	India	India	India	India
	<b>Financial Year / Period</b>	April 1, 2012 to March 31, 2013	April 1, 2012 to March 31, 2013	April 1, 2012 to March 31, 2013	April 1, 2012 to March 31, 2013	April 1, 2012 to March 31, 2013	April 1, 2012 to March 31, 2013	April 1, 2012 to March 31, 2013	April 1, 2012 to March 31, 2013	April 1, 2012 to March 31, 2013
1	Capital	497.00	1,635.00	611.00	100.00	1,000.00	50.00	2.28	220.70	86.00
2	Reserves	139.95	(455.42)	29.94	(8.89)	(3,408.77)	(176.75)	261.98	(301.13)	(34,242.09)
3	Total Assets	998.15	8,568.48	659.76	97.41	1,020.79	768.74	269.75	100.57	2,212.22
4	Total Liabilities	361.20	7,388.90	18.82	6.30	3,429.56	895.49	5.49	181.00	36,368.31
5	Details of Investment (except investment in subsidiaries)	-	-	-	-	-	-	-	-	-
6	Turnover (Net)	825.68	2,008.76	-	-	917.12	1,239.49	150.13	144.17	18,978.45
7	Profit/(Loss) before taxation	73.11	(1,440.47)	47.91	(0.03)	(899.55)	(135.09)	41.91	(67.90)	(1,224.67)
8	Provision for taxation	18.03	-	17.93	-	-	(0.61)	(8.15)	-	-
9	Profit/(Loss) after taxation	55.08	(1,440.47)	29.98	(0.03)	(899.55)	(134.48)	50.06	(67.90)	(1,224.67)
10	Proposed/Interim Dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Exchange rate used</b>	-	-	1BDT = 0.69 INR	-	-	-	-	-	-
	<b>Local Currency</b>	INR	INR	BDT	INR	INR	INR	INR	INR	INR

# Snowways 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

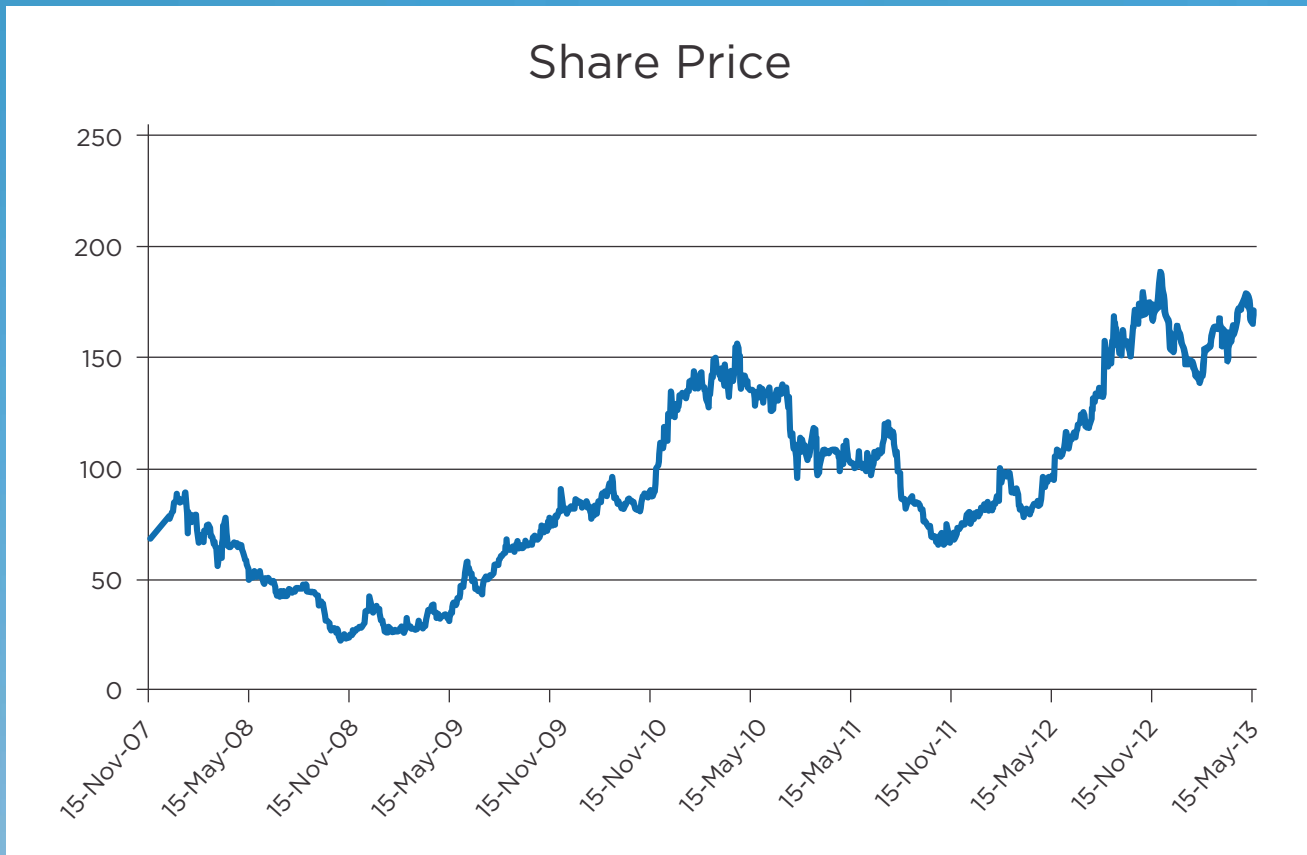
K. Ullas Kamath  
Joint Managing Director

