A TRIBUTE
TO THE MASTER BLASTER

ANNUAL REPORT 2010-11

Jyothy LABORATORIES LIMITED

Sachin Ramesh Tendulkar. A billion Indians live and hope, so to speak, with him at the wicket. He epitomises the integrity, righteousness and excellence that all of us aspire to reach. Clean as a whistle, both on the field and off it. As fiercely competitive as he is god fearing. As single minded at the wicket as he is a fun loving and caring family man in real life. Records tumbled at his feet; performance benchmarks were raised; the corporate endorsements arena rose to lofty heights - as products and services sold themselves to market leadership position with him as a mascot.

Super brand. Super human being.

Yet, beneath that determination to dominate on the field, is a man raised on simplistic values. Love and affection. Respect for fellow beings and above all for the family. Simplicity in thought, speech, action and attitude. When he made his international test debut in 1989, at the virtually tender age of 16, it was baptism by fire. Stuck on the body by the sheer pace of Waqar Younis, the boy wonder made amends by dispatching Abdul Qadir for a fistful of soaring sixes.

The little master had arrived! And why not? The thirst to remain at the crease was evident from his school days, when he and fellow batsman Vinod Kambli, studiously avoided frantic gestures suggestive of a declaration by their coach, as they blasted an unbeaten 600 odd partnership for an inter-school tournament!

Years passed, then decades, but the thirst and hunger for excellence is as fierce and sharp focused as ever. In the year that is unfolding, he played an instrumental part in adding a team cap that had eluded him throughout his career – the World Cup!

We at Jyothy are proud and privileged to have Sachin Ramesh Tendulkar as our Brand Ambassador. In him we see a mirror image of our own aspirations, our accountability and integrity. To dedicate our annual report to this great cricketer and statesman is not just a matter of pride for us – it is our privilege!

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CORPORATE INFORMATION

M. P. Ramachandran
Chairman & Managing Director

K. Ullas Kamath
Deputy Managing Director

M. R. Jyothy
Whole-time Director

Company Secretary
M.L. Bansal

Nilesh B. Mehta
Independent Director

K. P. Padmakumar
Independent Director

Bipin R. Shah
Independent Director

Statutory Auditors
S.R.Batliboi & Associates

Solicitors & Advocates
Law & Prudence
V Lakshmikumaran
Vaish Associates
AZB Partners

Bankers
The Federal Bank Ltd.
ICICI Bank Ltd.
Axis Bank Ltd.
Kotak Bank Ltd.

1983
Sachin at 10 years, inspired by India's World Cup Victory.

1983
Jyothy Laboratories incorporated.
Ujala Launched.

HIGHLIGHTS OF THE YEAR

August 2010	-	Raised ₹ 228 crores through QIP
September 2010	-	Jyothy Fabricare Services selected as the official launderer for Common Wealth Games 2010, New Delhi
January 2011	-	Amalgamation of a Subsidiary Sri Sai Home Care Products Pvt. Ltd.
February 2011	-	National launch of Maxo Wet Wipe
March 2011	-	Acquired 14.9% shares of Henkel India Limited

1994
Receives Arjuna Award
for Achievements
in Cricket

1994
Pondicherry
plant
commissioned.

M. P. Ramachandran

Founder, Chairman and Managing Director

Dear Fellow Stakeholders,

It is with an even greater sense of responsibility than usual that I pen my note for this year, as our inorganic thrust at the end of the year has the potential to raise our company to a higher level.

Before I report the developments of the year and provide an insight into what our future plans are, the teaching of the Bhagwad Geeta which says that the only constant is change comes to my mind. I believe that to adapt to change, one must be innovative and constantly seek new opportunities. This was our line of thinking during the year when we took a major step forward with our acquisition of Henkel India, a subsidiary of Henkel AG & Co. KGaA, Germany.

The Indian markets are perceived to be among the most lucrative markets for both - domestic and international investors. Following market liberalisation, increasing consumerism and the entry of more foreign players, the Indian consumer is rapidly evolving and has grown more demanding.

The Indian FMCG industry has been on a fast track of growth following a surge in middle class income resulting in rising disposable incomes. However, one must note too that the industry is also facing a lot of pressure on account of high inflation and the rising cost of production.

Adapting to Changing Scenarios

In such a scenario, Jyothy Laboratories posted a 4% increase in Net Sales at ₹ 59980 lakhs. EBITDA margins dipped marginally due to inflationary pressures at 17.8% as against 19.1% last year. Pressure at the operating level percolated into the Net Profits which sustained at ₹ 8005 lakhs as compared to ₹ 8027 lakhs for the Year under review.

In the Soaps and Detergents business the company posted a 13% return which was lower than expected. This was primarily on account of input cost pressures and a reduced sales due to unavoidable price hike in the last quarter of the fiscal. We have also undertaken heavy advertising for the detergent segment which is expected to drive scalability.

The Household Insecticides category witnessed a de-growth of 13%. This was primarily due to trade schemes and promotions being withdrawn. However, we have launched Maxo Military in February 2011 in line with our agreement with Government of India and Department of Research and Development Organisation. The technology has been transferred to us and we have commenced the manufacturing and sales of the same. Initially we have targeted the major cities and gradually we hope to widen our reach. The efforts over the last one year are expected to fructify in the financial year 2011-12 and we expect this segment to boost the overall topline and bottomline of the Maxo segment.

Exo (Surface Cleaners) has done well on a lower base and the national rollout is being undertaken in a phased manner. The Fabric Spa business too has made satisfactory progress both organically and inorganically and as we have discussed at the time of launching the business, it will start yielding positive financial results over the next 12 months.

Acquiring to Grow

In our core business, our focus on technical innovation and deeper understanding of customer behaviour has enabled us to continuously improve the key benefits of our products and create huge brand loyalty. This year we felt that the time was right to not only continue with our focus on innovations but also seek new opportunities.

The Indian economy has been booming and many product categories in India are getting bigger and more relevant than they were a couple of years ago. Thus, while protecting and scaling our core business had become critical, entering niche product categories and building a strong presence there had become equally important.

Thus, we chose the inorganic growth route and acquired Henkel India, a subsidiary of Henkel AG & Co. KGaA, Germany and have acquired 14.9% as on March 31, 2011 and on May 31, 2011 50.97% from Henkel. The Open offer is on and we hope to acquire 86%. for ₹ 78,730 lakhs. We propose to fund this acquisition through our internal accruals, Funds raised through QIP and bank borrowings.

1995
Sponsors 200 underprivileged children through an NGO.

1995
Nebula, an anti-bacterial washing soap launched.

Perfect Synergies

Henkel India has a strong urban presence which complements our strong rural presence and widens our market coverage. In segments where we have an overlap like the fabric care segment, Henkel India compliments our existing portfolio by providing us presence in premium category with products like Henko Stain Champion and strengthening our presence in mid-lower segment categories with products like Mr. White.

The acquisition also marks our entry into personal care products like Margo soap and Neem tooth paste and Fa Men's range deodorants and soaps. We believe that these brands have immense potential and with the right positioning and marketing push, they can achieve a much higher market share.

Henkel India's Pril already has a good market share and compliments our surface cleaner brand Exo.

Thus with our core businesses, we are striving to reshape our portfolio toward higher-growth categories and entering certain niche categories to expand our presence across market segments within the FMCG industry.

With the strong parentage of internationally acclaimed Henkel AG, the company's supply chain management will raise the level of our existing practices and improvise operational efficiencies. We will also be rationalising the manufacturing and distribution networks to facilitate higher profitability through better logistics management.

Financial Clarity

We understand the financial implications of this acquisition very well as it is after a lot of debate and weighing of its pros and cons that we went ahead and completed it.

We are comfortable with the debt implications the acquisition brings and are confident about servicing it by hiving off non-core real estate assets. The losses made by Henkel India will also provide us a significant tax shield, especially since our Uttaranchal unit will soon lose the tax break it has enjoyed thus far.

As a company, we are fully aware and prepared in terms of the time commitment and the efforts required to integrate the work culture and businesses and understand the fact that it will be a task requiring dedicated efforts in the near term. However, we are confident that once the transition takes place, the company will emerge as a much stronger entity in terms of its business model and financial muscle.

Appreciation of Our Strength

I have no hesitation in saying that it is our enthusiastic and talented employees who have and will move our company forward. They execute the strategies designed by our management team precisely in a very challenging economic environment and we are proud and honoured to work alongside them.

Finally, there is no doubt in our mind that the most important element for delivering shareholder returns is superior leadership and execution excellence. Building on the path breaking changes that we have undertaken in this financial year, we are confident of delivering the same and repositioning the company on an even higher growth curve.

Finally, I thank each one of you, my fellow stakeholders for your continuing support and on behalf of every Board and staff member of our company, assure you of our best efforts in the year ahead.

FINANCIAL REVIEW

Profit & Loss Account

(₹. in lacs)

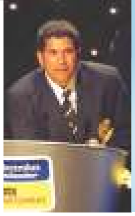
Particulars	31 March 2010	31 March 2011
Gross Sales	75,046	76,256
Net sales	57,476	59,983
Other income	1,819	2,760
Total Income	59,295	62,744
Cost of Goods Sold	(31,277)	(31,363)
Employee Cost	(6,734)	(7,479)
Advertisement & Sales Promo Expenses	(3,783)	(5,378)
Other Expenses	(6,288)	(7,846)
EBITDA	11,213	10,677
Depreciation	(1,046)	(1,079)
Interest and Finance Charges	(61)	(41)
Profit before and tax	10,106	9,557
Tax	(2,101)	(1,530)
Profit after tax	8,005	8,027
EPS	11.03	10.35
Book Value Per Share	54.97	80.95

Balance Sheet

(₹. in lacs)

Particulars	As on 31 March 2010	As on 31 March 2011
Share Capital	726	806
Reserves and Surplus	39166	64467
Net Worth	39,892	65,273
Total Loans (Sales Tax Deferral)	(17)	(5849)
Net Block	19809	20748
Capital Work in Progress	346	1902
Investments	1798	7849
Cash and Bank Balances	12,086	27812
Net Current Assets (Excluding Cash)	5,870	12810

1997
Named 'Wisden
Cricketer
of the Year'.



1997
Ujala
launched
all over India.

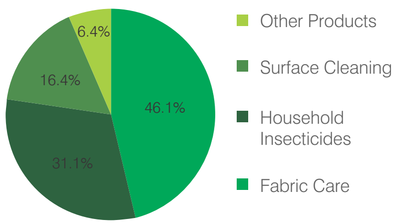
BUSINESS REVIEW

Jyothy Laboratories continues to grow across its segments. Hereunder is a snapshot of the performance across key product categories

Category	FY 2010	FY 2011	Growth%
Fabric Care	26503	29977	13%
Household Insecticides	17853	14594	-18%
Surface Cleaning	9436	11398	21%
Other Products	3684	4014	9%
Total	57476	59938	4%

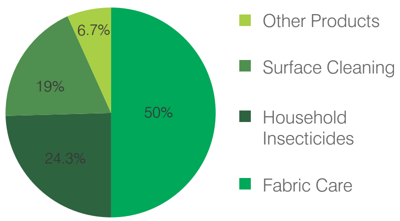
Category Wise Revenue Break-Up 2010 & 2011

FY 2010



Net Sales - 12 months ended March 2010

FY 2011



Net Sales - 12 months ended March 2011

Sustainability Initiatives: ORGANIC BUSINESS

The company's overall organic business growth is now in a consolidation phase. Increasing cost pressures along with heavy advertisement spends and aggressive price wars at the industry level have resulted in a temporarily subdued performance. Nevertheless we expect the strong brand equity and our increased advertisement efforts to sustain and eventually scale our growth rates over a period of time.

2000
Scored his 28th ODI Century.

2000
Maxo (Mosquito repellent) launched in West Bengal.

UJALA PORTFOLIO

The Ujala portfolio continued its onward march and retained its premier position in its segment.

Ujala Fabric Whitener		
Market Share by Value	Market Share by Volumes	Retail Penetration
72%	58.3%	74.9%

** as on March, 2011 , Source: A.C. Nielsen*

This flagship product continues to be the largest brand in the Fabric Whitener segment. The brand has however witnessed cost pressures during the year due to increase in prices of raw materials linked to crude oil and increase in advertisement expenditure.

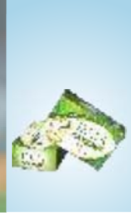
The company continues to remain the market leader in most of the states it operates and enjoys a 75% market share as per March 2011 on an all India basis. In the key metros, the company has a market share as follows:

Metros	Retail Penetration %
Delhi	96.9
Mumbai	83.4
Chennai	82
Kolkata	98.3
Top 5 States with Highest Market Shares	**Retail Penetration %**
Kerala	98.2
Chattisgarh	95.8
Jharkhand	92.6
Haryana	89.9
Tamil Nadu	88.1

Ujala Techno Bright and Ujala Detergent

The Washing Powder which was launched in 2003 in Kerala and extended to other southern states in January 2009 continues to receive a favourable response. Similarly, Ujala Stiff and Shine which was launched in Kerala in 2005 continues to make good progress.

2002
Voted 'Greatest Sportsman of the Country'.



2002
Jeeva Ayurvedic Soap launched.

The company undertook some pipeline corrections in the Ujala Portfolio to implement a price hike and this impacted sale in the Q4 of the financial year 2010-11. Going forward, Ujala Supreme is expected to grow at a stable rate once the initial ripples settle down after the planned price hike. Ujala Techno Bright and Detergent are expected to see volume growth as advertisement efforts are expected to fructify.

Our Brand Ambassador for Techno Bright


ICC Cricket
World Cup
Man of the
Series

2003
Highest run scorer at 2003 Cricket World Cup.

2003
Awarded AAA Brand Performance Award for Maxo.

MAXO PORTFOLIO

Maxo Coils		
Market Share by Value	Market Share by Volumes	Retail Penetration
21.9%	24%	35.9%

** as on March, 2011 , Source: A.C. Nielsen*

The Maxo portfolio encompasses brands like Maxo Cyclothrin Coil, Maxo Vaporiser Liquid and Maxo Aerosol. In this increasingly competitive segment, the company has chosen to retain its profitability at the cost of losing some topline revenues. The company has reduced its trade promotions and schemes despite intense competitive pressures which has impacted volumes during the year.

At present Maxo liquid sales ratio is 13% of the total Maxo sales and the company intends increasing the share further. The same has improved from 7% in the previous year and going forward the ratio of sales of coils to liquid aerosols/sprays is expected to be in line with the industry standard which is 60:40.

The Retail penetration stands at 31.8% in Urban areas and 38.4% in Rural areas.

Last fiscal, Jyothy Laboratories was invited by the Government of India to market Insect Repellents , given its strong foothold in rural India.

The Defense Research and Development Establishment, (DRDE), Gwalior, which is the premier research wing and laboratory of the Defense Research and Development

Organisation (DRDO) has developed a Molecule - Diethyl Phenyl Acetamide (DEPA) after 15 years of research. The company has the right to market the products, both in India and internationally. DRDO has entered into an Agreement with the Company and granted exclusive rights to develop DEPA Multi-Insect Repellent in various formulations.

TDEPA-based cream under Maxo Military and Maxo Safe & Soft was launched on 14 February 2011. The company expects this segment to boost both, the topline and the bottomline of the Maxo Portfolio.

EXO PORTFOLIO

EXO*		
Market Share by Value	Market Share by Volumes	Retail Penetration
23.3%	20.7%	17.8%

** Figures are for South India*

The company offers Exo Dish Wash Bar for the rural markets and Exo Dish Wash Liquid to target the urban audience. It contains Cyclozan which offers protection positioned as a brand giving consumers protection against bacterial contamination of utensils.

The products are doing well in the southern parts of India where they were initially launched in line with the company policy. The company has recently launched these products in Maharashtra, Delhi, Punjab and West Bengal and a phased national rollout is underway.

There has been a structural change in our strategy after the Henkel acquisition and we intend focussing on increasing our urban presence in Tier I and Tier II cities across India, in a phased manner.


BDM

2007
Scores 41st
ODI hundred.

2007
Gets listed
on NSE & BSE.

THE GROWTH STORY

JYOTHY FABRICARE SERVICES (JFSL)

JFSL made some rapid strides in terms of fortifying its business footprints beyond Bangalore.

Fund-raising for Expansion:

The company has raised ₹ 1 billion in capital through private equity funding from IL & FS for a business valuation of ₹ 4 billion. The investors have been issued compulsorily convertible preference shares, which would be converted into equity shares based on the financials to be achieved by JFSL in FY 2014. The dilution would vary between 23% and 26% based on the JFSL's financial performance.

Fortifying Bangalore presence

The Company had initiated the setting up of a world class laundry at an affordable price at Bangalore. As on 31st March, 2011 the company was processing 21,000 pieces a day in the Institutional category and 2,500 pieces a day in the Retail category.

The company has witnessed good growth in the retail segment making it profitable at the gross level as margins at the gross levels for retail are double as compared to those of the institutional business.

JFSL
CORPORATE
World-class Fabric Care Services

It has 116 key clientele which includes Hotels, Airlines, Service Apartments, health clubs, etc. For example, Royal Orchid, ITC – Fortune, Golden Residency, Bangalore Gate, Taj Sats, Lufthansa, Air France, Singapore Airlines, Oakwood Prestige, Fitness One, etc.

JFSL started working with South Western Railway from December 20, 2009 on one train, namely the Bangalore-Ahmedabad Express and on January 1, 2010 with a daily train named Basava Express (Yeshwantpur – Bagalkot). During the financial year 2010 – 2011, the company serviced around 15 trains with 10 of them for a 3-year contract period. The total billing from South Western Railway during the year was ₹ 87 lacs for around 4,07,133 bedrolls. JFSL has also bid for the tender for Southern and Western railways BOOT contract for 15 years.

fabricspa
The Art of Fabric Care. Perfected

The commercial production under the flagship brand Fabric Spa started from November 15th, 2009 in Bangalore. Catering to the Premium Retail segment, the company has 6 retail outlets as on 31st March, 2011

ಸ್ನೋವೇಸ್ SNOWAYS LAUNDERERS & DRY CLEANERS

Snoways chain of laundry which started with 8 outlets has 29 outlets in March 2011.

fabricspa
busyeasy
Wardrobe Care at Your Doorstep

Targeted at the upper middle class this convenience service has around 6500 customers.

A step towards geographical expansion

JFSL has acquired 100% stake in Delhi-based 'Diamond Fabcare' for ₹ 1650 lakhs and 100% stake in Mumbai - based 'Akash Cleaners' for ₹ 1937 lakhs w.e.f April 01, 2011. Diamond Fabcare has 62 outlets under the brand name of 'Wardrobe' across Delhi, Noida, Gurgaon and Gaziabad. With these two acquisitions, JFSL's retail outlet strength has now increased to 102 outlets (36 earlier) in Bangalore, Delhi and Mumbai.

2010
1st to score an ODI double century.

2010
Jyothy Laboratories appoints Sachin as Brand Ambassador.

Acquired Entity	Stake & Valuation	Details	Geographical Presence
Diamond Fabcare	100% stake in ₹ 1650 lakhs	• 62 outlets under the brand name Wardrobe • Turnover of ₹ 9.5 crore • Processing plant of 8 ton capacity	Delhi, Noida, Gurgaon and Gaziabad
Akash Cleaners	100% stake for ₹ 1937 lakhs	• Present in laundry business for close to a decade and a half • Profitable with a Turnover of ₹ 8 crore approximately • Real Estate of 1 acre in MIDC–Navi Mumbai • Processing plant of 6 ton capacity, 4 Retail Outlets	Mumbai

2011
Member of India's
winning ODI
World Cup Team!

2011
Acquisition of
Henkel India.

HENKEL ACQUISITION

The Deal :

Jyothy Laboratories acquired an equity stake of approximately 66% in Henkel India (HIL) for a total consideration of ₹ 2.03 billion as follows:

- 14.9% from Tamil Nadu Petro at ₹ 35 per share and
- 50.97% from Henkel AG at ₹ 24.09 per share – for consideration of ₹ 1.8 bn.

Jyothy Laboratories will refinance HIL's existing debt of ₹ 4.3 billion and also buy out 68 million redeemable cumulative preference shares in HIL held by Henkel AG for ₹ 439 million, subject to regulatory approvals.

The Numbers

Total Cost	(₹ Million)
Equity TPL–14.9%	607
Henkel AG –50.97%	1429
Open Offer–20%	959
Loans	4311
Preference Capital	439
Others	100
Total	7845

It has been agreed upon that Henkel AG shall have an option to acquire up to 26% of the equity share capital of Jyothy Laboratories through primary and/or secondary transactions, after a period of 5 years, subject to the terms and conditions to be mutually agreed.

HENKEL FACTSHEET

Product Portfolio:

Key Brands:

(₹ millions)

Brand	Category	Size
Margo	Personal Care	800
Fa	Personal Care	250
Neem	Personal Care	100
HenkoChampion	Fabric Care	1400
Mr. White	Fabric Care	550
Chek	Fabric Care	200
Pril	Surface Cleaners	700
	Total	4000

Brand	Category	National Rank	Market Share (By Value)*
Henko	Detergent (Premium)	3	5.1% (~1.1% of Overall Detergent Market)
Pril Dish-Wash	Dishwashing (Liquid)	2	31.90%
Margo	Body Care (Soap)	NA	1.2% (of the overall soap market)
Fa	Personal Care (Deodorants)	NA	~5.0%

KEY HIGHLIGHTS:

- Margo, Chek, Neem – Indian Brands global rights
- Henko, Mr. White assignment of trademarks for India, Bangladesh and Sri Lanka
- Pril and Fa on licence @ 2% royalty on net sales for Technology support
- Sales staff -200
- Distributors –750
- Sub stockists -1700
- World class supply chain management system
- State-of-the-art manufacturing facility at Karaikal - 62 acres of land (value ~₹1000 million)
- Land in Ambattur and Kolkatta (value ~₹ 400 million)
- Carry Forward Loss in excess of ₹ 4000 million

MANAGING INTEGRATION

There is a tide in the affairs of men, which taken at the flood, leads on to fortune.
Omitted, all the voyage of their life is bound in shallows and in miseries.
On such a full sea are we now afloat. And we must take the current when it serves, or lose our ventures.

~ Sir William Shakespeare

In an exchange of views with Neetu Kashiramka (GM- Finance), Ullas Kamath shares the Management perception on the Henkel Acquisition and dissects every aspect of the integration process to highlight the company's growth strategy even while simultaneously addressing key concerns.

Hereunder are some of the key excerpts :

Qs. The company has undertaken a major step in terms of selecting the inorganic route of growth. What has been the thought process?

Ans. If we look at the last few years' performance of the company, organically we have managed to grow at above average industry growth rates. We felt that the time had come to take the bigger leap and move the company into a higher growth trajectory. After evaluating the options in the industry, we arrived at the conclusion that Henkel India was the best fit for us in line with our long term growth strategy.

Hence this year, if you see our organic growth rates, we have managed to sustain them but we have set up a strong platform through inorganic initiatives for a bigger and better tomorrow. Going forward too , in the near term, we expect this trend to continue but once our integration efforts bear fruit, the company will emerge as a stronger FMCG player with redefined scalability prospects.

