

Notice

NOTICE is hereby given that the 23rd Annual General Meeting of the members of Jyothy Laboratories Limited will be held on Wednesday, August 13, 2014, at 10.30 a.m. at M. C. Ghia Hall, Indian Textile Accessories & Machinery Manufacturers' Association, Bhogilal Hargovindas Building, 4th Floor, 18/20, K. Dubhash Marg, Kala Ghoda, Mumbai – 400001 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2014 and Statement of Profit & Loss for the financial year April 1, 2013 to March 31, 2014 together with the reports of the Board of Directors and the Auditors thereon.
2. To declare final dividend and confirm interim dividend already paid for the year ended March 31, 2014.
3. To appoint a Director in place of Mr. K. Ullas Kamath (DIN: 00506681), who retires by rotation and being eligible offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, including any amendment, modification, variation or re-enactment thereof, M/s S R B C & Co., LLP, Chartered Accountants (Registration No.324982E), Mumbai, ('the Auditors') be and are hereby appointed as Auditors of the Company for a period of 3 (three) years and to hold office as such from the conclusion of this Annual General Meeting until the conclusion of the 26th Annual General Meeting, subject to ratification of such appointment by the Members of the Company at every Annual General Meeting at such remuneration plus service tax, out of pocket, travelling and living expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

SPECIAL BUSINESS

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

“RESOLVED THAT in terms of Article 148 of the Articles of Association of the Company and in accordance with

the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to such approval of Department/ Ministry of Corporate Affairs, Government of India, as may be required in this regard, approval of the Company be and is hereby accorded to the re-appointment of Mr. Ramachandran Panjan Moothedath (DIN: 00553406) as Chairman and Managing Director of the Company, for a period of 5 (five) years with effect from April 1, 2014 to March 31, 2019, on following terms and conditions including remuneration:

Details of Remuneration:

1. a) Salary: ₹ 1/- (Rupee One Only) per annum.
b) Commission @ 2% (Two percent) of the net profits of the year computed in the manner laid down in Section 198 of the Companies Act, 2013 and Rules thereto.
2. Perquisites and allowances:
 - (a) Medical Expenses: Reimbursement of medical expenses incurred for self and family including hospitalization, membership of any hospital/ doctors scheme.
 - (b) Use of Company Car with Driver and telephones at the residence. Use of car with driver and telephones for office purposes will not be considered as perquisites.
 - (c) Earned/ privilege leave: As per Rules of the Company.
 - (d) Any other perquisites/ benefits that may become applicable to senior management staff in future.

RESOLVED FURTHER THAT notwithstanding the total managerial remuneration i.e. the remuneration paid/ payable and perquisites/ benefits provided/ to be provided to the Chairman and Managing Director of the Company, for aforesaid period, together with all other Directors of the Company, exceeds/ may exceed the limits prescribed under Section 197 read with Schedule V of the Companies Act, 2013 and Rules thereto, the Company shall pay or provide to him the aforesaid remuneration and perquisites/ benefits, subject to such approval of Department/ Ministry of Corporate Affairs, Government of India, as may be requisite in this regard.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to alter and/ or vary terms and conditions of the said appointment and/ or enhance, enlarge, alter or vary the scope and quantum of remuneration, perquisites and benefits payable to Mr. Ramachandran, which shall be in accordance with the provisions of the Companies Act, 2013 and Rules thereto (including any statutory modification(s) or re-enactment thereof, for the time being in force).

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution, do all such acts, deeds, matters and things as may be necessary and sign and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters concerned therewith or incidental thereto.”

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

“**RESOLVED THAT** in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to such approval of Department/ Ministry of Corporate Affairs, Government of India, as may be required in this regard, approval of the Company be and is hereby accorded to the re-appointment of Mr. Raghunandan Sathyanarayan Rao (DIN: 02263845) as Whole Time Director and Chief Executive Officer of the Company, for a period of 3 (three) years with effect from June 1, 2014 to May 31, 2017 on following terms and conditions including remuneration:

Designation: Whole Time Director and Chief Executive Officer.

Salary: ₹ 33,00,000 (Rupees Thirty Three Lac Only) per month.

Perquisites:

- a) Housing: Deposit in respect of a house that may be leased by him in Mumbai and brokerage payable for leasing, if any.
- b) Medical Expenses: Reimbursement of medical expenses incurred for self and family including hospitalization, subject to a limit of ₹ 15,000/- per annum.
- c) Leave Travel Allowance: For self and family subject to a maximum of ₹ 2,00,000 per annum.

- d) Personal Accident Insurance coverage for self, as per Rules of the Company.
- e) Use of Company Car with Driver and telephones at the residence. Use of car with driver and telephones for office purposes will not be considered as perquisites.
- f) Company's contribution towards Provident Fund as per Rules applicable to senior management staff of the Company.
- g) Company's contribution to Superannuation Fund @ 10% of Salary as per Rules of the Company or if permissible and at the option of Mr. Raghunandan, an allowance in part/ full substitution of the aforesaid contribution.
- h) Leave and encashment of leave, in accordance with the Rules of the Company.

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

RESOLVED FURTHER THAT notwithstanding the total managerial remuneration i.e. the remuneration paid/ payable and perquisites/ benefits provided/ to be provided to the said Whole Time Director and Chief Executive Officer of the Company, for aforesaid period, together with all other Directors of the Company, exceeds/ may exceed the limits prescribed under Section 197 read with Schedule V of the Companies Act, 2013 and Rules thereto, the Company shall pay or provide to him the aforesaid remuneration and perquisites/ benefits, subject to such approval of Department/ Ministry of Corporate Affairs, Government of India, as may be requisite in this regard.

RESOLVED ALSO THAT Mr. Raghunandan will be eligible to participate in Stock Option Scheme, as may be approved by the Board and the Members of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to alter and/ or vary terms and conditions of the said appointment and/ or enhance, enlarge, alter or vary the scope and quantum of remuneration, perquisites and benefits payable to Mr. Raghunandan, which shall be in accordance with the provisions of the Companies Act, 2013 and Rules thereto (including any statutory modification(s) or re-enactment thereof, for the time being in force).

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution, do all such acts, deeds, matters and things as may be necessary and sign and execute all documents or writings as may be necessary, proper or expedient for the

purpose of giving effect to this resolution and for matters concerned therewith or incidental thereto.”

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

“RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to such approval of Department/ Ministry of Corporate Affairs, Government of India, as may be required in this regard, approval of the Company be and is hereby accorded to the re-appointment of Ms. Jyothy Ramchandran (DIN: 00571828) as Whole Time Director of the Company, for a period of 3 (three) years with effect from June 1, 2014 to May 31, 2017 on following terms and conditions including remuneration:

Designation: Whole Time Director.

Salary: ₹ 7,00,000/- (Rupees Seven Lac Only) per month.

Perquisites:

- (a) Housing: Rent free unfurnished accommodation owned/ hired/ leased by the Company.
- (b) Reimbursement of expenses on actual basis, pertaining to gas, fuel, water, electricity and telephones as also reasonable reimbursement to upkeep and maintenance expenses in respect of such accommodation.
- (c) Medical Expenses: Reimbursement of medical expenses incurred for self and family including hospitalization, membership of any hospital/ doctors scheme.
- (d) Leave Travel Allowance: For self and family subject to a maximum of one month's salary.
- (e) Personal Accident Insurance coverage for self, as per Rules of the Company.
- (f) Use of Company Car with Driver and telephones at the residence. Use of car with driver and telephones for office purposes will not be considered as perquisites.
- (g) Company's contribution towards Provident Fund, and Gratuity as per Rules applicable to senior management staff of the Company.
- (h) Company's contribution to Superannuation Fund @10% of Salary as per Rules of the Company or if permissible and at the option of Ms. M. R. Jyothy, an allowance in part/ full substitution of the aforesaid contribution.

- (i) Leave and encashment of leave, in accordance with the Rules of the Company.
- (j) Any other perquisites/ benefits that may become applicable to senior management staff in future.

RESOLVED FURTHER THAT notwithstanding the total managerial remuneration i.e. the remuneration paid/ payable and perquisites/ benefits provided/ to be provided to the said Whole Time Director of the Company, for aforesaid period, together with all other Directors of the Company, exceeds/ may exceed the limits prescribed under Section 197 read with Schedule V of the Companies Act, 2013 and Rules thereto, the Company shall pay or provide to her the aforesaid remuneration and perquisites/ benefits, subject to such approval of Department/ Ministry of Corporate Affairs, Government of India, as may be requisite in this regard.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to alter and/ or vary terms and conditions of the said appointment and/ or enhance, enlarge, alter or vary the scope and quantum of remuneration, perquisites and benefits payable to Ms. M. R. Jyothy, which shall be in accordance with the provisions of the Companies Act, 2013 and Rules thereto (including any statutory modification(s) or re-enactment thereof, for the time being in force).

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution, do all such acts, deeds, matters and things as may be necessary and sign and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters concerned therewith or incidental thereto.”

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

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. Nilesh Bansilal Mehta (DIN: 00199071), Director of the Company in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director, be and is hereby appointed as Independent Director of the Company to hold office up to March 31, 2019.”

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

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. Kiliyanat Puliasseri Padmakumar (DIN: 00023176), Director of the Company in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director, be and is hereby appointed as Independent Director of the Company to hold office up to March 31, 2019.”

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

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. Bipin Ratilal Shah (DIN: 00006094), Director of the Company in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director, be and is hereby appointed as Independent Director of the Company to hold office up to March 31, 2019.”

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

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. Ramakrishnan Lakshminarayanan (DIN: 00238887), Director of the Company in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director, be and is hereby appointed as Independent Director of the Company to hold office up to March 31, 2019.”

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

“RESOLVED THAT pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, and Rules made there under, including any amendment, modification, variation or re-enactment thereof and the Articles of Association of the Company, consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow, from time to time, such sum or sums of money as they may deem necessary for the purpose of the business of the Company, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) and remaining outstanding at any point of time will exceed the aggregate of the paid-up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose; provided that the total amount up to which monies may be borrowed by the Board of Directors of the Company and which shall remain outstanding at any given point of time shall not exceed ₹ 1,000 Crore (Rupees One Thousand Crore Only).

RESOLVED FURTHER THAT the Board be and is hereby empowered and authorized to arrange or fix the terms and conditions of all such borrowings, from time to time, viz. terms as to interest, repayment, security or otherwise as it may deem fit and to sign and execute all such documents, deeds and writings and to do all such acts, deeds, matters and things as may be deemed necessary, expedient and incidental thereto and to delegate all or any of its powers herein conferred to any Committee of Directors and/ or Director(s) and/ or Officer(s) of the Company, to give effect to this resolution.”

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

“RESOLVED THAT pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 and Rules made there under, including any amendment, modification, variation or re-enactment thereof, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “The Board” which term shall be deemed to include any committee thereof for the time being exercising the powers conferred on the Board by this Resolution) to mortgage/ charge and/ or also to create liens and all other encumbrances of whatsoever nature on all or any of the Company’s immovable and movable properties, tangible and intangible, and the whole or

substantially the whole of all or any of the undertakings of the Company, where-so-ever situate, present and future, together with power to take over the management of the business and concern of the Company in certain events, in such form and in such manner as the Board may think fit and proper, in favour of Banks/ Institutions/ other lenders/ trustees of the holders of securities, issued/ to be issued from time to time in one or more tranches, to secure the principal amount of moneys borrowed/ to be borrowed pursuant to borrowing power of the Board, together with interest, compound interest, premium on redemption and all costs, charges and expenses and all other moneys as may become due and payable by the Company, in that behalf and to vary or modify existing mortgages, charges, hypothecation, encumbrances and lien as the case may be, from time to time, in such manner and in such form on all or any of the properties or part of any of the property and the undertakings of the Company, both present and future, as may be decided by the Board and as agreed to by the said banks/ institutions/ other lenders/ trustees of the holders of securities issued/ to be issued by the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to sign and execute all such documents, deeds and writings and to do all such acts, deeds, matters and things as may be necessary, expedient and incidental thereto for giving effect to this resolution.”

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

“RESOLVED THAT pursuant to the provisions of Section 62(1) (b) and all other applicable provisions of the Companies Act, 2013, applicable provisions of the Companies (Share Capital and Debentures) Rules, 2014, applicable provisions of the Companies Act, 1956, if any, the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as “SEBI Guidelines”) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the approval and consent of the members be and are hereby accorded to the **Jyothy Laboratories Employee Stock Option Scheme 2014-A (ESOS 2014-A)** and to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee, including the Remuneration and Compensation Committee which the Board has constituted or may constitute or reconstitute in future to exercise its powers, including the powers,

conferred by this resolution), to create, offer, issue and allot at any time to Mr. S. Raghunandan, Whole Time Director and Chief Executive Officer of the Company, options exercisable into not more than 27,15,352 (Twenty Seven Lacs Fifteen Thousand Three Hundred and Fifty Two) Equity Shares of the Company of ₹ 1/- (Rupee One Only) under one or more Employee Stock Option Schemes, in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of the law or guidelines issued by the relevant Authority; each option would be exercisable for one Equity share of a face value of ₹ 1/- (Rupee One Only) each fully paid-up on payment of the requisite exercise price to the Company.

RESOLVED FURTHER THAT in case of any corporate action (s) such as rights issues, bonus issues, merger and sale of division and others, if any additional Equity Shares are issued by the Company for the purpose of making a fair and reasonable adjustment to the options granted earlier, the above ceiling of 27,15,352 (Twenty Seven Lacs Fifteen Thousand Three Hundred and Fifty Two) Equity Shares shall be deemed to be increased to the extent of such additional Equity Shares issued.

RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot Equity Shares upon exercise of options from time to time in accordance with the Employee Stock Option Scheme and such Equity Shares shall rank pari passu in all respects with the then existing Equity Shares of the Company.

RESOLVED FURTHER THAT in case the Equity Shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition payable under the scheme shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of ₹ 1/- per equity share bears to the revised face value of the Equity Shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make modifications, changes, variations, alterations or revisions in the ESOS 2014-A as it may deem fit, from time to time in its sole and absolute discretion in conformity with the provisions of the of the Companies Act, 2013, applicable provisions of the Companies (Share Capital and Debentures) Rules, 2014 if any, applicable provisions of the Companies Act, 1956, if any, the Memorandum and Articles of Association of the Company, SEBI Guidelines and any other applicable laws.”

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

“RESOLVED THAT pursuant to the provisions of Section 62(1) (b) and all other applicable provisions of the Companies Act, 2013, applicable provisions of the Companies (Share Capital and Debentures) Rules, 2014, applicable provisions of the Companies Act, 1956, if any, the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as “SEBI Guidelines”), the consent of the members be and is hereby accorded to the Board of Directors to issue such shares to Mr. S. Raghunandan, Whole Time Director and Chief Executive Officer (as specified in Clause 8 of the Explanatory Statement hereto) during any one year, exceeding 1% of the issued capital (excluding outstanding warrants and convertibles) of the Company at the time of grant of shares under ESOS 2014-A, in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of the law or guidelines issued by the relevant Authority; each option would be exercisable for one Equity share of a face value of ₹ 1/- (Rupee One Only) each fully paid-up on payment of the requisite exercise price to the Company.”

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

“RESOLVED THAT pursuant to the provisions of Section 62(1) (b) and all other applicable provisions of the Companies Act, 2013, applicable provisions of the Companies (Share Capital and Debentures) Rules, 2014, applicable provisions of the Companies Act, 1956, if any, the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as “SEBI Guidelines”) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the approval and consent of the members be and are hereby accorded to the **Jyothy Laboratories Employee Stock Option Scheme 2014 (“ESOS 2014”)** and to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee, including the Remuneration and Compensation Committee which the Board has constituted or may constitute or reconstitute in future to exercise its powers, including the powers, conferred by this resolution), to create, offer, issue and allot

at any time to or to the benefit of such person(s) who are in permanent employment of the Company, including any Director of the Company, whether whole time or otherwise but excluding Independent Directors and Promoters of the Company, options exercisable into not more than 27,15,352 (Twenty Seven Lacs Fifteen Thousand Three Hundred and Fifty Two) Equity Shares of the Company under one or more Employee Stock Option Schemes, in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of the law or guidelines issued by the relevant Authority; each option would be exercisable for one Equity share of a face value of ₹ 1/- (Rupee One Only) each fully paid-up on payment of the requisite exercise price to the Company.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, if any additional Equity Shares are issued by the Company to the Option Grantees for the purpose of making a fair and reasonable adjustment to the options granted earlier, the above ceiling of 27,15,352 (Twenty Seven Lacs Fifteen Thousand Three Hundred and Fifty Two) Equity Shares shall be deemed to be increased to the extent of such additional Equity Shares issued.

RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot Equity Shares upon exercise of options from time to time in accordance with the Employee Stock Option Scheme and such Equity Shares shall rank pari passu in all respects with the then existing Equity Shares of the Company.

RESOLVED FURTHER THAT in case the Equity Shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition payable by the option grantees under the schemes shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of ₹ 1/- per equity share bears to the revised face value of the Equity Shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make modifications, changes, variations, alterations or revisions in the ESOS 2014 as it may deem fit, from time to time in its sole and absolute discretion in conformity with the provisions of the of the Companies Act, 2013, applicable provisions of the Companies (Share Capital and Debentures) Rules, 2014, applicable provisions of the Companies Act, 1956, if any, the Memorandum and Articles of Association of the Company, SEBI Guidelines and any other applicable laws.”

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

“RESOLVED THAT pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 and all other applicable rules, regulations, guidelines (including any statutory modifications or re-enactment thereof, for the time being in force) and subject to all applicable approvals, permissions and such conditions as may be prescribed by any of the concerned authorities while granting such approvals, which may be agreed to by the Board of Directors of the Company, approval of the members of the Company be and is hereby accorded for entering into transaction with the Company's Wholly Owned subsidiary namely Associated Industries Consumer Products Private Limited for sale of 8,25,540 Equity Shares of ₹ 10/- each fully paid-up of Jyothy Consumer Products Marketing Limited which are currently held by the Company, for such consideration payable by Associated Industries Consumer Products Private Limited which shall be determined on the basis of a valuation report to be obtained in this regard, however, the same not being less than ₹ 10/- (Rupees Ten Only) per Equity Share (i.e. the face value of Equity Share) of Jyothy Consumer Products Marketing Limited.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board of Directors be and are hereby authorized to agree, make, accept and finalize all such terms, condition(s), modification(s) and alteration(s) as it may deem fit and the Board is also hereby authorized to resolve and settle all questions, difficulties or doubts that may arise with regard to the said transaction and to finalize and execute all agreements, documents and writings and to do all acts, deeds and things in this connection and incidental thereto as the Board in its absolute discretion may deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given approval thereto expressly by the authority of this resolution.”

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

“RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. R. Nanabhoy & Co., Cost Accountants (Firm Registration Number

000010) appointed as the Cost Auditors of the Company for audit of the cost accounting records of the Company for the financial year ending March 31, 2015, be paid remuneration amounting to ₹ 2,40,000/- (Rupees Two Lac Forty Thousand only) plus Service Tax as applicable and out of pocket expenses, if any.

RESOLVED FURTHER THAT the Board of Directors and/or the Company Secretary, be and are hereby authorised to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution”.

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

M. L. Bansal
Company Secretary

Mumbai,
May 22, 2014

Registered Office:

‘Ujala House’, Ram Krishna Mandir Road,
Kondivita, Andheri (East), Mumbai – 400059
CIN: L24240MH1992PLC128651

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE MEMBER(S) OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in aggregate not more than ten percent of total share capital of the Company. A member holding more than ten percent, of total share capital of the Company may appoint a single person as proxy and such person shall not act as proxy for any other member.**

The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith.

2. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. Members attending the Annual General Meeting (AGM) of the Company are requested to bring their copy of this

Annual Report. Members are requested to hand over the Attendance Slip, duly filled in and signed in accordance with their specimen signature(s) registered with the Company for admission to the AGM hall. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID Numbers for identification.

4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days, during business hours up to the date of the Meeting.
6. The Company has notified closure of Register of Members and Share Transfer Books from Saturday, August 2, 2014 to Wednesday, August 13, 2014 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if declared at the Meeting.
7. Brief profile of Directors proposed to be appointed/re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships/ chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.
8. A Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
9. Dividend, if approved by the Members at the ensuing Annual General Meeting, will be paid to eligible members after August 13, 2014 to those members whose names shall appear on the Company's Register of Members on August 1, 2014; in respect of the shares held in dematerialized form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as beneficial owners as on that date.
10. In accordance with the provisions of Section 101 of the Companies Act, 2013 read with Rule 18 of the Companies (Management and Administration) Rules, 2014, this Notice and the Annual Report of the Company for the financial year 2013-14 are being sent by e-mail to those Members who have registered their e-mail address with the Company's Registrars and Share Transfer Agents (RTA) (in respect of shares held in physical form) or with their Depository Participants (DPs) (in respect of shares held in

electronic form) and made available to the Company by NSDL and CDSL.

11. Members holding shares in electronic form may note that as per the regulations of NSDL and CDSL, the Company is obliged to print the details on the dividend warrants as furnished by these Depositories i.e. bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its RTA cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised by the members only to their DPs.
12. Members are advised to register/update their address, e-mail addresses and bank mandates (i.e. bank account number, name of the bank and the branch, 9 digit MICR Bank/ Branch code and account type) to their DPs in case of shares held in electronic forms and to the Company's RTA in case of shares held in physical form for receiving dividend in their bank accounts and all communications, including Annual Report, Notices, Circulars, etc. from the Company.
13. In case of remittance in electronic form, an intimation of the dividend payment would be sent to the shareholders. Shareholders who are not covered by NECS facility, the dividend amount will be remitted by means of dividend warrants which will be posted to their addresses.
14. Shareholders who have not en-cashed their dividend warrants for the dividends declared for the financial years 2007-08 to 2012-13 are requested to send a letter along with unclaimed dividend warrant, if any or letter of undertaking for issue of duplicate dividend warrant/ demand draft. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on August 12, 2013 (date of last Annual General Meeting) on the website of the Company (www.jyothylaboratories.com), as also on the website of the Ministry of Corporate Affairs.

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

in the Company, as permitted under Section 72 of the Companies Act, 2013 read with Rule 19 of Companies (Share Capital and Debentures) Rules, 2014, may fill SH-13 and send the same to the office of RTA of the Company. In case of shares held in dematerialized form, the nomination/ change in nomination should be lodged with their DPs.

16. Members, who hold shares in:

- a. Multiple De-mat accounts and/ or
- b. One or more folios in physical form

are advised to consolidate their holdings in single De-mat account.

17. Members are requested to correspond with RTA for all matters relating to shareholding in the Company.

18. Members desiring any information on the accounts are requested to write to the Company at least seven days in advance of the AGM.

19. Prevention of Frauds: You are advised to exercise due diligence and notify your DP of any change in address, stay abroad or demise of any shareholder as soon as possible. Do not leave your Demat account dormant for long. Periodic statement of holdings should be obtained from the concerned DP and holdings should be verified.

20. Confidentiality of Security Details: Do not disclose your Folio Nos./ DP ID/ Client ID to unknown persons. Do not hand over signed blank transfer deeds, delivery instruction slips to any unknown persons.

21. Dealing of Securities with Registered Intermediaries: Members must ensure that they deal with only SEBI registered intermediaries and must obtain a valid contract note/ confirmation memo from the broker/ sub-broker, within 24 hours of execution of the trade and it should be ensured that the Contract Note/ Confirmation Memo contains order no., trade no., trade time, quantity, price and brokerage.

22. Members can opt for one mode of voting i.e. either by physical ballot or through e-voting. If Members opt for e-voting then do not vote by Physical Ballot or vice versa. However, in case Members cast their vote both by Physical Ballot and e-voting, then voting done through e-voting shall prevail and voting done by Physical Ballot will be treated as invalid.

In terms of the provisions of Section 107 of the Companies Act, 2013, since the resolutions as set out in this Notice are being conducted through e-voting or physical Ballot, the said resolutions will not be decided on a show of hands at the AGM. **The voting right of all shareholders shall be in proportion to their share in the paid up equity**

share capital of the Company as on the cut-off date i.e. August 1, 2014.

23. In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide to the members facility to exercise their votes at the 23rd AGM by electronic means and the business may be transacted through e-voting as per details below:

- (a) Date and time of commencement of voting through electronic means: **Thursday, August 7, 2014 at 9.30 a. m.**
- (b) Date and time of end of voting through electronic means beyond which voting will not be allowed: **Saturday, August 9, 2014 at 5.30 p. m.**
- (c) During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date **August 1, 2014**, may cast their vote electronically irrespective of mode of receipt of notice by the shareholder. **The e-voting module shall be disabled by CDSL for voting thereafter.**
- (d) Details of Website: www.evotingindia.com
- (e) Details of Scrutinizer: Himanshu S. Kamdar, Practising Company Secretary (Membership No. FCS 5171), Partner, M/s. Rathi & Associates, Mumbai. E-mail: hsk@rathiandassociates.com
- (f) **Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change/ modify the vote subsequently.**

24. The instructions for Members for e-voting are as under:

Applicable in all cases whether NOTICE is received by e-mail or in physical form:

- (i) Log on to the e-voting website www.evotingindia.com during the voting period
- (ii) Click on "Shareholders" tab
- (iii) Now, select the JYOTHY LABORATORIES LIMITED from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> ○ Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/ folio number in the PAN field. ○ In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> ○ Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date i.e. August 1, 2014 in the Dividend Bank details field.

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for JYOTHY LABORATORIES LIMITED on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporate.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

25. (i) In terms of Clause 35B of the Listing Agreement, in order to enable its members, who do not have access to e-voting facility, to send their assent or dissent in writing in respect of the resolutions as set out in this Notice, a Ballot Form is attached. Members desiring to exercise vote by Ballot are requested to carefully read the instructions printed in the form, to complete the Ballot Form with assent (for) or dissent (against) and send it to Mr. Himanshu S. Kamdar, Scrutinizer, C/o Link Intime India Private Limited, Unit: Jyothy Laboratories Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078, Tel. No: 022-25946970, Fax No : 022- 25946969, E-mail : rnt.helpdesk@linkintime.co.in so as to reach him on or before **August 9, 2014 by 5.30 p.m.** Any Ballot Form received after the said date shall be treated as if the reply from the Members has not been received.

(ii) In light of the recent judgment of the Bombay High Court, until clarity is available members who have not voted electronically or through ballot, will be permitted to deposit the filled in Ballot Forms, physically at the AGM to enable them to exercise their vote.

26. (i) Members who have registered their e-mail addresses with the depositories or with the Company's RTA are being sent Notice of ballot by e-mail and members who have not registered their e-mail addresses will receive Ballot Form along with the Notice through Courier/ Post.

(ii) Members can request for a Ballot Form at Link Intime India Private Limited, Unit: Jyothy Laboratories Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078 or they may also address their request through e-mail to: rnt.helpdesk@linkintime.co.in. Contact no 022-25946970.

(iii) In case of voting by physical ballot, the institutional members (i. e. other than individuals, HUF, NRI, etc.) are required to send a copy of the relevant Board Resolution/ Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer along with the Ballot Form so as to reach the Scrutinizer on or before **5.30 p.m. on Saturday, August 9, 2014**

(iv) The Scrutinizer will scrutinize the voting process (both e-voting and voting by physical ballot) in a fair and transparent manner. The Scrutinizer shall within a period not exceeding three (3) working days from

the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favor or against, if any, forthwith to the Chairman of the Company. The results shall be declared on or after the AGM of the Company. The results declared along with the Scrutinizer's Report shall be available on the Company's website within two (2) days of passing of the resolution at the AGM of the Company and communicated to the stock exchange.

27. The shareholders can also access the Annual Report 2013-14 of the Company circulated to the Members of the Company and other information about the Company on Company's website, i.e., www.jyothy laboratories.com or on Stock Exchange websites, which are www.bseindia.com and www.nseindia.com

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

M. L. Bansal
Company Secretary

Mumbai,
May 22, 2014

Registered Office:

'Ujala House', Ram Krishna Mandir Road,
Kondivita, Andheri (East), Mumbai – 400059
CIN: L24240MH1992PLC128651

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No.4:

S. R. Batliboi & Associates LLP (SRBA-LLP), (ICAI Firm Registration No. 101049W), Chartered Accountants (CAs), Mumbai, were appointed as auditors of the Company for financial year 2013-14 at the Annual General Meeting (AGM) of the Company held on August 12, 2013. Prior to this, S. R. Batliboi & Associates (SRBA) have been the Auditors of the Company since 2002-03. Both these firms are associates and taken together have completed a term of twelve years. Now it is proposed to appoint S R B C & Co. LLP (also an associate of SRBA & SRBA-LLP) as Auditors of the Company.

As per provisions of Section 139 of the Companies Act, 2013, no listed company can appoint or re-appoint an audit firm as auditor for more than two terms of five consecutive years. Section 139 of the Act has also provided a period of three years from the date of commencement of the Act to comply with this requirement.

In view of the above, S R B C & Co. LLP, being eligible for re-appointment and based on the recommendation of the Audit

Committee, the Board of Directors have, at its meeting held on May 22, 2014, proposed the appointment of S R B C & Co. LLP as the Auditors of the Company for a period of three years to hold office from the conclusion of this AGM till the conclusion of the twenty-sixth AGM of the Company to be held in the year 2017 (subject to ratification of their appointment at every AGM).

The Board commends the Resolution at Item No. 4 for approval by the Members.

None of the Directors or Key Managerial Personnel (KMP) or relatives of Directors and KMP is concerned or interested in the Resolution at Item No. 4 of the accompanying Notice.

Item No.5 to 7:

The Board of Directors of the Company (the 'Board') has appointed three managerial personnel (hereinafter referred to as "Managerial Personnel"), subject to approval of shareholders, the details whereof are as below:

Sr. No.	Name of the Managerial Personnel with designation	Board meeting date at which appointment has been made	Tenure of appointment
1	Mr. Ramachandran Panjan Moothedath as Chairman and Managing Director	January 28, 2014	Five Years commencing from April 1, 2014 to March 31, 2019
2	Mr. Raghunandan Sathyanarayan Rao as Whole Time Director and Chief Executive Officer	May 22, 2014	Three Years commencing from June 1, 2014 to May 31, 2017
3	Ms. Jyothy Ramchandran as Whole Time Director	May 22, 2014	Three years commencing from June 1, 2014 to May 31, 2017

It is proposed to seek shareholders' approval for the aforesaid appointments of Managerial Personnel in terms of the applicable provisions of the Act. The Managerial Personnel satisfy all the conditions set out in Part-I of Schedule V to the Companies Act, 2013 ("the Act") as also conditions set out under sub-section (3) of Section 196 of the Act. Hence they are eligible for re-appointment. They are not disqualified from being appointed as Director in terms of Section 164 of the Act. The aforesaid appointments were made on the basis of recommendations of Remuneration and Compensation Committee of the Board.

Brief profile of Managerial Personnel, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships/ chairmanships of Board Committees, shareholding and relationships amongst directors inter-se as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

The specific terms of appointments including remuneration payable to Managerial Personnel are included in the respective resolution specified in the Notice. Other main terms and conditions of the appointment of Managerial Personnel are as below:

1. Subject to superintendence, control and direction of the Board of Directors of the Company, the Managerial Personnel shall exercise and perform such powers and duties as the Board of Directors of the Company ("the Board") may from time to time determine and shall also do and perform all such other acts, things and deeds which in the ordinary course of business he/ she considers necessary in the interest of the Company.
2. The Managerial Personnel shall unless prevented by ill-health or disability throughout the said term devote adequate time and attention and abilities to the business of the Company and its subsidiaries/ associates, and in all

respects conform to and comply with the directions given and regulations made by the Board and he/ she shall well and faithfully serve the Company and use his/ her best endeavour to promote the interest of the Company.

3. The Managerial Personnel shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Companies Act, 2013 with regard to duties of directors.
4. The Managerial Personnel shall adhere to the Company's Code of business conduct and ethics for Directors and Senior Management.
5. The Managerial Personnel shall not without the consent of the Board divulge or disclose to any person any of the secrets, affairs, information of or concerning the business of the Company and its subsidiaries/ associates, whether acquired in the course of or as incidental to the employment.
6. The respective agreement between Managerial Personnel and the Company may be terminated by either of the parties, by giving, not less than six calendar months' notice in writing.

Mr. M. P. Ramachandran, Chairman and Managing Director is a Director not liable to retire by rotation. Mr. Raghunandan and Ms. M. R. Jyothy are Directors liable to retire by rotation.

Copy of the Draft Agreements to be entered into with respective Managerial Personnel as referred to in the Resolutions will be available for inspection by the members at the Registered Office of the Company. This explanatory statement may also be regarded as disclosure under Clause 49 of the Listing Agreement.

None of the Directors/ Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in resolutions set-out under item no. 5 to 7 except the following:

1. Mr. Ramachandran being the appointee and Ms. M. R. Jyothy, relative of Mr. Ramachandran and Whole Time Director of the Company and other relatives of Mr. Ramachandran are interested in the resolution set out at Item No. 5 of the Notice.
2. Mr. Raghunandan and his relatives are interested in the resolutions set out at Item No. 6 of the Notice.
3. Ms. M. R. Jyothy being the appointee and Mr. Ramachandran, relative of Ms. M. R. Jyothy and Chairman and Managing Director of the Company and other relatives of Ms. M. R. Jyothy are interested in the resolution set out at Item No. 7 of the Notice.

The Board commends the ordinary resolutions set out at Item Nos. 5 to 7 of the Notice for approval by the shareholders.

Item No. 8 to 11:

Pursuant to Sections 149 and 152 and Schedule IV of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, it is proposed to appoint Mr. Nilesh Bansilal Mehta, Mr. Kiliyanat Puliasseri Padmakumar, Mr. Bipin Ratilal Shah and Mr. Ramakrishnan Lakshminarayanan as Independent Directors of the Company for a period up to March 31, 2019 and that they shall not be liable to retire by rotation. The Company has received notices, pursuant to Section 160 of the Companies Act, 2013, from members proposing the appointment of aforesaid Independent Directors.

A brief profile of all the aforesaid Independent Directors, nature of their expertise in specific functional areas and names of companies in which they hold directorship and membership/ chairmanship of Board Committees, shareholding and relationship between directors inter-se as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual report.

In the opinion of the Board, the Independent Directors fulfill the conditions specified in Sections 149 and 152 and Schedule IV of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement and such Independent Directors are independent of the management. Further, all the aforesaid Independent Directors have given a declaration to the Board of Directors to the effect that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and are not disqualified from being appointed as a Director in terms of Section 164 of the Act.

The Board of Directors believes that vast experience and knowledge of the aforesaid directors shall be beneficial for the progress of the Company. Hence in the interest of the Company, the Board recommend the appointment of Mr. Nilesh B. Mehta, Mr. K. P. Padmakumar, Mr. Bipin R. Shah and Mr. R. Lakshminarayanan as Independent Directors set out at Item Nos. 8 to 11 of the Notice.

Upon confirmation of the appointment of these individuals as Independent Directors by the Members of the Company, the appointment shall be formalised by issue of a letter of appointment by the Company to the said Independent Directors.

Save and except the Independent Directors and their relatives in their respective appointment, none of the other Directors, Key Managerial Personnel or their relatives are concerned or

interested in the proposed Ordinary Resolutions as set out at Item Nos. 8 to 11 of the Notice. This explanatory statement may also be regarded as disclosure under Clause 49 of the Listing Agreement.

Item No. 12 and 13:

The shareholders of the Company had passed ordinary resolution in terms of Section 293(1)(d) and 293(1)(a) of the Companies Act, 1956, authorising the Board of Directors of the Company to borrow funds up to ₹ 1,000 Crores and to create security on the assets of the Company for securing the borrowings that would be made by the Company from time to time respectively, through Postal Ballot proceedings held on July 30, 2011.

Sections 180(1)(c) and 180(1)(a) of the Companies Act, 2013, which have become effective from September 12, 2013, provide that the Board of Directors of a Company shall not, without the consent of members in general meeting by way of special resolution, borrow money in excess of the Company's paid up share capital and free reserves, apart from temporary loans obtained from the Company's bankers in the ordinary course of business; and/ or sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company, respectively.

Ministry of Corporate Affairs (MCA) vide General Circular No.04/2014 dated March 25, 2014 had clarified that the resolutions passed under Section 293 of the Companies Act, 1956, prior to September 12, 2013 with reference to borrowings and/ or creation of security on the assets of the Company will be regarded as sufficient compliance of the requirement of Section 180 of the Companies Act, 2013, for a period of one year from the date of notification of Section 180 of the Companies Act, 2013. As a result the ordinary resolutions passed by the shareholders through Postal Ballot proceedings held on July 30, 2011 will have validity till September 11, 2014.

It is, therefore, necessary for the members to pass special resolutions under Section 180(1)(c) and Section 180(1)(a) and other applicable provisions of the Companies Act, 2013, as set out at Item Nos. 12 and 13 of the Notice, to enable the Board of Directors to borrow moneys in excess of the aggregate of the paid up share capital and free reserves of the Company but not exceeding ₹ 1,000 crore only and to create security on the assets of the Company through mortgage or pledge or hypothecation or otherwise or through combination of them for securing the borrowings as the creation of security/ mortgage/ pledge/ hypothecation/ charge or encumbrance may be covered by the term "otherwise disposed of" used in Section 180(1)(a) of the Companies Act, 2013. Accordingly, approval of the shareholders is sought by way of special resolutions set out at Item Nos. 12 and 13 of the Notice.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in these resolutions.

