

77th ANNUAL REPORT 2013-14

### Symbol



Nature's Essence symbol: A blend of health, science, nature and youthfulness to increase the brand's appeal across all demographics.

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### Seal of trust

## Since 1893

Pioneer in the industry with the seal of trust and believability in the brand's products for having catered to consumers pain free living for over a century now.

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### Typography

# Amrutanjan

Cursive typography to bring in modernity for easier brand recall and youth connect.

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### Promise

## Pure Healthy Essence

"Pure Healthy Essence" is nature and science combined to give healthy beauty. It emphasizes that naturally extracted essence with deep action for health works effectively and without side effects. This pure, trusted extracts are derived from natural products through scientific research.

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# TEN YEAR RECORD

(₹ in lakhs)

PARTICULARS	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
	with Beverage Division									
Sales	14,440.37	14,209.16	14,038.22	10,775.39	9,374.55	9,607.61	8,566.20	8,269.58	8,025.64	7,591.83
Other Income	283.71	426.64	449.26	483.22	605.19	695.57	39.76	98.91	134.07	78.72
Total Income	14,724.08	14,635.80	14,487.48	11,258.61	9,979.74	10,303.18	8,605.96	8,368.49	8,159.71	7,670.55
Profit Before Tax (PBT)	2,125.34	1,779.43	1,889.00	1,608.22	1,926.49	1,868.03	994.37	1,427.85	1,259.11	892.53
Provision for Taxation:										
Current tax & short Provision of earlier years	715.00	589.93	650.00	416.43	750.37	735.71	173.49	518.36	514.85	335.58
Deferred Tax	(41.97)	(22.46)	(117.49)	(101.97)	(39.51)	(78.57)	194.77	(17.44)	(60.46)	(46.25)
Profit after Tax (PAT)	1,452.31	1,211.96	1,356.49	1,089.82	1,215.63	1,210.89	626.11	926.93	804.72	603.20
Dividend	467.69	438.46	438.46	443.81	454.50	521.05	224.00	192.00	128.00	112.00
Fixed Assets & Investments	2,960.08	4,790.09	5,394.60	10,069.30	6,823.21	1,861.74	2,228.89	1,537.55	1,593.55	2,042.41
Net Current Assets	7,487.71	5,502.08	4,970.80	3,270.05	3,326.39	7,862.96	1,563.27	1,761.18	1,156.26	2,424.24
Total	10,447.79	10,292.17	10,365.40	13,339.35	10,149.60	9,724.70	3,792.16	3,298.73	2,749.81	4,466.65
Represented by:										
Share Capital	292.31	292.31	292.31	303.00	303.00	310.17	320.00	320.00	320.00	320.00
Reserves	9,399.86	8,494.72	7,794.61	9,989.29	9,438.34	9,072.28	2,225.27	1,999.16	1,628.60	2,469.83
Net Worth	9,692.17	8,787.03	8,086.92	10,292.29	9,741.34	9,382.45	2,545.27	2,319.16	1,948.60	2,789.83
Loans	550.00	1,257.54	2,008.42	2,662.69	125.85	20.64	846.70	768.61	572.80	1,387.95
Deferred Tax Liability	205.62	247.60	270.06	384.37	282.41	321.61	400.19	210.96	228.41	288.87
Total	10,447.79	10,292.17	10,365.40	13,339.35	10,149.60	9,724.70	3,792.16	3,298.73	2,749.81	4,466.65
Earnings per share (₹) (before extraordinary items)	9.94	8.29	45.71	35.97	40.03	38.07	19.57	28.96	25.15	18.85
Book value per shares (₹)	66.32	62.46	276.67	339.58	329.50	340.95	79.54	72.47	60.89	87.18
Dividend (%)	160	150	150	150	150	170	70	60	40	35

Extraordinary Item (Income - Net of Tax) has not been included in the PBT as well as PAT.

The numbers from 2011-12 are inclusive of Beverages division as the merger has been approved by court w.e.f.01.04.2011.

Shares sub division from ₹ 10 to ₹ 2 effected from 2012-13.



## Corporate Information

### Board of Directors

Mr. S. Sambhu Prasad *Chairman & Managing Director*  
 Dr. H.B.N. Shetty  
 Mr. D. Seetharama Rao  
 Dr. Pasumarthi S.N. Murthi  
 Mr. A. Satish Kumar  
 Dr. Marie Shiranee Pereira

### Management Team

Mr. Kannan K. *General Manager - Finance*  
 Mr. Joydeep Chatterjee *Business Head - Sales & Distribution*  
 Mr. Jeyakanth S. *General Manager - Supply Chain Management*  
 Mr. Ravichandran J. *DGM - Research & Development and Quality*

### Statutory Auditors

P.S. Subramania Iyer & Co.  
 Chartered Accountants  
 Chennai

### Bankers

HDFC Bank Limited  
 Yes Bank Limited  
 Punjab National Bank  
 HSBC Limited  
 ICICI Bank Limited

