Jyothy Laboratories Limited

UJALA HOUSE, Ramkrishna Mandir Road, Kondivita, Andheri (East), Mumbai - 400 059.
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Annual Report 2008-09

Jyothy LABORATORIES LIMITED

It all started with 4 drops

Purity. Freshness. Grace. Beauty. Elegance. Soft and flowing. Imageries that come to mind when one sees swans in their various habitats. Images and attributes which bear striking resemblance to what our basket of products and services offer. Presenting our annual report - using the enigma of swans in a suggestive depiction of our various sections.

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VALUE FOR MONEY

The Mantra For Customer Satisfaction

Quality has always been a derivative of strong values. When a company has idealistic values toward product attributes, commitment to customers, innovativeness and financial operations – quality faithfully follows! And so it is with Jyothy Laboratories Limited. We offer products that play a holistic role in the day-to-day affairs of Indian households. Products that clean, whiten, refreshes, delights and protects. It is a value proposition that glowed to full glory when we introduced our flagship brand – UJALA – a liquid fabric whitener. A product that has gone on to become a symbol of purity and integrity. Across the length and breadth of the nation, '**Char boondo waala**' became a slogan that was chanted from millions of households.

One by one, our mission of providing simple, reasonably priced, conveniently packaged and easily available goods were phased in. Each an offering that touched the lives of consumers in a binding way. The cyclothrin powered mosquito repellent 'MAXO'. Utensil cleaners under the brand name 'EXO'. Fragrance Incense sticks called 'MAYA'. A range of personal care products under the brand name 'JEEVA'.

Today, we pause in our tracks to look back with pride and ahead with confidence. But the pause is brief, for we see a speck on the horizon – the millions of households more who need us!

CORPORATE IDENTITY

Profile

- Founded in 1983
- Engaged across the complete FMCG product cycle - management: research, manufacture, marketing and branding
- Marketing a range of daily household and personal care products.
- Headquartered in Mumbai with a nationwide distribution network

Product segments

- Fabric care
- Household insecticides
- Surface cleaning preparations
- Air care (incense sticks/aroma sticks)
- Personal care products

Prominent brands

- Ujala (flagship): Liquid fabric whitener
- Maxo: Mosquito repellent
- Exo: Dishwashing soap and dishwashing scrubber
- Ujala Stiff & Shine: Fabric enhancer
- Jeeva: Personal care toilet soap
- Maya: Incense sticks
- Ujala Detergent: Detergent washing powder

Plants

- 21 manufacturing facilities across 14 locations, Trichur, Wynad, Roorkee, Pondicherry, Chennai, Hyderabad, Bhubaneshwar, Bankura, Guwahati, Baddi, Silvassa, Salem, Jammu and Pithampur proximate to consumer locations
- Most plants are ISO 9001 and ISO 14000-certified

People

- Network of more than 3,000 distributors
- Motivated team of more than 1,500 marketing and sales members
- Employee strength of over 3,500
- 40 depots to service customer requirements

Presence

- Pan-India presence across large population clusters
- Products accessible across more than 750,000 Indian households
- Exports to 14 countries including Sri Lanka, Bangladesh, Mauritius, Malaysia, UAE, HongKong and Saudi Arabia.

26 years.

A life time for some.

A quarter of a century for many.

Just two-and-a-half decades for us at Jyothy Laboratories.

Of delighting consumers.

Enriching employees.

CORPORATE INFORMATION

Board of Directors

Executive Directors

M. P. Ramachandran
Chairman & Managing Director

K. Ullas Kamath
Deputy Managing Director

M. R. Jyothy
Whole-time Director

Non Executive Directors

Nilesh B. Mehta
Independent Director

K. P. Padmakumar
Independent Director

Bipin R. Shah
Independent Director

Company Secretary

M.L. Bansal

Statutory Auditors

S.R.Batliboi & Associates

Solicitors & Advocates

Law & Prudence

V Lakshmikumaran

Vaish Associates

Bankers

The Federal Bank Ltd.

ICICI Bank Ltd.

Axis Bank Ltd.

Registered Office

UJALA HOUSE
Ramkrishna Mandir Road
Kondivita, Andheri (East)
Mumbai – 400 059.

Registrars & Share Transfer Agent

Link Intime India Private Limited
C-13 Pannalal Silk Mill Compound
L. B. S. Marg, Bhandup (West)
Mumbai – 400 078.

MILESTONES

2003
- Awarded the 'AAA Brand Performance Award' for Maxo by the All India Advertisers Association

2005
- Launches Exo Liquid in South India
- Launches Ujala Stiff & Shine in South India

2007
- Acquires trademark and copyright for the More Light and Ruby brands
- Got listed in NSE/BSE

1994
- Commissions the Pondicherry plant, our first in a backward area utilising government incentives

1997
- Launches Ujala all over India

1995
- Launches Nebula, an oil based anti-bacterial washing soap in Kerala

1983
- Mr. M. P. Ramachandran starts Jyothy Laboratories as a proprietary concern in Kerala
- Ujala is launched

1984
- Ujala is sold house to house through a team of six sales people in the Trichur and Malappuram districts in Kerala

2008

- Launches Ujala Stiff & Shine all over India
- Moves its registered office to its own building 'UJALA HOUSE' in Mumbai

2009

- Forays into service sector through new venture ' Jyothy Fabricare Services Limited' to provide world-class laundry at affordable price at consumer doorstep

2001

- Launches Maya incense sticks in selected states

2002

- Acquires Sri Sai Homecare Products Private Limited, a mosquito repellent coil manufacturing facility in Hyderabad
- Lauches Jeeva Ayurvedic Soap

2000

- Launches Maxo (Mosquito repellent) in West Bengal
- Launches Exo (antibacterial dish wash bar) in Kerala, later launched across Karnataka, Tamil Nadu and Andhra Pradesh

1987

- Starts advertising on radio
- Graduates to a formal distribution system
- Ventures out to Kerala's neighbouring state Tamil Nadu

1986

- Jyothy Laboratories releases its first print advertisement in the Kerala- based Mathrubhoomi newspaper

1992

- Chennai factory is commissioned to make Ujala
- Company is incorporated

CMD'S VALUE STATEMENTS

Always Aiming Ahead

"We understood that providing Value was all about making products easily available at affordable prices, to enable the common man and especially the rural masses find Value for their hard earned money."

M. P. Ramachandran
Founder, Chairman and Managing Director

“Men often become what they believe themselves to be. If I believe I cannot do something, it makes me incapable of doing it. But when I believe I can, then I acquire the ability to do it even if I didn't have it in the beginning.”

- Mohandas Karamchand Gandhi

This quote from the Father of the Nation has inspired us at Jyothy Laboratories to always provide the common man with the best possible Value for his money.

It pleases me to inform you that this time too, our focus on providing a value proposition and building our strong foundation has resulted in wide product acceptance. This has helped us to post good results for the period of 9 months from July ’08 to March ’09.

Furthermore, this has been made possible inspite of the shadow of the global economic crisis affecting the macro economic system of our country too.

The growth numbers and the 9 months financials

The accounting year end of your Company has been shifted from June 30th to March 31st. The decision to change our accounting year end from June to March was based primarily on the need to bring it on par with the conventional year ending period of peers, so as to enhance comparability.

For better comparability we have compared this year’s numbers with the corresponding nine months of the previous year. During the 9 months financial period 2008-09, we have registered Net Sales of Rs. 35,154 lakhs, translating into a growth of 27 % on a year-on-year basis. The Operating Profits stood at Rs. 5,776 Lakhs, up 25 %, an indication of enhanced efficiencies at every step. This strong operating performance has provided a bottom-line of 13 % increase in Net Profits, which stood at Rs. 4,011 lakhs.

This performance can be attributed to various factors that include :

Our reach

We are able to offer a suitable range of quality products for people belonging to different socio-economic backgrounds at prices that meet their expectations.

To reach out to these masses, our products are available in 2.9 million outlets (source A.C. Nielson) in India as of March 31, 2009. We have a strong distribution team with our own Sales Staff of over 1,500 people servicing approximately 3000 Distributors. We directly reach over 1 million retail outlets every month covering rural as well as urban areas.

Our business – value for money

Our Fabric Care division consists of the following products:

- Ujala Fabric Whitener used for brightness of white clothes
- Ujala Detergent for washing
- Ujala Stiff & Shine used as a post wash for crispness and colour enhancement

The high brand awareness of Ujala will help the Company make inroads into the other fabric care segments.

To give you a preview into the success we have achieved in Ujala Detergent and Ujala Stiff and Shine which are brand extensions of Ujala, we have grown over 65% combined during the period under review when compared to the same period last year.

Household Insecticide Division Maxo, our mosquito repellent product is growing steadily and has registered a 31% growth, during the period under review.

To reduce dependence on outsourcing and to avail fiscal benefits, we have invested Rs. 1,200 lakhs, approximately, in a plant at Jammu in 2007-08. Following the commissioning of this plant, we are manufacturing almost 60% of Maxo coils in-house including our other units in the country.

Surface Cleaning Division Exo, has grown by 98.7% for the period under review in South India. We have identified potential for its growth in the rest of the country.

High recall value

Being a strong performer in the fast moving consumer goods sector, we are in a position to foresee our growth path in any kind of socio-economic condition in our country. As most of our products are competitively priced and considered essential in the day-to-day life of households, we are able to look ahead with confidence, despite the uncertain macro economic scenario.

This confidence is derived from our strong portfolio of brands, leadership in market share for select brands; trained sales staff and well established distribution network.

Our new product launches and their successes in the southern regions, is an indication of the tremendous scope for expansion going ahead.

If you consider that FMCG off-take constitutes a little less than 5% of India's household expenditure, it is a clear indication of the immense growth opportunities that lie ahead for FMCG players in the country.

New initiatives

Jyothy Fabricare Services business is one of the recent initiatives of the company on which significant progress has been made. Our aim is to provide a "World class laundry at affordable prices at your doorstep". We hope to repeat our success story of offering an optimal value and quality proposition and to convert an unorganized sector into an organised one. The Indian Fabric Care industry has thus far not witnessed major progress on the organised laundry business front and we hope to be the trend setters here too.

An in-depth understanding of the markets, a well thought and planned launch and expansion strategy, helped by advanced technology once again remains the mission statement of this business.

Due to the untiring efforts of our people, the launch of this initiative is on schedule and it should be commercially operative by September 2009.

Our people, our strength

At Jyothy, we believe in nurturing in-house talent and providing equal opportunities for all. This helps us develop leaders for tomorrow, capable of carrying forward our tradition of offering value for money products and services.

Corporate governance

I also take this opportunity to thank our Independent Directors, whose valuable contribution in terms of business insights have helped us reach higher and higher levels of excellence and productivity.

I make it a point to personally interact with each one of them, seek their valuable inputs and keep them informed about the progress made thereafter.

This is just a reflection of the belief in strong corporate governance culture that we at Jyothy Laboratories follow and would like to uphold.

What sets us apart

Our unique approach to market our products and meeting promises has made us a self-sustaining company. We also lay utmost importance to engineering and our Research and Development Team which is constantly working towards satisfying the needs of the common man through technology, through newer ways of enhancing quality and controlling costs.

Another common thread that you will find across our organisation is our cost conscious approach. We strongly believe that a Rupee saved is a Rupee Earned and we implement that belief as a norm at all levels.

The trust that we have built up for our brands has been rewarded by strong market share. Indeed, it pays dividends to have a basket of products that address the everyday needs of people, everywhere at an affordable price.

A humble promise

From a single product company, we have diversified over the last decade into a multi-product Company.

This confidence has been derived from the immense support and good wishes we have been fortunate enough to receive from each of our stakeholders. My team and I accept the same with all humility and promise you that we will leave no stone unturned to fulfill our responsibilities in not only the year ahead but also thereafter.

M. P. Ramachandran
Chairman and Managing Director

OUR PEOPLE, OUR STRENGTH

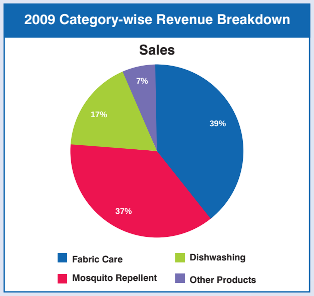
GENERATING VALUE

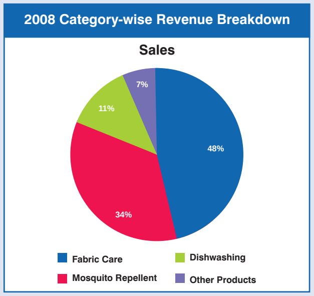
A Product Portfolio With Crystal Clear Benefits

Jyothy Laboratories has been Generating Value since its inception with successful product launches.

Divisionwise Turnover for 9 months ended March 31, 2009 in comparison with previous period is shown below:

Category	July to March (Rs. lacs)		
	2008-09	**2007-08**	**Growth%**
Fabric Care (Ujala)	15,909	14,077	13.0
Mosquito Repellent (Maxo)	11,530	8,817	30.8
Dishwash (Exo)	5,251	2,643	98.7
Other Products	2,463	2,128	15.7





UJALA PORTFOLIO

- UJALA Fabric Whitener

Market Share by Value	Market Share by Volume	Retail Penetration
73.5%	58.0%	77.9%

* as on April, 2009, Source: A.C. Nielsen

Ujala Fabric Whitener is a household name. The product's strength lies in its quality and affordability. Further, its reach and market leadership remain intact, which is well reflected in its success over more than 25 years. As per the estimates from IMRB's Household Panel Data, Ujala was purchased by 75.4 million households and this represents 37% households, which means that every 3rd house in India uses UJALA.

Further, the brand commands a high level of loyalty and is a preferred choice across income segments.

Brand extensions

Having laid a strong foundation with the habit forming Ujala Fabric Whitener, Jyothy Laboratories has leveraged the brand equity to introduce other fabric care products.

Ujala Detergent was launched in Kerala in 2003. After the success in Kerala the product is being offered in Tamil Nadu and Karnataka.

Ujala Stiff & Shine which is prescribed for coloured clothes was launched in 2005 in Kerala for crispness and colour enhancement. The product has been accepted in Kerala market and is being taken to other parts of the country. Our experience tells us that while this product holds out lots of promise and potential, its realisation into substantial turnover will happen over the normal course of time.

The company has a plan in place to provide end-to-end products across the fabric care segment.

MAXO – Mosquito Repellent

Market Share by Value	Market Share by Volume	Retail Penetration
22.8%	24.3%	33.1%

as on April 2009, Source: A.C. Nielsen

Maxo, mosquito coil was launched in 2000 in West Bengal. Presently it is a National brand and one of the 3 big players in the country. It provides 'corner-to-corner protection' from mosquitoes and has been appreciated by consumers. The category penetration level in India is still just 27% as against more than 60% in many other neighbouring countries ; Jyothy Laboratories sees a lot of opportunity in this growing category.

Going forward, the Company intends to continue with the coils where no electricity is required, to cater to the masses in the rural areas and extend it to liquid vapourisers and sprays, the latter being fast growing category for urban masses. Greater emphasis backed by our in-house R & D is being given for growing our market share in Liquid vapourisers and Aerosols.

EXO – Surface Cleaner

Market Share by Value	Market Share by Volume	Retail Penetration
23.8%	22.9%	39.4%

as on April 2009, Source: A.C. Nielsen, South Zone

Launched in 2000, as an anti-bacterial dishwash cleaner, with Cyclozan as a key ingredient, Exo has met with tremendous success in the southern markets. Exo is currently available in the cake as well as liquid form.

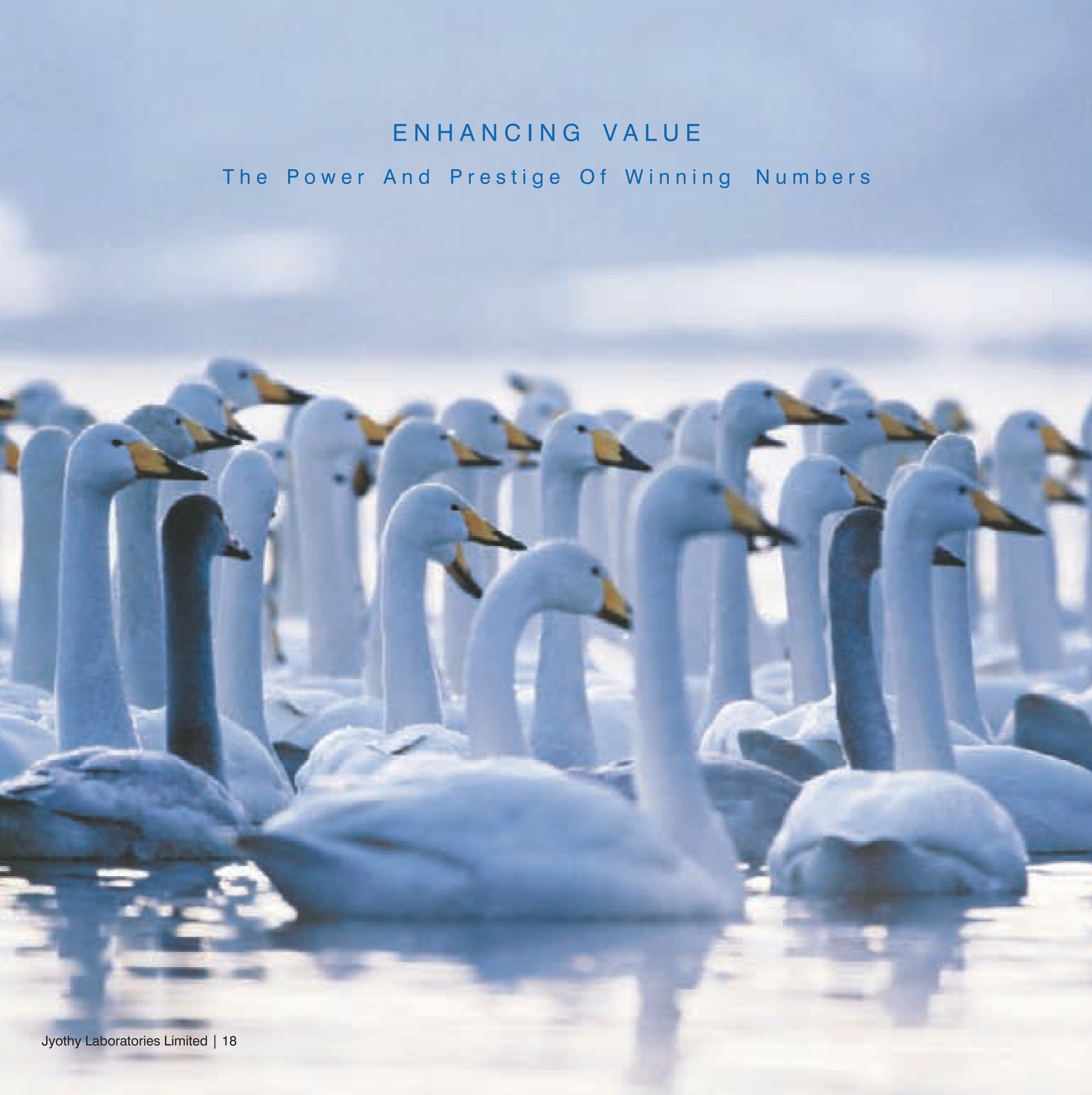
The Company intends to launch Dishwash bar and Dishwash liquid across India in due course.

State	Market Share	Market Share
	30th April 2009	30th April 2008
Kerala	38.10%	32.50%
Tamil Nadu	15.60%	16.20%
Karnataka	24.60%	31.10%
Andhra Pradesh	22.30%	13.80%
South India	23.80%	21.70%

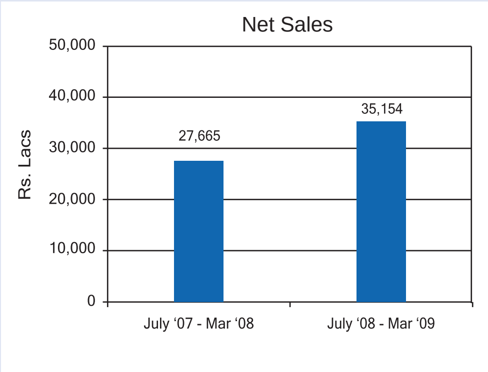
as on April 2009, Source: A.C. Nielsen, South Zone

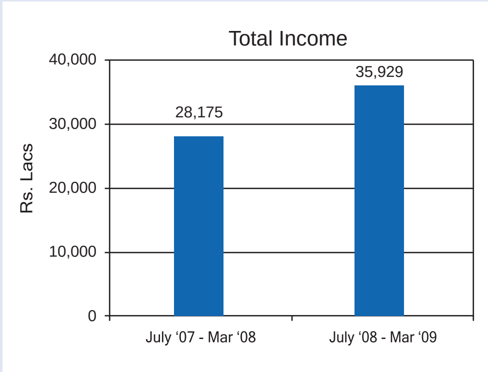
ENHANCING VALUE

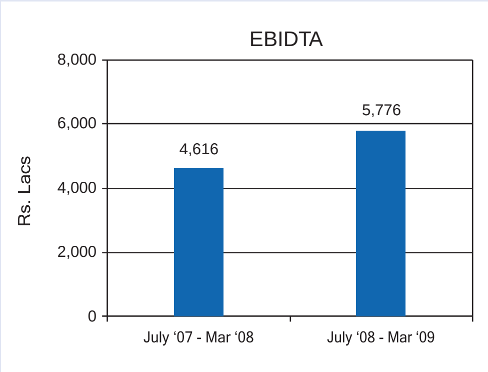
The Power And Prestige Of Winning Numbers

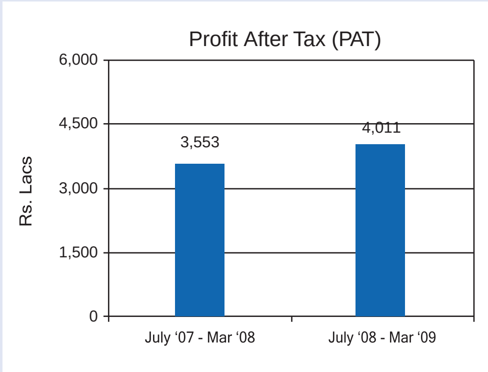


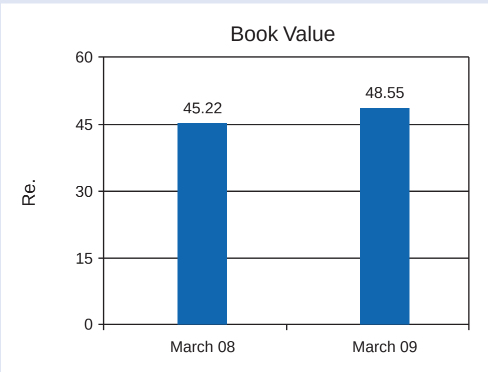
WHAT THE NUMBERS SAY

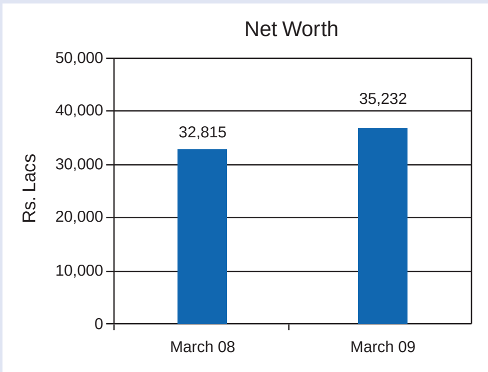












STRENGTH BEYOND NUMBERS

"Over the years, the company has created several intangible assets which will benefit every stakeholder going forward and further enhance value."

Success through Diversification

From a single product company that commenced with Ujala Fabric Whitener in 1983 as the flagship product, Jyothy Laboratories has grown by diversifying. It has not just diversified its geographies across various states in India capturing incremental market share, but also diversified its product portfolio. The brand equity of Ujala have been extended to Ujala Detergent and Stiff and Shine. The Company's Mosquito Repellent, Maxo and surface cleaner Exo command a significant market share and are expected to grow further. The latest foray into the Fabric care services sector through organised laundry also holds out good potential.