Mumbai

Date: May 22, 2013

## This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

# Value Creation for Shareholders



At JLL, creating value for shareholders is an ongoing commitment. As you can see from the chart, your share has grown 2.53 times over the past 5 ½ years, from Rs 69 in November 2007 to Rs 175 in May 2013. Clocking up a compounded annual growth rate (CAGR) of 22%.



## 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](http://www.jyothylaboratories.com)

# Notice

**NOTICE** is hereby given that the 22<sup>nd</sup> Annual General Meeting of the Company will be held on 12<sup>th</sup> day of August, 2013 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, 2013 and Statement of Profit & Loss for the financial year April 1, 2012 to March 31, 2013 together with the reports of the Board of Directors and the Auditors thereon.
2. To declare dividend for the Financial Year April 1, 2012 to March 31, 2013.
3. To appoint a Director in place of Mr. K. P. Padmakumar, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Bipin R. Shah, who retires by rotation and being eligible offers himself for re-appointment.
5. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** M/s S. R. Batliboi & Associates LLP, 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 mutually 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 a Special Resolution:

**"RESOLVED THAT** in furtherance to and partial modification of the resolution passed by the Shareholders of the Company at the Annual General Meeting held on 11<sup>th</sup> November, 2008 and pursuant to Sections 198, 269, 309, 310 and other applicable provisions of the Companies Act, 1956 ("the Act") and subject to such approval of the Government of India, Ministry of Corporate Affairs, as may be required in this regard, consent of the Company be and is hereby accorded for ratification of payment of remuneration and perquisites for the financial year 2012-13 and for payment of remuneration and perquisites for the remainder of his term after 31<sup>st</sup> March, 2013 to 31<sup>st</sup> March, 2014 to Mr. M. P. Ramachandran, Chairman and Managing Director of the Company, as follows:

### **Remuneration**

- a) Salary @ ₹ 18,00,000/- (Rupees Eighteen lac only) per month.

- b) Commission @ 2% (two percent) of the net profits of the Company for the financial year calculated in accordance with the provisions of Sections 198, 349 and 350 of the Companies Act, 1956.

### **Perquisites:**

- (a) Housing: Rent free unfurnished accommodation owned/ hired/ leased by the Company.
- (b) Reimbursement of expenses on actual basis, pertaining to gas, fuel, water, electricity and telephones as also reasonable reimbursement to upkeep and maintenance expenses in respect of such accommodation.
- (c) Medical Expenses: Reimbursement of medical expenses incurred for self and family including hospitalization, membership of any hospital/ doctors scheme.
- (d) Leave Travel Allowance: For self and family subject to maximum of one month's salary.
- (e) Personal Accident Insurance coverage for self as per Rules of the Company.
- (f) Use of Company car with driver and telephones at the residence. Use of car with driver and telephones for office purposes shall not be considered as perquisites.
- (g) Company contribution towards Provident Fund and Superannuation Fund; and Gratuity as per Rules applicable to senior management staff of the Company.
- (h) Leave and encashment of leave, in accordance with the Rules of the Company.
- (i) Any other perquisites/ benefits that may become applicable to senior management staff in future.