Your Directors recommend these special resolutions for your approval.

Item No. 14 and 15:

Mr. S. Raghunandan, Whole Time Director and Chief Executive Officer of the Company as part of terms and conditions of his appointment is eligible/ entitled to participate in stock option scheme as may be approved by the Board and members of the Company. Accordingly, it is proposed to formulate Employee Stock Option Scheme 2014-A (ESOS 2014-A) to reward Mr. S. Raghunandan, considering his present role and responsibilities in the organization and his contribution in the value, growth and profitability of the Company.

The main features of the ESOS 2014-A are as under:

1. Total number of options to be granted:
A total number of options equal to 27,15,352 (Twenty Seven Lacs Fifteen Thousand Three Hundred and Fifty Two) Equity Shares would be available for being granted to Mr. S. Raghunandan under ESOS 2014-A. Each option when exercised would be converted into one Equity share of ₹ 1/- each fully paid-up.

Vested options that lapse due to non-exercise or unvested options that get cancelled due to resignation of the employees or otherwise, would be available for being re-granted at a future date.

Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (herein after referred to as "SEBI Guidelines") require that in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, a fair and reasonable adjustment needs to be made to the options granted. Accordingly, if any additional Equity Shares are issued by the Company for making such fair and reasonable adjustment, the ceiling of 27,15,352 (Twenty Seven Lacs Fifteen Thousand Three Hundred and Fifty Two) Equity Shares shall be deemed to be increased to the extent of such additional Equity Shares issued.
2. Identification of classes of employees entitled to participate in the Employee Stock Option Scheme(s):

Mr. S. Raghunandan would be entitled to be granted stock options under ESOS 2014-A.

3. Transferability of employee stock options:

The stock options granted under ESOS 2014-A will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of death of the employee stock option holder while in employment, the right to exercise all the options granted to him till such date shall be transferred to his legal heirs or nominees.

4. Requirements of vesting and period of vesting:

The Options granted shall vest so long as Mr. S. Raghunandan continues to be in the employment of the Company, as the case may be. The Remuneration and Compensation Committee may, at its discretion, lay down certain performance metrics on the achievement of which the granted options would vest, the detailed terms and conditions relating to such performance-based vesting, and the proportion in which options granted would vest subject to minimum and maximum vesting period as specified below.

The options would vest not earlier than one year and not later than four years from the date of grant of options. The exact proportion in which and the exact period over which the options would vest would be determined by the Remuneration and Compensation Committee, subject to minimum vesting period of one year from the date of grant of options.

5. Exercise Price:

The Exercise Price shall be equal to face value of shares i.e ₹ 1/- per option.

6. Exercise Period and the process of Exercise:

The Exercise period would commence from the date of vesting and will expire on completion of five years from the date of vesting of options.

The options will be exercisable by Mr. S. Raghunandan by a written application to the Company to exercise the options in such manner, and on execution of such documents, as may be prescribed by the Remuneration and Compensation Committee from time to time. The options will lapse if not exercised within the specified exercise period.

7. Appraisal Process for determining the eligibility of Mr. S. Raghunandan to ESOS 2014-A:

The appraisal process for determining the eligibility of Mr. S. Raghunandan will be specified by the Remuneration and Compensation Committee, and will be based on criteria such as role/ designation, length of service with the Company, past performance record, future potential and/ or such other criteria that may be determined by the Remuneration and Compensation Committee at its sole discretion.

8. Maximum number of options to be issued to Mr. S. Raghunandan and in aggregate:

The number of options that may be granted to Mr. S. Raghunandan and in aggregate under the Scheme exceeds 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant of options. The specific details for the options exceeding 1% are as under:

Sr. No.	Name of the Employee	Designation	% of options granted	No. of options granted
1.	Mr. S. Raghunandan	Whole Time Director and Chief Executive Officer	1.5%	27,15,352

9. Disclosure and Accounting Policies:

The Company shall comply with the disclosure and the accounting policies prescribed as per SEBI Guidelines.

10. Method of option valuation:

To calculate the employee compensation cost, the Company shall use the Intrinsic Value Method for valuation of the options granted.

In case the Company calculates the employee compensation cost using the Intrinsic Value of the stock options, the difference between the employee compensation cost so

computed and the cost that shall have been recognized if it had used the Fair Value of the options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on Earnings Per Share (EPS) of the Company shall also be disclosed in the Directors' Report.

The shares allotted pursuant to the exercise of options, shall be listed on National Stock Exchange of India Limited and BSE Limited.

As the Employee Stock Option Scheme provides for issue of shares to be offered to persons other than existing shareholders of the Company, consent of the members

as set out at Item No.14 of the Notice is being sought pursuant to Section 62(1) (b) of the Companies Act, 2013 and all other applicable provisions, if any, of the Act and as per clause 6 of the SEBI Guidelines.

Further, Clause 6.3 of the SEBI Guidelines requires approval of shareholders by way of separate resolution if the grant of option to identified employees, during any one year is equal to or exceeding 1% of the issued capital of the Company at the time of grant of option. Since the number of options to be granted to Mr. S. Raghunandan will exceed 1% of the issued capital of the Company, as aforesaid, consent of members as set out at Item No.15 of the Notice is also sought in terms of clause 6.3 of the SEBI Guidelines.

A copy of the Scheme/ Plan – ESOS 2014-A is open for inspection by the Members at the Registered Office of the Company.

None of the Directors or Key Managerial Personnel of the Company or their relatives except Mr. S. Raghunandan and his relatives to the extent of securities that may be offered to him under the scheme i.e. ESOS 2014-A, is in any way, concerned or interested in these resolutions.

Your Directors recommend for your approval the special resolutions set out at Item Nos. 14 and 15.

Item No.16:

The Company appreciates the critical role, employees play in the organizational growth. It strongly feels that the value created by its people should be shared by them. To promote the culture of employee ownership, approval of the shareholders is being sought for Employee Stock Option Scheme 2014 (ESOS 2014) for issue of stock options to the employees of the Company.

The main features of ESOS 2014 are as under:

1. Total number of options to be granted:

A total number of options equal to 27,15,352 (Twenty Seven Lacs Fifteen Thousand Three Hundred and Fifty Two) Equity Shares would be available for being granted to eligible employees of the Company under ESOS 2014. Each option when exercised would be converted into one Equity share of ₹ 1/- each fully paid-up.

Vested options that lapse due to non-exercise or unvested options that get cancelled due to resignation of the employees or otherwise, would be available for being re-granted at a future date.

Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme)

Guidelines, 1999 (herein after referred to as “SEBI Guidelines”) require that in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, a fair and reasonable adjustment needs to be made to the options granted. Accordingly, if any additional Equity Shares are issued by the Company to the Option Grantees for making such fair and reasonable adjustment, the ceiling of 27,15,352 (Twenty Seven Lacs Fifteen Thousand Three Hundred and Fifty Two) Equity Shares shall be deemed to be increased to the extent of such additional Equity Shares issued.

2. Identification of classes of employees entitled to participate in the Employee Stock Option Scheme(s):

Only employees of the Company, including the Directors but excluding Independent Directors and the promoters of the Company are entitled to be granted stock options. Such employees as may be decided by the Remuneration and Compensation Committee from time to time in compliance with the applicable laws would be entitled to be granted stock options under ESOS 2014.

3. Transferability of employee stock options:

The stock options granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of death of an employee stock option holder while in employment, the right to exercise all the options granted to him till such date shall be transferred to the legal heirs or nominees.

4. Requirements of vesting and period of vesting:

The Options granted shall vest so long as the employee continues to be in the employment of the Company, as the case may be. The Remuneration and Compensation Committee may, at its discretion, lay down certain performance metrics on the achievement of which the granted options would vest, the detailed terms and conditions relating to such performance-based vesting, and the proportion in which options granted would vest subject to minimum and maximum vesting period as specified below.

The options would vest not earlier than one year and not later than four years from the date of grant of options. The exact proportion in which and the exact period over which the options would vest would be determined by the Remuneration and Compensation Committee, subject to minimum vesting period of one year from the date of grant of options.

5. **Exercise Price:**
The Exercise Price shall be equal to face value of shares i.e ₹ 1/- per option.

6. **Exercise Period and the process of Exercise:**
The Exercise period would commence from the date of vesting and will expire on completion of five years from the date of vesting of options.

The options will be exercisable by the Employees by a written application to the Company to exercise the options in such manner, and on execution of such documents, as may be prescribed by the Remuneration and Compensation Committee from time to time. The options will lapse if not exercised within the specified exercise period.

7. **Appraisal Process for determining the eligibility of employees to ESOS 2014:**

The appraisal process for determining the eligibility of the employee will be specified by the Remuneration and Compensation Committee, and will be based on criteria such as role/ designation of the employee, length of service with the Company, past performance record, future potential of the employee and/ or such other criteria that may be determined by the Remuneration and Compensation Committee at its sole discretion.

8. **Maximum number of options to be issued per employee and in aggregate:**

The number of options that may be granted to any specific employee under the Scheme shall be less than 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant of options.

9. **Disclosure and Accounting Policies:**

The Company shall comply with the disclosure and the accounting policies prescribed as per SEBI Guidelines.

10. **Method of option valuation:**

To calculate the employee compensation cost, the Company shall use the Intrinsic Value Method for valuation of the options granted.

In case the Company calculates the employee compensation cost using the Intrinsic Value of the stock options, the difference between the employee compensation cost so computed and the cost that shall have been recognized if it had used the Fair Value of the options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on Earning Per Share (EPS) of the Company shall also be disclosed in the Directors' Report.

The shares allotted pursuant to the exercise of options, shall be listed on National Stock Exchange of India Limited and BSE Limited.

As the Employee Stock Option Scheme provides for issue of shares to be offered to persons other than existing shareholders of the Company, consent of the members as set out at Item No.16 of the Notice is being sought pursuant to Section 62(1) (b) of the Companies Act, 2013 and all other applicable provisions, if any, of the Act and as per clause 6 of the SEBI Guidelines.

A copy of the Scheme/ Plan – ESOS 2014 is open for inspection by the Members at the Registered Office of the Company.

None of the Directors or Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested in the resolution, except to the extent of the securities that may be offered to them under the scheme.

Your Directors recommend the special resolution set out at Item No. 16 for your approval.

Item No. 17:

Associated Industries Consumer Products Private Limited (AICPPL) is a wholly owned subsidiary of Jyothy Laboratories Limited (JLL). JLL holds 8,25,540 Equity Shares of ₹ 10/- each fully paid-up, of Jyothy Consumer Products Marketing Limited (JCPML). AICPPL has proposed to JLL to acquire the said 8,25,540 Equity Shares of ₹ 10/- each of JCPML for such consideration payable by AICPPL to be determined on the basis of a valuation report in this regard, however, such consideration not being less than ₹ 10/- per Equity Share (i.e. the face value of the Equity Share) of JCPML.

Since AICPPL is a wholly owned subsidiary of JLL, AICPPL is a related party of JLL and thus, the above transaction is covered under the provisions of Section 188 of the Companies Act, 2013 which would require prior approval of the shareholders of the Company.

The disclosures prescribed under Explanation (3) to Rule 15 are as below:

- a) **Name of the related party:** Associated Industries Consumer Products Private Limited (AICPPL)
- b) **Name of the director or key managerial personnel who is related, if any:** No director or key managerial personnel are interested in the transaction.
- c) **Nature of relationship:** Associated Industries Consumer Products Private Limited is a wholly owned subsidiary of the Company.

d) Nature, material terms, monetary value and particulars of the contract or arrangement:

- i. The proposed contract/ arrangement is to sell 8,25,540 equity shares held by the Company to its wholly owned subsidiary (AICCPPL).
- ii. The consideration payable by AICPPL shall be based on the valuation report of independent valuers. However such consideration shall not be less than ₹ 10/- per Equity Share (i.e. face value of Equity Share) of JCPML.
- iii. AICPPL shall obtain all requisite approvals, consents and comply with other requirements of law before effecting the aforesaid proposed transaction.

None of the Directors/ Key Managerial Personnel of the Company/ their respective relatives are interested in the resolution as set out at Item No. 17 of the Notice except:

1. To the extent of their respective shareholding in the Company (JLL).
2. That Mr. M. P. Ramachandran – Chairman and Managing Director of the Company and Ms. M. R. Jyothy – Whole Time Director of the Company are relatives of Ms. M. R. Deepthi, Director of AICPPL.

Directors recommend for your approval the special resolution set out at Item No. 17 of the Notice.

Item No. 18:

The Board of Directors at its meeting held on May 22, 2014 appointed M/s. R. Nanabhoy & Co., Cost Accountants (Firm Registration No. 000010), as the Cost Auditor for audit of the cost accounting records of the Company for the financial year ending March 31, 2015, at a remuneration amounting to

₹ 2,40,000/- (Rupees Two Lac Forty Thousand only) plus Service Tax as applicable and out of pocket expenses, if any. In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to Cost Auditor shall be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for approving the Ordinary Resolution as set out at Item No. 18 of the Notice for ratification of remuneration payable to the Cost Auditor.

None of the Directors/ Key Managerial Personnel of the Company/ their respective relatives are concerned or interested in the proposed ordinary resolution as set out at Item No. 18 of this Notice.

Your Directors commend for your approval the ordinary resolution set out at Item No. 18 of the Notice.

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

M. L. Bansal
Company Secretary

Mumbai,
May 22, 2014

Registered Office:

'Ujala House', Ram Krishna Mandir Road,
Kondivita, Andheri (East), Mumbai – 400059
CIN: L24240MH1992PLC128651

JYOTHY LABORATORIES LIMITED

Regd. Office: 'Ujala House' Ramkrishna Mandir Road, Kondivita, Andheri (E), Mumbai – 400 059
Tel No.: 022 66892800 Fax No.:022 66892805 E-mail: secretarial@jyothy.com website: www.jyothylaboratories.com
CIN: L24240MH1992PLC128651

BALLOT FORM

(To be returned to Scrutinizer appointed by the Company)

1. Name(s) of Member(s):
(including joint-holders, if any)
2. Address of Member(s):
3. Registered Folio No./
DPID No./ Client ID No.*:
(*Applicable to Members holding shares in dematerialised form)
4. I/ We hereby exercise my/ our vote in respect of the Ordinary Resolution(s)/ Special Resolution(s) as specified in the Notice of the Company dated May 22, 2014 to be passed through Ballot for the business stated in the said Notice by conveying my/ our assent or dissent to the said resolution in the relevant box below:

Item No.	Description	Type of resolution (Ordinary / Special)	I / We assent to the resolution (For)	I / We dissent to the resolution (Against)
1.	Adoption of the audited Balance Sheet and Profit & Loss Account for the year ended March 31, 2014 and the reports of the Board of Directors and Auditors thereon.	Ordinary		
2.	Declaration of final dividend and confirmation of Interim dividend already paid for financial year 2013-14.	Ordinary		
3.	Appointment of Director in place of Mr. K. Ullas Kamath who retires by rotation and being eligible offers himself for re-appointment.	Ordinary		
4.	Appointment of Auditors and fixing of their remuneration.	Ordinary		
5.	Re-appointment of Mr. M. P. Ramachandran as Chairman & Managing Director of the Company and approval of remuneration.	Ordinary		
6.	Re-appointment of Mr. S. Raghunandan as Whole Time Director & Chief Executive Officer of the Company and approval of remuneration.	Ordinary		
7.	Re-appointment of Ms. M. R. Jyothy as Whole Time Director of the Company and approval of remuneration.	Ordinary		
8.	Appointment of Mr. Nilesh B. Mehta as an Independent Director of the Company.	Ordinary		
9.	Appointment of Mr. K. P. Padmakumar as an Independent Director of the Company.	Ordinary		
10.	Appointment of Mr. Bipin R. Shah as an Independent Director of the Company.	Ordinary		
11.	Appointment of Mr. R. Laxminarayanan as an Independent Director of the Company.	Ordinary		
12.	Power to borrow moneys in excess of paid up capital and free reserves of the Company in terms of Section 180(1)(c) of the Companies Act, 2013.	Special		
13.	Power to create charge on the assets of the Company in terms of Section 180(1)(a) of the Companies Act, 2013.	Special		
14.	Consent for Adoption of Employee Stock Option Scheme 2014-A and to create, offer, issue and allot stock options to Mr. S. Raghunandan.	Special		
15.	Consent for grant of stock options in excess of 1% of the issued capital to Mr. S. Raghunandan.	Special		
16.	Consent for Adoption of Employee Stock Option Scheme 2014 and to create, offer, issue and allot stock options to permanent employees of the Company.	Special		
17.	Sale of stake in Jyothy Consumer Products Marketing Limited to Associated Industries Consumer Products Private Limited.	Special		
18.	Ratification of remuneration of Cost Auditors.	Ordinary		

Place: _____

Date: _____

Signature of Member / Beneficial Owner

#E-mail:..... #Tel No.:.....

JYOTHY LABORATORIES LIMITED

Regd. Office: 'Ujala House' Ramkrishna Mandir Road, Kondivita, Andheri (E), Mumbai – 400 059
Tel No.: 022 66892800 Fax No.:022 66892805 E-mail: secretarial@jyothy.com website: www.jyothylaboratories.com
CIN: L24240MH1992PLC128651

FORM NO. MGT – 11 PROXY FORM

[Pursuant to Section 105 (6) of the Companies Act, 2013 read with Rule 19 (3) of the Companies
(Management and Administration) Rules, 2014]

Name of the Member(s): _____
Registered address: _____
E-mail Id: _____
Folio No./ Client ID: _____
DP ID: _____

I/ We being the member(s) of _____ shares of the Jyothy Laboratories Limited hereby appoint:

1. Name: _____
Address: _____
E-mail Id: _____ Signature: _____ or failing him;
2. Name: _____
Address: _____
E-mail Id: _____ Signature: _____ or failing him;
3. Name: _____
Address: _____
E-mail Id: _____ Signature: _____

as my/ our proxy to attend and vote (on a poll) for me/ us and on my/ behalf at the 23rd Annual General Meeting of the Company to be held on Wednesday, August 13, 2014 at 10.30 a.m. at M. C. Ghia Hall, Indian Textile Accessories & Machinery Manufacturers' Association, Bhogilal Hargovindas Building, 4th Floor, 18/20, K. Dubhash Marg, Kala Ghoda, Mumbai – 400001 and at any adjournment thereof in respect of resolutions, as indicated below:

1. Adoption of the audited Balance Sheet and Profit & Loss Account for the year ended March 31, 2014 and the reports of the Board of Directors and Auditors thereon.
2. Declaration of final dividend and confirmation of Interim dividend already paid for financial year 2013-14.
3. Appointment of Director in place of Mr. K. Ullas Kamath who retires by rotation and being eligible offers himself for re-appointment.
4. Appointment of Auditors and fixing of their remuneration.
5. Re-appointment of Mr. M. P. Ramachandran as Chairman & Managing Director of the Company and approval of remuneration.
6. Re-appointment of Mr. S. Raghunandan as Whole Time Director & Chief Executive Officer of the Company and approval of remuneration.
7. Re-appointment of Ms. M. R. Jyothy as Whole Time Director of the Company and approval of remuneration.
8. Appointment of Mr. Nilesh B. Mehta as an Independent Director of the Company.
9. Appointment of Mr. K. P. Padmakumar as an Independent Director of the Company.
10. Appointment of Mr. Bipin R. Shah as an Independent Director of the Company.
11. Appointment of Mr. R. Laxminarayanan as an Independent Director of the Company.
12. Power to borrow moneys in excess of paid up capital and free reserves of the Company in terms of Section 180(1)(c) of the Companies Act, 2013.
13. Power to create charge on the assets of the Company in terms of Section 180(1)(a) of the Companies Act, 2013.
14. Consent for Adoption of Employee Stock Option Scheme 2014-A and to create, offer, issue and allot stock options to Mr. S. Raghunandan.
15. Consent for grant of stock options in excess of 1% of the issued capital to Mr. S. Raghunandan.
16. Consent for Adoption of Employee Stock Option Scheme 2014 and to create, offer, issue and allot stock options to permanent employees of the Company.
17. Sale of stake in Jyothy Consumer Products Marketing Limited to Associated Industries Consumer Products Private Limited.
18. Ratification of remuneration of Cost Auditors.

Signed this day of 2014.

Signature of shareholder(s): _____

Signature of Proxy holder(s): _____

AFFIX RE.1/-
REVENUE
STAMP

Note: Proxy form to be submitted at the Registered Office of the Company not less than 48 (forty eight) hours before the commencement of aforesaid Annual General Meeting.

JYOTHY LABORATORIES LIMITED

Regd. Office: 'Ujala House' Ramkrishna Mandir Road, Kondivita, Andheri (E), Mumbai – 400 059
Tel No.: 022 66892800 Fax No.: 022 66892805 E-mail: secretarial@jyothy.com website: www.jyothy laboratories.com
CIN: L24240MH1992PLC128651

ENTRANCE PASS/ ATTENDANCE SLIP

(To be presented at the entrance)

23rd ANNUAL GENERAL MEETING ON WEDNESDAY, AUGUST 13, 2014 AT 10.30 A.M.

at M. C. Ghia Hall, Indian Textile Accessories & Machinery Manufacturers' Association, Bhogilal Hargovindas Building,
4th Floor, 18/20, K. Dubhash Marg, Kala Ghoda, Mumbai – 400001

1. Name(s) of member(s) : _____
(including joint-holders, if any)
2. Registered Address of the
Sole/ First named member : _____
3. Registered Folio No./
DPID/ Client ID No * : _____
(*Applicable to Members holding shares in dematerialized form)

I certify that I am a Registered Shareholder/ proxy of the Registered Shareholder of the Company as per details above. I hereby record my presence at this 23rd Annual General Meeting of the Company.

Name of the Shareholder/ Proxy _____

Signature of the Shareholder/ Proxy present _____

Note: Only Shareholders / proxies are allowed to attend the meeting

Annual Report
2013-14



Charting
our own
Course



Jyothy LABORATORIES LIMITED

At Jyothy Laboratories, we have chosen to chart a unique course in our journey spanning nearly three decades.

In the early 1980s as consumer demand was on the rise, we entered the FMCG mass market with a highly differentiated product proposition and a new category was born in fabric care through Ujala. Our distribution strategy was equally unique.

We aggressively pursued a 'feet on street' model, especially for the extremely competitive Household Insecticides segment through Maxo. Within just 18 months of its launch, Maxo clocked ₹ 100 crores in revenue. After tasting success in this competitive category, we entered the large Dishwash market which was dominated by one major player, with Exo. Pre-2011, these three brands competed successfully with large

established players and managed to grow profitably adopting unique marketing and distribution strategies.

Our track record of competing successfully in mass markets, made us more confident and we set about putting strategy in place to acquire Henkel India. We became the first Indian player to acquire a foreign company's consumer business in this country.

02

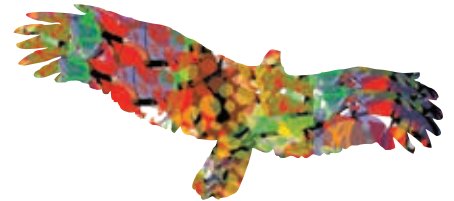
Contents

Corporate Overview

- | | |
|---|--|
| 02 Jyothy Laboratories at Glance | 16 Charting our Sales and Distribution to Leverage Scale |
| 04 Product Portfolio | 18 Charting a New Communication Story |
| 06 Journey charted by our Brands | 22 Charting Operational Excellence through Industry-best Practices |
| 08 Key Performance Indicators | 24 Employees Charting Greater Heights, Leading Change |
| 10 Chairman's Statement | 26 Board of Directors |
| 12 CEO's Statement | |
| 14 Q&A with the Joint Managing Director | |

The acquisition made us realise that we also needed to professionalise the organisation, keeping in mind the scale of operations. The Henkel acquisition was a game changer and paved the way to create new milestones by completely transforming the way in which we operated as a company.

At Jyothy Laboratories, we have shown resilience, determination, strategic foresight, a focus on execution and, above all, adaptability to change. The journey over the past two years, has been exciting, fast-paced and has created a strong platform to grow sustainably for the next twenty five years.



○ We are charting a unique course and are ready to take off.

28

Statutory Reports

- 28** Management Discussion and Analysis
- 40** Directors' Report
- 46** Report on Corporate Governance

60

Financial Statements

- 60** Standalone Financial Statements
- 97** Consolidated Financial Statements

Jyothy Laboratories at a Glance

Jyothy Laboratories began its journey in Kerala in 1983 selling a single product. Since then, it has grown to become a multi-brand, multi-product company with operations across the nation. The Company has its presence in the fabric care, household insecticide, dishwash and personal care segments.

We have built in the right strategies, capabilities and plans. We have the best people to seize opportunities the market presents.

Market share leadership in **Ujala**

Non-South business contribution grew from **52% to 56%**

PAT stands at ₹ **106.1 CR** compared to ₹ **44.0 CR** in FY 2012-13

HIGHLIGHTS (FY 2013-14)

Net Sales

₹ **1,255.1 CR**

Profit After Tax

₹ **106.1 CR**





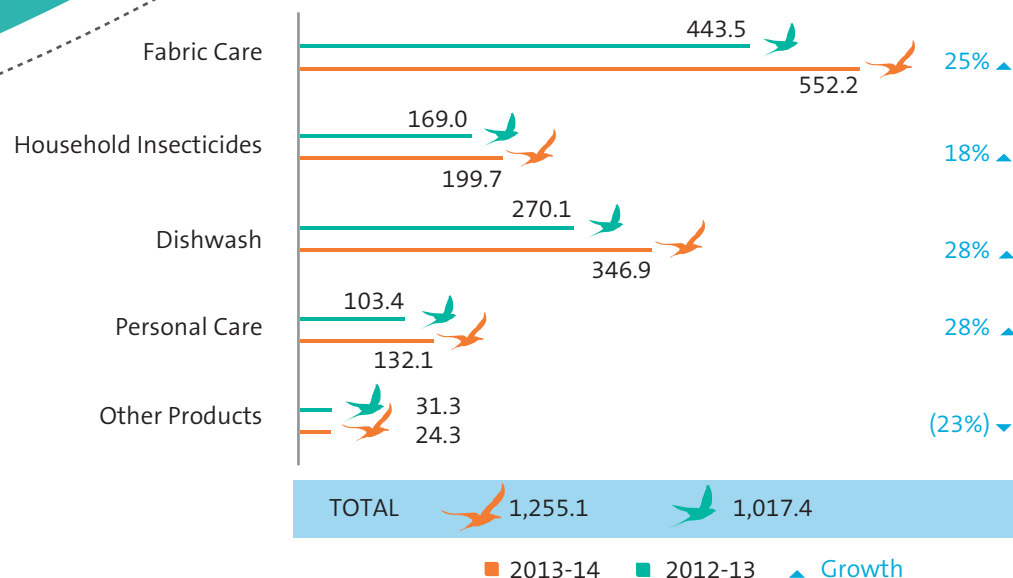
Share of our Power brands
in revenue

90%

Growth of our Power brands

24%

CATEGORY-WISE SALES (₹ crores)



Product Portfolio

Fabric Care

44%

Mr. White & Chek:
new formulation and
packaging roll-out



Ujala: restaged in new pack-
aging backed by new media
communication

Exo: proposition
of anti-bacterial
significantly enhanced
through compelling
communication
on a national basis

Dishwash



Pril: new positioning platform of superior de-greasing

28%

Personal Care

Launch of Margo glycerine variant to tap premiumising trend in skin cleansing



National roll-out of new communication on Margo core

11%

Household Insecticides

National roll-out of new proposition of 'fits all machines'



16%

National launch of combi-pack



Contribution to Revenues



New initiatives in FY 2013-14

Journey Charted by our Brands

1983

Launched in **1983**, Ujala is the largest brand in the fabric whiteners segment.

It is a market leader with **71.5%** market share.

Only advertised brand in category.

Ujala liquid blue grew **43%** in FY 2013-14.

UJALA

2000

Launched in **2000**, Exo is India's first anti-bacterial dishwash bar featuring cyclozan.

Created differentiation through a **unique ergonomic round shape** packed in a container specifically designed to prevent wastage and therefore offered superior value to the consumer.

Awarded **Product of the Year** in 2013.

Brand Equity highlighted Exo as a '**Brand to Watch Out For**' in 2014.

Anti-Bacterial
EXO
With Cyclozan

Exo grew 29% in FY 2013-14 and Exo Bar enjoys an all-India market share of **10.5%**.

2000

One of the leading mosquito repellent brands launched in **2000**.

₹ 100 crore brand within 18 months of launch.

Liquid format positioned on a platform of '**fits all machines**'.

15.7% market share for Maxo coil; **4.6%** market share for Maxo Liquid.

MAXO
A-GRADE

Maxo saw a growth of **18%** in FY 2013-14.

**1994**

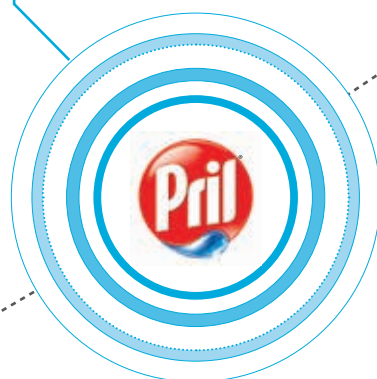
Premium offering in the detergent segment launched in **1994**.

Henko held value share in the premium segment, a highly contested market.

Henko grew at **17%** in FY 2013-14.

**1999**

Pril becomes the first liquid dishwash to be launched in the country in **1999**.



Share in liquid dishwash market is **16%**.

Positioned as a **superior de-greasing formulation** in the premium segment.

Brand growth at **26%** in FY 2013-14.

**1920**

The original neem soap launched **95 years** ago in **1920**.

Extending the brand, leveraging on the equity of neem and introducing Margo glycerine soap and facewash.

28% growth in FY 2013-14.

Key Performance Indicators



PAT on Standalone Basis

₹ 106.1 CR

Advertising and sales promotion expenses

₹ 135.4 CR

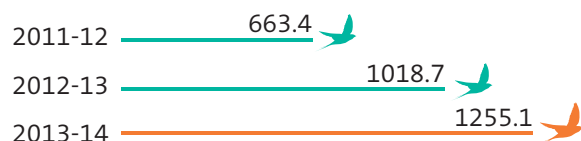
EBITDA Margin

13.3%

EPS

₹ 6.2

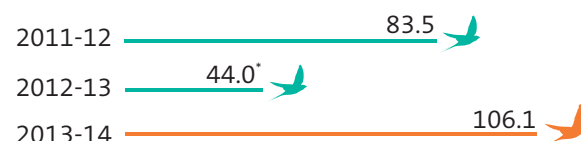
NET SALES (₹ crores)



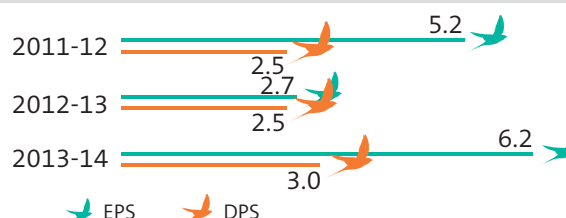
EBITDA (% of sales)



PROFIT AFTER TAX (₹ crores)

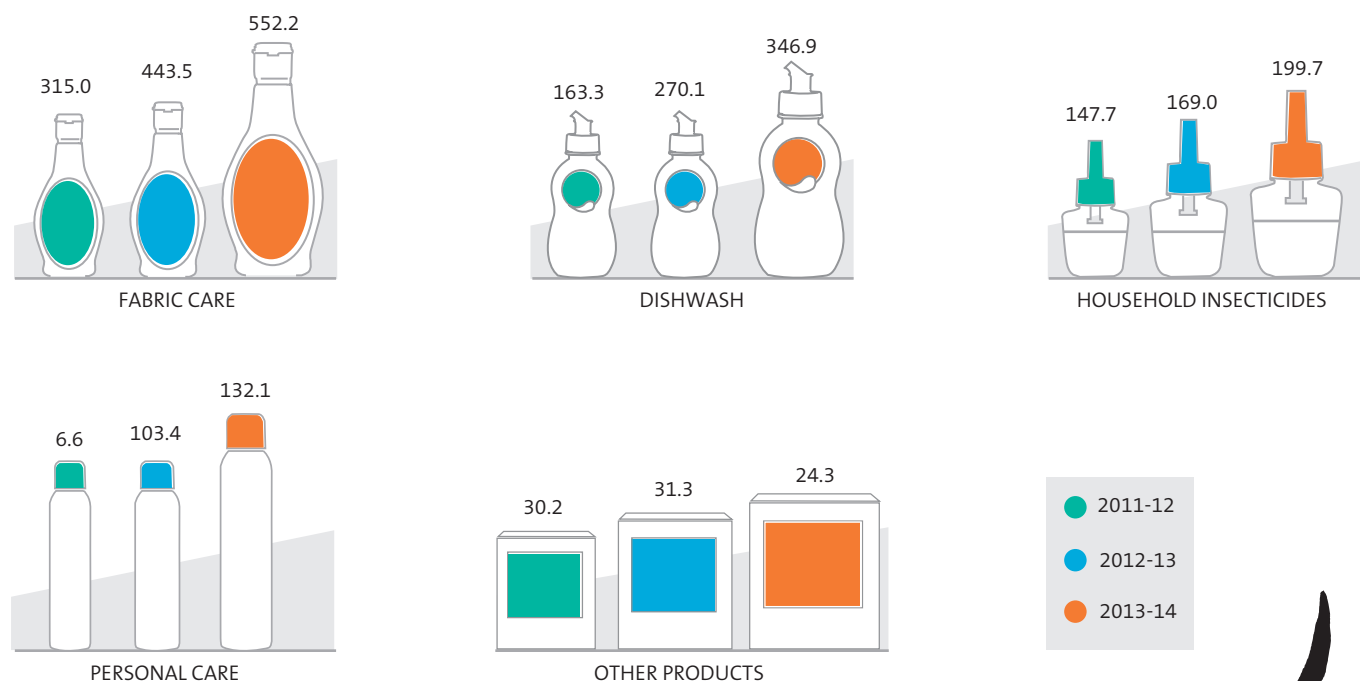


EARNINGS AND DIVIDEND PER SHARE (₹)



*Impact of Henkel India Limited acquisition and brand amortisation of ₹ 44.7 crores.

SEGMENT-WISE SALES (₹ crores)



4.3%
Net working
capital ratio, as %
of net revenue

**₹ 167.7
crores**
Net Cash Profit

46%
Gross margin

*Figures FY 2012-13 onwards include Henkel India Limited revenues and therefore are not comparable with previous year figures.

Chairman's Statement

In FY2013-14, the Company delivered a strong performance. My team achieved this despite facing challenging market conditions. We continued to grow on all our Power brands.



M. P.
RAMACHANDRAN

Dear Shareholders,

In FY2013-14, the Company delivered a strong performance. My team achieved this despite facing challenging market conditions. The team continued to grow on all our Power brands. In the two years since acquiring Henkel, we have consolidated our strengths, addressed challenges and successfully turned our Company around. We now have six Power brands offering attractive growth opportunities.

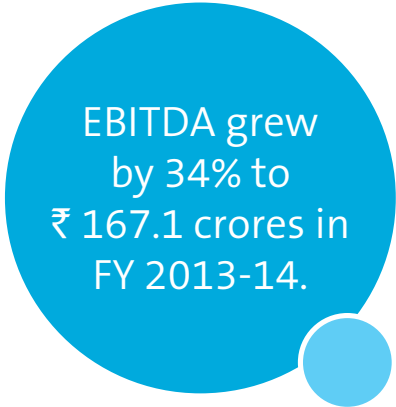
During the year, we put a contemporary, refreshed positioning for all our brands. We strengthened our Research and Development (R&D) efforts for new product development and to maximise customer satisfaction while addressing customer requirements. We are working constantly to meet the newer requirements of our valuable consumers.

All our products have a unique and individual identity. We have integrated our departments; from product development to R&D and marketing, and created more effective cross-functional processes in the organisation. We aim to achieve deeper penetration and build stronger brands. We achieved cost efficiency and increased automation in plants. We have now harnessed all attributes to forge ahead with significant scale benefits.

Translating our Efforts into Numbers

For FY 2013-14, Net Sales grew by 23%, to ₹ 1,255.1 crores on a standalone basis. In terms of profitability, the EBITDA which stood at ₹ 167.1 crores grew 34% from the previous

Net Sales
grew by 23% to
₹ 1,255.1 crores in
FY 2013-14.



EBITDA grew
by 34% to
₹ 167.1 crores in
FY 2013-14.

year even after increasing our advertisement and promotional expenditure by 65%. The EBITDA Margins stood at 13.3% as opposed to 12.2% in the last year. Our gross margin rose from 44% to 46% this year.

Despite a difficult economic environment, we registered a Profit after Tax of ₹ 106.1 crores in FY2013-14 from ₹ 44.0 crores in 2012-13. Our Debt Equity Ratio stands at 0.58. We are comfortably servicing the same from internal cash accruals and it is hence, manageable. We are achieving greater scale with greater portfolio clarity and sharper communication.

In FY 2013-14 the strong net revenue growth of the business has been leveraged into even higher increases in profit and good cash conversion. Net cash flow from operations was ₹ 146.5 crores while cash profit stood at ₹ 167.7 crores.

Going forward

Jyothy continues to provide superior value for the money that our customers spend on the products across categories. This remains our organisational goal and all our activities and efforts reflect this core objective.