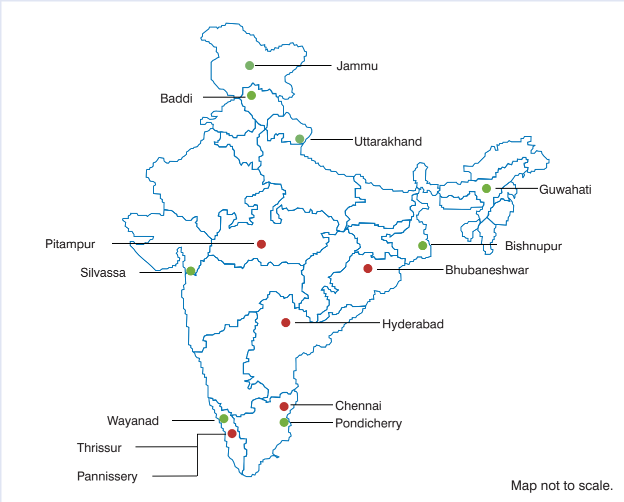
Undisputable Brand Equity

The Company's Brand Equity is reflected in its Market Share and the positive response received by the successive launches. UJALA Fabric Whitener enjoys a 73.5% market share, while Maxo Mosquito Repellents has captured a 22.8% market share at the all India level as on April 2009. Exo Surface Cleaner has a 23.8% market share in the South Zone where it is present.

Ujala Detergent and Ujala Stiff & Shine have seen a growth of 66% for 9 months ended March 31, 2009. This reflects the brand equity enjoyed by Ujala

Manufacturing

The Company has 21 manufacturing facilities at 14 locations across India. The Company considers engineering and technological innovation as a key tool in offering a high quality product at an affordable cost.



Strong Distribution Network

The Company has a strong distribution network across the country with approximately 3000 distributors and its products are reached to the consumers through 2.9 million retail outlets. The Company has over 1,500 field staff who have been carefully chosen, well trained and are on the direct payroll of the Company. They have a direct reach of over 1 million outlets with strong presence in both, rural as well as urban areas. This well established distribution network acts as a strong foundation in terms of sustaining growth in existing product lines as well as driving new product launches.

Presence across Consumer Categories

Jyothy Laboratories' success can be greatly attributed to its deep understanding of the consumer psyche across different socioeconomic categories. More importantly it is able to position its products to appeal to all. It has value for money and convenient offerings. At the same time, it launches its products in different SKU's and delivery mechanisms to suit the preferences of urban as well as rural areas.

Stable and Scalable Business Model

The Company's flagship products like Ujala Fabric Whitener gives it stable and assured growth and visibility. Simultaneously, it is enhancing its portfolio by launching new products like Maxo and Exo at regular intervals to drive scalability supported by its Research and Development efforts. The latest initiative – Fabric Spa, marks its entry into the organised laundry segment and that too holds good potential.

Powered by People

The Company lays great emphasis on Human Resource Development. Concrete efforts are undertaken through various policies and creation of opportunities to channelise the staff strength in the right direction. This leads to a high level of employee satisfaction and resultantly, growth in the Company's performance. Nurturing in-house talent and encouraging employees to assume higher responsibilities based on performance are a common feature at Jyothy. This is well reflected in the longer tenure of association of its key personnel with the Company.

Focus on Research and Development

Jyothy Laboratories has recognised the need for a strong Research and Development backbone not only to sustain and improvise its existing product range but also to drive scalability through regular product launches. This also helps it retain its cost competitiveness by enhancing production efficiencies as in the case of Ujala or offering innovative delivery mechanisms as in the case of Maxo Mosquito Repellent Liquids and Sprays and anti bacterial solutions for surface cleaning in the form of Exo.

VALUE CREATORS

Strength in Unity and Single-minded Purpose

For a fast-growing company, it is imperative to be well-served by not just a proven team of Directors at the helm, but also a highly competent second line of Management.

Jyothy Laboratories fulfils this crucial criteria.

THE BOARD

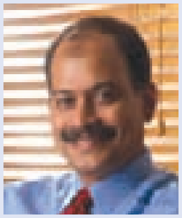
M. P. Ramachandran

Chairman and Managing Director

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

K.Ullas Kamath

Deputy Managing Director



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

M. R. Jyothy, Whole-time Director

A Postgraduate in Management with an additional diploma in Family Managed Business Administration, her key responsibility areas include sales, administration, marketing and brand communication. Her new ideas and initiatives blend well with the vast experience of the Board.

Non-Executive, Independent Directors

Nilesh B. Mehta

Nilesh Mehta is a Chartered Accountant and a post-graduate from IIM. He has vast experience in the field of investment banking, private equity and fund-related

activities and has spearheaded several private equity transactions and mergers and acquisitions of mid cap Indian companies. Nilesh Mehta joined Aureos Capital in January 2005 as Managing Partner, and raised USD 100 million to invest in mid market opportunities in India. The Fund has already made 4 investments of expansion capital nature.

K.P. Padmakumar

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

Bipin R. Shah

Bipin R Shah is a Chartered Accountant and has attended Senior Executive Programme conducted by Sloan School of Business, Massachusetts Institute of Technology at Boston, USA. He worked with Unilever Group from 1956 to 1992 and had held eminent positions with the Unilever Group of companies. He has been accredited with turnarounds and growth of many businesses and companies in Unilever Group. After his retirement in 1992 as chairman of Lipton India Limited (Unilever Subsidiary), he joined Indus Venture Management Ltd where he was the Vice Chairman until May, 2006. He is currently on the Board of several companies.

KEY PERSONNEL

Name – Designation	Experience in Years	Key Responsibility	No. of years at Jyothy
 **M.L.Bansal** CFO & CS	39 years	Finance, Treasury, Accounts and Secretarial Functions	7 years
 **Neetu Kashiramka** General Manager, Finance	12 years	Accounts, Statutory Audits, Management of Finance, Internal Audit/Controls and Investors Relations	9 years
 **P.R.Jagdeeshan** General Manager, Sales	25 years	Sales and Marketing for Eastern Region	23 years
 **K.N.Jagdeeshan** General Manager, Sales	35 years	Sales and Marketing for Southern Region	21 years
 **Ajith Kumar** General Manager, Sales	21 years	Sales and Marketing for Northern Region	21 years

KEY PERSONNEL

Name – Designation		Experience in Years	Key Responsibility	No. of years at Jyothy
	**Manoj Mehrotra** General Manager, Sales	25 years	Sales and Marketing for Western Region	5 years
	**T. Krishnan** General Manager, Operations	34 years	Production, Procurement and Logistics	7 years
	**T.V.Sunith Babu** Head - Engineering Research and Development	12 years	Designing and Development of Machinery, Project Implementation	7 years
	**Raghvendra K.** Assistant General Manager, Marketing Services	12 years	Media Planning and Buying, Coordinating with Creative Agencies	5 years
	**S.Diwakar** Assistant General Manager, Human Resource Development	37 years	Human Resource Development	6 years

KEY PERSONNEL

Name – Designation		Experience in Years	Key Responsibility	No. of years at Jyothy
	**Mohammed Basheer** Manager, Factory Administration	22 years	Factory Administration, Operations and Production - Eastern Region	22 years
	**Madhurika Vyas** Manager, Taxation	20 years	Taxation	20 years
	**Ananth Rao T** Manager, Operations	5 years	Operations of Household Insecticide Division	5 years
	**T.G.Pradosh** Manager,Operations	13 years	Production Supply Chain Management	8 years
	**M.Vengadachalam** Manager, Quality Control	12 years	Quality Control, New Product Development	9 years

SAFEGUARDING VALUE

Managing Risk For Stakeholders Comfort

The best companies worldwide pro-actively safeguard the value of their stakeholders.

Jyothy Laboratories believes in dealing with operational factors upfront and proactively taking measures to minimise risks.

In a Round Table discussion, Neetu Kashiramka (GM-Finance) has a tete-a-tete with M. R. Jyothy (Whole-time Director) and M. L. Bansal (CFO and Company Secretary).

Key excerpts from this discussion are reproduced hereunder:

Q. How is the company de-risking its business model?

M.R. Jyothy: Jyothy Laboratories started as a single product company with Ujala Fabric Whitener. For period under review, the Fabric Care segment (Ujala) contributes 39%, mosquito repellent (Maxo) contributes 37% and the surface cleaner product (Exo) contributes 17% to the total sales. Thus, the Company has de-risked its business model with introduction of new products in new categories. Infact, it has been the Company's business strategy to launch a product, capture market share and leverage the brand equity for successive brand extensions. This strategy is well reflected in the Company's growth over the years.

Q. Ujala Stiff & Shine, being a new product, how long will it be before it contributes significantly to the Company's turnover?

M.R. Jyothy: Based on our experience with Ujala Fabric Whitener where we began by creating awareness about the product category, building the brand equity and marketing it to create a market leader, we are creating a new product category again with Ujala Stiff and Shine. Our efforts are channelised towards spreading consumer education and we are undertaking significant brand investment. The first signs of success are visible with the sales the product has recorded in Kerala since its launch in 2005. We believe that it has huge scalability prospects in the years ahead.

Q. What was the rationale behind launching Maxo, which is a seasonal product ?

M.R. Jyothy : Though a seasonal product, Maxo contributes 37% to our total sales. However, the penetration in India as regards Mosquito Repellents is extremely low at 27% when compared to that in other lesser developed nations like Bangladesh (80%) and Sri Lanka (60%). Household Insecticide category is a fast growing category. With the awareness amongst the public about diseases like Malaria, Dengue, Chikanguniya which are on a rise, we expect good potential. Maxo will be a growth driver for us.

Q. How is the crucial function of Working Capital Management undertaken at the Company?

M.L. Bansal: We constantly strive balancing working capital levels and costs in a judicious manner. We consciously work with a positive working capital. We prefer making prompt payment to vendors rather than availing credit. This practice of prompt payment, besides earning goodwill and treatment as preferred customer, earns us very good cash and trade discounts from these vendors, which we found to be more advantageous. The prices of HDPE, which constitutes major portion of our costs, are closely linked to crude oil prices. We plan HDPE stock levels and procurements based on price indications in future. Further, Maxo is a seasonal product. We, therefore build inventories of Maxo during November-January to meet high market demand during February- April.

Q. The Company's records indicate an inventory build up between November and March every year. How would you explain that ?

M.L. Bansal: The Company practices to optimise inventory levels with cost efficiency and availability of its products at the right time to avoid any loss of sales. As mentioned earlier, Maxo is a seasonal product with very high demand during February- April. The Company has to build up high inventory of raw materials and finished goods of Maxo during November- January to meet peak demand during February-April. This phenomena is typical to this business and a standard industry characteristic.

Q. Can you elaborate on the Production and Logistics Management practices of the Company ?

M.L. Bansal: With 21 manufacturing facilities in 14 locations across India, the production and logistics management assumes significant importance for the Company. We constantly evaluate/ monitor cost/ benefits of in-house manufacturing Vs outsourcing, analyse/ monitor logistics/ costs of raw materials and finished goods. The new Maxo manufacturing plant at Jammu will enable margin expansions as power is cheaper for Jammu unit. The Roorkee plant for Ujala fabric whitener will result in cost savings and benefit of Income tax exemption.

Q. What special efforts does the Company take to remain cost competitive?

M.L. Bansal: The Company has constantly tried to remain cost-competitive through technological innovation and backward integration. The Company has in-house facilities for manufacturing containers and its machinery. This has enabled the Company to control costs without compromising on quality of containers. As a result, the Company was able to hold price of its standard 75ml bottle of Ujala fabric whitener at Rs 10/- for over three years, only recently its price was revised to Rs.12/-.

In case of Maxo, once the product got established in the market place, the Company has enhanced its in-house manufacturing of Maxo coils to maximise benefits of higher productivity and fiscal incentives from Central and State Governments.

We also endeavour to reduce costs through better leveraging of cash resources (eg higher cash and trade discounts on purchases), better logistics (out sourcing closer to market place) and by entering in to long term contracts for raw materials.

EMERGING VALUE

A Fresh New Initiative Called 'Fabric Spa'

In a freewheeling Q & A session, K. Ullas Kamath (Deputy MD) shares his perspective on the company's latest initiative - Jyothy Fabricare Services Limited .

Hereunder are the key excerpts :

Q. Please throw some light on the new Fabric Spa venture ?

Ans: Having proven its mettle in the fabric care segment with its flagship brand UJALA, Jyothy Laboratories has forayed into its new venture Fabric Spa with the aim of providing "World class laundry at affordable price at your doorstep." A new company, Jyothy Fabricare Services Limited has been formed with Jyothy Laboratories Limited holding a 75% stake and the balance 25% stake being contributed by me. The estimated project cost of this venture is Rs. 350 million.

Q. What do you mean by "World class laundry at affordable price at your doorstep" ?

Ans: In line with our objective to provide the customer, the best quality services, we are setting up a state-of-the-art laundry facility which will match global standards in terms of equipment and processes. We are offering this at a price which is affordable with a door-to-door facility. Effectively, we are providing a service, matching the global standards.

Q. What is the thought process behind this launch?

Ans: Jyothy Laboratories takes pride in knowing the pulse of the customer and market it is engaged in, which is well reflected in its successful track record with product launches so far. Similarly, the Fabric Spa foray has been backed by in-depth research, understanding of laundry business and strong domain expertise to ensure a solid foundation which forms the basis of this venture.

The research and market surveys undertaken by the Company shows that the Indian landscape is characterised by predominantly old washing methods. This also arises on account of the fact that consumer understanding about fabric care is low in India. Ideally, each fabric has a different method of cleaning prescribed on the wash care labels. If followed, the same can lead to a longer usage of the cloth. Globally, laundry services are highly corporatised with sophisticated inventions in washing and delivery systems. Jyothy Fabricare Services aims to provide World Class Laundry with investments in latest technology machines and processes.

Q. What are the major factors that give you confidence about the potential of this business ?

Ans: A mix of changing demographics and economic factors form a strong case for an organised player in the laundry services. These include, an increasing middle class segment and nuclear families. Rising number of working women coupled with a visible shift towards products and services that make daily life simpler. Economic factors include better purchasing power in the economy resulting in higher purchase of branded products, growth in Hotel Chain, airlines, serviced apartments, paying guest accommodation and increase in business and leisure travellers. All these factors give us more confidence about the potential of this business.

Q. What is the estimated market potential ?

Ans: The present demand for laundry services comprising people who are already outsourcing their laundry is estimated to be Rs. 5,200 crore (All India). The additional demand that can arise out of people who are currently doing laundry at home for lack of a better option is estimated at additional Rs. 1,300 - 2,600 crore. Presently it is very much focused in the Metros and urban areas. In other words, the potential for Organised Laundry Care is huge. (Source: The 2007-2012 Outlook for Dry Cleaning and Laundry Services; INSEAD and KPMG Analysis)

Q. Kindly elaborate on your business model? How have you designed the service ?

Ans: The Company plans to launch the service under two broad categories. One is the Retail model where the Premium services would be offered under the brand "FABRIC SPA" aimed at high end convenience seekers; The Economy segment services would be offered through the brand "SNOWAYS", a chain of Laundry already acquired for this purpose at Bangalore. Door-to-Door services will be provided for both the segments at a nominal additional cost.

The second category is the Institutional Segment, where we are tapping hotels, serviced apartments, paying guest accommodation, hostels and airlines. While the Retail segment gives us good margins, the Institutional segment will generate volumes and add to our brand credibility.

Q. What kind of infrastructure do you require for this purpose?

Ans: The infrastructure has been planned after undertaking numerous visits to various plants in different parts of the world to assimilate the global best practices into Jyothy's business model. Two acres of land has been acquired at Apparel Park at Doddaballapur-Bangalore and 60,000 square feet built up area is under construction. The plant will be fully automated with technologically advanced machinery and equipment sourced from Italy, Spain, UK, USA etc. It is equipped with a water treatment plant for pure water, which is one of the most important requisites for fabric care. Thereafter, the right detergents with customised fragrances will be used followed by good quality packaging material. The entire operations from the arrival of clothes till the delivery to the customer can be monitored using the latest tracking technology, making the process extremely efficient.

We have already acquired Snoways chain of laundry in Bangalore with 8 outlets and additional 16 outlets have been opened so far taking the total to 24. Presently approximately 2,000 garments are washed every day. The "FABRIC SPA" flagship brand will be launched in September 2009 with 2 Quick Service Stations and 10 Collection and Delivery centres.

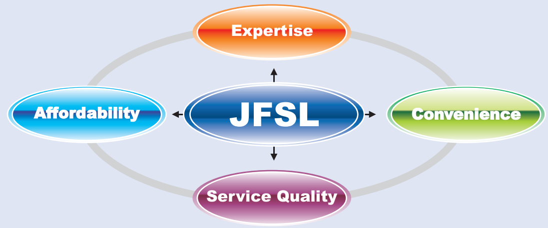
Q. What are your expansion plans and what is your marketing strategy with respect to this venture?

Ans: Having commenced work in Bangalore on a strong footing, the Company plans to take this model into different cities across India beginning from Chennai, Hyderabad and Pune. The Company intends focusing on print, radio and outdoor branding to create awareness about its services. Further, it plans to tap branded cloth and garment manufacturers to establish direct contact with their customers.

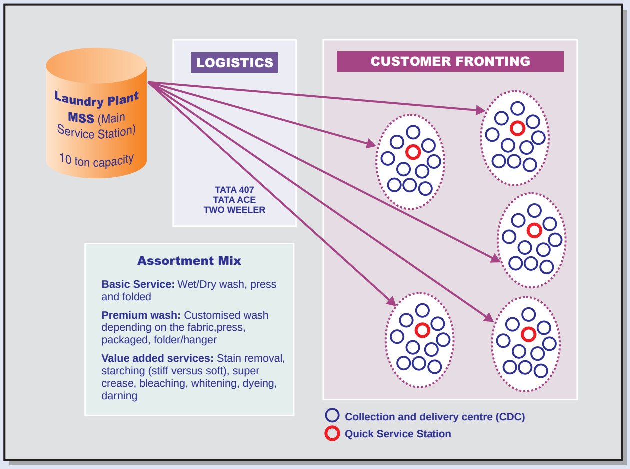
Our Key Clientele

Hotels & Resorts	Airlines	Serviced Apartments	Others
Royal Orchid	Lufthansa	Oakwood-Prestige	Fitness One
ITC –Fortune	Air France	Sterling Suites	Big Bazar Food Court
Mapple	Singapore Airlines	Living Space	
Hotel IRIS	Paramount	Chalet India	
Grand Inn	Jet		
Golden Residency	LSG Skychef		
Bangalore Gate	Taj Sats		
Hotel Atria			
Ramanashree			
Hotel 9 Marks Inn			

Jyothy Fabricare Services' Value Proposition



An Operational Overview



Main Service Station (MSS): is the state of the art service station with a capacity of 10 Tons/Day with an estimated area of 60,000 Sq.Ft. for washing and other value added services.

The Quick Service Station (QSS): is a area-wise laundry quick service station for local and speedy laundry capabilities. Each QSS has an area of 1,000 Sq.Ft. (approx.)

Collection and Delivery centres (CDCs): A depot for collecting laundry from regional clusters and delivering clean laundry with an area of 500 Sq.Ft. (approx.)

Each of the QSSs would have Tempo Travellers attached to itself and each of the CDCs would have Tata Aces and Two Wheelers attached for timely collection and delivery of garments.

MANAGEMENT DISCUSSION AND ANALYSIS

Macro Economic Scenario

Macro Economic Scenario

Self reliant, India is now a USD 1 trillion economy and the GDP is expected to grow at 5.6% in 2010. India's apex bank, RBI expects that the impact of the financial crisis will be felt throughout the year with growth slowing down in all developing economies. Indian Demographics too, favour the growth of the FMCG sector. According to the World Fact Book, India ranks among the world's youngest nations with a median age of 25 years as compared to 43 in Japan and 36 in USA. Of the BRIC (Brazil, Russia, India and China) nations, India is projected to stay the youngest with its working-age population estimated to rise to 70 per cent of the total demographic mix by 2030, which will make it the largest in the world. Notably, India will see 70 million new entrants to its workforce over the next 5 years, itself.

The Fast Moving Consumer Goods (FMCG) Industry

As per FICCI the estimated market size of the FMCG segment in India is Rs 113,000-crore . Industry projections estimate growth at 30% in 2009-10. The industry recorded 17-18% volume growth in the last financial year. The FMCG industry in India was worth around US$ 16.03 billion in August 2008

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

Key Industry Trends & Growth Drivers

1. **Relatively Insulated from the Slowdown**

   The Indian economy unlike most of its global counterparts is relatively insulated from the global macro economic scenario as it has a huge domestic consumer market. This is reflected in the growth rates reported by the FMCG segment which is largely dependant on the rural markets for its sales. The industry recorded a growth of close to 18 per cent last fiscal and that industry projections estimate growth at 30 per cent for the current year, amidst the global financial crisis.

2. **Rural Demand – a catalyst**

   The rural market accounted for a 57 per cent share of the total FMCG market in India. The Indian rural masses represent the biggest consumer for FMCG companies as majority of India resides there. Rural areas led the growth story at 15 per cent plus growth followed by Metros at 7 per cent and Tier II Cities at 10 per cent.

   To capitalise on the healthy rural demand, FMCG companies have shifted focus on building mass-products as a strategy. The companies are also known to be investing significantly in distribution and altering their products and prices to cater to the rural masses. According to an ASSOCHAM study, the FMCG sector is expected to grow by 40 per cent in rural areas as against 25 per cent in urban areas. Rural consumers spend around 13 per cent of their income, the second highest after food (35 per cent), on fast moving consumer goods (FMCG), as per a Rural Marketing Association of India (RMAI) study.

   Industry estimates state that the increased consumption is also the result of a growing middle class base in these markets. The total number of rural households is expected to rise to 153 million in 2009-10 from 135 million in 2001-02, suggesting the emergence of a huge market.

3. **Increase in promotional and advertisement expenditure**

   Larger promotional schemes, reduced price wars and increased advertising spends have been witnessed off late in the FMCG segment. Lower input costs resulting in better margins and profitability may also be aiding this move.

4. **Input Costs**

   Input Costs play a key role in determining the margins of FMCG Companies and many have opted for third party manufacturing. With a steep decline in input costs and reduction in peak excise duty coupled with a selective pricing strategy, the FMCG segment witnessed improved margins during the last quarter of the Financial Year 2009.

5. **Volumes to be the Growth Driver**

   While many MNC companies have been growing on the basis of price increase, there is an increasing trend of volumes being the future growth driver for companies as with increasing competition, price wars have become a key norm.

6. **Branding:**

   Branding is an inherent aspect of the FMCG market, given the plethora of choices available for a consumer. FMCG Companies are increasingly spending on branding their products to highlight key differentiators and enhance brand loyalty.

7. **Distribution network**

   The success of FMCG companies is largely determined by the kind of distribution network it has built over the years. It is not only important to have good products at the right price but easy availability and proximity to the customer is essential.

8. **Counterfeit Products**

   As per FICCI, of the Rs 113,000-crore FMCG market in India, counterfeits and pass-offs account for a revenue loss of Rs 5,000 crore in the sector. Further, according to AC Nielsen, a global marketing research firm, 10-30 per cent of cosmetics, toiletries and packaged food are counterfeits. With technological advancement and increasing awareness, this problem may be reduced.

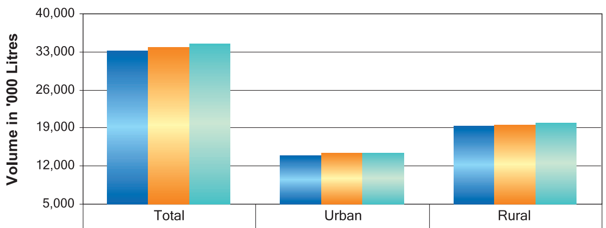
Recent Segment Trends

In the second half of 2008, the FMCG industry witnessed growth driven by price hikes. These were effected in different categories mainly on account of increase in prices of petro products and derivatives which serve as inputs in consumer goods such as detergents and toilet soaps. In most categories, volumes remained subdued.