### Registered Office

No.103 (Old No. 42-45), Luz Church Road  
 Mylapore, Chennai - 600 004.  
 Telephone : 044-2499 4164 / 2499 4146 / 2499 4465 / 2499 4366  
 Fax : 044-2499 4585  
 E-mail : [investors@amrutanjan.com](mailto:investors@amrutanjan.com)  
 Website : [www.amrutanjan.com](http://www.amrutanjan.com)

### Factories

Mylapore, Chennai  
 Uppal, Hyderabad  
 Aranvoyal Village, Tiruvallur

### Registrar & Share Transfer Agent

Cameo Corporate Services Limited  
 "Subramaniam Building"  
 No.1, Club House Road, Chennai - 600 002.  
 Telephone : 044-2846 0390 (5 Lines)  
 Fax : 044-2486 0129  
 E-mail : [investor@cameoindia.com](mailto:investor@cameoindia.com)

## Our Values

Commitment towards interests of all Stakeholders-customers, employees & community.

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To achieve leadership position in all our businesses.

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We never compromise in our ethics and this is reflected in all our actions.

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We strive to provide a culture that accepts new ideas, embraces change and rejects bureaucracy and small-mindedness.

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## Chairman and Managing Director's Letter

*Dear Valued Stakeholders,*

This space is an opportunity for me to share the vision for the company and also touch upon what has transpired the year in review.

2013-14 was a year of bouncing back after zero growth last year. Our core OTC business saw volume and value growth and this combined with improving material costs and expenditure control, led to a margin expansion in both Gross and Operating levels. We foresee this trend to continue into the future. Our gross sales grew from ₹ 121 crores to ₹ 130 crores. The overall volume growth was around 6% and the Gross margins improved by 2.5 points, to 58.5% from 55.8%. We foresee Gross margins to get back to the 60% level in 2014-15 year, which is a level that we last saw in 2009. The factors that contributed to sales growth were

- Double digit growth in West and East Zones
- Launch of Body Roll on in the later part of the year
- Expansion of distribution to tier 2 and 3 towns in Maharashtra and Karnataka
- Growth in small packs in small towns
- Growth in other products like Decorn corn caps and sanitary napkins
- Growth in large value packs in metros

As mentioned in the last few Annual Reports, we are very clear on our strategy going forward: Focus on Head, Body and Congestion areas for our core business and offer/build portfolios in each vertical. We wish to also expand on our smaller portfolio of other products like Sanitary napkins and foot care products (corn caps) that can grow by entering the distribution chain and reaching consumers. Once they individually reach a level of sales that is self sustaining brand investments can happen. We have other unique OTC products that will be entering the market space this year.

We also have various formats like sprays and roll ons in addition to balms. Our overall Roll on Format stands at more than 10% of sales which in 2009 was only 4%. We are also growing in the Modern Trade format and this channel contributes to 5% of total sales. This was at 3% of total sales in 2009. This is a strategic interest for us as it lends to showcasing our range of products on one shelf hereby building awareness of the entire portfolio. We are also expanding into overseas market which should add to our growth targets.

The challenges for a company our size is to match the investments in media attempted by our much larger competitors. We have to recognize that our nearest competitor is 10 times our size and two of the smaller brands have sold out to larger competitors in the last 5 years. This was a very dormant category till 2009! In spite of these headwinds we executed to sustain in this business. This industry is driven by investments in the brand and this is a fact. Share of Voice and Share of Market are correlated strongly. We wish to steadily increase our share of voice to a level that will help us build new brands, and sustain existing ones. We do not wish to do so by TV alone. For instance, we started a sampling drive for our Roll on that reaches lakhs of consumers a year. Some of this is funded via operating efficiency drives: removing excess packaging material, inventory management, use of common sales force to market both OTC and Beverages and much more.

We wish to grow the next 3-5 years at a CAGR of 33%. This is bold. But looking at the past, one can argue we are trending in the right direction.

2000-2005: 0%      2005-2009: 5%      2010-2013: 10%

Growth is a process. It requires the right mix of ingredients: culture, people and execution.

We have built the foundation for higher growth due to implementation of a improved execution culture: be it system development in sales and distribution (in 2009-10) or a better human resource development program that grooms internal leaders: Today, half of all leaders who have taken new sales or functional assignments are internal hires. Going forward, human resource development would dictate the probability of us achieving our goals. This is a challenge for smaller companies as they struggle to attract talent. This does not mean we do not infuse new blood and new ideas into the management team. We have an efficient blend of new and existing talent in the company that promotes diversity of thought and action.