Our mantra over the next 15-18 months would be to preserve the growth rates of the existing business and give a solid shape to the new business model through integration efforts, such that it propels us higher in terms of the growth curve.

Qs. Why did the company find Henkel India as its best fit?

Ans. At the primary level, Henkel India's portfolio is extremely **complementary with Jyothy Laboratories' existing portfolio both in terms of industry segments in which it is present in as well as the economic segments it targets.** Henkel's portfolio not only fortifies Jyothy's existing product lines but also fills in the gaps by giving it access to certain market segments Jyothy Laboratories did not have presence in, before the acquisition.

	Value	Mid-Premium	Premium	Niche
Detergents	Check Morelight	Ujala Mr. White	Technobright Henko Champion	Technobright Matic Henko Matic
Other Fabric Care		Ujala Whitener Mr. White Bleach		Ujala Stiff & Shine
Dish wash		Exo Bar, Round Pril Bar	Pril Liquid Exo Liquid	Exo Scrubber
Household Insecticides	Maxo Coil	Maxo Liquid		Maxo Cream Wet Wipe
Personal Care		Jeeva Nikki	Fa Deo Fa Soap	Margo Neem

Our company is dominant in the mid and economy segments, whereas Henkel India focuses on premium segment, which the company expects will lead to a perfect complementary fit going forward. Henkel gets 1/3rd of its revenue from CSD (22%) and modern trade (12%), which we can leverage and benefit from.

Jyothy Laboratories has a **rural urban mix** of 75:25 in terms of sales while, for Henkel India, the ratio is 30:70. This acquisition will help Jyothy position itself as a true pan Indian player in terms of geographies and market segments.

Henkel India has a pedigreed background in the form of Henkel AG as its parent company which has global presence and has seen economic success in various geographies with some unique products. We intend channelising Henkel's global expertise and successful products in the right direction and capitalise on our indigenous knowhow to work towards creating a value proposition for all our stakeholders over a period of time.

Qs. In addition to products what synergies do you derive from the company in terms of Marketing & Distribution Network, which is a key competitive edge for FMCG businesses. Also, what other synergies in terms of business operations do you see this acquisition providing?

Ans. Currently, Henkel has a distribution network of 750 distributors who focus on the urban market while Jyothy's ~3500 distributors largely focus on the rural market. Cross selling will facilitate market enlargement.

Henkel India is strong in the Eastern and Southern parts of India, while we have a pan Indian presence This gives both companies opportunities to leverage each other's distribution network for their products. Remarkably, Henkel

India operates through stockists (less intermediation) and pays 5-6% distributor margin, while we work on C&F agents and a stockist model and pay 8-9% margin. With merged entities, we hope to bring down blended trade margins and enhance our profitability.

Overlap in business segments is only likely to accentuate economics of scale in terms of sourcing of raw materials enabling gross margin expansion.

Notably, Henkel India operates from one plant, which supplies to all its distributors across India, while Jyothy Laboratories has 28 manufacturing facilities at 16 locations. This will help bring down logistic costs for the combined entity. Currently, most of the production of Henkel is coming through Toll manufacturers and its distribution is being done through Depots. Manufacturing through own capacity and distributing through Jyothy's stockists will improve the operating efficiency of Henkel.

Qs. What is the Financial Consideration and Impact of this Acquisition

Ans. Jyothy Laboratories will own brands like Margo, Chek and Neem with global rights besides Henko and Mr. White in India, Sri Lanka and Bangladesh. It will also have Pril and Fa on license basis (royalty at 2% of net sales), with technology upgradation available on time to time basis from Henkel AG. We are confident that, gradually, we will be able to capture a larger market share with Henkel's products and Jyothy's knowhow of the Indian consumers. Synergies in manufacturing, distribution and raw material sourcing should prove accretive for the profit margins.

The merger of Jyothy and Henkel will translate into a huge tax shield benefit of ₹ 1.2 billion. Jyothy plans to merge these two companies 0ver the next 6 months which will provide a huge tax savings for us as Henkel has carry forward losses of ₹ 4 billion. This is crucial given that Jyothy's Uttaranchal plant will lose its 100% tax benefit tag by FY 2013 and post that Jyothy can reap tax benefits on Henkel's carry forward losses.

Qs. How do you propose to negotiate the integration of human resources and work cultures?

Ans. We are conscious of the fact that for any acquisition to succeed, Human Resource and Cultural integration has to be given its due importance and is one of the key determinants of success.

Having said that, we propose to bring in fresh managerial talent at the top into Henkel India and retain select middle managers handling brands and distribution. We also propose to transfer a few top performing members from our own stable and give them the additional responsibility of managing the transformation.

We are confident that we will make the right choices in terms of retaining, grooming and shaping the right people for the right jobs and they in turn, will be the torch-bearers of our success.

Qs. Having discussed the synergies in great detail can you share the finer nuances of your strategic road map over the near and longer time frames?

Ans. A well thought out plan has been put in place to shape the business in terms of reorganising and repositioning the products. It has been paced at an achievable rate to ensure smooth integration such that in the near term we restructure the business and set the foundation for long term scalability.

On a near term basis, we will change the top management to infuse a fresh focus and at the same time retain select middle managers handling brands and distribution, especially those who have significant experience and expertise. To protect our margins, we intend withdrawing all its sales promotions and offers and increasing the retail prices of all our product categories. We also intend synergising and synchronising the advertisement efforts for the new array of products that we have now.

After this, we intend appointing a Special Task Force which will take up key positions including CEO, Marketing head and Supply Chain heads. We intend infusing the top talent at Jyothy Laboratories here who will drive the transformation with their years of experience in sales. The focus will be on the South & East based stockists and distributors in the first phase to broaden our distribution reach through incentives and by offering a broad range of products.

In the long term, our manufacturing facilities will also be aligned and optimised by transferring maximum production to single low-cost contract manufacturers and Jyothy's tax free facilities.

In the process, brands will be re-launched with redefined positioning in a phased manner.

We are fully aware about the efforts and the patience and perseverance required to achieve, what we have embarked on and we are prepared, both financially, and in terms of the time investment required to steer the company onto a higher growth curve.

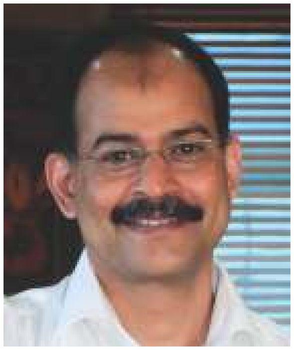
We estimate the entire process will take around 12 months, but we are quietly confident that the renewed entity will provide even better value to all our stakeholders.

BOARD OF DIRECTORS

M. P. Ramachandran

Chairman and Managing Director

The founder and driving force behind the company, he is a postgraduate in Financial Management. He set up Jyothy Laboratories in 1983 and has close to four decades of experience. With a hands-on managerial style, he is the guiding light for the company even as it keeps carving new niches for itself in the FMCG segment.



K.Ullas Kamath

Deputy Managing Director

A qualified Chartered Accountant and Company Secretary with a degree in Law, he has completed the Advanced Management Programme at Wharton Business School and Harvard Business School. Having played a key role in the growth of this company since its incorporation, he oversees business development, new projects, sales, financial management and supervision of day-to-day operations. Besides these pivotal functions, he also spearheads the company's latest initiative in organised laundry services. He won "CA Business Achiever Award – SME Category" in January 2009 given by The Institute of Chartered Accountants of India.

M. R. Jyothy,

Wholetime Director

A postgraduate in Management with an additional diploma in Family Managed Business Administration, her key responsibility areas include sales administration, marketing and brand communication. At present she is pursuing Owner / President Management Programme' from Harvard University. Her new ideas and initiatives blend well with the vast experience of the Board.

Non-Executive, Independent Directors

Bipin R. Shah

Bipin R. Shah is a Chartered Accountant with a postgraduate degree in Management. He has held eminent positions with the Unilever Group of companies and has been accredited with turnarounds and growth of many companies. He joined Indus Venture Management Ltd where he was the Vice Chairman until May, 2006 and is currently on the Board of several companies. He has attended Senior Executive Programme conducted by Sloan School of Business, Massachusetts Institute of Technology at Boston, USA.

K.P. Padmakumar

A banker with over four decades of association in India and abroad in Commercial Banking, Treasury Management, Capital Markets and Mutual Funds, Padmakumar is a Graduate in Agriculture and a Certified Associate of Indian Institute of Bankers – CAIIB. He has held eminent positions with SBI and SBI Mutual Funds across the fields of Treasury Management and Fund Management. He has also been the Chairman of Federal Bank and was responsible for bringing about a sea change in its technological orientation.

Nilesh B. Mehta

Nilesh Mehta is a Chartered Accountant and a postgraduate from IIM. He has vast experience in the field of investment banking, private equity and fund-related activities and has spearheaded several private equity transactions and mergers and acquisitions of mid cap Indian companies. Nilesh Mehta joined Aureos Capital in January 2005 as Managing Partner, and raised USD 100 million to invest in mid market opportunities in India. The Fund has already made 5 investments of expansion capital nature.

MANAGEMENT DISCUSSION AND ANALYSIS

Macro Economic Scenario

India's Central Bureau of Statistics' bulletin shows that for the period from 1st April, 2010 to 31st March, 2011 India's GDP stands at ₹ 48.77 trillion (about 1.08 trillion U.S. dollars), up increase of 8.5%.

The statement said that India's economic growth was less than expected mainly due to the mining, manufacturing and some service sectors that performed poorly. Due to adequate rainfall, the agricultural sector for the fiscal year, witnessed an increase of up to 6.6%, exceeding the 5.4% previously expected.

The overall growth of Gross Domestic Product (GDP) at factor cost at constant prices, as per Advance Estimates, was 8.6 per cent in 2010-11, representing an increase from the revised growth of 8.0 per cent during 2009-10, according to the Advance Estimate (AE) of Central Statistics Office (CSO). During April-February 2010-11, IIP growth was 7.8 per cent.

The International Monetary Fund (IMF) projected the Indian economy would expand by 8.2% in 2011 and 7.8% in 2012, respectively. It also said that tight monetary policy regime by the RBI to tackle inflationary pressures, is expected to hurt its economic growth.

The Fast Moving Consumer Goods (FMCG) Industry

The Fast Moving Consumer Goods (FMCG) is expected to witness more than 50% growth in its Rural and Semi-Urban Segments by 2012 which in totality is projected to grow at an CAGR of 10% to carry forward its market size to over ₹ 1,06,300 crore from present level of ₹ 87,900 crore, according to an analysis carried out by the Associated Chambers of Commerce and Industry of India (ASSOCHAM).

India ranks first in the Nielsen Global Consumer Confidence survey released in January 2011 and is one of the fastest growing markets in the world.

The BMI India Retail Report for the second-quarter of 2011 released forecasts that the total retail sales will grow from USD 395.96 billion in 2011 to USD 785.12 billion by 2015. The highly optimistic forecast is based on strengthened economic growth, population expansion; the increasing wealth of individuals and the rapid construction of organised retail infrastructure.

The Indian FMCG industry is divided into five primary segments – personal care products, household care products, packaged food products, branded spirit and tobacco products as well as health care products.

Key Industry Trends & Growth Drivers

1. Spike in Raw Material Prices and consequently Selling Prices

Raw Material prices, especially the ones based on crude oil have been on an upswing in 2010-11. Inflationary conditions due to fuel as well as food prices have impacted FMCG industry to a great extent.

FMCG companies increased prices in view of the sharp rise in raw materials, and established brands managed to see growth. However, volumes growth was not sustained across the industry and margins were under pressure for most companies.

2. Rural Demand continues to be the biggest growth driver

The Indian rural market is expected to touch USD 100 billion, more than ten-fold, in the next 15 years, according to market research firm, The Nielsen Company. The rural market is currently estimated to be worth approximately USD 9 billion in consumer spending in the fast moving consumer goods (FMCG) space per annum. The study also highlighted that rural India now accounts for more than half of the sales in some of the largest FMCG categories. (ibef.org)

The National Council for Applied Economic Research (NCAER), India's premier economic research entity, in one of its recent surveys, has confirmed that the rise in rural income is keeping pace with urban income. Needless to say, the FMCG industry will see huge growth coming from this segment of the economy.

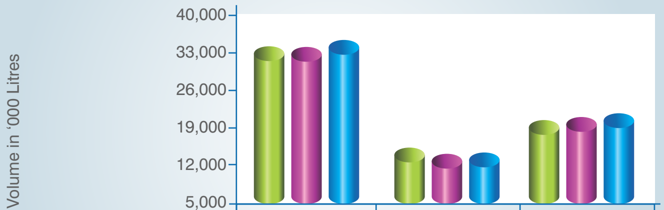
3. Cut in promotional and advertisement expenditure

FMCG firms are tightening their purse strings by controlling advertising spends and other marketing expenses to maintain their margins as high raw material prices continue to pose serious challenge. This has been the case especially in the last quarter of the financial year.

4. Volumes continue to be the Growth Driver

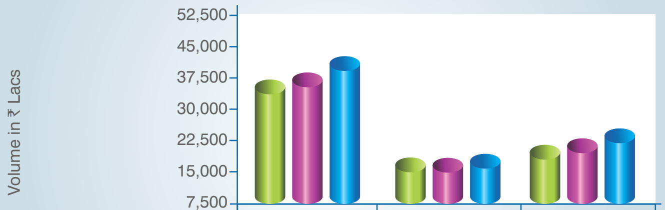
With intense competition leaving hardly any scope of price hikes, volumes especially those from the rural areas is expected to drive growth for the FMCG Sector.

Liquid Blues (Volume)



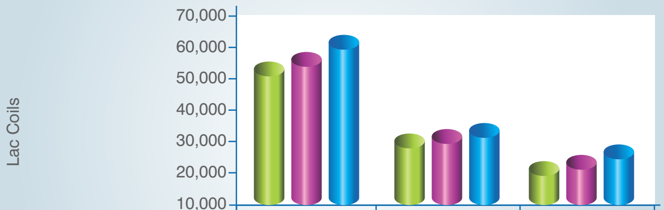
	Total	Urban	Rural
April 2008 - March 2009	33,170	14,165	19,005
April 2009 - March 2010	33,139	13,178	19,961
April 2010 - March 2011	34,159	13,433	20,726

Liquid Blues (₹ Lacs)



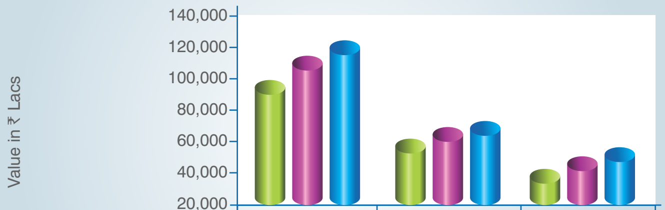
	Total	Urban	Rural
April 2008 - March 2009	38,907	17,734	21,173
April 2009 - March 2010	40,684	17,642	23,042
April 2010 - March 2011	44,868	19,063	25,805

Coils (Volume)



	Total	Urban	Rural
April 2008 - March 2009	51,592	29,910	21,682
April 2009 - March 2010	54,609	31,063	23,547
April 2010 - March 2011	60,050	33,289	26,761

Coils (Value)

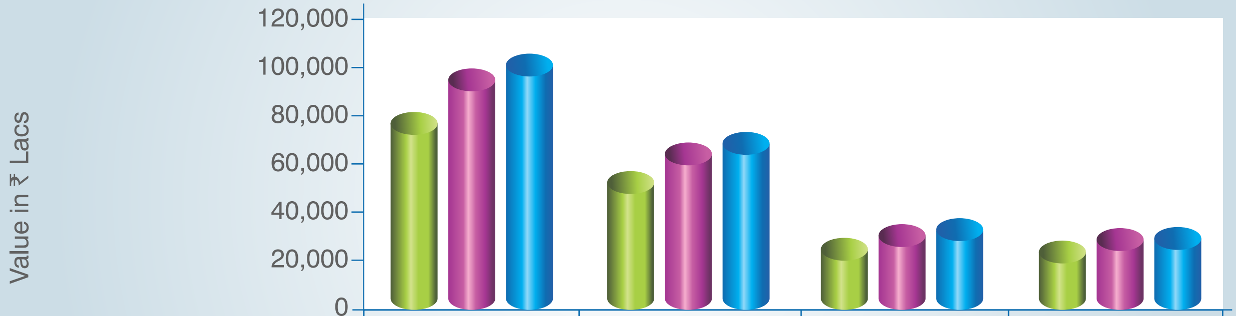


	Total	Urban	Rural
April 2008 - March 2009	95,274	56,889	38,386
April 2009 - March 2010	110,709	64,754	45,955
April 2010 - March 2011	120,331	68,931	51,400

Bars (Volume)

	Total	Urban	Rural	South Zone
April 2008 - March 2009	170,454	116,391	54,063	48,891
April 2009 - March 2010	191,490	130,432	61,058	53,161
April 2010 - March 2011	208,947	142,175	66,772	57,241

Bars (Value)



	Total	Urban	Rural	South Zone
April 2008 - March 2009	76,465	51,922	24,543	22,982
April 2009 - March 2010	94,302	63,870	30,431	27,820
April 2010 - March 2011	100,459	68,448	32,011	28,766

Jyothy Laboratories' Competitive Positioning

- Strong rural presence with enhanced foothold in Urban markets following Henkel Acquisition. Jyothy Laboratories has a rural urban mix of 75:25 in terms of sales while, for Henkel India, the ratio is 30:70.

- New Product offerings after Henkel integration has resulted into strengthening of Jyothy's fabric care portfolio with presence across segments. Jyothy Laboratories also gets access in potent segments such as the Deodorant market which is one of the fastest growing in the FMCG space.

- Enhanced distribution reach on account of Henkel's robust network in urban areas combined with Jyothy's deep rooted reach in rural areas. Currently, Henkel has a distribution network of 750 distributors who focus on the urban market while Jyothy's ~3500 distributors largely focus on the rural market

- Proven Management Team of Jyothy Laboratories with Henkel India's long standing experience in the global markets which has seen economic success with unique products.

- Jyothy Laboratories, with integration of Henkel will benefit in terms of global standards in terms of supply chain management and optimisation. Manufacturing synergies and economies in sourcing raw materials are expected to provide a good competitive edge to Jyothy Laboratories.

Risk Addressal

- **Rising Input Costs:** The company plans to reposition its products and hike prices across categories to combat rising input costs. In line with the trend in the FMCG Industry, this has affected volumes as well as margins. The company expects the strong brand equity that it has, to help sustain and increase its market share.

- **De-Growth in Maxo:** The Maxo brand saw de-growth on account of price hikes. However, the company has launched the insect repellents Maxo Military in February 2011 in line with our agreement with Government of India and Department of Research and Development Organisation. The technology has been transferred to us and we have commenced the manufacturing and sales of the same. Initially we have targeted the major cities and gradually we hope to widen our reach.

- **Supply Chain Management:** The company continues to maintain lowest damage levels for its inventory in transit and this remains on the the most crucial functions for the FMCG industry. With the Henkel acquisition the company's supply chain management will be elevated to international standards.

- **Integration:** A well thought out plan has been put in place to shape the business in terms of reorganising and repositioning the products. It has been paced gradually such that the various aspects such as product synergies, marketing strategies, cultural integration , manufacturing realignment, supply chain and distribution network optimisation etc is undertaken smoothly and ensures a new and stronger foundation for the company's scalability prospects.

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 2010-11

Our strengthening performance is reflected through the comparison of the following numbers.

Total Income rose by 5.82% at ₹ 62,743.91 lakhs on a y-o-y 12-month period. Net Sales registered a 4.36% growth at ₹ 59,983.47 lakhs and was mainly led by fabric care division. The subdued performance was on account of de-growth in sales of Maxo.

The following table indicates the category wise growth rate figures for the 12-month period 1st April, 2010 to 31st March, 2011.

Category	2010	2011	Growth %
Fabric Care	26503	29977	13%
Household Insecticide	17853	14594	-18%
Surface Cleaning	9436	11398	21%
Other Products	3684	4014	9%
Total	57476	59938	4%

Cost analysis

Total cost (excluding interest and depreciation) of the Company grew by 8.30% to ₹ 52,067.03 lakhs in the 12 -month period ended March 31, 2010-11 from ₹ 48,082.01 lakhs in corresponding period of 2009-10 on account of an increased operational scale as well as rise in promotional expenses focussing on the detergent segment.

(₹ in lakhs)

Particulars	31 March 2010	31 March 2011
Gross Sales	75,046	76,256
Net sales	57,476	59,983
Other income	1,819	2,760
Total Income	**59,295**	**62,744**
Cost of Goods Sold	(31,277)	(31,363)
Employee Cost	(6,734)	(7,479)
Advertisement & Sales Promo Expenses	(3,783)	(5,378)
Other Expenses	(6,288)	(7,846)
EBITDA	**11,213**	**10,677**
Depreciation	(1,046)	(1,079)
Interest and Finance Charges	(61)	(41)
Profit before and tax	**10,106**	**9,557**
Tax	(2,101)	(1,530)
Profit after tax	**8,005**	**8,027**
EPS	**11.03**	**10.35**
Book Value Per Share	**54.97**	**80.95**

Cost of goods sold : During the financial year increased from ₹ 31,277 lakhs in 12 months of 2009-10 to ₹ 31,363 lakhs in 12 months of 2010-11. Cost of goods sold as a per cent of net sales increased from 54.42% over the corresponding 12-month period to 52.29% for the 12- month year ending March 2011.

Employee cost: For the 12-month year 2010-11 stood at ₹ 7,479.24 lakhs while the corresponding figure for 2009-10 was ₹ 6,733.92 lakhs, translating into a 11.07% growth. This was on account of annual increments to the staff. Employee cost as a proportion of total cost was at 14.37 % for the year ended March 2011.

Other expenses excluding advertisement expenses: Other expenses of the Company include power and fuel expenses, legal & professional fees, freight outwards, communication expenses, repairs, travelling and other miscellaneous expenses Other expenses increased by 23.28 % from ₹ 7,451.25 lakhs in 2009-10 to ₹ 9,186.20 lakhs in 2010-11. This was mainly on account of increase in consumption of power and fuel expenses and increase in freight cost due to increase in petrol and diesel prices.

Advertisement expenses of the Company increased by 54.12% from ₹ 2,620.25 lakhs in 2009-10 to ₹ 4,038.33 lakhs in 2010-11 as focused marketing campaigns have been launched across our product categories.

Brand	2010-11	2009-10
Ujala	2,175	747
Maxo	818	879
Exo	914	902
Others	131	92
Total	4,038	2,620

Margins: EBIDTA margin of the Company has decreased by 171 basis points from 19.51% in 2009-10 to 17.80% in 2010-11. This was mainly on account of sharp spike in input costs.

The PAT Margins declined by 55 basis points over the same period on account of cascading effect from the operational level.

Taxation: Total tax (including current tax, deferred tax, excess provision for tax of earlier year and MAT credit Entitlement) outlay for the Company decreased by 27% from ₹ 2,101 lakhs in 12 months of 2009-10 to ₹ 1,530 lakhs in 2010-11 on account of MAT credit of ₹ 600 lakhs.

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

Total capital employed stood at ₹ 65272.82 lakhs for the 12 - month year ending on March 31, 2011. For the 12 -month year March 2010, it stood at ₹ 39891.46 lakhs.