Growth rates across several categories of items of daily consumption such as shampoos, detergents, toilet soaps, have been over 15 per cent, with detergents and bars recording more than 20 per cent growth. However, volume growth has been negligible, with detergents and bars actually reflecting a decline in off-take. Only shampoos as a category recorded over 15 per cent growth in both, volume and value.

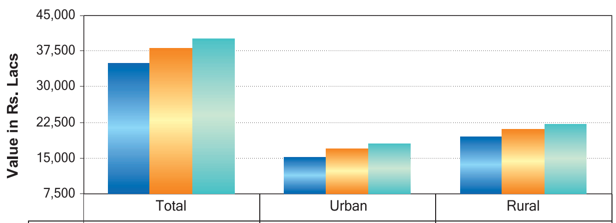
INDUSTRY SIZE AND STATISTICS

Liquid Blues (Volume)



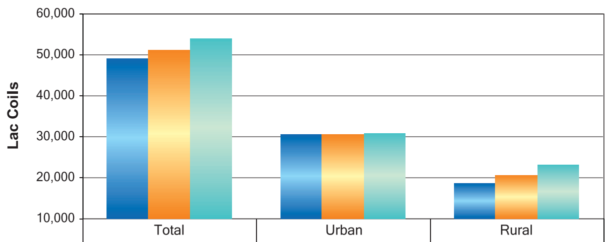
	Total	Urban	Rural
FY07	33,136	13,901	19,235
FY08	33,877	14,367	19,510
FY09	34,369	14,453	19,917

Liquid Blues (Value)



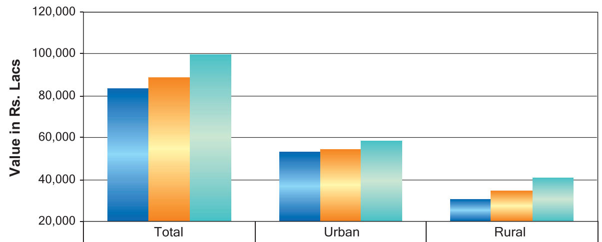
	Total	Urban	Rural
FY07	34,856	15,325	19,531
FY08	38,054	16,877	21,176
FY09	40,206	18,077	22,129

Mosquito Coils (Volume)



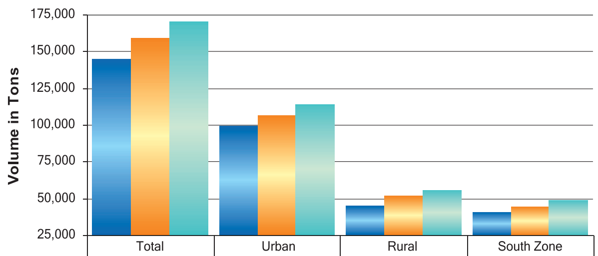
	Total	Urban	Rural
FY07	49,245	30,641	18,603
FY08	51,282	30,682	20,600
FY09	53,937	30,909	23,028

Mosquito Coils (Value)



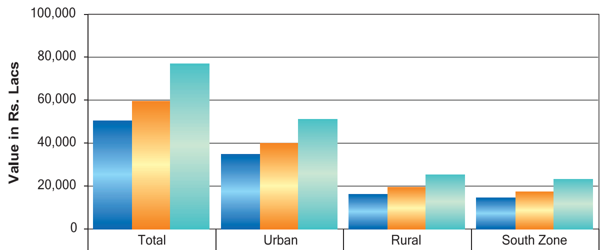
	Total	Urban	Rural
FY07	83,708	53,128	30,580
FY08	88,535	54,156	34,378
FY09	99,488	58,754	40,733

Dish Wash Bars (Volume)



	Total	Urban	Rural	South Zone
FY07	144,946	99,383	45,563	40,724
FY08	158,946	106,762	52,184	44,566
FY09	170,285	114,314	55,971	49,330

Dish Wash Bars (Value)



	Total	Urban	Rural	South Zone
FY07	50,689	34,564	16,124	14,762
FY08	59,470	39,800	19,670	17,536
FY09	76,613	51,173	25,441	23,221

Jyothy Laboratories' Competitive Positioning

- Focus on Rural as well as urban Markets
- Sustainable and Scalable Business Model
- Established Brand Equity
- Engineering Focus backed by Research and Development Initiative
- Strong Management Team

Risk Addressal

- **Competition:** Our Company tracks its product markets closely and is ahead of market trends in terms of quality of products as well as pricing. Its market share and track record clearly indicate its competitive edge.
- **Unorganised Players:** Our Company makes conscious efforts to provide the common man with products which he needs at a price which he can afford and also makes them easily available. This combination of high quality products at affordable pricing and accessibility is resulting in year on year growth. This helps us to develop brand loyalty and compete with unorganised players.
- **Raw Materials Management:** Our Company enters into long term contracts for raw material requirements and also enhances production efficiencies on a continuous basis.
- **Logistics Management:** Our Company's logistics management is looked upon as a method to control costs and provide optimal quality. Resultantly, damages in transit at Jyothy are amongst the lowest in the Industry.

FINANCIAL PERFORMANCE

Accounting policy

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

The Year 2008-09

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

Total Income rose by 28% at Rs. 35,929 lacs on a y-o-y 9 months period. Net Sales registered a 27% growth at Rs. 35,154 lacs on the back of sustained growth of our various business divisions. The Total Income for 2007-08 was Rs. 38,321 lacs. The Fabric Care division grew now represents 39% of the total sales while the Mosquito repellent category contributes to 37% of the total sales. The number for Dishwash Products stands at 17% while other products is 7% of total sales.

Category	July to March (Rs. lacs)		
	2008-09	2007-08	Growth%
Fabric Care (Ujala)	15,909	14,077	13.0
Mosquito Repellent (Maxo)	11,530	8,817	30.8
Dishwash (Exo)	5,251	2,643	98.7
Other Products	2,463	2,128	15.7

Cost analysis

Total cost (excluding interest and depreciation) of the Company increased by 28% to Rs. 30,153 lacs in the 9 months period ended March 31, 2009 from Rs. 23,559 lacs in the corresponding period of 2007-08 on account of an increased operational scale as well as rise in cost of goods sold. Although the total cost in absolute terms increased, total cost as a proportion of total income remained constant for the 9 months period ended March 2009 and for the corresponding period of the previous year.

Rs. in Lacs

Particulars	9 months ended March 2009	9 months ended March 2008	12months ended June 2008
Gross Sales	45,194	34,247	46,554
Net sales	35,154	27,665	37,530
Other income	775	510	791
Total Income	**35,929**	**28,175**	**38,321**
Cost of Goods Sold	(19,822)	(14,306)	(18,756)
Employee Cost Advertisement & Sales Promo	(4,341)	(3,636)	(4,791
Expenses	(1,788)	(2,273)	(3,015)
Other Expenses	(4,202)	(3,344)	(4,675)
EBITDA	**5,776**	**4,616**	**7,084**
Exceptional Item	---	633	633
Depreciation	(681)	(533)	(741)
Interest and Finance Charges	(37)	(10)	(68)
Profit before tax	**5,058**	**4,706**	**6,907**
Tax	(1,047)	(1,153)	(1,666)
Net Profit	**4,011**	**3,553**	**5,241**

Raw materials

Raw material cost of the Company increased from Rs.14,306 lacs in 9 months of 2007-08 to Rs. 19,822 lacs in 9 months of 2008-09 due to rise in prices of HDPE, Labsa, etc. which are based on crude oil prices. Raw Materials as a percentage of net sales increased from 52% in the corresponding 9 months period to 56% for the 9 months period ended March 31, 2009.

Employee cost

Employee cost for the 9 months period 2008-09 stood at Rs 4,341 lacs while the corresponding figure for 2007-08 was Rs. 3,636 lacs, translating into a 19% increase. This was on account of increments (10%) and incentives to sales staff. The Retirement benefits offered to employees have also been increased due to change in discount factor based on market conditions. Employee cost as a proportion of total cost decreased by 100 basis points from 15 % in 9 months of 2007-08 to 14% in 9 months of 2008-09.

Other expenses

Other expenses increased by 26% from Rs. 3,344 lacs in 2007-08 to Rs. 4,202 lacs in 2008-09. This mainly on account of consumption of diesel at Jammu unit by Rs. 145 lacs since this was the new unit during the year for manufacturing of Maxo. Further, for part of the year, the electric connection was not provided at the location and production had to be commenced using DG sets.

Advertisement and Sales promotion expenses of the Company decreased by 21% from Rs. 2,273 lacs in 2007-08 to Rs. 1,788 lacs in 2008-09 as advertisements on Maxo have been cut down.

Margins

EBIDTA margin of the Company reduced by 30 basis points from 16.38% in 2007-08 to 16.08% in 2008-09. This was mainly on account of rise in cost of goods sold, particularly the raw material cost and change in product mix.

The PAT Margins declined by 145 basis points over the same period on account of cascading effect from the operational level.

Taxation

Total tax (including current tax, deferred tax and fringe benefit tax) outlay for the Company decreased by 9% from Rs. 1,153 lacs in 9 months of 2007-08 to Rs. 1,047 lacs in 2008-09 on account of the 100% tax exemption at the Uttarakhand Unit.

Capital employed

Total capital employed stood at Rs. 35,249 lacs as on March 31, 2009. As on June 30, 2008, it stood at Rs. 32,937 lacs.

Own funds

The net worth of the Company grew by 7% from Rs. 32,920 lacs as on June 30, 2008 to Rs. 35,232 lacs as on March 31, 2009.

Return on net worth of the Company for 9 months period ended March 31, 2009 stood at 11.38% as compared to 10.79% for the corresponding period of the previous year.

Equity

The equity share capital (issued and subscribed) of the Company consists of 7,25,68,800 equity shares of Re. 1 each. During the year, based on shareholder's approval, the shares of Face Value Rs. 5 each were sub divided into shares of Re. 1 each.

Reserves and surplus

The reserves and surplus of the Company stood at Rs. 34,506 lacs as on March 31, 2009. It stood at Rs. 32,194 lacs as on June 30, 2008. The increase was on account of transfers from the profit and loss account.

Loan funds

The debt portfolio of the Company comprises sales tax deferrals and remained constant at Rs. 17 lacs.

Gross block

The gross block of the Company as on March 31, 2009 stood at Rs. 22,827 lacs as compared to Rs. 21,791 lacs as on June 30, 2008. The increase in gross block is largely due to expansion in Silvassa Bottle Unit, Jammu Maxo Unit and the Stiff and Shine Unit at Himachal . The Company follows Straight line method for charging depreciation as per the rate prescribed in the schedule XIV of the Companies Act, 1956. Accumulated Depreciation for the Company increased to Rs. 4,316 lacs as on March 31, 2009 as compared to Rs. 3,650 lacs as on June 30, 2008.

Working capital

Net working capital of the Company stood at Rs.15,474 lacs as on March 31, 2009 and as on June 30, 2008 it was Rs. 14,541 lacs.

The current ratio for the year under review stood at 3.4 as against 3.6 as on June 30, 2008.

Inventory

Effective inventory management is an important driver for working capital efficiency. Inventory of the Company stood at Rs. 4,287 lacs as on March 31, 2009. As on June 30, 2008, it stood at Rs. 4,246 lacs. Inventory turnover for the Company stood at 59 days from July 2008 - March 09 against 73 days in the corresponding period of 2007-08. For the 12 months year ending June 30, 2008 it stood at 83 days.

Sundry debtors

Sundry debtors for the Company stood at Rs. 4,239 lacs for as on March 31, 2009. There are no outstanding debtors for over 6 months. As on June 30, 2008 the same was Rs. 2,533 lacs.

Debtor turnover stood at 30 days for 9 months period ended March 31, 2009 and for the corresponding period of last year it was 47 days. For the 12 months year ended June 30, 2008 the same was 23 days.

Cash and bank balances

Cash and bank balances for the Company stood at Rs. 10,017 lacs as on March 31, 2009 as against Rs. 9,545 lacs as on June 30, 2008. At the operating level, the company generated Rs. 3,773 lacs of positive cash flows for the 9 months period ended March 31, 2009. Utilisation was mainly on account of investment activities in subsidiaries, purchase of fixed assets and for payment of dividends during the period.

Loans and advances

Loans and advances for the Company stood at Rs. 3,285 lacs as on March 31, 2009 as against Rs. 3,809 lacs as on June 30, 2008 on account of advances offered to subsidiaries.

Current liabilities and provisions

Current liabilities and provisions for the Company stood at Rs. 6,382 lacs as on March 31, 2009 as against Rs. 5,615 lacs as on June 30, 2008.

Sundry creditors for the Company stood at Rs. 827 lacs as on March 31, 2009 as against Rs. 968 lacs as on June 30, 2008.

Dividend

The Company declared final dividend @ Rs. 2/- (200%). per share in 2008-09 (for 9 months period) against the final dividend of Rs. 2/- (200%) per share in 2007-08 (for 12 months period).

A

'WHITER THAN WHITE'

commitment

gets

consistent

Media Coverage

BRAND EQUITY

They were once underdogs, flying under the radar while the world looked at the big daddies of the FMCG circuit. However, two decades later, everyone acknowledges the super success that these brands have achieved. The world celebrated the rise of the Nirmas and the Gharis, now it's time to do an encore for Jyothy Labs and Paras and say...

FMCG

Jyothy Laboratories' MP Ramachandran

White is Right

'There is no RURAL-URBAN divide in FMCG'

Institutional sales is misunderstood in India. Ujala, if it is sold at Rs 12 and if inside a Big Bazaar, I'm selling it for Rs 11, then I am cheating the consumer who is buying it at Rs 12.

Jyoth

Jyothy

launchi


దేశంలో మొదటి ఫ్యాబ్రిక్ స్పా ఏర్పాటు
Ullas Kamath
Deputy Managing Director
Jyothy Laboratories
To begin with, the venture (Jyothy Fabricare Services) would comprise one main service station, five quick service stations and 25 collection and deliv
Services plans
ns. Jyothy Fabricare
Hyderabad an
ons in Chennai,
from various ins
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Jyothy co buys B'l
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To Establish 25 'Fabric Spa' Outle
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BANGALORE | JYOTHY
Launches Fabric Spa venture
Jyothy Laboratories announced launching its new venture christened Fabric Spa, a laundry business set up with an initial cost of Rs 40 crore. The company has established
UJALA
Supreme
FABRIC WHITENER
FOR SUPER WHITENESS
OF CLOTHES
Jyothy Laboratories Ltd.

FIRST POST LISTING
Q&A SESSION WITH ANALYSTS

Notice

NOTICE is hereby given that the next **Annual General Meeting** of the Company will be held on **Thursday, July 30, 2009** at **11.00 a.m.** at **Patkar Hall, Nathibai Thackersey Road, New Marine Lines, Mumbai – 400 020** to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at March 31, 2009 and Profit and Loss Account for the financial period July 1, 2008 to March 31, 2009 together with the reports of the Board of Directors and the Auditors thereon.

2. To declare dividend for the financial period July 1, 2008 to March 31, 2009.

3. To appoint a Director in place of Mr. K. P. Padmakumar, who retires by rotation and being eligible offers himself for re-appointment.

4. To appoint a Director in place of Mr. Bipin R. Shah, who retires by rotation and being eligible offers himself for re-appointment.

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

   "**RESOLVED THAT** M/s. S. R. Batliboi & Associates, Chartered Accountants, Mumbai, ('the Auditors') be and are hereby re-appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and that they may be paid such remuneration as may be mutually agreed by and between the Board of Directors and the Auditors plus reimbursement of out of pocket/traveling expenses plus Service Tax as may be applicable".

SPECIAL BUSINESS:

6. To consider and if thought fit to pass with or without modification, the following resolution as an ordinary resolution.

   "**RESOLVED THAT** in terms of Article 148 of Articles of Association of the Company and pursuant to the provisions of Sections 198, 269, 309, 349, 350 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, as amended from time to time, all applicable guidelines for managerial remuneration issued by the Central Government from time to time and subject to such other approvals, as may be necessary, Mr. K. Ullas Kamath, be and is hereby re-appointed as "Deputy Managing Director" of the Company for a further period of 5 (five) years commencing from April 1, 2010 to March 31, 2015 at a remuneration, perquisites and other terms and conditions set out in the draft Agreement to be executed between the Company and Mr. K. Ullas Kamath and the Board of Directors be and is hereby authorized to alter or vary his terms of remuneration as may be agreed upon with Mr. K. Ullas Kamath, subject however, to the overall ceiling on remuneration specified in the said Schedule XIII and other applicable provisions of the said Act, for the time being in force".

By Order of the Board of Directors
For Jyothy Laboratories Limited

M. L. Bansal
Company Secretary

Mumbai, June 5, 2009

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

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING MAY APPOINT A PROXY TO ATTEND, AND, ON A POLL, VOTE INSTEAD OF HIMSELF/HERSELF. A PROXY NEED NOT BE A MEMBER.** Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the commencement of Annual General Meeting.

2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in regard to the business as set out in Item No. 6 above is annexed hereto. Explanatory statement in respect of Item No. 6 may be treated as abstract of the terms of the contract for appointment of 'Deputy Managing Director' as required in terms of provisions contained under Section 302 of the Companies Act, 1956.

3. The documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during office hours on all working days, except Saturdays and holidays, between 11.00 a.m. to 1.00 p.m. up to the date of the Annual General Meeting.

4. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, July 18, 2009 to Thursday, July 30, 2009 (both days inclusive) for the purpose of Annual General Meeting and payment of dividend.

5. Dividend, if approved by the Members at the Annual General Meeting, will be paid to eligible members after July 30, 2009.

6. Securities and Exchange Board of India (SEBI) has made it mandatory for all companies to use the Electronic Clearing Service (ECS) facility for distributing dividends. In this system, the investor's bank account would be directly credited with the dividend amount based on the information provided to the Company. In case of remittance in electronic form, an intimation of the dividend payment would be sent to the shareholders.

   The shareholders who are not covered by the ECS facility the dividend amounts will be remitted by means of dividend warrants which will be posted to their addresses with the particulars of the bank/branch and account number furnished by them.

7. Members holding shares in electronic form may note that as per the regulations of National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), the Company is obliged to print the details on the dividend warrants as furnished by these Depositories to the Company and the Company cannot entertain any request for deletion / change of bank details already printed on dividend warrants as per information received from the concerned depositories.

8. Members are requested to notify immediately any change in their address/ Mandates/ Bank details to the Company's Registrars and Share Transfer Agents for shares held in physical form and to their respective Depository Participants for shares held in electronic form.

9. Members holding shares in physical form and desirous of making a nomination in respect of their shareholdings in the Company, as permitted under Section 109A of the Companies Act, 1956 may fill Form 2B (in duplicate) and send the same to the office of the Registrar and Transfer Agent of the Company. In case of shares held in dematerialized form, the nomination should be lodged with their Depository Participant.

10. Members are requested to correspond with Registrar and Transfer Agent of the Company for all matters relating to shareholding in the Company.

11. Members are requested to bring their copy of this Annual Report and Attendance Slip to the Meeting.

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

13. Corporate Members are requested to send to the Company's Registrar & Transfer Agent, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.

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

15. Members desiring any information on the accounts at the Annual General Meeting are requested to write to the Company at least seven days in advance.

16. As required under Clause 49 of the Listing Agreement executed with the stock exchanges, the details of Directors retiring by rotation and seeking re-appointment at the ensuing Annual General Meeting are provided in the Corporate Governance Report forming part of the Annual Report.

17. The shareholders can get more information on Investor Protection on SEBI / Stock Exchange sites, which are www.sebi.gov.in, www.bseindia.com, www.nseindia.com.

By Order of the Board of Directors
For Jyothy Laboratories Limited

M. L. Bansal
Company Secretary

Mumbai, June 5, 2009

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

Explanatory Statement

Pursuant to Section 173 of the Companies Act, 1956

Item No. 6

Mr. K. Ullas Kamath is the Deputy Managing Director of Jyothy Laboratories Limited (JLL) since April 1, 2005. He 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 at Harvard Business School. His responsibilities include business development, new projects, sales, financial management and supervision of day-to-day operations of the Company. He has been associated with JLL since incorporation and has been on Board since 1997. The Institute of Chartered Accountants of India gave him an Award **"CA BUSINESS ACHIEVER – SME"** at a function held on January 25, 2009.

Re-appointment of Mr. K. Ullas Kamath and remuneration payable to him were approved by the Board at their meeting held on June 5, 2009, as stated in the draft agreement. The material provisions of the draft Agreement with Mr. K. Ullas Kamath referred to in the resolution at Item No. 6 of the Notice are as under.

Remuneration:

(a) Salary of Rs.12,51,000/- (Rupees Twelve Lac Fifty One Thousand Only) per month.

(b) Commission at the rate of 1.50% (One and one half percent) of the net profits of year calculated in accordance with the provisions of Section 309 of the Companies Act, 1956.

Perquisites:

(a) **Housing:** Rent free unfurnished accommodation owned/ hired/ leased by the Company.

(b) Reimbursement of expenses on actual basis, pertaining to gas, fuel, water, electricity and telephones as also reasonable reimbursement to upkeep and maintenance expenses in respect of such accommodation.

(c) **Medical Expenses:** Reimbursement of medical expenses incurred for self and family including hospitalisation, 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 contribution towards Provident Fund and Superannuation Fund and Gratuity as per the Rules applicable to senior management staff of the Company.

(h) Leave and encashment of leave, in accordance with the Rules of the Company.

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

Minimum Remuneration:

Where in any financial year comprised in the period of appointment, the Company has no profits or its profits are inadequate, the foregoing amount of remuneration and benefits shall be paid or given to the Deputy Managing Director as Minimum Remuneration, subject however to, provisions of Schedule XIII to the Companies Act, 1956.

The aggregate of the salary, commission and perquisites in any financial year shall be subject to the limits prescribed from time to time under Sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act as may for the time being, be in force, or otherwise as may be permissible at law.

The Board considers that the remuneration and perquisites proposed to be paid to Mr. K. Ullas Kamath upon his re-appointment as Deputy Managing Director are commensurate with his duties and responsibilities as Deputy Managing Director and therefore recommends the Resolution as set out at Item No. 6 of the Notice for approval of the members.

Member's approval is sought for re-appointment of Mr. K. Ullas Kamath for the position of Deputy Managing Director of the Company in terms of provisions of Sections 198, 269, 309, 349 and 350 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956.

The above terms and conditions are, and should be deemed to be an abstract of the draft Agreement between the Company and Mr. K. Ullas Kamath pursuant to Section 302 of the Companies Act, 1956.

A copy of the draft Agreement will be available for inspection at the Registered Office of the Company between 9.00 a.m. to 11.00 a.m. on any working day (Monday to Friday) up to the date of ensuing Annual General Meeting.

Mr. K. Ullas Kamath, Deputy Managing Director is interested in Item No. 6 of the Notice since it relate to his re-appointment as the Deputy Managing Director of the Company and to his remuneration.

No Director other than Mr. K. Ullas Kamath, Deputy Managing Director to whom this item pertains is deemed to be concerned or interested in the resolution.

