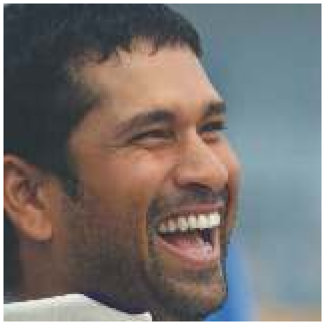
A TRIBUTE
TO THE MASTER BLASTER



ANNUAL REPORT 2010-11

Jyothy LABORATORIES LIMITED

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

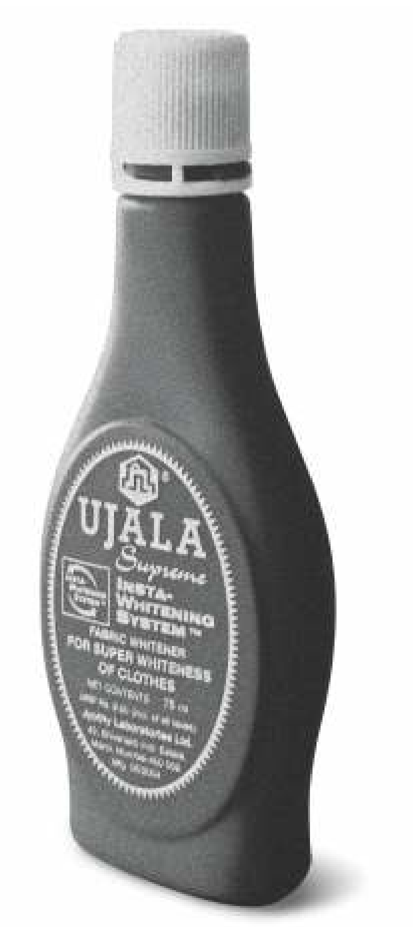
Super brand. Super human being.

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

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

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

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



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CORPORATE INFORMATION

M. P. Ramachandran
Chairman & Managing Director

K. Ullas Kamath
Deputy Managing Director

M. R. Jyothy
Whole-time Director

Company Secretary
M.L. Bansal

Nilesh B. Mehta
Independent Director

K. P. Padmakumar
Independent Director

Bipin R. Shah
Independent Director

Statutory Auditors
S.R.Batliboi & Associates

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

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

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

1983
Jyothy Laboratories incorporated.
Ujala Launched.

HIGHLIGHTS OF THE YEAR

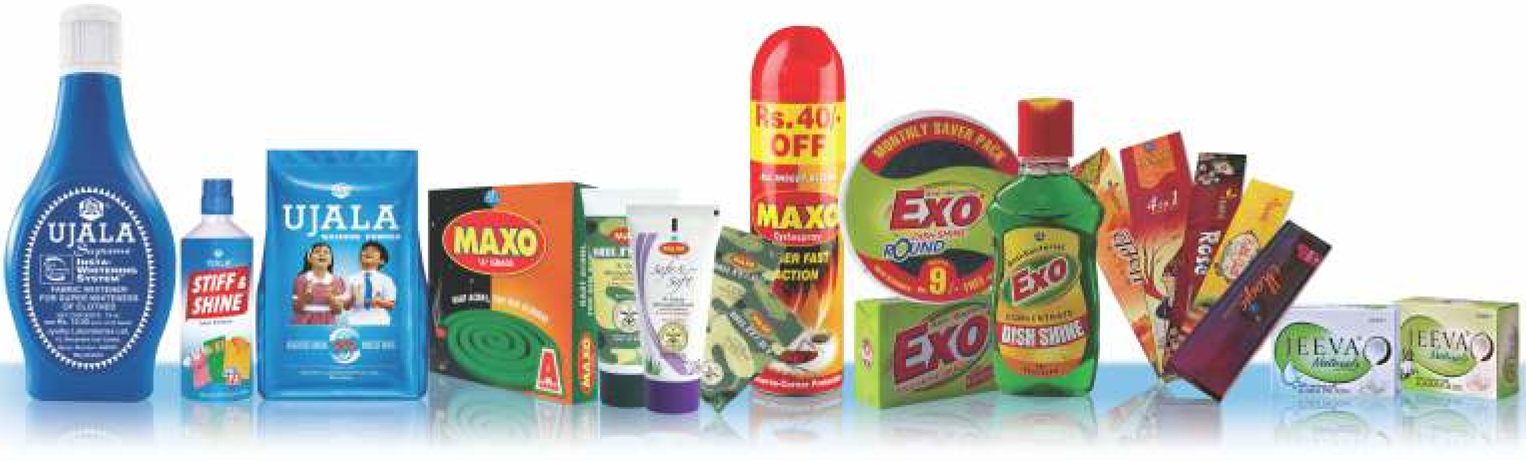
August 2010 - Raised ₹ 228 crores through QIP