Own funds: The net worth of the Company grew by 63.62% from ₹ 39,891.46 lakhs as on March 31st, 2010 to ₹ 65,272.82 lakhs as on March 31st , 2011.

Equity: The equity share capital (issued and subscribed) of the Company consists of 80,632,000 equity shares of ₹ 1 each. During the year, company raised funds by issuing 8,063,200 shares @ ₹ 282.61.

Reserves and surplus: The reserves and surplus of the Company stood at ₹ 64,466.50 lakhs as on March

31st, 2011. It stood at ₹ 39, 165.77 lakhs as on March 31st, 2010. The increase was on account of premium received on issue of equity shares in Qualified Institutional Placement and transfers from the profit and loss account.

Loan funds: The debt portfolio of the Company comprises sales tax deferrals and remained constant at ₹ 17.45 lakhs.

Gross block: The gross block of the Company as on March 31, 2011 stood at ₹ 27,320.08 lakhs as compared to ₹ 25,154.56 lakhs as on March 31, 2010. The increase in gross block is largely due to expansion at Guwahati and Jammu for Maxo, Uttrakhand for Ujala detergent and Bottle units.

The Company follows Straight line method for charging depreciation as per the rate prescribed in the schedule XIV of the Companies Act, 1956. Accumulated Depreciation for the Company increased to ₹ 6572 lakhs as on March 31, 2011 as compared to ₹ 5,345 lakhs as on March 31 , 2010.

Working capital: Net working capital of the Company stood at ₹ 42,721 lakhs as on March 31, 2011 as compared to ₹ 19,737 lakhs as on March 31, 2010.

The current ratio for the year under review stood at 5 as against 2.77 in the 12-month year ending March 2011.

Inventory: Effective inventory management is an important driver for working capital efficiency. Inventory of the Company stood at ₹ 6,629.95 lakhs for 12-month year ending March 2011. For the 12-month year ending March 2010, it stood at ₹ 6,645.65 lakhs. Inventory turnover for the Company stood at 77 days for 12 months year ending March 2011 against 78 days against the corresponding period of 2009-10.

Sundry debtors: Sundry debtors for the Company stood at ₹ 10,349.89 lakhs for 12-month year ending March 2011. ₹ 42.30 lakhs was outstanding for over 6 months. For the 12-month year ending March 2010 the same was ₹ 6.964.83 lakhs.

Debtor turnover stood at 57 days for 12-month year ending March 2011. For the corresponding period of the previous year, the same stood at 41 days.

Cash and bank balances: Cash and bank balances for the Company stood at ₹ 27,811.87 lakhs as on March 2011 as against ₹ 12,086.48 lakhs as on March 31, 2010.

Loans and advances: Loans and advances for the Company stood at ₹ 8,456.74 lakhs as on 12-month year ending on March 31, 2011as against ₹ 5,087.64 lakhs as on March 31, 2010 on account of advances offered to subsidiaries and suppliers.

Current liabilities and provisions: Current liabilities and provisions for the Company stood at ₹ 10,667 lakhs as on March 2011 as against ₹ 11,158 lakhs as on March 2010.

Sundry creditors for the Company stood at ₹ 2188.90 lakhs as on March 2011 as against ₹ 2372..08 lakhs as on March 31, 2010.

Dividend: The Board has recommended a dividend @ ₹ 5/- (500%) per share for the financial year 2010-11 against the dividend of ₹ 4/- (400%) per share paid for the year 2009-10.

Directors' report

To,

The Members,

Your Board of Directors is pleased to present the 20th Annual Report together with the Audited Financial Statements for the year ended March 31, 2011 compared with previous Financial year as follows:

(₹ in lacs)

Financial results	Financial Year ended March 31, 2011	Financial Year ended March 31, 2010
Sales (net of trade discount)	66,505.14	62,622.66
Other Income	2,760.44	1,818.78
Profit before depreciation and interest	10,676.88	11,212.93
Interest and Finance Charges	41.42	61.16
Depreciation, Amortization and Impairment	1,078.55	1,046.30
Profit before tax	9,556.91	10,105.47
Provision for tax		
- Current tax	1295.00	1,860.00
- Deferred tax charge	296.72	259.59
- (Excess) provision for current tax of earlier year	(61.48)	(18.82)
Profit after tax	8,026.67	8,004.70
Balance as per last Balance Sheet – Brought forward	1,524.30	904.46
Debit Balance of Profit and Loss Account of Sri Sai Homecare Products Private Limited pursuant to Scheme of Amalgamation	(128.55)	–
Balance available for appropriations	9,422.42	8,909.16
Appropriations:		
Final Dividend on Equity Shares	4031.60	2,902.75
Corp. Dividend Tax	654.03	482.11
Transfer to General Reserve	2000.00	4,000.00
Balance Carried Forward (Profit and Loss Account)	2736.79	1,524.30
Earning Per Share (Basic and Diluted)	10.35	11.03
Dividend Per Share	5.00	4.00

Performance

During the financial year ended March 31, 2011, the Company recorded Sales (net of trade discount) at ₹ 66,505.14 lac compared to ₹ 62,622.66 lac in the previous financial year. In the financial year under review, Profit before Tax stood at ₹ 9,556.91 lac compared to ₹ 10,105.47 lac in previous financial year.

The Sales (net of trade discount) in Financial Year under review had grown by 6.2% compared to the previous year. The sales of soaps and detergents grew @ 13.50%, however, the sales in homecare segment declined by 10.2% due to adverse climatic condition in Eastern Uttar Pradesh, Bihar & Jharkhand and heavy discounting at whole-sale market. The profitability was also adversely impacted due to lower margins in case of mosquito repellant category, general increase in labour and other costs and substantial increase in Advertisement and Sales Promotion Costs at ₹ 5378 lac up by ₹ 1595 lac over previous year.

During the Financial Year 2010-11, Indian economy continued to be impacted by high rate of inflation. The measures taken by the Government and the Reserve Bank of India to stem the same have impacted the rate of growth and resulted into increased cost and contraction of credit. Consequently, the growth in industrial activity and non-food demand from consumers de-accelerated while cost pressures affected the profitability. In the circumstances, the performance of the Company during the Financial Year has been satisfactory.

Dividend

For the financial year under review, the Board is pleased to recommend a dividend @ ₹ 5/- per equity share of face value of Re.1/- each, (i.e. 500% of face Value of Equity Shares), aggregating to ₹ 4031.60 lac. In the previous financial year, the Board had recommend and paid a dividend @ ₹ 4.00 per equity share of face value of Re.1/- each, (i.e.400% of face Value of Equity Share), aggregating to ₹ 2902.75 lac.

The dividend will be paid to eligible members after its approval by the Members in the ensuing Annual General Meeting

Qualified Institutional Placement

During the year, the Company has issued 80,63,200 Equity Shares of Re.1/- each at a premium of ₹ 281.62 per equity share to Qualified Institutional Buyers in terms of Chapter XIII A of the Securities & Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000. Consequently, the paid-up share capital of the Company has increased from 72568800 Equity Shares of ₹ 1/- each to 80632000 equity shares of ₹ 1/- each.

Utilization of QIP Proceeds

The Audit Committee and the Board of Directors of the Company have taken on record the following statement of utilization of the proceeds of the amounts raised by the Company consequent to the issue of 8063200 Equity Shares of Re.1/- each at a premium of ₹ 281.62 per equity share to Qualified Institutional Buyers in terms of Chapter XIII A of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000.

(₹ in Lac)

Sr. No.	Particulars	Amount
1	Gross proceeds	22,788.22
	Less: Expenses incurred	644.29
2	Net Proceeds	22,143.93
	Utilization	
1	Investment in Henkel India Limited	6,073.09
2	Fixed Deposits / Corporate Deposits with Banks	16,070.84
	Total Utilization	22,143.93

The unutilized funds are planned to be invested in acquisition of Henkel India Limited.

New Developments

Henkel India Limited

- The Company has acquired 1,73,51,686 equity shares of ₹ 10/- each of Henkel India Limited (HIL) from Tamilnadu Petroproducts Limited @ ₹ 35/- per Equity Share. The Company plans to acquire all the equity and preference shares, currently, held by Henkel AG & Co., KGaA, Germany and also to make open offer to public shareholders to acquire additional 20% Equity Share Capital of HIL. The equity shares of HIL are listed on Bombay, Madras and Calcutta Stock exchanges.

Household Insecticide:

- The Company has introduced variety of products made out of technology DEPA, a repellant formulation for protection from all blood sucking insects and mosquitoes from "DRDO" (Defence Research and Development Organisation), Ministry of Defence, Government of India. This technological products enables the Company to manufacture and market the products in India including to armed forces, and to many countries abroad. The repellant cream and wipers were also launched in the market during the year.

Surface Cleaning:

- Products like dish-wash bar, liquid and scrubbers were launched at all India level in the last quarter of the previous financial year.
- Exo Dish Shine in round format was launched which was accepted well by market

Management Discussion and Analysis Report:

Management's Discussion and 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.

Subsidiary Companies

The Central Government has vide its letter No. 47/45/2001 – Cl. III dated 09.02.2011 exempted the Company from attaching Annual Accounts and other documents in respect of its subsidiaries to the Annual Report of the Company for the year ended March 31, 2011. As required vide above letter, statement in respect of each of the 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 available for inspection at the Registered Office of the Company.

Jyothy Fabricare Services Limited

Members are aware that the Company had started a new Value Added Service in fabric care segment to provide "World class laundry at affordable price at your door step" and other related services through its subsidiary company namely Jyothy Fabricare Services Limited (JFSL). A world-class facility equipped with world class machinery and equipments most updated technology, supported by a robust IT structure and housed in an area of 70,000 square feet built on 2 acres of land at Doddaballapur, near Bengalore, Karnataka, became operational in November 2009. JFSL is providing fabric care services under various brands namely JFSL Corporate, Fabric Spa, JFSL rentals, Fabric spa busy easy and Snoways.

Subsequent to the close of the Financial Year, the Company has acquired control over following companies engaged in business of laundry and related services which would extend its presence to Delhi and Mumbai:

- Diamond Fabcare Private Limited, Delhi (Wardrobe) with 64 outlets, and
- Akash Cleaners Private Limited, Mumbai (Akash) with 4 outlets.

Tara India Fund IV Trust has consented to fund the future expansion of this business, by agreeing to provide up to ₹ 100/- Crore in Equity / Convertible Instrument of which the first trench of ₹ 50 Crore is likely to be received by end June 2011. This investment values JFSL business at ₹ 400 Crore.

Amalgamation

The process of amalgamation of Sri Sai Homecare Products Private Limited, a wholly owned subsidiary company with the Company with effect from April 1, 2010, was over on January 28, 2011, when Bombay High Court passed the Order approving Scheme of Amalgamation. The said Company has now merged with the Company.

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, 2011.

Directors

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

The tenure of Ms. M. R. Jyothy as Whole-Time Director will come to an end on November 30, 2011. The Board has approved her re-appointment as stated in the Notice for the 20th Annual General Meeting, scheduled to be held on August 29, 2011 and explanatory statement attached thereto.

Auditors

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

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, 2011, the applicable accounting standards have been followed;
2. the Directors have selected such accounting policies and applied them consistently and made judgements 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, 2011 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, 2011 on a 'going concern' basis.

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 subsidiaries as a single economic entity. The Consolidated Financial Statements form part of this Annual Report.

Conservation of Energy and Technology Absorption

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

Foreign Exchange Earnings and Outgo

(₹ in Lacs)

Particulars	2010-11	2009-10
Foreign exchange earnings	699.88	732.42
Foreign exchange outgo	375.56	590.89

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, 2011 are attached to this report.

Risk and Concerns

The high rate of inflation, continue to cause anxiety about the growth of Indian economy and the performance of the Corporate including FMCG sector.

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

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

The Company is 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 is alive to the matter and has been continuously extending its products range and geographical reach within India and squeezing cost through greater operational efficiency without any compromise in quality. The Company plans to acquire controlling stakes in Henkel India Limited with the objective to broad base its product range and consumers and to grow inorganically as well.

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

Internal Control Systems and Its Adequacy

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

Cautionary Note

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

Acknowledgement

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

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

M. P. Ramachandran
Chairman & Managing Director

Mumbai, May 30, 2011

Particulars of Employees

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

Name of the Employees	Designation	Qualification	Age in Years	Date of Joining	Experience	Gross Remuneration Per Annum (₹ in Lac)	Previous Employment, Designation
Mr. M. P. Ramachandran	Chairman and Managing Director	Postgraduate Degree in Financial Management	65	15-01-1992	37 years	415.89	Proprietor – Jyothy Laboratories
Mr. K. Ullas Kamath	Deputy Managing Director	M.com, F.C.A., A.C.S., L.L.B., A.M.P. – Wharton Business School and Harward Business School	48	26-03-1997	26 years	329.93	Practicing Chartered Accountant

Notes:

1. Remuneration shown above are Salary, Allowances, Bonus (based on receipt), Company's contribution to Provident Fund and other perquisites valued as per Income Tax Rules, 1962.
2. Mr. M. P. Ramachandran holds 43.106% of the shares and Mr. K. Ullas Kamath holds 0.90% of the shares in the Company.

Report on Corporate Governance

Company's Philosophy on Corporate Governance

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

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

Board of Directors

Composition:

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

The composition of the Board of Directors is as under:

Name of 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. Nilesh B. Mehta	None
Mr. K. P. Padmakumar	None
Mr. Bipin R. Shah	None

Attendance of Directors at Board Meetings and Annual General Meeting:

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

On May 25, 2010, on July 27, 2010, on October 28, 2010, on January 25, 2011 and on March 16, 2011. Details of attendance of Directors are as under:

Name of Director	Number of Board Meeting attended	Last Annual General Meeting attended
Mr. M. P. Ramachandran	5	Yes
Mr. K. Ullas Kamath	5	Yes
Ms. M. R. Jyothy	4	Yes
Mr. Nilesh B. Mehta	5	Yes
Mr. K. P. Padmakumar	4	Yes
Mr. Bipin R. Shah	4	No

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 Member)	Committee positions in other public limited companies (as Chairman)
Mr. M. P. Ramachandran	Executive	3	1	Nil
Mr. K. Ullas Kamath	Executive	2	Nil	Nil
Ms. M. R. Jyothy	Executive	2	Nil	Nil
Mr. Nilesh B. Mehta	Independent	2	2	Nil
Mr. K. P. Padmakumar	Independent	4	2	1
Mr. Bipin R. Shah	Independent	3	3	1

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
1	Salary & Perquisites	2,20,17,915	1,50,12,000	21,60,000
2	Provident Fund	-	18,01,440	2,59,200
3	Superannuation Fund	-	15,01,200	2,16,000
4	Commission	1,95,71,512	1,46,78,634	-

Non-Executive Directors' Compensation and Shareholding:

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

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

Details of sitting fees and 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	1,40,000	7,00,000	Nil
2	Mr. K. P. Padmakumar	95,000	7,00,000	Nil
3	Mr. Bipin R. Shah	1,10,000	7,00,000	50

Audit Committee

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

Members of the Audit Committee possess expert knowledge of Accounts, Audit and Finance. The Company Secretary is acting as Secretary to the Audit Committee. The Audit Committee meetings were held on May 25, 2010, July 27, 2010, October 28, 2010 and January 25, 2011.

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 and the adequacy of internal audit. The role of Audit Committee includes the discussions with internal and statutory auditors periodically about their scope of audit and adequacy of internal control systems.

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

Remuneration Committee

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

Shareholders & Investors Grievance Committee

Shareholders & Investors Grievance Committee of the Company inter-alia reviews and considers the report of Link Intime India Private Limited regarding number of various types of complaints / requests received, handled and balances, if any. Members of the Committee are: Mr. Nilesh B. Mehta (Chairman), Mr. Bipin R. Shah and Mr. M. P. Ramachandran. The Committee meetings were held on May 25, 2010, July 27, 2010, October 28, 2010 and January 25, 2011.

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 3 complaints and the same were disposed off. All complaints / queries were disposed of within one week of receipt of the complaint / query. The Company does not have any complaints, not attended at the closure of the year under review.

Depository Escrow Account

The Company officials have made several efforts for communicating with investors in the IPO of the Company held in November 2007 and were able to reduce such cases from 111 in November 2008 to 24 as on March 31, 2010.

Aggregate number of shareholders in the suspense account lying at the beginning of the year	24
Aggregate number of outstanding shares in the suspense account lying at the beginning of the year	1200
Number of shareholders who approached issue for transfer of shares from suspense account during the year	13
Number of Shareholders to whom shares were transferred from suspense account during the year	13
Number of Shares transferred from suspense account during the year	650
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	550

The Company continues to follow up with the remaining allottees for transferring their shares to them.

IPO Refund Account

Aggregate number of applicants in the IPO Refund account lying at the end of the year	7
Aggregate amount in the IPO Refund account lying at the end of the year (₹)	1,03,500

General Body Meeting

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

Year	Date of Annual General Meeting	Time of Meeting	Number of Special Resolutions passed	Venue
2007-08	November 11, 2008	10.30 a.m.	3	Patkar Hall, Nathibai Thackersey Road, New Marine Lines, Mumbai - 400020.
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 of 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. No resolution was passed by postal ballot during the year under review.

Details of Directors Seeking Appointment / Reappointment

(a) Mr. K. P. Padmakumar

Mr. K.P. Padmakumar, 66, 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. In addition to Jyothy Laboratories Mr. Padmakumar is on the Board of Muthoot Vehicle & Asset Finance Limited, Muthoot Securities Limited, Muthoot Commodities Limited and Joyalukkas India Limited.

(b) Mr. Bipin R. Shah

Mr. Bipin R. Shah, 79 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. Currently, he is on the Board of Kotak Mahindra Asset Management Company Limited, Dolphin Offshore Enterprises India Limited and Dolphin Shipping Company Limited.

(c) Ms. M. R. Jyothy

Ms. M. R. Jyothy holds a Bachelor's Degree in Commerce from University of Mumbai and an MBA from Wellingkar Institute of Management & Research, Mumbai. She has also done a course in Family Managed Business Administration from S. P. Jain Institute of Management, Mumbai. She is a graduate in 'Owner / President Management Programme' from Harvard University. She handles sales administration, marketing and brand communication.

At the Annual General Meeting held on 8th December 2006 Ms. M. R. Jyothy was appointed as Whole-Time Director of the Company for a tenure of 5 (five) years. In addition to Jyothy Laboratories Ms. M. R. Jyothy is on the Board of Jyothy Fabricare Services Limited and Sahyadri Agencies Limited.

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.8 of Schedule 20 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, 2011.

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

(iv) Statement of Utilization of QIP proceeds is appearing as part of Director's Report.

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.

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 investors / analysts and the same are available on the website of the Company.

CEO/CFO Certificate

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

General Shareholder Information

a) **Annual General Meeting** of the Company will be held on Tuesday, September 20, 2011 at 11.00 a.m. at M. C. Ghia Hall, 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, **2010 to March 31, 2011**.

c) **Date of Book Closure:** Saturday, September 10, 2011 to Tuesday September 20, 2011 (Both days inclusive)

d) **Dividend Payment:** September 26, 2011

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

h) **Share Transfer System:**

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

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

	BSE Market Price (₹)		NSE Market Price (₹)	
Month	High	Low	High	Low
April 2010	178.95	160.00	178.00	162.00
May 2010	214.50	169.00	214.10	168.10
June 2010	276.40	207.00	276.70	207.55
July 2010	287.00	248.25	290.00	248.10
August 2010	293.95	252.10	294.80	251.50
September 2010	311.00	258.95	312.00	260.10
October 2010	321.95	268.00	322.80	265.00
November 2010	293.00	255.50	292.40	257.25
December 2010	285.00	249.00	285.00	248.10
January 2011	283.90	227.00	284.00	211.90
February 2011	240.00	186.00	251.00	185.60
March 2011	254.00	184.40	254.90	184.10

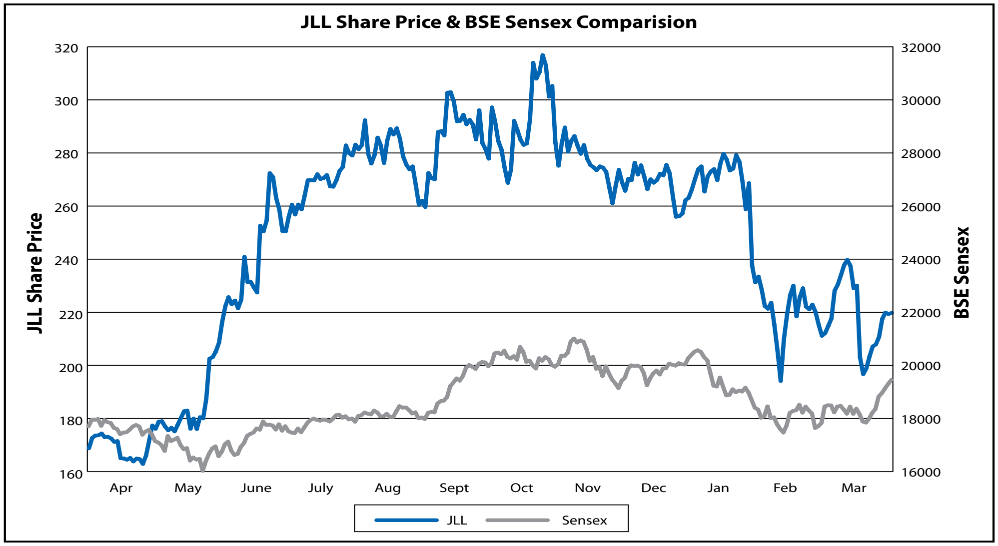
j) **Shareholding Pattern as on March 31, 2011:**

	Category	No. of Shares	Percent
1	**Promoter and Promoter Group**	5,09,23,921	63.1560
2	**Institutions**		
	Mutual Funds	63,67,315	7.8968
	Financial Institutions/Banks	4,47,258	0.5547
	Insurance Companies	53,85,978	6.6797
	Foreign Institutional Investors	1,25,74,116	15.5944
3	**Non-Institutions**		
	Bodies Corporate	19,00,300	2.3568
	Individuals	28,20,515	3.4980
	Clearing Member	1,19,903	0.1487
	Foreign Holding/Nationals	82,619	0.1025
	Independent Directors/Relatives	50	0.0001
	Trusts	8,950	0.0111
	Total:	**8,06,32,000**	**100.0000**

k) **Distribution of Shareholding as on March 31, 2011:**

Sr. No.	Slab of shareholding No. of Equity shares held		Shareholders		Shares Value	
	From	To	Numbers	In %	Face Value (₹)	In %
1.	1	5000	35566	98.4553	2035156	3.3260
2.	5001	10000	236	0.6533	192028	0.2892
3.	10001	20000	108	0.2990	163853	0.2494
4.	20001	30000	40	0.1107	99623	0.2113
5.	30001	40000	28	0.0775	105075	0.1336
6.	40001	50000	18	0.0498	86054	0.1636
7.	50001	100000	31	0.0858	233159	1.5881
8.	100001	and above	97	0.2685	77717052	94.0389
Total			**36124**	**100.0000**	**80632000**	**100.0000**

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



m) **Dematerialization:**

As on March 31, 2011, out of total of 8,06,32,000 Equity Shares, 8,06,31,982 (99.9999%) Equity Shares, are held in dematerialized form and the balance 18 shares are held in Physical Form.