By Order of the Board of Directors
For Jyothy Laboratories Limited

M. L. Bansal
Company Secretary

Mumbai, June 5, 2009

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

Directors' report

To,

The Members,

Your Board of Directors is pleased to present the 18th Annual Report of your Company for the Financial Period July 1, 2008 to March 31, 2009 (9 Months) together with the Auditor's Report. The financial highlights for the period as well as previous year are as follows:

(Rs. in lacs)

Financial results	Financial period ended March 31, 2009 (9 Months)	Financial year ended June 30, 2008 (12 Months)
Sales (net of trade discount)	**38,416.86**	**40,582.86**
Other Income	774.60	790.52
Profit before depreciation and interest	**5,775.28**	**7,081.22**
Interest & Finance charges	36.63	68.24
Depreciation and Amortization	681.24	740.78
Profit before exceptional items and tax	**5,057.41**	**6,272.20**
Exceptional Income	–	632.61
Profit before tax	**5,057.41**	**6,904.81**
Provision for tax		
- Current tax	707.76	1,208.00
- Deferred tax charge	189.84	223.80
- Fringe benefit tax	72.00	88.00
- Short provision for current tax and deferred tax of earlier year	77.29	144.32
Profit after tax	**4,010.52**	**5,240.69**
Balance as per last Balance Sheet - Brought forward	591.98	1,049.33
Balance available for appropriations	4,602.50	6,290.02
Appropriations:		
Final Dividend on Equity Shares (inclusive of Special Dividend for Silver Jubilee Year in case of previous year)	1,451.38	1,451.38
Corporate Dividend Tax	246.66	246.66
Transfer to General Reserve	2,000.00	4,000.00
Balance Carried Forward (Profit and Loss A/c)	904.46	591.98
	Rupees	**Rupees**
*Earning Per Share (for 9 months in the current financial period and for one full year for the previous financial year)	5.53	7.22
*Dividend Per Share (for 9 months in the current financial period and for one full year for the previous financial year, inclusive of Special Dividend for Silver Jubilee Year in case of previous financial year)	2.00	2.00

*(Based on Face Value of Re.1/- per Equity Share)

Change in financial year

The Board in their meeting held on July 30, 2008 have approved the change in financial year to end on March 31, instead of June 30. This change was done to coincide the accounting year of the Company with the conventional financial year to enhance comparability with other companies. Accordingly, the attached financials have been prepared for 9 months i.e. July 1, 2008 to March 31, 2009. Therefore, the current reporting period being of 9 months is not comparable with the previous financial year 2007-08.

Performance

In the period under review, the Company changed reporting from 'Gross Sales' to 'Sales (net of trade discount)'. This change was effected to adopt the practice of reporting sales, generally followed by listed companies. The change will enhance the comparability of the Company financials with other companies.

During the 9 months period ended March 31, 2009, the Company recorded Sales (net of trade discount) at Rs.38,416.86 lacs. The sales (net of trade discount) in full financial year 2007-08 were Rs.40,582.86 lacs. For the current 9 months period July 2008 - March 2009, the Profit before exceptional items and tax stood at Rs.5,057.41 lacs. In full financial year 2007-08, Profit before exceptional items and tax was Rs.6,272.20 lacs.

On a like to like basis the Sales (net of trade discount) in July 2008 – March 2009 have grown by 28.65% compared to corresponding period of the previous year. The Sales (net of trade discount) and Profit before exceptional items and tax of the two periods compare as follows:

(Rs. in lacs)

Particulars	July'08-March'09 (Audited)	July'07-March'08 (Un-Audited)
Sales (net of trade discount)	38,416.86	29,862.43
Profit before exceptional items and tax	5,057.41	4,073.72

The disruption in global financial markets, volatility in foreign exchange and rise in interest rates in 2008-09, did not have any significant impact on performance of the Company as the Company has no borrowings and has never had any involvement in derivatives etc. The sharp increase in crude oil price in world market did impact its performance for two quarters of the financial period, since our main raw materials such as HDPE, Labsa etc. are petroleum products whose prices increased in tandem with prices of crude oil. During these quarters, the prices of soap noodles, soda ash and other chemicals were at their peak besides high cost of logistics. However, the prices are now at reasonable level. The cost increases were cushioned partly by price increase and partly through cost efficiencies. A part of the cost increases were absorbed by the Company.

The Company continued to consciously widen its product range both in terms of products and geographies. The Company introduced its products like ''Ujala Stiff & Shine" all over India, Detergents in all southern states and Maharashtra and Exo Dish wash liquid in all southern states.

The Company had set up plants in several areas where fiscal benefits like concession in excise duty and exemption of income tax on business profits are available. The virtual negation of certain excise benefits in last Union Budget at Jammu and Guwahati has affected the profitability in Home Care segments. However, this loss was, to some extent mitigated by reduction in rate of excise duty, rearranging the production closer to market place and increase in retail prices of the products.

Dividend

For the financial period (9 Months), July 2008-March 2009, the Board is pleased to recommend a dividend @ Rs.2.00 per equity share of face value of Re.1/- each, (i.e. 200% of face Value of Equity Share), aggregating to Rs.1,451.38 lacs.

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

For the previous financial year, the Board proposed and paid a Dividend of Rs.7.50 per equity share (i.e.150%) of the face value of Rs.5/- per share and Special Dividend as a celebration of Silver Jubilee Year 2008 @ Rs.2.50 per equity share (i.e. 50%) of Face Value of Rs.5/- per share. Total dividend for the previous financial year work out to 200%, i.e., Rs.10 per equity share of Face Value of Rs.5/- each; aggregating to Rs.1,451.38 lacs.

Finance

The Company continues to be debt-free. The cash and bank balances as on March 31, 2009 amount to Rs.10,017.29 lacs. During the period under review, the Company invested Rs.1,525 lacs in its subsidiaries; Rs.400 lacs in Associated Industries Consumer Products Private Limited (AICPPL), a wholly owned subsidiary, and Rs.375 lacs in Equity Shares and Rs.750 lacs in Convertible Preference Shares of Jyothy Fabricare Services Limited (JFSL) which represents 75% of the Equity Share Capital and 100% of Preference Share Capital respectively of JFSL.

New business

Your Company;

a) Started marketing its Detergent powder in all southern states and in Maharashtra.

b) Launched Exo Dish wash liquid in all southern states.

c) Launched Exo Floor Shine products in the State of Kerala.

d) Has entered into service sector through its Subsidiary Company 'Jyothy Fabricare Services Limited' to provide "World class laundry at affordable price at your doorstep". The Company has started its activities initially in Bangalore. The Company's state of art technology facility is getting ready in Bangalore and is expected to be in operation in September 2009.

Management discussion & analysis report

Management's 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 Section on Corporate Governance is presented separately and forms part of this Report.

Subsidiary companies

During the period under report Jyothy Fabricare Services Limited (JFSL) became a subsidiary of the Company.

The Central Government has vide its letters No. 47/39/2009-CL-III dated 11.02.2009 and 18.05.2009 exempted the Company from attaching Annual Accounts and other documents in respect of its subsidiaries to the Annual Report of the Company for the period ended March 31, 2009.

As required vide above letters, statement in respect of each of the subsidiary, giving details of capital, reserves, total assets and liabilities, details of investments, turnover, profit before taxation and proposed dividend, is attached to this Annual Report.

Annual Accounts of the subsidiary companies and the related detailed information will be made available to the investors seeking such information and will also be available for inspection at the Corporate Office of the Company.

Amalgamation

For the sake of administrative convenience, your Directors have proposed amalgamation of Sri Sai Homecare Products Private Limited, a wholly owned subsidiary company with the Company.

Employee relations

Employee relations by and large remained cordial during the period under review.

Fixed deposits

The Company did not take any fixed deposits from the public during the period under review.

Directors

Mr. K. P. Padmakumar and Mr. Bipin R. Shah, Directors of the Company will be retiring at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Board recommends their re-appointment.

The tenure of Mr. K. Ullas Kamath as Deputy Managing Director will come to an end on March 31, 2010. The Board has approved his re-appointment with increase in remuneration which is explained in the Notice and Explanatory Statement, which is a part of this Annual Report.

Auditors

M/s S. R. Batliboi & Associates, Chartered Accountants, Mumbai, Statutory Auditors of the Company, hold office until conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224 (1-B) of the Companies Act, 1956.

Directors Responsibility Statement

Pursuant to section 217(2AA) of the Companies Act, 1956, your Directors provide hereunder the Directors' Responsibility Statement pertaining to the accounts of the Company;

1. that in the preparation of the accounts for the financial period ended March 31, 2009 (9 Months), the applicable accounting standards have been followed;

2. that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2009 and of the Profit of the Company for the financial period (9 Months) ended on that date;

3. that 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. that Directors have prepared the accounts for the financial period ended March 31, 2009 on a 'going concern' basis.

Consolidated financial statements

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

Conservation of energy & 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

(Rs. in lacs)

Particulars	2008-09 (9 Months)	2007-08 (12 Months)
Foreign exchange earnings	465.45	516.27
Foreign exchange outgo	226.48	412.93

Particulars of employees

Particular of employees as required under Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 as amended, forms part of this report. However, in accordance with the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956 this report is being sent to all the shareholders of the Company excluding the aforesaid information. Members interested in obtaining the said information may write to the Company Secretary at the registered office of the Company.

Risks and concerns

Despite slow down, the Indian Economy experienced in 2008-09, the Company achieved significant growth in sales in July 2008-March 2009 compared to July 2007-March 2008. Further, it is believed that the worst for the Indian Economy is over and positive signs are emerging in the market-place. Considering the experience of July 2008-March 2009 as a guide, the performance of the Company may not be adversely affected even if the adverse economic conditions were to persist for some more months.

The Company operates in certain segments of FMCG space. The demand for Company's products may not get impacted so much by the slower growth of economy. It may be more prone to the affects of weather conditions and usage of white clothing. The Company is, in its own way, promoting the usage of white clothing, widening the product range, introducing new variants of its products and increasing geographies for its products.

Any increase in crude oil price in world market of the kind experienced during period under review may adversely impact the performance of the Company as it is a big consumer of HDPE for containers, whose costs are linked to crude oil price. Such cost increases may impact the profitability of the Company if it fails to pass on the same to the consumer. Though the consumption of the Company products is need based still any stiff price raise in its product could impact the performance.

The performance of the Company, Turnover and Profits, is dependent on few products. Any adverse movement in sale or profitability of these products, could compromise the performance of the Company. In this connection, the Company would continue to try to cushion its cost increases by greater efficiency of operation and judicious and balance increase in price.

The Company is consciously widening its product range and geographies for its products by introducing new products like Ujala Stiff & Shine, Detergent powder and Exo Dish wash in more markets within the country. The Management is also consciously making efforts to increase profitability in Home care segment through operational efficiencies and squeeze on costs but without compromising on quality or distribution.

The Company has set up plants in several areas where fiscal benefits like concession in excise duty, exemption of income tax on business profits are available. Some adverse changes did occur to these scheme during period under review. Any change in such schemes or laws may have adverse bearing on the profits of the Company.

The Management continue to monitor the risks concerning the Company and take actions as appropriate to the situation.

Internal control systems and its adequacy

The Company has adequate internal control systems and procedures in place for effective and smooth conduct of business and to meet exigencies of operation and growth. The key business processes have been documented. The transactions are recorded and reported in conformity with generally accepted accounting practices. The internal control systems and procedures ensure reliability of financial reporting, compliance with the Company's policies and practices, governmental regulations and statutes. Internal Audit is conducted by independent firms 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 the future performance and outlook.

Acknowledgement

The Board of Directors express their appreciation and gratitude for the services rendered by all employees, bankers, distributors, suppliers, service providers, media and shareholders during the financial period under review.

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

M. P. Ramachandran
Chairman & Managing Director

Mumbai, June 5, 2009

Report on Corporate Governance

Company's Philosophy on Corporate Governance

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

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

Board of Directors

Composition:

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

The composition of the Board of Directors is as under.

Name of the Member of the Board	Relationship with other Directors
Mr. M. P. Ramachandran	Father of Ms. M. R. Jyothy
Mr. K. Ullas Kamath	None
Ms. M. R. Jyothy	Daughter of Mr. M. P. Ramachandran
Mr. Nilesh B. Mehta	None
Mr. K. P. Padmakumar	None
Mr. Bipin R. Shah	None

Attendance of Directors at Board Meetings and Annual General Meeting:

There were four Board meetings held during the financial period under review: On July 30, 2008, on August 27, 2008, on October 23, 2008 and on January 23, 2009. Details of attendance of Directors were 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
Ms. M. R. Jyothy	4	Yes
Mr. Nilesh B. Mehta	4	Yes
Mr. K. P. Padmakumar	3	Yes
Mr. Bipin R. Shah	4	Yes

Board Members and their Directorship in other Public Limited Companies:

Name of Director	Executive/Non-Executive/ Independent	Directorship in other Public Limited Companies	Committee positions in other public limited companies (as Chairman)
Mr. M. P. Ramachandran	Executive	2	-
Mr. K. Ullas Kamath	Executive	1	-
Ms. M. R. Jyothy	Executive	2	-
Mr. Nilesh B. Mehta	Non-Executive/Independent	5	4(0)
Mr. K. P. Padmakumar	Non-Executive/Independent	2	1(0)
Mr. Bipin R. Shah	Non-Executive/Independent	4	5(2)

Remuneration and Shareholding of Directors:

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

Sr. No.	Particulars	M. P. Ramachadran	K. Ullas Kamath	M. R. Jyothy
1.	Salary & Perquisites	81,00,000	75,06,000	12,60,000
2.	Provident Fund	9,72,000	9,00,720	1,51,200
3.	Superannuation Fund	Nil	7,50,600	1,26,000
4.	Commission	82,55,106	55,03,404	Nil

Non-Executive Director's Compensation:

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

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

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

Sr. No.	Name of the Directors	Sitting Fees (Rs.)	Commission (Rs.)	No. of Shares held
1.	Mr. Nilesh B. Mehta	1,10,000	7,00,000	Nil
2.	Mr. K. P. Padmakumar	70,000	7,00,000	Nil
3.	Mr. Bipin R. Shah	1,05,000	7,00,000	50

Audit Committee

The Audit Committee is duly constituted in accordance with Clause 49(II) of the Listing Agreement. Members of the Committee are: Mr. Nilesh B. Mehta (Chairman), Mr. K. P. Padmakumar, Mr. Bipin R. Shah (appointed as Member during the financial period under review) 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 Deputy Managing Director of the Company.

Members of the Audit Committee possess expert knowledge of Accounts, Audit and Finance. The Company Secretary is acting as Secretary to the Audit Committee. The Audit Committee meetings were held on August 27, 2008, October 23, 2008 and January 23, 2009.

The attendance at these meetings was as under:

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

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

Remuneration Committee

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

Shareholders and Investors Grievance Committee

Shareholders and 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 August 27, 2008, October 23, 2008 and January 23, 2009 and were attended by all members.

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

During the financial period, the Company received 94 complaints and the same were resolved. All complaints/queries were resolved within one week of receipt of the complaint/query. The Company does not have any complaints, not attended at the closure of the year under review.

Depository Escrow Account

As on March 31, 2009, 2,050 Equity Shares belonging to 41 shareholders were lying in Depository Escrow Account.

General Body Meeting

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

Year	Date of Annual General Meeting	Time of Meeting	Number of Special Resolutions passed	Venue
2005-06	December 6, 2006	03.30 p.m.	3	43 Shiv Shakti Industrial Estate, Andheri - Kurla Road, Marol, Mumbai - 400 059.
2006-07	September 25, 2007	10.00 a.m.	3	43 Shiv Shakti Industrial Estate, Andheri - Kurla Road, Marol, Mumbai - 400 059.
2007-08	November 11, 2008	10.30 a.m.	3	Patkar Hall, Nathibai Thackersey Road, New Marine Lines, Mumbai - 400 020.

All special resolutions at the above Annual General Meetings were passed by way of show of hands. No postal ballots were used for voting at these meetings.

Details of Directors Seeking Appointment/Re-appointment

(a) Mr. K. P. Padmakumar, 64, is a Non-Executive, Independent Director of the Company since June 2006. He is a banker with nearly 42 years of association in India and abroad in Commercial Banking, Treasury Management, Capital Markets and Mutual Funds. By Qualification he 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 the other companies in which directorship are held:

Name of the Companies	Nature of Interest
Muthoot Leasing & Finance Limited	Director
Muthoot Securities Limited	Director

(b) Mr. Bipin R. Shah, 77, is a Non-Executive, Independent Director of the Company since June 2006. 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, Agriculture 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 Rs.10/- in 1981 rose to be over Rs.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 the other companies in which directorship are held:

Name of the Companies	Nature of Interest
Marico Industries Limited	Director
Procyon Offshore Services Limited	Director
ITTI Private Limited	Director
Kotak Mahindra Asset Management Company Limited	Director
Dolphin Offshore Enterprises India Limited	Director

(c) Mr. K. Ullas Kamath, 46, is the Deputy Managing Director of Jyothy Laboratories Limited (JLL) since April 1, 2005. He 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 at Harvard Business School. His responsibilities include business development, new projects, sales, financial management and supervision of day-to-day operations of the Company. He has been associated with JLL since incorporation and has been on Board since 1997. The Institute of Chartered Accountants of India gave him an Award **"CA BUSINESS ACHIEVER – SME"** at a function held on January 25, 2009.

Details of the other companies in which directorship are held:

Name of the Companies	Nature of Interest
Jyothy Fabricare Services Limited	Director
Sri Sai Homecare Products Private Limited	Director
Associated Industries Consumer Products Private Limited	Director

Disclosures

(i) No transaction of material nature has been entered into by the Company with its Directors or Management and their relatives, etc., that may have potential conflict with the interests of the Company. The Register of Contracts/statement of related party transactions is placed before the Board/Audit Committee regularly. Transactions with related parties are disclosed in Note No. 7 of Schedule 19 to the Accounts in the Annual Report.

(ii) No penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets from December 19, 2007 (date of Listing of the Company's equity shares) to March 31, 2009.

(iii) Company has fully complied with Mandatory requirements of the revised Clause 49 of the Listing Agreement. As regards, non-mandatory requirements, the Company has adopted Whistle Blower Policy and the same is posted on the website of the Company. No personnel has 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 were made to institutional investor/analysts and the same are available on website of the Company.

CEO/CFO Certificate

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

General shareholder information

a) **Annual General Meeting:**

Annual General Meeting of the Company will be held on Thursday, July 30, 2009 at 11.00 a.m. at Patkar Hall, Nathibai Thackersey Road, New Marine Lines, Mumbai – 400 020.

b) **The financial period** covered by this Annual Report is of 9 months starting from July 1, 2008 to March 31, 2009.

c) **Date of Book Closure**: Saturday, July 18, 2009 to Thursday, July 30, 2009 (Both days inclusive).

d) **Dividend Payment**: After July 30, 2009.

e) **Listing of Stock Exchange and Stock Code:**

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

f) **Dematerialization:** ISIN Number INE668F01031

g) **Registrar & Transfer Agents:**

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West), Mumbai - 400 078,
Phone: 0091-022-25963838, Fax:0091-022-25946969
Contact Person : Mr. N. Mahadevan Iyer/Mr. Raghunath Poojary.

h) **Share Transfer System:**

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

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

	BSE Market Price (Rs.)		NSE Market Price (Rs.)	
Month	High	Low	High	Low
July 2008	490.00	412.10	488.90	405.00
August 2008	502.00	425.10	499.90	425.10
September 2008	458.95	305.30	476.00	290.00
October 2008	330.00	210.10	329.00	210.00
November 2008	285.00	217.10	288.50	212.60
01.12.08 to 11.12.08	317.95	260.00	320.00	265.00
After Sub-division into Re.1/- per share *				
12.12.08 to 31.12.08	87.35	58.05	87.50	59.00
January 2009	78.90	48.00	78.70	47.65
February 2009	67.10	47.25	67.15	50.00
March 2009	64.50	51.65	63.90	50.00

* The Equity Shares of the Company were sub-divided from Face Value of Rs. 5/- per share into Re.1/- per share, during the month of December, 2008.

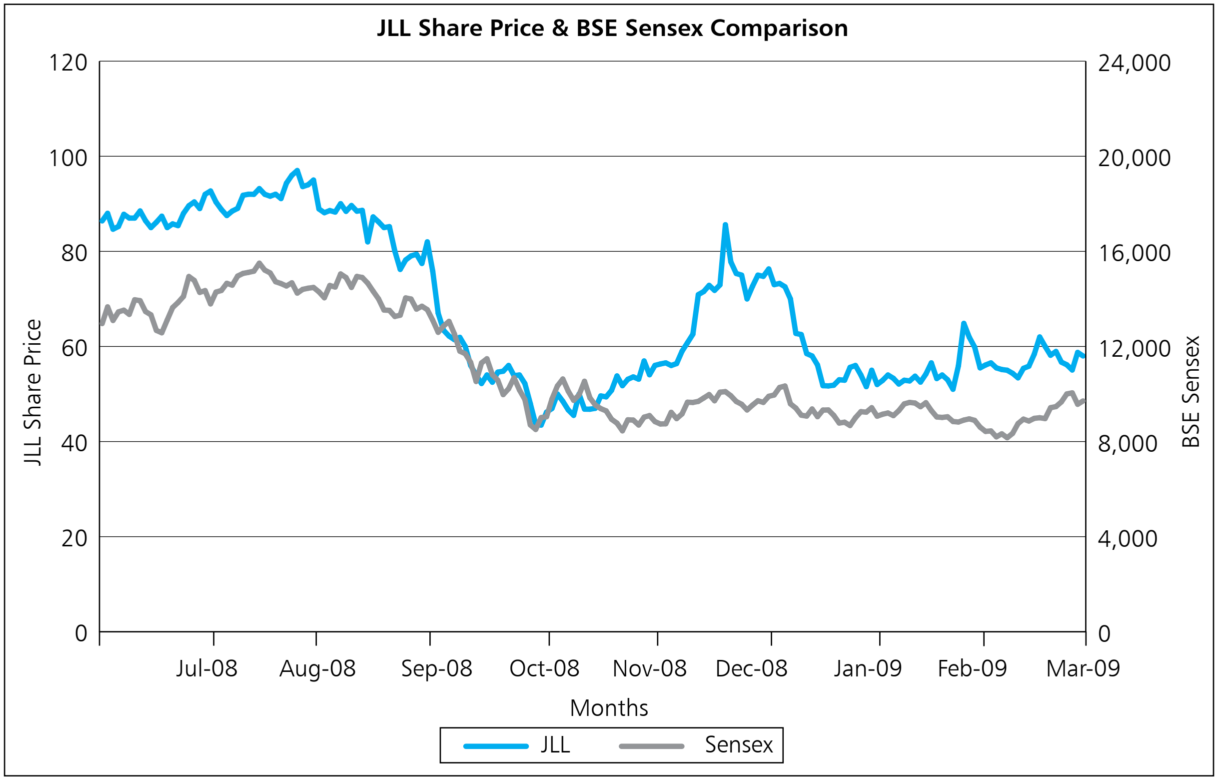
j) **Shareholding Pattern as on March 31, 2009:**

	Category	No. of shares	Percent
1.	**Promoter and Promoter Group**	5,05,64,966	69.68
2.	**Institutions**		
	Mutual Funds	82,17,137	11.32
	Financial Institutions/Banks	2,14,425	0.30
	Insurance Companies	70,95,964	9.78
	Foreign Institutional Investors	19,59,625	2.70
3.	**Non-Institutions**		
	Bodies Corporate	4,05,248	0.56
	Individuals	40,44,106	5.57
	Clearing Member	30,612	0.04
	Foreign Holding/Nationals	35,617	0.05
	Independent Directors	50	0.00
	Trusts	1,050	0.00
	Total	**7,25,68,800**	**100.00**

k) **Distribution of Shareholding as on March 31, 2009:**

Sr. No.	Slab of shareholding No. of Equity shares held		Shareholders		Shares Value	
	From	To	Numbers	In %	Face Value (Rs.)	in %
1.	1	5,000	57,610	99.8492	35,96,979	4.9567
2.	5,001	10,000	26	0.0451	1,88,777	0.2601
3.	10,001	20,000	25	0.0433	3,75,270	0.5171
4.	20,001	30,000	5	0.0087	1,12,210	0.1546
5.	30,001	40,000	1	0.0017	36,750	0.0506
6.	40,001	50,000	3	0.0052	1,24,655	0.1718
7.	50,001	1,00,000	2	0.0035	1,30,775	0.1802
8.	1,00,001	Above	25	0.0433	6,80,03,384	93.7089
Total			**57,697**	**100.0000**	**7,25,68,800**	**100.0000**

l) **Share Price (Rs.) in comparison with BSE Sensex:**



m) Dematerialization:

As on March 31, 2009, out of total of 72568800 Shares, 72568785 (99.9999%) shares, are held in dematerialized form and the balance 15 shares are held in Physical Form.

