

Indus Consumer Products Limited

Overview of Company Operations

2013-14

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ECONOMIC ENVIRONMENT

The Indian economy in 2007-08, like the rest of the world, was hit by the global economic slowdown. Though industry, in general, took a beating with the country's GDP dropping to 4.9% in 2008¹, sectors like the Fast Moving Consumer Goods (FMCG) were not as badly affected. By 2009-10 the Indian economy recovered with the GDP touching almost 9%². The FMCG sector, the fourth-largest sector in the Indian economy, registered significant growth during this period. The expansion and competition within this sector have required companies to continuously develop and launch various innovative products to sustain business growth in both urban and rural markets.

INDUS is among the fastest growing companies in the FMCG sector. Its revenue has been growing at an average rate of 26% over the last three years compared to the industry average of 18%. The company has also expanded its product profile across various segments in recent times.

¹ World Bank Country Data Profile http://devdata.worldbank.org/AAG/ind_aag.pdf;

² World Bank Country Data Profile http://devdata.worldbank.org/AAG/ind_aag.pdf;

INDUS' SALES MIX

(Gross Sales in INR million)

| Gross Sales | FY 2013-2014 (budget) | FY 2012-2013 (audited) | Growth (%) |
|-------------------|--------------------------|---------------------------|------------|
| Toilet Soaps | 5,313.95 | 4,091.85 | 29.87% |
| Hair Colour | 770.90 | 671.25 | 14.85% |
| Liquid Detergents | 690.60 | 572.60 | 20.60% |
| Toiletries | 2,756.35 | 2,208.60 | 24.80% |
| By Products | 740.80 | 635.70 | 16.53% |
| Total | 10,272.60 | 8,180.00 | 25.58% |

SOAPS

TOILET SOAPS

The rise in market share, from 7.1% in the previous year to 8% in the current year, substantiates INDUS' hegemony in the toilet soaps category in India³. This category presently comprises approximately 50% of the company's sales.

PERSONAL CARE

HAIR COLOUR

To add to its portfolio of six successful brands in the hair colour segment, INDUS re-launched its powder hair dye as 'Indus Expert Powder Hair Dye' last year.

TOILETRIES

Under this category, INDUS' offerings include shaving creams, talcum powders and deodorant sprays. Last year INDUS introduced new products and new packaging variants in this category.

LIQUID DETERGENTS

Sales in this segment have been growing steadily and are expected to grow by about 20% in the current year.

³ It is the third-largest toilet soap producer in the country.

KEY FINANCIALS

INDUS CONSUMER PRODUCTS LIMITED

(INR million)

| Particulars | Year 2013-2014 (Budgeted) | Year 2012-2013 (Audited) |
|-----------------------------|------------------------------|-----------------------------|
| INCOME | | |
| GROSS SALES | 10,272.60 | 8,180.00 |
| Less Ex Duty/Taxes etc. | 503.35 | 400.80 |
| Scrap sales | 43.00 | 37.50 |
| Other Income | 61.00 | 45.00 |
| NET SALES | 9,873.25 | 7,861.68 |
| EXPENDITURE | | |
| -Cost of Goods Sold | 5,035.35 | 4,008.20 |
| -Operating Expenses | 3,455.65 | 2,869.51 |
| -Non Operating Expenses* | 259.10 | 228.50 |
| | 8,750.10 | 7,106.21 |
| Profit before Tax | 1,123.15 | 755.47 |
| Provision for taxes | 168.45 | 113.32 |
| Net profit after Tax | 954.70 | 642.15 |

*Non Operating Expenses include Consumable Stores (INR 44 million), Interest (INR 28.10 million), and Depreciation (INR 187 million)

INDUS CONSUMER PRODUCTS LIMITED

(INR million)

| Particulars | As at March 31, 2014 (Budgeted) | | As at March 31, 2013 (Audited) | |
|---|------------------------------------|-------------------|-----------------------------------|----------|
| LIABILITIES | | | | |
| Share Capital | 40.00 | 40.00 | 37.50 | 37.50 |
| Loans: | | | | |
| Secured | 200.00 | | 180.00 | |
| Unsecured | 362.00 | | 222.00 | |
| | | 562.00 | | 402.00 |
| Reserves | | 4,764.70 | | 3,399.30 |
| TOTAL LIABILITIES | | 5,366.70 | | 3,838.80 |
| ASSETS | | | | |
| FIXED ASSETS | | | | |
| Land, Building, Plant & Machinery | 2,750.00 | | 2,550.00 | |
| Less: Depreciation | (1,100.00) | | (1,020.00) | |
| Net | 1,650.00 | | 1,530.00 | |
| Work in Progress | 930.00 | | 350.00 | |
| NET FIXED ASSETS | | 2,580.00 | | 1,880.00 |
| FIXED INVESTMENTS | | 950.00 | | 900.00 |
| CURRENT ASSETS | | | | |
| Inventories | 2,250.00 | | 1,093.00 | |
| Sundry Debtors | 390.00 | | 220.00 | |
| Cash & Bank Balances | 240.00 | | 377.00 | |
| Loans & Advances | 490.00 | | 260.00 | |
| SUB TOTAL | | 3,370.00 | | 1,950.00 |
| Less: Current Liabilities and Provisions | | (1,533.30) | | (891.20) |
| NET CURRENT ASSETS | | 1,836.70 | | 1,058.80 |
| TOTAL ASSETS | | 5,366.70 | | 3,838.80 |