During FY 2014-15, we hope to strengthen brands which will encompass new creatives, marketing spends and leveraging on the re-engineered distribution system while maintaining production efficiencies. Going ahead, we aim at outperforming the industry in terms of revenue growth.

The change at Jyothy was managed commendably by my colleagues. I would like to thank all my team members for their dedication and passion over the year. We have delivered a strong performance for our shareholders. The company has in place all building blocks to speed innovation and gain market share and we are confident that the strategies the Company continues to pursue will stand us in good stead. I have the utmost confidence in my team to lead the Company to continued success. I also take this opportunity to thank each one of our stakeholders who have reposed their trust in us.

M. P. Ramachandran

Chairman & Managing Director

CEO's Statement



S. RAGHUNANDAN


We improved EBITDA margins for the combined business to 13.3%.

I am pleased to report that we have had a great year in all respects in spite of the economy being under pressure.

Dear Shareholders,

I am pleased to report that we have had a great year in all respects in spite of the economy being under pressure and the resultant devaluation of the rupee driving inflation upwards.

Despite a challenging business environment, we have managed to turn the Henkel business around successfully. In doing so, we have created a new sustainable growth platform for the entire business. We broadly realised all objectives that we set for the management team in the last year. We had set ourselves a goal of realising efficiencies to the tune of ₹ 100 crores post the Henkel integration in the areas of supply chain, distribution channel margin optimisation, sourcing benefits and overheads control. I am happy to say that we achieved these objectives in their entirety. We reinvested part savings to brand building and improved EBITDA margins for the combined business to 13.3%.



Contribution of Power brands to our business

90%

We have implemented the Power brand strategy with all media investments behind our six Power brands, growing our revenues by 23% in the full year. Power brands constitute 90% of our business and grew in excess of 20%. Ujala Fabric Whitener grew by more than 15% in volume terms after years of low category growths. Exo Dishwash Bar and Pril also grew healthily and our dishwash portfolio is poised to improve in the future. Maxo saw healthy growth with liquids growing by more than 90% and coils growing moderately at 9%. We also invested strongly behind Maxo and the brand is poised to play a significant role in the fast-growing Household Insecticides market. Our investments in Margo yielded strong results and has enabled it to assume the status of a national personal care brand. The year saw intense price competition in the detergents market. In this scenario, Henko had moderate growth of 17%. We are readying Henko for a comprehensive relaunch in 2nd quarter of FY 2014-15.

We have also stabilised the unified distribution approach for our brands. Today we have 1,500+ distributors, 220 super stockists and more than 4,000 sub-stockists covering smaller urban and rural towns. We now cover more than 400,000 outlets directly through our stockists and sub-stockists in this country. We are confident that the distribution platform that we have set will play a stellar role in growing our business in the future.

We have improved our brand presence in urban India and have started growing our non-South business aggressively with our revamped distribution focus and more media investments. Our brand spends have grown by 65% in this year (10.8% of revenues on A&P spends). Contribution of our non-South business has improved from 52% to 56% during the year, building a foundation for sustainable revenue growth.

We have managed to realise these ambitious objectives that we set for ourselves and are confident that the business will outperform the industry in the going forward.

I take this opportunity to thank all employees who have exhibited values of passion, creativity, speed and hard work which are essential for success in companies like ours. They have shown enormous resilience to accept change and to adapt to the new business model which is extremely commendable.

The current economic environment is challenging, competitive intensity is high and inflation puts pressure on our margins. We also have a challenge to reinvest strongly behind our brands and grow business aggressively. We are confident that we will measure up to the challenges and deliver sustainable growth and value to our shareholders.

With warm regards,
S. Raghunandan
Chief Executive Officer

Q&A with the Joint Managing Director



Ullas Kamath, Joint Managing Director, shares his thoughts on the transitions at Jyothy Laboratories and the priorities for the Company going forward.

How has the transition paved the way for transformation?

The Henkel acquisition was a game-changer for Jyothy Laboratories. Our optimism paid off and in two years of acquisition, we turned Henkel around and shifted our focus from a region to the nation.

At one shot, a three-brand company leapt into the big league with six Power brands.

This was followed by an integration strategy to ensure that the merged organisation derives optimal benefits and functions in a cohesive manner. This meant capitalising on synergies from sourcing, manufacturing, distribution and marketing. We also had to compete and thrive. Our CEO, S. Raghunandan, was instrumental in this effort.

The Henkel acquisition and the transition in the Company in the past two years delivered strong results. Each brand in our portfolio of Power brands has since grown profitably.

The Company has embraced a performance-driven culture. Our goal has been to double our turnover and triple our profits, due to scale advantages in the next three years.

Last year, we performed well because of the passion, sincerity and hard work of our employees and our product superiority.

How has Jyothy Laboratories changed in the past two years?

Jyothy Laboratories has adopted a differentiated approach to operations.

We have made changes in operations and optimised in supply chain and manufacturing. We have moved from an exclusive model to a hybrid distribution model, with our salesmen giving synergy to our sales force for deeper penetration of our brands.

We have also unleashed communication campaigns, contests, trade shows for consumer engagement and brand-building initiatives. We brought the “Best Team” who made the most effective changes in quantitative and qualitative terms. We would need to further synchronise our strengths and expectations of each other, and set forth on achieving our goals with greater ease.

In many ways, the major trends of FY 2014-15 reflect the shifting market fundamentals seen in the previous two years. The Company has observed these trends and consolidated its capabilities to compete with its peers in the industry. Despite difficult economic conditions, our profits grew, mainly due to the successful Henkel turnaround and a continued focus on cost management.

Despite this transformation, what remains unchanged at Jyothy Laboratories?

We started our business in Kerala in 1983. Even as a region-based player, we became category creators and market leaders with our flagship Ujala brand. With Exo and Maxo, we entered highly competitive market segments with clearly differentiated products. These brands drove our portfolio till 2011. In our journey over the past three decades, it took us almost 17 years to grow to a revenue of ₹ 100 crore. However, it took us only 12 years to grow to a ₹ 1,000 crore revenue.

From a single brand to a multi brand, multi category pan-India company, Jyothy Laboratories has not changed emotionally or culturally. Our values have remained the same even though our size has increased and our Power brands are on a positive growth path.

Our personality is compassion-driven with empathy for problems of our stockists, associates or vendors, salesmen and dealers. We are always there for every employee. We have not lost touch with our emotional quotient and long term consideration for our employees and their families. Even though we are sales driven, our team ethos and compassion is intact. Our people are our assets and we will continue to invest in our people and products.

What are your priorities going forward?

The Company has grown remarkably since 1983. The transformation strategy of the new management team has enabled a successful turnaround for our Power brands and enhanced brand presence in a national context.

The successful integration between our organisation and Henkel reflects in our performance during the past year.

Going forward, the future looks bright and promising, given the successful restructuring. Our new team is geared to deliver and our brands are on course to chart the journey for the next 25 years. Ms Jyothy, a member of our promoter family, has also come on board. We are hoping that this management team will propel the Company's top line and bottom line growth with collaboration, enthusiasm and commitment.



K. ULLAS KAMATH

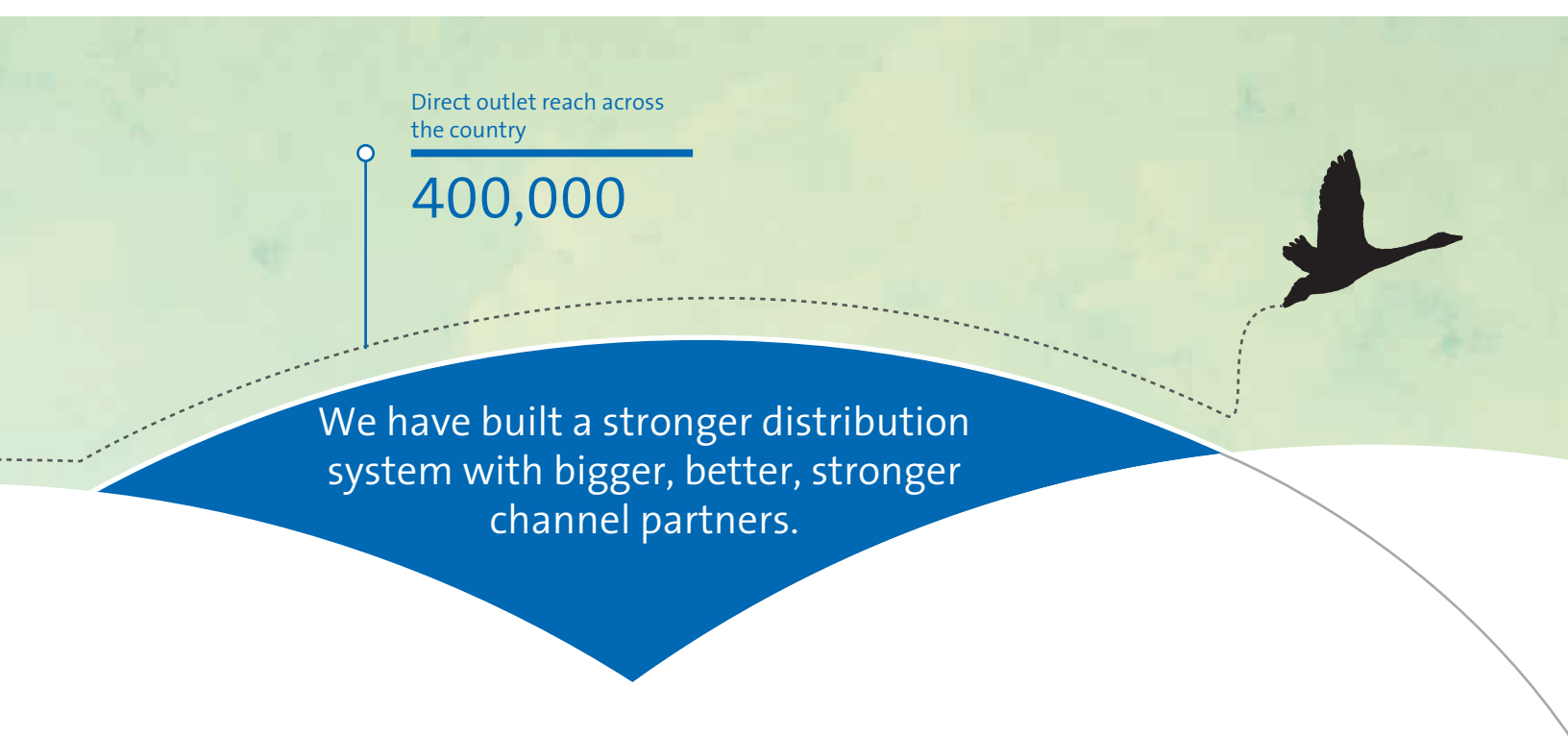
Charting our Sales and Distribution to Leverage Scale

The key objective for the year was to set up a unified distribution structure with one distributor handling all our brands.

Our consolidated distribution network today comprises 220 super stockists, 1,500 stockists and more than 4,000 sub stockists covering smaller urban and rural towns.



More than 2,500 salesmen cover our outlets.



Direct outlet reach across
the country

400,000

We have built a stronger distribution system with bigger, better, stronger channel partners.

Jyothy Laboratories today covers more than 400,000 outlets directly through its distributors. We also have more than 2,500 salesmen in the field covering all our outlets on a weekly basis. We have successfully transitioned from a direct company workforce model to a hybrid model wherein company employees support the efforts of our distributors. We truly believe that this model is scalable and effective.

We have been able to build a stronger distribution system with bigger, better, stronger channel partners who have more influence with the trade and have managed to provide superior returns on investments to distributors.

We now track secondary sales to market on a monthly basis from all our channel partners and hence we have greater visibility on sales at a brand SKU level and we are able to track and monitor our overall distribution effectiveness.

Extending reach

We are also expanding distribution across urban areas aiming at higher visibility in larger retail stores. We have created loyalty programmes for large retail stores who maintain significant sales contribution and relationship with us.

In rural areas, we have van operations and demand generation activities and continue to identify districts with high purchasing power to widen our reach.

Charting a New Communication Story

Ujala Whitener's growth in FY 2013-14

43%

We have adopted a clear and differentiated positioning to gain greater mindshare of consumers. We have spent 10.8% of our revenue in advertising and promotions for our brands in FY2013-14.

Our communication to customers reflects greater portfolio clarity and sharper differentiation. This, along with better products, will help us generate greater consumer delight as we launch these products across the country.



UJALA

Kickstarting category growth

Ujala fabric whitener operates in the niche segment of liquid blues which is a ₹ 550 crore market, and has a market share of 71.5%. We have taken a two-pronged approach to growing the brand. One, aimed at wresting market share from low cost competition that had made inroads by demonstrating superiority in product quality. The second approach was to drive category growth by increasing relevance for non-users. The new communication is an interesting throwback to the original roots of the brand that made Ujala the household name it is today.

Henko's growth in FY 2013-14

17%



Exo's growth in FY 2013-14

29%



HENKO

Fabric care for the new age woman

Henko is a premium offering in the detergent segment. Brands in the premium end today are positioned either on stain removal or whiteness. However, the consumer needs are changing as a consequence of changes in terms of lifestyle and a need for superior fabric care beyond what is currently available in the market. We have identified an opportunity and designed a product that offers superior fabric care with no compromise on dirt and stain removal capabilities.



EXO

All-round hygiene

Exo was positioned as an anti-bacterial dishwash bar. This addressed the real-life problems of kitchen pests. The brand is the second most bought dishwash brand in the country. Our communication heightened the concern that modern day mothers have vis-a-vis the threat of harmful bacteria on their dishes due to infestation of pests in the kitchen. Exo bar with cyclozan, a highly effective and safe anti-bacterial ingredient, promised her freedom from worry on account of harmful bacteria while ensuring effective grease-cutting. Going forward, we are enhancing brand affinity by using popular celebrities.

Charting a New Communication Story

Pril's growth in FY 2013-14

26%



PRIL

Nurturing relationships

Pril is positioned as a superior degreasing formulation in the premium segment. The liquid dishwash market is estimated to grow at 30% and has an estimated value of ₹ 450 crore. We are focusing more on liquid dish wash category with this brand.

Our clutter-breaking slice-of-life communication has been centred on a refreshing perspective – *Bartan chamkein aur rishtein bhi*. Highly differentiated from current category codes, our communication uses an upper, middle-class, progressive young couple helped out of their mundane lives through Pril.

Maxo Liquids' growth in FY 2013-14

95%



MAXO

Fit to fight

Maxo is a challenger brand which has doubled business in the liquid vapouriser segment. The positioning is on 'fits all machines' platform which is unique given that this is a relevant problem for consumers who often find themselves saddled with mismatched vapourisers and machines. Going forward, we are building brand equity and expanding usage on a pan-India basis through introduction of an advanced liquid vaporiser machine. These steps will help drive future growth and establish a strong presence in the market. Coils will continue to be an important business and we will launch superior low smoke coils to move up the value chain.

Margo's growth in FY 2013-14

28%



Going forward, we will continue to focus on creating **differentiated and better products** and **gaining an increasing share of the consumer's mind and the market.**

MARGO

Neem confidence

Margo soap is a 95-year old brand with a loyal customer base. It is also positioned in the premium personal care segment, valued at ₹ 13,000 crores.

Our communication for Margo leverages its roots, firmly entrenched in its pure neem heritage. We have taken a fresh spin on positioning by depicting a bold and confident modern young girl taking on life's challenges with Margo serving as her ally.

We aim to have a national roll out and leveraging the neem equity, and, in order to garner a larger share in the premium skin cleansing market. We have launched a glycerine variant. An extension into face washes under the Margo aegis is on the anvil.



Charting Operational Excellence through Industry-best Practices

A focus on industry-leading manufacturing practices and an emphasis on superior quality led to the strengthening of our value proposition for our brands. This, manifested in the superior performance of our business during the year.

Manufacturing

The key areas of focus for manufacturing were in the areas of production compliance, capacity utilisation and operational efficiency. Under utilised, inefficient bottle units were closed, and entire volumes were met through 3 units. Absolute conversion costs reduced by 6% despite a 15% increase in wages.

Exo volumes increased by 20%. This was driven by a 3% drop in conversion costs at our own units due to a 15% higher capacity utilisation. Similarly for Maxo, process and operational improvements led to significant savings and an increase in production. These achievements were also replicated in Detergent powders, resulting in 50% reduction in conversion cost.

The key areas of focus area in Quality Assurance have been to **deliver quality**, benchmark against industry-best practices and **flawlessly execute innovations**.



We carried out a Lean Engineering exercise at our Roorkee facility covering the Ujala and Exo lines. This has already resulted in 25% reduction in manpower on Ujala line and has the potential to increase to 35% after these projects are implemented. A similar exercise is under progress for the Exo round line and the learnings will be rolled out to other units.

Quality Assurance

The key areas of focus area in Quality Assurance have been to deliver quality, benchmark against industry-best practices and flawlessly execute innovations. On this front, we have standardised specifications, analysed gaps in capability at factories and upgrading hardware, and performed a Statistical Quality Control & Process Audit of our own and contract manufacturing facilities. We are also working on developing a QA software to be deployed across plants which will enable

data analysis on online quality checks, supplier performance monitoring and tracking quality metrics.

The innovation process has been strengthened by adopting a Stage-gate process. Factory QA teams work closely with R&D on scale-up and risk assessments at the Unit level are done to ensure all possible risks to rollout are identified and addressed before the commercial production starts.

Employees Charting Greater Heights, Leading Change



Our brands are our assets and great brands are built with inspired employees. Our employees are entrepreneurial, innovative, dynamic and driven by a strong sense of ownership. Their performance and ours is reflected in the ability to counter market dynamics with agility.



We nurture employees through continuous training and guidance.

We introduced highly experienced senior executives to build a disciplined management team led by the CEO, in all departments, from sales and distribution, marketing, packaging and Research and Development. They have expertise to compete in existing and new markets. They have the experience and skills to bring product development, better delivery and support our growth strategy.

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

There is a lot of training given in a top-down manner and business and functional leaders actively recruit and coach junior employees. Our Chief Executive Officer, and Functional Officers mentor younger managers, helping them develop the skills necessary to lead brands in newer zones.

We nurture employees through continuous training and guidance. We develop careers by providing technical, functional and leadership skills training. We ensure our white army (or sales force) understands consumers in all territories. We take our managers into retail stores and even the consumers' homes.

Building an agile and high performance culture

Our work culture imbibes passion, creativity, speed and hard work. We continue to be there for our employees and assure a sense of security for their families. We bond with our employees, retaining experienced employees and improving team delivery even though we have fostered a work culture which rewards performance. We continue to maintain a compassionate approach towards employees despite being sales-driven in our business.

Engaging employees

We are charting an ambitious growth path for our brands and have empowered our sales and distribution teams and we have also upgraded our HR processes. We have benchmarked our HR practices and understand internal perspectives from employees' feedback to constantly improve work processes.

We have deployed specialists in each area of operations to bring efficiencies in sourcing, manufacturing and marketing so that we can capture market share in both middle and premium segments. This has given results in FY2013-14 with every brand making good growth and helping us grab a higher share of the market.

Our organisation has become more process-driven so that each functional department is managed well. This is necessary as we embark into newer regions especially North India and achieve growth for our brands.

Board of Directors



1

M. P. Ramachandran
Chairman & Managing
Director

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

5

Nilesh Mehta
Independent Director

Nilesh Mehta is currently setting up Access India Fund to invest in mid market, unlisted opportunities in India. He was the Managing Partner of Aureos Capital since January 2005. He is a qualified CA with a post graduate degree from IIM. His experience spans various fields in finance ranging from investment banking, private equity to fund-related activities. He is a veteran in the field of private equity and mergers and acquisitions of mid cap Indian companies.

2

K. Ullas Kamath
Joint Managing Director

K. Ullas Kamath is a qualified Chartered Accountant and Company Secretary; he has topped it with a Degree in Law and has attended the Advanced Management Programme at Wharton Business School and Harvard Business School. He has completed Global Masters in Management Program from London School of Economics. It is under his leadership that the company has diversified and become a multi product FMCG Company. He has spearheaded the successful setting up of Fabric Spa and the Henkel acquisition.

6

K. P. Padmakumar
Independent Director

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

3

S. Raghunandan
Whole Time Director and CEO

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

7

Bipin Shah
Independent Director

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

4

M. R. Jyothy
Executive Director

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

8

R. Lakshminarayanan
Independent Director

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



Management Discussion and Analysis

GLOBAL OVERVIEW

The US witnessed broad-based growth across sectors while the UK gradually emerged from recession during the last fiscal year. Japan experienced high growth on account of its Abenomics policy powered by monetary easing and public spending. Growth in the Eurozone remained uneven, and struggled to gain momentum. Speculation about the withdrawal of quantitative easing in the US led to capital flight and currency depreciation, hurting developing countries in their financial markets.

Most emerging economies adjusted through depreciated currencies and higher interest rates. Going forward, lower commodity prices are good for the emerging world's commodity importers; so are rising demands for exports from developed markets. However, policy makers still need to re-energise the domestic demand story.

Structural reforms in China geared to making growth more consumption-driven and gradual tightening of the monetary policy in US, if orchestrated rightly can give a further fillip to global growth.

INDIA

Persistent headline inflation, especially food inflation at 9.45% year on year in FY 2013-14 (Source: Office of the Economic Advisor) dampened consumer demand and led to decline in manufacturing, services and industrial investment. Agriculture grew at a strong 4.6% (Advance estimates, CSO) supported by a healthy monsoon. The Indian economy grew at a slow pace and registered 4.7% GDP growth.

Sector-wise Growth in India %

	2009-10	2010-11	2011-12	2012-13	2013-14
I. Agriculture and allied activities	0.8	8.6	5.0	1.4	4.6
II. Industry	9.2	7.6	7.8	1.0	0.7
Mining and Quarrying	5.9	6.5	0.1	(2.2)	(1.9)
Manufacturing	11.3	8.9	7.4	1.1	(0.2)
Electricity, Gas and water supply	6.2	5.3	8.4	2.3	6.0
Construction	6.7	5.7	10.8	1.1	1.7
III. Services	10.5	9.7	6.6	7.0	6.9
GDP at Factor Cost	8.6	8.9	6.7	4.5	4.7

Source: Central Statistics Office

For FY 2013-14 as a whole, India's current account deficit declined significantly to 1.7% of the GDP (Source: RBI Bi-monthly policy statement, June 2014). This was largely due to shrinking import demand, reduced gold imports and revival of export growth. India has created adequate buffers of forex reserves, with an increase in portfolio investments in India.

The RBI has allowed foreign portfolio investors to participate in the domestic exchange traded currency derivatives market to the extent of their underlying exposures plus an additional US\$ 10 million. This will improve the depth and liquidity in forex markets.

With sensible reining of expenditures and containing fiscal deficit at 4.6% of GDP, India can now accelerate the pace of reforms in 2014-15. (Source: Department of Economic Affairs). Comprehensive policy actions and revival in aggregate demand should help India move forward on the path to sustained growth.

Continued fiscal consolidation and stable monetary policy will bolster the country's macroeconomic health and India is poised to grow at 5.4% in 2014. (Source: IMF)

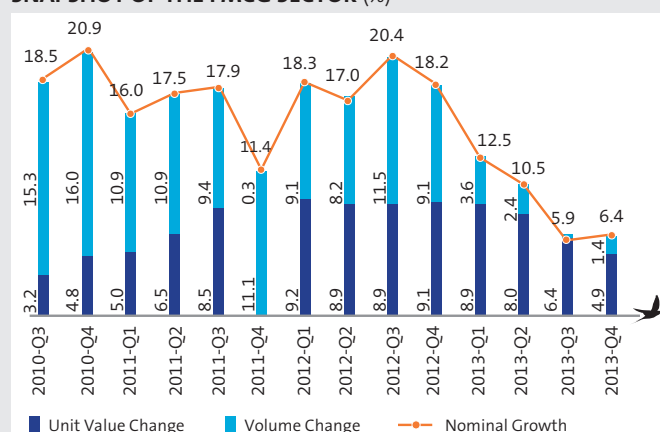
In FY 2013-14, the FMCG sector grew at 12.5% in Q1 but a slowdown hit the industry in Q2 and Q3. The Indian consumer rationalised purchases and total volumes declined resulting in overall growth of 5.9% in Q3. FY 2013-14 ended with FMCG showcasing overall growth of 9.4 percent on the back of just one percent volume growth.

The Indian FMCG Sector

The Indian FMCG market, valued at about US\$ 36 billion, has grown steadily year-on-year for several years now—both in volume and value.

In FY 2013-14, the FMCG sector grew at 12.5% in Q1 but a slowdown hit the industry in Q2 and Q3. The Indian consumer rationalised purchases and total volumes declined resulting in overall growth of 5.9% in Q3. FY 2013-14 ended with FMCG showcasing overall growth of 9.4 percent on the back of just one percent volume growth.

SNAPSHOT OF THE FMCG SECTOR (%)



Source: FMCG overview, A. C. Nielsen, 2014

Persistently high inflation caused Indian consumer confidence rank on the Nielsen global consumer confidence scale fall to third place in the third quarter of FY 2013-14. However, the last quarter of FY 2013-14 saw both quarterly GDP growth and consumer confidence inch upwards.

CONSUMER CONFIDENCE



Source: FMCG overview, A. C. Nielsen, 2014

The Indian consumer reduced spending in discretionary goods especially personal care purchases by postponing purchases, buying large value-for-money packs keeping an eye on prolonged usage and opting for lower priced product substitutes. Small packs in Washing Powders, Shampoos and Toilet Soaps registered lesser volumes in sales.

The overall sector experienced greater discretionary spending slowdown in urban areas where FMCG growth slowed from 17% in 2012 to 8% in 2013. Rural consumption was more resilient and slowed down at 12%, well below the 21% in 2012. Overall sales growth of Non-Food products dropped from 17% in 2012 to 8 percent in 2013. The companies who derived incremental growth in 2013 did so with a focus on premium offerings, expanded distribution, right pricing, and accelerating innovation.

Consumption Growth Patterns

Growth Value (%)	2012 vs. 2011	2013 vs. 2012
Metro	15	8
ROU	16	11
Rural	21	12

Source: A. C. Nielsen, 2014

FMCG Growth across Town Classes

Geography	% Contributions
Metro	27
ROU	21
Rural	33

Source: A. C. Nielsen, 2014

Companies attracted customers with price discount and volume promotions. The opportunity for growth in India continues to be immense across all categories. This fact is also reflected in high levels of competitive intensity in the marketplace.

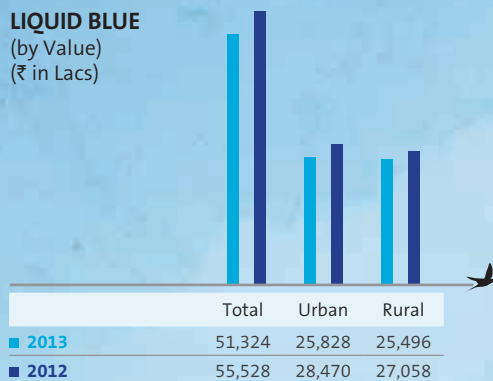
Among distribution channels, contributions from grocers and chemists covered 72% and 8% of the total sales whereas modern trade contributed 7%.

India's GDP Growth in FY 2013-14

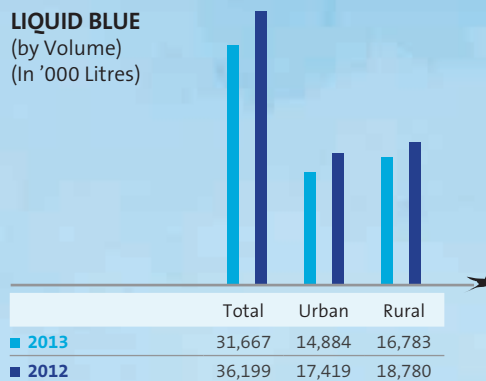
4.7%

INDUSTRY SIZE (MARKET SIZE)

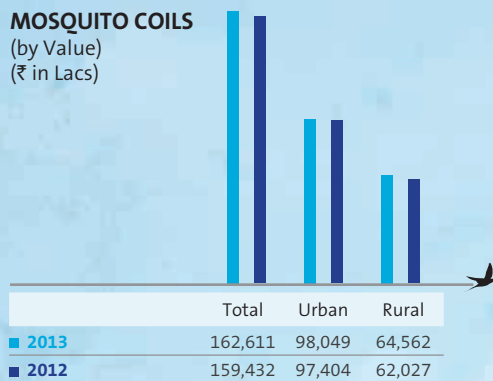
LIQUID BLUE (by Value) (₹ in Lacs)



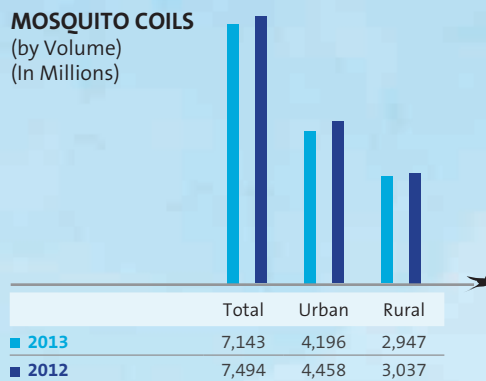
LIQUID BLUE (by Volume) (In '000 Litres)



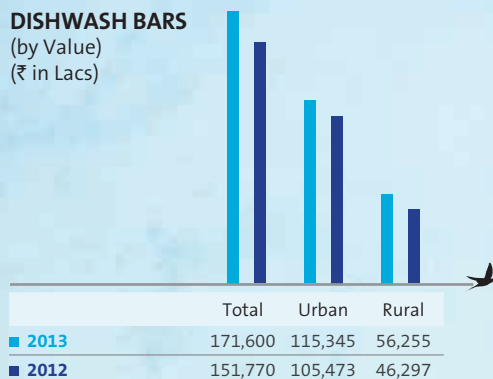
MOSQUITO COILS (by Value) (₹ in Lacs)



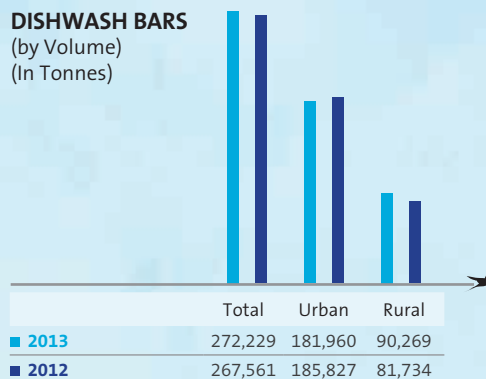
MOSQUITO COILS (by Volume) (In Millions)



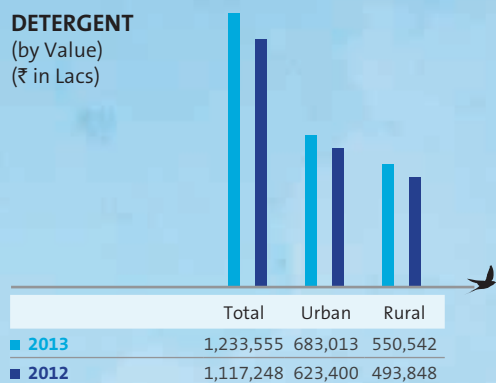
DISHWASH BARS (by Value) (₹ in Lacs)



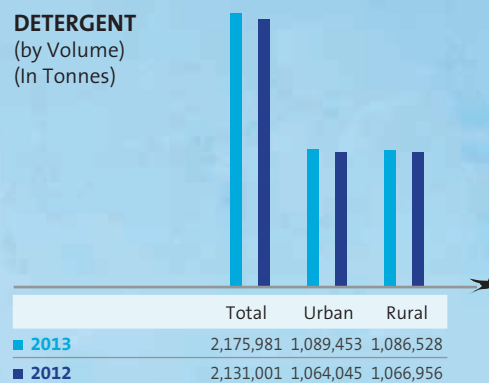
DISHWASH BARS (by Volume) (In Tonnes)



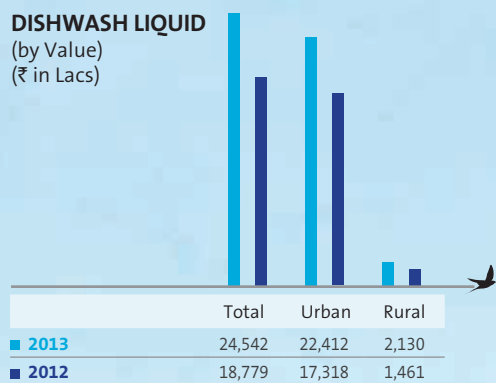
DETERGENT (by Value) (₹ in Lacs)



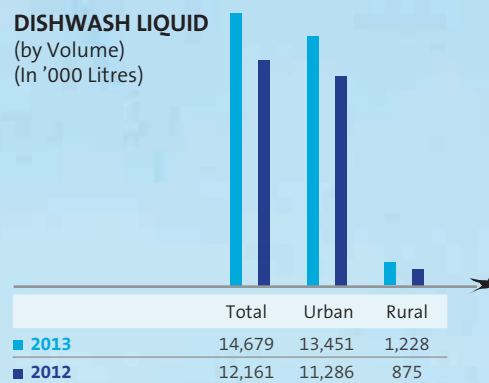
DETERGENT (by Volume) (In Tonnes)



DISHWASH LIQUID (by Value) (₹ in Lacs)



DISHWASH LIQUID (by Volume) (In '000 Litres)



Source: A. C. Nielsen 2014

Thrust on Sustainable Growth

Jyothy Laboratories continued its focus to transition its brands from regional brand to Pan India brand. Supported by a strong distribution backbone, this initiative was reflected in its non-south business growing at a faster pace than its south business. Additionally, positive media investment, strong portfolio performance owing to all Power brands on a growth trajectory aided its performance during the year. The Company has products available in 2.3 million outlets and a direct reach in 400,000 outlets. The Company has increased presence in non-South region with contribution at 56% in FY 2013-14 as compared to 52% in FY 2012-13.

The Company has also invested significantly in the segments of future, and has recruited key outlets that enhanced overall throughputs. Product superiority and building brand affinity through differentiated positioning and a national distribution has enabled Jyothy Laboratories to achieve sustainable growth.

The Company continues to drive category growth across all markets, leveraging the brand core and equity for brand offerings like Margo and Henko. Sustainable growth will be driven by a robust innovation pipeline, increased investments in brands and moving brands from a regional to the national platform.

Consumers' downtrading to Popular/Mass Segments in 2013

SOAPS

Volume Growth	2012	2013
Mass	4%	9%
Popular	16%	(6%)
Premium	(8%)	(10%)

Source: A. C. Nielsen, 2014

WASHING POWDER

Volume Growth	2012	2013
Mass	(14%)	(4%)
Popular	71%	12%
Premium	1%	1%

Source: A. C. Nielsen, 2014

OUTLOOK FOR FMCG INDUSTRY

Consumer sentiments are likely to remain at status quo in the short term, as growth stays subdued. Discretionary spending has slowed down impacting spending both in urban and rural regions. High levels of inflation will continue to put margins under pressure. As the monsoons remain volatile and food inflation remain at elevated levels, discretionary spending will be impacted further, despite the country having healthy food reserves. This scenario does not augur well for the overall FMCG industry.

Companies have to play to their strengths and understand the Indian consumer's mindset. They will invest in expanding distribution, increase per dealer off take and introduce diverse products including premium portfolio to grow value while retaining consumers with their mass offerings. Innovation, relaunches and supporting the launches with distribution and execution activities will help them sustain incremental value from the innovations.

Key Industry Trends

Premiumisation has helped manufacturers appeal to consumers with lower price sensitivities and generate value and margins led growth. Even as the popular segment constituted 75% of the business, premium offerings helped to bring value growth. In the difficult economic scenario of 2013, many manufacturers had to pass on high costs to consumers by raising prices or reducing product sizes.

Innovations focused on R&D and on Go-to market efforts in support of product launches were seen with more new brand launches in 2013.

Jyothy Laboratories continued its focus to transition its brands from regional to national. **Supported by a strong distribution backbone, this initiative was reflected in its non-south business growing at a faster pace than its south business.** Additionally, positive media investment, strong portfolio performance owing to all Power brands on a growth trajectory aided its performance during the year.



Growth Drivers

- India's long-term growth drivers – urbanisation, young demographics, a vibrant industry and rural consumption.
- By 2025 the Indian consumer market will largely be an urban story, with 62% of consumption in urban areas. New wealth and consumption will be created in urban areas, but rural households will benefit too, with annual real rural income growth per household accelerating from 2.8% over the past two decades to 3.6% over the next decade.
- Aspiring middle class will purchase across price points, but FMCG manufacturers could adapt in India's rapidly growing consumer market by keeping price points low to reflect the realities of Indian incomes, build brand loyalty in new consumers, and hold on to a fast growing consumer base.
- India's middle class will swell by more than ten times from its current size of 50 million to 583 million people. By 2025 over 23 million Indians—more than the population of Australia today—will number among the country's wealthiest citizens.
- Consumption will increase at 7.3% annually to reach ₹ 69.5 trillion by 2025. ₹ 18.6 trillion spending by India's booming middle and upper classes in 2015 will quadruple to over 55 trillion in 2025.
- Rural Consumption driven by aspirers, attractive rural pockets, shift to discretionary spends for the rural aspirer category.
- The introduction of Goods and Services Tax will standardise tax levied and help improve consumption demand.

