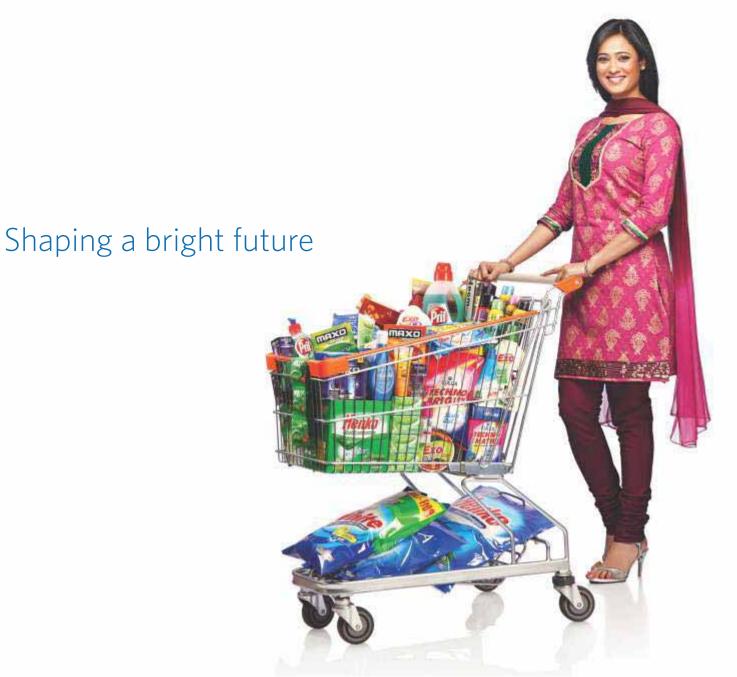
Tyothy LABORATORIES LIMITED



The spread
of a truly
Indian multinational.
Jyothy Laboratories Limited





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Corporate Information

M. P. Ramachandran

Chairman & Managing Director

K. Ullas Kamath

Joint Managing Director

S. Raghunandan

Whole-time Director & CEO

M. R. Jyothy

Whole-time Director

Company Secretary

M.L. Bansal

Nilesh B. Mehta

Independent Director

K. P. Padmakumar

Independent Director

Bipin R. Shah

Independent Director

R. Lakshminarayanan

Independent Director

Statutory Auditors

S.R.Batliboi & Associates

Solicitors & Advocates

Law & Prudence

V. Lakshmikumaran

AZB Partners

Bankers

Axis Bank Ltd.

ICICI Bank Itd.

Kotak Bank Ltd.

The Federal Bank Ltd.





Letter from the Chairman

Dear Shareholders

The Backdrop

A year ago, we set out to write a new chapter in our history. We embarked on our plan to reap new opportunities as we acquired controlling stake in Henkel India Limited and commenced the process of integrating newly acquired business of Henkel with our core operations.

I must state here that we remained on track with our planned integration in the midst of an economy which was witnessing high inflationary pressures.

In spite of the present economic turmoil, the opportunities in India is expected to be good and consumer spending in India is expected to grow phenomenally driven by rising incomes and aspirations, widespread media proliferation and better physical reach across the country.

Hence, while the economic scenario remains volatile and uncertain across the globe, we believe that the impact will be relatively lesser in India on companies in the consumer goods space. Due to the large consumer base that India has, excellent opportunities lie ahead.

The Outcome

We continue to focus on the landscape of our business, our products and our consumers to determine where our biggest opportunities lie. We identified our strengths and where improvements could be made, we did that. We also developed key strategic objectives and consciously worked on them. Since then, the results confirm that our strategy is working.

Net Sales grew by 10%, at ₹ 66,278 lakhs on a standalone basis. In terms of profitability the operating profits stood at ₹ 8,266 lakhs and Profit after Tax at ₹ 8,352 lakhs after considering other income. If we account for the entire 12 month period in terms of erstwhile Henkel as well as Jyothy Laboratories' Net sales would be ₹ 107,091 lakhs. The profit growth was flat on account of restructuring of the distribution network from tier 3 to tier 2 model due to which

inventory levels was brought down to almost one week stock at CSA level and receivables was brought down to ₹ 4251.55 lakh as on March 31, 2012 from ₹ 10349.89 as on March 31, 2011.

Behind the Scenes

Our integration strategy was divided into phases, which is why the numbers have panned out just as we had planned. We commenced with streamlining the management at Henkel by retaining certain select middle level managers handling brands and distribution.

Looking at the future for the product lines that we acquired, we have rationalised all sales promotions and



offers and brought the advertising under Jyothy
Laboratories' umbrella. We have and will continue to
increase retail prices across products keeping in mind
reasonable profitability, cost of production and other
operational costs in line with their positioning, during
the year.

We have shifted erstwhile Henkel's corporate office functions from Chennai to Mumbai. The Production activity has been streamlined to ensure procurement, production and logistics efficiencies. The Purchase and Supply Chain activities are centrally undertaken from Mumbai, again to ensure, cost efficiencies. Marketing strategies for the new products brought under our umbrella like Margo, Pril, Henko and Fa which have immense potential, new campaign will be rolled out as we attempt to reposition these flagship products in FY 2012-13.

The trade environment in India is unique with different urban and rural market dynamics. With a strong presence now in urban and rural markets, our product