

A day in the life of Jyothy...

Jyothy LABORATORIES LIMITED

Annual Report 2005-6

Cautionary statement

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.



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...is a day in
your life as well!

Profile

- Founded in 1983
- Headquartered in Mumbai
- One of the fastest growing fast moving consumer goods companies in India
- Engaged in the complete FMCG life cycle of research, manufacture, marketing and branding
- Marketing a range of daily household and personal care products.
- Employing more than 3,000 enthusiastic individuals.

Product segments

- Fabric care
 - Mosquito repellent and household insecticides
- Air care (incense sticks/aroma sticks)
- Surface cleaning preparations
- Personal care products

Plants

- Thirteen manufacturing facilities in proximity to consumer locations
- Units in Trichur, Wayanad, Bangalore, Pondicherry, Chennai, Hyderabad, Bhubaneshwar, Bankura, Guwahati, Baddi, Silvassa, Salem and Pithampur.
- Plants with ISO 9001, 14001 and 18001 certifications

People

- Nationwide network staffed by over 3000 employees
- 32 depots service customer requirements
- Network of more than 2,500 distributors
- Motivated team of more than 1500 market intelligence agents

Prominent brands

- **Ujala (flagship):** Liquid fabric whitener and fabric care brand
- **Maxo:** Mosquito repellent coils
- **Jeeva:** Ayurvedic toilet soap
- **Exo:** Dish washing soap and dish washing scrubber
- **Vanamala:** Oil-based washing soap
- **Nebula:** Anti-bacterial washing soap
- **Maya:** Incense sticks
- **Speed:** Detergent washing powder

Penetration

- Present in 37% of Indian households
- Products accessible across more than 25 lac Indian retail outlets
- Products also available in 14 countries (including Sri Lanka, Bangladesh, Mauritius, Malaysia, UAE, Hong Kong and Saudi Arabia).

Just another day.

Just another reason for Jyothy in your life.

Just a feeling of happiness at the end of the day...

Just why Jyothy Laboratories performed exceedingly well.

The topline grew 15.3%.

The bottomline grew 85.7%.

Another year in the life of the Company

Highlights, 2005-6

14%
increase in
revenues
to Rs. 302 cr

64%
increase in
EBIDTA to
Rs. 54 cr

86%
increase in
profit after tax
to Rs. 40 cr

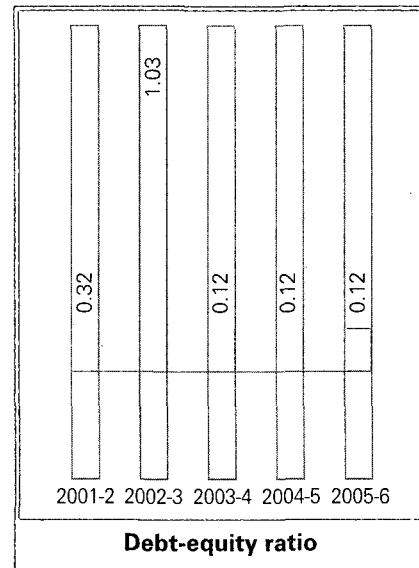
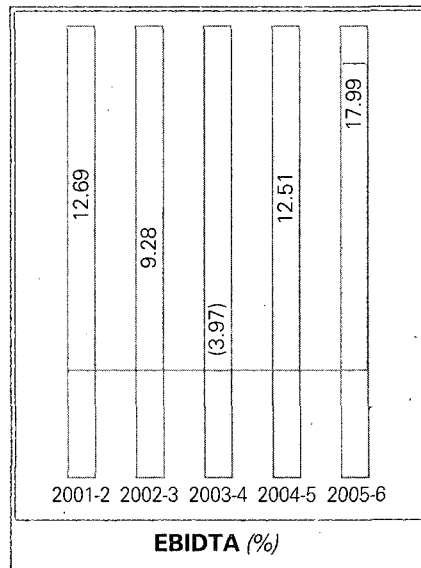
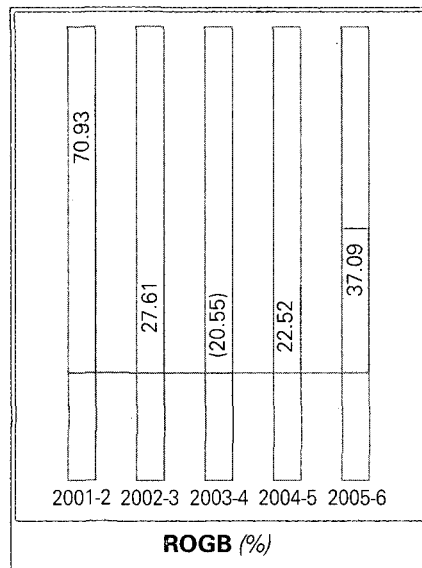
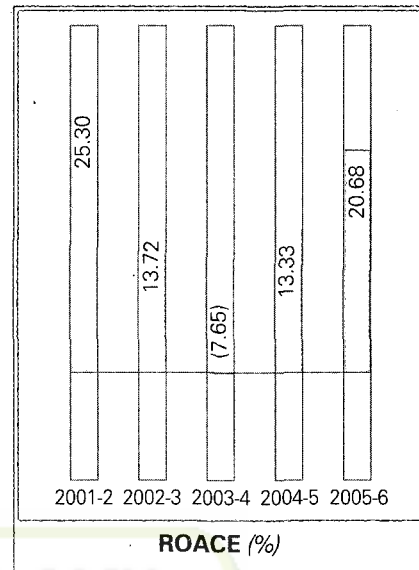
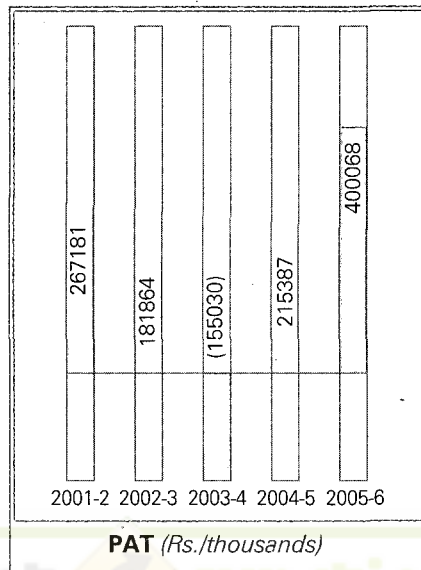
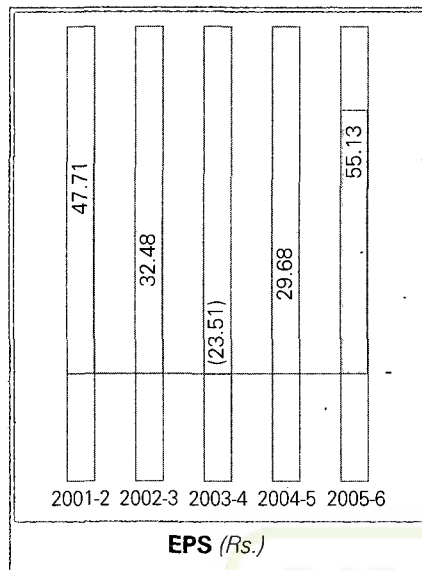
63%
increase in
cash profit
to Rs. 54 cr