Source: McKinsey Report, 2007

COMPANY OVERVIEW

Jyothy Laboratories came into being in 1983 and has grown to become a multi-brand, multi-product company with operations all over the nation. The Company has its presence in the fabric care, household insecticide, dishwash, personal care and other home care segments.

The company has the distinction of making a mark in the virtually non-existent category of liquid fabric whitener. With products that are reasonably priced, conveniently packaged, extensively distributed and supported by strategic communication, Jyothy Laboratories has established a strong presence in the market as well as in the minds of millions of households in India.

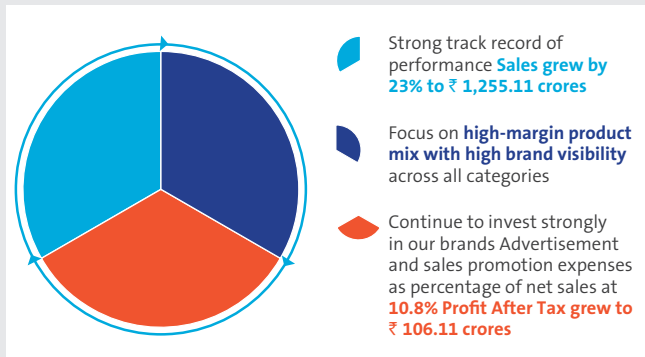
Today, Jyothy Laboratories has a pan Indian presence with brands catering to the needs of consumers across the length and breadth of the nation. The group today has a turnover of over ₹ 1,300 crores. All manufacturing facilities and personnel are sensitised to ensure minimal wastage, promote environmental conservation and maintain high quality standards.

OUR COMPETITIVE POSITIONING

The Company delivered competitive growth, driven by innovation, sharper in-market execution, competitive marketing and strong distribution for all our brands. We have also significantly stepped up investment in advertisement and sales promotion in order to drive penetration and increase usage. Our priorities going forward will be:

- Category expansion strategy on Ujala
- Entering high growth face wash market with Margo
- New and innovative offerings under Maxo
- Revolutionary product offering from Henko
- Grow market share in Exo
- Relaunch of Pril

Jyothy Laboratories: Performance snapshot



CUSTOMER DEVELOPMENT

The Company consciously ventured into product categories to offer a solution rather than a mere product. Starting from the momentous launch of Ujala – carving out a new product category of liquid fabric whitener – Jyothy Laboratories today manufactures and distributes brands across product categories as diverse as Fabric Care, Household Insecticide, Dishwash, Personal Care and Home care. The Company focuses on key insights from consumers, market research and sustained in-

house analytical processes and enable us to offer innovative products while ensuring enhanced value from existing brands.

We have also inked a MoU to establish a joint venture in Bangladesh to manufacture and market Ujala.

HIGHLIGHT

Incisive insights into consumer preferences, market dynamics and distribution, winning marketing strategies and focused product positioning, along with sustained R&D led to expansion of the product portfolio and consistent growth.

At Jyothy Laboratories, we understand our customers. We have attuned our distribution strategy to the different types of markets in diverse locations. This customisation of the distribution channel, and the deep insights garnered from the grassroots, focused sales and marketing strategies and persistent efforts have resulted in higher penetration, increased sales and delighted customers. A large field force with over 1,000 sales personnel and a network of over 1,600 distributors ensure a direct reach of over 400,000 retail outlets and an indirect reach of over 1.9 million retail outlets.

SUPPLY CHAIN

Improving supplier relationships for delivery accuracy has helped us gain cost synergies and adopt mutually beneficial least-cost approaches. Improved delivery performance and high customer confidence help to build the trust essential for this kind of activity. Our low-cost distribution with a strong dealer network helps us rationalise costs.

Best practices in our Supply Chain set-up, with the highest standards of safety and positive environmental impact, are followed. The Company follows world class manufacturing and robust technology architecture with centralised management to facilitate cost savings across its supply chain processes.

FINANCIAL PERFORMANCE

Accounting policy

The Company follows the Generally Accepted Accounting Principles (GAAP) in India, applicable accounting standards of the Companies Act, 1956 and amended provisions of the same in 2013 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.

Review of FY 2013-14

Net Sales registered a 23.37% growth at ₹ 1,255.11 crores on standalone basis. Net revenues grew to ₹ 1,260.18 crores and other operating income, shot up by 180% to ₹ 5.07 crores.

In the financial year under review, Profit after Tax compares as follows:

(₹ in crores)		
Particulars	2013-14	2012-13
Profit after tax but before depreciation and amortisation of Goodwill, Copyrights and Trademarks acquired due to amalgamation of JCPL*	150.82	88.75
Depreciation and amortisation of Goodwill, Copyrights and Trademarks acquired due to amalgamation of JCPL	44.71	44.71
Profit after Tax	106.11	44.04

*Jyothy Consumer Products Ltd.

The following table indicates the segment revenue for the 12-month period from April 1, 2013 to March 31, 2014.

(Amount in ₹ crores)		
Category	2014	2013
Soaps and Detergents	953.24	755.95
Home Care	291.32	244.91
Others	22.65	16.59
Inter Segment Revenue	(12.10)	(00.07)

Note: Soaps and Detergents include fabric wash, dishwash bars and beauty soaps. Homecare products include Household insecticide, incense sticks and scrubber.

The profitability of Soaps and Detergents segment improved to ₹ 126.93 crores in FY 2013-14 from ₹ 76.55 crores in FY 2012-13. The profitability in homecare segment further improved to ₹ 8.34 crores from ₹ 7.94 crores in the previous year.

Cost Analysis

Total cost (excluding interest and depreciation) of the Company grew by 22% to ₹ 1,093.09 crores in the 12 months period ended March 31, 2014 from ₹ 894.75 crores in corresponding period of FY 2012-13.

(₹ in crores)

Particulars	Year Ended	
	31.03.2014	31.03.2013
Net Sales	1,255.11	1,017.38
Other Operating Income	5.07	1.82
TOTAL INCOME	1,260.18	1,019.20
Cost of Goods Sold	676.60	567.67
Employee cost	118.66	110.56
Advertisement and Sales Promotion expense	135.36	81.81
Other expenditure	162.47	134.71
TOTAL EXPENDITURE	1,093.09	894.75
Operating EBITDA	167.09	124.45
Depreciation and impairment	61.60	61.65
Finance Cost	53.12	66.08
Other Income	56.23	49.15
Profit before prior period items, exceptional items and tax	108.60	45.87
Prior period item	-	1.83
Exceptional item	2.30	-
Profit before tax	106.30	44.04
Tax expense	0.19	-
Profit After Tax	106.11	44.04

Cost of Goods Sold: During the financial year, COGS of the Company increased from ₹ 567.67 crores in FY 2012-13 to ₹ 676.60 crores in FY 2013-14 due to rise in operations.

Employee cost: Stood at ₹ 118.66 crores for FY 2013-14 while the corresponding figure for FY 2012-13 was ₹ 110.56 crores, translating into 7% increase Employee cost as a proportion to total cost was at 10.86% compared to 12.35% in last year.

Other expenses (excluding advertisement and sales promotion expenses) :

Other expenses of the Company include power and fuel, rent, legal and profession, freight outwards, communication expenses, repairs, travelling and other miscellaneous expenses. Other expenses increased by 20.38% from ₹ 134.71 crores in FY 2012-13 to ₹ 162.17 crores in FY 2013-14. Other Expenses as a percentage to Net sales moved from 13.2% last year to 12.9% in FY 2013-14.

Advertisement and Sales promotion expenses of the Company increased by 65.46% from ₹ 81.81 crores in FY 2012-13 to ₹ 135.36 crores in FY 2013-14 due to increase in advertisement

expenditure on Margo, Henko and Pril. Further, advertisement expenditure as percentage to net sales have changed from 8.04% in FY 2012-13 to 10.78% in FY 2013-14 with a view for generating better pull for all the brands.

Margins

EBITDA margin of the Company was 13.67 % in FY 2013-14 as compared to 12.33% in FY 2012-13 after spending 10.80% on Advertisement and Sales Promotion. This was mainly on account of benefits accrued due to business model re-engineering undertaken in last year.

PAT stood at ₹ 106.11 crores as compared to ₹ 44.04 crores in the previous year on account of better operating profit and lower finance cost.

Equity: The equity share capital (issued and subscribed) of the Company consists of 181,023,496 equity shares of ₹ 1 each.

Reserves and surplus: The reserves and surplus of the Company stood at ₹ 862.36 crores.

Own Funds

The net worth of the Company increased by 21.6% from ₹ 724.02 crores as on March 31, 2013 to ₹ 880.46 crores as on March 31, 2014.

Return on net worth of the Company for 12-month year ending March 2014 stood at 12.05% as compared to 6.08% for the corresponding period of the previous year.

Loan funds

The debt portfolio of the Company comprises of secured redeemable non convertible debentures amounting to ₹ 515 crores.

Net block

The net block of the Company as on March 31, 2014 stood at ₹ 629.94 crores.

Net working capital of the Company stood at ₹ 54.89 crores as on March 31, 2014.

Presence through non-South business in FY 2013-14

56%



Inventory

Inventory of the Company stood at ₹ 161.19 crores as on March 31, 2014 compared to ₹ 167.45 crores as on March 31, 2013. Inventory turnover for the Company stood at 87 days for 12 months year ending March 2014 as against 108 days against the corresponding period of FY 2012-13.

Sundry debtors

Sundry debtors for the Company stood at ₹ 55.63 crores for 12 month year ending March 2014. Debtor turnover stood at 16 days for 12-month year ending March 2014. For the corresponding period of the previous year, the same stood at 39 days.

Cash and bank balances

Cash and bank balances for the Company stood at ₹ 55.58 crores.

Loans and advances

Loans and advances for the Company stood at ₹ 703.50 crores as on March 31, 2014 against ₹ 539.72 crores as on March 31, 2013.

Other liabilities and provisions

Other liabilities and provisions for the Company stood at ₹ 112.56 crores.

Working Capital

₹ in crores

Particulars	2014	2013
Current Assets		
Inventories	161.19	167.45
Trade Receivables	55.63	109.96
Loans and advances	48.21	45.37
Other Assets	3.59	4.05
	268.62	326.82
Current Liabilities		
Trade Payables	110.70	114.31
Other Current Liabilities	35.56	101.90
Provisions	67.47	70.51
	213.73	286.71
Net Working Capital	54.89	40.11

Sundry creditors for the Company stood at ₹ 110.70 crores as on March 2014 against ₹ 114.31 crores as on March 31, 2013.

Dividend

The Board recommended a dividend at ₹ 3 (300%) per share for the financial year 2013-2014 against the dividend of ₹ 2.5 (250%) per share paid for FY 2012-13.

DRIVING AND INNOVATION

Jyothy Laboratories owes its birth to a constant drive to innovate. This urge to innovate has found expression in every product category, brand and operation in the organisation. Driving and sustaining innovation is critical to addressing the need to offer value for money brands and ensure customer delight.

R&D Initiatives

The R&D centre at Mumbai offers state-of-the-art facilities and is fully geared to pursue sustained experimentation and product development. Our plants are ISO 9001 certified for manufacturing quality. Quality control of raw materials is also ensured strictly.

The R&D facility is enriched with qualified and skilled professionals who have many years of domain expertise and knowhow. Our sustained and systematic R&D initiatives are reflected in unique and disruptive brand characteristics, unique formulations, and varied product offerings and with these initiatives, the Company provides 'product delight' to consumers at affordable price points.

The Company has devised a strong NPD pipeline, improvising product quality and innovative formats for Henko brand and innovation in Liquid vapouriser machines in Maxo liquid segment.

HUMAN RESOURCES

The Company believes that a strong sales force (known internally as the 'white army') is critical in achieving success. The Company knows that its employees are key to its success. The Company has a 1,000 plus sales force reaching out to 400,000 retail outlets directly and greater than 750,000 households.

Hence, the Human Resource philosophy strongly reflects this belief and has built a vibrant and future ready sales team. Our HR policies and practices are based on fairness, openness and mutual respect.

Insights into consumer preferences, market dynamics and distribution, winning marketing strategies and focused product positioning, along with sustained R&D led to expansion of the product portfolio.



Building an agile and high Performance Culture

There are major benefits of leveraging geography and channel synergies across our core categories. We always emphasise the highest levels of professional ethics, personal decorum, adherence to deadlines, compliance to standards and customer service and imbibe the following attributes across every function of the organisation.

- Accountability
- Integrity
- Commitment
- Initiative and Positive Attitude

Employee Engagement

Our employee engagement exercises foster a fusion of talent, attitude and excellence. The Company is charting an ambitious growth path for its brands and has taken many initiatives and made investments into empowering its sales and distribution teams and we have also upgraded our HR processes. We have benchmarked our HR practices and understand internal perspectives from employees' feedback to constantly improve work processes.

Our work culture empowers employees, promotes team building, encourages new ideas and motivates performance.

Employee safety at all our manufacturing plants is ensured by the Company.

IT SYSTEMS

Strong Investments in Sales IT systems

The Company has demonstrated robust year-on-year performance. It manages its increasing distribution network

of more than 1,600 stockists serviced through 40 locations using a robust IT backbone to buffer the growing business infrastructure and ensure faster rolling out of critical business applications.

We have created and deployed our own centralised ERP covering all the business functions across Finance, Inventory Management/procurement, Transportation/Logistics and HR & Payroll. The accessibility is achieved via MPLS network to the factory locations/office locations across country. The connectivity has also been provided through VPN which can be connected through any locally available broadband connection, hence reducing the cost of connectivity. MS Business Intelligence Layer for Sale has been deployed on top of ERP, enabling us to slice and dice the data for analysis.

Supply chain planning automation suite "Disha" seamlessly connecting to the main ERP has been deployed which helps the business to cover Demand Forecasting, Despatch/Production and Material Planning functions.

"Lakshya", Jyothy Secondary sales system has been implemented to track distributor secondary sales and inventory tracking. Most of our third-party manufacturers are connected via "Connect", giving us daily production and despatch compliance at the third parties.

Cost Synergies and Best-in-class Practices

IT has helped the organisation to enable timely information sharing and centralised processing of data.

- Real-time market intelligence helps strategic sourcing and tracking movement of goods and products all over the country, knowing about customer preferences and complaints, offering discounts in certain markets.

- Optimised use of IT resources by streamlining IT administration and bringing savings in manpower costs. Centralised administration and ease of management has helped the Company to address issues which crop up, from one single location in Bangalore.
- Cost synergies tracking ahead of plan – across our supply chain and support functions.
- Demand Driven Supply Chain, Lean Inventory Management, Six Sigma and Low Cost Automation.

SUSTAINABILITY AT JYOTHY LABORATORIES

The Company's commitment to the world surrounding us extends beyond the bottom line and is embedded in our business philosophy. We recognise that business decisions should give due consideration to the interests of stakeholders, including shareholders, customers, employees, suppliers, business partners and local communities. Jyothy Laboratories is committed to sound corporate citizenship in all aspects of our business. Our CSR initiatives are designed to harmoniously blend business and social interests – driven by mutual goals as identified by our stakeholders. We depend on sustainable sources of raw materials, and are committed to minimising the environmental footprint, improving sustainability throughout our value chain.

RISK MANAGEMENT

As the Company scales up, it is exposed to an increasing degree of risks. These adversely affect our operating performance, cash flows, financial performance and overall sustainability. The Company continuously monitors risks in the environment with an active risk management strategy. Risks identified are:

- Macro-economic conditions in the country and their impact on employment, inflation and consumer demand. To counter this, the Company follows a diversified product strategy understanding the cash flow cycle of Indian consumers.
- The Company also ensures it meets all compliance and regulatory pressures including changes to tax laws.
- Increasing cost of raw material, transport and storage-The Company is able to leverage on the benefits provided by its scale. Further, the Company has committed staff for vendor management and purchases are made through request for quotation format to avail the best prices.
- Supply Chain management – The Company has introduced a scientific process of demand forecasting using Information Technology and this is aligned with strategic sourcing of raw material and improved manufacturing leading to better inventory management and can easily service distributors.
- Competitive market conditions and new entrants to the market – The Company is investing in advertisements and promoting brand awareness. Six power brands have been identified which are being marketed aggressively with new communication.
- Labour shortages and attrition of key staff – Rallying its sales force, the Company motivates its sales force as they are crucial to success or failure in achieving business goals
- Integration risks for acquired companies – The Company follows a dispersed manufacturing model, to reduce logistics cost, a major factor in successful integration and turnaround of Henkel India's operations. Having restructured and made business processes more efficient, the Company continues to implement a unique integrating strategy for pushing brands more into rural areas, where it has a strong presence and also increasing its reach in urban areas.
- Seasonal fluctuations – The Company has introduced a well-diversified product portfolio to counter seasonal ups and downs in any one product category.

LEADERSHIP THROUGH KEY BRANDS*

UJALA		EXO BAR	
○ 71.5% all-India market share by value	○ 26% South India market share by value	○ 10.5% Market Share by Value on all India basis	
○ 57.3% all-India market share by volume	○ 23% South India market share by volume	○ 9% Market Share by Volume on all India basis	

MAXO COIL	MAXO LIQUID	HENKO
○ 15.7% all-India market share by value	○ 4.6% all-India market share by value	○ 2.3% all-India market share by value in Premium Washing Powder category
○ 17.1% all-India market share by volume	○ 4.8% all-India market share by volume	○ 2.6% all-India market share by volume in Premium Washing Powder category
○ 22.2% Rural India market share by volume	○ 6.4% Rural India market share by volume	

* Source: A. C. Nielson for year ended December 2013

INDUSTRY SEGMENT GROWTH

○ 26% volume led turnover growth in Soaps and Detergents* segment	○ Strong urban and rural distribution with 2.3 million outlets in India and 400,000 direct outlets	○ Higher capacity utilisation to reduce cost/tonne of product
○ Segmental profits increased by 66%		
○ 18.95% growth in Homecare segment#	○ Consolidated distribution network of 220 super stockists and 1,500 stockists	
○ Segmental profits increased by 5%		

* Soaps & Detergents include fabric wash, Dishwash bar, beauty soap

Homecare includes Household Insecticide, incense sticks & scrubber



Directors' Report

To,
The Members,
Your Board of Directors is pleased to present the 23rd Annual Report together with the Audited Financial Statements for the year ended March 31, 2014 compared with previous financial year as follows:

	(₹ in lac)	
Financial results	Financial Year ended March 31, 2014	Financial Year ended March 31, 2013
Net Sales	1,25,510.57	1,01,737.67
Other Income	954.38	280.75
Earnings before interest, tax, depreciation, amortization and impairment	17,155.61	12,543.48
Interest & Finance Charges/ (Income) Net	134.93	1,792.67
Depreciation, Amortization and Impairment- Tangibles	1,508.08	1,516.24
Depreciation and Amortization- Intangibles	4,652.33	4,648.28
Prior year items- Expenses	-	182.71
Exceptional Item	230.07	-
Profit before tax	10,630.20	4,403.58
Provision for tax		
- Current tax- (MAT Payable)	2,260.00	885.00
- MAT Credit (entitlement)	(2,260.00)	(885.00)
- Excess provision for current tax of earlier years	18.79	-
Profit after tax	10,611.41	4,403.58
Balance as per last Balance Sheet		
– Brought forward	4,543.14	6,745.54
Balance available for appropriations	15,154.55	11,149.12
Appropriations:		
Interim Dividend	1,810.23	-
Tax on Interim Dividend	307.65	-
Final Dividend on Equity Shares (Proposed)	3,620.47	4,150.59
Corp. Dividend Tax	615.30	705.39
Transfer to General Reserve	1,200.00	500.00
Transfer to Debenture Redemption Reserve	5,372.51	1,250.00
Balance Carried Forward (Profit and Loss Account)	2,228.39	4,543.14
Earning Per Share (Basic and Diluted)	6.21	2.65
Cash Profit	16,771.82	10,568.10
Cash EPS	9.82	6.37
Dividend Per Share of face value of ₹ 1/-	3.00	2.50

PERFORMANCE

During the financial year ended March 31, 2014, the Company recorded Net Sales at ₹ 1,25,510.57 lac as against ₹ 1,01,737.67 lac in the previous financial year. Profit after Tax for the financial year under review vis-a-vis previous financial year is as follows:

Particulars	(₹ in lac)	
	2013-14	2012-13
Profit after tax but before depreciation and amortization of Goodwill, Copyrights and Trademarks acquired due to amalgamation of JCPL	15,081.95	8,874.12
Depreciation and amortization of Goodwill, Copyrights and Trademarks acquired due to amalgamation of JCPL	4,470.54	4,470.54
Profit after Tax	10,611.41	4,403.58

During the year under review, the sales of soaps and detergents was ₹ 95,323.65 lac compared to ₹ 75,594.59 lac in previous year and the sales in homecare segment grew to ₹ 29,131.97 lac compared to ₹ 24,490.86 lac in previous year. The profitability of Soaps & Detergents segment improved to ₹ 12,693.18 lac from ₹ 7,654.71 lac in the previous year. The profitability in homecare segment improved to ₹ 833.76 lac from ₹ 794.13 lac in the previous year.

ISSUE OF CAPITAL

At the beginning of the financial year under review, the Authorised Share Capital was ₹ 17,00,00,000/- consisting of 17,00,00,000 equity shares of ₹ 1/- each and paid-up share capital was ₹ 16,12,64,000/- consisting of 16,12,64,000 equity shares of ₹ 1/- each fully paid-up.

Consequent to the Scheme of Amalgamation sanctioned by Honorable High Court of Mumbai on April 12, 2013, which came into operation on May 13, 2013, the Authorised Share Capital was increased by the Authorised Share Capital of the Transferor Company viz., Jyothy Consumer Products Ltd (JCPL) i.e. by ₹ 240 crore. On June 3, 2013, pursuant to Clause 16.2 of the said Scheme of Amalgamation, 47,59,496 (Forty Seven Lac, Fifty Nine Thousand, Four Hundred Ninety Six) Fully Paid-up Equity shares

of ₹ 1/- each, were allotted to the shareholders of JCPL in the ratio of 1 Fully Paid Up Equity Share of the Company against 4 Fully Paid Up Equity Shares of JCPL held by them as on May 28, 2013 being the record date fixed for the purpose.

Further on December 3, 2013, pursuant to the Shareholders' approval at the Extra-ordinary General Meeting of the Company held on November 19, 2013 and the In-Principle Approval granted by National Stock Exchange of India Ltd vide their letter dated November 27, 2013 and by BSE Ltd vide their letter dated November 29, 2013, Sahyadri Agencies Ltd was allotted 1,50,00,000 (One Crore Fifty Lac) equity shares of the Company of ₹ 1/- each on Preferential basis at the Issue Price of ₹ 175.15 per Equity Share (including ₹ 174.15 per share towards share premium) against receipt of entire amount payable by Sahyadri Agencies Ltd in cash aggregating to ₹ 262,72,50,000/- in terms of Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

Consequent to the above, at the end of financial year under review, the Authorised Share Capital of the Company was ₹ 257 crore consisting of 257,00,00,000 equity shares of ₹ 1/- each and the paid-up capital was ₹ 18,10,23,496/- comprising 18,10,23,496 equity shares of ₹ 1/- each fully paid-up.

DIVIDEND

The Board of Directors in its meeting held on January 28, 2014 declared interim dividend @100% of face value of Equity share of ₹ 1/- each (₹ 1/- per equity share), aggregating to total cash outflow of ₹ 2,117.88 lac (including dividend distribution tax of ₹ 307.65 lac). Further, the Board is pleased to recommend a final dividend @ 200% of face Value of Equity Shares of ₹ 1/- each (i.e. ₹ 2/- per equity share), aggregating to cash outflow of ₹ 4,235.77 lac including dividend distribution tax of ₹ 615.30 lac. With this, the total dividend for the year amounts to 300% of the face value of Equity Shares of ₹ 1/- each or ₹ 3/- per Equity Share on the enlarged capital and the total cash outflow on account of dividend for the financial year under review comes to ₹ 6,353.65 lac including dividend distribution tax of ₹ 922.95 lac. In the previous financial year, the Board had recommended and paid a dividend @ 250% of face Value of Equity Shares of ₹ 1/- each (i.e. ₹ 2.50 per equity share) involving total cash outflow of ₹ 4,855.98 lac including dividend distribution tax of ₹ 705.39 lac.

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

MANAGEMENT DISCUSSION & ANALYSIS REPORT

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

CORPORATE GOVERNANCE

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

CONSOLIDATED FINANCIAL STATEMENTS

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

SUBSIDIARY COMPANIES

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

EMPLOYEE RELATIONS

Employee relations remained cordial during the year under review.

FIXED DEPOSITS

The Company did not accept/renew any fixed deposits from the public and no fixed deposits were outstanding or unclaimed as on March 31, 2014.

DIRECTORS

Various provisions in respect of Directors contained in the Companies Act, 2013 ("the 2013 Act") were notified with effect from April 1, 2014 repealing the corresponding provisions in the Companies Act, 1956 ("the 1956 Act").

Independent Directors

As per provisions of Section 149 of the 2013 Act, independent directors shall hold office for a term up to five consecutive years on the board of a company, but shall be eligible for re-appointment for another term up to five years on passing of a special resolution by the company and disclosure of such appointment in Board's Report. Further Section 152 of 2013 Act provides that the independent directors shall not be liable to retire by rotation in the Annual General Meeting ('AGM') of the Company.

As per Revised Clause 49 of the Listing Agreement (applicable from October 1, 2014), any person who has already served as independent director for five years or more in a company as on October 1, 2014 shall be eligible for appointment, on completion of the present term, for one more term of up to 5 (five) years only.

Pursuant to the extant provisions of the 1956 Act, Mr. Nilesh B. Mehta and Mr. R. Lakshminarayanan, Independent Directors would have been liable to retire by rotation in the AGM to be held in 2014 and Mr. K.P. Padmakumar and Mr. Bipin R. Shah, independent directors would have retired in the AGM to be held in 2015. However, in view of the provisions contained in 2013 Act, the Company has been advised that all independent directors are required to be appointed in the ensuing AGM.

Mr. Nilesh B. Mehta, Mr. K. P. Padmakumar, Mr. Bipin R. Shah and Mr. R. Lakshminarayanan are eligible for appointment as Independent Directors of the Company for a term upto five years in the ensuing AGM. The said Independent Directors fulfill the conditions specified in the 2013 Act and the Rules made thereunder and are independent of the management. The Board has conducted the performance evaluation of aforesaid Independent Directors and on the basis of the same, recommend to the shareholders the appointments of Mr. Nilesh B. Mehta, Mr. K. P. Padmakumar, Mr. Bipin R. Shah and Mr. R. Lakshminarayanan as Independent Directors of the Company for a term upto March 31, 2019.

Non-Independent Directors

In terms of Section 152 of the 2013 Act, two-third of total strength of the Board (excluding Independent Directors) shall be liable to retire by rotation. One-third of such directors who are liable to retire by rotation shall retire at every AGM.

Accordingly, in case of the Company, out of 4 non-independent directors, three directors (i.e. not less than 2/3rd) shall be liable to retire by rotation. The Board decided to continue the status of Mr. M.P. Ramachandran, Chairman & Managing Director, as 'Director not liable to retire by rotation' and Mr. K. Ullas Kamath, Ms. M. R. Jyothy and Mr. S. Raghunandan (constituting not less than two-thirds of total non-independent directors) shall be the directors who shall be liable to retire by rotation and one of them (i.e. 1/3rd) will retire every year starting from AGM 2014. Mr. K. Ullas Kamath, being the longest serving director

in this category, shall retire by rotation in the ensuing AGM of the Company. Mr. K. Ullas Kamath being eligible, offers himself for re-appointment as director and the Board recommends his re-appointment in the ensuing AGM.

Executive Directors

The Board in its meeting held on January 28, 2014 re-appointed Mr. M. P. Ramachandran as Managing Director of the Company subject to approval of shareholders in the ensuing AGM for a term of five years commencing from April 1, 2014 to March 31, 2019. He has expressed his desire to the Board that he shall be permitted to accept a nominal salary of ₹ 1/- per annum which the Board accepted. The Board had placed on record its deep appreciation for his dedication, commitment and generous gesture towards the Company.

The Board in its meeting held on May 22, 2014 approved re-appointment of Mr. S. Raghunandan as Whole Time Director & CEO for a term of three years from June 1, 2014 to May 31, 2017 subject to approval of shareholders in the ensuing AGM on terms and conditions specified in the Statement pursuant to Section 102 of the 2013 Act attached to Notice of AGM. This appointment is in supersession of existing contract dated August 16, 2012 insofar as it relates to unexpired period of that contract.

The Board in its meeting held on May 22, 2014 also approved re-appointment of Ms. M. R. Jyothy as Whole Time Director for a term of three years from June 1, 2014 to May 31, 2017 subject to approval of shareholders in the ensuing AGM on terms and conditions specified in the Statement pursuant to Section 102 of the 2013 Act attached to Notice of AGM. This appointment is in supersession of existing contract dated September 20, 2011 insofar as it relates to un-expired period of that Contract.

The Board recommends for approval of aforesaid Executive Directors in the ensuing AGM.

Woman Director

The composition of the Board of Directors of the Company includes a woman director viz., Ms. M. R. Jyothy. Accordingly, the Company is in compliance with the requirement of third proviso to Section 149 (1) of 2013 Act read with Rule 3 of Companies (Appointment and Qualification of Directors) Rules, 2014.

AUDITORS

M/s S. R. Batliboi & Associates and the present auditors, M/s S. R. Batliboi & Associates LLP, both being part of same network of audit firms, together have completed more than 10 (Ten) years as auditors of the Company. However, the provisions contained in Section 139 of the Companies Act, 2013 provide for a transition period of three years for complying with the requirement of rotation of auditors. The Company is advised that the present auditors or any audit firm associated with them or within the same network of audit firms can be appointed as auditors for a maximum period of three years i.e. for financial years 2014-15, 2015-16 and 2016-17, subject to annual ratification by the shareholders in the Annual General Meetings (AGMs) to be held in the years 2015 and 2016.

M/s. S. R. Batliboi & Associates LLP, Chartered Accountants, Mumbai, present auditors of the Company, who hold office until conclusion of the 23rd AGM, are eligible for re-appointment. However, they have expressed their unwillingness to be reappointed as Auditors of the Company. In view of the same, Audit Committee in its meeting held on May 22, 2014, recommended appointment of M/s S R B C & Co LLP, Chartered Accountants, Mumbai, a network firm of M/s. S. R. Batliboi & Associates LLP, as Auditors of the Company.

A certificate prescribed under Rule 4 of the Companies (Audit and Auditors) Rules, 2014 has been received from M/s S R B C & Co LLP to the effect that they are eligible for appointment as auditors, and are not disqualified for appointment under the Companies Act, 2013, the Chartered Accountants Act, 1949, or the rules and regulations made there-under; the proposed appointment is as per the term and within the limits laid down by or under the authority of the Companies Act, 2013 and that there are no proceedings pending against them or any of their partners with respect to professional conduct.

The Board recommends the appointment of M/s SRBC & Co LLP, Chartered Accountants, Mumbai as Auditors of the Company for three years i.e. from the conclusion of ensuing AGM till the conclusion of 26th AGM in 2017, subject to annual ratification by the members at AGMs to be held in the year 2015 and 2016.

Auditors' Report

Auditors in their report, under heading 'Emphasis of Matter', have observed that managerial remuneration paid/ provided

by the Company for the year ended March 31, 2013 is in excess of the limits prescribed under the Companies Act, 1956. We draw your attention to Note 41 of the financial statements forming part of this Annual Report which is self-explanatory and therefore, does not require further explanation.

The Auditors' Report does not contain any qualification, reservation or any adverse remark.

Cost Auditors

In compliance with the Central Government's order No. 52/26/CAB-2010 dated June 30, 2011, the Board has appointed M/s R. Nanabhoy & Co., Cost Accountants, Mumbai to carry out cost Audit in respect of various specified products of the Company for the financial year 2014-15. Cost Audit Report for the year 2012-13 was filed within due date. The due date for filing of the Cost Audit Report for the year 2013-14 is September 30, 2014.

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, 2014, the applicable accounting standards have been followed;
2. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2014 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, 2014 on a 'going concern' basis.

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in lac)

Particulars	2013-14	2012-13
Foreign exchange earnings	1,191.40	890.74
Foreign exchange outgo	1,223.85	1,072.85

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, 2014 are set out as an annexure to this report. However, as per provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the report and the accounts are being sent to all the shareholders excluding the aforesaid information. Any shareholder desirous of obtaining such particulars may write to the Company Secretary at the registered office of the Company.

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

Mumbai,
May 22, 2014

M. P. Ramachandran
Chairman & Managing Director

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 other stakeholders.

The Company is in compliance with all the regulations stipulated by the Companies Act, 1956 and the Companies Act, 2013 as may be applicable, 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 Corporate Governance.

BOARD OF DIRECTORS

Composition:

During the year, the Board comprised of 8 (Eight) Directors of whom 4 (Four) are Executive Directors and 4 (Four) are Non-Executive/ Independent Directors. Mr. M. P. Ramachandran is Promoter and the Chairman & Managing Director of the Company. In accordance with the provisions of Clause 49 of the Listing Agreement, not less than 50% of the Board consists of Non-Executive and Independent Directors.

The composition of the Board of Directors is as under:

Name of the Member of the Board	Director Identification Number (DIN)	Relationship with other Directors
Mr. M. P. Ramachandran	00553406	Father of Ms. M. R. Jyothy
Mr. K. Ullas Kamath	00506681	None
Mr. S. Raghunandan	02263845	None
Ms. M. R. Jyothy	00571828	Daughter of Mr. M. P. Ramachandran
Mr. Niles B. Mehta	00199071	None
Mr. K. P. Padmakumar	00023176	None
Mr. Bipin R. Shah	00006094	None
Mr. R. Lakshminarayanan	00238887	None

Attendance of Directors at Board Meetings and Annual General Meeting:

There were four Board meetings during the financial year under review:

On May 22, 2013, August 12, 2013, October 22, 2013 and on January 28, 2014. 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	4	Yes
Mr. K. Ullas Kamath	4	Yes
Mr. S. Raghunandan	4	Yes
Ms. M. R. Jyothy	4	Yes
Mr. Nilesh B. Mehta	4	Yes
Mr. K. P. Padmakumar	3	Yes
Mr. Bipin R. Shah	3	No
Mr. R. Lakshminarayanan	4	Yes

Board Members and their Directorships in other Public Limited Companies as on March 31, 2014:

Name of Director	Executive/Non-Executive/Independent	Directorships in other Public Limited Companies	Committee positions in other Public Limited Companies (as Chairman)
Mr. M. P. Ramachandran	Executive	5	2 (1)
Mr. K. Ullas Kamath	Executive	1	0
Mr. S. Raghunandan	Executive	1	0
Ms. M. R. Jyothy	Executive	1	0
Mr. Nilesh B. Mehta	Independent	6	2(Nil)
Mr. K. P. Padmakumar	Independent	5	2(Nil)
Mr. Bipin R. Shah	Independent	3	3(2)
Mr. R. Lakshminarayanan	Independent	2	1(Nil)

Remuneration of Executive Directors:

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

(Amount in ₹)

Sr. No.	Particulars	M. P. Ramachandran	K. Ullas Kamath	S. Raghunandan	M. R. Jyothy
1	Salary & Perquisites	2,16,00,000	1,80,00,000	3,99,71,006	48,00,000
2	Provident Fund	Nil	21,60,000	47.52,000	5,76,000
3	Superannuation Fund	Nil	18,00,000	39,60,000	4,80,000
4	Commission	4,29,17,575	3,60,84,013	Nil	Nil

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

Non-Executive Directors' Compensation and Shareholding:

As per resolution dated May 23, 2012, passed by the shareholders of the Company through Postal Ballot, the members had approved compensation payable to Non-Executive and Independent Directors on the Board of the Company for an amount not exceeding 1% of the net profits of the Company

calculated in accordance with the provisions of Section 349 and 350 of the Companies Act, 1956.

Independent Directors were paid sitting fees and commission during the year under review. During the year, the Company did not have any stock option scheme for Directors or Officers of the Company.

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

Sr. No.	Name of the Directors	Sitting Fees (₹)	Commission (₹)	No. of Shares held
1	Mr. Nilesh B. Mehta	1,20,000	8,00,000	Nil
2	Mr. K. P. Padmakumar	75000	8,00,000	Nil
3	Mr. Bipin R. Shah	90,000	8,00,000	100
4	Mr. R. Lakshminarayanan	80,000	8,00,000	Nil

AUDIT COMMITTEE

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

Members of the Audit Committee possess expert knowledge of Accounts, Audit and Finance. The Company Secretary is acting as Secretary to the Audit Committee. The Audit Committee meetings were held on May 22, 2013, August 12, 2013, October 22, 2013 and on January 28, 2014.

The attendance at these meetings was as under:

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

The powers and role of the Audit Committee is in accordance with the provisions of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956 and includes oversight of the Company's financial process, reviewing the financial

statements, review of significant related party transactions, adequacy of internal audit and look into such matters as mandated under the Listing Agreement as amended from time to time. The role of Audit Committee includes the discussions with internal and statutory auditors periodically about their scope of audit and adequacy of internal control systems.