**RESOLVED FURTHER THAT** notwithstanding the remuneration paid/payable or benefits provided/ to be provided to Mr. M. P. Ramachandran, Chairman and Managing Director of the Company, for the aforesaid period, taken together with other Whole Time Directors of the Company, exceeds / may exceed the limits prescribed under Sections 198, 309, 310 of the Act and the limits prescribed in terms of Part II of Schedule XIII of the Act, but subject to such approval of Government of India, Ministry of Corporate Affairs as may be requisite in this regard, the Company shall pay or provide the aforesaid remuneration and benefits inclusive of salary and commission at the same substantive level and that such remuneration and benefits to Mr. M. P. Ramachandran, shall be considered as minimum remuneration payable.

**RESOLVED FURTHER THAT** if any remuneration paid/ payable or benefits provided/ to be provided to Mr. M.P. Ramachandran, Chairman and Managing Director of the Company, is assessed to be excess in terms of Sections 198, 309, 349, and 350 or any other provisions of the Act, for any financial years comprised in the

tenure of his appointment, the Company shall, subject to approval of the Government of India in terms of Sections 198 and 269 of the Companies Act, 1956, not recover such excess remuneration/ benefits from Mr. M. P. Ramachandran and that such excess remuneration paid, if any, shall be held in trust for the Company until such time that the approval of the Government of India is received by the Company.

**RESOLVED FURTHER THAT** for the purpose of giving effect to above resolutions and otherwise, the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any duly authorized Committee thereof, for the time being exercising the powers conferred on the Board by this resolution) be and is hereby authorized to alter, vary, modify or abrogate any of the terms and conditions relating to the payment of remuneration or provision of benefits to Mr. M.P. Ramachandran, Chairman and Managing Director of the Company and do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard and further to execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient."

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

"**RESOLVED THAT** in furtherance to and partial modification of the resolution passed by the Shareholders of the Company on July 3, 2012 by way of postal ballot and pursuant to Sections 198, 269, 309, 310 and other applicable provisions of the Companies Act, 1956 ("the Act") and subject to such approval of the Government of India, Ministry of Corporate Affairs, as may be required in this regard, consent of the Company be and is hereby accorded for ratification of payment of remuneration and perquisites for the financial year 2012-13 and for payment of remuneration and perquisites for the remainder of his term after 31<sup>st</sup> March, 2013 to 22<sup>nd</sup> January, 2017, to Mr. K Ullas Kamath, Joint Managing Director, as follows:

**Remuneration**

- a) Salary @ ₹ 15,00,000/- (Rupees Fifteen lac only) per month.
- b) Commission @ 1.80% (one point eight zero percent) of the net profits of the Company for the financial year calculated in accordance with the provisions of Sections 198, 349 and 350 of the Companies Act, 1956.

**Perquisites:**

- (a) Housing: Rent free unfurnished accommodation owned / hired/ leased by the Company.
- (b) Reimbursement of expenses on actual basis, pertaining to gas, fuel, water, electricity and telephones as also reasonable reimbursement to upkeep and maintenance expenses in respect of such accommodation.

- (c) Medical Expenses: Reimbursement of medical expenses incurred for self and family including hospitalization, membership of any hospital/ doctors scheme.
- (d) Leave Travel Allowance: For self and family subject to maximum of one month's salary.
- (e) Personal Accident Insurance coverage for self as per Rules of the Company.
- (f) Use of Company car with driver and telephones at the residence. Use of car with driver and telephones for office purposes shall not be considered as perquisites.
- (g) Company contribution towards Provident Fund and Superannuation Fund; and Gratuity as per Rules applicable to senior management staff of the Company.
- (h) Leave and encashment of leave, in accordance with the Rules of the Company.
- (i) Any other perquisites/ benefits that may become applicable to senior management staff in future.

**RESOLVED FURTHER THAT** notwithstanding the remuneration paid/ payable or benefits provided/ to be provided to Mr. K Ullas Kamath, Joint Managing Director of the Company, for the aforesaid period, taken together with other Whole Time Directors of the Company, exceeds/ may exceed the limits prescribed under Sections 198, 309, 310 of the Act and the limits prescribed in terms of Part II of Schedule XIII of the Act, but subject to such approval of Government of India, Ministry of Corporate Affairs as may be requisite in this regard, the Company shall pay or provide the aforesaid remuneration and benefits inclusive of salary and commission at the same substantive level and that such remuneration and benefits to Mr. K. Ullas Kamath, shall be considered as minimum remuneration payable.