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

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

(i) **Baddi** in the State of Himachal Pradesh

(ii) **Bishnupur** in the State of West Bengal

(iii) **Chennai** in the State of Tamil Nadu

(iv) **Bhubaneshwar** in the State of Orissa

(v) **Guwahati** in the State of Assam

(vi) **Jammu** in the State of Jammu & Kashmir

(vii) **Kandanassery** in the State of Kerala

(viii) **Mehboobnagar** in the State of Andhra Pradesh

(ix) **Pithampur** in the State of Madhya Pradesh

(x) **Pondicherry** in the Union Territory of Pondicherry

(xi) **Salem** in the State of Tamil Nadu

(xii) **Silvassa** in the Union Territory of Dadra & Nagar Haveli

(xiii) **Roorkee** in the State of Uttarakhand

(xiv) **Wayanad** in the State of Kerala

p) **Shareholders and Investors Correspondence:**

Shareholders should address their correspondence to the Company's Registrar and Transfer Agent at the following address

Link Intime India Private Limited
Unit: Jyothy Laboratories Limited
C-13 Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West),
Mumbai - 400 078,
Phone: 0091 022 25963838, Fax: 0091 022 25946969
Contact Person(s): Mr. N. Mahadevan Iyer/
Mr. Raghunath Poojary

Declaration by the Managing Director under Clause 49 of the Listing Agreement regarding compliance with 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 period ended March 31, 2009.

For Jyothy Laboratories Limited

M. P. Ramachandran
Chairman & Managing Director

Mumbai, June 5, 2009

Auditors’ Certificate on Corporate Governance

To

The Members of Jyothy Laboratories Limited

We have examined the compliance of conditions of corporate governance by Jyothy Laboratories Limited (‘the Company’), for the nine months period ended on March 31, 2009, 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**
Chartered Accountants

per **Sudhir Soni**
Partner
Membership No. 41870

Place: Mumbai
Date: June 5, 2009

Auditors' Report

To
The Members of
Jyothy Laboratories Limited

1. We have audited the attached Balance Sheet of **Jyothy Laboratories Limited** ('the Company') as at March 31, 2009 and also the Profit and Loss account and the Cash Flow Statement for the nine months period ('the period') ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

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

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

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

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

   v. On the basis of the written representations received from the directors, as on March 31, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

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

      a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2009;

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

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

For **S.R. Batliboi & Associates**
Chartered Accountants

per Sudhir Soni
Partner
Membership No.: 41870

Place: Mumbai
Date: June 05, 2009

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

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

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

(c) There was no substantial disposal of fixed assets during the period.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the period.

(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 and no material discrepancies were noticed on physical verification.

(iii) (a) The Company has granted unsecured loan and advances to a subsidiary company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the period was Rs. 375.00 lacs and the period end balance of loan and advances granted to such party was Rs. 210.40 lacs.

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

(c) The loan granted along with interest is repayable on demand. As informed, the Company has not demanded repayment of any such amount during the period, thus there has been no such default on the part of the party to whom the money has been lent.

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

(e) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, provisions of paragraphs 4(iii)(f) and (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

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

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

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

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

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

(ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income tax, wealth tax, service tax, customs duty, excise duty, cess and generally regular in employees' state insurance and sales tax applicable to it. The provision of investor education and protection fund is currently not applicable to the Company.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, wealth tax, service tax, sales tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding on March 31, 2009, at the period end, for a period of more than six months from the date they became payable.

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

Rs. in lacs

Name of Statute (Nature of Dues)	Period to which the amount Relates	Forum where dispute is pending			
		Commissionerate	Appellate authorities & Tribunal	High Court	Total Amount
Sales Tax (Tax/ Penalty/ Interest)	2001-02 to 2004-05	15.50	31.37	–	46.87
	2005-06 to 2006-07	212.68	–	128.02	340.70
	2008-09	56.15	–	–	56.15
Sub-total		**284.33**	**31.37**	**128.02**	**443.72**
The Central Excise Act, 1944 (Tax/ Penalty/Interest)	1999-2000 to 2001-02	–	11.88	–	11.88
	2004-05 to 2006-07	6.94	8.39	–	15.33
Sub-total		**6.94**	**20.27**	**–**	**27.21**
Service Tax Act, 1994	2007-08	3.09	–	–	3.09
Provident Fund	2007-08	4.62	–	–	4.62
Employee State Insurance (Penalty)	2002 to 2007	0.63			0.63
Total		**299.61**	**51.64**	**128.02**	**479.27**

(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 bank. The Company has not taken any loan from the financial institutions. The Company has not issued any debentures.

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

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

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

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

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

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

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

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

(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 course of our audit.

For **S.R. Batliboi & Associates**
Chartered Accountants

per Sudhir Soni
Partner
Membership No.: 41870

Place: Mumbai
Date: June 5, 2009

Balance Sheet As at March 31, 2009

Rs. in lacs

	Schedule	As at March 31, 2009	As at June 30, 2008
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	725.69	725.69
Reserves and surplus	2	34,506.32	32,193.84
		35,232.01	32,919.53
Loan Funds			
Unsecured loans	3	17.45	17.45
		17.45	17.45
Deferred Tax Liability, Net	4	1,072.24	882.40
		36,321.70	**33,819.38**
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		22,826.91	21,790.52
Less: Accumulated depreciation and impairment		(4,315.67)	(3,649.73)
Net Block		18,511.24	18,140.79
Capital work-in-progress (including capital advances)		610.60	907.36
		19,121.84	19,048.15
Investments	6	1,725.65	230.65
Current Assets, Loans and Advances			
Inventories	7	4,286.86	4,246.15
Sundry debtors	8	4,238.70	2,533.43
Cash and bank balances	9	10,017.29	9,545.05
Other current assets – Sales promotion items		28.85	22.20
Loans and advances	10	3,284.76	3,808.69
		21,856.46	20,155.52
Less: Current Liabilities and Provisions			
Current liabilities	11	3,881.65	3,407.50
Provisions	12	2,500.60	2,207.44
		6,382.25	5,614.94
Net Current Assets		15,474.21	14,540.58
		36,321.70	**33,819.38**
Notes to accounts	19		

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

As per our report of even date

For **S.R. BATLIBOI & ASSOCIATES**
Chartered Accountants

per Sudhir Soni
Partner
Membership No.: 41870

Place: Mumbai
Date: June 5, 2009

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

M. P. Ramachandran
Chairman and Managing Director

K. Ullas Kamath
Deputy Managing Director

M. L. Bansal
Company Secretary

Place: Mumbai
Date: June 5, 2009

Profit and Loss Account For the nine months period ended March 31, 2009

Rs. in lacs

	Schedule	July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)
INCOME			
Sales (net of trade discount)		38,416.86	40,582.86
Less: Sales tax		(2,318.14)	(2,148.86)
Less: Excise duty		(944.89)	(903.91)
Net sales		35,153.83	37,530.09
Other income	13	774.60	790.52
		35,928.43	**38,320.61**
EXPENDITURE			
Material costs	14	19,494.67	18,982.25
(Increase)/ decrease in inventories	15	174.93	(544.33)
Excise duty		152.60	318.51
Employee costs	16	4,341.08	4,791.17
Other expenses	17	5,989.87	7,691.79
Depreciation and amortisation	5	681.24	740.78
Interest and finance charges	18	36.63	68.24
		30,871.02	**32,048.41**
Profit Before Exceptional Items and Tax		**5,057.41**	**6,272.20**
Exceptional Items			
- Exceptional Income (refer Note 11 of Schedule 19)		–	632.61
Profit Before Tax		**5,057.41**	**6,904.81**
Provision for tax			
- Current tax		707.76	1,208.00
- Deferred tax charge		189.84	223.80
- Fringe benefit tax		72.00	88.00
- Short provision for current tax and deferred tax of earlier year		77.29	144.32
Profit after Tax		**4,010.52**	**5,240.69**
Profit and Loss Account, beginning of the period/year		591.98	1,049.33
Profit Available for Appropriation		**4,602.50**	**6,290.02**
APPROPRIATIONS:			
Proposed dividend		1,451.38	1,451.38
Dividend tax on proposed dividend		246.66	246.66
Transfer to general reserves		2,000.00	4,000.00
Profit and Loss Account, end of the period/year		**904.46**	**591.98**
EARNINGS PER SHARE (EPS)			
Basic and Diluted (Rs.)		5.53	7.22
(Current period for nine months)			
Nominal value per share (Rs.)		1	1
Weighted average number of shares outstanding for calculation of Basic and Diluted EPS		72,568,800	72,568,800
(refer Note 16 of Schedule 19)			
Notes to accounts	19		

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

As per our report of even date

For **S.R. BATLIBOI & ASSOCIATES**
Chartered Accountants

per Sudhir Soni
Partner
Membership No.: 41870

Place: Mumbai
Date: June 5, 2009

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

M. P. Ramachandran
Chairman and Managing Director

K. Ullas Kamath
Deputy Managing Director

M. L. Bansal
Company Secretary

Place: Mumbai
Date: June 5, 2009

Cash Flow Statement For the Nine months period ended March 31, 2009

Rs. in lacs

	July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)
A. CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES:		
Profit before Tax	5,057.41	6,904.81
Adjustments for:		
Depreciation and impairment	681.24	740.78
Refund received from selling shareholders (refer Note 11 of Schedule 19)	–	(632.61)
Loss on discarded/sale of fixed assets, net	1.04	41.15
Provision for diminution in the value of investments	30.00	40.00
Dividend received	(0.79)	(0.79)
Interest and finance charges	36.63	68.24
Interest income	(616.57)	(610.21)
Excess provision written back	–	(8.37)
Wealth Tax	3.26	1.69
Sundry advances written off (net of provision)	–	8.50
Provision for doubtful debts	21.80	–
Provision for doubtful advances	36.96	–
Operating profit before working capital changes	**5,250.98**	**6,553.20**
(Increase)/Decrease in current assets, loans and advances		
Inventories (including sales promotion items)	(47.36)	(279.04)
Trade receivables	(1,864.36)	1,542.53
Loans and advances	479.66	(539.55)
Increase in current liabilities/provisions	750.65	17.72
Cash generated from operations	**4,569.57**	**7,294.86**
Taxes paid (net)	(796.64)	(1,296.59)
Net cash generated from operating activities	**3,772.93**	**5,998.27**
B. CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:		
Purchase of fixed assets including capital work-in-progress and capital advances	(669.99)	(3,690.61)
Proceeds from sale of fixed assets	4.31	37.18
Purchase of investments in subsidiary company	(1,525.00)	(97.00)
Advances recovered/(given) from/to subsidiary company	7.31	(1,344.13)
Investment in fixed deposits (net)	404.23	(2,155.33)
Interest received	744.25	609.04
Dividend received	0.79	0.79
Net cash used in investing activities	**(1,034.10)**	**(6,640.06)**

Cash Flow Statement (Contd.) For the Nine months period ended March 31, 2009

Rs. in lacs

	July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)
C. CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES:		
Refund received from selling shareholders (refer Note 11 of Schedule 19)	–	632.61
Interest and finance charges	(36.63)	(68.24)
Dividend paid	(1,451.38)	(181.42)
Dividend tax paid	(246.66)	(30.83)
Net cash generated from/(used in) financing activities	**(1,734.67)**	**352.12**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	1,004.16	(289.66)
Cash and cash equivalents at the beginning of the period/year	1,059.60	1,349.27
Cash and cash equivalents at the end of the period/year	**2,063.76**	**1,059.60**
Cash and bank balances as per Balance Sheet	10,017.29	9,545.05
Less, Long term deposits considered in investing activities	7,953.53	8,485.45
Cash and cash equivalents considered for cash flows*	**2,063.76**	**1,059.60**
* Includes unclaimed dividend of Rs. 1.51 (2008 - Rs. Nil)		

As per our report of even date

For **S.R. BATLIBOI & ASSOCIATES**
Chartered Accountants

per Sudhir Soni
Partner
Membership No.: 41870

Place: Mumbai
Date: June 5, 2009

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

M. P. Ramachandran
Chairman and Managing Director

K. Ullas Kamath
Deputy Managing Director

M. L. Bansal
Company Secretary

Place: Mumbai
Date: June 5, 2009

Schedules Forming Part of the Balance Sheet As at March 31, 2009

Rs. in lacs

	As at March 31, 2009	As at June 30, 2008
1 SHARE CAPITAL		
Authorised Capital		
100,000,000 (2008 - 20,000,000) equity shares of Re 1 (2008 - Rs. 5) each	1,000.00	1,000.00
	1,000.00	**1,000.00**
Issued, Subscribed and Paid up Capital		
72,568,800 (2008 - 14,513,760) equity shares of Re 1 (2008 - Rs. 5) each fully paid (refer Note 16 of Schedule 19)	725.69	725.69
	725.69	**725.69**

	As at March 31, 2009	As at June 30, 2008
2 RESERVES AND SURPLUS		
Securities premium	10,653.13	10,653.13
Investment subsidy	67.29	67.29
General reserves		
Balance, beginning of the period / year	20,881.44	16,881.44
Add: Transferred from Profit and Loss Account	2,000.00	4,000.00
Balance, end of the period / year	22,881.44	20,881.44
Balance in Profit and Loss Account	904.46	591.98
	34,506.32	32,193.84

	As at March 31, 2009	As at June 30, 2008
3 UNSECURED LOANS		
Deferred sales tax loan (Repayable within 1 year Rs. Nil, 2008 - Rs. Nil)	17.45	17.45
	17.45	17.45

Schedules Forming Part of the Balance Sheet As at March 31, 2009

Rs. in lacs

		As at June 30, 2008	Charge/(Credit) for the period	As at March 31, 2009
4	**DEFERRED TAX LIABILITY, Net**			
a)	**Deferred tax liability**			
	Depreciation	1,184.62	290.01	1,474.63
		1,184.62	290.01	1,474.63
b)	**Deferred tax assets**			
	Technical royalty	8.73	1.73	7.00
	Gratuity	87.61	(20.22)	107.83
	Provision for doubtful debts	4.33	(7.41)	11.74
	Provision for doubtful advances	4.76	(12.90)	17.66
	Provision for leave encashment	41.76	(24.72)	66.48
	Provision for impairment losses	146.16	–	146.16
	Disallowance u/s 40 a (ia) of the Income tax Act	8.87	(11.43)	20.30
	Disallowance u/s 43B of the Income tax Act	–	(25.22)	25.22
		302.22	(100.17)	402.39
		882.40	189.84	1,072.24

5 FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION				IMPAIRMENT			NET BLOCK	
	As at July 1, 2008	Additions	Deletions	As at March 31, 2009	As at July 1, 2008	For the Period	Deletions	As at March 31, 2009	As at July 1, 2008	For the Period	As at March 31, 2009	As at March 31, 2009	As at June 30, 2008
Intangible assets													
Goodwill	301.60	–	–	301.60	–	–	–	–	–	–	–	301.60	301.60
Knowhow, Trademarks and Copyrights$	627.43	–	–	627.43	112.41	57.48	–	169.89	–	–	–	457.54	515.02
Tangible assets													
Freehold land	1,828.78	3.49	–	1,832.27	–	–	–	–	–	–	–	1,832.27	1,828.78
Leasehold land	279.24	–	–	279.24	12.04	2.76	–	14.80	10.37	–	10.37	254.07	256.83
Building#	10,231.85	260.92	–	10,492.77	921.49	199.21	–	1,120.70	143.35	–	143.35	9,228.72	9,167.01
Plant and machinery	6,566.13	496.36	3.02	7,059.47	1,405.68	314.89	1.35	1,719.22	255.02	–	255.02	5,085.23	4,905.43
Dies and moulds	286.77	19.13	–	305.90	270.13	7.82	–	277.95	–	–	–	27.95	16.64
Furniture and fixture	459.45	22.48	0.17	481.76	113.23	26.49	0.14	139.58	5.20	–	5.20	336.98	341.02
Office equipments	620.12	37.72	7.66	650.18	256.42	43.08	6.48	293.02	12.55	–	12.55	344.61	351.15
Vehicle	368.30	79.65	9.81	438.14	128.33	29.51	7.33	150.51	3.51	–	3.51	284.12	236.46
Assets held for disposal													
Freehold land	10.00	137.30	–	147.30	–	–	–	–	–	–	–	147.30	10.00
Building	210.85	–	–	210.85	–	–	–	–	–	–	–	210.85	210.85
Total	**21,790.52**	**1,057.05**	**20.66**	**22,826.91**	**3,219.73**	**681.24**	**15.30**	**3,885.67**	**430.00**	**–**	**430.00**	**18,511.24**	**18,140.79**
Previous year	13,528.74	8,401.54	139.76	21,790.52	2,540.38	743.66	64.31	3,219.73	430.00	–	430.00	18,140.79	

$ Includes trademarks and copyrights of Rs. 315.63 pending for registration in the name of the Company.

Includes Rs. 452.19 (2008 Rs. 452.19) represented by unquoted fully paid shares at cost in various co-operative societies.

Schedules Forming Part of the Balance Sheet As at March 31, 2009

	As at March 31, 2009	As at June 30, 2008
		Rs. in lacs
6 INVESTMENTS (Long term, at cost)		
Trade Investments (Unquoted)		
Investment in subsidiaries -		
Sri Sai Home Care Products Private Limited,		
1,039,550 (2008 - 1,039,550) equity shares of Rs. 10 (2008 - Rs. 10) each fully paid up	79.01	79.01
Associated Industries Consumer Products Private Limited,		
4,970,000 (2008 - 970,000) equity shares of Rs. 10 (2008 - Rs. 10) each fully paid up	497.00	97.00
Jyothy Fabricare Services Limited		
3,750,000 (2008 - Nil) equity shares of Rs. 10 (2008 - Rs. Nil) each fully paid up	375.00	–
7,500,000 (2008 - Nil) Convertible preference shares of Rs. 10 (2008 - Rs. Nil) each fully paid up	750.00	–
Investment in Joint venture company -		
Balaji Teleproducts Limited		
25,000 (2008 - 25,000) equity shares of Rs. 10 (2008 - Rs. 10) each fully paid up	2.50	2.50
Continental Speciale (India) Private Limited		
5,000 (2008 - 5,000) equity shares of Rs. 10 (2008 - Rs. 10) each fully paid up	0.50	0.50
Total	**1,704.01**	**179.01**
Non Trade Investments		
Investment in Shares (Quoted)		
Contech Soft Limited		
27,500 (2008 - 27,500) equity shares of Rs. 10 (2008 - Rs. 10) each fully paid up	11.78	11.78
Shri Adhikari Brothers Ltd.		
131,638 (2008 - 131,638) equity shares of Rs. 10 (2008 - Rs. 10) each fully paid up	708.52	708.52
Sub Total	**720.30**	**720.30**
Less: Provision for diminution in the value of investments	(700.00)	(670.00)
Total	**20.30**	**50.30**
Investment in Government Securities (Unquoted)		
Indira Vikas Patra	0.02	0.02
National Saving Certificates	1.32	1.32
(Pledged with Government authorities)	**1.34**	**1.34**
	1,725.65	**230.65**
Aggregate amount of unquoted investments	1,705.35	180.35
Aggregate amount of quoted investments	720.30	720.30
Market Value of quoted investments	19.62	53.42
There are no investments which were purchased and sold during the period/year.		

7 INVENTORIES	As at March 31, 2009	As at June 30, 2008
Raw and packing materials (including goods in-transit Rs. Nil, 2008 - Rs. 11.99)	1,558.95	1,453.16
Work in progress	124.24	67.36
Finished goods (including goods in-transit Rs. 128.21, 2008 - Rs. 42.24)	2,420.80	2,571.34
Stores and spare parts	182.87	154.29
	4,286.86	4,246.15

Schedules Forming Part of the Balance Sheet As at March 31, 2009

Rs. in lacs

	As at March 31, 2009	As at June 30, 2008
8 SUNDRY DEBTORS		
Secured, considered good		
Debt outstanding for period exceeding six months	–	132.57
Unsecured		
a) Debt outstanding for period exceeding six months		
Considered good	–	18.13
Considered doubtful	34.54	12.74
Less: Provision for doubtful debts	(34.54)	(12.74)
	–	18.13
b) Other debts, considered good	4,238.70	2,382.73
	4,238.70	**2,533.43**

	As at March 31, 2009	As at June 30, 2008
9 CASH AND BANK BALANCES		
Cash in hand	29.93	24.40
Balance with scheduled banks - Current account	2,032.32	1,035.20
- Deposit account*	7,953.53	8,485.45
- Unclaimed dividend accounts	1.51	–
	10,017.29	**9,545.05**

* Includes deposits provided as securities against bank guarantees - Rs. 300.00, (2008 - Rs. 262.39).