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

REMUNERATION AND COMPENSATION COMMITTEE

The Remuneration Committee is duly constituted in accordance with the provisions of Clause 49 of the Listing Agreement which inter alia include the following:

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

- (3) To review, amend or ratify the existing terms and conditions including remuneration payable to Executive/Whole Time Directors and Key Managerial Personnel of the Company
- (4) To apply to Ministry of Corporate Affairs, New Delhi or any authority subordinated there under regarding their approval for payment of remuneration to Executive / Whole-Time Directors as may be required under the said Act
- (5) To consider and approve ESOP Scheme and to perform all such acts, deeds and functions including, but not limited to, the matters specified in clause 5 of the Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as amended from time to time and matters incidental/ supplementary thereto
- (6) To recommend to the Board of Directors their decisions and further actions as they may deem fit.

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

The Remuneration committee held two meetings on May 22, 2013 and January 28, 2014 and all the members attended the meeting.

SHAREHOLDERS & INVESTORS GRIEVANCE COMMITTEE

Shareholders & Investors Grievance Committee of the Company inter-alia reviews and considers the report of Link Intime India Private Limited regarding number of various types of complaints / requests received, handled and balances, if any. Members of the Committee are: Mr. Nilesh B. Mehta (Chairman), Mr. Bipin R. Shah and Mr. M. P. Ramachandran. The Committee meetings were held on May 22, 2013, August 12, 2013, October 22, 2013 and on January 28, 2014.

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 66 complaints and 66 were disposed off. The Company does not have any complaint, unattended/ unresolved at the closure of the year under review. All complaints/ queries were generally disposed of within one week of receipt of the complaint/ query.

DEPOSITORY ESCROW ACCOUNT

As on March 31, 2014, 400 Equity Shares belonging to 4 applicants were lying in Depository Escrow Account.

Aggregate number of shareholders in Suspense account lying at the beginning of the year	11
Aggregate number of outstanding shares in Suspense account lying at the beginning of the year	1100
Number of shareholders who approached for transfer of shares from Suspense account during the year	7
Number of Shareholders to whom shares were transferred from Suspense account during the year	7
Number of Shares transferred from Suspense account during the year	700
Aggregate number of shareholders whose shares are lying in Suspense account at the end of the year	4
Aggregate number of outstanding shares in Suspense account lying at the end of the year	400
Aggregate number of applicants in the IPO Refund Account at the end of the year	6
Aggregate amount in IPO Refund Account lying at the end of the year (₹)	96,600

GENERAL BODY MEETING

Annual General Meetings

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
2012-13	August 12, 2013	10.30 a.m.	4	M. C. Ghia Hall, Indian Textile Accessories & Machinery Manufacturers' Association, Bhogilal Hargovindas Building, 4 th Floor, 18/20 K. Dubhash Marg, Kala Ghoda, Mumbai - 400001
2011-12	August 14, 2012	10.30 a.m.	2	M. C. Ghia Hall, Indian Textile Accessories & Machinery Manufacturers' Association, Bhogilal Hargovindas Building, 4 th Floor, 18/20 K. Dubhash Marg, Kala Ghoda, Mumbai - 400001
2010-11	September 20, 2011	11.00 a.m.	4	M. C. Ghia Hall, Indian Textile Accessories & Machinery Manufacturers' Association, Bhogilal Hargovindas Building, 4 th Floor, 18/20 K. Dubhash Marg, Kala Ghoda, Mumbai - 400001

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

Extra –Ordinary General Meeting

Year	Date of Extra-Ordinary General Meeting	Time of Meeting	Number of Special Resolutions passed	Venue
2013-14	November 19, 2013	11.00 a.m.	1	M. C. Ghia Hall, Indian Textile Accessories & Machinery Manufacturers' Association, Bhogilal Hargovindas Building, 4 th Floor, 18/20 K. Dubhash Marg, Kala Ghoda, Mumbai - 400001

Court Convened Meeting

Year	Date of the Meeting	Time of Meeting	Number of Special Resolutions passed	Venue
2012-13	November 22, 2012	4.00 p.m.	1	M. C. Ghia Hall, Indian Textile Accessories & Machinery Manufacturers' Association, Bhogilal Hargovindas Building, 4 th Floor, 18/20 K. Dubhash Marg, Kala Ghoda, Mumbai – 400001

Special resolution passed through Postal Ballot

No special resolution was passed through postal ballot during the Financial Year 2013-14. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through postal ballot.

DETAILS OF DIRECTORS SEEKING APPOINTMENT/ REAPPOINTMENT

(a) Mr. M. P. Ramachandran

Mr. M. P. Ramachandran, aged 67 years, as Promoter and as First Director, has been associated with the Company from the date of its incorporation. He holds a postgraduate degree in Financial

Management from University of Mumbai and began his career as an accountant in 1971 in Mumbai. He set up the Jyothy Laboratories business in 1983 and has steered the Company to its present level. He possesses rich experience of over 40 years in sales, production and general management. In 2003 and 2004, he was nominated by The Economics Times for “Entrepreneur of the Year Award”.

Mr. Ramachandran has expressed his desire to the Board that he shall be permitted to accept a nominal salary of ₹ 1/- per annum which the Board has accepted. The Board had placed on record its deep appreciation for his dedication, commitment and generous gesture towards the Company.

Details of other bodies corporate in which directorships are held:

Name of Companies	Nature of Interest
Jyothy Fabricare Services Limited	Managing Director
Jyothy Consumer Products Marketing Limited	Director
Sivasakthi Ayurvedic Research Centre Limited	Director
Wonderla Holidays Limited	Director
Sahyadri Agencies Limited	Additional Director
Jyothy Kallol Bangladesh Limited	Director

(b) Mr. K. Ullas Kamath

Mr. K. Ullas Kamath, aged 51 years, is a qualified Chartered Accountant and Company Secretary and holds a Bachelor's degree in Law and Master's degree in Commerce. He has participated in Advanced Management Programme at Wharton Business School and Harvard Business School at USA. He is presently pursuing Global Management Program at London School of Economics, London, UK. He is winner of All India CA Business Achievers Award 2008 instituted by ICAI.

Mr. Kamath has been associated with the Company since its incorporation and has been on the Board since 1997. He is currently Joint Managing Director and Chief Financial Officer of the Company. He has made a great contribution in bringing the Company to this stage. His responsibilities include business development, new projects, financial management and formulation of strategies for growth of the Company.

Details of other bodies corporate in which directorships are held:

Name of Companies	Nature of Interest
Jyothy Fabricare services Limited	Director
V Guard Industries Limited	Director
Jyothy Kallol Bangladesh Limited	Director

(c) Mr. S. Raghunandan

Mr. S. Raghunandan, aged 49 years, is Whole Time Director and Chief Executive Officer of the Company w.e.f. May 23, 2012.

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

He has worked in various leadership roles in companies like Unilever and Dabur, and was the Managing Director of Reckitt

Benckiser (India) Limited before taking over as Chief Executive Officer of Jyothy Laboratories Limited. Earlier to Reckitt Benckiser, he was the Managing Director and Chief Executive Officer of Paras Pharmaceutical (A Reckitt Benckiser Company), which has strong presence in Personal Care & Health Care business.

Mr. Raghunandan has a proven track record in leadership roles and was instrumental in turnaround of Paras Pharma business in a record period of 3 years and that company was subsequently acquired by FMCG major Reckitt Benckiser for ₹ 32.6 billion which was termed as a blockbuster deal in FMCG space.

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

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

Details of other companies in which directorships are held:

Name of Companies	Nature of Interest
Jyothy Consumer Products Marketing Limited	Director

(d) Ms. M. R. Jyothy

Ms. M. R. Jyothy, aged 36 years, holds a Bachelor's degree in Commerce from the University of Mumbai and MBA from Wellingker's Institute of Management and Research, Mumbai. She has undertaken a course in Family Managed Business Administration from S. P. Jain Institute of Management, Mumbai. She has also done 'Owner / President Management Programme' from Harvard University, USA. She has been on the Board of the Company and is a Whole Time Director of the Company since October, 2005. Her responsibilities include marketing and brand communication.

Name of Companies	Nature of Interest
Sahyadri Agencies Limited	Director

(e) Mr. Nilesh B. Mehta

Mr. Nilesh B. Mehta, aged 52 years, has rich experience in the field of financial services like investment banking, venture capital/private equity and corporate strategy. He is currently setting up US \$ 100 M Access India Fund to invest in mid market, unlisted

opportunities in India. Access has already made 2 investments by now.

Mr. Mehta managed Aureos Capital's India business as co head and Managing Partner from 2005 to May 2010. Aureos raised US \$ 100 M India Opportunities Fund to invest in mid market opportunities in India. The Investors in the fund include some Development Financial Institutions of Europe, Insurance companies, commercial banks and family offices. The Fund made 5 investments of expansion capital nature and achieved 2 exits during his tenure.

From 2000 to 2005, Mr. Mehta has been General Partner of eIndia Venture Fund/ Infinity II, here he led four IT-related investments in India/ US.

Prior to this, he spent 16 years in investment banking, private equity and fund-related activities, occupying positions as managing director of Meghraj Financial Services (India) Ltd (MFSI) and executive director of Anagram Finance Ltd. At MFSI, he led several private equity transactions and mergers and acquisitions of mid cap Indian companies.

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

Details of other companies in which directorships are held:

Name of Companies	Nature of Interest
Panchmahal Steel Limited	Director
Suashish Diamonds Limited	Director
Bhavita Foundation	Director
Nobel Hygiene Limited	Director
Sterling Addlife India Limited	Director
Vikalpa Financial & Management Services Pvt. Ltd.	Director
Access Asset Managers Pvt. Ltd.	Director
Access Trusteeship Company Pvt. Ltd.	Director
Aavishkar Venture Trustees Pvt. Ltd.	Director
J K Shah Education Pvt. Ltd.	Director
Jyothy Consumer Products Marketing Limited	Director

(f) Mr. K. P. Padmakumar

Mr. K. P. Padmakumar, aged 70 years, is a Non-Executive, Independent Director of the Company since June 2007. A banker with nearly 42 years of experience in India and abroad in Commercial Banking, Treasury Management, Capital Markets and Mutual Funds, is a Graduate in Agriculture and a Certified Associate of Indian Institute of Bankers CAIIB. During his long 27 years of service in State Bank of India, he had handled many operational assignments including Treasury Managership of State Bank of India's Bahrain Offshore Banking Unit and that of Fund Manager of State Bank of India Mutual Fund. He was Chairman of The Federal Bank Ltd for 6 years from 1999 to 2005 and was instrumental in the transformation of that Bank as a tech savvy vibrant Bank with commanding presence in the Indian Banking Universe.

Details of other companies in which directorships are held:

Name of Companies	Nature of Interest
Muthoot Vehicle & Asset Finance Limited	Director
Muthoot Securities Limited	Director
Muthoot Commodities Limited	Director
Jyothy Fabricare Services Limited	Director
Jyothy Consumer Products Marketing Limited	Director

(g) Mr. Bipin R. Shah

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

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

In 1981, he was assigned the additional responsibility of being Chairman of another Unilever subsidiary, Lipton India Ltd., which was facing considerable losses and financial crisis. Mr. Shah managed not only to turn around the Company but also to restore the confidence of the shareholders and employees.

Under his stewardship Lipton India grew into a more diversified and profitable foods company with edible fats, dairy products and animal feeds which were added to the original tea business. As a result, the profitability of the company improved substantially and the share price of Lipton India which was quoted below its par value of ₹ 10/- in 1981 rose to be over ₹ 400/- by 1992 when he retired from its Chairmanship.

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

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

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

Details of other companies in which directorships are held:

Name of Companies	Nature of Interest
Dolphin offshore Enterprises (India) Limited	Chairman
Kotak Mahindra Asset Management Co. Limited	Director
Dolphin Offshore Shipping Limited	Chairman
Global Pharmatech Private Limited	Director

(h) Mr. R. Laxminarayanan

Mr. R. Lakshminarayanan, aged 58 years, was appointed as Independent Director on the Board w.e.f. May 23, 2012.

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

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

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

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

In 1992, he moved to Mudra Communications as the Chief Operating Officer supervising 5 Southern offices. From then he has been responsible for building a series of businesses across Out-of-Home; Interactive & Digital; Direct Response; Activation and Health & Wellness, in addition to expanding the South business to over ₹ 1,000 million. He also took Mudra outside India including a joint-venture in Sri Lanka.

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

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

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

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

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

Details of other companies in which directorships are held:

Name of Companies	Nature of Interest
Jyothy Fabricare Services Limited	Director
Jyothy Consumer Products Marketing Limited	Director

DISCLOSURES

- (i) No transaction of material nature has been entered into by the Company with its Directors or Management and their relatives, etc., that may have potential conflict with the interests of the Company. The Register of Contracts/ Statement of Related Party transactions are placed before the Audit Committee/ Board regularly for their review/ approval, with a confirmation that those contracts were in the ordinary course of business and on arm's length basis. Transactions with related parties are disclosed in Note No. 32 to the financial statements 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, 2014.
- (iii) Company has fully complied with Mandatory requirements of Clause 49 of the Listing Agreement. As regards, non-mandatory requirements, the Company has adopted Whistle Blower Policy and the same is posted on the website of the Company. No personnel have been denied access to the Ombudsperson.

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

CEO / CFO CERTIFICATE

A certificate was obtained from the Managing Director, Joint Managing Director and Chief Financial Officer (CFO) and Whole-time Director and Chief Executive officer in terms of Clause 49(V) of the Listing Agreement.

GENERAL SHAREHOLDER INFORMATION

- a) **Annual General Meeting** of the Company will be held on August 13, 2014 at 10.30 a.m. at M. C. Ghia Hall, Indian Textile Accessories & Machinery Manufacturers' Association, Bhogilal Hargovindas Building, 4th Floor, 18/20, K. Dubhash Marg, Kala Ghoda, Mumbai - 400001
- b) **The Financial year covered by this Annual Report:** April 1, 2013 to March 31, 2014.
- c) **Book Closure Dates:** From August 2, 2014 to August 13, 2014.
- d) **Dividend Payment:** After August 13, 2014.
- e) **Listing on Stock Exchanges and Stock Codes:**
 - BSE 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 400078,				
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:

Month	BSE Market Price (₹)		NSE Market Price (₹)	
	High	Low	High	Low
April 2013	179.85	150.25	179.95	149.35
May 2013	205.45	165.25	205.90	166.10
June 2013	211.00	177.00	210.85	177.05
July 2013	191.00	158.55	191.50	158.55
August 2013	175.00	142.50	173.90	141.20
September 2013	172.00	142.55	175.00	142.10
October 2013	200.55	167.20	200.95	166.80
November 2013	197.95	171.40	199.30	171.10
December 2013	220.60	179.40	220.65	182.20
January 2014	223.10	186.75	231.30	185.15
February 2014	222.45	192.55	223.00	192.40
March 2014	210.05	188.00	210.00	187.10

j) Shareholding Pattern as on March 31, 2014:

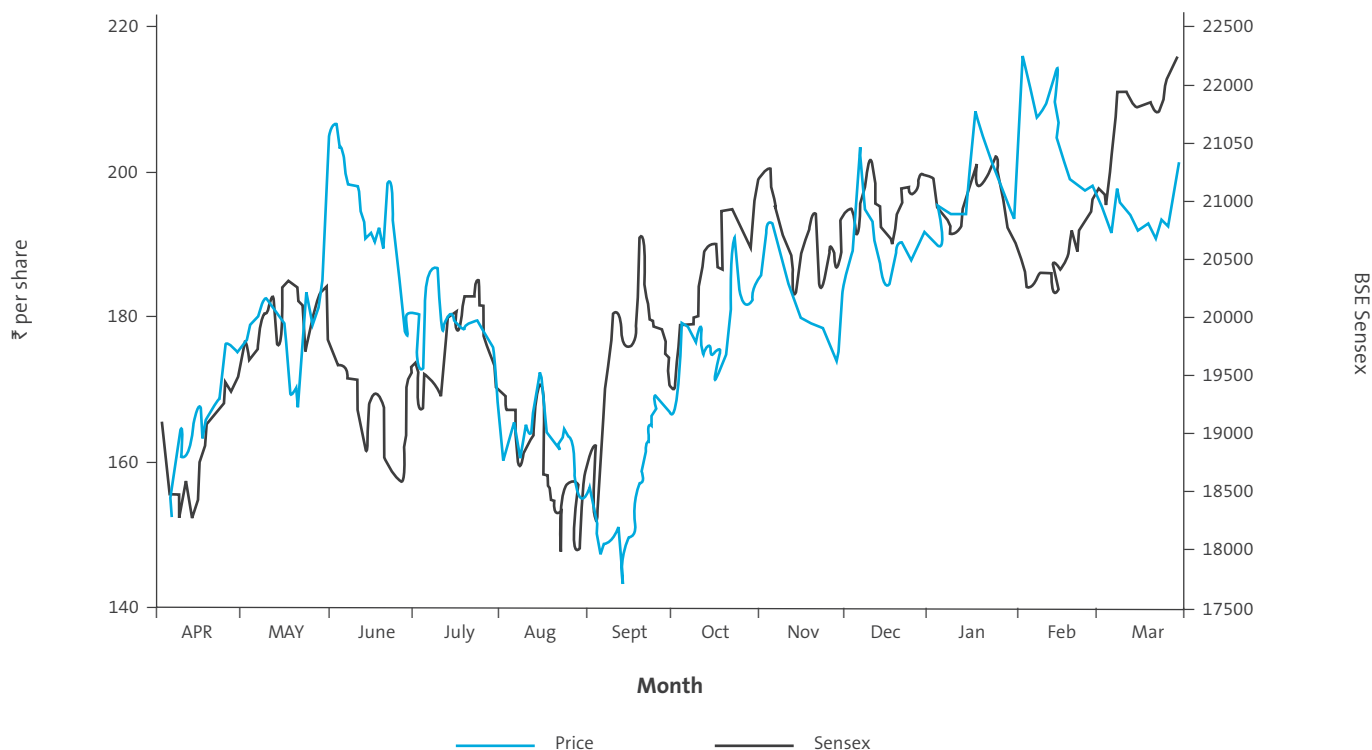
Category	No. of Shares	Percent
1 Promoter and Promoter Group	12,08,81,401	66.78
2 Institutions		
Mutual Funds	87,09,316	4.82
Financial Institutions / Banks	23,705	0.01
Insurance Companies	68,07,880	3.76
Foreign Institutional Investors	2,77,98,234	15.36
3 Non-Institutions		
Bodies Corporate	59,28,128	3.27
Individuals	98,71,521	5.45
Non Resident Indians (Repatriable / Non-repatriable)	5,45,235	0.30
Office Bearers	1,370	0.00
Clearing Member	2,42,227	0.13
Directors & their Relatives	1,99,988	0.11
Trusts	14,491	0.01
TOTAL	18,10,23,496	100.00

k) Distribution of Shareholding as on March 31, 2014:

Sr. No	Slab of shareholding		Shareholders		Shares Value	
	No. of Equity shares held		Numbers	In %	Face Value (₹)	In %
	From	To				
1.	1	5,000	82,540	99.6655	91,53,444	5.0565
2.	5,001	10,000	101	0.1220	7,44,738	0.4114
3.	10,001	20,000	57	0.0688	8,10,063	0.4475
4.	20,001	30,000	16	0.0193	4,05,280	0.2239
5.	30,001	40,000	10	0.0121	3,45,590	0.1909
6.	40,001	50,000	6	0.0072	2,82,652	0.1561
7.	50,001	1,00,000	19	0.0229	14,57,004	0.8049
8.	1,00,001	& Above	68	0.0822	16,78,24,725	92.7088
TOTAL			82,817	100.0000	18,10,23,496	100.0000

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

ANNUAL COMPARISONS OF COMPANY SHARE PRICE & BSE SENSEX



m) Dematerialization:

As on March 31, 2014, out of total of 18,10,23,496 Shares, 18,01,17,563 (99.50%) shares are held in dematerialized form and the balance 9,05,933 shares are held in Physical Form.

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

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

- PLOT NO.656, NEW LIGHT HOUSE MORE, BISHNUPUR, DIST.: BANKURA -722122, WEST BENGAL.
- E.P.I.P COMPLEX, AIDC- AMINGAON, GUWAHATI - 781 031, ASSAM.
- VILLAGE: KATHA, P.O.: BADDI, DIST.: SOLAN - 173205, HIMACHAL PRADESH.
- LANE NO 2, PHASE NO 2, SIDCO INDUSTRIAL COMPLEX, BARI BARHMANA, DIST.: SAMBA (Jammu) - 180001, JAMMU & KASHMIR.
- KANDANASSERY,VIA-ARIYANNUR,GURUVAYUR-680101, DIST. : TRICHUR, KERALA
- 131 PERALAM MAIN ROAD, P.O.: THIRUNALLAR, DIST.: KARAICKAL - 609607, PONDICHERRY.
- SHED NO.25/26, IDA KOTHUR, DIST.: MEHBOOB NAGAR - 509228, ANDHRA PRADESH.
- Plot No 201, SECTOR I, PITHAMPUR INDUSTRIAL AREA, DIST. DHAR - 454775, MADHYA PRADESH.

- R.S. No 12/1 & 2, UJALA NAGAR INDL. ESTATE, UJALA ROAD, THETHAMPAKKAM, VAI VAZHUDAVUR, P.O.: SUTHUKENY - 605502, PONDICHERRY.
- SF NO. 111/5, SRI SAKTHI FACTORY, MOOLAPILLAYAR KOIL STREET, VILLAGE: PALLAPATTI, KANDAMPATTY, SALEM - 636005, TAMILNADU.
- SURVEY NO. 910/7/1, DOKMARDI, AMLI, SILVASSA - 396230, DADRA & NAGAR HAVELI.
- PLOT NO. 6, 7 & 8, BEARING KHASARA Nos. 361,366 & 370, KIE INDUSTRIAL ESTATE, VILLAGE : MUNDIYAKI- 247667, UTTARAKHAND.
- MP IV/ 101 B, P.O.: KOLAGAPPARA, SULTHAN BATHERY- 673591, KERALA.

p) Shareholders & Investors Correspondence:

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

Link Intime India Private Limited
Unit: Jyothy Laboratories Limited
C-13 Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West),
Mumbai – 400078,
Phone: 0091 022 25946970, Fax: 0091 022 25946969
E-mail: rnt.helpdesk@linkintime.co.in
Contact Person: Mr. Prabhsaran Nottay

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, 2014.

For **Jyothy Laboratories Limited**

M. P. Ramachandran

Chairman & Managing Director

Mumbai,
May 22, 2014.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Jyothy laboratories Limited

We have examined the compliance of conditions of corporate governance by Jyothy Laboratories Limited, for the year ended on March 31, 2014, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

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

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

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

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

Place: Mumbai
Date : May 22, 2014



Standalone Financial Statements

Independent Auditors' Report

To
The Members of
Jyothy Laboratories Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Jyothy Laboratories Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 ("the Act"), read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

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

a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

EMPHASIS OF MATTER

Without qualifying our report and as more fully described in Note 41 to the financial statements, we draw attention to managerial remuneration paid/provided by the Company for the year ended March 31, 2013 in excess of the limits prescribed under the Companies Act, 1956. As informed to us, the Company has filed an application with the Central government for approval of such excess remuneration.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs;
 - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Place: Mumbai
Date: May 22, 2014

per **Vikram Mehta**
Partner
Membership Number: 105938

Annexure to the Auditors' Report

Annexure referred to in 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 program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. Inventories lying with outside parties have been confirmed by them as at year end.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. Discrepancies noted on physical verification of inventories were not material, and have been properly dealt with in the books of account.
- (iii) (a) The Company has granted loan to two subsidiaries covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 53,463 lacs and the year-end balance of loans granted to such parties was ₹ 53,463 lacs.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
- (c) The loans granted are either re-payable on demand or after a stipulated period of time for all subsidiaries. Interest is payable on demand. We are informed that the Company has not demanded repayment of any such loan or interest during the year, and thus, there has been no default on the part of the parties to whom the money has been lent.
- (d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (e) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) (a) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. The activities of the Company do not involve rendering of services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it. There are no amounts due in respect of investor education and protection fund.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees'

Annexure to the Auditors' Report

state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

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

Matter	Year	Forum where dispute is pending (₹ in Lacs)				Grand Total
		Commissioner and Appellate	Tribunal	High Court	Supreme court	
Excise	1998-00	5	-	-	-	5
	2000-04	35	-	-	-	35
	2004-05	-	6	-	-	6
	2005-06	34	3	-	-	37
	2008-12	225	1	-	-	226
Sales tax	1998-02	129	-	-	-	129
	2002-05	869	11	-	-	880
	2005-06	322	213	-	44	579
	2006-07	346	168	13	112	639
	2006-10	358	-	-	-	358
	2007-08	463	123	-	-	586
	2008-09	451	39	-	165	655
	2009-11	374	-	-	355	729
	2012-13	3	-	-	25	28
Income Tax	AY 2011-12	1,283	-	-	-	1,283
Service Tax	2005-10	31	-	-	-	31
	2010-11	101	-	-	-	101
TOTAL		5,029	564	13	701	6,307

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order 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. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by subsidiaries from banks, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Company. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from financial institutions.
- (xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

Annexure to the Auditors' Report

(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 made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the Company.

(xix) According to the information and explanations given to us, the Company had issued 4,650 Secured Redeemable Non-Convertible Debentures of ₹ 1,000,000 each, during the period covered by our audit report. The Company has created security in favour of the debenture trust for the period the debentures are outstanding.

(xx) The Company has not raised money through public issue 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 LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W

per Vikram Mehta

Partner

Membership Number: 105938

Place: Mumbai

Date: May 22, 2014

Balance Sheet as at March 31, 2014

₹ In Lacs			
	NOTE	2014	2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	4	1,810.23	1,612.64
Share capital suspense (Note 36)		-	5,527.92
Reserves and surplus	5	86,235.72	65,261.73
		88,045.95	72,402.29
Non-current liabilities			
Long-term borrowings	6	51,590.00	41,300.00
Deferred tax liabilities (Net)	7	-	-
Other Long-term liabilities	8	14,720.09	-
Provisions	9	952.42	917.68
		67,262.51	42,217.68
Current liabilities			
Short-term borrowings	10	-	12,600.28
Trade payables	11	11,070.04	11,430.50
Other current liabilities	12	3,555.61	10,189.97
Provisions	9	6,747.49	7,050.62
		21,373.14	41,271.37
TOTAL		176,681.60	155,891.34
ASSETS			
Non-current assets			
Fixed assets			
	13		
(i) Tangible assets		26,593.25	26,160.90
(ii) Intangible assets		36,401.03	40,988.45
(iii) Capital work-in-progress		348.35	326.71
Non-current investments	14	9,391.89	2,470.73
Loans and advances	15	65,528.68	49,435.88
Other assets	16	53.04	13.05
		138,316.24	119,395.72
Current assets			
Current investments	17	5,945.46	-
Inventories	18	16,119.20	16,744.64
Trade receivables	19	5,563.04	10,995.70
Cash and Bank balances	20	5,557.84	3,813.59
Loans and advances	15	4,821.09	4,536.61
Other assets	16	358.73	405.08
		38,365.36	36,495.62
TOTAL		176,681.60	155,891.34
Summary of significant accounting policies	3		

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

As per our report of even date

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

per Vikram Mehta
Partner
Membership No.: 105938

Place: Mumbai
Date : May 22, 2014

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

M.P. Ramachandran
Chairman and Managing Director

M.L. Bansal
Company Secretary

K. Ullas Kamath
Joint Managing Director

Place: Mumbai
Date : May 22, 2014

Statement of Profit and Loss for the year ended March 31, 2014

₹ In Lacs

	NOTE	2013-14	2012-13
REVENUE			
Sales (net of trade discount)		130,107.76	106,452.04
Less: Excise duty		(4,597.19)	(4,714.37)
Net sales		125,510.57	101,737.67
Other operating income	21	507.36	181.50
Revenue from operations		126,017.93	101,919.17
Other income	22	447.02	99.25
TOTAL REVENUE (I)		126,464.95	102,018.42
EXPENSES			
Cost of raw material and components consumed	23	36,560.92	32,439.61
Purchase of traded goods		30,549.63	30,022.12
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	24	549.83	(5,694.77)
Employee benefits expense	25	11,865.73	11,056.18
Share in loss of Partnership Firm		30.87	-
Other expenses	26	29,752.36	21,651.80
TOTAL EXPENSE (II)		109,309.34	89,474.94
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION, AMORTIZATION AND IMPAIRMENT (EBITDA) (I) – (II)			
		17,155.61	12,543.48
Depreciation, amortization and impairment	13	6,160.41	6,164.52
Finance Costs	27	5,311.34	6,608.27
Interest Income	28	5,176.41	4,815.60
PROFIT BEFORE PRIOR PERIOD, EXCEPTIONAL ITEMS AND TAX		10,860.27	4,586.29
Prior period item	40	-	182.71
Exceptional item	46	230.07	-
PROFIT BEFORE TAX		10,630.20	4,403.58
Current tax (MAT Payable)		2,260.00	885.00
Less MAT credit entitlement		(2,260.00)	(885.00)
- Net Current Tax		-	-
- Excess provision for current tax of earlier years		18.79	-
PROFIT AFTER TAX		10,611.41	4,403.58
EARNINGS PER SHARE (EPS)			
Basic and Diluted (₹)	42	6.21	2.65
Nominal value per share (₹)		1	1
Summary of significant accounting policies	3		

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

As per our report of even date

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

per Vikram Mehta
Partner
Membership No.: 105938

Place: Mumbai
Date : May 22, 2014

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

M.P. Ramachandran
Chairman and Managing Director

M.L. Bansal
Company Secretary

K. Ullas Kamath
Joint Managing Director

Place: Mumbai
Date : May 22, 2014

Statement of Cash Flows for the year ended March 31, 2014

	₹ In Lacs	
	2013-14	2012-13
A. CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES:		
Profit before Tax	10,630.20	4,403.58
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation, amortisation and impairment (net)	6,160.41	6,164.52
Loss on fixed assets discarded	2.87	5.61
Profit on sale of fixed assets	(0.66)	(3.28)
Profit on sale of current investments	(345.46)	-
Interest and finance charges	5,311.34	6,608.27
Interest Income	(5,176.41)	(4,815.60)
Share in loss of Partnership Firm	30.87	-
Liabilities no longer required written back (net)	(336.25)	(45.47)
Foreign exchange fluctuation gain (net)	(9.55)	-
Provision for doubtful debts	150.00	22.93
Provision for Doubtful Advances	58.45	30.96
Operating profit before working capital changes	16,475.81	12,371.52
Movements in working capital:		
Increase/ (decrease) in trade payables	(360.46)	(1.53)
Increase / (decrease) in provisions	377.02	396.12
Increase/ (decrease) in other liabilities	410.38	1,053.68
Decrease / (increase) in trade receivables	456.26	(3,125.74)
Decrease / (increase) in inventories	625.44	(5,422.65)
Decrease / (increase) in loans and advances	(1,423.67)	(2,773.37)
Decrease / (increase) in other current assets	19.39	(148.12)
Cash generated from operations	16,580.17	2,349.91
Taxes paid (net)	(1,931.86)	(1,642.93)
NET CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES (A)	14,648.31	706.98
B. CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:		
Purchase of fixed assets including capital work-in-progress and capital advances	(2,004.40)	(893.00)
Proceeds from sale of fixed assets	35.62	28.58
Investment in fixed deposit (having original maturity of more than three months)	(579.33)	(785.24)
Investment in shares of subsidiaries	(6,937.03)	(435.29)
Investment in Mutual Fund	(36,345.46)	-
Proceed from sale of Mutual Fund investments	30,745.46	-
Investment in partnership firm	(15.00)	(73.75)
Loan given to subsidiary company	(8,214.43)	(5,109.45)
Proceeds of loan given to subsidiary company	202.00	2,302.06
Interest Income received	5,203.39	4,806.57
NET CASH USED IN INVESTING ACTIVITIES (B)	(17,909.18)	(159.52)

Statement of Cash Flows for the year ended March 31, 2014

₹ In Lacs

	2013-14	2012-13
C. CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES:		
Interest and finance charges paid	(5,548.63)	(5,993.82)
Proceed from issue of equity shares	26,272.50	-
Proceeds from short-term borrowings	2,000.00	21,911.20
Repayment of short-term borrowings	(14,600.28)	(21,602.17)
Repayment of long-term borrowings	(43,017.45)	-
Issue of Debentures	46,500.00	5,000.00
Expenditure incurred on issue of Debentures	(166.50)	-
Dividend paid	(5,960.82)	(2,015.80)
Dividend tax paid	(1,013.04)	(327.01)
NET CASH (USED IN) /GENERATED FROM FINANCING ACTIVITIES (C)	4,465.78	(3,027.60)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	1,204.91	(2,480.14)
Cash and cash equivalents at the beginning of the year	1,185.47	3,267.45
Cash and cash equivalents acquired pursuant to merger of Jyothy Consumer Products limited	-	398.16
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	2,390.38	1,185.47
Components of cash and cash equivalents as per Note 20		
Cash in hand	15.87	17.56
Balance with scheduled banks - Current account	2,334.47	1,160.06
Unclaimed dividend accounts *	40.04	7.85
CASH AND CASH EQUIVALENTS CONSIDERED FOR CASH FLOWS STATEMENT	2,390.38	1,185.47
* Not available for use by the management for any other purpose		
Summary of significant accounting policies	Note 3	

As per our report of even date

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

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

Place: Mumbai
Date : May 22, 2014

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

M.P. Ramachandran
Chairman and Managing Director

M.L. Bansal
Company Secretary

K. Ullas Kamath
Joint Managing Director

Place: Mumbai
Date : May 22, 2014

Notes to the Financial Statements for the year ended March 31, 2014

NOTE : 1 BACKGROUND

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

NOTE : 2 BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956 read with the General Circular 08/2014 dated 04 April 2014 issued by the Ministry of Corporate Affairs. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets which has been recorded on fair value and assets for which provision for impairment is made. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

NOTE : 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are as follows:

a) Use of estimate

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

b) Tangible fixed assets

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

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

c) Intangible assets

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

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

d) Depreciation and amortisation

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

The estimated useful life of the assets is as follows:

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

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

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

The amortization/depreciation period and the amortization/depreciation method are reviewed at least at each financial

Notes to the Financial Statements for the year ended March 31, 2014

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

e) Impairment

- i. The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the pre-tax discount rate.
- ii. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.
- iii. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

f) Borrowing Costs

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

g) Operating Leases

- i. *Where the Company is a lessee;*
Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased

item, are classified as operating leases. Lease payments on operating leases are recognized as an expense in the statement of profit and loss on a straight-line basis, over the lease term.

- ii. *Where the Company is a lessor;*

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

h) Government grants and subsidies

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

i) Investment

Investments that are readily realisable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments. All other investments are classified as long-term investments. On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties and other costs that arise on acquisition of investment.

Current investments are carried at lower of cost and fair value determined on an individual investment basis.

Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

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

j) Inventories

Inventories of raw materials, packing materials, work-in-progress, finished goods, stores and consumables items are

Notes to the Financial Statements for the year ended March 31, 2014

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.

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

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

k) Revenue recognition

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

Sale of Goods

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

Interest

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

l) Foreign currency translation

i. Initial Recognition

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

ii. Conversion

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

monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

iii. Exchange Differences

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

m) Retirement and other employee benefits

- i. Retirement benefit in the form of provident fund and super annuation fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the respective fund. The company recognizes contribution payable to the provident fund/ super annuation scheme as an expenditure, when an employee renders the related service.
- ii. Gratuity benefit is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- iii. Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.
- iv. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.
- v. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

n) Sales promotion items

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

o) Income-tax

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year

Notes to the Financial Statements for the year ended March 31, 2014

timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates for deductible timing differences and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are 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.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

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

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. 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 MAT credit becomes eligible to be recognized as an asset in accordance with the Guidance Note on Accounting for credit available in respect of Minimum Alternate Tax under

the Income Tax Act, 1961, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the MAT credit entitlement at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

p) Provisions

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

q) Excise duty

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

r) Segment Reporting

Identification of segments:

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

Segment accounting policies :

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

Intersegment transfer :

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

Allocation of common costs:

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

Unallocated items:

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

s) Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares

Notes to the Financial Statements for the year ended March 31, 2014

outstanding during the year are adjusted for event of bonus issue, bonus element in a rights issue to existing shareholders, share split, and reverse share split that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

t) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation.

A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

u) Cash and Cash equivalents

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

v) Measurement of EBITDA

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

NOTE : 4 SHARE CAPITAL

₹ In Lacs

	2014	2013
AUTHORISED CAPITAL		
2,570,000,000 (2013 - 170,000,000) equity shares of ₹ 1 (2013 - ₹ 1) each	25,700.00	1,700.00
	25,700.00	1,700.00
ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
181,023,496 (2013 - 161,264,000) equity shares of ₹ 1 (2013 - ₹ 1) each fully paid	1,810.23	1,612.64
	1,810.23	1,612.64

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

	2014		2013	
	No.	Amount	No.	Amount
At the beginning of the period	161,264,000	1,612.64	80,632,000	806.32
Issued / Subscribed during the year #	19,759,496	197.59	80,632,000	806.32
Outstanding at the end of the period	181,023,496	1,810.23	161,264,000	1,612.64

During the year, the paid up share capital of the Company has increased on account of :

- Issue of 4,759,496 shares (including 2,379,748 bonus shares) on the amalgamation of Jyothy Consumer Products Limited (Note 36)
- Issue of 15,000,000 shares on preferential allotment basis to Sahyadri Agencies Limited at a premium of ₹ 174.15 per equity share.