**RESOLVED FURTHER THAT** if any remuneration paid/ payable or benefits provided/ to be provided to Mr. K. Ullas Kamath, Joint Managing Director of the Company is assessed to be excess in terms of Sections 198, 309, 349, and 350 or any other provisions of the Act, for any financial years comprised in the tenure of his appointment, the Company shall, subject to approval of the Government of India in terms of Sections 198 and 269 of the Companies Act, 1956, not recover such excess remuneration/ benefits from Mr. K. Ullas Kamath and that such excess remuneration paid, if any, shall be held in trust for the Company until such time that the approval of the Government of India is received by the Company.

**RESOLVED FURTHER THAT** for the purpose of giving effect to above resolutions and otherwise, the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any duly authorized Committee thereof, for the time being exercising the powers conferred on the Board by this resolution) be and is hereby authorized to alter, vary, modify or abrogate any of the terms and conditions relating to the payment of remuneration

or provision of benefits to Mr. K. Ullas Kamath, Joint Managing Director of the Company and do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard and further to execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient.”

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

“RESOLVED THAT in furtherance to and partial modification of the resolution passed by the Shareholders of the Company at the Annual General Meeting held on September 20, 2011 and pursuant to Sections 198, 269, 309, 310 and other applicable provisions of the Companies Act, 1956 (“the Act”) and subject to such approval of the Government of India, Ministry of Corporate Affairs, as may be required in this regard, consent of the Company be and is hereby accorded for ratification of payment of remuneration and perquisites for the financial year 2012-13 and for payment of remuneration and perquisites for the remainder of her term after 31<sup>st</sup> March, 2013 to 30<sup>th</sup> November, 2016, to Ms. M. R. Jyothy, Whole Time Director, as follows:

**Remuneration**

Salary @ ₹ 3,00,000 (Rupees three lac) per month from 1<sup>st</sup> December, 2011 with an increase of ₹ 50,000/- per month on 1<sup>st</sup> April every year and first such increase to take place on 1<sup>st</sup> April, 2012.

**Perquisites:**

- (a) Housing: Rent free unfurnished accommodation owned/ hired/ leased by the Company.
- (b) Reimbursement of expenses on actual basis, pertaining to gas, fuel, water, electricity and telephones as also reasonable reimbursement to upkeep and maintenance expenses in respect of such accommodation.
- (c) Medical Expenses: Reimbursement of medical expenses incurred for self and family including hospitalization, membership of any hospital/ doctors scheme.
- (d) Leave Travel Allowance: For self and family subject to maximum of one month's salary.
- (e) Personal Accident Insurance coverage for self as per Rules of the Company.
- (f) Use of Company car with driver and telephones at the residence. Use of car with driver and telephones for office purposes shall not be considered as perquisites.
- (g) Company contribution towards Provident Fund and Superannuation Fund; and Gratuity as per Rules applicable to senior management staff of the Company.
- (h) Leave and encashment of leave, in accordance with the Rules of the Company.

- (i) Any other perquisites/ benefits that may become applicable to senior management staff in future.

**RESOLVED FURTHER THAT** notwithstanding the remuneration paid/ payable or benefits provided/ to be provided to Ms. M. R. Jyothy, Whole Time Director of the Company, for the aforesaid period, taken together with other Whole Time Directors of the Company, exceeds/ may exceed the limits prescribed under Sections 198, 309, 310 of the Act and the limits prescribed in terms of Part II of Schedule XIII of the Act, but subject to such approval of Government of India, Ministry of Corporate Affairs as may be requisite in this regard, the Company shall pay or provide the aforesaid remuneration and benefits inclusive of salary at the same substantive level and that such remuneration and benefits to Ms. M. R. Jyothy, shall be considered as minimum remuneration payable.

**RESOLVED FURTHER THAT** if any remuneration paid/ payable or benefits provided/ to be provided to Ms. M. R. Jyothy, Whole Time Director of the Company, is assessed to be excess in terms of Sections 198, 309, 349, and 350 or any other provisions of the Act, for any financial years comprised in the tenure of his appointment, the Company shall, subject to approval of the Government of India in terms of Sections 198 and 269 of the Companies Act, 1956, not recover such excess remuneration/ benefits from Ms. M. R. Jyothy and that such excess remuneration paid, if any, shall be held in trust for the Company until such time that the approval of the Government of India is received by the Company.”