	As at March 31, 2009	As at June 30, 2008
10 LOANS AND ADVANCES		
Unsecured, considered good		
Advances and loans to subsidiaries (refer note 14 of schedule 19)	1,522.23	2,102.71
Advances to joint venture company	–	34.33
Deposits	208.22	172.97
Advances recoverable in cash or in kind or for value to be received	625.01	626.13
Quantity discount receivable	22.00	28.20
Advance to suppliers	582.70	637.81
Balance with excise authorities	224.65	128.23
Staff loans	99.95	78.31
	3,284.76	**3,808.69**
Unsecured and considered doubtful		
Advance to joint venture company	34.33	–
Advance to suppliers	16.63	14.00
Less: Provision for doubtful advances	(50.96)	(14.00)
	3,284.76	**3,808.69**

Schedules Forming Part of the Balance Sheet As at March 31, 2009

	As at March 31, 2009	As at June 30, 2008
		Rs. in lacs
11 CURRENT LIABILITIES		
Sundry creditors		
- Micro and Small Enterprises (refer note 5 (E) of schedule 19)	236.42	157.21
- Others	590.78	810.39
Other current liabilities	2,859.89	2,257.13
Unclaimed dividend (refer note 15 of schedule 19)	1.55	–
Security deposits	97.51	38.71
Advances from customers	95.50	144.06
	3,881.65	3,407.50

	As at March 31, 2009	As at June 30, 2008
12 PROVISIONS		
Provision for income tax (net of advance tax)	189.46	125.80
Provision for wealth tax	3.00	3.00
Provision for gratuity	414.52	257.75
Provision for leave encashment	195.58	122.85
Proposed dividend	1,451.38	1,451.38
Dividend tax on proposed dividend	246.66	246.66
	2,500.60	2,207.44

Schedules Forming Part of the Profit and Loss Account For the nine months period ended March 31, 2009

	July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)
		Rs. in lacs
13 OTHER INCOME		
Dividend received on long term non-trade investments	0.79	0.79
Interest on fixed deposit (tax deducted at source - Rs. 178.70, 2008 - Rs. 133.90)	616.57	610.21
Export incentives	16.38	17.37
Lease Rent Income	64.24	1.47
Excess provision written back	–	109.37
Foreign exchange fluctuation gain (net)	11.71	4.89
Miscellaneous income	64.91	46.42
	774.60	790.52

Rs. in lacs

	July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)
14 MATERIAL COSTS		
Raw and packing materials consumed		
Opening stock	1,453.16	1,221.53
Add: Cost of purchases (net)	7,954.49	8,323.53
	9,407.65	9,545.06
Less: Closing stock	1,558.95	1,453.16
Sub-total (A)	**7,848.70**	**8,091.90**
Cost of trading goods		
Opening stock	1,329.81	1,804.47
Add: Cost of purchases	11,711.09	10,415.69
	13,040.90	12,220.16
Less: Closing stock	1,394.93	1,329.81
Sub-total (B)	**11,645.97**	**10,890.35**
Total (A+B)	**19,494.67**	**18,982.25**

15 (INCREASE)/DECREASE IN INVENTORIES		
(Increase)/decrease in inventories		
Closing stock		
Finished goods	1,025.87	1,241.53
Work in progress	124.24	67.36
	1,150.11	1,308.89
Opening stock		
Finished goods	1,241.53	730.02
Work in progress	67.36	44.79
	1,308.89	774.81
Sub-total (A)	**158.78**	**(534.08)**
(Increase)/decrease in excise duty		
Excise duty on closing stock	29.97	13.82
Excise duty on opening stock	13.82	24.07
Sub-total (B)	**(16.15)**	**10.25**
Total (A-B)	**174.93**	**(544.33)**

Schedules Forming Part of the Profit and Loss Account For the nine months period ended March 31, 2009

Rs. in lacs

	July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)
16 EMPLOYEE COSTS		
Salaries, wages and bonus	2,911.50	3,575.79
Contribution to provident and other funds (refer note 4 of schedule 19)	283.98	369.85
Gratuity (refer note 4 of schedule 19)	195.80	137.43
Staff welfare expenses	226.33	249.11
Directors' remuneration (refer note 5A of schedule 19)	168.66	223.08
Commission to directors (refer note 5A of schedule 19)	158.58	199.61
Field staff incentives	396.23	36.30
	4,341.08	4,791.17

	July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)
17 OTHER EXPENSES		
Conversion charges	44.48	92.04
Power and fuel expenses	814.00	861.38
Rent	188.64	208.06
Insurance	12.47	11.59
Repairs and maintenance		
- Building	18.41	44.66
- Plant and machinery	21.77	27.09
- Others	72.27	97.28
Consumption of stores and spares	144.75	87.74
Research and development	8.05	17.17
Printing and stationery	30.39	47.70
Communication costs	97.51	98.03
Legal and professional fees	341.85	350.02
Rates and taxes	355.21	252.73
Directors' sitting fees	2.85	2.10
Vehicle maintenance	68.61	70.92
Donation (refer note 5(G) of schedule 19)	2.73	8.30
Loss on discarded/sale of fixed assets, net	1.04	41.15
Provision for doubtful debts	21.80	–
Provision for doubtful advances	36.96	–
Provision for diminution in value of investments	30.00	40.00
Sundry advances written off	–	8.50
Advertisement and publicity	1,491.51	2,867.42
Sales promotion and schemes	296.54	147.71
Carriage outwards	807.67	981.41
Field staff expenses	547.83	736.73
Travelling and conveyance	138.78	183.23
Brokerage on sales	110.14	111.26
Miscellaneous expenses	283.61	297.58
	5,989.87	7,691.79

Schedules Forming Part of the Profit and Loss Account For the nine months period ended March 31, 2009

Rs. in lacs

	July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)
18 INTEREST AND FINANCE CHARGES		
Interest expense		
- on banks	5.94	0.94
- others	21.28	55.00
Bank charges and commission	9.41	12.30
	36.63	68.24

Schedules Forming Part of the Financial Statement For the nine months period ended March 31, 2009

19 NOTES TO ACCOUNTS

1. **Background**

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

2. **Basis of preparation of Financial Statements**

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

3. **Summary of Accounting Policies**

   The significant accounting policies are as follows:

   a) **Fixed assets**

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

   b) **Depreciation**

      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.

19 NOTES TO ACCOUNTS (Contd.)

The estimated useful life of the assets is as follows:

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

Assets costing less then Rs. 5,000 are depreciated at the rate of 100%.

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

c) Impairment

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

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

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

d) Operating Leases

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

e) Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset. Government grant in the nature of promoters' contribution is credited to the investment subsidy reserve.

f) Investment

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

g) Inventories

Inventories of raw materials, packing materials, work-in-progress, finished goods, stores and consumables items are valued at cost or net realizable value, whichever is lower. However, materials and other items held for use in the production of inventories are not

19 NOTES TO ACCOUNTS (Contd.)

written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

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

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

h) Revenue recognition

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

Sale of Goods
Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise Duty, Sales Tax and VAT deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability arised during the year. Revenue includes the amount of excise duty refund received/due in accordance with incentive scheme. Revenue is net of trade discount given.

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

i) Foreign currency translation

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

(ii) Conversion
Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

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

j) Retirement and other employee benefits

(i) Retirement benefits in the form of Provident Fund and Superannuation Fund are defined contribution schemes and the contributions are charged to the profit and loss account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.
(ii) Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
(iii) Short-term compensated absences are provided for based on estimates. Long-term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.
(iv) Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

k) Sales promotion items

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

l) Income-tax

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount

19 NOTES TO ACCOUNTS (Contd.)

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

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

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

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

m) Provisions

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

n) Excise duty

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

o) Segment Reporting Policies

Identification of segments:

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

Segment policies:

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

Intersegment transfer:

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

Allocation of common costs:

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

Unallocated items:

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

p) Earnings per Share

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

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.

Rs. in lacs

19 NOTES TO ACCOUNTS (Contd.)

q) **Use of estimates**

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

r) **Cash and Cash equivalents**

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

4. **Employee Benefit:**

(i) Defined Benefit Plans -

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company. The Company has provided for gratuity and leave encashment based on actuarial valuation done as per Projected Unit Credit Method.

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

		July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)
		Gratuity	Gratuity
		Funded	Funded
(A)	Summary of the Acturial Assumptions		
	Mortality	LIC (1994-96) Ult	LIC (1994-96) Ult
	Discount rate	7.25%	8.00%
	Rate of increase in compensation	8.00%	8.00%
	Withdrawal rates	10.00%	10.00%
	Rate of return (expected) on plan assets	6.50%	6.50%
	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	511.79	390.68
	Interest cost	30.04	30.02
	Current Service Cost	96.94	79.11
	Benefits Paid	(22.15)	(30.86)
	Actuarial (gain)/loss on obligation	94.05	42.84
	PVO at end of period	710.67	511.79

Rs. in lacs

19 NOTES TO ACCOUNTS (Contd.)

		July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)
(C)	Changes in fair value of plan assets		
	Fair value of plan assets at the beginning of period	254.04	270.36
	Expected return on plan assets	12.80	13.24
	Contributions	39.03	–
	Benefit paid	(22.15)	(30.86)
	Actuarial gain/(loss) on plan assets	12.43	1.30
	Fair value of plan assets at end of period	296.15	254.04
(D)	Net Assets/(Liabilities) recognised in the balance sheet		
	PVO at end of period	(710.67)	(511.79)
	Fair value of plan assets at end of period	296.15	254.04
	Funded status	(414.52)	(257.75)
	Unrecognised Actuarial Gain/(Loss)	–	–
	Net assets/(Liability) recognised in the balance sheet	(414.52)	(257.75)
(E)	Expenses recognised in the statement of profit and loss account		
	Current service cost	96.94	79.11
	Interest cost	30.04	30.02
	Expected return on plan assets	(12.80)	(13.24)
	Net Actuarial (Gain)/Loss recognised for the period	81.62	41.54
	Expense recognised in the statement of profit and loss account	195.80	137.43
(F)	Experience Adjustments		
	On plan liabilities	57.26	128.92
	On plan assets	12.43	1.30
(G)	The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:		
	Investment with insurer	100.00%	100.00%

(ii) Defined Contribution Plans -

Amount of Rs. 283.98 (2008 - Rs. 369.85) is recognised as an expense and included in Schedule 16 - “Contribution to provident and other funds” in the Profit and Loss account.

(iii) The Company expects to contribute Rs. 94.94 to gratuity fund in 2009-10 and Rs. 21.44 to Superannuation fund in 2009-10.

Rs. in lacs

19 NOTES TO ACCOUNTS (Contd.)

5. SUPPLEMENTARY INFORMATION

		July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)
A)	**Directors remuneration**		
	Salaries	168.66	223.08
	Commission	158.58	199.61
	Contribution to Provident fund	20.24	26.77
	Contribution to Superannuation fund	8.77	11.45
		356.25	460.91

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

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

Profit before tax as per profit and loss account	5,057.41	6,904.81
Add: Loss on discarded/sale of fixed assets, net	1.04	41.15
Add: Provision for diminution in value of long-term investments	30.00	40.00
Add: Provision for Doubtful Debts and advances	58.76	–
Less: Amount received from selling share holders (capital receipt), (refer note 11 of schedule 19)	–	(544.32)
	5,147.21	6,441.64
Add: Directors' remuneration	356.25	460.91
Net profit as per Section 349 of the Companies Act, 1956	**5,503.46**	**6,902.55**
Commission to Whole-time Directors at 2.5% of the net profits as calculated above	137.58	172.61
Commission to Non-Executive Independent directors	21.00	27.00

B)	**Earnings in foreign currency (accrual basis):**		
	FOB value of exports	465.45	516.27

C)	**Expenditure in foreign currency (cash basis):**		
	a) CIF value of imports		
	(i) Raw material	75.04	29.36
	(ii) Capital goods	–	76.88
	b) Sales promotion expenses	12.00	–
	c) Travelling expenses	–	6.05
	d) Other expenses	30.04	23.75

19 NOTES TO ACCOUNTS (Contd.)

D) Unhedged foreign currency exposure:

Particulars	Foreign Currency	2008-09		2007-08	
		Rs. in Lacs	Amount in Foreign Currency	Rs in Lacs	Amount in Foreign Currency
Export debtors	US $	9.28	18,246	52.26	121,698
Advance for import of Raw Material	US $	48.75	95,840	–	–
Advance from export debtors	US $	23.82	46,816	17.48	40,831
Advance for expenses	US $	27.98	55,000	–	–

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

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

F) Payment to auditors (including service tax)

		July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)
i)	As Auditors	36.81	47.47
ii)	In other capacity		
	- Tax audit fees	8.55	8.71
	- Certification	0.56	–
iii)	Reimbursement of expenses	1.05	1.74
		46.97	**57.92**

Rs. in lacs

19 NOTES TO ACCOUNTS (Contd.)

G) Donations to political parties

	July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)
Name of the Party		
Communist Party of India	0.10	0.10
Asomiya Yuba Mancha	–	0.05
Pattali Makkal kakshi (PMK)	–	0.11
Congress Party	0.02	–
Vduthalai	0.02	–
Bharatiy Janata Party	0.06	0.01
Shiv sena	0.02	–
Anushit Jati Parisad	–	0.01
Peoples committee for peace initiatives in Assam	–	0.02
Asom Anusushit Jati Parisad	–	0.01
Member of Legislative Assembly	–	0.25
	0.22	**0.56**

H) Licensed Capacity, Installed Capacity and Actual Production

	Unit	Licenced Capacity*		Installed Capacity*		Actual Production	
		July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)	July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)	July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)
Detergents & Soaps	Tons	NA	NA	135,983	172,910	15,299	19,742
	Ltrs. (1000's)	NA	NA	49,087	65,449	12,047	18,550
Home Care	No. (1000's)	NA	NA	675,000	570,000	403,000	380,172

* As certified by the management

Rs. in lacs

19 NOTES TO ACCOUNTS (Contd.)

I) Consumption of Raw and Packing material

Particulars	Units	Consumption			
		Quantity		Value	
		July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)	July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)
Synthetic Dye	Tons	688	967	542.56	677.45
Dyes & Chemicals	Tons	7,394	6,494	1,581.77	1,186.36
Fatty Oils & Perfumes	Tons	12,330	13,760	1,947.66	1,791.86
Plastic	Tons	2,237	3,091	1,621.88	2,205.65
Others	Tons	1,042	2,103	734.97	815.31
Packing materials	Tons	145	186	189.90	250.42
	Rolls (1000s)	49	77	14.57	20.89
	No. (1000s)	207,358	186,503	1,215.39	1,143.96
Total				7,848.70	8,091.90

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

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

Particulars	Raw Materials				Component and Spare parts			
	July 1, 2008 to March 31, 2009 (9 Months)		July 1, 2007 to June 30, 2008 (12 Months)		July 1, 2008 to March 31, 2009 (9 Months)		July 1, 2007 to June 30, 2008 (12 Months)	
	Value	%	Value	%	Value	%	Value	%
Imported	32.67	0.42%	34.54	0.43%	–	–	–	–
Indigenous	7,816.03	99.58%	8,057.36	99.57%	144.75	100.00%	87.74	100.00%
Total	**7,848.70**		**8,091.90**		**144.75**		**87.74**	

19 NOTES TO ACCOUNTS (Contd.)

K) Opening and closing inventories, production, purchases and sales in respect of each class of goods manufactured and traded

Item	Traded / Mfg.	Units	Opening Inventory		Production	Purchases		Sales		Closing Inventory	
			Quantity	Amount	Quantity	Quantity	Amount	Quantity	Amount	Quantity	Amount
Home Care	Traded	Dozen	5.78	184.13	–	51.31	1,728.95	51.48	1,875.38	5.61	218.90
			8.51	*226.02*	–	*56.74*	*1,943.17*	*59.47*	*2,044.97*	*5.78*	*184.13*
	Traded	Nos	1,217.65	1,221.15	–	6,492.89	8,024.70	7,063.39	13,156.78	647.15	949.24
			1,124.72	*1,319.05*	–	*8,080.83*	*7,369.49*	*7,987.90*	*12,111.93*	*1,217.65*	*1,221.15*
	Manufactured	Nos	290.40	225.35	4,092.97	–	–	4,216.04	183.19	167.33	140.02
			329.55	*235.58*	*3,703.75*	–	–	*3,742.90*	*283.61*	*290.40*	*225.35*
Soaps & Detergents	Traded	Kgs	3.90	111.61	–	64.45	1,877.48	61.22	3,208.82	7.13	205.69
			–	–	–	*33.74*	*822.05*	*29.84*	*8.76*	*3.90*	*111.61*
	Manufactured	Kgs	17.11	646.49	275.73	–	–	272.58	16,712.36	20.26	717.16
			16.05	*472.71*	*357.46*	–	–	*356.38*	*22,689.16*	*17.13*	*646.49*
Others		Kgs	0.43	103.52	–	0.01	79.96	(0.13)	8.34	0.57	175.35
			0.53	*154.79*	–	*1.27*	*252.97*	*1.37*	*336.58*	*0.43*	*103.52*
		Nos	0.43	79.09	–	–	–	0.36	8.96	0.07	14.44
			0.58	*126.34*	–	*0.03*	*28.01*	*0.18*	*55.08*	*0.43*	*79.09*
Total			**1,535.70**	**2,571.34**	**4,368.70**	**6,608.66**	**11,711.09**	**11,664.94**	**35,153.83**	**848.12**	**2,420.80**
			1,479.94	*2,534.49*	*4,061.21*	*8,172.61*	*10,415.69*	*12,178.04*	*37,530.09*	*1,535.72*	*2,571.34*

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

6. SEGMENT REPORTING

Business segments:

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

Soaps and Detergents includes fabric whiteners, fabric detergents, dishwash bar and soaps including ayurvedic soaps. Home Care products include incense sticks, dhoop and mosquito coils.

Secondary segment:

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

Segment revenue and result:

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

Segment assets and liabilities:

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

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

Rs. in lacs

19 NOTES TO ACCOUNTS (Contd.)

Information about Business Segments

	Soaps and Detergents		Home care		Others		Eliminations		Total	
	July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)	July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)	July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)	July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)	July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)
Revenue										
External Revenue	19,850.88	22,691.58	15,267.18	14,469.27	35.77	369.24	–	–	35,153.83	37,530.09
Inter Segment Revenue	41.86	–	165.13	–	–	–	(206.99)	–	–	–
Net Revenue	19,892.74	22,691.58	15,432.31	14,469.27	35.77	369.24	(206.99)	–	35,153.83	37,530.09
Results	5,148.57	6,774.19	354.43	131.18	13.64	31.99			5,516.64	6,937.36
Unallocated expenditure									(1,133.89)	(1,319.08)
Unallocated Income									711.29	722.16
Interest and finance expenses									(36.63)	(68.24)
Profit before exceptional items and tax									5,057.41	6,272.20
Exceptional Items										
- Other Exceptional Income (refer note 11 in schedule 19)									–	632.61
Profit before tax									5,057.41	6,904.81
Provision for tax									(1,046.89)	(1,664.12)
Profit after tax									4,010.52	5,240.69
Other Information										
Segment assets	15,917.60	15,238.42	6,798.80	6,355.21	180.03	126.56			22,896.43	21,720.19
Unallocated assets									19,807.52	17,714.13
Total assets									42,703.95	39,434.32
Segment liabilities	2,120.10	2,419.68	1,726.26	924.64	113.33	125.80			3,959.69	3,470.12
Unallocated liabilities									3,512.25	3,044.67
Total liabilities									7,471.94	6,514.79
Segment capital expenditure (including capital work in progress)	509.61	1,716.27	21.04	617.39	–	–			530.65	2,333.66
Unallocated capital expenditure (including capital work in progress)									229.64	1,244.91
Total capital expenditure (including capital work in progress)									760.29	3,578.57
Segment depreciation	421.73	534.41	101.06	93.83	–	–			522.79	628.24
Unallocated depreciation									158.45	112.54
Total depreciation									681.24	740.78
Segment non cash expenses other than depreciation	19.31	1.41	13.35	4.64	0.03	0.10			32.69	6.15
Unallocated non cash expenses other than depreciation									68.48	48.50
Total non cash expenses other than depreciation									101.17	54.65

19 NOTES TO ACCOUNTS (Contd.)

7. RELATED PARTY DISCLOSURES

a) **Parties where control exists**

Individual having control

M.P. Ramachandran — Chairman and Managing Director

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

Wholly Owned Subsidiaries

Sri Sai Home Care Products (P) Limited
Associated Industries Consumer Products Pvt. Ltd.

Other Subsidiary

Jyothy Fabricare Services Limited (w.e.f. September 10, 2008)

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

Joint venture companies

Balaji Teleproducts Limited
Continental Speciale (India) Private Limited

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

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

Relative of individual having control

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

Enterprises significantly influenced by key management personnel or their relatives

Sahyadri Agencies Ltd.
Jyothy Fabricare Services Limited (up to September 9, 2008)

Key management personnel (includes directors of the Company)

K. Ullas Kamath — Deputy Managing Director

Rs. in lacs

19 NOTES TO ACCOUNTS (Contd.)

c) Transactions with related parties during the year

	July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)
Individual having control		
Remuneration*	90.72	120.96
Commission	82.55	103.56
Dividend	688.60	685.68
Purchase of equity shares of Jyothy Fabricare Services Limited	1.00	–
Wholly owned subsidiary		
Sri Sai Home Care Products (P) Limited		
Purchase of finished goods	1,784.28	1,581.62
Purchase of raw material	9.86	1.76
Purchase of packing material	0.42	1.07
Purchase return	9.06	7.56
Associated Industries Consumer Products Pvt. Ltd.		
Investment in equity shares	400.00	97.00
Sale of Raw material, Packing material and stores & spares	90.65	68.09
Sale of Fixed assets	–	24.12
Purchase of Fixed assets	33.03	–
Sale of Finished goods	193.18	60.49
Royalty Income	10.24	–
Rent received	1.91	1.47
Purchase of raw material	5.89	0.79
Purchase of Finished goods	116.29	–
Deposit received	–	0.51
Joint venture companies		
Balaji Teleproducts Limited		
Purchase of finished goods	–	10.77
Supply of sales promotion materials	–	1.40
Provision made for doubtful advances	34.33	–
Enterprises in which relatives are interested		
Sale of finished goods		
Beena Agencies	830.60	874.09
Sahyadri Agencies Ltd.	1,029.53	558.81
Deepthy Agencies	737.91	661.76
Travancore Trading Corporation	1,207.75	643.43
M.P. Agencies	544.44	616.51
Sree hari stock suppliers	332.33	1,226.13
Sujatha Agencies	263.51	1,055.71
Sree Guruvayurappan Agencies	–	533.22
Others	111.63	915.38

Rs. in lacs

19 NOTES TO ACCOUNTS (Contd.)

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

	July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)
Claims for reimbursement for sales promotion expenses/discounts given		
Sreehari Stock Suppliers	19.15	29.64
Sujatha Agencies	10.28	23.68
Travancore Trading Corporation	8.97	4.70
Sahyadri Agencies	8.24	4.94
Others	19.90	55.47
Commission paid		
Sreehari Stock Suppliers	9.76	–
Sujatha Agencies	9.03	–
Tamil Nadu Distributors	3.06	–
Dividend	32.24	32.24
Jyothy Fabricare Services Limited		
Advance given	32.10	170.95
Sales of DEPB Licence	5.10	–
Investment in convertible preference shares	750.00	–
Interest received	2.91	–
Investment in equity shares	370.00	–
Relatives of individuals having control		
Remuneration*		
M.R. Jyothy	14.11	16.80
M.P. Sidharthan	5.94	7.92
M.R. Deepthy	3.50	5.99
Ananth Rao T.	7.56	6.51
Dividend	275.94	275.91
Contribution to Superannuation fund		
M.R. Jyothy	1.26	1.44
Ananth Rao T.	0.68	0.23
Purchase of equity shares of Jyothy Fabricare Services Limited		
M.G. Santhakumari	1.00	–
M.R. Jyothy	1.00	–
M.R. Deepthy	1.00	–
Ananth Rao T.	1.00	–
Key management personnel		
Remuneration*	84.07	112.09
Commission	55.03	69.04
Dividend	14.51	14.51
Contribution to Superannuation fund	7.51	10.01

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

Rs. in lacs

19 NOTES TO ACCOUNTS (Contd.)

d) Related party balances

	July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)
Amounts receivable		
Subsidiary Companies	1,522.23	2,102.71
Joint venture company	34.33	34.33
	1,556.56	**2,137.04**
Amounts payable		
Individual having control	82.55	103.56
Key management personnel	55.03	69.04
Relatives of individual having control	0.50	0.50
Deposit received from subsidiary company	0.51	0.51
Enterprises in which relatives of individual having control are interested	22.91	67.92
Enterprises significantly influenced by key management personnel or their relatives	6.20	6.20
	167.70	**247.73**
Provision for advance to Joint Venture Company	34.33	–

8. Operating Leases

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 nine months period ended March 31, 2009 was Rs. 188.64 (2008 - Rs. 208.06).

	As at March 31, 2009	As at June 30, 2008
Future lease payment under non - cancellable operating leases are as follows:		
Payable not later than one year	25.88	26.67
Payable later than one year and not later than five years	24.86	43.60
Payable later than five years	–	–
	50.74	70.27

9. Contingent Liabilities

	As at March 31, 2009	As at June 30, 2008
Contingent liabilities not provided for in respect of:		
(i) Amount outstanding in respect of guarantees given		
by the Company to banks		
(a) as securities provided to NSE for filling of prospectus for its Initial Public Offering.	–	152.84
(b) Others	69.68	35.78
(ii) Tax matters		
(a) Disputed liability in respect of income-tax demands matters under appeal	–	16.48
(b) Disputed sales tax demands – matters under appeal	356.43	641.93
(c) Disputed excise duty and service tax demand - matter under appeal	31.56	31.56
(iii) Claims against the Company not acknowledged as debt	120.00	147.60
	577.67	1,026.19

Rs. in lacs

19 NOTES TO ACCOUNTS (Contd.)

		As at March 31, 2009	As at June 30, 2008
10.	**Capital Commitments (Net of Advances)**		
	Estimated amount of contracts remaining to be executed on capital		
	account and not provided for	147.10	166.61
		147.10	166.61

11. During the previous year ended June 30, 2008, pursuant to the completion of the Initial Public Offering, the Company had received an amount of Rs. 544.54 and interest of Rs. 88.07 thereon in accordance with the terms of Investment Agreement entered with some of the selling shareholders.