| | | |
|--------|---------|--------|
| | 2495123 | |
| | 2826456 | |
| | 2943954 | |
| | 2653478 | |
| | 3019295 | |
| 2001-2 | 2002-3 | 2003-4 |
| 2004-5 | 2005-6 | |

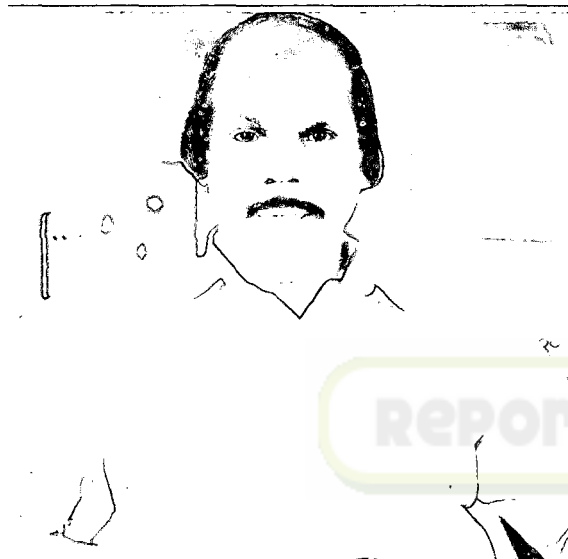
Net sales (Rs./thousands)

| | | | | |
|--------|----------|--------|--------|--------|
| | 316653 | | | |
| | 262267 | | | |
| | (116885) | | | |
| | 331839 | | | |
| | 543176 | | | |
| 2001-2 | 2002-3 | 2003-4 | 2004-5 | 2005-6 |

EBIDTA (Rs./thousands)



Chairman and Managing Director's overview



“Our sharp focus on our existing products’ portfolio coincided with the industry momentum– this was the Company’s success rationale.”

Mr. M P Ramachandran, *Chairman and Managing Director*, Jyothy Laboratories Limited, reviews the Company’s performance in 2005-6

We believe we possess the right portfolio of everyday-use products; we believe that our products are superior over competing alternatives.

When you grow your topline by 15.3% (as we did in 2005-6), increase market shares across most product categories of our presence, and outperform your industry average by a factor of three, you have every reason to conclude that it was a year well spent.

However, our performance means more to us than mere financial growth. It represents an assurance that our business model is scalable and that we can indeed outperform the industry growth not just in one year but over the foreseeable future.

This is more bullish for the company than it may appear: India is one of the most under-penetrated FMCG markets in the world; our GDP grew 8.4% in 2005-6; there is an increased prosperity among people that is translating into an enhanced FMCG offtake; the implementation of VAT has helped curb unorganised

competition; growing literacy is enhancing a consciousness for quality products.

These conditions are ideal for Jyothy. We believe we possess the right portfolio of everyday-use products; we believe that our products are superior over competing alternatives; we believe that our price-value is compelling for consumers; we believe that we can provide products just where and when consumers want them; we believe that we possess brands that can accommodate extensions.

More importantly, I believe that we possess the ability to respond to dynamic industry changes:

- We focused on four major segments (fabric care, fabric wash, surface cleaning and home insecticides);

- We entered attractive markets with a soft launch and