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

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

- Village Katha, P.O. Baddi, Dist. Solan, H.P. - 173 205.
- Bishnupur, Bankura, West Bengal - 722 122.
- No.43a T.H Road, KKD Nagar, Kodungayur, Chennai – 600 118.
- 13, CNI Complex, Patia, Bhubaneshwar, Odisha - 751 024.
- EPIP Complex, A.I.D.C. Amingaon, Guwahati - 781 031
- Lane No 2, Phase No 2, SIDCO Indl Complex, Bari Brahmina, Jammu-180001.
- Kandanassery, Ariyannur Via Trichur District, Kerala - 690 102.
- Shed No.25/26,IDA Kothur, Mehboob Nagar, Hyderabad, A. P. - 509 228.
- Plot No 201, Sector –1, Industrial Area,Pitampur,Dist Dhar, M. P. - 454 775.
- Thethampakkam, Suthukeny Post,Via Vazhudavoor, Pondicherry - 605 502.
- 2/295 Sankari Road, Nethimedu, Salem, Tamilnadu - 636 002.
- Survey No.910/7/1,Dokmardi, Amli Silvassa, Dadra & Nagar Haveli, Silvassa - 396 230.
- Kie Ind. Estate, Opp. Uttam Sugar Mill, Mundayaki Village, Roorkee, Uttarakhand - 247 667.
- IV 101-B, Kolakappara Road, Wayanad District, Kerala - 673 591.
- Plot No.47, Phaze I, I.D.A., Jeedimetla, Hyderabad - 500 055

p) **Shareholders & Investors Correspondence:**

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

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

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, 2011.

For Jyothy Laboratories Limited

M. P. Ramachandran
Chairman & Managing Director

Mumbai, May 30, 2011

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 ('the Company'), for the year ended on March 31, 2011, 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**
Firm registration number: 101049W
Chartered Accountants

per Vikram Mehta
Partner
Membership No.: 105938

Mumbai
Date: May 30, 2011

Auditors' Report

To

The Members of

Jyothy Laboratories Limited

1. We have audited the attached balance sheet of Jyothy Laboratories Limited ('the Company') as at March 31, 2011 and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

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

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

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

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

    v. On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

        a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2011;

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

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

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

per Vikram Mehta
Partner
Membership No.: 41870

Mumbai
Date: May 30, 2011

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

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

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

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

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

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

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

iii) a) The Company has granted unsecured loan and advance to a subsidiary company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.2,965.25 lacs and the year- end balance of loan granted to the party was Rs.2,871.70 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 along with interest are re-payable on demand. As informed, the Company has not demanded repayment of any such loan or interest during the year, thus, there has been no default on the part of the parties to whom the money has been lent.

d) There is no overdue amount of loan granted to the subsidiary company 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, provisions of clause 4(iii) (e) and (g) of the Order, are not applicable to the Company and hence not commented upon.

iv) 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. 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 exceeding 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.

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 and nature of its business.

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

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

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

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

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

Amount ₹ in Lacs

Name of the statute (Nature of dues)	Forum where the dispute is pending				
	Period to which the amount relates	Commissionerate	Appelate Authorities & Tribunal	High Court	Total Amount
Sales Tax (Tax/ Penalty/Interest)	2001-02 to 2002-03	24	-	-	24
	2003-04 to 2004-05	72	-	-	72
	2005-06	213	-	44	257
	2006-07 to 2009-10	544	-	355	899
	2010-11	49	-	148	197
The Central Excise Act, 1944 (Tax/Penalty)	1999-00 to 2000-01	-	12	-	12
	2004-05 to 2005-06	6	8	-	14
	2006-07	1	-	-	1
	2009-10 to 2010-11	110	-	-	110
Employee State Insurance (Tax/Penalty)	2002-08	10	-	-	10
Provident Fund (Tax)	1997-98	0.5	-	-	0.5
	2007-08	5	-	-	5
Service Tax (Tax)	2005-06	13	-	-	13
	2007-08	3	-	-	3
	2008-09 to 2010-11	64	-	-	64
Others	2003-04	-	-	4	4
Total		**1,114.50**	**20**	**551**	**1,685.50**

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 or bank. The Company has not issued any debentures.

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

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

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

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

xvi) The Company did not have any term loans outstanding during the year.

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

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

xix) The Company did not have any outstanding debentures during the year.

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

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

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

per Vikram Mehta
Partner
Membership No.: 41870

Mumbai
Date: May 30, 2011

Balance Sheet As at March 31, 2011

₹ in Lacs

	Schedule	As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	806.32	725.69
Reserves and surplus	2	64,466.50	39,165.77
		65,272.82	**39,891.46**
Loan Funds			
Secured loans	3	5,831.12	-
Unsecured loans	4	17.45	17.45
		5,848.57	17.45
Deferred Payment Liability		525.00	450.00
Deferred Tax Liability (Net)	5	1,573.83	1,331.83
TOTAL		**73,220.22**	**41,690.74**
APPLICATION OF FUNDS			
Fixed Assets	6		
Gross Block		27,320.08	25,154.56
Less: Accumulated depreciation, amortisation and impairment		(6,572.03)	(5,345.36)
Net Block		20,748.05	19,809.20
Capital work-in-progress (including capital advances)		1,902.33	346.47
		22,650.38	20,155.67
Investments	7	7,848.68	1,798.35
Current Assets, Loans And Advances			
Inventories	8	6,629.95	6,645.65
Sundry debtors	9	10,349.89	6,964.83
Cash and bank balances	10	27,811.87	12,086.48
Other current assets - Sales promotion items		139.71	110.23
Loans and advances	11	8,456.74	5,087.64
(A)		53,388.16	30,894.83
Less: Current Liabilities And Provisions			
Current liabilities	12	5,092.99	6,584.12
Provisions	13	5,574.01	4,573.99
(B)		10,667.00	11,158.11
Net Current Assets (A-B)		42,721.16	19,736.72
TOTAL		**73,220.22**	**41,690.74**
Notes to Accounts	20		

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet.

As per our report of even date

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

per Vikram Mehta
Partner
Membership No. 105938

Place: Mumbai
Date: May 30, 2011

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

M. P. Ramachandran
Chairman and Managing Director

K. Ullas Kamath
Deputy Managing Director

M. L. Bansal
Company Secretary

Place: Mumbai
Date: May 30, 2011

Profit and Loss Account For the year ended March 31, 2011

₹ in Lacs

	Schedule	2010-11	2009-10
INCOME			
Sales (net of trade discount)		66,505.14	62,622.66
Less: Sales tax		(4,784.47)	(4,161.95)
Less: Excise duty		(1,737.20)	(984.55)
Net sales		59,983.47	57,476.16
Other income	14	2,760.44	1,818.78
		62,743.91	**59,294.94**
EXPENDITURE			
Material consumed	15	31,697.54	31,542.12
(Increase)/decrease in inventories	16	(550.84)	(438.78)
Excise duty		216.56	173.25
Employee costs	17	7,479.24	6,733.92
Other expenses	18	13,224.53	10,071.50
Depreciation, amortisation and impairment	6	1,078.55	1,046.30
Interest and finance charges	19	41.42	61.16
		53,187.00	**49,189.47**
Profit Before Tax		**9,556.91**	**10,105.47**
Provision for tax			
Current tax (MAT Payable)		1,895.00	1,860.00
Less MAT credit entitlement		(600.00)	-
- Net Current Tax		1,295.00	1,860.00
- Deferred tax charge		296.72	259.59
- Excess provision for current tax of earlier years		(61.48)	(18.82)
Profit After Tax		**8,026.67**	**8,004.70**
Profit and Loss Account, Beginning of The Year		1,524.30	904.46
Debit balance of profit and loss account of Sri Sai Homecare Products Private Limited pursuant to scheme of amalgamation (Refer Note No. 5 of Schedule '20')		(128.55)	-
Profit Available for Appropriation		**9,422.42**	**8,909.16**
APPROPRIATIONS:			
Proposed dividend		4,031.60	2,902.75
Dividend tax on proposed dividend		654.03	482.11
Transfer to general reserves		2,000.00	4,000.00
Profit and Loss Account, end of the Year		**2,736.79**	**1,524.30**
EARNINGS PER SHARE (EPS)			
Basic and Diluted (₹)		10.35	11.03
Nominal value per share (₹)		1	1
Weighted average number of shares outstanding for calculation of Basic and Diluted EPS		77,583,448	72,568,800
Notes to Accounts	20		

The schedules referred to above and notes to accounts form an integral part of the Profit and Loss Account.

As per our report of even date

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

per Vikram Mehta
Partner
Membership No. 105938

Place: Mumbai
Date: May 30, 2011

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

M. P. Ramachandran
Chairman and Managing Director

K. Ullas Kamath
Deputy Managing Director

M. L. Bansal
Company Secretary

Place: Mumbai
Date: May 30, 2011

Cash Flow Statement For the year ended March 31, 2011

₹ in Lacs

		2010-11	2009-10
A.	CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES:		
	Profit before Tax	9,556.91	10,105.47
	Adjustments for:		
	Depreciation, amortisation and impairment (net)	1,078.55	1,046.30
	Loss on discarded/sale of fixed assets	61.10	27.73
	Profit on sale of fixed assets	(144.18)	-
	Provision for Diminution in Value of Investments written back	-	(19.96)
	Premium on conversion of Preference shares	(150.00)	-
	Dividend income	(8.85)	(0.79)
	Interest and finance charges	41.42	61.16
	Interest income	(932.99)	(914.36)
	Interest earned on Loans to subsidiary Company	(232.27)	(83.08)
	Excess provision written back	(447.56)	(64.98)
	Excise duty provision written back (refer Note 12 of Schedule 20)	(189.68)	(475.26)
	Profit on sale of investments	(331.24)	-
	Interest Income on Debentures	(136.36)	-
	Provision for doubtful debts	-	2.19
	Provision for doubtful advances w/back	(16.63)	-
	Operating profit before working capital changes	**8,148.22**	**9,684.42**
	(Increase)/Decrease in working capital -		
	(Increase)/Decrease in inventories (including sales promotion items)	277.46	(2,440.17)
	Increase in Trade receivables	(3,385.06)	(2,728.32)
	Increase in Loans and advances	(1,736.35)	(1,150.00)
	Increase/(Decrease) in current liabilities/provisions	(1,018.16)	3,284.06
	Cash generated from operations	**2,286.11**	**6,649.99**
	Taxes paid (net)	(2,215.77)	(1,548.49)
	Net cash (Used in)/generated from operating activities	**70.34**	**5,101.50**
B.	CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:		
	Purchase of fixed assets including capital work-in-progress and capital advances	(3,178.70)	(1,827.54)
	Proceeds from sale of fixed assets	159.02	202.29
	Subsidy received against purchase of fixed assets	-	19.95
	Receipt of investment subsidy	-	39.61
	Investment in shares	(6,075.39)	-
	Investment in debentures	(5,000.00)	-
	Proceeds from redemption of debentures	5,136.36	-
	Proceeds from Sale of investment in Joint venture companies	-	3.00
	Investment in Mutual Fund	(70,179.01)	-
	Proceeds from Sale of investment	70,510.26	40.26
	Advances recovered/(given) from/to subsidiary company	(1,694.74)	(771.43)
	Repayment of loan given to subsidiary Company	295.00	53.50
	Investment in fixed deposits	(66,464.63)	(14,975.23)
	Fixed deposit matured	50,354.43	13,754.66
	Interest received on fixed deposits	880.96	894.86
	Interest earned on Loans to subsidiaries	232.27	83.08
	Dividend received	8.85	0.79
	Net cash used in investing activities	**(25,015.32)**	**(2,482.20)**

Cash Flow Statement (Contd.) For the year ended March 31, 2011

₹ in Lacs

		2010-11	2009-10
C.	**CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES:**		
	Interest and finance charges paid	(41.42)	(61.16)
	Proceed from issue of equity shares	22,788.22	-
	Bank overdraft secured against fixed deposit with Bank	5,831.12	-
	Expenses incurred on issue of equity shares on Qualified Institutional placement basis	(644.29)	-
	Dividend paid	(2,902.75)	(1,451.38)
	Dividend tax paid	(482.11)	(246.66)
	Net cash (used in)/generated from financing activities	**24,548.77**	**(1,759.20)**
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	(396.21)	860.10
	Cash and cash equivalents at the beginning of the year	2,923.86	2,063.76
	Cash and cash equivalents due to merger of Sri Sai Home Care Product Private limited (refer Note 5 of schedule 20)	11.41	-
	Cash and cash equivalents at the end of the year	**2,539.06**	**2,923.86**
	Components of cash and cash equivalents		
	Cash and bank balances as per Balance Sheet	27,811.87	12,086.48
	Less, Long term deposits considered in investing activities	25,272.81	9,162.62
	Cash and cash equivalents considered for cash flows *	**2,539.06**	**2,923.86**
	* Includes unclaimed dividend of ₹ 4.47 (2010 - ₹ 2.85)		

Notes:

1. The figures of the current year include changes in the cash flow of Sri Sai Homecare Products Private Limited which was amalgamated with the Company w.e.f. April 1, 2010 and are therefor to that extent not comparable with previous year figures (refer Note 5 of Schedule 20).
2. The amalgamation of Sri Sai Homecare Products Private Limited with the Company (refer Note 5 of Schedule 20) is a non-cash transaction and hence, has no impact on the Company's cash flows for the year.

As per our report of even date

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

per Vikram Mehta
Partner
Membership No. 105938

Place: Mumbai
Date: May 30, 2011

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

M. P. Ramachandran
Chairman and Managing Director

K. Ullas Kamath
Deputy Managing Director

M. L. Bansal
Company Secretary

Place: Mumbai
Date: May 30, 2011

Schedules Forming Part of the Balance Sheet As at March 31, 2011

₹ in Lacs

	2011	2010
1 SHARE CAPITAL		
Authorised Capital		
120,000,000 (2010 - 100,000,000) equity shares of ₹ 1 (2010 - ₹ 1) each	1,200.00	1,000.00
	1,200.00	**1,000.00**
Issued, Subscribed and Paid-up Capital		
80,632,000 (2010 - 72,568,800) equity shares of ₹ 1 (2010 - ₹ 1) each fully paid	806.32	725.69
	806.32	**725.69**
2 RESERVES AND SURPLUS		
Capital Reserve		
Balance, beginning of the year	-	-
Add: Adjustment pursuant to scheme of Amalgamation (refer Note No. 5 of Schedule '20')	24.95	-
Balance, end of the year	24.95	-
Securities premium		
Balance, beginning of the year	10,653.13	10,653.13
Add: Premium received on issue of equity shares on Qualified Institutional Placement basis	22,707.58	-
Less: Expenses incurred on issue of equity shares on Qualified Institutional Placement Basis	(644.29)	-
Balance, end of the year	32,716.42	10,653.13
Investment subsidy		
Balance, beginning of the year	106.90	67.29
Add: Subsidy received during the year	-	39.61
Balance, end of the year	106.90	106.90
General reserves		
Balance, beginning of the year	26,881.44	22,881.44
Add: Transferred from Profit and Loss Account	2,000.00	4,000.00
Balance, end of the year	28,881.44	26,881.44
Balance in Profit and Loss Account	2,736.79	1,524.30
	64,466.50	**39,165.77**
3 SECURED LOANS		
Bank overdraft secured against fixed deposit with Bank	5,831.12	-
(Repayable within 1 year ₹ 5,831.12, 2010 - ₹ Nil)		
	5,831.12	**-**
4 UNSECURED LOANS		
Deferred sales tax loan	17.45	17.45
(Repayable within 1 year ₹ Nil, 2010 - ₹ Nil)		
	17.45	**17.45**

Schedules Forming Part of the Balance Sheet As at March 31, 2011

₹ in Lacs

	As at April 1, 2010	Additions pursuant to Scheme of Amalgamation with Sri Sai Homecare Products Private Limited*	Charge/ (Credit) for the year	As at March 31, 2011
5 DEFERRED TAX LIABILITY, Net				
a) Deferred tax liability				
Depreciation	1,737.83	53.95	158.19	1,949.97
	1,737.83	53.95	158.19	1,949.97
b) Deferred tax assets				
Technical royalty	5.25	-	(0.55)	4.70
Gratuity	108.63	3.83	13.24	125.70
Provision for doubtful debts	12.48	-	(0.56)	11.92
Provision for doubtful advances	5.65	-	(5.65)	-
Provision for leave encashment	84.35	0.74	18.82	103.91
Provision for impairment losses	161.89	-	(57.23)	104.66
Disallowance u/s 40 a (ia) of the Income Tax Act	8.10	-	(1.61)	6.49
Disallowance u/s 43B of the Income Tax Act	19.65	-	(0.89)	18.76
Unabsorbed Losses	-	104.10	(104.10)	-
	406.00	108.67	(138.53)	376.14
	1,331.83	**(54.72)**	**296.72**	**1,573.83**

* Refer Note No. 5 of Schedule 20

6 FIXED ASSETS

Particulars	GROSS BLOCK					DEPRECIATION AND AMORTISATION					IMPAIRMENT				NET BLOCK	
	As at April 1, 2010	Additions pursuant to Scheme of Amalgamation with Sri Sai Homecare Products Private Limited*	Addition@	Deletions	As at March 31, 2011	As at April 1, 2010	Additions pursuant to Scheme of Amalgamation with Sri Sai Homecare Products Private Limited*	For the year	Deletions	As at March 31, 2011	As at April 1, 2010	Charge For the year	Reversal For the year	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
Intangible assets																
Goodwill	301.60	-	-	-	301.60	-	-	-	-	-	-	-	-	-	301.60	301.60
Trademarks and Copyrights $	580.81	-	-	-	580.81	219.52	-	61.63	-	281.15	-	-	-	-	299.66	361.29
Know-how	647.12	-	-	-	647.12	75.99	-	135.70	-	211.69	-	-	-	-	435.43	571.13
Softwares and Licences	-	-	47.70	-	47.70	-	-	0.20	-	0.20	-	-	-	-	47.50	-
Tangible assets																
Freehold land	1,842.34	-	-	-	1,842.34	-	-	-	-	-	-	-	-	-	1,842.34	1,842.34
Leasehold land	279.24	-	-	4.41	274.83	18.48	-	3.68	0.37	21.79	10.37	-	10.37	-	253.04	250.39
Building#	11,141.87	94.65	194.73	-	11,431.25	1,388.11	21.74	293.64	-	1,703.49	143.35	-	143.35	-	9,727.76	9,610.41
Plant and machinery	8,114.40	549.84	1,163.57	122.56	9,705.25	2,163.96	257.71	550.31	62.64	2,909.34	297.96	-	-	297.96	6,497.95	5,652.48
Dies and moulds	355.10	20.62	46.15	2.90	418.97	296.00	14.70	37.18	2.90	344.98	-	-	-	-	73.99	59.10
Furniture and fixture	506.76	6.27	42.11	1.12	554.02	175.99	2.89	34.08	1.09	211.87	6.27	-	-	6.27	335.88	324.50
Office equipments	700.34	9.89	79.81	84.70	705.34	343.38	3.69	59.40	79.24	327.23	14.83	-	-	14.83	363.28	342.13
Vehicle	537.68	-	138.72	12.85	663.55	187.64	-	56.45	6.37	237.72	3.51	-	-	3.51	422.32	346.53
Assets held for disposal																
Freehold land	147.30	-	-	-	147.30	-	-	-	-	-	-	-	-	-	147.30	147.30
Total	**25,154.56**	**681.27**	**1,712.79**	**228.54**	**27,320.08**	**4,869.07**	**300.73**	**1,232.27**	**152.61**	**6,249.46**	**476.29**	**-**	**153.72**	**322.57**	**20,748.05**	**19,809.20**
Previous period	22,826.91	-	2,594.24	266.59	25,154.56	3,885.67	-	1,000.02	16.62	4,869.07	430.00	46.28	-	476.29	19,809.20	

$ Includes trademarks and copyrights of ₹ 315.63 (2010 - 315.63) pending for registration in the name of the Company.
# Includes ₹ 452.19 (2010 ₹ 452.19) represented by unquoted fully paid shares at cost in various co-operative societies.
@ Addition in plant and machinary includes Salary and wages of ₹ 37.63 (2010 - ₹ 36.00), Power and Fuel ₹ 2.15 (2010 - ₹ 3.07), and other expenses of ₹ 0.03 (2010 - ₹ 11.11) pertaining to revenue expenses capitalised during the year.
* Refer Note No. 5 of Schedule 20.

Schedules Forming Part of the Balance Sheet As at March 31, 2011

₹ in Lacs

	As at March 31, 2011	As at March 31, 2010
7 INVESTMENTS (Long term, at cost)		
Trade Investments (Quoted)		
Henkel India Limited (Refer Note 17 of Schedule 20)	6,073.09	-
17,351,686 (2010 - Nil) equity shares of ₹ 10 (2010 - ₹ Nil) each fully paid-up		
Trade Investments (Unquoted)		
Investment in subsidiaries -		
Sri Sai Home Care Products Private Limited, (Refer Note 5 of Schedule 20)		
Nil (2010 - 2,000,000) equity shares of ₹ Nil (2010 - ₹ 10) each fully paid-up	-	175.06
Associated Industries Consumer Products Private Limited,		
4,970,000 (2010 - 4,970,000) equity shares of ₹ 10 (2010 - ₹ 10) each fully paid-up	497.00	497.00
Jyothy Fabricare Services Limited (Refer Note 18 of Schedule 20)		
9,750,000 (2010 - 3,750,000) equity shares of ₹ 10 (2010 - ₹ 10) each fully paid-up	1,275.00	375.00
Nil (2010 - 7,500,000) 0.1% Convertible preference shares of ₹ Nil (2010 - ₹ 10) each fully paid-up	-	750.00
Jyothy Kallol Bangladesh Limited (Refer Note 14 of Schedule 20)		
37,500 (2010 - Nil) equity shares of Tk 10 (2010 - Tk Nil) each fully paid-up	2.30	-
Total	**1,774.29**	**1,797.06**
Investment in Government Securities (Unquoted)		
Indira Vikas Patra	0.02	0.02
National Saving Certificates	1.27	1.27
(Pledged with Government authorities)	**1.29**	**1.29**
	7,848.68	**1,798.35**
Aggregate amount of unquoted investments	1,775.58	1,798.34
Aggregate amount of quoted investments	6,073.09	-
Market Value of quoted investments	7,287.71	-

(i) During the year, the following number of units of Mutual Funds were purchased and redeemed.