12. **Interest in Joint Ventures :**
The Company's interest, as a venturer, in jointly controlled entities (Incorporated Joint Venture) is:

Name	Country of Incorporation	Percentage of ownership interest	
		As at March 31, 2009	As at June 30, 2008
Balaji Teleproducts Limited	India	50%	50%
Continental Speciale (India) Private Limited	India	50%	50%

The Company's interest in the Joint Ventures is reported as long term investment (Schedule 6) and stated at cost. However, the Company's share of each of the assets, liabilities, income and expenses etc. (each without elimination of the effect of transaction between the company and joint venture) related to its interests in these joint ventures are:

		As at March 31, 2009 #	As at June 30, 2008
I	**ASSETS**	2.67	2.67
II	**LIABILITIES**	41.72	41.56*
III	**Miscellaneous Expenditure**	7.22	7.22*
		July 1, 2008 to March 31, 2009 (9 Months) #	July 1, 2007 to June 30, 2008 (12 Months)
IV	**INCOME**	–	5.39
V	**EXPENSES**	0.16	36.79

There are no contingent liabilities and capital expenditure commitment of the joint venture companies.
Amounts are based on unaudited financial statements.
*Includes Rs. 5.71 and Rs. 6.21 for liabilities and miscellaneous expenditure respectively relating to Continental Speciale (India) Private Limited, based on unaudited financial statements.

Rs. in lacs

19 NOTES TO ACCOUNTS (Contd.)

13. During the earlier years, depreciation/impairment on assets include impairment losses representing the amount by which the carrying amount of the asset exceeds its recoverable amount. Such impairment losses were due to adverse market conditions for one of its Cash Generating Unit pertaining to the 'Soaps and Detergents' segment. The pre-discount rate used for evaluation of the present value was 8% per annum.

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

Particulars	As at March 31, 2009	Maximum balance during the period	As at June 30, 2008	Maximum balance during the previous year
Sri Sai Home Care Products (P) Limited	578.07	855.96	758.58	770.38
Associated Industries Consumer Products Pvt. Ltd.	733.76	1,199.60	1,173.18	1,173.18
Jyothy Fabricare Services Limited	210.40	375.00	170.95	170.95

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

16. The shareholders of the Company have, in the Annual General Meeting held on November 11, 2008, approved the sub-division of the face value of the equity share of Rs. 5 each into equity shares of face value of Re. 1 each. Accordingly, the basic and diluted earning per share and number of shares disclosed above have been computed for the current period and recomputed for the previous year based on the revised face value of Re. 1 each.

17. The Company has changed its accounting year from July-June to April-March. Accordingly, the current period financials are for a period of 9 months from July 01, 2008 to March 31, 2009 and the figures for the previous year ended June 30, 2008 are therefore not comparable.

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

Signatures to Schedules 1 to 19

As per our report of even date

For **S.R. BATLIBOI & ASSOCIATES**
Chartered Accountants

per Sudhir Soni
Partner
Membership No.: 41870

Place: Mumbai
Date: June 5, 2009

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

M. P. Ramachandran
Chairman and Managing Director

K. Ullas Kamath
Deputy Managing Director

M. L. Bansal
Company Secretary

Place: Mumbai
Date: June 5, 2009

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. 128651 State Code 11

Balance Sheet Date 31 03 2009

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

Public Issue: NIL

Right Issue: NIL

Bonus Issue: NIL

Private Placement: NIL

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

Total Liabilities: 3632170

Total Assets: 3632170

Sources of Funds

Paid-up Capital: 72569

Secured Loans: NIL

Reserves and Surplus: 3450632

Unsecured Loans: 1745

Share application pending allotment: NIL

Deferred Tax Liability: 107224

Application of Funds

Net Fixed Assets: 1912184

Investment: 172565

Net Current Assets: 1547421

Miscellaneous Expenditure: NIL

Accumulated Losses: NIL

IV. Performance of Company (Amount in Rs. Thousands)

Turnover/Gross Receipt (including other incomes): 3592843

Total Expenditure: 3087102

Profit/Loss before Tax: 505741

Profit/Loss after Tax: 401052

Basic earnign per share (Rs.): 5.53

Dividend Rate (%): 200%

V. Generic Names of Principal Products/Services of the Company

Product Description : Fabric Whitener

Item Code No. (ITC Code) : NA

Product Description : Mosquito Repellant

Item Code No. (ITC Code) : 380890.01

Product Description : Washing Preparations

Item Code No. (ITC Code) : 340220.00.10

Statement Pursuant to Section 212 of the Companies Act, 1956.

Rs. in lacs

Sr. No.	Name of the Subsidiary Company	Sri Sai Homecare Products Private Limited	Associated Industries Consumer Products Private Limited	Jyothy Fabricare Services Limited
1.	Financial Year of the Subsidiary Company ended on	March 31, 2009	March 31, 2009	March 31, 2009
2.	Numbers of shares in the subsidiary company held by Jyothy Laboratories Limited at above date.			
	a) Equity Shares	1,039,550	4,970,000	3,750,000
	Extent of the holdings	100%	100%	75%
	b) 0.1% Convertible Preference Shares			7,500,000
	Extent of the holdings			100%
3.	Net aggregate amount of profits/(losses) of subsidiary's company so far it concerns the members of Jyothy Laboratories Limited			
		Rs. Lacs	Rs. Lacs	Rs. Lacs
	a) Not dealt with in the accounts of Jyothy Laboratories Limited			
	i) For the subsidiary's financial year ended March 31, 2009	20.71	0.36	(296.62)
	ii) For the previous financial years of subsidiary since it became subsidiary of Jyothy Laboratories Limited	(25.25)	(122.22)	Nil
	b) Dealt with in the accounts of Jyothy Laboratories Limited			
	i) For the subsidiary's financial year ended March 31, 2009	Nil	Nil	Nil
	ii) For the previous financial years of subsidiary since it became subsidiary of Jyothy Laboratories Limited	Nil	Nil	Nil

Statement Pursuant to Exemption received under section 212 (8) of the Companies Act,1956. Relating to Subsidiary Companies.

Sr. NO	Name of the Subsidiary Company	Sri Sai Homecare Products Private Limited	Associated Industries Consumer Products Private Limited	Jyothy Fabricare Services Limited
	Financial Year ended on	March 31, 2009	March 31, 2009	March 31, 2009
1	Capital	103.96	497.00	1,250.00
2	Reserves	(122.24)	(121.86)	(395.49)
3	Total Assets	770.98	1,224.45	1,151.76
4	Total Liabilities	789.26	849.31	297.25
5	Details of Investment			
	16,373 equity shares of Rs 10 each , fully paid in Snoways Laundrers & Drycleaners Private Limited			1.64
6	Turnover (Net)	1,696.72	1,649.72	125.95
7	Profit / (Loss) before taxation	32.41	26.14	(394.84)
8	Provision for taxation	11.70	25.78	0.65
9	Profit after taxation	20.71	0.36	(395.49)
10	Proposed / Interim Dividend	Nil	Nil	Nil

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

M. P. Ramachandran
Chairman & Managing Director

K. Ullas Kamath
Deputy Managing Director

M. L. Bansal
Company Secretary

Mumbai, June 5, 2009

Auditors' Report on Consolidated Financial Statements

To,

The Board of Directors

Jyothy Laboratories Limited

1. We have audited the attached consolidated balance sheet of **Jyothy Laboratories Limited** ('the Company') and its subsidiaries and the joint venture companies (together referred to as 'the Group'), as at March 31, 2009 and also the consolidated profit and loss account and the consolidated cash flow statement for the nine months period ended on that date ('the period') annexed thereto (together referred to as the 'consolidated financial statements'). These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. We did not audit the financial statements of certain subsidiaries and the joint venture companies, whose financial statements reflect total assets of Rs 2,002.24 lacs as at March 31, 2009, the total revenue of Rs 2,808.45 lacs, and the cash inflows amounting to Rs 12.46 lacs for the period then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of the other auditors.

4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21 – 'Consolidated Financial Statements' and Accounting Standard 27 – 'Financial Reporting of Interests in Joint Ventures' notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended).

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

   a. in the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2009;

   b. in the case of the consolidated profit and loss account, of the profit for the period ended on that date; and

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

For **S.R. BATLIBOI & ASSOCIATES**
Chartered Accountants

per Sudhir Soni
Partner
Membership No.: 41870

Place: Mumbai
Date: June 5, 2009

Consolidated Balance Sheet As at March 31, 2009

Rs. in lacs

	SCHEDULE	As at March 31, 2009	As at June 30, 2008
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	725.69	725.69
Reserves and Surplus	2	33,961.43	31,823.50
		34,687.12	32,549.19
Minority Interest		26.13	–
Loan Funds			
Unsecured Loans	3	51.74	51.74
		51.74	51.74
Deferred Tax Liability, Net	4	1,048.14	831.81
		35,813.13	**33,432.74**
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		24,760.59	23,501.61
Less: Accumulated depreciation and impairment		(4,723.13)	(4,006.92)
Net Block		20,037.46	19,494.69
Capital work-in-progress (including capital advances)		1,103.60	938.58
		21,141.06	20,433.27
Investments	6	23.28	51.64
Current Assets, Loans and Advances			
Inventories	7	4,702.41	4,785.98
Sundry debtors	8	4,289.82	2,540.16
Cash and bank balances	9	10,193.30	9,600.28
Other current assets - Sales promotion items		30.84	22.20
Loans and advances	10	2,181.55	1,888.20
		21,397.92	18,836.82
Less: Current Liabilities and Provisions			
Current liabilities	11	4,222.84	3,680.68
Provisions	12	2,533.51	2,215.53
		6,756.35	5,896.21
Net Current Assets		14,641.57	12,940.61
Miscellaneous expenses to the extent not written off	13	7.22	7.22
		35,813.13	**33,432.74**
Notes to accounts	20		

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

As per our report of even date

For **S.R. BATLIBOI & ASSOCIATES**
Chartered Accountants

per Sudhir Soni
Partner
Membership No.: 41870

Place: Mumbai
Date: June 5, 2009

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

M. P. Ramachandran
Chairman and Managing Director

K. Ullas Kamath
Deputy Managing Director

M. L. Bansal
Company Secretary

Place: Mumbai
Date: June 5, 2009

Consolidated Profit and Loss Account For the nine months period ended March 31, 2009

Rs. in lacs

	SCHEDULE	July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)
INCOME			
Sales (Net of trade discount)		39,527.87	41,064.56
Less: Sales tax		(2,317.92)	(2,149.80)
Less: Excise duty		(987.15)	(959.00)
Net sales		36,222.80	37,955.76
Income from Services		125.95	–
Other income	14	761.01	789.75
		37,109.76	**38,745.51**
EXPENDITURE			
Material costs	15	19,596.17	18,918.12
(Increase)/ decrease in inventories	16	269.97	(652.81)
Excise duty		158.25	331.32
Employee costs	17	4,750.96	5,095.00
Other expenses	18	6,697.70	8,166.18
Depreciation and amortisation	5	748.31	797.54
Interest and finance charges	19	70.93	68.47
		32,292.29	**32,723.82**
Profit before Exceptional Items and Tax		**4,817.47**	**6,021.69**
Exceptional Items			
- Other Exceptional Income (refer note 12 of schedule 20)		–	632.61
Profit before Tax		**4,817.47**	**6,654.30**
Provision for tax			
- Current tax		709.61	1,208.00
- Current tax - Share of Joint Ventures		–	0.20
- Deferred tax charge		216.33	217.41
- Deferred tax charge - Share of Joint Ventures		–	2.78
- Fringe benefit tax		77.14	91.86
- Short provision for current tax and deferred tax of earlier year		77.29	146.52
Profit After Tax Before Minority Interest		**3,737.10**	**4,987.53**
Minority Interest (share in loss)		98.87	–
Net Profit For The Year		**3,835.97**	**4,987.53**
Profit and Loss Account, beginning of the period/year		264.00	974.51
Profit Available for Appropriation		**4,099.97**	**5,962.04**
APPROPRIATIONS:			
Proposed dividend		1,451.38	1,451.38
Dividend tax on proposed dividend		246.66	246.66
Transfer to general reserves		2,000.00	4,000.00
Profit and Loss Account, end of the period/year		**401.93**	**264.00**
Earnings Per Share (EPS)			
Basic and Diluted (Rs.)		5.29	6.87
(Current period for 9 months)			
Nominal value per share (Rs.)		1	1
Weighted average number of shares outstanding for calculation of Basic and Diluted EPS		72,568,800	72,568,800
(refer note 14 of schedule 20)			
Notes to accounts	20		

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

As per our report of even date

For **S.R. BATLIBOI & ASSOCIATES**
Chartered Accountants

per Sudhir Soni
Partner
Membership No.: 41870

Place: Mumbai
Date: June 5, 2009

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

M. P. Ramachandran
Chairman and Managing Director

K. Ullas Kamath
Deputy Managing Director

M. L. Bansal
Company Secretary

Place: Mumbai
Date: June 5, 2009

Consolidated Cash Flow Statement For the nine months period ended March 31, 2009

Rs. in lacs

		July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)
A.	**CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES:**		
	Profit before Tax	4,817.47	6,654.30
	Adjustments for:		
	Depreciation and impairment	748.31	797.54
	Miscellaneous expenditure written off	–	0.37
	Refund received from selling shareholders (refer note 12 of schedule 20)	–	(632.61)
	Loss on discarded/sale of fixed assets, net	9.63	40.33
	Provision for diminution in the value of investments	30.00	40.00
	Dividend received	(0.79)	(0.79)
	Interest and finance charges	70.93	68.47
	Interest income	(620.61)	(610.21)
	Wealth Tax	3.26	1.69
	Excess provision written back	–	(8.37)
	Sundry advances written off (net of provision)	–	8.50
	Provision for doubtful debts	22.96	–
	Provision for doubtful advances	19.80	–
	Operating profit before working capital changes	**5,100.96**	**6,359.22**
	(Increase) /Decrease in current assets, loans and advances		
	Inventories (including sales promotion items)	74.93	(642.48)
	Trade receivables	(1,909.92)	1,535.82
	Loans and advances	(313.15)	(425.36)
	Increase in current liabilities/provisions	836.26	137.07
	Cash generated from operations	**3,789.08**	**6,964.27**
	Taxes paid (net)	(799.97)	(1,303.01)
	Net cash generated from operating activities	**2,989.11**	**5,661.26**
B.	**CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:**		
	Purchase of fixed assets including capital work-in-progress and		
	capital advances	(1,381.43)	(4,650.36)
	Proceeds from sale of fixed assets	9.55	43.23
	Purchase of investments	(1.64)	–
	Advances given	–	(87.01)
	Investment in fixed deposits (net)	404.23	(2,155.32)
	Interest received	748.30	609.03
	Dividend received	0.79	0.79
	Net cash used in investing activities	**(220.20)**	**(6,239.64)**

Consolidated Cash Flow Statement For the nine months period ended March 31, 2009

Rs. in lacs

	July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)
C. CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES:		
Refund received from selling shareholders (refer note 12 of schedule 20)	–	632.61
Proceeds from equity share capital issued in subsidiary company to minority shareholders	125.00	–
Repayment of loan fund	–	(29.01)
Deferred sales tax loan	–	3.08
Interest and finance charges	(70.93)	(68.47)
Dividend paid	(1,451.38)	(181.42)
Dividend tax paid	(246.66)	(30.83)
Net cash generated from/(used in) financing activities	**(1,643.97)**	**325.96**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	1,124.94	(252.42)
Cash and cash equivalents at the beginning of the period / year	1,114.83	1,367.25
Cash and cash equivalents at the end of the period/year	**2,239.77**	**1,114.83**
Cash and bank balances as per Balance Sheet	10,193.30	9,600.28
Less, Long term deposits considered in investing activities	7,953.53	8,485.45
Cash and cash equivalents considered for cash flows*	**2,239.77**	**1,114.83**
* Includes deposits provided as securities against bank guarantees/letter of credit - Rs. 70.11, (2008 - Nil) and balance in unclaimed dividend of Rs. 1.51, (2008- Rs. Nil)		

As per our report of even date

For **S.R. BATLIBOI & ASSOCIATES**
Chartered Accountants

per Sudhir Soni
Partner
Membership No.: 41870

Place: Mumbai
Date: June 5, 2009

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

M. P. Ramachandran
Chairman and Managing Director

K. Ullas Kamath
Deputy Managing Director

M. L. Bansal
Company Secretary

Place: Mumbai
Date: June 5, 2009

Schedules Forming Part of the Consolidated Balance Sheet As at March 31, 2009

Rs. in lacs

	As at March 31, 2009	As at June 30, 2008
1 SHARE CAPITAL		
Authorised Capital		
100,000,000 (2008 - 20,000,000) equity shares of Rs. 1 (2008 - Rs. 5) each	1,000.00	1,000.00
	1,000.00	**1,000.00**
Issued, Subscribed and Paid Up Capital		
72,568,800 (2008 - 14,513,760) equity shares of Rs. 1 (2008 - Rs. 5) each fully paid	725.69	725.69
(refer note 14 of schedule 20)		
	725.69	**725.69**

	As at March 31, 2009	As at June 30, 2008
2 RESERVES AND SURPLUS		
Securities premium	10,653.13	10,653.13
Investment subsidy	67.29	67.29
General reserves		
Balance, beginning of the period / year	20,839.08	16,839.08
Add: Transferred from Profit and Loss Account	2,000.00	4,000.00
Balance, end of the period / year	22,839.08	20,839.08
Balance in Profit and Loss Account	436.76	298.67
Share of Joint Ventures	(34.83)	(34.67)
	401.93	264.00
	33,961.43	**31,823.50**

	As at March 31, 2009	As at June 30, 2008
3 UNSECURED LOANS		
Deferred sales tax loan	34.62	34.62
(Repayable within 1 year Rs. Nil, 2008 - Rs. Nil)		
	34.62	**34.62**
Share of Joint Ventures	17.12	17.12
	51.74	**51.74**

Rs. in lacs

	As at June 30, 2008	Charge / (Credit) for the period	As at March 31, 2009
4 DEFERRED TAX LIABILITY, Net			
a) Deferred tax liability			
Depreciation	1,254.43	306.10	1,560.53
	1,254.43	306.10	1,560.53
b) Deferred tax assets			
Technical royalty	8.74	1.74	7.00
Gratuity	89.07	(23.55)	112.62
Provision for doubtful debts	4.33	(7.41)	11.74
Provision for doubtful advances	4.76	(12.90)	17.66
Provision for leave encashment	42.20	(25.15)	67.35
Provision for impairment losses	146.16	–	146.16
Disallowance u/s 40 a (ia) of the Income tax Act	9.16	(11.14)	20.30
Disallowance u/s 43B of the Income tax Act	–	(25.22)	25.22
Business Loss	118.20	13.86	104.34
	422.62	(89.77)	512.39
	831.81	**216.33**	**1,048.14**

5 FIXED ASSETS

Particulars	Gross Block				Depreciation and Amortisation				Impairment			Net Block	
	As at July 1, 2008	Additions	Deletions	As at March 31, 2009	As at July 1, 2008	For the Period	Deletions	As at March 31, 2009	As at July 1, 2008	For the Period	As at March 31, 2009	As at March 31, 2009	As at June 30, 2008
Intangible assets													
Goodwill	301.60	128.16	–	429.76	–	–	–	–	–	–	–	429.76	301.60
Goodwill arising on consolidation	101.43	–	–	101.43	101.43	–	–	101.43	–	–	–	–	–
Knowhow, Trademarks and Copyrights$	627.43	–	–	627.43	112.41	57.48	–	169.89	–	–	–	457.54	515.02
Tangible assets													
Freehold land£	1,862.01	3.49	–	1,865.50	–	–	–	–	–	–	–	1,865.50	1,862.01
Leasehold land	279.24	–	–	279.24	12.05	2.76	–	14.81	10.37	–	10.37	254.06	256.82
Building#£	10,974.60	260.92	–	11,235.52	945.01	217.83	–	1,162.84	143.35	–	143.35	9,929.33	9,886.24
Plant and machinery	7,353.18	542.04	33.64	7,861.58	1,623.68	353.79	18.15	1,959.32	255.02	–	255.02	5,647.24	5,474.48
Dies and moulds	301.37	25.39	–	326.76	279.43	10.99	–	290.42	–	–	–	36.34	21.94
Furniture and fixture	473.73	36.62	0.17	510.18	115.39	28.21	0.14	143.46	5.20	–	5.20	361.52	353.14
Office equipments	633.40	43.02	7.66	668.76	259.00	44.77	6.48	297.29	12.55	–	12.55	358.92	361.85
Vehicle	372.77	133.32	9.81	496.28	128.52	32.48	7.33	153.67	3.51	–	3.51	339.10	240.74
Assets held for disposal													
Freehold land	10.00	137.30	–	147.30	–	–	–	–	–	–	–	147.30	10.00
Building	210.85	–	–	210.85	–	–	–	–	–	–	–	210.85	210.85
Total	**23,501.61**	**1,310.26**	**51.28**	**24,760.59**	**3,576.92**	**748.31**	**32.10**	**4,293.13**	**430.00**	**–**	**430.00**	**20,037.46**	**19,494.69**
Previous year	14,327.04	9,330.36	155.79	23,501.61	2,851.61	800.41	75.10	3,576.92	430.00	–	430.00	19,494.69	

$ Includes trademarks and copyrights of Rs. 315.63 pending for registration in the name of the Company.

Includes Rs. 452.19 (2008 Rs. 452.19) represented by unquoted fully paid shares at cost in various Co-operative societies.

£ Includes Land Rs. 33.22 (2008 Rs. 33.22). and Building Rs. 183.01 (2008 Rs. 183.01) of subsidiary company for which leagal formalities relating to registration are pending completion.

Rs. in lacs

	As at March 31, 2009	As at June 30, 2008
6 INVESTMENTS (Long term, at cost)		
Trade Investments (Unquoted)		
Others		
Snoways Laundrers & Drycleaners Pvt. Ltd.,	1.64	–
16,373 (2008 - Nil) equity shares of Rs. 10 (2008 - Rs. Nil) each fully Paid		
Total	**1.64**	–
Non Trade Investments		
Investment in Shares (Quoted)		
Contech Soft Limited		
27,500 (2008 - 27,500) equity shares of Rs. 10 (2008 - Rs. 10) each fully paid up	11.78	11.78
Shri Adhikari Brothers Ltd.		
131,638 (2008 - 131,638) equity shares of Rs. 10 (2008 - Rs. 10) each fully paid up	708.52	708.52
Sub Total	**720.30**	**720.30**
Less: Provision for diminution in the value of investments	(700.00)	(670.00)
Total	**20.30**	**50.30**
Investment in Government Securities (Unquoted)		
Indira Vikas Patra	0.02	0.02
National Saving Certificates	1.32	1.32
(Pledged with government authorities)	**1.34**	**1.34**
	23.28	**51.64**
Aggregate amount of unquoted investments	2.98	1.34
Aggregate amount of quoted investments	720.30	720.30
Market Value of quoted investments	19.62	53.42
There are no investments which were purchased and sold during the period/year.		

7 INVENTORIES		
Raw and packing materials (including goods in-transit Rs. Nil, 2008 - Rs. 11.99)	1,849.83	1,773.17
Work in progress	139.66	87.82
Finished goods (including goods in-transit Rs. 128.21, 2008 - Rs. 42.24)	2,527.89	2,770.14
Stores and spare parts	185.03	154.85
	4,702.41	**4,785.98**

8 SUNDRY DEBTORS		
Secured, considered good		
Debt Outstanding for period exceding six months	–	132.57
Unsecured		
a) Debt Outstanding for period exceding six months		
Considered good	–	18.13
Considered doubtful	34.64	12.74
Less: Provision for doubtful debts	(34.64)	(12.74)
	–	18.13
b) Other debts, considered good	4,289.82	2,389.46
	4,289.82	**2,540.16**

Rs. in lacs

		As at March 31, 2009	As at June 30, 2008
9	**CASH AND BANK BALANCES**		
Cash in hand		33.64	27.10
Balance with scheduled banks	- Current account	2,133.87	1,087.09
	- Deposit account*	8,023.64	8,485.45
	- Unclaimed dividend accounts	1.51	–
		10,192.66	**9,599.64**
Share of Joint Ventures		0.64	0.64
		10,193.30	**9,600.28**

* Includes deposits provided as securities against bank guarantees and Letter of credit - Rs. 370.11 (2008 - Rs. 262.39).