**RESOLVED FURTHER THAT** for the purpose of giving effect to above resolutions and otherwise, the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any duly authorized Committee thereof, for the time being exercising the powers conferred on the Board by this resolution) be and is hereby authorized to alter, vary, modify or abrogate any of the terms and conditions relating to the payment of remuneration or provision of benefits to Ms. M. R. Jyothy, Whole Time Director of the Company and do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard and further to execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient.”

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

“RESOLVED THAT in furtherance to and partial modification of the resolution passed by the Shareholders of the Company at the Annual General Meeting held on August 14, 2012 and in accordance with the provisions of Sections 198, 269, 309, 310 and other applicable provisions of the Companies Act, 1956 and subject to such approval of the Government of India, Ministry of Corporate Affairs, as may be required in this regard, consent of the Company be and is hereby

accorded for ratification of payment of remuneration and perquisites for the financial year 2012-13 and for payment of remuneration and perquisites for the remainder of his term after 31<sup>st</sup> March, 2013 to 22<sup>nd</sup> May, 2015, to Mr. S. Raghunandan, Whole Time Director and Chief Executive Officer, as follows:

**Remuneration**

Salary @ ₹ 33,00,000 (Rupees thirty three lac) per month from 23<sup>rd</sup> May, 2012 to 22<sup>nd</sup> May, 2015.

**Perquisites:**

- (a) Reimbursement of expenses on actual basis, pertaining to gas, fuel, water, electricity, telephones and upkeep and maintenance expenses of accommodation hired/ leased by him/ Company.
- (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 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 shall 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.
- (h) Any other perquisites/ benefits/ allowances that may be applicable.

**RESOLVED ALSO THAT** the total remuneration payable and/ or benefits or perquisites shall not exceed ₹ 5,00,00,000/- (Rupees Five Crore only) per annum.

**RESOLVED FURTHER THAT** notwithstanding the remuneration paid/ payable or benefits provided/ to be provided to Mr. S. Raghunandan, Whole Time Director and Chief Executive Officer of the Company, for the aforesaid period, taken together with other Whole Time Directors of the Company, exceeds/ may exceed the limits prescribed under Sections 198, 309, 310 of the Act and the limits prescribed in terms of Part II of Schedule XIII of the Act, but subject to such approval of Government of India, Ministry of Corporate Affairs as may be requisite in this regard, the Company shall pay or provide the aforesaid remuneration and benefits inclusive of salary at the same substantive level and that such remuneration and benefits to Mr. S. Raghunandan, shall be considered as minimum remuneration payable.

**RESOLVED FURTHER THAT** if any remuneration paid/ payable or benefits provided/ to be provided to Mr. S. Raghunandan, Whole Time Director and Chief Executive Officer of the Company, is assessed to be excess in terms of Sections 198, 309, 349, and 350 or any other provisions of the Act, for any financial years comprised in the tenure of his appointment, the Company shall, subject to approval of the Government of India in terms of Sections 198 and 269 of the Companies Act, 1956, not recover such excess remuneration/ benefits from Mr. S. Raghunandan and that such excess remuneration paid, if any, shall be held in trust for the Company until such time that the approval of the Government of India is received by the Company.

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

**RESOLVED FURTHER THAT** for the purpose of giving effect to above resolutions and otherwise, the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any duly authorized Committee thereof, for the time being exercising the powers conferred on the Board by this resolution) be and is hereby authorized to alter, vary, modify or abrogate any of the terms and conditions relating to the payment of remuneration or provision of benefits to Mr. S. Raghunandan, Whole Time Director and Chief Executive Officer of the Company and do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard and further to execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient.

By Order of the Board of Directors  
For Jyothy Laboratories Limited

M. L. Bansal  
Company Secretary

Mumbai, May 22, 2013

**Registered Office:**

'Ujala House', Ram Krishna Mandir Road,  
Kondivita, Andheri (East), Mumbai - 400059

**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 working days, except Saturdays, Sundays and other holidays, up to the date of the Annual General Meeting.

3. The Book Closure for the purpose of payment of dividend will be starting from Saturday, July 27, 2013 to Monday, August 12, 2013 (both days inclusive).
4. Dividend, if approved by the Members at the ensuing Annual General Meeting, will be paid to eligible members after August 12, 2013.
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 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, 2010-11 and for 2011-12 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 Section 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, 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.jyothy laboratories.com](http://www.jyothy laboratories.com) or on Stock Exchange websites, which are [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://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 email address registered with their Depository Participants.