Name of Mutual Fund and Scheme	Face Value (₹)	Nos. of units	Purchase Cost (₹)
HDFC Liquid Fund Premium Plan Dividend	10	40,783,700	500,000,000
ICICI Prudential Liquid Super Institutional Plan - Dividend	100	3,999,096	400,000,000
GCCD IDFC Cash Fund -Super Inst Plan C - Dividend	10	29,992,502	300,000,000
HDFC Liquid Fund Premium Plan - Growth	10	26,552,414	500,232,508
ICICI Prudential Liquid Super Inst Plan - Growth	100	2,880,774	400,184,474
Fidelity Cash Fund (Inst) - Daily Dividend	10	49,987,503	500,000,000
Fidelity Cash Fund (Super Inst) - Growth	10	15,647,522	200,203,779
HDFC FMP 35d Aug 10 (2) - Growth	10	20,000,000	200,000,000
G689 IDFC - Fmp Series -59 - Growth	10	30,003,601	300,036,011
Fidelity Fmp Series 3 - Plan B - Growth	10	30,000,000	300,000,000

₹ in Lacs

Name of Mutual Fund and Scheme	Face Value (₹)	Nos. of units	Purchase Cost (₹)
Axis Liquid Fund - Institutional Daily Dividend	1,000	499,992	500,000,000
Axis Liquid Fund - Institutional Growth	1,000	480,795	500,228,126
HDFC FMP 35d Aug 10(3) - Growth	10	50,048,113	500,481,135
Tata Liquid Super High Inv.Fund - Appreciation	1,000	172,864	300,000,000
Fidelity FMP Series 3 - Plan D Growth	10	50,000,000	500,000,000
Tata Fixed Income Portfolio Fund - Scheme A2	10	29,570,924	300,044,339
ICICI Pru Int Fund - Quarterly Plan II - Institution	10	8,968,716	101,011,064
DSP Blackrock Fmp - 3m - Series 21	10	10,000,000	200,000,000
Fidelity Ultra Short Term Debt	10	15,889,283	200,000,000
Templeton India Ultra Short Bond Super Institution	10	15,962,456	200,000,000
ICICI Prudential Flexible Income Premium	10	638,339	115,480,000

(ii) During the year, the following number of units of Debentures were purchased and sold.

Name of Debenture	Face Value (₹)	Nos. of units	Purchase Cost (₹)
Redeemable Non-Convertible Debenture Kotak Mahindra Investment Ltd.	1,000,000	500	500,000,000

	As at March 31, 2011	As at March 31, 2010
8 INVENTORIES (at lower of cost or net realisable value)		
Raw and packing materials (including goods in transit ₹ 28.75 (2010 - ₹ 53.97))	2,252.40	2,032.61
Work in progress (including goods in transit ₹ 1.83 (2010 - ₹ Nil))	257.94	176.52
Finished goods (including goods in-transit ₹ 78.74 (2010 - ₹ 473.64))	3,761.44	4,194.56
Stores and spare parts	358.17	241.96
	6,629.95	**6,645.65**
9 SUNDRY DEBTORS		
Unsecured		
a) Debt outstanding for period exceeding six months		
Considered good	42.30	-
Considered doubtful	36.73	36.73
Less: Provision for doubtful debts	(36.73)	(36.73)
	42.30	-
b) Other debts, considered good	10,307.59	6,964.83
	10,349.89	**6,964.83**

Schedules Forming Part of the Balance Sheet As at March 31, 2011

₹ in Lacs

		As at March 31, 2011	As at March 31, 2010
10	**CASH AND BANK BALANCES**		
Cash in hand		23.03	16.10
Balance with scheduled banks	- Current account	2,511.56	2,904.91
	- Deposit account*	25,272.81	9,162.62
	- Unclaimed dividend accounts	4.47	2.85
		27,811.87	**12,086.48**

* Includes deposits provided as securities against bank guarantees/Bank Overdraft - ₹ 13,805.75 (2010 - ₹ 1,738.12).

	As at March 31, 2011	As at March 31, 2010
11 LOANS AND ADVANCES		
Unsecured, considered good		
Advances and loans to subsidiaries (refer Note 13 of Schedule 20)	3,543.86	2,144.12
Deposits	346.78	253.57
Advances recoverable in cash or in kind or for value to be received	1,873.60	1,639.94
Quantity discount receivable	9.38	39.90
Advance to suppliers	1,570.87	577.52
Balance with excise authorities	351.28	297.15
Staff loans	77.96	104.45
Interest accrued but not due	83.01	30.99
Mat Credit entitlement	600.00	-
	8,456.74	5,087.64
Unsecured and considered doubtful		
Advance to suppliers	-	16.63
Less: Provision for doubtful advances	-	(16.63)
	8,456.74	**5,087.64**

	As at March 31, 2011	As at March 31, 2010
12 CURRENT LIABILITIES		
Sundry creditors		
- Micro and Small Enterprises (refer Note 6 (E) of Schedule 20)	507.80	446.74
- Others	1,681.10	1,925.34
Accrual for expenses	1,763.80	3,159.15
Other current liabilities	712.34	697.74
Unclaimed dividend (refer Note 19 of Schedule 20)	4.47	2.85
Security deposits	42.01	43.11
Advances from customers	381.47	309.19
	5,092.99	**6,584.12**

Schedules Forming Part of the Balance Sheet As at March 31, 2011

₹ in Lacs

	As at March 31, 2011	As at March 31, 2010
13 PROVISIONS		
Provision for income tax (net of advance tax)	99.83	482.09
Provision for wealth tax	2.75	3.79
Provision for gratuity	465.51	455.08
Provision for leave encashment	320.29	248.17
Proposed dividend	4,031.60	2,902.75
Dividend tax on proposed dividend	654.03	482.11
	5,574.01	4,573.99

Schedules Forming Part of the Profit and Loss Account For the year ended March 31, 2011

₹ in Lacs

	2010-11	2009-10
14 OTHER INCOME		
Dividend income	8.85	0.79
Interest on fixed deposit (tax deducted at source - ₹ 93.00, 2010 - ₹ 90.80)	932.99	914.36
Export incentives	5.16	6.64
Lease rent income	5.80	110.08
Power subsidy	5.00	5.00
Foreign exchange fluctuation gain (net)	0.95	-
Interest earned on loans to subsidiaries (tax deducted at source - ₹ 27.32, 2010 - ₹ 17.37)	232.27	83.08
Excess provision written back	447.56	64.98
Differential Excise duty benefit (refer Note 12 of Schedule 20)	189.68	475.26
Provision for diminution in value of investments written back	-	19.96
(net of loss on sale of long-term investments of ₹ Nil (2010 - ₹ 680.04)		
Profit on sale of investments	331.24	-
Interest Income on Debentures (tax deducted at source - ₹ 13.64, 2010 - ₹ Nil)	136.36	-
Profit on sale of fixed assets	144.18	-
Premium on conversion of Preference shares (Refer Note 18 of Schedule 20)	150.00	-
Miscellaneous income	170.40	138.63
	2,760.44	1,818.78

₹ in Lacs

	2010-11	2009-10
15 MATERIAL CONSUMED		
Raw and packing materials consumed		
Opening stock	2,032.61	1,558.95
Opening stock pursuant to Scheme of Amalgamation with Sri Sai Homecare		
Products Private Limited (Refer Note 5 of Schedule 20)	139.52	-
Add: Cost of purchases (net)	15,714.80	12,140.15
	17,886.93	13,699.11
Less: Closing stock	2,252.40	2,032.61
Sub-total (A)	**15,634.53**	**11,666.50**
Cost of trading goods		
Opening stock	2,787.24	1,394.93
Add: Cost of purchases	15,026.14	21,267.93
	17,813.38	22,662.87
Less: Closing stock	1,750.37	2,787.24
Sub-total (B)	**16,063.01**	**19,875.62**
Total (A+B)	**31,697.54**	**31,542.12**

Schedules Forming Part of the Profit and Loss Account For the year ended March 31, 2011

₹ in Lacs

	2010-11	2009-10
16 (INCREASE)/DECREASE IN INVENTORIES		
(Increase)/decrease in inventories		
Closing stock		
Finished goods	2,011.07	1,407.32
Work in progress	257.94	176.52
	2,269.01	1,583.84
Opening stock		
Finished goods	1,407.32	1,025.87
Work in progress	176.52	124.24
	1,583.84	1,150.11
Opening stock pursuant to Scheme of Amalgamation with		
Sri Sai Homecare Products Private Limited (refer note 5 of schedule 20)		
Finished goods	136.35	-
Work in progress	5.06	-
	141.41	-
Sub-total (A)	**(543.76)**	**(433.73)**
(Increase)/ decrease in excise duty		
Excise duty on closing stock	38.15	24.92
Excise duty on opening stock	24.92	29.97
Excise duty on opening stock pursuant to Scheme of Amalgamation with		
Sri Sai Homecare Products Private Limited (refer note 5 of schedule 20)	20.31	-
Sub-total (B)	**7.08**	**5.05**
Total (A-B)	**(550.84)**	**(438.78)**

	2010-11	2009-10
17 EMPLOYEE COSTS		
Salaries, wages and bonus	5,564.19	4,861.84
Contribution to provident and other funds (refer note 4 of schedule 20)	510.99	408.47
Gratuity (refer note 4 of schedule 20)	212.73	135.50
Staff welfare expenses	368.96	359.64
Directors’ remuneration (refer note 6A of schedule 20)	387.72	338.41
Commission to directors (refer note 6A of schedule 20)	342.50	324.95
Field staff incentives	92.15	305.12
	7,479.24	**6,733.92**

Schedules Forming Part of the Profit and Loss Account For the year ended March 31, 2011

₹ in Lacs

		2010-11	2009-10
18 OTHER EXPENSES			
Conversion charges		33.69	35.65
Power and fuel expenses		1,438.60	1,175.79
Rent		489.48	311.09
Insurance		24.69	12.97
Repairs and maintenance			
- Building		92.46	58.03
- Plant and machinery		24.05	12.78
- Others		116.46	102.14
Consumption of stores and spares		337.85	299.53
Research and development		27.52	16.95
Printing and stationery		54.21	43.94
Communication costs		134.82	126.81
Legal and professional fees		584.44	491.10
Rates and taxes		366.27	293.58
Directors' sitting fees		3.45	3.65
Vehicle maintenance		148.94	104.96
Donation (refer note 6(G) of schedule 20)		11.09	12.13
Loss on discarded/sale of fixed assets		61.10	27.73
Provision for doubtful debts		-	2.19
Sundry advances written off	16.63		
Less: Provision written back	(16.63)	-	-
Exchange loss, net		-	2.43
Advertisement and publicity		4,038.33	2,620.25
Sales promotion and schemes		1,339.72	1,163.13
Carriage outwards		1,740.88	1,365.40
Field staff expenses		1,045.35	849.72
Travelling and conveyance		270.55	264.75
Brokerage on sales		373.83	200.70
Miscellaneous expenses		466.75	474.09
		13,224.53	10,071.50

	2010-11	2009-10
19 INTEREST AND FINANCE CHARGES		
Interest expense		
- on banks	30.17	4.33
- others	-	44.21
Bank charges and commission	11.25	12.62
	41.42	61.16

₹ in Lacs

20 NOTES TO ACCOUNTS

1. **Background**

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

2. **(A) Basis of preparation of Financial Statements**

The financial statements have been prepared to comply in all material respects with the Notified accounting standard by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

(B) Use of Estimate

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the results of operations during the year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

3. **Summary of Accounting Policies**

The significant accounting policies are as follows:

a) **Fixed assets**

Fixed assets are stated at cost, less accumulated depreciation, amortisation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

b) **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	30
Building (Other then Factory Building)	60
Plant and machinery	21
Furniture and fixtures	16
Dies and moulds	3
Computers	6
Office equipments	21
Vehicles	8-10
Know-how	3-5
Trademarks and Copyrights	9-10
Softwares and Licences	10

The above said useful life are used for the purpose of depreciation. The goodwill is not amortised Assets costing less then ₹ 5,000 are depreciated at the rate of 100%.

Leasehold land is amortised over the period of the lease on a straight-line basis. The Goodwill purchased is tested for impairment purposes every year.

20 NOTES TO ACCOUNTS (Contd.)

c) Impairment

i. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceed its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital that reflects current market assessments of the time value of money and risks specific to the assets.

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

iii. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

d) Operating Leases

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

e) 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 an expense 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.

f) Investment

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

g) Inventories

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

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

Net 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.

h) 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.

20 NOTES TO ACCOUNTS (Contd.)

Sale of Goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. 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 arised during the year. 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 recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

i) 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 closing rate. 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; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were 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 recognised as income or as expenses in the year in which they arise.

j) Retirement and other employee benefits

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

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

(iii) Short-term compensated absences are provided for based on estimates at the year end. Long-term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

(iv) Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

k) Sales promotion items

Sales promotion items are valued at cost or net realizable value, whichever is lower. 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.

l) 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 where the Company has 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.

20 NOTES TO ACCOUNTS (Contd.)

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. 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. 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.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same 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.

m) Provisions

A provision is recognised when an enterprise 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.

n) 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 Profit and Loss account.

o) Segment Reporting Policies

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 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.

p) 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.

20 NOTES TO ACCOUNTS (Contd.)

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.

q) 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.

4. 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 an insurance company. The Company has provided for gratuity and leave encashment based on actuarial valuation done as per Projected Unit Credit Method.

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

₹ in Lacs

	2010-11	2009-10
	Gratuity	Gratuity
	Funded	Funded
(A) Summary of the Actuarial Assumptions		
Mortality	LIC (1994-96) Ult	LIC (1994-96) Ult
Discount rate	8.30%	7.75%
Rate of increase in compensation	8.00%	8.00%
Withdrawal rates	10.00%	10.00%
Rate of return (expected) on plan assets	9.30%	9.25%
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) Changes in present value of obligations (PVO)		
PVO at beginning of period	861.58	710.67
Adjustment pursuant to scheme of amalgamation with Sri Sai Homecare		
Products Private Limited (refer Note 5 of Schedule 20)	11.28	-
Interest cost	65.53	50.82
Current Service Cost	112.40	102.30
Benefits Paid	(32.15)	(19.48)
Actuarial (gain)/loss on obligation	89.27	17.27
PVO at end of period	1,107.91	861.58

20 NOTES TO ACCOUNTS (Contd.)

₹ in Lacs

	2010-11	2009-10
(C) Changes in fair value of plan assets		
Fair value of plan assets at the beginning of period	406.50	296.15
Expected return on plan assets	45.99	30.88
Contributions	213.57	94.94
Benefit paid	(32.15)	(19.48)
Actuarial gain/(loss) on plan assets	8.49	4.01
Fair value of plan assets at end of period	642.40	406.50
(D) Net Assets/(Liabilities) recognised in the balance sheet		
PVO at end of period	(1,107.91)	(861.58)
Fair value of plan assets at end of period	642.40	406.50
Funded status (deficit in plan assets over fair value of PVO)	(465.51)	(455.08)
Net assets/(Liability) recognised in the balance sheet	(465.51)	(455.08)
(E) Expenses recognised in the statement of profit and loss account		
Current service cost	112.40	102.30
Interest cost	65.53	50.82
Expected return on plan assets	(45.99)	(30.88)
Net Actuarial (Gain)/Loss recognised for the period	80.79	13.26
Expense recognised in the statement of profit and loss account	212.73	135.50
(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%

(ii) Experience adjustments*

	April 1, 2010 to March 31, 2011	April 1, 2009 to March 31, 2010	July 1, 2008 to March 31, 2009
On plan liabilities	129.73	17.27	57.26
On plan assets	8.49	4.01	12.43

* The Company does note have data available for the period prior to 2008-09.

(iii) Defined Contribution Plans -

Amount of ₹ 510.99 (2010 - ₹ 408.47) is recognised as an expense and included in Schedule 16 - "Contribution to provident and other funds" in the Profit and Loss account.

(iv) The Company expects to contribute ₹ 78.08 (2010 - ₹ 213.57) to gratuity fund and ₹ 32.77 (2010 - ₹ 28.06) to Superannuation fund.

20 NOTES TO ACCOUNTS (Contd.)

5. **Scheme of Amalgamation ('the Scheme') of Sri Sai Homecare Products Private Limited, a wholly owned subsidiary, with Jyothy Laboratories Limited (the Company)**

a) Pursuant to a Scheme of Amalgamation under the provisions of Sections 391 to 394 of the Companies Act, 1956 approved by the shareholders of Sri Sai Homecare Products Private Limited and the Company, and subsequently sanctioned by the Honourable High Court at Mumbai, the entire business undertaking, assets and liabilities of Sri Sai Homecare Products Private Limited have been transferred to and vested in the Company with effect from April 1, 2010 being the 'Appointed Date'.

The assets and liabilities of Sri Sai Homecare Product Private Limited as on the 'Appointed date' are as set out below:

₹ in Lacs

Particular	Amount	
Assets		
Net fixed asset (including capital work-in-progress)	389.23	
Deferred Tax Asset	54.72	
Current assets, Loans and advances	386.21	
Total		830.16
Liabilities		
Equity share capital	200.00	
Debit balance of Profit and Loss account	(128.55)	
Unsecured Loan	519.18	
Current liabilities and provisions	239.53	
Total		830.16

b) Sri Sai Homecare Products Private Limited was in the business of manufacturing of mosquito repellent coil.

c) The Amalgamation has been accounted for under the "pooling of interest" method of accounting prescribed under Accounting Standard - 14 (Accounting for amalgamation) issued by the Institute of Chartered Accountants of India which was prescribed by the Scheme. Accordingly all the assets, liabilities and reserves of Sri Sai Homecare Products Private Limited as on April 1, 2010 have been aggregated at their book value as specified in the Scheme. Further, the share capital of Sri Sai Homecare Products Private Limited has been extinguished and the excess of the value of share capital, taken over pursuant to the Scheme, over the investment of the Company in Sri Sai Homecare Products Private Limited have been adjusted to the capital reserve account.

d) Since the aforesaid Scheme of amalgamation of Sri Sai Homecare Products Private Limited with the Company, which is effective from April 1, 2010, has been given effect to in these accounts, the figures for the current year to that extent are not comparable with those of the previous year.

6. **Supplementary Information**

₹ in Lacs

		2010-11	2009-10
A)	**Directors remuneration**		
	Salaries	391.90	338.41
	Commission	363.50	345.95
	Contribution to Provident fund	20.61	18.63
	Contribution to Superannuation fund	17.17	13.13
		793.18	716.12

20 NOTES TO ACCOUNTS (Contd.)

	2010-11	2009-10
		₹ in Lacs

Note:- As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors are not included above.

Computation of Net Profit in accordance with section 349 of the Companies Act, 1956 for calculation of commission payable to directors

	2010-11	2009-10
Profit before tax as per profit and loss account	9,556.91	10,105.47
Add: Loss on discarded/sale of fixed assets,	61.10	27.73
Less: Profit on sale of fixed assets	(144.18)	-
Less: Premium on conversion of Preference shares	(150.00)	
Less: Profit on sale of investments	(331.24)	-
Less: Provision for diminution in value of long-term investments written back (net)	-	(19.96)
Add: Provision for Doubtful Debts and advances	-	2.19
Net profit as per Section 349 of the Companies Act, 1956	**8,992.59**	**10,115.43**
Add: Directors' remuneration	793.18	716.12
Profit as per Section 198	**9,785.77**	**10,831.55**
Commission to Managing and Whole time directors		
Maximum remuneration u/s 309 of Companies Act, 1956 at 10% of net profits	978.58	1,083.15
Commission actually approved for payment	342.50	324.95
Commission to Other directors		
Maximum commission u/s 309 of Companies Act, 1956 at 1% of net profits	97.86	108.32
Commission actually approved for payment	21.00	21.00

B) **Earnings in foreign currency (accrual basis):**

	2010-11	2009-10
FOB value of exports	699.88	732.42

C) **Expenditure in foreign currency (cash basis):**

	2010-11	2009-10
a) CIF value of imports		
(i) Raw material	55.76	561.40
(ii) Capital goods	283.74	0.14
b) Other expenses	36.06	29.35

D) **Unhedged foreign currency exposure:**

Particulars	Foreign Currency	2010-11 ₹ in Lacs	2010-11 Amount in Foreign Currency	2009-10 ₹ in Lacs	2009-10 Amount in Foreign Currency
Export debtors	US $	22.56	50,535	70.09	155,282

₹ in Lacs

20 NOTES TO ACCOUNTS (Contd.)

E) There are no delays in payments to Micro, Small and Medium Enterprises in current year as well as in previous year as required to be disclosed under Micro, Small and Medium Enterprises Development Act, 2006.

The above information and the details given in Schedule 11 - Current liabilities as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

F) Payment to auditors #

	2010-11	2009-10
i) As Auditors	38.14	40.81
ii) In other capacity		
- Tax audit fees	8.55	8.82
- Certification	1.03	0.72
iii) Reimbursement of expenses	1.26	0.78
	48.98	51.13

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

G) Donations to political parties

Name of the Party		
Communist Party of India	0.01	0.10
Congress Party	0.01	0.01
Bharatiya Janata Party	0.07	0.03
Shiv sena	0.02	-
Others	0.03	-
Ambedkar Republic Party	-	0.01
Schedule Caste Party	-	0.01
	0.14	0.16

H) Licensed Capacity, Installed Capacity and Actual Production

	Unit	Licensed Capacity#		Installed Capacity*		Actual Production	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Detergents & Soaps	Tons	NA	NA	130,800	187,550	33,526	25,817
	Ltrs. (1000's)	NA	NA	58,214	65,449	16,591	17,871
Home Care	No. (1000's)	NA	NA	1,273,505	900,000	677,208	654,846

* As certified by the management.

In respect of products manufactured by the Company, disclosure is not applicable.