	As at March 31, 2009	As at June 30, 2008
10 LOANS AND ADVANCES		
Unsecured, considered good		
Advances to joint venture company	–	17.17
Deposits	410.13	251.57
Advances recoverable in cash or in kind or for value to be received	758.47	730.21
Quantity discount receivable	22.00	28.20
Advance to suppliers	650.34	643.40
Balance with excise authorities	237.40	136.71
Staff loans	101.18	78.91
	2,179.52	1,886.17
Unsecured and considered doubtful		
Advance to joint venture company	17.17	–
Advance to suppliers	16.63	14.00
Less: Provision for doubtful advances	(33.80)	(14.00)
	2,179.52	1,886.17
Share of Joint Ventures	2.03	2.03
	2,181.55	**1,888.20**

	As at March 31, 2009	As at June 30, 2008
11 CURRENT LIABILITIES		
Sundry creditors		
- Micro and Small Enterprises (refer note 8 of schedule 20)	274.66	167.52
- Others	795.08	967.15
Other current liabilities	2,951.61	2,356.48
Unclaimed dividend (refer note 15 of schedule 20)	1.55	–
Security deposits	97.00	38.20
Advances from customers	95.50	144.06
	4,215.40	**3,673.41**
Share of Joint Ventures	7.44	7.27
	4,222.84	**3,680.68**

Schedules Forming Part of the Consolidated Balance Sheet As at March 31, 2009

Rs. in lacs

	As at March 31, 2009	As at June 30, 2008
12 PROVISIONS		
Provision for income tax (net of advance tax)	193.04	125.69
Provision for wealth tax	3.00	3.00
Provision for gratuity	433.15	263.60
Provision for leave encashment	206.28	125.20
Proposed dividend	1,451.38	1,451.38
Dividend tax on proposed dividend	246.66	246.66
	2,533.51	**2,215.53**
13 MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Preliminary Expenses		
Share of Joint Ventures	7.22	7.22
	7.22	**7.22**

Schedules Forming Part of the Consolidated Profit and Loss Account For the nine months period ended March 31, 2009

Rs. in lacs

	July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)
14 OTHER INCOME		
Dividend received on long term non-trade investments	0.79	0.79
Interest on fixed deposit (tax deducted at source - Rs. 179.53, 2008 - Rs. 133.90)	620.61	610.21
Export incentives	11.28	17.37
Lease Rent Income	62.33	–
Excess provision written back	–	109.37
Foreign exchange fluctuation gain (net)	12.66	4.89
Miscellaneous income	53.34	47.12
	761.01	**789.75**
15 MATERIAL COSTS		
Raw and packing materials consumed		
Opening stock	1,773.17	1,350.91
Add : Opening stock of subsidiary acquired during the year	–	31.45
Add: Cost of purchases	9,450.70	9,672.86
	11,223.87	11,055.22
Less: Closing stock	1,849.83	1,773.17
	9,374.04	**9,282.05**
Cost of trading goods		
Opening stock	1,341.42	1,787.81
Add: Cost of purchases	10,307.44	9,184.65
	11,648.86	10,972.46
Less: Closing stock	1,426.73	1,341.42
	10,222.13	**9,631.04**
Share of Joint Ventures	–	5.03
	19,596.17	**18,918.12**

Rs. in lacs

	July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)
16 (INCREASE)/DECREASE IN INVENTORIES		
(Increase)/decrease in inventories		
Closing stock		
Finished goods	1,101.16	1,428.72
Work in progress	139.66	87.82
	1,240.82	1,516.54
Opening stock		
Finished goods	1,428.72	766.45
Work in progress	87.82	71.62
	1,516.54	838.07
Add : Stock of subsidiary acquired during the year	–	13.59
	1,516.54	851.66
	275.72	**(664.88)**
(Increase)/decrease in excise duty		
Excise duty on closing stock	38.07	43.82
Excise duty on opening stock	43.82	31.75
	5.75	**(12.07)**
	269.97	**(652.81)**

17 EMPLOYEE COSTS		
Salaries, wages and bonus	3,213.15	3,801.96
Contribution to provident and other funds (refer note 5 of schedule 20)	298.02	382.58
Gratuity (refer note 5 of schedule 20)	208.58	136.68
Staff welfare expenses	307.74	314.79
Directors' remuneration	168.66	223.08
Commission to Directors	158.58	199.61
Field staff incentives	396.23	36.30
	4,750.96	**5,095.00**

Rs. in lacs

	July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)
18 OTHER EXPENSES		
Conversion charges	44.48	92.04
Power and fuel expenses	1,042.88	1,097.79
Rent	303.60	234.33
Insurance	14.22	12.46
Repairs and maintenance		
- Building	21.36	56.04
- Plant and machinery	44.38	105.68
- Others	84.31	106.43
Consumption of stores and spares	147.22	27.76
Research and development	8.05	17.17
Printing and stationery	37.03	50.78
Communication costs	102.43	101.03
Legal and professional fees	458.49	380.79
Rates and taxes	387.46	257.37
Directors' sitting fees	2.85	2.10
Vehicle maintenance	76.19	72.36
Donation	2.81	8.31
Loss on discarded/sale of fixed assets, net	9.63	40.33
Provision for doubtful debts	22.96	–
Provision for doubtful advances	19.80	–
Provision for diminution in value of investments	30.00	40.00
Sundry advances written off	–	8.50
Advertisement and publicity	1,506.00	2,867.42
Sales promotion and schemes	339.41	154.58
Carriage outwards	867.24	1,008.85
Field staff expenses	547.83	736.73
Travelling and conveyance	151.48	228.10
Brokerage on sales	116.84	111.26
Miscellaneous expenses	308.59	319.19
	6,697.54	**8,137.40**
Share of Joint Ventures	0.16	28.78
	6,697.70	**8,166.18**
19 INTEREST AND FINANCE CHARGES		
Interest expense		
- on banks	5.94	0.94
- others	21.28	55.00
Bank charges and commission	43.71	12.53
	70.93	**68.47**

20 NOTES TO CONSOLIDATED ACCOUNTS

1. Background

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

2. Basis of Preparation of Financial Statements

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

b) The consolidated financial statements of the Group have been consolidated on a line-by-line basis by adding together the book values of subsidiary companies like items of assets, liabilities, income and expenses, after eliminating intra-group balances and the unrealised profits/losses on intra-group transactions.

The excess/shortfall of cost to the Company of its investments in the subsidiary companies is recognised in the financial statement as goodwill/capital reserves, as the case may be. The goodwill amount so arised is written off in the same year.

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

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

e) The Consolidated Financial Statements for the nine months period ended March 31, 2009 includes the financial statements of the following subsidiary companies and Joint Venture Companies:

Name of the Company	Country of incorporation	Percentage of voting power as on	
		March 31, 2009	June 30, 2008
(a) Subsidiaries			
1. Sri Sai Homecare Products (P) Limited	India	100	100
2. Associated Industries Consumer Products Pvt. Ltd.	India	100	100
3. Jyothy Fabricare Services Ltd.*	India	75	–
(b) Joint Venture Companies (refer Note (f) below)			
1. Balaji Teleproducts Limited	India	50	50
2. Continental Speciale (India) Private Limited	India	50	50

* The Jyothy Fabricare Services Limited was incorporated on March 18, 2008 and being the first year of incorporation, the financial statements have been prepared for a period from March 18, 2008 to March 31, 2009 and the same has been considered for the purpose of Consolidation.

f) The audited financial statement of the joint venture companies, Balaji Teleproducts Limited and Continental Speciale (India) Private Limited for the nine months period ended March 31, 2009, are not available and thus, have been consolidated on the basis of unaudited accounts.

There are no material transactions in the joint venture companies in the current period and these joint venture companies are individually and collectively, not material to the Group's activity.

20 NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

3. Summary of Accounting Policies

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

a) Fixed assets

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

b) Depreciation

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

The estimated useful life of the assets is as follows:

Category	Estimated useful life (in years)
Factory Buildings	30
Building (Other than Factory Building)	60
Plant and machinery	21
Electrical installations	20
Furniture and fixtures	16
Dies and moulds	3
Computers	6
Office equipments	21
Vehicles	8-10
Knowhow	3
Trademarks and Copyrights	9-10

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

c) Impairment

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

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

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

d) Operating Leases

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

20 NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

e) Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset.

f) Investment

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

g) Inventories

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

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

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

h) Revenue recognition

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

Sale of Goods:
Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise Duty, Sales Tax and VAT deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability arised during the year. Revenue includes the amount of excise duty refund received/due in accordance with incentive scheme. Revenue is net of trade discount given.

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

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

i) Foreign currency translation

(i) Initial Recognition

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

20 NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Exchange Differences

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

j) Retirement and other employee benefits

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

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

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

(iv) Actuarial gains/losses are immediately taken to Profit and Loss Account and are not deferred.

k) Sales promotion items

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

l) Income-tax

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

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

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

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

20 NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

m) Provisions

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

n) Excise duty

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

o) Segment Reporting Policies

Identification of segments:

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

Segment policies :

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

Intersegment transfer :

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

Allocation of common costs:

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

Unallocated items:

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

p) Earnings per Share

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

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

q) Use of estimates

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

r) Cash and Cash equivalents

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

20 NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

4. Unhedged foreign currency exposure:

Particulars	Foreign Currency	2008-09 Rs. in Lacs	2008-09 Amount in Foreign Currency	2007-08 Rs. in Lacs	2007-08 Amount in Foreign Currency
Export debtors	US $	9.28	18,246	52.26	121,698
Advance for import of Raw Material	US $	48.75	95,840	–	–
Advance from export debtors	US $	23.82	46,816	17.48	40,831
Advance for capital goods	Euro	11.56	17,083	–	–
Advance for expenses	US $	27.98	55,000	–	–

5. Employee Benefit:

(i) Defined Benefit Plans -

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company. The Group has provided for gratuity and leave encashment based on actuarial valuation done as per Projected Unit Credit Method.

The following tables summarise the components of net benefit expense recognised in the Profit and Loss Account and the funded status and amounts recognised in the Balance Sheet for the respective plans.

	July 1, 2008 to March 31, 2009 (9 Months) Gratuity Funded	July 1, 2007 to June 30, 2008 (12 Months) Gratuity Funded
(A) Summary of the Actuarial Assumptions		
Mortality	LIC (1994-96) Ult	LIC (1994-96) Ult
Discount rate	7-7.25%	8%
Rate of increase in compensation	8-10%	8-10%
Withdrawal rates	1-10%	1-10%
Rate of return (expected) on plan assets	6.50%	6.50%
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	517.64	397.36
Interest cost	30.35	30.55
Current Service Cost	100.81	81.49
Benefits Paid	(22.15)	(30.94)
Actuarial (gain)/loss on obligation	102.65	39.18
PVO at end of period	729.30	517.64

Rs. in lacs

20 **NOTES TO CONSOLIDATED ACCOUNTS (Contd.)**

	July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)
(C) Changes in fair value of plan assets		
Fair value of plan assets at the beginning of period	254.04	270.36
Expected return on plan assets	12.80	13.24
Contributions	39.03	–
Benefit paid	(22.15)	(30.94)
Actuarial gain/(loss) on plan assets	12.43	1.30
Fair value of plan assets at end of period	296.15	253.96
(D) Net Assets/(Liabilities) recognised in the Balance Sheet		
PVO at end of period	(729.30)	(517.64)
Fair value of plan assets at end of period	296.15	254.04
Funded status	(433.15)	(263.60)
Unrecognised Actuarial Gain/(Loss)	–	–
Net assets/(Liability) recognised in the Balance Sheet	(433.15)	(263.60)
(E) Expenses recognised in the statement of Profit and Loss Account		
Current service cost	100.81	81.49
Interest cost	30.35	30.55
Expected return on plan assets	(12.80)	(13.24)
Net Actuarial (Gain)/Loss recognised for the period	90.22	37.88
Expense recognised in the statement of Profit and Loss Account	208.58	136.68
(F) Experience adjustments		
On plan liabilities	57.26	128.92
On plan assets	12.43	1.30
(G) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:		
Investment with insurer	**100.00%**	**100.00%**

(ii) Defined Contribution Plans -

Amount of Rs. 298.02 (2008 - Rs. 382.58) is recognised as an expense and included in schedule 17 - "Contribution to provident and other funds" in the Profit and Loss Account.

(iii) The Company expects to contribute Rs. 94.94 to gratuity fund in 2009-10 and Rs. 21.44 to Superannuation fund in 2009-10.

6. Segment Reporting

Business segments:

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

Soaps and Detergents includes fabric whiteners, fabric detergents, dishwash bar and soaps including ayurvedic soaps. Home Care products include incense sticks, dhoop and mosquito coils.

Rs. in lacs

20 NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

Secondary segment:

The Group mainly caters to the needs of the domestic market. The export turnover is not significant in the context of total turnover. As such, there are no reportable geographical segments.

Segment revenue and result:

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

Segment assets and liabilities:

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

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

Information about Business Segments

	Soaps and Detergents		Home care		Others		Eliminations		Total	
	July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)	July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)	July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)	July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)	July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)
Revenue										
External Revenue	20,927.84	23,134.88	15,259.19	14,469.27	161.72	351.61	–	–	36,348.75	37,955.76
Inter Segment Revenue	41.86	–	165.13	–	–	–	(206.99)	–	–	–
Net Revenue	20,969.70	23,134.88	15,424.32	14,469.27	161.72	351.61	(206.99)	–	36,348.75	37,955.76
Results	5,214.03	6,666.24	378.65	72.81	(260.13)	31.99	–	–	5,332.55	6,771.04
Unallocated expenditure									(1,136.24)	(1,403.04)
Income									692.09	722.16
Interest & finance expenses									(70.93)	(68.47)
Profit before exceptional items and tax									4,817.47	6,021.69
Exceptional Items										
- Other Exceptional Income (refer note 12 in schedule 20)									–	632.61
Profit before tax									4,817.47	6,654.30
Provision for tax									(1,080.37)	(1,666.77)
Profit after tax before Minority Interest									3,737.10	4,987.53
Minority Interest (share in loss)									98.87	–
Net Profit for the year									3,835.97	4,987.53

Rs. in lacs

20 NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

	Soaps and Detergents		Home care		Others		Eliminations		Total	
	July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)	July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)	July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)	July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)	July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)
Other Information										
Segment assets	17,055.98	16,492.72	6,968.50	6,425.46	1,336.50	132.76	–	–	25,360.98	23,050.94
Unallocated assets									17,208.50	16,278.01
Total assets									42,569.48	39,328.95
Segment liabilities	2,201.36	2,515.14	1,905.91	1,139.03	204.39	131.51	–	–	4,311.66	3,785.68
Unallocated liabilities									3,544.57	2,994.08
Total liabilities									7,856.23	6,779.76
Segment Capital expenditure (including capital work in progress)	488.01	2,669.32	31.98	624.08	725.64	–	–	–	1,245.63	3,293.40
Unallocated capital expenditure (including capital work in progress)									229.65	1,244.92
Total capital expenditure (including capital work in progress)									1,475.28	4,538.32
Segment depreciation	452.76	546.85	133.20	136.35	3.90	–	–	–	589.86	683.20
Unallocated depreciation									158.45	114.34
Total depreciation									748.31	797.54
Segment non cash expenses other than depreciation	20.47	1.41	21.94	4.19	0.03	0.10	–	–	42.44	5.70
Unallocated non cash expenses other than depreciation									68.48	48.50
Total non cash expenses other than depreciation									110.92	54.20

20 **NOTES TO CONSOLIDATED ACCOUNTS (Contd.)**

7. Related Party Disclosures

a) Parties where control exists

Individual having control

M.P. Ramachandran Chairman and Managing Director

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

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

Joint venture companies

Balaji Teleproducts Limited

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

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

Relative of individual having control

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

Enterprises significantly influenced by key management personnel or their relatives

Sahyadri Agencies Ltd.
Jyothy Fabricare Services Limited (up to September 9, 2008)

Key management personnel (includes directors of the Company)

K. Ullas Kamath Deputy Managing Director

Rs. in lacs

20 NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

c) Transactions with related parties during the year

	July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)
Individual having control		
Remuneration*	90.72	120.96
Commission	82.55	103.56
Dividend	688.60	685.68
Purchase of equity shares of Jyothy Fabricare Services Limited	1.00	–
Joint venture companies		
Balaji Teleproducts Limited		
Purchase of finished goods	–	5.39
Supply of sales promotion materials	–	0.70
Provision made for doubtful advances	17.17	–
Enterprises in which relatives are interested		
Sale of finished goods		
Beena Agencies	830.60	874.09
Sahyadri Agencies Ltd.	1,029.53	558.81
Deepthy Agencies	737.91	661.76
Travancore Trading Corporation	1,207.75	643.43
M.P. Agencies	544.44	616.51
Sree hari stock suppliers	332.33	1,226.13
Sujatha Agencies	263.51	1,055.71
Sree Guruvayurappan Agencies	–	533.22
Others	111.63	915.38
Claims for reimbursement for sales promotion expenses/discounts given		
Sreehari Stock Suppliers	19.15	29.64
Sujatha Agencies	10.28	23.68
Travancore Trading Corporation	8.97	4.70
Sahyadri Agencies	8.24	4.94
Others	19.90	55.47
Commission paid		
Sreehari Stock Suppliers	9.76	–
Sujatha Agencies	9.03	–
Tamil Nadu Distributors	3.06	–
Dividend	32.24	32.24

Rs. in lacs

20 NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

	July 1, 2008 to March 31, 2009 (9 Months)	July 1, 2007 to June 30, 2008 (12 Months)
Enterprises significantly influenced by key management personnel or their relatives.		
Advance given Jyothy Fabricare Services Limited	–	87.01
Relatives of individuals having control		
Remuneration*		
M. R. Jyothy	14.11	16.80
M. P. Sidharthan	5.94	7.92
M. R. Deepthy	3.50	5.99
Ananth Rao T.	7.56	6.51
Dividend	275.94	275.91
Contribution to Superannuation fund		
M. R. Jyothy	1.26	1.44
Ananth Rao T.	0.68	0.23
Purchase of equity shares of Jyothy Fabricare Services Limited		
M. G. Santhakumari	1.00	–
M. R. Jyothy	1.00	–
M. R. Deepthy	1.00	–
Ananth Rao T.	1.00	–
Key management personnel		
Remuneration*	84.07	112.09
Commission	55.03	69.04
Dividend	14.51	14.51
Contribution to Superannuation fund	7.51	10.01
* As the future liabilities for gratuity is provided on an actuarial basis for the Company as a whole, the amount pertaining to individual basis is not ascertainable and therefore not included above.		
d) Related party balances		
Amounts receivable		
Joint venture company	17.17	17.17
Enterprises significantly influenced by key management personnel or their relatives	–	87.01
	17.17	**104.18**
Amounts payable		
Individual having control	82.55	103.56
Key management personnel	55.03	69.04
Relatives of individual having control	0.50	0.50
Enterprises in which relatives of individual having control are interested	22.91	67.92
Enterprises significantly influenced by key management personnel or their relatives	6.20	6.20
	167.19	**247.22**
Provision for advance to Joint venture company	17.17	–

Rs. in lacs

20 NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

8. There are no delays in payments to Micro, Small and Medium Enterprises as required to be disclosed under Micro, Small and Medium Enterprises Development Act, 2006.

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

9. Operating Leases

The Group has entered into Lease agreements for premises, which expire at various dates over the next five to six years.

Certain agreements provide for increase in rent. Lease rental expense for the nine months period ended March 31, 2009 was Rs. 303.60 (2008 - Rs. 234.33).

	As at March 31, 2009	**As at June 30, 2008**
Future lease payment under non - cancellable operating leases are as follows:		
Payable not later than one year	63.71	26.67
Payable later than one year and not later than five years	26.28	43.60
Payable later than five years	–	–
	89.99	**70.27**

10. Contingent Liabilities

	As at March 31, 2009	**As at June 30, 2008**
Contingent liabilities not provided for in respect of:		
(i) Amount outstanding in respect of guarantees given by the Company to banks		
(a) as securities provided to NSE for filling of prospectus for its Initial Public Offering.	–	152.84
(b) Others	69.68	35.78
(ii) Tax matters		
(a) Disputed liability in respect of income-tax demands matters under appeal	154.82	171.30
(b) Disputed sales tax demands – matters under appeal	356.43	641.93
(c) Disputed excise duty and service tax demand - matter under appeal	31.56	31.56
(iii) Claims against the Company not acknowledged as debt	120.00	147.60
	732.49	**1,181.01**

Rs. in lacs

20 NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

11. Capital Commitments (Net of Advances)

	As at March 31, 2009	As at June 30, 2008
Estimated amount of contracts remaining to be executed on capital account and not provided for	658.88	166.61
	658.88	**166.61**

12. During the previous year ended June 30, 2008, pursuant to the completion of the Initial Public Offering, the Company had received an amount of Rs. 544.54 and interest of Rs. 88.07 thereon in accordance with the terms of Investment Agreement entered with some of the selling shareholders.

13. During the earlier years, depreciation/ impairment on assets include impairment losses representing the amount by which the carrying amount of the asset exceeds its recoverable amount. Such impairment losses were due to adverse market conditions for one of its Cash Generating Unit pertaining to the 'Soaps and Detergents' segment. The pre-discount rate used for evaluation of the present value was 8% per annum.

14. The shareholders of the Company have, in the Annual General Meeting held on November 11, 2008, approved the sub-division of the face value of the equity share of Rs. 5 each into equity shares of face value of Re. 1 each. Accordingly, the basic and diluted earning per share and number of shares disclosed above have been computed for the current period and recomputed for the previous year based on the revised face value of Re. 1 each.

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

16. The Company has changed its accounting year from July-June to April-March. Accordingly, the current period consolidated financials are for a period of 9 months from July 01, 2008 to March 31, 2009 and the figures for the previous year ended June 30, 2008 are therefore not comparable.

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

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

Signatures to Schedules 1 to 20

As per our report of even date

For **S.R. BATLIBOI & ASSOCIATES**
Chartered Accountants

per Sudhir Soni
Partner
Membership No.: 41870

Place: Mumbai
Date: June 5, 2009

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

M. P. Ramachandran
Chairman and Managing Director

K. Ullas Kamath
Deputy Managing Director

M. L. Bansal
Company Secretary

Place: Mumbai
Date: June 5, 2009

Jyothy Laboratories Limited

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

Proxy Form

Annual General Meeting – July 30, 2009

DP ID & Client ID / Folio No.:__________________________

I/We, ____ of ____ in the district of ____ being a member / members of the above named Company hereby appoint ____ of ____ in the district of ____ or failing them ____ of _______________________________________ in the district of ____ as my/our proxy to vote for me / us in my / our behalf at the Annual General Meeting of the Company to be held on July 30, 2009 and at any adjournment thereof.

Signed this ___________________ day of ____________________________, 2009

Signature: ____

Affix Re.1 Revenue Stamp

Note: The form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.

Jyothy Laboratories Limited

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

Attendance Slip

Annual General Meeting – July 30, 2009

DP ID & Client ID / Folio No.:__________________________

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company (Member's Proxy's name and address in block letters to be furnished below).

____

____

____

I hereby record my presence at the Annual General Meeting of the Company on July 30, 2009 at 'Patkar Hall', Nathibai Thackersey Road, New Marine Lines, Mumbai - 400 020.

____________________________________ ____________________________________

(Member's/Proxy's name in Block Letter) (Member's/Proxy's Signature)

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

STATUTORY INFORMATION

The Financial Story

Statements in this report relating to the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable security laws or regulations. These statements are based upon certain assumptions and expectations of future events. Actual results could however differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand-supply conditions, selling prices, raw material costs and availability, changes in government regulations and tax structure, general economic developments in India and abroad, factors such as litigation, industrial relations and other unforeseen events.

The Company assumes no responsibility in respect of forward-looking statements made herein which may undergo changes in future on the basis of subsequent developments, information or events.