- Shareholders are requested to furnish their e-mail id's to enable the Company forward all the requisite information in electronic mode. In case of shareholders holding shares in demat form, the email ids of the shareholders registered with the DP and made available to the Company shall be registered email ID 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 email at [rnt.helpdesk@linkintime.co.in](mailto: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 22, 2013

Registered Office:  
'Ujala House', Ram Krishna Mandir Road,  
Kondivita, Andheri (East), Mumbai - 400059

## EXPLANATORY STATEMENT

### Pursuant to Section 173(2) of the Companies Act, 1956

#### Item No. 6, 7, 8 and 9:

The total remuneration paid by the Company three Managerial personnel namely Mr. M.P. Ramachandran, Chairman & Managing Director, Mr. K. Ullas Kamath, Joint Managing Director and Ms. M. R. Jyothy, Whole-time Director for the year ended 31<sup>st</sup> March, 2012 was within the limits specified under Sections 198 and 309 read with Schedule XIII of the Companies Act, 1956.

Mr. S. Raghunandan was appointed as Whole-time Director and Chief Executive Officer of the Company with effect from 23<sup>rd</sup> May, 2012. The remuneration payable to Mr. S. Raghunandan was approved by the Shareholders of the Company at the Annual General Meeting held on 14<sup>th</sup> August, 2012. Considering the profitability of the Company for the half year ended 30<sup>th</sup> September, 2012 vis a vis the aggregate of Managerial Remuneration payable to Mr. M. P. Ramachandran, Chairman & Managing Director, Mr. K. Ullas Kamath, Joint Managing Director, Ms. M. R. Jyothy, Whole Time Director and Mr. S. Raghunandan, Whole Time Director and Chief Executive Officer for the year ending 31<sup>st</sup> March, 2013, the Remuneration Committee of the Board of Directors of the Company formed the opinion that the Company should file applications with the Central Government for taking approval for the remuneration to be paid to each of the above named Managerial Personnel of the Company for the financial year ending 31<sup>st</sup> March, 2013 and for their respective remaining tenure.

Accordingly, the Company had filed separate applications pursuant to Sections 198, 269, 309, 310 read with Schedule XIII of the Companies

Act, 1956 with the Central Government and the approval of the Government of India, Ministry of Corporate Affairs is yet to be obtained.

As a measure of good Corporate Governance, the Directors of the Company are of the opinion that fresh approval of the Shareholders of the Company be obtained for ratification of the remuneration paid/ payable to Mr. M. P. Ramachandran, Chairman & Managing Director, Mr. K. Ullas Kamath, Joint Managing Director, Ms. M. R. Jyothy, Whole Time Director and Mr. S. Raghunandan, Whole Time Director and Chief Executive Officer of the Company. The said resolutions are, therefore, recommended for your approval.

Mr. M. P. Ramachandran and Ms. M. R. Jyothy are interested in the resolutions for the payment of remuneration to them respectively. Mr. K. Ullas Kamath and Mr. S. Raghunandan are concerned or interested in the respective resolutions for the payment of remuneration to each of them. No other Director is concerned or interested in the said resolutions.

By Order of the Board of Directors  
For Jyothy Laboratories Limited

M. L. Bansal  
Company Secretary

Mumbai, May 22, 2013

Registered Office:  
'Ujala House', Ram Krishna Mandir Road,  
Kondivita, Andheri (East), Mumbai - 400059



## Jyothy Laboratories Limited

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

### Proxy Form

22<sup>nd</sup> Annual General Meeting – August 12, 2013

DP ID & Client ID / Folio No.: \_\_\_\_\_

No. of Shares: \_\_\_\_\_

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 22<sup>nd</sup> Annual General Meeting of the Company to be held on **Monday, August 12, 2013**  
 at **10.30 a.m.**, and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2013

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.



## Jyothy Laboratories Limited

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

### Attendance Slip

22<sup>nd</sup> Annual General Meeting – August 12, 2013

DP ID & Client ID / Folio No.: \_\_\_\_\_

No. of Shares: \_\_\_\_\_

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 22<sup>nd</sup> Annual General Meeting of the Company on **Monday, August 12, 2013 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 Letters)

\_\_\_\_\_  
(Member's/Proxy's Signature)

Note: Please fill in this attendance slip and hand it over at the entrance of the place of meeting.