₹ in Lacs

20 NOTES TO ACCOUNTS (Contd.)

I) Consumption of Raw and Packing material

Particulars	Units	Consumption			
		Quantity		Value	
		2010-11	2009-10	2010-11	2009-10
Synthetic Dye	Tons	890	970	606.65	617.47
Soap Noodles	Tons	876	933	395.86	376.01
Dyes & Chemicals	Tons	18,907	16,258	3,573.62	2,599.85
Fatty Oils, Powder & Perfumes	Tons	21,446	15,869	4,714.52	3,239.65
Plastic	Tons	2,903	3,122	2,096.37	2,175.76
Others (refer Note 1)	Tons	1,206	747	858.79	539.90
Packing materials (refer Note 1)	Tons	344	300	574.75	274.73
	Rolls (1000s)	67	69	24.67	19.79
	No. (1000s)	314,655	271,723	2,789.30	1,823.34
Total				**15,634.53**	**11,666.50**

1. It is not practicable to furnish quantitative information in view of the large number of items which differ in size and nature, each being less than 10% in value of the total.
2. Current year consumption includes ₹ 139.52 Lacs opening stock pursuant to Scheme of Amalgamation with Sri Sai Homecare Products Private Limited. (Refer Note 5 of Schedule 20)

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

Particulars	Raw Materials				Stores and Spare parts			
	2010-11		2009-10		2010-11		2009-10	
	Value	%	Value	%	Value	%	Value	%
Imported	290.69	1.86%	376.01	3.24%	-	-	-	-
Indigenous	15,343.84	98.14%	11,290.49	96.76%	337.85	100.00%	299.53	100.00%
Total	**15,634.53**		**11,666.50**		**337.85**		**299.53**	

K) Opening and Closing Inventories, Production, Purchases and Sales in respect of each Class of Goods Manufactured and Traded

Item	Traded/ Mfg	Units	Opening Inventory		Opening stock pursuant to Scheme of Amalgamation with Sri Sai Homecare Products Private Limited (Refer Note 5 of Schedule 20)		Production	Purchases		Sales		Closing Inventory	
			Quantity	Amount	Quantity	Amount	Quantity	Quantity	Amount	Quantity	Amount	Quantity	Amount
Home Care	Traded	Dozen	6.93	246.83	-	-	-	71.44	2,194.83	72.13	2,646.00	6.24	219.11
			5.61	*218.90*	-	-	-	*67.41*	*2,128.25*	*66.09*	*2,311.97*	*6.93*	*246.83*
	Traded	Nos	1,211.22	1,530.95			-	6,165.71	8,966.28	6,677.80	11,817.39	699.13	1,131.13
			647.15	*949.24*			-	*11,377.74*	*13,396.44*	*10,813.67*	*17,531.42*	*1,211.22*	*1,530.95*
	Manufactured	Nos	366.67	282.37	127.01	136.35	6,772.08	-	-	6,663.31	6,879.60	602.45	677.67
			167.33	*140.02*	-	-	*6,592.26*	-	-	*6,392.92*	*3,617.20*	*366.67*	*282.37*

₹ in Lacs

20 NOTES TO ACCOUNTS (Contd.)

Item	Traded/ Mfg	Units	Opening Inventory		Opening stock pursuant to Scheme of Amalgamation with Sri Sai Homecare Products Private Limited (Refer Note 5 of Schedule 20)		Production	Purchases		Sales		Closing Inventory	
			Quantity	Amount	Quantity	Amount	Quantity	Quantity	Amount	Quantity	Amount	Quantity	Amount
Soaps & Detergents	Traded	Kgs	37.85	944.94	-	-	-	173.20	3,865.03	198.38	6,118.72	12.67	355.79
			7.13	*205.69*	-	-	-	*242.89*	*5,845.35*	*212.17*	*7,198.29*	*37.85*	*944.94*
	Manufactured	Kgs	37.85	1,124.95	-	-	503.12	-	-	503.54	32,532.92	37.43	1,331.70
			20.26	*717.16*	-	-	*533.98*	-	-	*516.39*	*26,805.93*	*37.85*	*1,124.95*
Others		Kgs	1.13	64.42	-	-	-	-	-	1.01	(10.97)	0.12	45.88
			0.57	*175.35*	-	-	-	-	*(53.75)*	*(0.56)*	*24.12*	*1.13*	*64.42*
		Nos	0.01	0.10	-	-	-	-	-	-	(0.19)	0.01	0.16
			0.07	*14.44*	-	-	-	-	-	*0.06*	*(12.77)*	*0.01*	*0.10*
Total			**1,661.66**	**4,194.56**	**127.01**	**136.35**	**7,275.20**	**6,410.35**	**15,026.14**	**14,116.17**	**59,983.47**	**1,358.05**	**3,761.44**
			848.12	*2,420.80*	-	-	*7,126.24*	*11,688.04*	*21,316.29*	*18,000.74*	*57,476.16*	*1,661.66*	*4,194.56*

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

7. Segment Reporting

Business segments:

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

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

Secondary segment:

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

Segment revenue and result:

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

Segment assets and liabilities:

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

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

₹ in Lacs

20 NOTES TO ACCOUNTS (Contd.)

Information about Business Segments

	Soaps and Detergents		Home care		Others		Eliminations		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Revenue										
External Revenue	38,599.19	33,982.65	21,351.88	23,450.54	32.40	42.97	-	-	59,983.47	57,476.16
Inter Segment Revenue	-	19.58	300.11	658.40	-	-	(300.11)	(677.98)	-	-
Net Revenue	38,599.19	34,002.23	21,651.99	24,108.94	32.40	42.97	(300.11)	(677.98)	59,983.47	57,476.16
Segment Result	9,229.25	9,360.29	418.85	1,365.31	(17.07)	(30.41)			9,631.03	10,695.19
Unallocated expenditure									(1,867.31)	(1,694.45)
Unallocated Income									1,834.61	1,165.89
Interest and finance expenses									(41.42)	(61.16)
Profit before tax									9,556.91	10,105.47
Provision for tax									(1,530.24)	(2,100.77)
Profit after tax									8,026.67	8,004.70
Other Information										
Segment assets	31,796.63	20,659.08	12,988.96	9,459.80	43.57	68.43			44,829.16	30,187.31
Unallocated assets									39,058.06	22,661.54
Total assets									83,887.22	52,848.85
Segment liabilities	3,323.08	3,770.49	2,908.74	3,532.20	-	0.88			6,231.82	7,303.57
Unallocated liabilities									12,382.58	5,653.82
Total liabilities									18,614.40	12,957.39
Segment capital expenditure (including capital work-in-progress)	2,086.62	1,407.49	1,695.85	743.93	-	-			3,782.47	2,151.42
Unallocated capital expenditure (including capital work-in-progress)									167.45	178.69
Total capital expenditure (including capital work-in-progress)									3,949.92	2,330.11
Segment depreciation and amortisation	747.65	637.59	312.04	183.85	-	-			1,059.69	821.44
Unallocated depreciation and amortisation									172.58	178.58
Total depreciation and amortisation									1,232.27	1,000.02
Segment impairment loss reversal	(153.72)	-	-	-	-	-	-	-	(153.72)	-
Segment impairment loss	-	46.28	-	-	-	-	-	-	-	46.28
Total impairment loss/ (Reversal)									(153.72)	46.28
Segment non cash expenses other than depreciation	14.76	3.96	40.70	0.92	-	-			55.46	4.88
Unallocated non cash expenses other than depreciation									5.64	-
Total non-cash expenses other than depreciation									61.10	4.88

20 NOTES TO ACCOUNTS (Contd.)

8. 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

Sri Sai Home Care Products Private Limited (refer Note 5 of Schedule 20)
Associated Industries Consumer Products Pvt. Ltd.

Other Subsidiary

Jyothy Fabricare Services Limited

Jyothy Kallol Bangladesh Limited (w.e.f. October 14, 2010) (refer Note 14 of Schedule 20)

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

Joint venture companies

Balaji Teleproducts Limited (upto February 24, 2010)

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 (includes directors of the Company)

K. Ullas Kamath — Deputy Managing Director

₹ in Lacs

20 NOTES TO ACCOUNTS (Contd.)

c) Transactions with related parties during the year

	2010-11	2009-10
Individual having control		
Remuneration*	220.18	223.45
Commission	195.72	216.63
Dividend	1,390.30	688.81
Wholly owned subsidiary		
Sri Sai Home Care Products Private Limited (refer Note 5 of Schedule 20)		
Purchase of finished goods	-	2,369.09
Purchase of raw and packing material	-	11.61
Purchase of fixed assets	-	6.38
Purchase return	-	5.83
Conversion of advance given into equity shares	-	96.05
Associated Industries Consumer Products Pvt. Ltd.		
Sale of Raw material, Packing material and stores and spares	148.02	110.62
Sale of Fixed assets	-	0.76
Purchase of Fixed assets	-	0.02
Sale of Finished goods (net of sales return)	89.05	271.53
Royalty Income	10.02	17.00
Rent Income	2.58	2.58
Purchase of raw and packing material	16.93	0.25
Purchase of Finished goods (Net of purchase return)	368.78	1,203.57
Freight and other expenses Reimbursed	0.53	2.50
Joint venture companies		
Balaji Teleproducts Limited		
Advance written off	-	34.33
Enterprises in which relatives are interested		
Sale/(sales return) of finished goods		
Beena Agencies	(1.36)	1,258.15
Sahyadri Agencies	2.32	1,493.75
Deepthy Agencies	(0.79)	1,151.80
Travancore Trading Corporation	8.26	2,385.75
M. P. Agencies	(3.90)	818.72
Sree hari stock suppliers	-	(3.80)
Sujatha Agencies	-	(4.66)
Sree Guruvayoorappan Agencies	(0.71)	(0.97)
Srihari Stock Suppliers - Coimbatore	-	(2.17)
Claims for reimbursement for sales promotion expenses/discounts given		
Sreehari Stock Suppliers	-	0.33
Travancore Trading Corporation	2.99	23.83
Sahyadri Agencies	2.23	50.87
Deepthy Agencies	0.74	12.10

20 NOTES TO ACCOUNTS (Contd.)

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

	2010-11	2009-10
M. P. Agencies	1.36	11.44
Beena Agencies	2.44	9.94
Tamil Nadu Distributors	-	2.58
Commission paid		
Sreehari Stock Suppliers	28.40	22.90
Sujatha Agencies	26.20	20.16
Tamil Nadu Distributors	7.43	6.05
Beena Agencies	36.35	-
Sahyadri Agencies	64.24	-
Travancore Trading Corporation	44.13	-
Deepthy Agencies	18.81	-
Rent Paid		
Quilon Trading Company	1.20	0.95
Dividend	64.48	32.24
Jyothy Fabricare Services Limited		
Loan given	1,744.00	993.95
Repayment of loan given	295.00	53.50
Redemption of 0.1% Convertible preference shares	750.00	-
Premium on redemption of 0.1% Convertible Preference shares	150.00	-
Allotment of Equity Shares including premium of ₹ 300 Lacs on conversion of		
0.1% Convertible Preference shares	900.00	-
Reimbursement of expenses	1.18	-
Interest Income	232.27	83.08
Sales of Finished goods	0.04	0.03
Guarantees given to Bank on behalf of the Company	-	1,800.00
(Outstanding balance of term loan as on March 31, 2011 is ₹ 1,057.46)		
Jyothy Kallol Bangladesh Limited (w.e.f. October 14, 2010)		
Investment in share capital	2.30	-
Relatives of individuals having control		
Remuneration*		
M. R. Jyothy	24.19	21.50
M. P. Sidharthan	12.00	12.00
M. R. Deepthi	9.34	5.99
Ananth Rao T.	16.80	13.44
Ravi Razdan	5.99	-
Dividend	551.89	275.94

₹ in Lacs

20 NOTES TO ACCOUNTS (Contd.)

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

	2010-11	2009-10
Contribution to Superannuation fund		
M. R. Jyothy	2.16	1.92
M. R. Deepthi	0.66	-
Key management personnel		
Remuneration*	168.13	112.09
Commission	146.79	108.32
Dividend	29.03	14.51
Contribution to Superannuation fund	15.01	10.01

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

d) Related party balances

	2010-11	2009-10
Amounts receivable		
Associated Industries Consumer Products Pvt. Ltd.	672.16	408.38
Jyothy Fabricare Services Limited	2,871.70	1,216.56
Sri Sai Home Care Products (P) Limited	-	519.18
	3,543.86	**2,144.12**
Amounts payable		
Individual having control	195.72	216.63
Key management personnel	146.79	108.32
Deposit received from subsidiary company	0.51	0.51
Enterprises in which relatives of individual having control are interested		
Beena Agencies	36.57	30.74
Deepthy Agencies	99.47	40.97
Travancore Trading Corporation	110.60	112.88
M. P. Agencies	37.92	32.66
Tamil Nadu Distributors	8.56	8.57
Quilon Trading Company	0.10	0.10
Sree Guruvayoorappan Agencies	0.71	-
Sahyadri Agencies	10.25	5.48
Srihari Stock Suppliers - Coimbatore	4.20	6.05
Sujatha Agencies - Tirunelveli	7.06	7.64
Enterprises significantly influenced by key management personnel or their relatives		
Sahyadri Agencies Ltd.	6.20	6.20
	664.66	576.75

20 NOTES TO ACCOUNTS (Contd.)

9. 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, 2011 was ₹ 489.48 (2010 - ₹ 311.09). There are no restrictions imposed by lease arrangements. There are no subleases.

	2010-11	2009-10
Future lease payment under non-cancellable operating leases are as follows:		
Payable not later than one year	4.66	18.36
Payable later than one year and not later than five years	-	4.66
Payable later than five years	-	-
	4.66	23.02

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, 2011 is ₹ 139.46 Lacs and ₹ 15.92 Lacs (2010 - ₹ 84.51 Lacs and ₹ 10.98 Lacs) respectively. Lease rent income for the year ended March 31, 2011 was ₹ 5.8 (2010 – ₹ 110.08). There is no escalation clause in the lease agreement and the lease is cancellable in nature. There are no restrictions imposed by lease arrangements.

10. Contingent Liabilities

	2010-11	2009-10
Contingent liabilities not provided for in respect of:		
(i) Amount outstanding in respect of guarantees given by the Company to banks	1,122.96	1,389.90
(ii) Tax matters		
(a) Disputed sales tax demands – matters under appeal	2,290.92	1,443.20
(b) Disputed excise duty and service tax demand – matter under appeal	1,592.72	1,050.57
(iii) Others	20.11	15.83
(iv) Claims against the Company not acknowledged as debt	120.00	120.00

11. Capital Commitments (Net of Advances)

	2010-11	2009-10
Estimated amount of contracts remaining to be executed on capital account and not provided for	664.55	140.88
	664.55	140.88

12. 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 year, the Guwahati High Court has given a favourable order in case of a similar matter against which the Department has filed an appeal in the Supreme Court. Further, during the current year, the Jammu High Court has also given favourable order. Based on the orders of High Court, the Company has accrued ₹ 953.84 Lacs as excise duty receivable pertaining to the earlier years (of which an amount of ₹ 478.58 Lacs adjusted from the material consumed) and an additional benefit of ₹ 413.21 Lacs accrued in the current year, of which an amount of ₹ 189.68 pertaining to previous year.

₹ in Lacs

20 NOTES TO ACCOUNTS (Contd.)

13. Details of loan/advances given to subsidiary companies -

Particulars	As at March 31, 2011	Maximum balance during the year	As at March 31, 2010	Maximum balance during the year
Sri Sai Home Care Products Private Limited (refer Note 5 of Schedule 20)	-	-	519.18	830.15
Associated Industries Consumer Products Pvt. Ltd.	672.16	821.93	408.38	883.01
Jyothy Fabricare Services Limited	2,871.70	2,965.25	1,216.56	1,216.56

14. During the current year the Company has entered in to a joint venture with Kallol Bangladesh Limited. The same has been named as Jyothy Kallol Bangladesh Limited in which the Company has subscribed 75% equity share capital leading to the Company's percentage of ownership interest in the joint venture at 75% as at the year end.

15. During the year, the Company has issued 8,063,200 shares of ₹ 1 each to Qualified Institutional Buyers (QIBs) in terms of Chapter VIII of SEBI (ICDR) Regulations, 2009 at a premium of ₹ 281.62 to generate funds for primarily for acquisition in the future and to expand inorganically by identifying acquisition opportunities as part of Company's growth strategy in India and, if required, for general corporate purposes as well. The total sum received aggregated to ₹ 22,788.22 Lacs (including ₹ 22,707.58 Lacs towards Securities premium). After investment in Henkel India Limited of ₹ 6,073.09 Lacs and share issue expenses of ₹ 644.29 Lacs pending utilization of the money for the purposes mentioned above, the Company has temporarily invested in the fixed deposit and corporate deposits with the Banks.

16. During the earlier years, depreciation/ impairment on assets include impairment losses representing the amount by which the carrying amount of the asset exceeds its recoverable amount. Such impairment losses were due to adverse market conditions for two of its Cash Generating Unit pertaining to the 'Soaps and Detergents' segment. The pre-discount rate used for evaluation of the present value was 8% per annum. In the current year the Company sold a portion of the land at Pithampur washing powder unit to a third party at a rate much higher than the carrying amount. In view of prevailing market price of land at Pithampur, management believes that impairment indicators no longer exist, therefore impaiment loss earlier recognised on land & building should be reversed. Accordingly, the Company has reversed the provision for impairment loss for land of ₹ 10.37 Lacs and building of ₹ 143.35 Lacs at Pithampur washing powder unit which pertains to 'Soaps & Detergent segment'.

17. During the year, the Company acquired 14.9% equity share capital in Henkel India Limited. Further subsequent to the year end, the Company has entered in to a share purchase agreement with Henkel AG & Co. KGaA (Henkel AG) for acquiring 50.97% equity share capital and 100 % preference share capital in the Henkel India Limited. In addition, the Company made pubic announcement of its intention to make open offer for acquiring upto 20% of the equity share capital in Henkel India Limited from public at ₹ 41.20 per equity share.

18. During the year 7,500,000 0.1% Convertible Preference Shares in Jyothy Fabricare Services Limited of ₹ 10 along with redemption premium of ₹ 2 each share were converted into 6,000,000 Equity Shares (face value - ₹ 10 each) at ₹ 15 each.

19. There are no amounts payable/due to Investor Education and Protection Fund.

20. The prior period figures have been reclassified where necessary to conform with current year's presentation.

Signatory to Schedule 1 to 20

As per our report of even date
For **S.R. Batliboi & Associates**
Firm Registration No. 101049W
Chartered Accountants

per Vikram Mehta
Partner
Membership No. 105938

Place: Mumbai
Date: May 30, 2011

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

M.P. Ramachandran
Chairman and Managing Director

K. Ullas Kamath
Deputy Managing Director

M.L. Bansal
Company Secretary

Place: Mumbai
Date: May 30, 2011

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. L24240MH1992PLC128651 — State Code 11

Balance Sheet Date 31 03 2011

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	2278822

III. Position of mobilisation and deployment of funds (Amount in ₹ Thousands)

Total Liabilities	7269522
Total Assets	7269522

Sources of Funds

Paid-up Capital	80632
Share Application Money	NIL
Reserves and Surplus	6446650
Secured Loans	583112
Unsecured Loans	1745
Deferred Tax Liability	157383

Application of Funds

Net Fixed Assets	2265038
Investment	784868
Net Current Assets	4219616
Miscellaneous Expenditure	NIL
Accumulated Losses	NIL

IV. Performance of Company

Turnover/Gross Receipt (including other incomes)	6274391
Total Expenditure	5318700
Profit before Tax	955691
Profit after Tax	802667
Earnings per share (₹)	10.35
Dividend Rate (%)	500%

V. Generic Names of Principal Products/Services of the Company (As per Monetary Terms)

Product Description	:	Fabric Whitener
Item Code No. (ITC Code)	:	NA
Product Description	:	Mosquito Repellent
Item Code No. (ITC Code)	:	380890.01
Product Description	:	Washing Preparations
Item Code No. (ITC Code)	:	340220.00.10

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

M. P. Ramachandran
Chairman & Managing Director

K. Ullas Kamath
Deputy Managing Director

M. L. Bansal
Company Secretary

Mumbai, May 30, 2011

Statement Pursuant to Section 212 of Companies Act, 1956

Sr No	Name of the Subsidiary Company	Associated Industries Consumer Products Private Limited	*Snoways Laundrers and Drycleaners Pvt. Ltd.	Jyothy Kallol Bangladesh Ltd.	Jyothy Fabricare Services Limited
1.	**Financial Year of the Subsidiary Company ended on**	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011
2.	**Numbers of shares in the subsidiary company held by Jyothy Laboratories Ltd at above date.**				
	a. **Equity Shares**	4,970,000	Nil	37,500	9,750,000
	Extent of the holdings	100%	Nil	75%	75%
3	**Net aggregate amount of profits/(losses) of subsidiary's company so far it concerns the members of Jyothy Laboratories Limited**				
		₹ Lacs	₹ Lacs	₹ Lacs	₹ Lacs
	a) **Not dealt with in the accounts of Jyothy Laboratories Limited**				
	i) For the subsidiary's financial year ended March 31, 2011	19.93	(2.43)	(0.02)	(987.37)
	ii) For the previous financial years of subsidiary since it became subsidiary of Jyothy Laboratories Limited				
		(25.15)	(0.51)	Nil	(751.39)
	b) **Dealt with in the accounts of Jyothy Laboratories Limited**				
	i) For the subsidiary's financial year ended March 31, 2011	Nil	Nil	Nil	Nil
	ii) For the previous financial years of subsidiary since it became subsidiary of Jyothy Laboratories Limited	Nil	Nil	Nil	Nil
	* Subsidiary of Jyothy Fabricare Services Limited				

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 Private Limited	Snoways Laundrers and Drycleaners Pvt Ltd.	Jyothy Kallol Bangladesh Ltd	Jyothy Fabricare Services Limited
	Financial Year ended on	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011
1	Capital	497.00	100.00	3.05	1,300.00
2	Reserves	(5.22)	(7.53)	-	(2,068.35)
3	Total Assets	1,272.81	97.60	3.97	3,420.08
4	Total Liabilities	781.04	5.13	0.92	4,188.43
5	Details of Investment (except investment in subsidiries)	-	-	-	-
6	Turnover (Net)	1,521.45	-	-	940.65
7	Profit/(Loss) before taxation	33.05	(4.96)	-	(1,316.49)
8	Provision for taxation	13.12	-	0.03	-
9	Profit after taxation	19.93	(4.96)	(0.03)	(1,316.49)
10	Proposed/Interim Dividend	Nil	Nil	Nil	Nil

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

M. P. Ramachandran
Chairman & Managing Director

K. Ullas Kamath
Deputy Managing Director

M. L. Bansal
Company Secretary

Mumbai, May 30, 2011

Auditors' Report on Consolidated Financial Statements

The Board of Directors

Jyothy Laboratories Limited

1. We have audited the attached consolidated balance sheet of **Jyothy Laboratories Limited** ('the Company') and its subsidiaries (together referred to as Group), as at March 31, 2011, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto (together referred to as the 'consolidated financial statements'). These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding compo¬nents. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 1,373.50 lacs as at March 31, 2011, the total revenue of Rs. 1,521.44 lacs and cash outflows amounting to Rs. 22.12 lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

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

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

   (a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2011;

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

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

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

per Vikram Mehta
Partner
Membership No.: 105938

Mumbai
Date: May 30, 2011

Consolidated Balance Sheet As at March 31, 2011

₹. *in lacs*

	SCHEDULE	As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	806.32	725.69
Reserves and surplus	2	62,304.20	38,050.29
		63,110.52	38,775.98
Minority Interest		47.93	49.69
Loan Funds			
Secured loans	3	6,888.58	1,287.46
Unsecured loans	4	17.45	17.45
		6,906.03	1,304.91
Deferred Payment Liability		525.00	450.00
Deferred Tax Liability, Net	5	1,632.20	1,328.18
		72,221.68	**41,908.76**
APPLICATION OF FUNDS			
Fixed Assets	6		
Gross Block		31,144.97	29,303.81
Less: Accumulated depreciation, amortisation and impairment		(7,092.38)	(5,942.44)
Net Block		24,052.59	23,361.37
Capital work-in-progress (including capital advances)		2,019.89	413.10
		26,072.48	23,774.47
INVESTMENTS	7	6,074.38	1.29
Current Assets, Loans and Advances			
Inventories	8	6,940.34	7,303.56
Sundry debtors	9	10,534.98	7,072.95
Cash and bank balances	10	28,087.87	12,240.60
Other current assets - Sales promotion items		143.80	114.48
Loans and advances	11	5,336.42	3,432.44
		51,043.41	30,164.03
Less: Current Liabilities and Provisions			
Current liabilities	12	5,381.69	7,414.51
Provisions	13	5,586.90	4,616.52
		10,968.59	12,031.03
Net Current Assets		40,074.82	18,133.00
		72,221.68	**41,908.76**
Notes to Accounts	20		

The schedules referred to above and notes to accounts form an integral part of Balance Sheet.