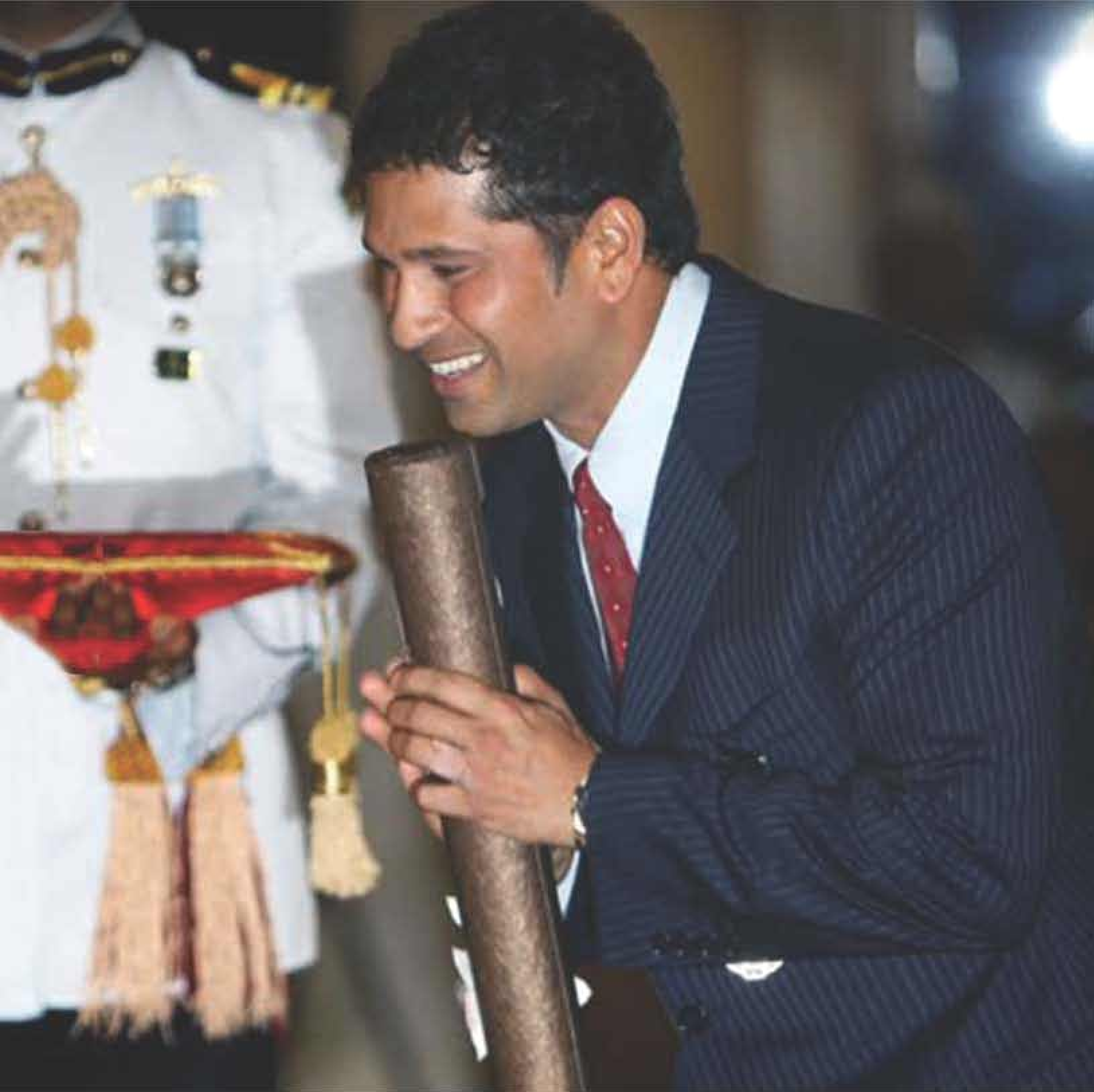
September 2010 - Jyothy Fabricare Services selected as the official launderer for Common Wealth Games 2010, New Delhi

January 2011 - Amalgamation of a Subsidiary Sri Sai Home Care Products Pvt. Ltd.

February 2011 - National launch of Maxo Wet Wipe

March 2011 - Acquired 14.9% shares of Henkel India Limited





1994
Receives Arjuna Award for Achievements in Cricket

1994
Pondicherry plant commissioned.

M. P. Ramachandran

Founder, Chairman and Managing Director

Dear Fellow Stakeholders,

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

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

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

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

Adapting to Changing Scenarios

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

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

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

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

Acquiring to Grow

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

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

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