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

	2014		2013	
	No.	% Holding in the class	No.	% Holding in the class
Equity shares of ₹ 1 each fully paid				
M. P. Ramachandran	72,112,060	39.84%	71,974,777	44.63%
Sahyadri Agencies Limited	15,000,000	8.29%	-	-

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

Notes to the Financial Statements for the year ended March 31, 2014

NOTE : 4 SHARE CAPITAL (CONTD.)

c. Terms/ rights attached to equity shares

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

During the year ended March 31, 2014, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 3 (2013: ₹ 2.50), including interim dividend of ₹ 1/- per equity share paid during the year.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	2014 No.	2013 No.
Equity shares allotted as fully paid bonus shares by capitalization of securities premium	2,379,748	80,632,000
Equity shares issued for consideration other than cash pursuant to scheme of amalgamation with Jyothy Consumer Products Limited (JCPL)	2,379,748	-
	4,759,496	80,632,000

NOTE : 5 RESERVES AND SURPLUS

₹ In Lacs

	2014	2013
Surplus in the statement of profit and loss :		
Balance, beginning of the year	4,543.14	6,745.54
Profit for the year	10,611.41	4,403.58
	15,154.55	11,149.12
Less: Appropriations		
Proposed dividend (amount per share ₹ 2 (2013 : ₹ 2.5))*	(3,620.47)	(4,150.59)
Tax on proposed dividend *	(615.30)	(705.39)
Interim dividend (amount per share ₹ 1 (2013 : Nil))	(1,810.23)	-
Tax on Interim dividend	(307.65)	-
Transfer to general reserves	(1,200.00)	(500.00)
Transfer to Debenture Redemption Reserve	(5,372.51)	(1,250.00)
Net surplus in the statement of profit and loss	2,228.39	4,543.14
Capital Reserve		
Balance, beginning of the year	24.95	24.95
Add: Addition on allotment of equity shares (Note 36)	5,480.32	-
Balance, end of the year	5,505.27	24.95
Securities premium		
Balance, beginning of the year	27,955.30	28,785.42
Add : Premium received on issue of equity shares on preferential allotment basis	26,122.50	-
Less: Expenses incurred on issue of Debentures (Note 44)	(166.50)	-
Less: Amount utilised towards issue of fully paid bonus shares **	-	(830.12)
Less: Premium payable on redemption of non convertible debentures issued during the year (Note 44)	(14,720.09)	-
Balance, end of the year	39,191.21	27,955.30

Notes to the Financial Statements for the year ended March 31, 2014

NOTE : 5 RESERVES AND SURPLUS (CONTD.)

₹ In Lacs

	2014	2013
Debtenture Redemption Reserve		
Balance, beginning of the year	1,250.00	-
Add: Amount transferred from surplus in the statement of profit and loss	5,372.51	1,250.00
Balance, end of the year	6,622.51	1,250.00
Investment subsidy	106.90	106.90
General reserves		
Balance, beginning of the year	31,381.44	30,881.44
Add: Amount transferred from surplus balance in the statement of profit and loss	1,200.00	500.00
Balance, end of the year	32,581.44	31,381.44
	86,235.72	65,261.73

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

** Previous year included ₹ 23.80 lacs pertaining to bonus shares to be allotted to shareholders of Jyothy Consumer Products Limited. The same has been allotted in the current year (Note 36).

NOTE : 6 LONG-TERM BORROWINGS

₹ In Lacs

	NON CURRENT		CURRENT	
	2014	2013	2014	2013
Term loans from Bank (secured)	-	36,120.00	-	6,880.00
Secured Redeemable Zero Coupon Non Convertible Debentures				
4,000 (2013 - Nil) Debentures of ₹ 1,000,000 (2013 - ₹ Nil) each	40,000.00	-	-	-
9.65% Secured Redeemable Non Convertible Debentures				
650 (2013 - Nil) Debentures of ₹ 1,000,000 (2013 - ₹ Nil) each	6,500.00	-	-	-
10.25% Secured Redeemable Non Convertible Debentures				
500 (2013 - 500) Debentures of ₹ 1,000,000 (2013 - ₹ 1,000,000) each	5,000.00	5,000.00	-	-
Deferred Payment Liability (Unsecured)	90.00	180.00	270.00	180.00
Deferred sales tax loan (Unsecured)	-	-	-	17.45
Amount disclosed under 'Other Current Liabilities' (Note 12)	-	-	(270.00)	(180.00)
Amount disclosed under 'Other Current Liabilities' (Note 12)	-	-	-	(6,897.45)
	51,590.00	41,300.00	-	-

Details of loan :

- Term Loan from bank has been repaid during the year.
- All the Debentures are secured by first charge on all fixed assets and select Brands (Maxo and Exo).
- 4,000 ₹ 1,000,000 Zero coupon non convertible redeemable debentures is redeemable at premium of ₹ 368,022 per debenture after 3 years from the date of allotment i.e. November 14, 2013.
- 650 ₹ 1,000,000 9.65% Secured Redeemable Non Convertible Debentures are redeemable at par after 3 years from the date of allotment i.e. June 21, 2013.
- 500, 10.25% Secured Redeemable Non Convertible Debenture are redeemable at par at the end of 3 years and 7 days from the date of allotment i.e. November 7, 2012.
- Deferred payment liabilities is repayable over a period of 3 years in equal installments.

Notes to the Financial Statements for the year ended March 31, 2014

NOTE : 7 DEFERRED TAX LIABILITY (NET)

₹ In Lacs

	2014	2013
a) Deferred tax liability		
Depreciation	4,404.58	3,043.88
GROSS DEFERRED TAX LIABILITY	4,404.58	3,043.88
b) Deferred tax assets		
Technical royalty	2.08	2.77
Provision for gratuity	323.73	311.92
Provision for doubtful debts	111.41	50.66
Provision for doubtful advances	479.43	459.56
Provision for leave encashment	182.73	181.37
Provision for impairment losses	164.57	140.62
Disallowance u/s 40 a (ia) of the Income Tax Act	8.84	8.84
Disallowance u/s 43B of the Income Tax Act	19.65	19.65
Carry forward losses and unabsorbed depreciation	3,112.14	1,868.49
GROSS DEFERRED TAX ASSETS	4,404.58	3,043.88
NET DEFERRED TAX LIABILITIES	-	-

NOTE : 8 OTHER LONG-TERM LIABILITIES

₹ In Lacs

	NON CURRENT		CURRENT	
	2014	2013	2014	2013
Premium payable on redemption of Debentures (Note 44)	14,720.09	-	-	-
	14,720.09	-	-	-

NOTE : 9 PROVISIONS

₹ In Lacs

	NON CURRENT		CURRENT	
	2014	2013	2014	2013
Provision for employee benefits				
Provision for leave encashment	-	-	537.60	533.59
Provision for gratuity (Note 29)	952.42	917.68	-	-
	952.42	917.68	537.60	533.59
Other provisions				
Provision for wealth tax	-	-	6.16	4.13
Provision for income tax (net of advance tax of ₹ 1,933.96 (2013 ₹ 1,426.05))	-	-	326.04	15.00
Provision for contingencies	-	-	1,641.92	1,641.92
Proposed dividend	-	-	3,620.47	4,150.59
Tax on proposed dividend	-	-	615.30	705.39
	-	-	6,209.89	6,517.03
	952.42	917.68	6,747.49	7,050.62

Provision for contingencies:

Related to certain indirect tax cases pending at various levels.

Notes to the Financial Statements for the year ended March 31, 2014

NOTE : 10 SHORT-TERM BORROWINGS

₹ In Lacs

	2014	2013
Bank overdraft (Secured)	-	6,189.08
Commercial Paper (Unsecured)	-	6,411.20
	-	12,600.28

Details of loan

- a) Short term loan and bank overdraft carries interest @ 11.50% p.a and was repayable on demand. The same has been repaid during the year.
b) Commercial Paper has been repaid during the year.

NOTE : 11 TRADE PAYABLES

₹ In Lacs

	2014	2013
Micro, Small and Medium Enterprises (Note 37)	3,136.98	2,994.01
Other trade payables	2,653.52	3,898.39
Accrual for expenses	5,279.54	4,538.10
	11,070.04	11,430.50

NOTE : 12 OTHER CURRENT LIABILITIES

₹ In Lacs

	2014	2013
Statutory Dues	1,432.29	1,275.29
Unclaimed dividend *	40.04	7.85
Interest accrued but not due on loans	377.16	614.45
Security deposits	332.46	330.59
Advances from customers	1,103.66	884.34
Current maturities of deferred payment liability (Note 6)	270.00	180.00
Current maturities of loan (Note 6)	-	6,897.45
	3,555.61	10,189.97

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

Notes to the Financial Statements for the year ended March 31, 2014

NOTE : 13 FIXED ASSETS

₹ In Lacs

Particulars	Gross Block			Depreciation and Amortisation			Impairment	Net Block	
	As at April 1, 2013	Additions pursuant to Scheme of Amalgamation with Jyothy Consumer Products Limited	Deletions	As at March 31, 2014	For the year ended April 1, 2013	Deletions	As at April 1, 2013	Charge / (Reversal) For the year	As at March 31, 2014
INTANGIBLE ASSETS									
Goodwill on Amalgamation	14,339.41	-	-	14,339.41	1,433.94	-	2,867.88	-	11,471.53
	-	14,339.41	-	14,339.41	1,433.94	-	1,433.94	-	-
Goodwill	301.60	-	-	301.60	-	-	51.50	-	250.10
	301.60	-	-	301.60	-	-	51.50	-	250.10
Brands	30,366.00	-	-	30,366.00	3,036.60	-	6,073.20	-	24,292.80
	-	30,366.00	-	30,366.00	3,036.60	-	3,036.60	-	-
Trademarks and Copyrights\$	580.81	-	-	580.81	41.42	-	430.23	-	236.8
	580.81	-	-	580.81	46.54	-	388.81	-	236.8
Know-how	647.12	-	-	647.12	120.00	-	575.45	-	71.67
	647.12	-	-	647.12	120.00	-	455.45	-	-
Softwares and Licences	163.29	-	64.91	228.20	20.37	-	40.17	-	188.03
	103.35	-	59.94	163.29	11.20	-	19.80	-	-
Total intangible assets	46,398.23	64.91	64.91	46,463.14	4,652.33	-	9,986.93	-	75.18
	1,632.88	44,705.41	59.94	46,398.23	4,648.28	-	5,334.60	-	75.18
TANGIBLE ASSETS									
Freehold land	5,615.34	-	-	5,615.34	-	-	-	-	5,615.34
	1,842.34	3,773.00	-	5,615.34	-	-	-	-	-
Leasehold land	274.83	-	-	274.83	3.75	-	33.84	-	240.99
	274.83	-	-	274.83	3.75	-	30.09	-	-
Building#	12,725.36	749.41	-	13,474.77	427.92	-	2,857.99	-	10,616.78
	11,486.79	1,184.96	53.61	12,725.36	423.08	-	2,430.07	-	-
Plant and machinery @	13,154.67	-	1,005.53	14,126.57	826.62	17.26	4,867.91	(4.71)	392.92
	10,273.42	2,451.81	500.53	13,154.67	847.96	61.80	4,038.55	(4.48)	8,658.74
Dies and moulds	559.31	-	108.60	666.87	76.12	1.04	546.91	-	397.63
	530.68	-	32.10	559.31	66.28	0.21	471.83	-	119.96
Furniture and fixture	745.74	-	39.30	781.28	50.47	2.49	349.00	-	-
	684.55	38.34	23.34	745.74	49.40	0.26	301.02	-	1.07
Office equipments	838.75	-	75.43	901.00	63.85	10.26	491.99	-	14.09
	748.14	35.65	59.98	838.75	63.62	3.41	438.40	-	14.09
Vehicle	718.71	-	39.47	679.24	64.06	22.19	370.02	-	0.91
	679.15	24.02	58.51	718.71	66.63	26.45	328.15	-	0.91
Total tangible assets	34,632.71	1,978.27	91.08	36,519.90	1,512.79	53.24	9,517.66	(4.71)	408.99
	26,519.90	7,507.78	728.07	34,632.71	1,520.72	92.13	8,058.11	(4.48)	413.70
TOTAL	81,030.94	2,043.18	91.08	82,983.04	6,165.12	53.24	19,504.59	(4.71)	484.17
	28,152.78	52,213.19	788.01	81,030.94	6,169.00	92.13	13,392.71	(4.48)	488.88
Previous year	28,152.78	52,213.19	788.01	81,030.94	6,169.00	92.13	13,392.71	(4.48)	488.88

\$ Includes trademarks and copyrights of ₹ 315.63 (2013 - ₹ 315.63) pending for registration in the name of the Company.

Includes ₹ 452.19 (2013 - ₹ 452.19) represented by unquoted fully paid shares at cost in various co-operative societies. Further, also refer Note 33.

@ Addition in plant and machinery includes Salary and wages of ₹ Nil (2013 - ₹ 47.37) and Power and Fuel ₹ Nil (2013 - ₹ 2.72) pertaining to revenue expenses capitalised during the year.

Figures in italics are in respect of the previous year

Notes to the Financial Statements for the year ended March 31, 2014

NOTE : 14 NON CURRENT INVESTMENTS (AT COST)

₹ In Lacs

	2014	2013
Investment property (Freehold land) #	147.30	147.30
Trade Investments (Unquoted)		
Investment in subsidiaries -		
Associated Industries Consumer Products Private Limited		
4,970,000 (2013 - 4,970,000) equity shares of ₹ 10 (2013 - ₹ 10) each fully paid up	497.00	497.00
Jyothy Fabricare Services Limited		
9,800,000 (2013 - 9,750,000) equity shares of ₹ 10 (2013 - ₹ 10) each fully paid up	1,343.73	1,275.00
Jyothy Fabricare Services Limited		
3,300,000 (2013 - Nil) compulsory convertible preference shares of ₹ 100 (2013 - ₹ Nil) each fully paid up	6,804.24	-
Jyothy Kallol Bangladesh Limited		
7,494,696 (2013 - 6,597,000) equity shares of BDT 10 (2013 - BDT 10) each fully paid up	501.65	437.59
Jyothy Consumer Products Marketing Ltd *		
825,550 (2013 - 825,550) equity shares of ₹ 10 (2013- ₹ 10) each fully paid up	0.00	0.00
Investment in others -		
Henkel SPIC Employees Co-operative Thrift and Credit Society Limited	2.00	2.00
2,000 (2013 - 2,000) equity shares of ₹ 100 (2013 - ₹ 100) each fully paid up		
Capexil (Agencies) Ltd*		
5 (2013 -5) equity shares of ₹ 10,000 (2013- ₹ 10,000) each fully paid up	0.00	0.00
Madras Industrial Cooperative Analytical Laboratory Limited*		
2 (2013-2) equity shares of ₹ 500 (2013- ₹ 500) each fully paid up	0.00	0.00
Ambattur Industrial Estate Manufacturers Service Industrial Cooperative Society Ltd*		
1 (2013- 1) equity shares of ₹ 100 (2013- ₹ 100) each fully paid up	0.00	0.00
	9,148.62	2,211.59
Investments in Partnership Firm -		
M/s JFSL - JLL (Note 39)	95.38	111.25
Non-Trade Investment (Unquoted) -		
Investment in Government Securities		
Indira Vikas Patra	0.02	0.02
National Saving Certificates (Pledged with Government authorities)	0.57	0.57
	0.59	0.59
	9,391.89	2,470.73
Aggregate amount of unquoted investments	9,391.89	2,470.73
Aggregate amount of quoted investments	-	-
Market Value of quoted investments	-	-

Since this is a freehold land, no depreciation is charged on the same.

* Investment has been fair valued on amalgamation with Jyothy Consumer Products Limited at a nominal value of Re.1/-

Notes to the Financial Statements for the year ended March 31, 2014

NOTE : 15 LOANS AND ADVANCES

₹ In Lacs

	NON CURRENT		CURRENT	
	2014	2013	2014	2013
Unsecured, considered good unless otherwise stated				
Capital Advances	1,078.60	1,139.00	-	-
Advances and loans to subsidiaries (Note 38)	53,371.06	40,484.98	264.14	301.84
Share application money	-	-	78.82	-
Inter corporate deposit to third parties	-	-	513.32	514.79
Advance to suppliers *	58.45	-	2,145.52	2,369.96
Balance with excise and VAT authorities *	-	-	1,829.50	1,350.78
MAT Credit entitlement	3,844.11	1,584.11	-	-
Deposits*	606.62	552.49	-	-
Balance with government authorities	5,594.10	4,059.90	-	-
Prepaid Expenses	-	-	134.55	415.28
Advance income tax (net of provisions of ₹ 4,792.2 (2013 ₹ 3,907.2))	668.19	704.07	-	-
Other receivables *	497.50	1,042.83	1,075.78	804.50
Less: Provisions for doubtful advances	(189.95)	(131.50)	(1,220.54)	(1,220.54)
	65,528.68	49,435.88	4,821.09	4,536.61

Note:

* Advances to suppliers, Balance with excise and VAT authorities, Deposits and Other receivables include ₹ 368.17 (2013 - ₹ 309.72), ₹ 881.50 (2013 - ₹ 881.50), ₹ 58.74 (2013 - ₹ 58.74) and ₹ 102.08 (2013 - ₹ 102.08) respectively, considered doubtful and fully provided for.

NOTE : 16 OTHER ASSETS

₹ In Lacs

	NON CURRENT		CURRENT	
	2014	2013	2014	2013
Unsecured, considered good				
Inventory-Sales Promotions Items	-	-	355.04	374.43
Interest accrued but not due	-	-	3.69	30.65
Fixed deposit with Banks having original maturity of more than 12 months (Note 20)	53.04	13.05	-	-
	53.04	13.05	358.73	405.08

NOTE : 17 CURRENT INVESTMENT (COST OR FAIR VALUE WHICHEVER IS LOWER)

₹ In Lacs

	2014	2013
Axis Banking Debt Fund - Growth		
129,638.41 (2013 - Nil) units of ₹ 1,000 (2013 - ₹ Nil) each	1,500.00	-
Axis Liquid Fund - Growth		
161,572.36 (2013 - Nil) units of ₹ 1,000 (2013 - ₹ Nil) each	2,272.79	-
Axis Treasury Advantage Fund - Growth		
102,268.76 (2013 - Nil) units of ₹ 1,000 (2013 - ₹ Nil) each	1,453.81	-
ICICI Prudential Flexible Income - Growth		
306,515.33 (2013 - Nil) units of ₹ 10 (2013 - ₹ Nil) each	718.86	-
	5,945.46	-
Market value	6,024.15	-

Notes to the Financial Statements for the year ended March 31, 2014

NOTE : 18 INVENTORIES (VALUED AT LOWER OF COST OR NET REALISABLE VALUE)

₹ In Lacs

	2014	2013
Raw and packing materials (including goods in transit ₹ Nil (2013- ₹ Nil))	4,196.23	4,322.55
Work in progress	1,405.00	946.66
Finished goods manufactured	6,098.90	5,027.25
Traded Goods (including goods in transit ₹ 277.56 (2013- ₹ 2.89))	4,019.24	6,049.50
Stores and spare parts	399.83	398.68
	16,119.20	16,744.64

NOTE : 19 TRADE RECEIVABLES

₹ In Lacs

	2014	2013
Unsecured		
a) Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	1,346.22	736.24
Considered doubtful	327.78	149.04
Less: Provision for doubtful receivables	(327.78)	(149.04)
	1,346.22	736.24
b) Other receivable, considered good	4,216.82	10,259.46
	5,563.04	10,995.70

NOTE : 20 CASH AND BANK BALANCES

₹ In Lacs

	NON CURRENT		CURRENT	
	2014	2013	2014	2013
Cash and cash equivalents				
Cash in hand	-	-	15.87	17.56
Balance with banks - Current account	-	-	2,334.47	1,160.06
Unclaimed dividend accounts	-	-	40.04	7.85
	-	-	2,390.38	1,185.47
Other bank balances				
Deposits with original maturity for more than 12 months*	53.04	13.05	3,167.46	2,628.12
Amount disclosed under 'other assets' (Refer Note 12)	(53.04)	(13.05)	-	-
	-	-	3,167.46	2,628.12
	-	-	5,557.84	3,813.59

* Includes deposits provided as securities against bank guarantees - ₹ 978.52 (2013 - ₹ 662.98)

NOTE : 21 OTHER OPERATING INCOME

₹ In Lacs

	2013-14	2012-13
Export incentives	0.26	8.44
Royalty Income	5.19	4.28
Sales of Scrap	91.34	82.37
Agricultural Income	12.47	8.59
Liabilities no longer required written back (net)	336.25	45.47
Others	61.85	32.35
	507.36	181.50

Notes to the Financial Statements for the year ended March 31, 2014

NOTE : 22 OTHER INCOME

₹ In Lacs

	2013-14	2012-13
Lease rent income	74.00	27.91
Profit on sale of inventory of capital goods	-	62.49
Foreign exchange fluctuation gain (net)	9.55	-
Profit on sale of current investments	345.46	-
Profit on sale of fixed assets	0.66	3.28
Miscellaneous income	17.35	5.57
	447.02	99.25

NOTE : 23 COST OF RAW MATERIALS AND COMPONENTS CONSUMED

₹ In Lacs

	2013-14	2012-13
Opening stock	4,322.54	3,358.52
Opening stock pursuant to Scheme of amalgamation with Jyothy Consumer Products Limited	-	1,235.85
Add: Cost of purchases	36,434.61	32,167.78
	40,757.15	36,762.15
Less: Closing stock	4,196.23	4,322.54
	36,560.92	32,439.61

NOTE : 24 (INCREASE)/ DECREASE IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND TRADED GOODS

₹ In Lacs

	2013-14	2012-13
Closing stock		
Finished goods	6,098.90	5,027.25
Traded Goods	4,019.24	6,049.50
Work in progress	1,405.00	946.66
	11,523.14	12,023.41
Opening stock		
Finished goods	5,027.25	1,998.15
Traded Goods	6,049.50	1,258.71
Work in progress	946.66	717.89
	12,023.41	3,974.75
Opening stock pursuant to Scheme of amalgamation with Jyothy Consumer Products Limited		
Finished goods	-	309.98
Traded Goods	-	1,804.96
Work in progress	-	90.16
	-	2,205.10
SUB-TOTAL (A)	500.27	(5,843.56)
(INCREASE)/ DECREASE IN EXCISE DUTY		
Excise duty on closing stock	235.70	186.13
Excise duty on opening stock	186.14	37.34
SUB-TOTAL (B)	(49.56)	(148.79)
TOTAL (A-B)	549.83	(5,694.77)

Notes to the Financial Statements for the year ended March 31, 2014

NOTE : 25 EMPLOYEE BENEFITS EXPENSES

₹ In Lacs

	2013-14	2012-13
Salaries, wages and bonus	8,703.15	8,440.26
Contribution to provident and other funds (Note 29)	608.65	605.03
Gratuity (Note 29)	262.92	239.68
Staff welfare expenses	417.90	477.67
Directors' remuneration (Note 41)	980.99	901.13
Commission to directors (Note 41)	638.42	212.59
Field staff incentives	253.70	179.872
	11,865.73	11,056.18

NOTE : 26 OTHER EXPENSES

₹ In Lacs

	2013-14	2012-13
Power and fuel expenses	1,943.51	2,114.69
Rent	1,086.78	930.85
Insurance	64.60	93.77
Repairs and maintenance		
- Building	77.45	55.49
- Plant and machinery	136.79	202.97
- Others	149.15	152.07
Consumption of stores and spares	357.56	197.56
Research and development	48.81	23.75
Excise duty	492.14	233.85
Printing and stationery	67.62	83.25
Communication costs	205.05	243.99
Legal and professional fees (Note 30(E))	990.72	1,029.00
Rates and taxes	519.99	373.60
Directors' sitting fees	3.65	5.65
Vehicle maintenance	157.38	189.13
Donation (Note 30(F))	5.21	9.18
Provision for doubtful advances	58.45	30.96
Loss on fixed assets discarded	2.87	5.61
Provision for doubtful debts	178.73	
Less: Bad debts written off	(28.73)	22.93
Exchange loss, net	-	13.35
Advertisement and Sales Promotion expense	13,535.83	8,180.56
Freight, handling and forwarding charges	6,982.38	4,651.66
Field staff expenses	1,225.03	1,087.09
Travelling and conveyance	279.90	340.38
Brokerage on sales	82.76	513.61
Royalty	270.82	153.03
Miscellaneous expenses	857.91	713.82
	29,752.36	21,651.80

Notes to the Financial Statements for the year ended March 31, 2014

NOTE : 27 FINANCE COST

₹ In Lacs

	2013-14	2012-13
Interest expense - term loan and bank overdraft	4,018.11	5,751.64
Interest on Debentures	1,000.55	203.64
Other Borrowing Cost	292.68	652.99
	5,311.34	6,608.27

NOTE : 28 INTEREST INCOME

₹ In Lacs

	2013-14	2012-13
Interest on fixed deposit	274.88	259.45
Interest on loans to subsidiaries	4,839.83	4,494.67
Interest on intercorporate deposit	61.70	61.48
	5,176.41	4,815.60

NOTE : 29 EMPLOYEE BENEFIT

(i) Defined Benefit Plans -

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

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

₹ In Lacs

	2013-14	2012-13
	Gratuity Funded	Gratuity Funded
(A) Summary of the Actuarial Assumptions		
Mortality	IALM (2006-08) Ult.	LIC (1994-96) Ult
Discount rate	9.20%	8.05%
Rate of increase in compensation	8.00%	8.00%
Withdrawal rates	10.00%	10.00%
Rate of return (expected) on plan assets	8.75%	10.00%
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	1,533.12	1,287.56
Adjustment pursuant to scheme of amalgamation with Jyothy Consumer Products Limited	-	133.10
Interest cost	109.91	115.77
Current Service Cost	114.33	161.59
Benefits Paid	(245.89)	(185.06)
Actuarial (gain) / loss on obligation	59.50	20.16
PVO at end of period	1,570.97	1,533.12

Notes to the Financial Statements for the year ended March 31, 2014

NOTE : 29 EMPLOYEE BENEFIT (CONTD.)

	₹ In Lacs	
	2013-14	2012-13
	Gratuity Funded	Gratuity Funded
(C) Changes in fair value of plan assets		
Fair value of plan assets at the beginning of period	615.44	655.80
Adjustment pursuant to scheme of amalgamation with Jyothy Consumer Products Limited	-	2.57
Expected return on plan assets	51.55	56.57
Contributions	195.01	0.88
Benefit paid	(245.89)	(101.66)
Actuarial gain / (loss) on plan assets	2.44	1.28
Fair value of plan assets at end of period	618.55	615.44
(D) Net Assets/(Liabilities) recognised in the balance sheet		
PVO at end of period	(1,570.97)	(1,533.12)
Fair value of plan assets at end of period	618.55	615.44
Funded status (deficit in plan assets over fair value of PVO)	(952.42)	(917.68)
Net assets / (Liability) recognised in the balance sheet	(952.42)	(917.68)
(E) Expenses recognised in the statement of profit and loss		
Current service cost	114.33	161.59
Interest cost	109.91	115.77
Expected return on plan assets	(51.55)	(56.57)
Net Actuarial (Gain)/Loss recognised for the period	57.06	18.89
Gratuity borne by the Company	33.16	-
Expense recognised in the statement of profit and loss	262.92	239.68
(F) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:		
Investment with insurer	100.00%	100.00%

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

	₹ In Lacs				
	April to March 14	April to March 13	April to March 12	April to March 11	April to March 10
Defined benefit obligation	1,570.97	1,533.12	1,287.56	1,107.91	861.58
Plan assets	618.55	615.44	655.80	642.40	406.50
Surplus/ (Deficit)	952.42	917.68	631.76	465.51	455.08
Experience adjustment on plan liabilities	59.50	20.16	1.09	129.73	17.27
Experience adjustment on plan assets	2.44	1.28	0.74	8.49	4.01

(H) The company expects to contribute ₹ Nil (2013- ₹ Nil) to gratuity fund and ₹ 83.25 (2013 - ₹ 76.70) To superannuation fund in the next year.

(ii) Defined Contribution Plans -

Amount of ₹ 745.93 (2013 - ₹ 728.58) is recognised as an expense and included in Note 25 in the Statement of profit and loss.

Notes to the Financial Statements for the year ended March 31, 2014

NOTE : 30 SUPPLEMENTARY INFORMATION

₹ In Lacs

	2013-14	2012-13
(A) EARNINGS IN FOREIGN CURRENCY (ACCRUAL BASIS):		
FOB value of exports	1,191.40	890.74
(B) EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS):		
i) Royalty	222.84	153.03
ii) Travelling and Conveyance	7.71	60.60
iii) Professional Consulting Fees	44.83	-
iv) Others	6.56	-
(C) CIF VALUE OF IMPORTS		
i) Raw material and Packing Material	454.07	764.07
ii) Capital goods	344.95	4.74

(D) UNHEDGED FOREIGN CURRENCY EXPOSURE:

Particulars	Foreign Currency	2013-14		2012-13	
		₹ in Lacs	Amount in Foreign Currency	₹ in Lacs	Amount in Foreign Currency
Export trade receivables	US \$	128.49	213,789	45.61	83,852
Trade Payables	US \$	11.73	19,520	-	-

₹ In Lacs

	2013-14	2012-13
(E) PAYMENT TO AUDITORS		
i) As Auditors	79.01	50.40
ii) In other capacity		
- Tax audit fees	10.11	9.55
- Certification	0.56	3.66
iii) Reimbursement of expenses	3.46	2.56
	93.14	66.17
(F) DONATIONS TO POLITICAL PARTIES		
Name of the Party		
Bharatiya Janata Party	0.00	0.07
	0.00	0.07

Notes to the Financial Statements for the year ended March 31, 2014

NOTE : 30 SUPPLEMENTARY INFORMATION (CONTD.)

(G) DETAILS OF RAW AND PACKING MATERIAL CONSUMED:

₹ In Lacs

Particulars	CONSUMPTION VALUE	
	2013-14	2012-13
Synthetic Dye	672.77	550.68
Soap Noodles	33.77	86.34
Dyes & Chemicals	9,740.19	6,600.53
Fatty Oils, Powder & Perfumes	12,641.31	11,159.59
Plastic	2,403.39	2,082.33
Others	2,123.23	4,455.28
Packing materials	8,946.26	7,504.86
TOTAL	36,560.92	32,439.61

(H) VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS, PACKING MATERIALS, STORES AND SPARE PARTS CONSUMED

Particulars	Raw Materials / Packing Materials				Stores and Spare parts			
	2013-14		2012-13		2013-14		2012-13	
	Value	%	Value	%	Value	%	Value	%
Imported	338.32	0.93%	138.53	0.43%	-	0.00%	0.29	0.15%
Indigenous	36,222.60	99.07%	32,301.08	99.57%	357.56	100.00%	197.27	99.85%
TOTAL	36,560.92		32,439.61		357.56		197.56	

(I) VALUE OF OPENING STOCK, PURCHASES, SALES AND CLOSING STOCK

₹ In Lacs

Item	Type	Opening Inventory	Purchases	Sales	Closing Inventory
			Amount		
Home Care	Traded	1,787.05	8,638.93	10,867.92	1,236.39
			9,743.78	11,021.17	
	Manufactured	2,070.43	-	16,923.99	1,493.65
			-	13,468.61	-
Soaps & Detergents	Traded	3,889.15	20,648.62	36,205.14	2,405.17
			19,305.22	35,506.67	
	Manufactured	2,956.82	-	59,336.47	4,605.26
			-	40,082.51	
Others	Traded	373.30	1,262.08	2,177.05	377.67
			973.12	1,658.71	
TOTAL		11,076.75	30,549.63	125,510.57	10,118.14
			30,022.12	101,737.67	

Figures in italics are in respect of the previous year

(J) VALUE OF CLOSING STOCK OF WORK IN PROGRESS

₹ In Lacs

	2014	2013
Home Care	267.68	227.54
Soaps & Detergents	1,137.32	719.12
TOTAL	1,405.00	946.66

Notes to the Financial Statements for the year ended March 31, 2014

NOTE : 31 SEGMENT REPORTING

Business segments:

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

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

Secondary segment:

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

Segment revenue and result:

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

Segment assets and liabilities:

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

Information about Business Segments

₹ In Lacs

	Soaps and Detergents		Home care		Others		Eliminations		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Revenue										
External Revenue	95,302.78	75,589.18	27,942.85	24,489.78	2,264.94	1,658.71	-	-	125,510.57	101,737.67
Inter Segment Revenue	20.87	5.41	1,189.12	1.08	-	-	(1,209.99)	(6.49)	-	-
Net Revenue	95,323.65	75,594.59	29,131.97	24,490.86	2,264.94	1,658.71	(1,209.99)	(6.49)	125,510.57	101,737.67
Segment Result	12,693.18	7,654.71	833.76	794.13	(283.14)	43.69	-	-	13,243.80	8,492.53
Unallocated expenditure									(2,662.87)	(2,301.38)
Unallocated Income									5,590.69	5,003.41
Interest and finance expenses									(5,311.35)	(6,608.27)
Profit before tax and prior period items									10,860.26	4,586.29
Prior Period Items									-	(182.71)
Exceptional Item									(230.07)	-
Profit before tax									10,630.20	4,403.58
Provision for tax									-	-
Excess provision for current tax of earlier years									18.79	-
Profit after tax									10,611.41	4,403.58
Other Information										
Segment assets	61,677.26	68,454.45	11,310.49	12,305.02	2,477.58	3,336.56	-	-	75,465.33	84,096.03
Unallocated assets									101,216.27	71,795.31
Total assets									176,681.60	155,891.34
Segment liabilities	11,149.21	12,821.05	3,975.18	3,638.91	130.95	507.67	-	-	15,255.34	16,967.63
Unallocated liabilities									73,380.31	66,521.41
Total liabilities									88,635.65	83,489.04
Segment capital expenditure (including capital work in progress)	993.63	584.98	60.58	48.66	-	-	-	-	1,054.21	633.64
Unallocated capital expenditure (including capital work in progress)									1,010.60	199.27
Total capital expenditure (including capital work in progress)									2,064.81	832.91

Notes to the Financial Statements for the year ended March 31, 2014

NOTE : 31 SEGMENT REPORTING (CONTD.)

Information about Business Segments

₹ In Lacs

	Soaps and Detergents		Home care		Others		Eliminations		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Segment depreciation and amortisation	3,837.48	3,882.27	401.20	410.70	244.70	246.39	-	-	4,483.38	4,539.36
Unallocated depreciation and amortisation									1,681.74	1,629.64
Total depreciation and amortisation									6,165.12	6,169.00
Segment impairment loss/ (Reversal)	(4.71)	(4.48)	-	-	-	-	-	-	(4.71)	(4.48)
Total impairment loss/ (Reversal)									(4.71)	(4.48)
Segment non cash expenses other than depreciation	113.89	41.93	60.57	15.81	2.71	0.37	-	-	177.17	58.11
Unallocated non cash expenses other than depreciation									65.02	1.38
Total non cash expenses other than depreciation									242.19	59.49

Information about geographical segment :

	2013-14		2012-13	
	India	Outside India	India	Outside India
Revenue	122,809.76	2,700.81	99,860.36	1,877.31

All assets of the Company are located in India

NOTE : 32 RELATED PARTY DISCLOSURES

a) Parties where control exists

Individual having control

M.P. Ramachandran

Chairman and Managing Director

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

Wholly Owned Subsidiaries

Associated Industries Consumer Products Pvt Ltd

Other Subsidiaries

Jyothy Kallol Bangladesh Limited

Four Seasons Drycleaning Company Private Limited

Snoways Launderers & Drycleaners Private Limited

Jyothy Consumer Products Marketing Ltd

Jyothy Fabricare Services Limited

Diamond Fabcare Private Ltd (Merged with Jyothy Fabricare Services Limited)

Akash Cleaners Private Limited (Merged with Jyothy Fabricare Services Limited)

Fab Clean & Care Private Limited (Merged with Jyothy Fabricare Services Limited)

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

Partnership firm

M/S JFSL-JLL (JV)

Notes to the Financial Statements for the year ended March 31, 2014

NOTE : 32 RELATED PARTY DISCLOSURES (CONTD.)

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

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

Relative of individual having control

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

Enterprises significantly influenced by key management personnel or their relatives

Sahyadri Agencies Ltd.