As per our report of even date

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

per Vikram Mehta
Partner
Membership No.: 105938

Place: Mumbai
Date: May 30, 2011

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

M. P. Ramachandran
Chairman and Managing Director

K. Ullas Kamath
Deputy Managing Director

M. L. Bansal
Company Secretary

Place: Mumbai
Date: May 30, 2011

Consolidated Statement of Profit and Loss Account For the year ended March 31, 2011

₹ in lacs

	SCHEDULE	2010-11	2009-10
INCOME			
Sales (Net of trade discount)		67,574.21	64,579.10
Less: Sales tax		(4,791.43)	(4,167.52)
Less: Excise duty		(1,774.31)	(1,017.26)
Net sales		61,008.47	59,394.32
Income from Services		940.66	415.89
Other income	14	2,380.20	1,780.23
		64,329.33	**61,590.44**
EXPENDITURE			
Material costs	15	32,569.74	32,263.20
(Increase)/ decrease in inventories	16	(542.18)	(534.78)
Excise duty		219.88	178.53
Employee costs	17	8,131.28	7,441.36
Other expenses	18	14,315.39	11,281.07
Depreciation, amortisation and impairment	6	1,303.14	1,236.55
Interest and finance charges	19	214.96	169.54
		56,212.21	**52,035.47**
PROFIT BEFORE TAX		**8,117.12**	**9,554.97**
Provision for tax			
Current tax		1,901.16	1,886.60
Less MAT credit entitlement		(600.00)	-
- Net Current Tax		1,301.16	1,886.60
- Deferred tax charge		304.02	280.04
- Excess provision for current tax of earlier years		(61.78)	(19.11)
PROFIT AFTER TAX AND BEFORE MINORITY INTEREST		**6,573.72**	**7,407.44**
Minority Interest (share in loss)		302.53	26.67
NET PROFIT FOR THE YEAR		**6,876.25**	**7,434.11**
PROFIT AND LOSS ACCOUNT, beginning of the year		451.18	401.93
PROFIT AVAILABLE FOR APPROPRIATION		**7,327.43**	**7,836.04**
APPROPRIATIONS:			
Proposed dividend		4,031.60	2,902.75
Dividend tax on proposed dividend		654.03	482.11
Transfer to general reserves		2,000.00	4,000.00
PROFIT AND LOSS ACCOUNT, end of the year		**641.80**	**451.18**
EARNINGS PER SHARE (EPS)			
Basic and Diluted (₹)		8.86	10.24
Nominal value per share (₹)		1	1
Weighted average number of shares outstanding for calculation of Basic and Diluted EPS		77,583,448	72,568,800
Notes to Accounts	20		

The schedules referred to above and notes to accounts form an integral part of Profit and Loss Account.

As per our report of even date

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

per Vikram Mehta
Partner
Membership No.: 105938

Place: Mumbai
Date: May 30, 2011

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

M. P. Ramachandran
Chairman and Managing Director

K. Ullas Kamath
Deputy Managing Director

M. L. Bansal
Company Secretary

Place: Mumbai
Date: May 30, 2011

Consolidated Cash Flows Statement For the year ended March 31, 2011

₹. in lacs

	2010-11	2009-10
A. CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES:		
Profit before Tax	8,117.12	9,554.97
Adjustments for:		
Depreciation, amortisation and impairment (net)	1,303.14	1,236.55
Loss on sale of fixed assets	63.15	27.73
Profit on sale of fixed assets	(144.18)	-
Provision for Diminution in Value of Investments written back	-	(19.96)
Dividend income	(8.85)	(0.79)
Interest and finance charges	214.96	169.54
Interest income	(941.12)	(917.39)
Excess provision written back	(447.56)	(64.98)
Excise duty provision written back (refer Note 13 of Schedule 20)	(189.68)	(475.26)
Profit on sale of investments	(331.24)	-
Interest Income on Debentures	(136.36)	-
Provision for doubtful debts	16.71	5.51
Provision for doubtful advances written back	(16.63)	-
Bad debt written off	20.95	-
Miscellaneous expenses written off	-	0.59
Profit on sale of share in Joint Venture Companies	-	(17.68)
Operating profit before working capital changes	**7,520.41**	**9,498.83**
(Increase)/Decrease in working capital		
(Increase)/Decrease in inventories (including sales promotion items)	333.90	(2,684.79)
Increase in Trade receivables	(3,499.69)	(2,788.64)
(Increase)/Decrease Deposits (with maturity more than three months)	(141.43)	23.88
Increase in Loans and advances	(1,235.33)	(1,221.93)
Increase/(Decrease) in current liabilities/provisions	(1,282.83)	3,827.61
Cash generated from operations	**1,695.03**	**6,654.96**
Taxes paid (net)	(2,246.23)	(1,567.17)
Net cash (Used in)/generated from operating activities	**(551.20)**	**5,087.79**
B. CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:		
Purchase of fixed assets including capital work-in-progress and capital advances	(3,640.91)	(3,526.96)
Proceeds from sale of fixed assets	159.48	208.44
Subsidy received against purchase of fixed assets	-	19.95
Investment in debentures	(5,000.00)	-
Proceeds from redemption of debentures	5,136.36	-
Investment in Mutual Fund	(70,179.01)	-
Proceeds from Sale of investment	70,510.26	-
Receipt of investment subsidy	-	39.61
Purchase of investments in Subsidiary Company	-	(94.73)

Consolidated Cash Flows Statement (Contd.) For the year ended March 31, 2011

₹ in lacs

	2010-11	2009-10
Purchase of investments	(6,073.09)	-
Proceeds from Sale of investment in Joint venture companies	-	3.00
Proceeds from Sale of long term investment	-	40.31
Investment in fixed deposits	(66,464.96)	(15,049.60)
Fixed deposit matured	50,354.43	13,754.66
Interest received	889.10	897.89
Dividend received	8.85	0.79
Net cash used in investing activities	**(24,299.49)**	**(3,706.64)**
C. CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES:		
Proceeds from issue of equity share capital	22,788.22	-
Proceeds from issue of equity share capital in subsidiary company to minority Shareholders	300.77	-
Expenses incurred on issue of equity shares on Qualified Institutional placement basis	(644.29)	-
Bank overdraft secured against fixed deposit with Bank	5,831.12	-
Repayment of loan funds	(230.00)	-
Proceeds of loan fund	-	1,287.46
Repayment of Deferred sales tax loan	-	(13.88)
Interest and finance charges paid	(214.96)	(169.54)
Dividend paid	(2,902.75)	(1,451.38)
Dividend tax paid	(482.11)	(246.66)
Net cash (used) /generated in financing activities	**24,446.00**	**(594.00)**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**(404.69)**	**787.15**
Cash and cash equivalents of Subsidiary Company Acquired during the year	-	1.22
Cash and cash equivalents of Joint venture Company sold during the year	-	(0.64)
Cash and cash equivalents at the beginning of the year	3,027.50	2,239.77
Cash and cash equivalents at the end of the year*	**2,622.81**	**3,027.50**
Cash and bank balances as per Balance Sheet	28,087.87	12,240.60
Less, Fixed deposits not considered as cash equivalents	25,465.06	9,213.10
Cash and cash equivalents considered for cash flows	**2,622.81**	**3,027.50**

* Includes unclaimed dividend of ₹ 4.47 (2010 - ₹ 2.85)

As per our report of even date

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

per Vikram Mehta
Partner
Membership No.: 105938

Place: Mumbai
Date: May 30, 2011

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

M. P. Ramachandran
Chairman and Managing Director

K. Ullas Kamath
Deputy Managing Director

M. L. Bansal
Company Secretary

Place: Mumbai
Date: May 30, 2011

Schedules Forming Part of the Consolidated Balance Sheet As at March 31, 2011

₹. *in lacs*

	2011	2010
1 SHARE CAPITAL		
Authorised Capital		
120,000,000 (2010 - 100,000,000) equity shares of Re. 1 (2010 - Re. 1) each	1,200.00	1,000.00
	1,200.00	**1,000.00**
Issued, Subscribed and Paid Up Capital		
80,632,000 (2010 - 72,568,800) equity shares of Re. 1 (2010 - Re. 1) each fully paid	806.32	725.69
	806.32	**725.69**

	2011	2010
2 RESERVES AND SURPLUS		
Securities premium		
Balance, beginning of the year	10, 653.13	10,653.13
Add: Premium received on issue of equity shares on Qualified Institutional Placement basis	22,707.58	-
Less: Expenses incurred on issue of equity shares on Qualified Institutional Placement Basis	(644.29)	-
Balance, end of the year	32,716.42	10,653.13
Investment subsidy		
Balance, beginning of the year	106.90	67.29
Add: Subsidy received during the year	-	39.61
Balance, end of the year	106.90	106.90
General reserves		
Balance, beginning of the year	26,839.08	22,839.08
Add: Transferred from Profit and Loss Account	2,000.00	4,000.00
Balance, end of the year	28,839.08	26,839.08
Balance in Profit and Loss Account	641.80	451.18
	62,304.20	**38,050.29**

	2011	2010
3 SECURED LOANS		
Term Loan from Bank	1,057.46	1,287.46
(Secured against hypothecation of plant & machineries and other assets)		
(Repayable within 1 year ₹ 300, (2010 ₹ 225))		
Bank overdraft secured against fixed deposit with Bank	5,831.12	-
(Repayable within 1 year ₹ 5,831.12 (2010 - ₹ Nil))		
	6,888.58	**1,287.46**

	2011	2010
4 UNSECURED LOANS		
Deferred sales tax loan	17.45	17.45
(Repayable within 1 year ₹ Nil (2010 - ₹ Nil))		
	17.45	**17.45**

₹ in lacs

	As at April 1, 2010	Charge / (Credit) for the Year	As at March 31, 2011
5 DEFERRED TAX LIABILITY, Net			
a) Deferred tax liability			
Depreciation	1,876.28	199.96	2,076.24
	1,876.28	199.96	2,076.24
b) Deferred tax assets			
Technical royalty	5.25	(0.55)	4.70
Gratuity	112.82	15.68	128.50
Provision for doubtful debts	13.56	2.83	16.39
Provision for doubtful advances	5.65	(5.65)	-
Provision for leave encashment	86.13	22.59	108.72
Provision for impairment losses	161.89	(57.23)	104.66
Disallowance u/s 40 a (ia) of the Income tax Act	8.10	(1.61)	6.49
Disallowance u/s 43B of the Income tax Act	19.65	(0.89)	18.76
Unabsorbed Losses	135.05	(79.23)	55.82
	548.10	(104.06)	444.04
	1,328.18	304.02	1,632.20

6 FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION				IMPAIRMENT				NET BLOCK	
	As at April 1, 2010	Addition @	Deletions	As at March 31, 2011	As at April 1, 2010	For the year	Deletions	As at March 31, 2011	As at April 1, 2010	Charge For the year	Reversal For the year	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
Intangible assets														
Goodwill	429.76	10.00	-	439.76	-	-	-	-	-	-	-	-	439.76	429.76
Goodwill arising on consolidation	149.54	-	-	149.54	149.54	-	-	149.54	-	-	-	-	-	-
Trademarks and Copyrights$	580.81	37.63	-	618.44	219.52	62.47	-	281.99	-	-	-	-	336.45	361.29
Know-how	647.12	-	-	647.12	75.99	135.70	-	211.69	-	-	-	-	435.43	571.13
Softwares and Licences	50.00	88.28	-	138.28	3.89	15.67	-	19.56	-	-	-	-	118.72	46.11
Tangible assets														
Freehold land£	1,875.57	-	-	1,875.57	-	-	-	-	-	-	-	-	1,875.57	1,875.57
Leasehold land	376.50	-	4.41	372.09	18.49	3.68	0.37	21.80	10.37	-	10.37	-	350.29	347.64
Building #£^	13,017.26	249.20	-	13,266.46	1,469.80	356.17	-	1,825.97	143.35	-	143.35	-	11,440.49	11,404.11
Plant and machinery	9,545.21	1,225.17	122.56	10,647.82	2,467.07	628.32	62.64	3,032.75	297.96	-	-	297.96	7,317.11	6,780.18
Dies and moulds	383.03	46.86	2.90	426.99	313.88	39.64	2.90	350.62	-	-	-	-	76.37	69.15
Furniture and fixture	628.93	66.06	1.20	693.79	187.89	44.24	1.10	231.03	6.27	-	-	6.27	456.49	434.77
Office equipments	776.79	126.77	84.83	818.73	357.95	69.56	79.24	348.27	14.82	-	-	14.82	455.64	404.02
Leasehold Improvements	47.42	43.41	-	90.83	3.56	30.57	-	34.13	-	-	-	-	56.70	43.86
Vehicle	648.57	179.43	15.75	812.25	198.58	70.84	6.95	262.47	3.51	-	-	3.51	546.27	446.48
Assets held for disposal														
Freehold land	147.30	-	-	147.30	-	-	-	-	-	-	-	-	147.30	147.30
Total	**29,303.81**	**2,072.81**	**231.65**	**31,144.97**	**5,466.16**	**1,456.86**	**153.20**	**6,769.82**	**476.28**	**-**	**153.72**	**322.56**	**24,052.59**	**23,361.37**
Previous year	24,760.59	4,816.58	273.36	29,303.81	4,293.13	1,190.27	17.24	5,466.16	430.00	46.28	-	476.28	23,361.37	

$ Includes trademarks and copyrights of ₹ 353.26 (2010 - 315.63) pending for registration in the name of the Company.

\# Includes ₹ 452.19 (2010 - ₹ 452.19) represented by unquoted fully paid shares at cost in various co-operative societies.

@ Addition in plant and machinary includes Salary and wages of ₹ 37.63 (2010 - ₹ 36.00), Power and Fuel ₹ 2.15 (2010 - ₹ 3.07), and other expenses of ₹ 0.03 (2010 - ₹ 11.11) pertaining to revenue expenses capitalised during the year.

£ Includes Land ₹ 33.22 (2010 - ₹ 33.22) and Building ₹ 183.01 (2010 - ₹ 183.01) of subsidiary company for which legal formalities relating to registration are pending completion.

^ Addition to Building includes interest of ₹ Nil (2010 - ₹ 38.55) capitalised as borrowing cost.

₹. *in lacs*

	As at March 31, 2011	As at March 31, 2010
7 INVESTMENTS (Long term, at cost)		
Trade Investments (Quoted)		
Henkel India Limited (Refer Note 16 of schedule 20)	6,073.09	-
17,351,686 (2010 - Nil) equity shares of ₹ 10 (2010 - ₹ Nil) each fully paid up		
Investment in Government Securities (Unquoted)		
Indira Vikas Patra	0.02	0.02
National Saving Certificates	1.27	1.27
(Pledged with government authorities)	1.29	1.29
	6,074.38	1.29
Aggregate amount of unquoted investments	1.29	1.29
Aggregate amount of quoted investments	6,073.09	-
Market Value of quoted investments	7,287.71	-

(i) During the year, the following number of units of Mutual Funds were purchased and redeemed.

Name of Mutual Fund and Scheme	Face Value (₹)	Nos. of units	Purchase Cost (₹)
HDFC Liquid Fund Premium Plan Dividend	10	40,783,700	500,000,000
ICICI Prudential Liquid Super Institutional Plan - Dividend	100	3,999,096	400,000,000
GCCD IDFC Cash Fund -Super Inst Plan C - Dividend	10	29,992,502	300,000,000
HDFC Liquid Fund Premium Plan - Growth	10	26,552,414	500,232,508
ICICI Prudential Liquid Super Inst Plan - Growth	100	2,880,774	400,184,474
Fidelity Cash Fund (Inst) - Daily Dividend	10	49,987,503	500,000,000
Fidelity Cash Fund (Super Inst) - Growth	10	15,647,522	200,203,779
HDFC FMP 35d Aug 10 (2) - Growth	10	20,000,000	200,000,000
G689 IDFC - Fmp Series -59 - Growth	10	30,003,601	300,036,011
Fidelity Fmp Series 3 - Plan B - Growth	10	30,000,000	300,000,000
Axis Liquid Fund - Institutional Daily Dividend	1,000	499,992	500,000,000
Axis Liquid Fund - Institutional Growth	1,000	480,795	500,228,126
HDFC Fmp 35d Aug 10(3) - Growth	10	50,048,113	500,481,135
Tata Liquid Super High Inv. Fund - Appreciation	1,000	172,864	300,000,000
Fidelity Fmp Series 3 - Plan D Growth	10	50,000,000	500,000,000
Tata Fixed Income Portfolio Fund - Scheme A2	10	29,570,924	300,044,339
ICICI Pru Int Fund - Quarterly Plan II - Institution	10	8,968,716	101,011,064
DSP Blackrock Fmp - 3m - Series 21	10	10,000,000	200,000,000
Fidelity Ultra Short Term Debt	10	15,889,283	200,000,000
Templeton India Ultra Short Bond Super Institution	10	15,962,456	200,000,000
ICICI Prudential Flexible Income Premium	10	638,339	115,480,000

(ii) During the year, the following number of units of Debentures were purchased and sold.

Name of Debenture	Face Value (₹)	Nos. of units	Purchase Cost (₹)
Redeemable Non-Convertible Debenture Kotak Mahindra Investment Ltd.	1,000,000	500	500,000,000

	As at March 31, 2011	As at March 31, 2010
8 INVENTORIES		
Raw and packing materials (including goods in transit ₹ 28.75 (2010 - ₹ 52.41))	2,453.57	2,390.05
Work-in-progress	270.20	186.65
Finished goods (including goods in transit ₹ 78.74 (2010 - ₹ 424.63))	3,845.97	4,471.22
Stores and spare parts	370.60	255.64
	6,940.34	7,303.56

₹ in lacs

	As at March 31, 2011	As at March 31, 2010
9 SUNDRY DEBTORS		
Unsecured		
a) Debt Outstanding for period exceeding six months		
Considered good	76.66	13.70
Considered doubtful	56.85	40.15
Less: Provision for doubtful debts	(56.85)	(40.15)
	76.66	13.70
b) Other debts, considered good	10,458.32	7,059.25
	10,534.98	**7,072.95**

	As at March 31, 2011	As at March 31, 2010
10 CASH AND BANK BALANCES		
Cash in hand	36.85	29.52
Balance with scheduled banks - Current account	2,581.49	2,995.13
- Deposit account*	25,465.06	9,213.10
- Unclaimed dividend accounts	4.47	2.85
	28,087.87	**12,240.60**

* Includes deposits provided as securities against bank guarantees/performance guarantees/Bank Overdraft - ₹ 13,998, (2010 - ₹ 1,788.61).

	As at March 31, 2011	As at March 31, 2010
11 LOANS AND ADVANCES		
Unsecured, considered good		
Deposits	508.25	523.20
Advances recoverable in cash or in kind or for value to be received	2,082.76	1,822.69
Quantity discount receivable	9.38	39.90
Advance to suppliers	1,616.74	597.49
Balance with excise authorities	357.62	312.44
Staff loans	78.66	105.73
Interest accrued but not due	83.01	30.99
MAT credit entitlement	600.00	-
	5,336.42	**3,432.44**
Unsecured and considered doubtful		
Advance to suppliers	-	16.63
Less: Provision for doubtful advances	-	(16.63)
	5,336.42	**3,432.44**

Schedules Forming Part of the Consolidated Balance Sheet As at March 31, 2011

₹. in lacs

	As at March 31, 2011	As at March 31, 2010
12 CURRENT LIABILITIES		
Sundry creditors		
- Micro and Small Enterprises (refer note 8 of schedule 20)	520.45	536.57
- Others	1,784.95	2,502.96
Accrual for expenses	1,882.73	3,185.30
Other current liabilities	766.12	835.04
Unclaimed dividend (refer Note 14 of Schedule 20)	4.47	2.85
Security deposits	41.50	43.11
Advances from customers	381.47	308.68
	5,381.69	7,414.51

	As at March 31, 2011	As at March 31, 2010
13 PROVISIONS		
Provision for income tax (net of advance tax)	86.54	493.36
Provision for wealth tax	2.75	3.79
Provision for gratuity	475.53	473.72
Provision for leave encashment	336.45	260.79
Proposed dividend	4,031.60	2,902.75
Dividend tax on proposed dividend	654.03	482.11
	5,586.90	4,616.52

₹ *in lacs*

	2010-11	2009-10
14 OTHER INCOME		
Dividend received	8.85	0.79
Interest on fixed deposit (tax deducted at source - ₹ 93.81, 2010 - ₹ 91.15)	941.12	917.39
Export incentives	5.16	6.64
Power subsidy	5.00	5.00
Lease rent income	3.22	107.50
Excess provision written back	447.56	64.98
Foreign exchange fluctuation gain (net)	1.14	1.70
Profit on sale of investment in Joint Ventures	-	17.68
Differential excise duty benefit (refer Note 13 of Schedule 20)	189.68	475.26
Provision for dimunition in value of investments written back (net of loss on sale of long term investments of ₹ Nil (2010 - ₹ 680.04)	-	19.96
Profit on sale of investments	331.24	-
Interest income on debentures (tax deducted at source - ₹ 13.64, 2010 - ₹ Nil)	136.36	-
Profit on sale of fixed assets	144.18	-
Miscellaneous income	166.69	163.33
	2,380.20	**1,780.23**

	2010-11	2009-10
15 MATERIAL COSTS		
Raw and packing materials & operating supplies consumed		
Opening stock	2,390.05	1,849.83
Add: Cost of purchases (net)	16,483.90	14,586.53
	18,873.95	16,436.36
Less: Closing stock	2,453.57	2,390.05
Sub-total (A)	**16,420.38**	**14,046.31**
Cost of trading goods		
Opening stock	2,868.22	1,426.73
Add: Cost of purchases (net)	15,075.57	19,658.38
	17,943.79	21,085.11
Less: Closing stock	1,794.43	2,868.22
Sub-total (B)	**16,149.36**	**18,216.89**
Total (A+B)	**32,569.74**	**32,263.20**

₹. in lacs

	2010-11	2009-10
16 (INCREASE)/ DECREASE IN INVENTORIES		
(Increase)/ decrease in inventories		
Closing stock		
Finished goods	2,051.54	1,603.00
Work-in-progress	270.20	186.65
	2,321.74	**1,789.65**
Opening stock		
Finished goods	1,603.00	1,101.16
Work-in-progress	186.65	139.66
	1,789.65	1,240.82
Sub-total (A)	(532.09)	(548.83)
(Increase)/ decrease in excise duty		
Excise duty on closing stock	42.04	52.12
Excise duty on opening stock	52.13	38.07
Sub-total (B)	10.09	(14.05)
Total (A-B)	(542.18)	(534.78)

	2010-11	2009-10
17 EMPLOYEE COSTS		
Salaries, wages and bonus	6,120.13	5,425.21
Contribution to provident and other funds (refer Note 5 of Schedule 20)	554.50	437.44
Gratuity (refer Note 5 of Schedule 20)	215.37	135.61
Staff welfare expenses	418.91	474.62
Directors' remuneration	387.72	338.41
Commission to directors	342.50	324.95
Field staff incentives	92.15	305.12
	8,131.28	7,441.36

₹ *in lacs*

		2010-11	2009-10
18 OTHER EXPENSES			
Conversion charges		33.69	35.65
Power and fuel expenses		1,607.91	1,599.45
Rent		616.24	500.51
Insurance		26.00	15.15
Repairs and maintenance			
- Building		102.38	66.28
- Plant and machinery		42.01	53.97
- Others		130.30	127.83
Consumption of stores and spares		337.85	299.53
Research and development		27.52	16.95
Printing and stationery		71.13	70.06
Communication costs		170.39	142.23
Legal and professional fees		760.54	577.48
Rates and taxes		427.77	326.48
Directors' sitting fees		3.45	3.65
Vehicle maintenance		212.54	133.68
Donation		11.09	12.15
Loss on discarded/sale of fixed assets		63.15	27.73
Bad debt written off		20.95	-
Provision for doubtful debts		16.71	5.51
Sundry advances written off	16.63	-	-
Less: Provision written back	(16.63)	-	-
Advertisement and publicity		4,185.98	2,661.84
Sales promotion and schemes		1,378.67	1,230.22
Carriage outwards		1,804.38	1,486.92
Field staff expenses		1,045.35	849.72
Travelling and conveyance		289.35	284.13
Brokerage on sales		373.83	200.70
Miscellaneous expenses		556.21	553.25
		14,315.39	**11,281.07**

	2010-11	2009-10
19 INTEREST AND FINANCE CHARGES		
Interest expense		
- on banks	199.07	60.72
- others	-	44.21
Finance charges and commission	15.89	64.61
	214.96	**169.54**

20 NOTES TO CONSOLIDATED ACCOUNTS

1. Background

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

2. Basis of Preparation of Financial Statements

a) The financial statements have been prepared to comply in all material respects with the notified accounting standards by 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 are consistent with those used in the previous year.