Our Beverage business under the brand Fruitnik dropped by 30% largely due to a 10% drop in overall category sales and delayed execution of expansion into newer states. As this report is being printed, our business has expanded into all the southern states (barring Kerala) and Orissa. Plans are under way to enter West Bengal, UP and Maharashtra by end of the year. We have already added 189 distributors and 169 towns since last fiscal in these states. Our vision for this business is two fold: Grow the generic fruit drink business into all the states where OTC business is thriving and launch new value added categories like health and wellness drinks in metros and tier 2 towns.

Our Pain Services business saw a growth from ₹ 99 lakhs to ₹ 132 lakhs in sales. We have 2 centers in Chennai and wish to expand more centers. The challenges here are getting Insurance to cover Pain Service. Once that is offered, we feel the footfalls and revenue will improve drastically.

Sincerely,

S. Sambhu Prasad



## Our products and services

### "Pure Healthy Essence"

"Pure healthy Essence" connotes a naturally extracted essence with a deep action formula i.e. effective and without side effects.

Pure Healthy Essence means a pure, trusted natural extract derived from natural products through scientific research. Nature and science are combined to give healthy beauty.

## Products in Pain Management



Amrutanjan Faster Relaxation balm has powerful ingredients which help in instant relief from headaches. It is the only balm to have 5 'skus' catering to all channel segments and consumers.



Amrutanjan Aromatic balm is the pioneer in the pain category being the only successful unique aroma balm in the market. It is a soft and smooth balm. It is used for immediate relief from headaches. It is helpful in steaming and aroma therapy.



Amrutanjan Roll-on can be easily applied for quick relief from headaches. It is easy to carry and has a pleasant fragrance.



Amrutanjan Body Pain crème is used to get relief from general body pain which include neck, back, and knee. Body pain is generally caused due to excessive physical stress, sitting in same posture for long time etc.



Amrutanjan Joint-Muscle spray helps in instant relief from internal sports injury, sprains and minor rheumatic pain. It provides the cooling effect required in this kind of pain.



Back Pain Roll-on provides instant relief from back pain. Get instant and long lasting relief from back pain.

- Easy to use & apply
- Non-staining
- Non-messy
- Zero wastage



Amrutanjan Reusable Gel pad has dual purpose of providing Hot & Cold Therapy. It is durable, burst and puncture resistant. Hot Therapy relieves muscle pain, restores elasticity & increase blood circulation while Cold Therapy is useful in treating acute bone and muscle injuries, arthritis, rheumatoid arthritis and post surgical condition.



## Products in Congestion Management



Amrutanjan Relief Cough & Cold Rub is a complete natural remedy for cough and cold with soothing aroma which gets absorbed faster on the skin.



Amrutanjan Relief Cough and Cold Cough Syrup is effective for dry cough, allergic cough, smoker's cough and irritation caused by pollution. It is alcohol free and doesn't cause drowsiness. It dissolves the thick mucus and contains goodness of Vasaka and Yastimadhu.



Amrutanjan Relief Cough & Cold Nasal Inhaler provides quick relief from nasal congestion when inhaled. It's the only inhaler enriched with Nilgiri oil.



Amrutanjan Relief Cough & Cold Swas Mint soothes throat and freshens breath. It contains refreshing mint which soothes the throat and gives cooling effect. It contains Nilgiri ka tel and citrus.

## Products in Health Care & Hygiene



Amrutanjan Decorn Corn Caps provides quick soothing action for soft feet. It has ayurvedic medicine for corn removal in foot. It is quick acting and provides long lasting relief.



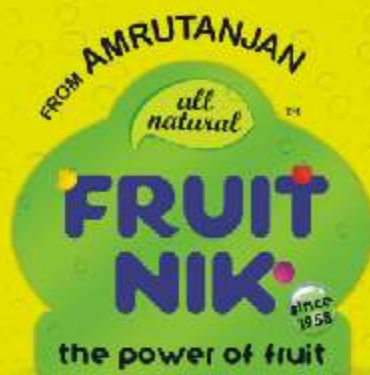
Comfy sanitary napkin offers triple benefits. It has got superior absorption, rash free and comes with the all new leak proof technology that ensure zero leak.



Amrutanjan Xpert Dermal Ointment for relief from rashes, itches, cracked heels and eczema



Amrutanjan Diakyrur is a unique herbal formula that helps to control your blood sugar levels. Taken from ancient Ayurveda manuscripts, this powerful remedy is enriched with a unique combination of Salacia reticulata, Cassia javanica, Gymnema sylvestre and Terminalia arjuna. Together, they help to control diabetic hyperglycemia as well as keep your heart healthy.



Amrutanjan's Fruitnik - a new fruit juice drink filled with the goodness of natural fruits.

**Fruitnik comes in 3 flavours:**

- Recharging Mango contains essential nutrients and fiber for total well-being
- Revitalising Apple contains rich source of antioxidants, vitamins and minerals to fight cell ageing
- Rejuvenating Grape contains antioxidants to build vitality and Immunity



  fruitnik | [www.fruitnik.com](http://www.fruitnik.com)

A quality product of Amrutanjan Health Care Ltd.