Key management personnel

K. Ullas Kamath Joint Managing Director
 S.Raghunandan Whole Time Director & CEO

c) Transactions with related parties during the year

₹ In Lacs

	2013-14	2012-13
Individual having control		
Remuneration*	216.00	216.00
Commission	429.18	111.89
Dividend	2,519.12	896.38
Associated Industries Consumer Products Pvt Ltd		
Sale of Finished goods (net of sales return)Raw material,		
Packing material and stores & spares	111.61	59.45
Royalty Income (including service tax)	5.83	4.81
Rent Income	2.52	2.52
Purchase of Finished goods (Net of purchase return), raw and packing material	184.46	125.67
Conversion Charges	14.53	-
Reimbursement	-	80.13
Commission paid		
Sreehari Stock Suppliers	-	8.47
Sujatha Agencies	-	8.66

Notes to the Financial Statements for the year ended March 31, 2014

NOTE : 32 RELATED PARTY DISCLOSURES (CONTD.)

c) Transactions with related parties during the year

₹ In Lacs

	2013-14	2012-13
Tamil Nadu Distributors	-	3.53
Beena Agencies	-	15.17
Sahyadri Agencies	-	23.29
Sahyadri Agencies Limited	82.86	75.06
Travancore Trading Corporation	-	17.07
Deepthy Agencies	-	7.19
Rent Paid		
Quilon Trading Company	1.20	1.20
Dividend (M.P. Divakaran - H.U.F. and M.P. Sidharthan - H.U.F.)	112.84	40.30
Dividend (Sahyadri Agencies Ltd.)	150.00	-
Jyothy Fabricare Services Limited		
Loan given	2,226.75	1,218.12
Repayment of loan given	202.00	2,050.00
Reimbursement	16.62	380.04
Interest Income	1,389.36	719.64
Sale of Finished goods (net of sales return)	13.05	7.47
Purchases of services	0.22	0.62
Guarantees given to Bank on behalf of the Company (Outstanding balance of term loan ₹ 179.65 (2013 ₹ 487.25))	-	-
Jyothy Consumer Products Marketing Ltd		
Loan given #	6,210.60	-
Interest Income	3,450.47	3,450.00
Reimbursement of expenses	-	308.62
Other reimbursement	421.76	609.24
Rent Income	98.02	-
Purchase of Finished goods (Net of purchase return)	201.41	131.04
Sale of Finished goods (net of sales return)	7,255.09	17,369.08
# Includes receivable of ₹ 9,198.77 converted into loan.		
Diamond Fabcare Private Ltd		
Sales of finished goods	-	0.34
Loan given	-	2,603.00
Repayment of loan given	-	2.50
Interest Income	-	258.24
Akash Cleaners Private Limited		
Loan given	-	231.50
Repayment of loan given	-	3.50
Interest Income	-	66.79
Jyothy Kallol Bangladesh Limited		
Investment in share capital	64.06	435.29
Sales of finished goods	81.75	-
Sale of inventory of capital goods	-	386.06
Advance paid towards share application money	78.82	-

Notes to the Financial Statements for the year ended March 31, 2014

NOTE : 32 RELATED PARTY DISCLOSURES (CONTD.)

c) Transactions with related parties during the year

₹ In Lacs

	2013-14	2012-13
Relatives of individuals having control		
Remuneration*		
M.R. Jyothy (Director)	53.76	47.04
M P Sidharthan	24.00	20.00
M R Deepthi	23.52	20.16
Ananth Rao T	28.98	26.49
Ravi Razdan	23.52	20.16
M.P. Divakaran	24.00	20.00
Dividend	1,018.45	362.38
Contribution to Superannuation fund		
M R Jyothy	4.80	4.20
Ananth Rao T	2.52	2.33
M R Deepthi	2.10	1.80
Ravi Razdan	2.10	1.80
Key management personnel		
Remuneration*	648.83	581.93
Commission	360.84	100.70
Dividend	55.89	19.19
Contribution to Superannuation fund	57.60	51.96

* 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

₹ In Lacs

	2014	2013
Amounts receivable		
Loans and advances		
Associated Industries Consumer Products Pvt Ltd	172.29	246.06
Jyothy Fabricare Services Limited	13,500.00	6,622.84
Jyothy Consumer Products Marketing Ltd	39,962.91	30,301.84
Akash Cleaners Private Limited	-	713.17
Diamond Fabcare Private Ltd	-	2,902.92
Jyothy Kallol Bangladesh Limited	78.82	-
Trade receivables		
Jyothy Consumer Products Marketing Ltd	-	4,835.94
Jyothy Kallol Bangladesh Limited	16.79	-
Amounts payable		
Trade payables		
Individual having control	335.99	111.89
Key management personnel	302.39	100.70
Deposit received from subsidiary company	0.51	0.51

Notes to the Financial Statements for the year ended March 31, 2014

NOTE : 32 RELATED PARTY DISCLOSURES (CONTD.)

d) Related party balances

₹ In Lacs

	2014	2013
Enterprises in which relatives of individual having control are interested (Security deposits)		
Beena Agencies	-	35.00
Deepthy Agencies	-	100.00
M.P.Agencies	-	37.92
Sahyadri Agencies	-	5.00
Sujatha Agencies	-	5.00
Tamil Nadu Distributors	-	7.81
Travancore Trading Corporation	-	107.61
Quilon Trading Company	0.20	0.10
Sree Guruvayurappan Agencies	-	0.71
Srihari Stock Suppliers	-	-
Advance from customer		
Jyothy Consumer Products Marketing Ltd	500.00	-
Enterprises significantly influenced by key management personnel or their relatives - Security Deposits		
Sahyadri Agencies Ltd.	289.06	19.45

NOTE : 33 OPERATING LEASES

In case of assets taken on lease

The Company has entered into Lease agreements for premises, which expire at various dates over the next five years. Certain agreements provide for increase in rent. Lease rental expense for the year ended March 31, 2014 was ₹ 1086.78 (2013 - ₹ 930.85). There are no restrictions imposed by lease arrangements.

₹ In Lacs

	2013-14	2012-13
Future lease payment under non - cancellable operating leases are as follows:		
Payable not later than one year	123.39	53.76
Payable later than one year and not later than five years	92.76	44.96
Payable later than five years	-	-
	216.15	98.72

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, 2014 is ₹ 97.46 and ₹ 21.03 (2013 - ₹ 105.98 and ₹ 19.94) respectively. Lease rent income for the year ended March 31, 2014 was ₹ 74.00 (2013 - ₹ 27.91). There is no escalation clause in the lease agreement and the lease is cancellable in nature. There are no restrictions imposed by lease arrangements.

Notes to the Financial Statements for the year ended March 31, 2014

NOTE : 34 CONTINGENT LIABILITIES

₹ In Lacs

	2014	2013
Based on management's evaluation following contingent liabilities is not probable and hence not provided by the Company in respect of:		
(i) Amount outstanding in respect of corporate guarantees	1,596.09	1,975.75
(ii) Tax matters		
(a) Disputed sales tax demands – matters under appeal	5,685.16	6,295.13
(b) Disputed excise duty and service tax demand - matter under appeal	3,121.96	2,438.36
(c) Disputed income tax demand - matter under appeal	1,282.39	79.56
(iii) Other statutory dues	7.72	8.00

NOTE : 35 CAPITAL COMMITMENTS (NET OF ADVANCES)

₹ In Lacs

	2014	2013
Estimated amount of contracts remaining to be executed on capital account and not provided for	1,196.71	270.45
	1,196.71	270.45

NOTE : 36

In the previous year, the Honorable High Court of Mumbai had approved the scheme of amalgamation of Jyothy Consumer Products Limited with the Company with effect from April 1, 2012.

Under the Scheme, the purchase consideration was to be discharged through issue of 23,79,748 equity shares. The same has been allotted in the current year along with equivalent bonus shares. Accordingly, an amount equivalent to the face value of the shares issued (₹ 47.60 lacs) and the excess of fair value over the face value of shares (₹ 5,480.32 lacs) has been transferred from share suspense account to equity capital and capital reserve respectively.

NOTE : 37 MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 ('MSMED')

The disclosure pursuant to the said Act is as under :

₹ In Lacs

	2014	2013
Principal amount due to suppliers under MSMED Act	3,136.98	2,994.01
Interest accrued and due to suppliers under Section 16 of MSMED Act, 2006 on the above amount, unpaid	4.98	64.67
Interest paid to suppliers under the MSMED Act	-	-
Interest due and payable towards suppliers under MSMED Act towards payment already made	-	-
Interest accrued and remaining unpaid at the end of accounting year	4.98	64.67

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

Notes to the Financial Statements for the year ended March 31, 2014

NOTE : 38 DETAILS OF LOAN / ADVANCES GIVEN TO SUBSIDIARY COMPANIES

₹ In Lacs

Particulars	2014	Maximum balance during the year	2013	Maximum balance during the year
Associated Industries Consumer Products Pvt Ltd	172.29	456.44	246.06	302.78
Jyothy Fabricare Services Limited	13,500.00	13,500.00	6,622.84	6,976.19
Jyothy Consumer Products Marketing Ltd	39,962.91	39,962.91	30,301.84	30,501.90
Akash Cleaners Private Limited	-	-	713.17	713.17
Diamond Fabcare Private Ltd	-	-	2,902.92	2,902.92

NOTE : 39 DETAILS OF INVESTMENTS IN PARTNERSHIP FIRM

₹ In Lacs

	Share of partner in profits (%)	
	2014	2013
Name of Partner		
Share of partner in profits (%)		
Jyothy Fabricare Services Limited	75.00%	75.00%
Jyothy Laboratories Limited	25.00%	25.00%
Total capital of the firm	381.52	445.00

NOTE : 40 PRIOR PERIOD ITEM

₹ In Lacs

	2013-14	2012-13
Provision for leave encashment	-	182.71
	-	182.71

NOTE : 41 MANAGERIAL REMUNERATION

During the year, the Company has received the Central Government approval for three directors in respect of managerial remuneration paid for the year ended March 31, 2013. Based on such approval, the Company has paid an additional commission of ₹ 152 lacs. The Company is yet to receive the Central Government approval for managerial remuneration paid to one director for the year ended March 31, 2013. Pending receipt of such approval, the excess remuneration paid is held in trust by the said Director.

NOTE : 42 EARNINGS PER SHARE

₹ In Lacs

	2014	2013
Net Profit for calculation of basic and diluted EPS	10,611.47	4,403.58
Weighted average number of shares for calculation of basic and diluted EPS *	170,872,811	166,023,496
Basic and Diluted EPS (₹)	6.21	2.65

* Previous year included 23,79,748 equity shares pending to be allotted to shareholders of Jyothy Consumer Products Limited as per the scheme of amalgamation and equivalent bonus thereon. The shares have been allotted in the current year.

Notes to the Financial Statements for the year ended March 31, 2014

NOTE : 43

As per the Notification no. 32/99-CE dated July 8, 1999, the Company was entitled to refund of excise duty in Guwahati and Jammu units equivalent to the amount of the duty paid through Personal Ledger Account ('PLA'). During an earlier year, the Government issued notifications no. 17/2008-CE and 19/2008-CE dated March 27, 2008 restricting the refund amount to a maximum percentage specified in the notification. The Company had filed a writ petition in the Guwahati High Court and the Jammu and Kashmir High Court against the respective notifications and obtained stay orders from both the High Courts. During the previous years, the Guwahati High Court has given a favourable order in case of a similar matter against which the Department has filed an appeal in the Supreme Court. Further, the Jammu High Court has also given favourable order. Based on the orders of High Court, the Company has accrued an additional benefit of ₹ 683.95 lacs (2013 - ₹ 438.50) in the current year.

NOTE : 44

The Company has, during the year, raised ₹ 40,000 lacs through private placement of non-convertible debenture, redeemable at a premium after 3 years from the date of allotment i.e. November 14, 2013. The redemption premium payable of ₹ 14,720.79 lacs and expenses in relation to issue of ₹ 166.50 lacs have been adjusted to the 'Securities Premium Account', in accordance with section 78 of Companies Act, 1956.

NOTE : 45

The Company has entered into an option agreement dated May 5, 2011 with Henkel AG & Co. KGaA (Henkel AG) whereby the Company has granted Henkel AG a firm and irrevocable option, at its sole discretion at any time after the beginning of the fifth year and ending upon the expiry of the sixth year of the said agreement or such other mutually extended period, to acquire a maximum of 26% of the issued equity share capital of the Company at a price which will be mutually determined by the parties at a later date.

NOTE : 46 EXCEPTIONAL ITEM

Exceptional item relates to additional payment towards retrenchment of employees on closure of the Bhubaneswar and Chennai manufacturing unit.

NOTE : 47 PREVIOUS YEAR FIGURES

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

Signatures to Notes 1 to 47

As per our report of even date

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

per Vikram Mehta
Partner
Membership No.: 105938

Place: Mumbai
Date : May 22, 2014

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

M.P. Ramachandran
Chairman and Managing Director

M.L. Bansal
Company Secretary

K. Ullas Kamath
Joint Managing Director

Place: Mumbai
Date : May 22, 2014



Consolidated Financial Statements

Auditors' Report on Consolidated Financial Statements

To
The Board of Directors of
Jyothy Laboratories Limited

We have audited the accompanying consolidated financial statements of Jyothy Laboratories Limited ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India including the Accounting Standards notified under the Companies Act, 1956 ("the Act"), read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

EMPHASIS OF MATTER

Without qualifying our report and as more fully described in Note 41 to the financial statements, we draw attention to managerial remuneration paid/provided by the Company for the year ended March 31, 2013 in excess of the limits prescribed under the Companies Act, 1956. As informed to us, the Company has filed an application with the Central government for approval of such excess remuneration.

OTHER MATTER

We did not audit total assets of ₹ 3,563 lacs as at March 31, 2014, total revenues of ₹ 1,495 lacs and net cash inflows amounting to ₹ 94 lacs for the year then ended, included in the accompanying consolidated financial statements in respect of certain subsidiaries whose financial statements and other financial information have been audited by other auditors and whose reports have been furnished to us. Our opinion, in so far as it relates to the affairs of such subsidiaries is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.

For S. R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W

per Vikram Mehta

Partner

Place: Mumbai

Date: May 22, 2014

Membership Number: 105938

Consolidated Balance Sheet as at March 31, 2014

		₹ In Lacs	
	NOTE	2014	2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	4	1,810.23	1,612.64
Share capital suspense (Note 38)		-	5,527.92
Reserves and surplus	5	71,627.71	56,714.44
		73,437.94	63,855.00
Minority Interest		157.70	488.11
Non-current liabilities			
Long-term borrowings	6	52,681.94	42,680.42
Deferred tax liabilities (Net)	7	114.74	91.34
Other long term liabilities	8	14,720.09	-
Provisions	9	1,054.78	1,021.66
		68,571.55	43,793.42
Current liabilities			
Short-term borrowings	10	-	12,678.47
Trade payables	11	11,942.74	12,278.32
Other current liabilities	12	3,880.75	11,048.94
Provisions	9	7,359.99	7,670.47
		23,183.48	43,676.20
TOTAL		165,350.67	151,812.73
ASSETS			
Non-current assets			
Fixed assets			
	13		
(i) Tangible assets		30,330.57	29,959.72
(ii) Intangible assets		79,078.15	76,277.33
(iii) Capital work-in-progress		423.94	729.94
Non-current investments	14	149.89	149.89
Loans and advances	15	12,908.54	9,605.58
Other assets	16	78.98	157.15
		122,970.07	116,879.61
Current assets			
Current investments	17	5,945.46	-
Inventories	18	17,380.03	17,216.88
Trade receivables	19	6,682.96	8,036.53
Cash and Bank balances	20	6,983.68	4,631.43
Loans and advances	15	4,900.21	4,556.17
Other assets	16	488.26	492.11
		42,380.60	34,933.12
TOTAL		165,350.67	151,812.73
Summary of significant accounting policies	3		

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

As per our report of even date

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

per Vikram Mehta
Partner
Membership No.: 105938

Place: Mumbai
Date : May 22, 2014

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

M.P. Ramachandran
Chairman and Managing Director

M.L. Bansal
Company Secretary

K. Ullas Kamath
Joint Managing Director

Place: Mumbai
Date : May 22, 2014

Consolidated Statement of Profit and Loss for the year ended March 31, 2014

₹ In Lacs

	NOTE	2013-14	2012-13
REVENUE			
Sales (net of trade discount)		132,622.52	110,743.77
Less: Excise duty		(4,630.87)	(4,756.43)
Net sales		127,991.65	105,987.34
Sale of services		3,847.72	4,427.95
Other operating income	21	547.26	242.04
Revenue from operations		132,386.63	110,657.33
Other income	22	416.14	38.61
TOTAL REVENUE (I)		132,802.77	110,695.94
EXPENSES			
Cost of raw material and components consumed	23	37,852.46	33,981.11
Purchase of traded goods		31,759.26	29,822.14
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	24	(174.02)	(5,367.66)
Employee benefits expense	25	13,815.46	13,048.30
Other expenses	26	33,412.03	26,120.63
TOTAL EXPENSE (II)		116,665.19	97,604.52
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION, AMORTIZATION AND IMPAIRMENT (EBITDA) (I) – (II)			
		16,137.58	13,091.42
Depreciation, amortization and impairment	13	2,432.24	2,242.86
Finance Costs	27	5,526.66	6,822.25
Interest Income	28	401.45	395.56
PROFIT BEFORE PRIOR PERIOD, EXCEPTIONAL ITEMS AND TAX		8,580.13	4,421.87
Prior Period items	39	165.02	4,297.83
Exceptional Item	43	230.07	-
PROFIT BEFORE TAX		8,185.04	124.04
Current tax (MAT Payable)		2,280.83	916.93
Less MAT credit entitlement		(2,260.00)	(885.00)
- Net Current Tax		20.83	31.93
- Deferred tax charge/(reversal)		23.40	(1,518.81)
- Excess provision for current tax of earlier years		19.47	-
PROFIT AFTER TAX		8,121.34	1,610.92
Minority Share (share in loss)		21.85	353.91
PROFIT AFTER TAX AND MINORITY SHARE		8,143.19	1,964.83
EARNINGS PER SHARE (EPS)			
Basic and Diluted (₹)	42	4.77	1.18
Nominal value per share (₹)		1.00	1.00
Summary of significant accounting policies	3		

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

As per our report of even date

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

per Vikram Mehta
Partner
Membership No.: 105938

Place: Mumbai
Date : May 22, 2014

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

M.P. Ramachandran
Chairman and Managing Director

M.L. Bansal
Company Secretary

K. Ullas Kamath
Joint Managing Director

Place: Mumbai
Date : May 22, 2014

Consolidated Statement of Cash Flows for the year ended March 31, 2014

	₹ In Lacs	
	2013-14	2012-13
A. CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES:		
Profit before Tax	8,185.04	124.04
Adjustment to reconcile profit before tax to net cash flow		
Depreciation, amortisation and impairment (net)	2,432.24	2,242.86
Prior Period Items	165.02	4,297.83
Loss on fixed assets discarded	6.93	30.52
Profit on sale of fixed assets	(0.66)	(3.28)
Profit on sale of current investments	(345.46)	-
Interest and finance charges	5,526.66	6,822.25
Interest income	(339.75)	(334.08)
Liabilities no longer required written back (net)	(381.22)	(61.66)
Foreign exchange fluctuation gain (net)	(26.22)	(0.18)
Bad debt written off	9.08	3.71
Provision for doubtful debts	201.98	75.09
Provision for doubtful advances	66.24	58.58
Operating profit before working capital changes	15,499.88	13,255.68
Movements in working capital :		
Increase/ (decrease) in trade payables	(119.38)	(2,207.98)
Increase / (decrease) in provisions	49.77	2,377.24
Increase/ (decrease) in other liabilities	74.76	550.73
Decrease / (increase) in trade receivables	1,168.73	(42.79)
Decrease / (increase) in inventories	(186.26)	(5,276.95)
Decrease / (increase) in Loans and advances	(1,546.18)	(4,198.67)
Decrease / (increase) in other current assets	-	32.73
Cash generated from operations	14,941.32	4,489.99
Taxes paid (net)	(1,945.18)	(1,711.15)
NET CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES (A)	12,996.14	2,778.84
B. CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:		
Purchase of fixed assets including capital work-in-progress and Capital Advances	(2,369.41)	(2,785.52)
Proceeds from sale of fixed assets	45.62	46.49
Investment in fixed deposit (having original maturity of more than three months)	(641.43)	(425.45)
Investment in shares of subsidiaries	(6,871.99)	-
Investment in Mutual Fund	(36,345.46)	-
Proceed from sale of Mutual Fund Investments	30,745.46	-
Interest Income received	378.53	318.97
NET CASH (USED IN) / GENERATED FROM INVESTING ACTIVITIES (B)	(15,058.68)	(2,845.51)

Consolidated Statement of Cash Flows for the year ended March 31, 2014

₹ In Lacs

	2013-14	2012-13
C. CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES:		
Interest and finance charges paid	(5,762.64)	(6,218.60)
Proceed from issue of equity shares	26,272.50	-
Proceeds from short-term borrowings	2,000.00	21,911.20
Repayment of short-term borrowings	(14,678.47)	(21,599.57)
Proceeds from long-term borrowings	-	1,610.94
Repayment of long-term borrowings	(43,505.46)	(927.85)
Issue of Debentures	46,500.00	5,000.00
Proceed from issue of shares by subsidiary	21.44	173.43
Expenses incurred on issue of debentures	(166.50)	-
Dividend paid	(5,960.82)	(2,015.80)
Dividend tax paid	(1,013.04)	(327.01)
NET CASH (USED IN) /GENERATED FROM FINANCING ACTIVITIES (C)	3,707.01	(2,393.26)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	1,644.47	(2,459.93)
Cash and cash equivalents at the beginning of the year	1,931.84	4,391.77
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	3,576.31	1,931.84
Components of cash and cash equivalents as per Note 20		
Cash in hand	45.46	60.47
Balance with scheduled banks - Current account	3,041.46	1,457.31
- Deposit account	449.35	406.21
Unclaimed dividend accounts *	40.04	7.85
CASH AND CASH EQUIVALENTS CONSIDERED FOR CASH FLOWS STATEMENT	3,576.31	1,931.84
* Not available for use by the management for any other purpose		
Summary of significant accounting policies	Note 3	

As per our report of even date

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

per Vikram Mehta
Partner
Membership No.: 105938

Place: Mumbai
Date : May 22, 2014

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

M.P. Ramachandran
Chairman and Managing Director

M.L. Bansal
Company Secretary

K. Ullas Kamath
Joint Managing Director

Place: Mumbai
Date : May 22, 2014

Notes to the Consolidated Financial Statements for the year ended March 31, 2014

NOTE : 1 BACKGROUND

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

NOTE : 2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

- a) The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956 read with the General Circular 08/2014 dated 04 April 2014 issued by the Ministry of Corporate Affairs. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets which has been recorded on fair value and assets for which provision for impairment is made. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.
- 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 Statements". The results of subsidiaries are included from the date of acquisition of a controlling interest. The excess/shortfall of cost to the Company of its investments in the subsidiary companies is recognised in the financial statements as goodwill/capital reserves, as the case may be. Goodwill on consolidation is tested for impairment at every reporting date.
- c) Minority interest in net asset of consolidated subsidiary consist of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in subsidiary Companies and further movement in their share in equity, subsequent to the dates of investment.
- d) The Consolidated Financial Statements for the year ended March 31, 2014 includes the financial statements of the following subsidiaries

Name of the Company	Country of incorporation	Percentage of ownership either directly or indirectly through subsidiaries as at	
		March 31, 2014	March 31, 2013
(a) Direct Subsidiaries			
1. Associated Industries Consumer Products Pvt Ltd	India	100.00	100.00
2. Jyothy Fabricare Services Limited	India	75.10	74.71
3. Jyothy Kallol Bangladesh Limited	Bangladesh	75.00	75.00
4. Jyothy Consumer Products Marketing Ltd	India	95.99	95.99
5. Jyothy Consumer Products Ltd	India	Refer (Note II)	Refer (Note II)
(b) Indirect Subsidiaries *			
6. Snoways Launderers and Drycleaners Pvt. Ltd (Note I)	India	36.61	36.61
7. Diamond Fabcare Private Limited	India	Refer (Note II)	74.71
8. Akash Cleaners Private Limited	India	Refer (Note II)	74.71
9. Fab Clean & Care Private Limited	India	Refer (Note II)	74.71
10. Four Seasons Dry Cleaning Co. Private Limited	India	75.10	74.71
(c) 11. JFSL-JLL(JV)	India	81.32	81.03

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

Note :

- I Jyothy Fabricare Services Limited has 49% share in Snoways Launderers & Drycleaners Pvt. Ltd and has entered into agreement which enable it to control the composition of the Board of Directors of the latter, making it a subsidiary company of Jyothy Fabricare Services Limited.
- II These entities have been merged with the Company or its subsidiaries under an approved scheme of amalgamation of High Court. There is no impact of this merger on the consolidated financial statements of the Group, since the business was already included in the consolidated financial statements of the previous year.

Notes to the Consolidated Financial Statements for the year ended March 31, 2014

NOTE : 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Use of estimates

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

b) Tangible fixed assets

Fixed assets are stated at cost, less accumulated depreciation amortisation and impairment losses if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Gains or losses arising from derecognition of tangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

c) Intangible assets

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

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

d) Depreciation and amortisation

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

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

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

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

e) Impairment

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2014

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

f) Operating Leases

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

g) Government grants and subsidies

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

h) Investment

Investments that are readily realisable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties and other costs that arise on acquisition of investment. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

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

i) Inventories

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

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

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

Operating supplies are items in circulation. Cost is ascertained on First-in-First out ('FIFO') basis and includes all applicable costs incurred in bringing goods to their present location and condition and then written off over their estimated period of usage.

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

j) Revenue recognition

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

Sale of Goods

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2014

Sale of Services :

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

Interest :

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

k) Foreign currency translation

(i) Initial Recognition

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

(ii) Conversion

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

(iii) Exchange Differences

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

l) Retirement and other employee benefits

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

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

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

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

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

m) Sales promotion items

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

n) Income-tax

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

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

In the situations where an entity in the Group is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the entity's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the entity restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

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

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2014

or virtually certain, as the case may be, that sufficient future taxable income will be available.

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

o) Provisions

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

p) Excise duty

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

q) Segment Reporting

Identification of segments:

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

Segment accounting policies :

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

Intersegment transfer :

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

Allocation of common costs:

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

Unallocated items:

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

r) Earnings per Share

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

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

s) Cash and Cash equivalents

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

t) Borrowing Costs

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

u) Contingent liabilities

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

v) Measurement of EBITDA

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2014

NOTE : 4 SHARE CAPITAL

₹ In Lacs

	2014	2013
NOTE 4 SHARE CAPITAL		
AUTHORISED CAPITAL		
2,570,000,000 (2013 - 170,000,000) equity shares of ₹ 1 (2013 - ₹ 1) each	25,700.00	1,700.00
	25,700.00	1,700.00
ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
181,023,496 (2013 - 161,264,000) equity shares of ₹ 1 (2013 - ₹ 1) each fully paid	1,810.23	1,612.64
	1,810.23	1,612.64

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

	2014		2013	
	No.	Amount	No.	Amount
At the beginning of the period	161,264,000	1,612.64	80,632,000	806.32
Issued / Subscribed during the year #	19,759,496	197.59	80,632,000	806.32
Outstanding at the end of the period	181,023,496	1,810.23	161,264,000	1,612.64

During the year, the paid up share capital of the Company has increased on account of :

- Issue of 4,759,496 shares (including 2,379,748 bonus shares) on the amalgamation of Jyothy Consumer Products Limited (Note 38)
- Issue of 15,000,000 shares on preferential allotment basis to Sahyadri Agencies Limited at a premium of ₹ 174.15 per equity share.

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

	2014		2013	
	No.	% Holding in the class	No.	% Holding in the class
Equity shares of ₹ 1 each fully paid				
M. P. Ramachandran	72,112,060	39.84%	71,974,777	44.63%
Sahyadri Agencies Limited	15,000,000	8.29%	-	-

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

C. TERMS/ RIGHTS ATTACHED TO EQUITY SHARES

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

During the year ended March 31, 2014, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 3 (2013: ₹ 2.50), including interim dividend of ₹ 1/- per equity share paid during the year.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Notes to the Consolidated Financial Statements for the year ended March 31, 2014

NOTE : 4 SHARE CAPITAL (CONTD.)

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

	2014	2013
	No.	No
Equity shares allotted as fully paid bonus shares by capitalization of securities premium	2,379,748	80,632,000
Equity shares issued for consideration other than cash pursuant to scheme of amalgamation with Jyothy Consumer Products Limited (JCPL)	2,379,748	-
	4,759,496	80,632,000

NOTE 5 RESERVES AND SURPLUS

₹ In Lacs

	2014	2013
Surplus in the statement of profit and loss :		
Balance, beginning of the year	(7,529.33)	(2,888.18)
Profit for the year	8,143.19	1,964.83
	613.86	(923.35)
Less : Appropriations		
Proposed dividend (amount per share ₹ 2 (2013 : ₹ 2.5))*	(3,620.47)	(4,150.59)
Tax on proposed dividend *	(615.30)	(705.39)
Interim dividend (amount per share ₹ 1 (2013 : ₹ Nil))	(1,810.23)	-
Tax on Interim dividend	(307.65)	-
Transfer to Debenture Redemption Reserve	(5,372.51)	(1,250.00)
Transfer to general reserves	(1,200.00)	(500.00)
Net (deficit) / surplus in the statement of profit and loss	(12,312.30)	(7,529.33)
Capital Reserve		
Balance, beginning of the year	-	-
Add: Addition on allotment of equity shares (Note 38)	5,480.32	-
Balance, end of the year	5,480.32	-
Reserve arising on dilution (Note 37)	-	3,592.50
Securities premium		
Balance, beginning of the year	27,955.29	28,785.41
Add : Premium received on issue of equity shares on preferential allotment basis	26,122.50	-
Less: Expenses incurred on issue of Debentures (Note 44)	(166.50)	-
Less: Amount utilised towards issue of fully paid bonus shares **	-	(830.12)
Less: Premium payable on redemption of non convertible debentures issued during the year (Note 44)	(14,720.09)	-
Balance, end of the year	39,191.20	27,955.29
Investment subsidy	106.90	106.90
Debenture Redemption Reserve		
Balance, beginning of the year	1,250.00	-
Add: Amount transferred from surplus balance in the statement of profit and loss	5,372.51	1,250.00
Balance, end of the year	6,622.51	1,250.00
General reserves		
Balance, beginning of the year	31,339.08	30,839.08
Add: Amount transferred from surplus balance in the statement of profit and loss	1,200.00	500.00
Balance, end of the year	32,539.08	31,339.08
	71,627.71	56,714.44

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

** Previous year included ₹ 23.80 lacs pertaining to bonus shares to be allotted to shareholders of Jyothy Consumer Products Limited. The same has been allotted in the current year. (Note 38).

Notes to the Consolidated Financial Statements for the year ended March 31, 2014

NOTE : 6 LONG-TERM BORROWINGS

₹ In Lacs

	NON CURRENT		CURRENT	
	2014	2013	2014	2013
Term loans from Bank (secured)	1,091.94	37,500.42	407.61	7,397.14
Secured Redeemable Zero Coupon Non Convertible Debentures				
4,000 (2013-Nil) Debentures of ₹ 1,000,000 (2013-₹ Nil) each	40,000.00	-	-	-
9.65% Secured Redeemable Non Convertible Debentures				
650 (2013-Nil) Debentures of ₹ 1,000,000 (2013-₹ Nil) each	6,500.00	-	-	-
10.25% Secured Redeemable Non Convertible Debentures				
500 (2013-500) Debentures of ₹ 1,000,000 (2013-₹ 1,000,000) each	5,000.00	5,000.00	-	-
Deferred Payment Liability (Unsecured)	90.00	180.00	270.00	180.00
Deferred sales tax loan (Unsecured)	-	-	-	17.45
Amount disclosed under 'Other Current Liabilities' (Note 12)	-	-	(270.00)	(180.00)
Amount disclosed under 'Other Current Liabilities' (Note 12)			(407.61)	(7,414.59)
	52,681.94	42,680.42	-	-

Details of loan

- Term loan from bank of ₹ 177.61 (2013 : ₹ 482.09) was taken during the financial year 2009-10 and carries interest rate of 0.75 % below BPLR or a minimum 11.25% p.a. The loan is repayable in monthly installments of ₹ 25.00 each along with interest from 1 July 2010. This is secured by mortgage of leased land & building of Jyothy Fabricare Services Limited situated at Doddaballapura, Bangalore.
- Term loan of ₹ 164.50 (2013 : 312.00) is repayable in 60 monthly installment along with interest from May 10, 2010. Term Loan is secured by hypothecation of plant & machinery & all movables present & future of Diamond Fabcare Private Limited subject to prior charge in favour of the bankers on stock of stores and books debts for working capital limits and further secured by Corporate Guarantee given by the Company.
- Term loan of ₹ 1,157.44 (2013 : 1,103.47) from Axis bank has been taken in financial year 2012-13. The loan is repayable in 32 quarterly installment beginning from August 2013. The loan is secured by Exclusive first charge on the entire fixed assets and current assets of the JFSL-JLL (JV) and further secured by corporate guarantee given by the Company.
- All the Debentures are secured by first charge on all fixed assets and select Brands (Maxo and Exo).
- 4,000 ₹ 1,000,000 Zero coupon non convertible redeemable debentures is redeemable at premium of ₹ 368,022 per debenture after 3 years from the date of allotment i.e. November 14, 2013.
- 650 ₹ 1,000,000 9.65% Secured Redeemable Non Convertible Debentures are redeemable at par after 3 years from the date of allotment i.e. June 21,2013.
- 500, 10.25% Secured Redeemable Non Convertible Debenture are redeemable at par at the end of 3 years and 7 days from the date of allotment i.e. November 7, 2012.
- Deferred payment liabilities are repayable over a period of 3 years in equal installments.

Notes to the Consolidated Financial Statements for the year ended March 31, 2014

NOTE : 7 DEFERRED TAX LIABILITIES, (NET)

₹ In Lacs

	2014	2013
a) Deferred tax liability		
Depreciation	4,710.94	3,486.03
GROSS DEFERRED TAX LIABILITY	4,710.94	3,486.03
b) Deferred tax assets		
Technical royalty	2.08	2.77
Provision for gratuity	353.35	332.36
Provision for doubtful debts	144.53	81.56
Provision for doubtful advances	493.22	476.25
Provision for leave encashment	203.57	192.00
Provision for impairment losses	164.57	140.62
Provision for bonus	7.73	-
Disallowance u/s 40 a (ia) of the Income Tax Act	8.84	-
On carry forward loss and unabsorbed depreciation	3,198.66	2,138.27
Disallowance u/s 43B of the Income Tax Act	19.65	30.86
GROSS DEFERRED TAX ASSETS	4,596.20	3,394.69
NET DEFERRED TAX LIABILITIES	114.74	91.34

NOTE : 8 OTHER LONG-TERM LIABILITIES

₹ In Lacs

	NON CURRENT		CURRENT	
	2014	2013	2014	2013
Premium payable on redemption of Debentures (Note 44)	14,720.09	-	-	-
	14,720.09	-	-	-

NOTE : 9 PROVISIONS

₹ In Lacs

	NON CURRENT		CURRENT	
	2014	2013	2014	2013
Provision for employee benefits				
Provision for leave encashment	2.23	26.68	605.78	589.84
Provision for gratuity (Note 29)	1,052.55	994.98	10.65	11.97
	1,054.78	1,021.66	616.43	601.81
Other provisions				
Provision for wealth tax	-	-	6.16	4.13
Provision for income tax (net of advance tax)	-	-	326.04	32.96
Provision for contingencies	-	-	2,175.59	2,175.59
Proposed dividend	-	-	3,620.47	4,150.59
Tax on proposed dividend	-	-	615.30	705.39
	-	-	6,743.56	7,068.66
	1,054.78	1,021.66	7,359.99	7,670.47

Provision for contingencies:

Related to certain indirect tax cases pending at various levels.

Notes to the Consolidated Financial Statements for the year ended March 31, 2014

NOTE : 10 SHORT-TERM BORROWINGS

₹ In Lacs

	2014	2013
Bank overdraft (Secured)	-	6,267.27
Commercial Paper (Unsecured)	-	6,411.20
	-	12,678.47

Details of loan

- a) Short term loan and bank overdraft carries interest @ 11.50% p.a and was repayable on demand. The same has been repaid during the year.
- b) Commercial Paper has been repaid during the year.