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

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

d) Investment in Joint venture is dealt with in accordance with Accounting Standard (AS 27) "Financial Reporting of interest in Joint Ventures" and the Group's interest in Joint Venture is accounted for using the proportionate consolidation method.

e) The Consolidated Financial Statements for the year ended March 31, 2011 includes the financial statements of the following subsidiaries and Joint Venture companies:

Name of the Company	Country of incorporation	Percentage of voting power as on	
		March 31, 2011	March 31, 2010
(a) Subsidiaries			
1. Sri Sai Homecare Products (P) Limited (Note 1)	India	-	100
2. Associated Industries Consumer Products Pvt Ltd	India	100	100
3. Jyothy Fabricare Services Limited	India	75	75
4. Snoways Laundrers and Drycleaners Pvt. Ltd (Note 2)	India	49	49
5. Jyothy Kallol Bangladesh Limited (Note 3)	Bangladesh	75	-
(b) Joint Venture Companies *			
1. Balaji Teleproducts Limited (upto February 24, 2010)	India	-	-
2. Continental Speciale (India) Pvt Limited (upto March 18, 2010)	India	-	-

Note:

1. Sri Sai Homecare Products (P) Limited has been amalgamated with the Company with effect from April 1, 2010. On amalgamation of Sri Sai Homecare Products (P) Limited, The capital reserve arising on amalgamation amounting to ₹ 24.95 Lacs has been adjusted against the opening balance of profit and loss account to give effect in Consolidation.

20 NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

2. The Jyothy Fabricare Services Limited has acquired 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 company, making it subsidiary company of Jyothy Fabricare Services Limited.

3. The Company has entered into a joint venture with Kallol Bangladesh Limited, The same has been named as Jyothy Kallol Bangladesh Limited which was incorporated on October 14, 2010. in which the Company has subscribed 75% equity share capital leading to the Company's percentage of ownership interest in the joint venture at 75% as at the year end and hence consolidated as a subsidiary company. It has not commenced its business in the current year.

* During the previous year, the Company has sold its interest in both the joint venture companies, Balaji Teleproducts Limited and Continental Speciale (India) Pvt. Limited.

3 Summary of Accounting Policies

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

a) Fixed assets

Fixed assets are stated at cost, less accumulated depreciation amortisation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Cost of shares of Co-operative society has been added to the cost of office building. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

b) 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	30
Building (Other then Factory Building)	60
Plant and machinery	21
Furniture and fixtures	16
Leasehold Improvements	3
Dies and moulds	3
Computers	6
Office equipments	21
Vehicles	8-10
Know-how	3-5
Trademarks and Copyrights	9-10
Softwares and Licences	5-10

Assets costing less then ₹ 5,000 are depreciated at the rate of 100%. Leasehold land is amortised over the period of the lease on a straight-line basis. The Goodwill purchased is tested for impairment purposes every year.

20 NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

c) Impairment

i. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognised wherever the carrying amount of an asset exceed its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital that reflects current market assessments of the time value of money and risks specific to the assets.

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

iii. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

d) Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Lease payments on operating leases are recognised as expense in the Profit and Loss account on a straight-line basis, over the lease term.

e) Government grants and subsidies

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

f) Investment

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

g) Inventories

Inventories of raw materials, packing materials, work-in-progress, finished goods, stores and consumables items are valued at cost or net realizable value, whichever is lower. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is ascertained on First-in-First out ('FIFO') basis and includes all applicable costs incurred in bringing goods to their present location and condition. Cost of work in progress 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.

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

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

20 NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

h) **Revenue recognition**

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

Sale of Goods:

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. 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 arised during the year. 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.

i) **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 closing rate. 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; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were 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 recognised as income or as expenses in the year in which they arise.

j) **Retirement and other employee benefits**

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

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

(iii) Short-term compensated absences are provided for based on estimates at the year end. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

(iv) Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

20 NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

k) Sales promotion items

Sales promotion items are valued at cost or net realisable value, whichever is lower. 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.

l) 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 where the company has 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 the Group re-assesses unrecognised deferred tax assets. 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. 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

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same 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.

m) Provisions

A provision is recognised when an enterprise 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.

n) 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 Profit and Loss account.

o) Segment Reporting Policies

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.

20 NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

Segment policies:

The Company 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.

p) 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 share split.

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.

q) Use of estimates

The preparation of financial statements, in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the results of operations during the year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

Change in estimates

Change in useful life of leasehold improvements

In the current year, the subsidiary company, Jyothy Fabricare Services Limited changed the useful life for amortization of leasehold improvements from 5 years to 3 year as compared to previous years. The management believes that such change will results appropriate presentation of these assets and will give a systematic basis of depreciation charge more representative of the time pattern in which the economic benefits will be derived from the use of such assets.

Had the subsidiary company, Jyothy Fabricare Services Limited continued to use the earlier useful life as basis of providing depreciation, the charge to the Profit and Loss Account for the current year would have been lower by ₹ 13.71 lacs and the net block of fixed assets would correspondingly have been higher by ₹ 13.71 lacs. The effect of change in an accounting estimate has been recognised under depreciation head in the current year's profit and loss account.

r) 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.

20 NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

s) **Borrowing Costs**

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

4. **Unhedged foreign currency exposure:**

Particulars	Foreign Currency	2011		2010	
		₹ in Lacs	Amount in Foreign Currency	₹ in Lacs	Amount in Foreign Currency
Export debtors	US $	22.56	50,535	70.09	155,282
Advance for capital goods	Euro	2.05	3,255	-	-

5. **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 an insurance company. The Group has provided for gratuity and leave encashment based on actuarial valuation done as per Projected Unit Credit Method. The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plans.

₹ in Lacs

	2010-11	2009-10
	Gratuity	Gratuity
	Partly Funded	Partly Funded
(A) Summary of the Actuarial Assumptions		
Mortality	LIC (1994-96) Ult	LIC (1994-96) Ult
Discount rate	8.30%	7.75%
Rate of increase in compensation	8.00%	8-10%
Withdrawal rates	2-10%	1-10%
Rate of return (expected) on plan assets	9.30%	9.25%
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) Changes in present value of obligations (PVO)		
PVO at beginning of period	880.23	729.30
Interest cost	66.14	52.24
Current Service Cost	125.72	111.23

20 NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

₹ in Lacs

	2010-11	2009-10
Benefits Paid	(32.15)	(19.57)
Actuarial (gain)/loss on obligation	77.99	7.03
PVO at end of period	**1,117.93**	**880.23**
(C) Changes in fair value of plan assets		
Fair value of plan assets at the beginning of period	406.41	296.15
Expected return on plan assets	45.99	30.88
Contributions	213.57	94.94
Benefit paid	(32.06)	(19.57)
Actuarial gain/(loss) on plan assets	8.49	4.01
Fair value of plan assets at end of period	**642.40**	**406.41**
(D) Net Assets/(Liabilities) recognised in the balance sheet		
PVO at end of period	(1,117.93)	(880.23)
Fair value of plan assets at end of period	642.40	406.51
Funded status (deficit in plan assets over fair value of PVO)	(475.53)	(473.72)
Unrecognised Actuarial Gain/(Loss)	-	-
Net assets/(Liability) recognised in the balance sheet	**(475.53)**	**(473.72)**
(E) Expenses recognised in the statement of profit and loss account		
Current service cost	125.72	111.23
Interest cost	66.14	52.24
Expected return on plan assets	(45.99)	(30.88)
Net Actuarial (Gain)/Loss recognised for the period	69.50	3.02
Expense recognised in the statement of profit and loss account	**215.37**	**135.61**
(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%

(ii) Experience adjustments*

	April 1, 2010 to March 31, 2011	April 1, 2009 to March 31, 2010	July 1, 2008 to March 31, 2009
On plan liabilities	118.45	7.03	65.70
On plan assets	8.49	4.01	12.43

* The Company does note have data available for the period prior to 2008-09

(iii) Defined Contribution Plans -

Amount of ₹ 554.50 (2010 - ₹ 437.44) is recognised as an expense and included in schedule 17 - "Contribution to provident and other funds" in the Profit and Loss account.

(iv) The Company expects to contribute ₹ 78.08 (2010 - ₹ 213.57) to gratuity fund in 2011-12 and ₹ 32.77 (2010 - ₹ 28.06) to Superannuation fund in 2011-2012

20 NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

6. Segment Reporting

Business segments:

The primary segment of the Group has been determined on the basis of business segment. The Group is organized into three business segments - Soaps and Detergents, Home Care & Laundry services. 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 and mosquito coils and scrubber. Laundry services include drycleaning & providing linen on rental. Others includes Tea and coffee.

Secondary segment:

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

Segment revenue and result:

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

Segment assets and liabilities:

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

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

Information about Business Segments

₹ in Lacs

	Soaps and Detergents		Home care		Laundry Services		Others		Eliminations		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Revenue												
External Revenue	39,346.50	35,491.04	21,629.57	23,860.32	940.66	415.88	32.40	42.97	-	-	61,949.13	59,810.21
Inter Segment Revenue	-	19.58	300.11	658.40	-	-	-	-	(300.11)	(677.98)	-	-
Net Revenue	39,346.50	35,510.62	21,929.68	24,518.72	940.66	415.88	32.40	42.97	(300.11)	(677.98)	61,949.13	59,810.21
Results	9,291.07	9,493.67	400.77	1,345.14	(915.68)	(475.68)	(17.07)	(12.53)	-	-	8,759.09	10,350.60
Unallocated expenditure											(1,867.68)	(1,694.80)
Income											1,440.67	1,068.71
Interest & finance expenses											(214.96)	(169.54)
Profit before tax											8,117.12	9,554.97
Provision for tax											(1,543.40)	(2,147.53)
Profit after tax before Minority Interest											6,573.72	7,407.44
Minority Interest											302.53	26.67
Net Profit for the year											6,876.25	7,434.11
Other Information												
Segment assets	32,864.89	21,861.56	13,098.14	9,801.02	3,399.94	2,900.98	43.57	68.43			49,406.54	34,631.99
Unallocated assets											33,783.73	19,307.80
Total assets											83,190.27	53,939.79
Segment liabilities	3,373.30	3,925.28	2,909.93	4,022.83	1,310.18	1,444.89	-	0.88			7,593.41	9,393.88
Unallocated liabilities											12,438.41	5,720.24
Total liabilities											20,031.82	15,114.12

20 NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

₹ in Lacs

	Soaps and Detergents		Home care		Laundry Services		Others		Eliminations		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Segment Capital expenditure (including capital work-in-progress)	2,094.99	1,424.72	1,005.88	770.20	414.53	1,752.47	-	-			3,515.40	3,947.39
Unallocated capital expenditure (including capital work in progress)											167.45	178.69
Total capital expenditure (including capital work in progress)											3,682.85	4,126.08
Segment depreciation and amortisation	785.66	678.66	312.04	226.05	186.58	106.98	-	-			1,284.28	1,011.69
Unallocated depreciation and amortisation											172.58	178.58
Total depreciation and amortisation											1,456.86	1,190.27
Segment impairment loss Reversal	(153.72)	-	-	-	-	-	-	-			(153.72)	-
Segment impairment loss	-	46.28	-	-	-	-	-	-			-	46.28
Total impairment loss/ (Reversal)											(153.72)	46.28
Segment non cash expenses other than depreciation	17.66	4.09	40.70	0.92	36.81	3.19	-	-			95.17	8.20
Unallocated non cash expenses other than depreciation											5.64	-
Total non cash expenses other than depreciation											100.81	8.20

7. 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

Joint venture companies

Balaji Teleproducts Limited (upto February 24, 2010)

Continental Speciale (India) Private Limited (upto March 18, 2010)

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

Beena Agencies

Quilon Trading Co.

Travancore Trading Corp.

Sree Guruvayoorappan Agencies

M.P. Agencies

Tamil Nadu Distributors

Deepthy Agencies

Sahyadri Agencies

Sreehari Stock Suppliers

Sujatha Agencies

M.P. Divakaran - H.U.F.

M.P. Sidharthan - H.U.F.

₹. in lacs

20 NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

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 (includes directors of the Company)

K. Ullas Kamath Deputy Managing Director

Relative of key management personnel

Gayatri Kamath

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

	2010-11	2009-10
Individual having control		
Remuneration*	220.18	223.45
Commission	195.72	216.63
Dividend	1,390.30	688.81
Joint venture companies		
Balaji Teleproducts Limited		
Advance written off	-	17.17
Enterprises in which relatives are interested		
Sale/(sales return) of finished goods		
Beena Agencies	(1.36)	1,258.15
Sahyadri Agencies	2.32	1,493.75
Deepthy Agencies	(0.79)	1,151.80
Travancore Trading Corporation	8.26	2,385.75
M.P. Agencies	(3.90)	818.72
Sreehari Stock Suppliers	-	(3.80)
Sujatha Agencies	-	(4.66)
Sree Guruvayoorappan Agencies	(0.71)	(0.97)
Srihari Stock Suppliers - Coimbatore	-	(2.17)
Claims for reimbursement for sales promotion expenses/discounts given		
Sreehari Stock Suppliers	-	0.33
Travancore Trading Corporation	2.99	23.83
Sahyadri Agencies	2.23	50.87

₹ *in lacs*

20 NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

	2010-11	2009-10
Deepthy Agencies	0.74	12.10
M.P. Agencies	1.36	11.44
Beena Agencies	2.44	9.94
Tamil Nadu Distributors	-	2.58
Commission paid		
Sreehari Stock Suppliers	28.40	22.90
Sujatha Agencies	26.20	20.16
Tamil Nadu Distributors	7.43	6.05
Beena Agencies	36.35	-
Sahyadri Agencies	64.24	-
Travancore Trading Corporation	44.13	-
Deepthy Agencies	18.81	-
Rent Paid		
Quilon Trading Company	1.20	0.95
Dividend	64.48	32.24
Relatives of individuals having control		
Remuneration*		
M. R. Jyothy	24.19	21.50
M. P. Sidharthan	12.00	12.00
M. R. Deepthy	9.34	5.99
Ananth Rao T.	16.80	13.44
Ravi Razdan	5.99	-
Sale of Services	-	0.06
Dividend	551.89	275.94
Contribution to Superannuation fund		
M R Jyothy	2.16	1.92
Ananth Rao T.	1.50	1.20
M R Deepthi	0.66	-
Key management personnel		
Remuneration*	168.13	112.09
Commission	146.79	108.32
Dividend	29.03	14.51
Contribution to Superannuation fund	15.01	10.01
Allotment of Equity shares in Jyothy Fabricare Services Limited	300.00	-
including premium of ₹ 1 Crore 20,00,000 Equity Shares of ₹ 10 each fully		
paid up at premium of ₹ 5 each.		
Sale of Services	-	0.33

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

₹. in lacs

20 NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

d) Related party balances

	2011	2010
Amounts payable		
Individual having control	195.72	216.63
Key management personnel	146.79	108.32
Relatives of individual having control	-	0.06
Amount receivable from key management personnel	-	0.13
Enterprises in which relatives of individual having control are interested		
Beena Agencies	36.57	30.74
Deepthy Agencies	99.47	40.97
Travancore Trading Corporation	110.60	112.88
M.P. Agencies	37.92	32.66
Tamil Nadu Distributors	8.56	8.57
Quilon Trading Company	0.10	0.10
Sree Guruvayoorappan Agencies	0.71	-
Sahyadri Agencies	10.25	5.48
Srihari Stock Suppliers - Coimbatore	4.20	6.05
Sujatha Agencies - Tirunelveli	7.06	7.64
Enterprises significantly influenced by key management personnel or their relatives		
Sahyadri Agencies Ltd.	6.20	6.20
	664.15	576.43

8. There are no delays in payments to Micro, Small and Medium Enterprises in current year as well as in previous year as required to be disclosed under Micro, Small and Medium Enterprises Development Act, 2006. The above information and the details given in Schedule 12- Current liabilities as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

9. Operating Leases

The Group has entered into Lease agreements for premises, which expire at various dates over the next six years. Certain agreements provide for increase in rent. All lease agreements are cancellable except in case of few agreements wherein there is a lock in period in the range of 11 months to 3 years. Lease rental expense for the year ended March 31, 2011 was ₹ 616.24 (2010 - ₹ 500.51). There are no restrictions imposed by lease arrangements. There are no subleases.

	2011	2010
Future lease payment under non-cancellable operating leases are as follows:		
Payable not later than one year	24.08	18.36
Payable later than one year and not later than five years	26.35	4.66
Payable later than five years	–	–
	50.43	23.02

20 NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

In case of assets given on lease

The Group has leased out few of its premises on operating lease . The Gross carrying amount and accumulated depreciation as at March 31, 2011 is ₹ 54.95 and ₹ 4.25 (2010 - ₹ Nil and ₹ Nil) respectively. Lease rent income for the year ended March 31, 2011 was ₹ 3.22 (2010 – ₹ 107.50). There is no escalation clause in the lease agreement and the lease is cancellable in nature. There are no restrictions imposed by lease arrangements.

10. Contingent Liabilities

	2011	2010
Contingent liabilities not provided for in respect of:		
(i) Amount outstanding in respect of guarantees given by the Company to banks	1,126.21	1,389.90
(ii) Tax matters		
(a) Disputed liability in respect of income-tax demands matters under appeal	-	154.82
(b) Disputed sales tax demands – matters under appeal	2,295.79	1,443.20
(c) Disputed excise duty and service tax demand – matter under appeal	1,592.72	1,058.02
(iii) Others	20.11	15.82
(iv) Claims against the Company not acknowledged as debt	120.00	120.00

11. Capital Commitments (Net of Advances)

	2011	2010
Estimated amount of contracts remaining to be executed on capital account and not provided for	1,050.96	210.77
	1,050.96	**210.77**

12. During the year, a subsidiary company, Jyothy Fabricare Services Ltd has:

a) Entered into Share purchase agreement on March 21, 2011 with shareholders of Diamond Fabcare Private Limited ("Seller") and Diamond Fabcare Private Limited and acquired 100% share capital of Diamond Fabcare Private Limited with effect from April 1, 2011 at total purchase price consideration of ₹ 16.50 crores.

b) Entered into Share purchase agreement on March 31, 2011 with shareholders of Akash Cleaners Private Limited ("Seller") and Akash Cleaners Private Limited and acquired 100% share capital of Akash Cleaners Private Limited with effect from April 1, 2011 at total purchase price consideration of ₹ 19.37 crores.

c) Acquired laundry business of M/s. Expert Drycleaners at Bangalore and trademark "Expert" for a consideration of ₹ 1,000,000 and ₹ 3,500,000 through a Business Purchase Agreement effective from January 17, 2011 and deed of assignment of trade mark dated January 17, 2011 respectively.

13. 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 year, the Guwahati High Court has given

20 NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

a favourable order in case of a similar matter against which the Department has filed an appeal in the Supreme Court. Further, during the current year, the Jammu High Court has also given favourable order. Based on the orders of High Court, the Company has accrued ₹ 953.84 lacs as excise duty receivable pertaining to the earlier years (of which an amount of ₹ 478.58 lacs adjusted from the material consumed) and an additional benefit of ₹ 413.21 lacs accrued in the current year, of which an amount of ₹ 189.68 lacs pertaining to previous year.

14. There are no amounts payable / due to Investor Education and Protection Fund.

15. During the year, the Company has issued 8,063,200 shares of Re 1 each to Qualified Institutional Buyers (QIBs) in terms of Chapter VIII of SEBI (ICDR) Regulations, 2009 at a premium of ₹ 281.62 to generate funds for primarily for acquisition in the future and to expand inorganically by identifying acquisition opportunities as part of Company's growth strategy in India and, if required, for general corporate purposes as well. The total sum received aggregated to ₹ 22,788.22 lacs (including ₹ 22,707.58 Lacs towards Securities premium). After investment in Henkel India Limited of ₹ 6,073.09 Lacs and share issue expenses of ₹ 644.29 Lacs pending utilization of the money for the purposes mentioned above, the Company has temporarily invested in the fixed deposit and certificate of deposits with the Banks.

16. During the year, the Company acquired 14.9 % equity share capital in Henkel India Limited. Further subsequent to the year end, the Company has entered in to a share purchase agreement with Henkel AG & Co. KGaA (Henkel AG) for acquiring 50.97 % equity share capital and 100 % preference share capital in the Henkel India Limited. In addition, the Company made public announcement of its intention to make open offer for acquiring upto 20% of the equity share capital in Henkel India Limited from public at ₹ 41.20 per equity share.

17. During the earlier years, depreciation/ impairment on assets include impairment losses representing the amount by which the carrying amount of the asset exceeds its recoverable amount. Such impairment losses were due to adverse market conditions for two of its Cash Generating Unit pertaining to the 'Soaps and Detergents' segment. The pre-discount rate used for evaluation of the present value was 8% per annum. In the current year the Company sold a portion of the land at Pithampur washing powder unit to a third party at a rate much higher than the carrying amount. In view of prevailing market price of land at Pithampur, management believes that impairment indicators no longer exist, therefore impairment loss earlier recognised on land & building should be reversed. Accordingly, the Company has reversed the provision for impairment loss for land of ₹ 10.37 lacs and building of ₹ 143.35 lacs at Pithampur washing powder unit which pertains to Soaps & Detergent segment'.

18. Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the Group financial statements.

19. The prior year figures have been reclassified where necessary to conform with current year's presentation.

Signatures to Schedules 1 to 20

As per our report of even date

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

per Vikram Mehta
Partner
Membership No. 105938

Place: Mumbai
Date: May 30, 2011

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

M. P. Ramachandran
Chairman and Managing Director

K. Ullas Kamath
Deputy Managing Director

M. L. Bansal
Company Secretary

Place: Mumbai
Date: May 30, 2011

NOTES

NOTES

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