NOTE : 11 TRADE PAYABLES

₹ In Lacs

	2014	2013
Micro, Small and Medium Enterprises (Note 45)	3,261.11	3,068.39
Other trade payable	2,957.28	4,125.08
Accrual for expenses	5,724.35	5,084.85
	11,942.74	12,278.32

NOTE : 12 OTHER CURRENT LIABILITIES

₹ In Lacs

	2014	2013
Interest accrued but not due on debentures	378.47	614.45
Statutory Dues	1,529.50	1,371.74
Unclaimed dividend *	40.04	7.85
Security deposits	374.97	341.69
Advances from customers	845.16	1,079.09
Current maturities of deferred payment liability (Note 6)	270.00	180.00
Current maturities of loan (Note 6)	407.61	7,414.59
Other liabilities	35.00	39.53
	3,880.75	11,048.94

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2014

₹ In Lacs

NOTE : 13 FIXED ASSETS

Particulars	Gross Block		Depreciation and Amortisation			Impairment		Net Block	
	As at April 1, 2013	As at April 1, 2013	As at April 1, 2013	For the year	Deletions	As at March 31, 2014	Charge For the year	As at March 31, 2014	As at March 31, 2013
Intangible assets									
Goodwill	76,105.29	2,949.49	-	-	-	373.54	51.50	78,629.74	75,680.25
	70,601.17	5,504.12	-	-	-	373.54	51.50	75,680.25	75,680.25
Trademarks and Copyrights	618.44	-	-	45.56	-	444.43	23.68	150.33	195.89
	618.44	-	-	45.56	-	444.43	23.68	150.33	195.89
Know-how	647.12	-	-	51.62	-	398.87	23.68	71.67	191.67
	647.12	-	-	51.62	-	398.87	23.68	71.67	191.67
Softwares and Licences	321.30	68.52	-	51.63	-	163.41	-	226.41	209.52
	321.30	68.52	-	51.63	-	163.41	-	226.41	209.52
TOTAL INTANGIBLE ASSETS	77,692.15	3,018.01	-	217.19	-	1,556.83	75.18	79,078.15	76,277.33
	72,127.53	5,564.62	-	214.21	-	1,339.64	75.18	76,277.33	70,926.92
Tangible assets									
Freehold land ^	3,693.97	-	-	-	-	-	-	3,693.97	3,693.97
	3,692.52	1.45	-	-	-	-	-	3,693.97	3,693.97
Leasehold land	390.74	-	-	3.99	-	34.56	-	356.18	360.17
	390.74	-	-	3.99	-	34.56	-	356.18	360.17
Building#	15,026.15	767.09	-	440.65	-	3,390.58	-	12,402.66	12,076.22
	14,730.66	295.49	-	416.95	-	2,949.93	-	12,402.66	12,076.22
Plant and machinery @	22,921.18	1,550.03	47.19	1,326.18	21.23	9,952.90	2,411.87	12,063.96	11,861.36
	21,371.48	1,600.59	110.89	1,196.05	73.71	8,647.95	2,009.76	12,063.96	11,861.36
Dies and moulds	567.74	114.70	1.05	76.74	1.04	555.51	-	125.88	87.93
	538.70	32.51	3.47	67.03	0.21	479.81	-	125.88	87.93
Furniture and fixture	1,032.09	43.67	3.75	64.76	2.49	456.90	1.07	614.04	636.39
	1,125.98	73.25	167.14	59.60	97.02	394.63	1.07	614.04	636.39
Leasehold Improvements	506.30	26.01	0.77	108.55	0.51	463.17	-	68.37	151.17
	473.40	32.90	-	86.94	-	355.13	-	68.37	151.17
Office equipments	1,302.09	134.11	18.70	112.59	11.52	802.62	14.08	600.80	586.46
	1,931.69	85.01	714.61	111.15	555.39	701.55	14.08	600.80	586.46
Vehicle	932.79	2.18	46.22	86.30	29.00	483.13	0.91	404.71	506.05
	1,044.21	58.51	169.93	91.42	102.06	425.83	0.91	404.71	506.05
TOTAL TANGIBLE ASSETS	46,373.05	2,637.79	117.68	2,219.76	65.79	16,139.37	2,427.93	30,330.57	29,959.72
	45,299.38	2,239.71	1,166.04	2,033.13	828.39	13,985.40	2,427.93	29,959.72	29,959.72
TOTAL	124,065.20	5,655.80	117.68	2,436.95	65.79	17,696.20	2,503.11	109,408.72	106,237.05
Previous year	117,426.91	7,804.33	1,166.04	2,247.34	828.39	15,325.04	2,009.76	106,237.05	106,237.05

\$ Includes trademarks and copyrights of ₹ 315.63 (2013 - ₹ 315.63) pending for registration in the name of the Company and ₹ 37.63 (2013 - ₹ 37.63) pending for registration in the name of the Jyothy Fabrics Services Limited.

Includes ₹ 452.19 (2013 ₹ 452.19) represented by unquoted fully paid shares at cost in various co-operative societies. Further, also refer Note 33.

@ Addition in plant and machinery includes Salary and wages of ₹ Nil (2013 - ₹ 47.37) and Power and Fuel ₹ Nil (2013 - ₹ 2.72) pertaining to revenue expenses capitalised during the year.

^ Land title deed relating to freehold land of ₹ 536.41 (2013: ₹ 536.41) are pending for registration in the name of Jyothy Fabrics Services Limited.

Refer Note 37 for addition to Goodwill in the current year.

Figures in italics are in respect of the previous year

Notes to the Consolidated Financial Statements for the year ended March 31, 2014

NOTE : 14 NON CURRENT INVESTMENTS (AT COST, UNLESS STATED OTHERWISE)

₹ In Lacs

	2014	2013
Investment property (Freehold land)#	147.30	147.30
Trade Investments (Unquoted)		-
Henkel SPIC Employees Co-operative Thrift and Credit Society Limited		
2,000 (2013 - 2,000) equity shares of ₹ 100 (2013 - ₹ 100) each fully paid up	2.00	2.00
Capexil (Agencies) Ltd		
5 (2013 - 5) equity shares of ₹ 1,000 (2013 - ₹ 1,000) each fully paid up	0.05	0.05
Madras Industrial Cooperative Analytical Laboratory Limited		
2 (2013 - 2) equity shares of ₹ 500 (2013 - ₹ 500) each fully paid up	0.01	0.01
Ambattur Industrial Estate Manufacturers Service Industrial Cooperative Society Ltd		
1 (2013 - 1) equity shares of ₹ 100 (2013 - ₹ 100) each fully paid up	0.00	0.00
	2.06	2.06
Less: Provision for diminution in the value of investments	(0.06)	(0.06)
	2.00	2.00
Non-Trade Investment (Unquoted)		
Investment in Government Securities		
Indira Vikas Patra	0.02	0.02
National Saving Certificates (Pledged with Government authorities)	0.57	0.57
	0.59	0.59
	149.89	149.89
Aggregate amount of unquoted investments	149.89	149.89
Aggregate amount of quoted investments	-	-
Market Value of quoted investments	-	-

Since this is freehold land no depreciation is charged on same

NOTE : 15 LOANS AND ADVANCES

₹ In Lacs

	NON CURRENT		CURRENT	
	2014	2013	2014	2013
Unsecured, considered good unless otherwise stated				
Capital Advances*	1,169.97	1,206.56	5.69	-
Inter corporate deposit to third parties	-	-	513.32	514.79
Advance to suppliers*	65.85	6.63	2,259.33	2,461.91
Balance with excise and VAT authorities*	-	-	1,871.49	1,399.75
MAT Credit entitlement	3,844.11	1,584.11	-	-
Deposits*	970.65	881.29	87.71	107.09
Balance with government authorities	5,780.82	4,160.70	96.32	55.27
Prepaid Expenses	0.65	1.17	205.20	432.38
Advance income tax (net of provision)	796.55	883.56	27.38	2.41
Other receivables*	513.25	1,065.83	1,083.18	831.98
Less: Provisions for doubtful advances and deposits	(233.31)	(184.27)	(1,249.41)	(1,249.41)
	12,908.54	9,605.58	4,900.21	4,556.17

* Advances to suppliers, Balance with excise and VAT authorities, Deposits, other receivables and Capital Advance include ₹ 397.04 (2013 - ₹ 338.59), ₹ 881.50 (2013 - ₹ 881.50), ₹ 76.84 (2013 - ₹ 74.31), ₹ 107.33 (2013 - ₹ 102.08) and ₹ 20.01 (2013 - ₹ 37.20) respectively, considered doubtful and fully provided for.

Notes to the Consolidated Financial Statements for the year ended March 31, 2014

NOTE : 16 OTHER ASSETS

₹ In Lacs

	NON CURRENT		CURRENT	
	2014	2013	2014	2013
Unsecured, considered good				
Inventory-Sales Promotions Items	-	-	484.57	461.46
Interest accrued but not due	-	11.82	3.69	30.65
Fixed deposit with Banks having maturity of more than 12 months (Note 20)	78.98	145.33	-	-
	78.98	157.15	488.26	492.11

NOTE : 17 CURRENT INVESTMENTS

₹ In Lacs

	2014	2013
Axis Banking Debt Fund - Growth		
129,638.41 (2013 - Nil) units of ₹ 1,000 (2013 - ₹ Nil) each	1,500.00	-
Axis Liquid Fund - Growth		
161,572.36 (2013 - Nil) units of ₹ 1,000 (2013 - ₹ Nil) each	2,272.79	-
Axis Treasury Advantage Fund - Growth		
102,268.76 (2013 - Nil) units of ₹ 1,000 (2013 - ₹ Nil) each	1,453.81	-
ICICI Prudential Flexible Income - Growth		
306,515.33 (2013 - Nil) units of ₹ 10 (2013 - ₹ Nil) each	718.86	-
	5,945.46	-
Market value	6,024.15	-

NOTE : 18 INVENTORIES (VALUED AT LOWER OF COST OR NET REALISABLE VALUE)

₹ In Lacs

	2014	2013
Raw and packing materials (including goods in transit ₹ Nil (2013- ₹ Nil))	4,437.77	4,501.61
Work in progress	1,407.19	946.72
Finished goods manufactured	6,158.76	5,038.43
Traded Goods (including goods in transit ₹ 277.56 (2013- ₹ 2.89))	4,889.20	6,243.28
Stores, Operating supplies and spare parts	487.11	486.84
	17,380.03	17,216.88

NOTE : 19 TRADE RECEIVABLES

₹ In Lacs

	2014	2013
Unsecured		
a) Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	1,133.87	838.78
Considered doubtful	1,263.28	1,031.06
Less: Provision for doubtful receivables	(1,263.28)	(1,031.06)
	1,133.87	838.78
b) Other receivable, considered good	5,549.09	7,197.75
	6,682.96	8,036.53

Notes to the Consolidated Financial Statements for the year ended March 31, 2014

NOTE : 20 CASH AND BANK BALANCES

₹ In Lacs

	NON CURRENT		CURRENT	
	2014	2013	2014	2013
Cash in hand	-	-	45.46	60.47
Balance with banks - Current account	-	-	3,041.46	1,457.31
- Deposit account (Original maturity of less than three months)	-	-	364.68	406.21
- Deposit account (Original maturity of less than twelve months)	-	-	84.67	-
Unclaimed dividend accounts	-	-	40.04	7.85
	-	-	3,576.31	1,931.84
Other bank balances				
Deposits with original maturity for more than 12 months*	78.98	145.33	3,407.37	2,699.59
Amount disclosed under 'other assets' (Note 16)	(78.98)	(145.33)	-	-
	-	-	3,407.37	2,699.59
	-	-	6,983.68	4,631.43

* Includes deposits provided as securities against bank guarantees - ₹ 1583.98 (2013 - ₹ 1,192.99)

NOTE : 21 OTHER OPERATING INCOME

₹ In Lacs

	2013-14	2012-13
Export incentives	0.26	-
Agricultural Income	12.47	8.59
Sale of scrap	91.34	131.01
Liabilities no longer required written back (net)	381.22	61.66
Others	61.97	40.78
	547.26	242.04

NOTE : 22 OTHER INCOME

₹ In Lacs

	2013-14	2012-13
Lease rent income	4.98	25.39
Profit on sale of current investments	345.46	-
Profit on sale of fixed assets	0.66	3.28
Foreign exchange fluctuation gain (net)	26.22	0.18
Miscellaneous income	38.82	9.76
	416.14	38.61

NOTE : 23 COST OF RAW MATERIALS AND COMPONENTS CONSUMED

₹ In Lacs

	2013-14	2012-13
Opening stock	4,501.61	4,726.11
Add: Cost of purchases	37,788.62	33,756.61
	42,290.23	38,482.72
Less: Closing stock	4,437.77	4,501.61
	37,852.46	33,981.11

Notes to the Consolidated Financial Statements for the year ended March 31, 2014

NOTE : 24 (INCREASE)/ DECREASE IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND TRADED GOODS

₹ In Lacs

	2013-14	2012-13
Closing stock		
Finished goods	6,158.76	5,038.43
Traded Goods	4,889.20	6,243.28
Work in progress	1,407.19	946.72
	12,455.15	12,228.43
Opening stock		
Finished goods	5,038.43	2,352.35
Traded Goods	6,243.28	3,555.58
Work in progress	946.72	808.37
	12,228.43	6,716.30
SUB-TOTAL (A)	(226.72)	(5,512.13)
(Increase)/ decrease in excise duty		
Excise duty on closing stock	240.11	187.41
Excise duty on opening stock	187.41	42.94
SUB-TOTAL (B)	(52.70)	(144.47)
TOTAL (A-B)	(174.02)	(5,367.66)

NOTE : 25 EMPLOYEE BENEFITS EXPENSES

₹ In Lacs

	2013-14	2012-13
Salaries, wages and bonus	10,427.40	10,203.18
Contribution to provident and other funds (Note 29)	729.27	732.38
Gratuity (Note 29)	286.62	271.37
Staff welfare expenses	499.05	547.83
Directors' remuneration (Note 41)	980.99	901.13
Commission to directors (Note 41)	638.42	212.59
Field staff incentives	253.71	179.82
	13,815.46	13,048.30

NOTE : 26 OTHER EXPENSES

₹ In Lacs

	2013-14	2012-13
Power and fuel expenses	2,686.08	2,887.48
Rent	1,764.88	1,530.40
Insurance	66.39	99.55
Repairs and maintenance		
- Building	128.70	97.43
- Plant and machinery	247.62	290.86
- Others	161.37	182.46
Consumption of stores and spares	357.56	197.56
Research and development	48.81	23.75
Excise duty	496.64	237.05
Printing and stationery	89.40	110.12

Notes to the Consolidated Financial Statements for the year ended March 31, 2014

NOTE : 26 OTHER EXPENSES (CONTD.)

₹ In Lacs

	2013-14	2012-13
Communication costs	276.85	328.51
Legal and professional fees	1,107.32	1,123.44
Rates and taxes	595.82	447.22
Directors' sitting fees	3.65	5.65
Vehicle maintenance	377.61	465.80
Donation	5.22	9.18
Loss on fixed assets discarded	6.93	30.52
Bad debt written off	9.08	3.71
Provision for doubtful debts	247.48	
Less: Bad debts written off	(45.50)	
Provision for doubtful advances	66.24	58.58
Advertisement and sales promotion expense	14,420.56	9,553.88
Carriage outwards	7,238.08	5,115.68
Field staff expenses	1,225.03	1,087.09
Travelling and conveyance	387.92	395.37
Brokerage on sales	86.75	589.52
Royalty	271.46	153.03
Miscellaneous expenses	1,084.08	1,021.70
	33,412.03	26,120.63

NOTE : 27 FINANCE COST

₹ In Lacs

	2013-14	2012-13
Interest expense - term loan and bank overdraft	4,233.43	5,951.79
Interest on Debentures	1,000.55	203.64
Other Borrowing Cost	292.68	666.82
	5,526.66	6,822.25

NOTE : 28 INTEREST INCOME

₹ In Lacs

	2013-14	2012-13
Interest on fixed deposit	333.67	334.08
Interest on inter-corporate deposit	61.70	61.48
Interest on other deposit	6.08	-
	401.45	395.56

Notes to the Consolidated Financial Statements for the year ended March 31, 2014

NOTE : 29 EMPLOYEE BENEFIT

(i) Defined Benefit Plans -

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

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

	2013-14	2012-13
	Partly Funded	Partly Funded
(A) Summary of the Actuarial Assumptions		
Mortality	Indian Assured Lives Mortality (2006-08) Ult	LIC (1994-96) Ult
Discount rate	9.20%	8.05%-8.30%
Rate of increase in compensation	8.00%	8%-8.15%
Withdrawal rates	1%-10%	2%-10%
Rate of return (expected) on plan assets	6%-10%	8%-10%
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	1,642.97	1,500.66
Interest cost	120.01	121.94
Current Service Cost	145.52	194.44
Benefits Paid	(249.89)	(188.51)
Actuarial (gain) / loss on obligation	43.21	14.44
PVO at end of period	1,701.82	1,642.97
(C) Changes in fair value of plan assets		
Fair value of plan assets at the beginning of period	636.02	677.25
Expected return on plan assets	52.84	58.17
Contributions	195.01	0.98
Benefit paid	(247.69)	(101.66)
Actuarial gain / (loss) on plan assets	2.44	1.28
Fair value of plan assets at end of period	638.62	636.02
(D) Net Assets/(Liabilities) recognised in the balance sheet		
PVO at end of period	(1,701.82)	(1,642.97)
Fair value of plan assets at end of period	638.62	636.02
Funded status (deficit in fair value of plan assets over PVO)	(1,063.20)	(1,006.95)
Net assets / (Liability) recognised in the balance sheet	(1,063.20)	(1,006.95)

Notes to the Consolidated Financial Statements for the year ended March 31, 2014

NOTE : 29 EMPLOYEE BENEFIT (CONTD.)

	2013-14	2012-13
	Partly Funded	Partly Funded
(E) Expenses recognised in the statement of profit and loss		
Current service cost	145.52	194.44
Interest cost	120.01	121.94
Expected return on plan assets	(52.84)	(58.17)
Net Actuarial (Gain)/Loss recognised for the period	40.77	13.16
Gratuity borne by the Company	33.16	-
Expense recognised in the statement of profit and loss	286.62	271.37
(F) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:		
Investment with insurer	100.00%	100.00%

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

₹ In Lacs

	April to March 2014	April to March 2013	April to March 2012	April to March 2011	April to March 2010
Defined benefit obligation	1,701.82	1,642.97	1,500.66	1,117.93	880.23
Plan assets	638.62	636.02	677.25	642.40	406.41
Surplus/ (Deficit)	1,063.20	1,006.95	823.41	475.53	473.82
Experience adjustments on plan liabilities	43.21	14.44	58.92	77.99	7.03
Experience adjustments on plan assets	2.44	1.28	(39.70)	8.49	4.01

(H) The Group expects to contribute ₹ Nil (2013 - ₹ Nil) to gratuity fund and ₹ 83.25 (2013 - ₹ 76.70) to Superannuation fund in the next year.

(ii) Defined Contribution Plans -

Amount of ₹ 866.55 (2013 - ₹ 855.93) is recognised as an expense and included in Note 25 in the Statement of Profit and Loss.

NOTE : 30 SEGMENT REPORTING

Business segments

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

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

Secondary segment

The Group mainly caters to the needs of the domestic market. The export turnover is not significant in the context of total turnover.

Segment revenue and result

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

Segment assets and liabilities

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

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2014

NOTE : 30 SEGMENT REPORTING (CONTD.)

Information about Business Segments

₹ In Lacs

	Soaps and Detergents		Home care		Laundry Services		Others		Eliminations		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Revenue												
External Revenue	96,095.76	79,669.05	29,640.62	24,491.62	3,847.72	4,427.95	2,255.27	1,826.67	-	-	131,839.37	110,415.29
Inter Segment Revenue	20.87	5.41	1,189.12	1.08	-	-	-	-	(1,209.99)	(6.49)	-	-
Net Revenue	96,116.63	79,674.46	30,829.74	24,492.70	3,847.72	4,427.95	2,255.27	1,826.67	(1,209.99)	(6.49)	131,839.37	110,415.29
Segment results	14,872.73	13,168.61	767.66	791.65	(1,136.83)	(1,292.24)	(43.65)	453.85	-	-	14,459.91	13,121.87
Unallocated expenditure											(1,224.14)	(2,483.86)
Unallocated income											871.02	606.11
Interest & finance expenses											(5,526.66)	(6,822.25)
Profit before exceptional items and tax											8,580.13	4,421.87
Exceptional Items											230.07	-
Profit before tax and prior period items											8,350.06	4,421.87
Prior Period items											165.02	4,297.83
Profit before tax											8,185.04	124.04
Provision for tax											(63.70)	1,486.88
Profit after tax before Minority Interest											8,121.34	1,610.92
Minority Interest (share of loss)											21.85	353.91
Profit after tax after Minority Interest											8,143.19	1,964.83
Other Information												
Segment assets	39,403.55	55,203.61	11,906.68	12,305.03	15,137.56	12,115.20	526.48	2,473.04	-	-	66,974.27	82,096.88
Unallocated assets											98,376.40	69,715.85
Total assets											165,350.67	151,812.73
Segment liabilities	11,715.65	13,255.39	4,266.56	3,638.94	2,180.07	2,652.29	130.64	532.62	-	-	18,292.92	20,079.24
Unallocated liabilities											73,462.11	67,390.38
Total liabilities (excluding minority interest)											91,755.03	87,469.62
Segment Capital expenditure (including capital work in progress)	1,064.28	982.86	60.58	48.66	264.65	1,490.44	-	-	-	-	1,389.51	2,521.96
Unallocated capital expenditure (including capital work in progress)											1,010.80	199.57
Total capital expenditure (including capital work in progress and excluding the Goodwill on consolidation)											2,400.31	2,721.53
Segment depreciation and amortisation	1,365.00	1,196.35	281.20	410.70	542.94	441.12	-	3.46	-	-	2,189.15	2,051.63
Unallocated depreciation and amortisation											247.80	195.71
Total depreciation and amortisation											2,436.95	2,247.34
Segment impairment loss Reversal	(4.71)	(4.48)	-	-	-	-	-	-	-	-	(4.71)	(4.48)
Segment impairment loss	-	-	-	-	-	-	-	-	-	-	-	-
Total impairment loss/ (Reversal)											(4.71)	(4.48)
Segment non cash expenses other than depreciation	126.59	71.94	65.21	15.81	55.44	77.30	2.85	1.48	-	-	250.08	166.53
Unallocated non cash expenses other than depreciation											34.15	1.37
Total non cash expenses other than depreciation											284.23	167.90

Information about geographical segment	2013-14		2012-13	
	India	Outside India	India	Outside India
1. Segment Revenue	129,138.56	2,700.81	108,537.98	1,877.31
2. Segment Assets	164,583.13	767.54	151,152.98	659.75
3. Capital Expenditure	2,023.51	376.80	2,210.04	511.49

Notes to the Consolidated Financial Statements for the year ended March 31, 2014

NOTE : 31 RELATED PARTY DISCLOSURES

a) Parties where control exists

Individual having control

M.P. Ramachandran

Chairman and Managing Director

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

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

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

Beena Agencies

Quilon Trading Co.

Travancore Trading Corp.

Tamil Nadu Distributors

Deepthy Agencies

Sahyadri Agencies

Sreehari Stock Suppliers

Sujatha Agencies

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

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

Relative of individual having control

M.P. Sidharthan

M.R. Jyothy (Director)

M.R. Deepthy

Ananth Rao T

Ravi Razdan

M. G. Santhakumari

M.P. Divakaran

Enterprises significantly influenced by key management personnel or their relatives

Sahyadri Agencies Ltd.

Key management personnel

K. Ullas Kamath

Joint Managing Director

S. Raghunandan

Whole Time Director & CEO

c) Transactions with related parties during the year

₹ In Lacs

	2013-14	2012-13
Individual having control		
Remuneration*	216.00	216.00
Commission	429.18	111.89
Dividend	2,519.12	896.38
Commission paid		
Sreehari Stock Suppliers	-	8.47
Sujatha Agencies	-	8.66

Notes to the Consolidated Financial Statements for the year ended March 31, 2014

NOTE : 31 RELATED PARTY DISCLOSURES (CONTD.)

c) Transactions with related parties during the year

₹ In Lacs

	2013-14	2012-13
Tamil Nadu Distributors	-	3.53
Beena Agencies	-	15.17
Sahyadri Agencies	-	23.29
Travancore Trading Corporation	-	17.07
Deepthy Agencies	-	7.19
Sahyadri Agencies Limited	82.86	75.06
Rent Paid		
Quilon Trading Company	1.20	1.20
Dividend (M.P. Divakaran - H.U.F. and M.P. Sidharthan - H.U.F.)	112.84	40.30
Dividend (Sahyadri Agencies Ltd.)	150.00	-
Relatives of individuals having control		
Remuneration*		
M R Jyothy (Director)	53.76	56.28
M P Sidharthan	24.00	20.00
M R Deepthy	23.52	20.16
Ananth Rao T	28.98	26.49
Ravi Razdan	23.52	20.16
M. P. Divakaran	24.00	20.00
Dividend	1,018.45	362.38
Contribution to Superannuation fund		
M R Jyothy	4.80	4.20
Ananth Rao T	2.52	2.33
M R Deepthi	2.10	1.80
Ravi Razdan	2.10	1.80
Key management personnel		
Remuneration*	648.83	581.93
Commission	360.84	100.70
Dividend	55.89	19.19
Contribution to Superannuation fund	57.60	51.96

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

d) Related party balances

₹ In Lacs

	2014	2013
Amounts payable		
Trade payables :		
Individual having control	335.99	111.89
Key management personnel	302.39	100.70
Enterprises in which relatives of individual having control are interested (Security deposits)		
Beena Agencies	-	35.00
Deepthy Agencies	-	100.00

Notes to the Consolidated Financial Statements for the year ended March 31, 2014

NOTE : 31 RELATED PARTY DISCLOSURES (CONTD.)

d) Related party balances

₹ In Lacs

	2014	2013
M.P.Agencies	-	37.92
Sahyadri Agencies	-	5.00
Sujatha Agencies	-	5.00
Tamil Nadu Distributors	-	7.81
Travancore Trading Corporation	-	107.61
Quilon Trading Company	0.20	0.10
Sree Guruvayurappan Agencies	-	0.71
Enterprises significantly influenced by key management personnel or their relatives		
Sahyadri Agencies Ltd.	289.06	19.45

NOTE : 32 UNHEDGED FOREIGN CURRENCY EXPOSURE

Particulars	Foreign Currency	2013-14		2012-13	
		₹ in Lacs	Amount in Foreign Currency	₹ in Lacs	Amount in Foreign Currency
Export debtors	US \$	128.49	213,789	45.61	83,582
Trade Payables	US \$	11.73	19,520	-	-

NOTE : 33 OPERATING LEASES

In case of assets taken on lease

The Group has entered into Lease agreements for premises, which expire at various dates over the next five years. Certain agreements provide for increase in rent. All lease agreements are cancellable except in case of few agreements wherein there is a lock in period in the range of 11 months to 3 years. Lease rental expense for the year ended March 31, 2014 was ₹ 1,764.88 (2013 - ₹ 1,530.40). There are no restrictions imposed by lease arrangements. There are no subleases.

₹ In Lacs

	2013-14	2012-13
Future lease payment under non - cancellable operating leases are as follows:		
Payable not later than one year	228.79	205.43
Payable later than one year and not later than five years	257.15	102.84
Payable later than five years	-	-
	485.94	308.27

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, 2014 is ₹ 54.95 and ₹ 6.94 (2013 - ₹ 54.95 and ₹ 6.05) respectively. Lease rent income for the year ended March 31, 2014 was ₹ 4.98 (2013 - ₹ 4.57). There is no escalation clause in the lease agreement and the lease is cancellable in nature. There are no restrictions imposed by lease arrangements.

Notes to the Consolidated Financial Statements for the year ended March 31, 2014

NOTE : 34 CONTINGENT LIABILITIES

₹ In Lacs

	2014	2013
Based on management's evaluation following contingent liabilities is not probable and hence not provided by the Group in respect of:		
(i) Tax matters		
(a) Disputed sales tax demands – matters under appeal	5,694.93	6,304.90
(b) Disputed excise duty and service tax demand - matter under appeal	3,228.50	2,504.91
(c) Disputed income tax demand - matter under appeal	1,282.39	79.56
(ii) Claims against the Company not acknowledged as debt	-	-
(ii) Other statutory dues	8.88	9.16

NOTE : 35 CAPITAL COMMITMENTS (NET OF ADVANCES)

₹ In Lacs

	2014	2013
Estimated amount of contracts remaining to be executed on capital account and not provided for	1,572.99	298.95
	1,572.99	298.95

NOTE : 36

As per the Notification no. 32/99-CE dated July 8, 1999, the Company was entitled to refund of excise duty in Guwahati and Jammu units equivalent to the amount of the duty paid through Personal Ledger Account ('PLA'). During an earlier year, the Government issued notifications no. 17/2008-CE and 19/2008-CE dated March 27, 2008 restricting the refund amount to a maximum percentage specified in the notification. The Company had filed a writ petition in the Guwahati High Court and the Jammu and Kashmir High Court against the respective notifications and obtained stay orders from both the High Courts. During the previous years, the Guwahati High Court has given a favourable order in case of a similar matter against which the Department has filed an appeal in the Supreme Court. Further, the Jammu High Court has also given favourable order. Based on the orders of High Court, the Company has accrued an additional benefit of ₹ 683.95 lacs (2013 - ₹ 438.50) in the current year.

NOTE : 37

During the previous year, JFSL had issued 50,000 equity shares to IL&FS Trust Company Limited at a premium of ₹ 90 per share as a result of which the effective holding of the Company in JFSL had reduced from 75% to 74.71%.

In the current year, the Company has acquired 50,000 equity shares and compulsory convertible preference shares of JFSL from IL&FS Trust Company Limited. This has resulted in additional goodwill of ₹ 6,542.97 lacs which has been offset against the reserve arising on dilution of ₹ 3,592.50 lacs. Accordingly, a net goodwill of ₹ 2,949.49 has been recognised in the current year.

NOTE : 38

In the previous year, the Honorable High Court of Mumbai had approved the scheme of amalgamation of Jyothy Consumer Products Limited with effect from April 1, 2012.

Under the Scheme, the purchase consideration was to be discharged through issue of 23,79,748 equity shares. The same has been allotted in the current year along with equivalent bonus shares. Accordingly, an amount equivalent to the face value of the share issued (₹ 47.60 lacs) and the excess of fair value over the face value of shares (₹ 5,480.32 lacs) has been transferred from share suspense account to equity capital and capital reserve respectively.

Notes to the Consolidated Financial Statements for the year ended March 31, 2014

NOTE : 39 PRIOR PERIOD ITEMS

₹ In Lacs

	2013-14	2012-13
Prior period expenses		
Provision for leave encashment	-	182.71
Provision for Doubtful Advances/Debts	-	2,577.89
Inventory written off	-	162.54
Impairment of Assets	-	2,014.24
Fixed assets written off	-	263.93
Sales Promotion expenses	165.02	-
	165.02	5,201.31
Prior period income		
Excess provisions written back	-	903.48
	-	903.48
PRIOR PERIOD EXPENSES (NET)	165.02	4,297.83

NOTE : 40

In the previous year, the Company has entered into an option agreement dated May 5, 2011 with Henkel AG & Co. KGaA (Henkel AG) whereby the Company has granted Henkel AG a firm and irrevocable option, at its sole discretion at any time after the beginning of the fifth year and ending upon the expiry of the sixth year of the said agreement or such other mutually extended period, to acquire a maximum of 26% of the issued equity share capital of the Company at a price which will be mutually determined by the parties at a later date.

NOTE : 41 MANAGERIAL REMUNERATION

During the year, the Company has received the Central Government approval for three directors in respect of managerial remuneration paid for the year ended March 31, 2013. Based on such approval, the Company has paid an additional commission of ₹ 152 lacs. The Company is yet to receive the Central Government approval for managerial remuneration paid to one director for the year ended March 31, 2013. Pending receipt of such approval, the excess remuneration paid is held in trust by the said Director.

NOTE : 42 EARNINGS PER SHARE

₹ In Lacs

	2014	2013
Net Profit for calculation of basic and diluted EPS	8,143.19	1,964.83
Weighted average number of shares for calculation of basic and diluted EPS *	170,872,811	166,023,496
Basic and Diluted EPS (₹)	4.77	1.18

* Previous year included 23,79,748 equity shares pending to be allotted to shareholders of Jyothy Consumer Products Limited as per the scheme of amalgamation and equivalent bonus shares thereon. The shares have been allotted in the current year.

NOTE : 43 EXCEPTIONAL ITEM

Exceptional item relates to additional payment towards retrenchment of employees on closure of the Bhubaneswar and Chennai manufacturing unit.

Notes to the Consolidated Financial Statements for the year ended March 31, 2014

NOTE : 44

The Company has, during the year, raised ₹ 40,000 lacs through private placement of non-convertible debenture, redeemable at a premium after 3 years from the date of allotment i.e. November 14, 2013. The redemption premium payable of ₹ 14,720.79 lacs and expenses in relation to issue of ₹ 166.50 lacs have been adjusted against to the 'Securities Premium Account', in accordance with section 78 of Companies Act, 1956.

NOTE : 45 MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 ('MSMED')

₹ In Lacs

The disclosure pursuant to the said Act is as under :

	2014	2013
Principal amount due to suppliers under MSMED Act	3,261.11	3,068.39
Interest accrued and due to suppliers under Section 16 of MSMED Act, 2006 on the above amount, unpaid	4.98	64.67
Interest paid to suppliers under the MSMED Act	-	-
Interest due and payable towards suppliers under MSMED Act towards payment already made	-	-
Interest accrued and remaining unpaid at the end of accounting year	4.98	64.67

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

NOTE : 46 PREVIOUS YEAR FIGURES

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

Signatures to Notes 1 to 46

As per our report of even date

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

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

Place: Mumbai
Date : May 22, 2014

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

M.P. Ramachandran
Chairman and Managing Director

M.L. Bansal
Company Secretary

K. Ullas Kamath
Joint Managing Director

Place: Mumbai
Date : May 22, 2014

Statement pursuant to exemption received under section 212 (8) of the Companies Act,1956, relating to subsidiary companies.

₹ in Lacs

Sr. No	Name of the Subsidiary Company	Associated Industries Consumer Products Pvt Ltd	Jyothy Fabricare Services Limited	Jyothy Kallol Bangladesh Limited	Snowways Laundrers and Drycleaners Pvt. Ltd #	Four Seasons Dry Cleaning Co. Private Limited #	Jyothy Consumer Products Marketing Ltd
	Country	India	India	Bangladesh	India	India	India
	Financial Year / Period	April 1, 2013 to March 31, 2014	April 1, 2013 to March 31, 2014	April 1, 2013 to March 31, 2014	April 1, 2013 to March 31, 2014	April 1, 2013 to March 31, 2014	April 1, 2013 to March 31, 2014
1	Capital	497.00	1,635.00	696.75	100.00	220.70	86.00
2	Reserves	208.89	(9,248.54)	(57.48)	(8.90)	(346.83)	(38,426.64)
3	Total Assets	1,062.41	6,797.86	767.89	97.62	95.13	2,604.04
4	Total Liabilities	356.52	14,411.40	128.62	6.52	221.25	40,944.68
5	Details of Investment (except investment in subsidiaries)	-	-	-	-	-	-
6	Turnover (Net)	867.14	3,075.24	360.23	-	129.87	8,429.64
7	Profit / (Loss) before taxation	98.77	(2,569.42)	(85.59)	(0.00)	(45.69)	(4,184.55)
8	Provision for taxation	29.83	-	1.83	-	-	-
9	Profit / (Loss) after taxation	68.94	(2,569.42)	(87.42)	(0.00)	(45.69)	(4,184.55)
10	Proposed / Interim Dividend	Nil	Nil	Nil	Nil	Nil	Nil
	Exchange rate used	-	-	1BDT = 0.77 INR	-	-	-
	Local Currency	INR	INR	BDT	INR	INR	INR

Snowways Laundrers and Drycleaners Pvt. Limited, Four Seasons Dry-Cleaning Co. Pvt. Limited is a subsidiaries of Jyothy Fabricare Services Limited

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

M.P. Ramachandran
Chairman and Managing Director

K. Ullas Kamath
Joint Managing Director

Place: Mumbai
Date : May 22, 2014

Notes

[illegible]



Corporate Information

M. P. Ramachandran

Chairman & Managing Director

K. Ullas Kamath

Joint Managing Director

S. Raghunandan

Whole time Director & CEO

M. R. Jyothy

Whole time Director

Nilesh B. Mehta

Independent Director

K. P. Padmakumar

Independent Director

Bipin R. Shah

Independent Director

R. Lakshminarayanan

Independent Director

S. R. Batliboi & Associates LLP

Statutory Auditors

Mahajan & Aibara

Internal Auditors

M. L. Bansal

Company Secretary

Jyothy Laboratories Limited

Ujala House, Ram Krishna Mandir Road,

Kondivita, Off Andheri Kurla Road,

Andheri East, Mumbai - 400059

Telephone: +91-22-66892800

Fax: +91-22-66892805

E Mail : info@jyothy.com

Website: www.jyothylaboratories.com

Corporate Identity Number (CIN)

L24240MH1992PLC128651



Jyothy Laboratories Limited

Ujala House, Ramkrishna Mandir Road,
Kondivita, Andheri (East), Mumbai - 400 059
Telephone: +91-22-6689 2800,
Fax: +91-22-6689 2805,
Website: jyothy laboratories.com





CIN: L24240MH1992PLC128651

FORM A

Format of covering letter of the Annual Audit Report to be filed with the Stock Exchange



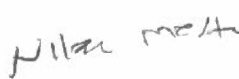

1	Name of the Company	Jyothy Laboratories Limited
2	Annual financial statements for the year ended	31 st March, 2014
3	Type of Audit observation	<p>Matter of Emphasis</p> <p>Without qualifying our report and as more fully described in Note 41 to the financial statements, we draw attention to managerial remuneration paid/ provided by the Company for the year ended March 31, 2013 in excess of limits prescribed under the Companies Act, 1956. As informed to us, the Company has filed an application with the Central government for approval of such excess remuneration.</p>
4	Frequency of observation	Second time
5	<p>Signed by-</p> <ul style="list-style-type: none"> • Managing Director • CFO 	<p>For Jyothy Laboratories Limited</p> <div style="text-align: center;">  M. P. Ramachandran Chairman & Managing Director </div> <p>For Jyothy Laboratories Limited</p> <div style="text-align: center;">  K. Ullas Kamath Joint Managing Director & CFO </div>



'UJALA HOUSE', Ramakrishna Mandir Road, Kondivita, Andheri (East), Mumbai-400 059

☐ Tel : 6689 2800 ☐ Fax : 6689 2805 ☐ e-mail : info@jyothy.com ☐ www.jyothy laboratories.com

UJALA

<ul style="list-style-type: none"> Auditor of the Company 	<p>For S. R. Batliboi & Associates LLP</p> <p> Vikram Mehta Partner For Jyothy Laboratories Limited</p> <p></p>
<ul style="list-style-type: none"> Audit Committee Chairman 	<p> Nilesh B. Mehta Independent Director and Chairman – Audit Committee</p> <p></p>